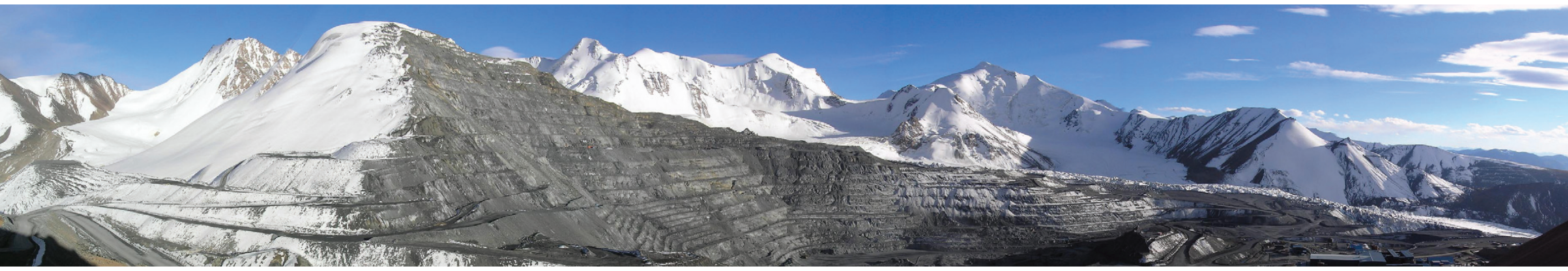


bakersteel resourcestrust

BAKER STEEL RESOURCES TRUST LIMITED

Annual Report and Audited Financial Statements

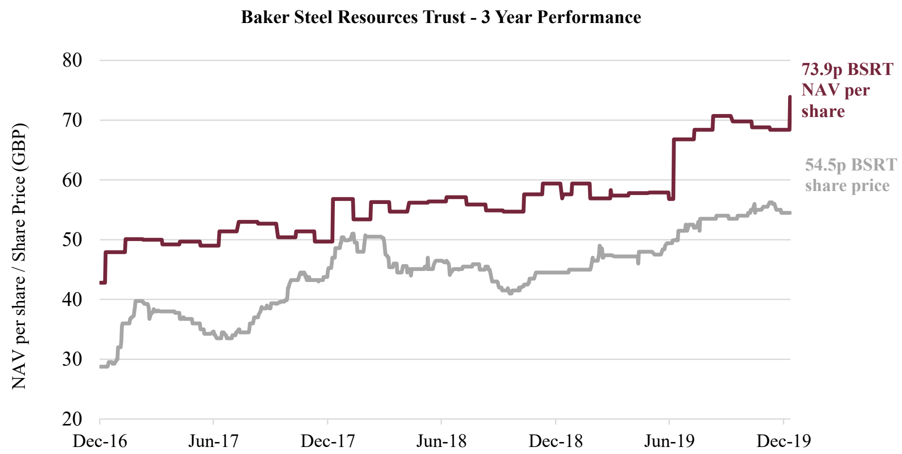
For the year ending 31 December 2019

CONTENTS

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 over the past three years. The structuring of investments as convertible loans provides some downside protection whilst maintaining equity upside.



Data at 31 December 2019.
Source: Bloomberg, Baker Steel internal.

CHAIRMAN'S STATEMENT
For the year ended 31 December 2019

2019 was a positive year for mining shares with the EMIX Global Mining Index rising 18.1% in Sterling terms. The Company does not benchmark itself against any index as its strategy is based on absolute returns, but against this favourable background the Company's NAV increased 29.9% during the year. This was assisted by a high proportion of the portfolio being invested in precious metals projects with over 50% invested in gold and silver at the beginning of the year although this had fallen to 38% at 31 December 2019 following the sale of a significant proportion of our Polymetal International plc ("Polymetal") shares received as consideration from the sale of Polar Silver in 2018.

Precious metals were the best performing metals during 2019 with gold up 18.8% and silver up 15.9% with base metals such as copper and zinc lagging on fears of a global slowdown particularly in China. Looking forward, a major theme for the resources sector will be the impact of electrification and those metals required for the infrastructure for renewable energy. The Company's strategy continues to be "bottom up", concentrating on the quality of the projects whilst maintaining a wide spread of commodities, but we will continue to analyse projects with exposure to the trend towards electrification.

During 2019, the Company sold down a large part of its interest in Polymetal, partly to fund the successful tender offer to the Company's shareholders to repurchase shares in accordance with its returns policy. Proceeds from the sale of Polymetal were also used to make four new significant investments: a royalty over Futura Resources Ltd's coking coal mines in Australia; a convertible loan and option to acquire a royalty over Azarga Metals Corp's copper/silver project in Russia; a convertible loan with Mines & Metals Trading (Peru) Plc for its operating silver/lead/zinc mine in Peru and a convertible loan with Tungsten West Ltd in relation to its tungsten mine in the United Kingdom. Further details of these investments are contained in the Investment Manager's report but importantly they helped rebalance the portfolio and diversify risk in terms of commodity, geographical exposure and project development stage in accordance with the Company's policy. The structuring of new investments through convertible loans develops the Investment Manager's strategy of "positively skewed alpha" such that equity upside is maintained with a degree of downside protection achieved through the loan structure.

Looking forward, two of our long-term holdings have reached important milestones in their development and are set for price discovery transactions during 2020. Bilboes Gold Ltd has completed a positive definitive feasibility study on its 200,000 ounce per annum open pit gold project in Zimbabwe, and Nussir has likewise completed its definitive feasibility study on its 14,000 tonne per annum copper project in Norway. It is the core strategy of the Company to invest in mining companies it considers to be undervalued and that have strong fundamentals and attractive growth prospects with the potential to move up the "development curve" and into production. Achieving a positive definitive feasibility study is one of the key milestones on the development curve and represents a significant reduction in the project's risk. It remains to be seen whether the best way to unlock the value in these projects is through the companies raising the requisite capital themselves and developing them, or through joint venture or sale to third parties but in the case of Bilboes, open pit mines that can produce 200,000 ounces per annum are reasonably rare, as are fully permitted copper projects in Europe in the case of Nussir.

ESG

Environmental, social and governance ("ESG") factors are becoming increasingly important for all businesses. As an investment company we have neither employees nor physical infrastructure and so our direct footprint is limited but through proactive management of our investments we can exert a significant influence on the policies of the companies in which we invest. This is not only to support sustainable and ethical investment but because we believe ESG considerations are key for creating and maintaining shareholder value. As such, they are incorporated into the Investment Manager's investment decision process at multiple levels during screening and company analysis, as well as being directly addressed with company management. Mining is often seen as an activity having a negative impact on the environment but this is not the case if it is done in a responsible and sustainable way.

Covid-19

At the time of writing the world is still coming to grips with the implications of the Covid-19 virus and what it will mean to supply chains and the global economy. In the past two months we have seen weakness in base metals and steel mineral prices as output has been suspended particularly in China. However, structuring of many of our investments as convertible loans at least means that we have the benefit of accruing a coupon and potentially improving conversion terms should there be, for example, a delay to a project. Moreover, a high proportion of the portfolio assets are in precious metal projects and should in theory act as a hedge in case of a prolonged crisis.

On 7 April 2020, we published the Company's NAV as at 31 March 2020. In doing so, we decided to update the valuations of our unlisted investments (in normal markets, something we would only do at the half and full year ends). The NAV per share was 67.3 pence as against a NAV per share at 31 December 2019 of 73.9 pence, a fall of 8.9%. This is in the context of much larger falls in stock markets generally and largely reflects the fact that gold mining companies such as Bilboes and Polymetal have held up well together with the currency benefit of a weaker £ sterling.

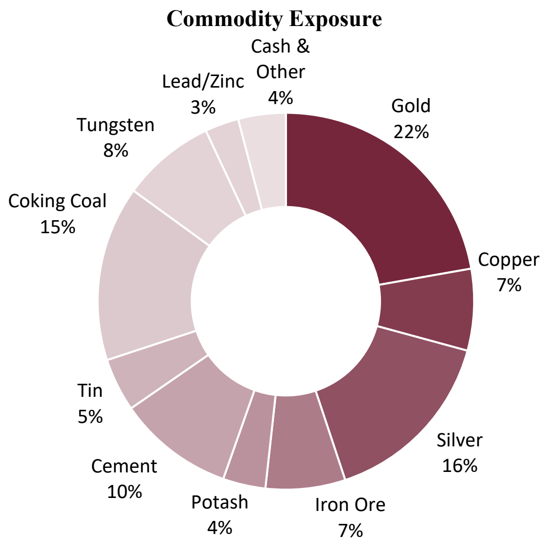
CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 December 2019

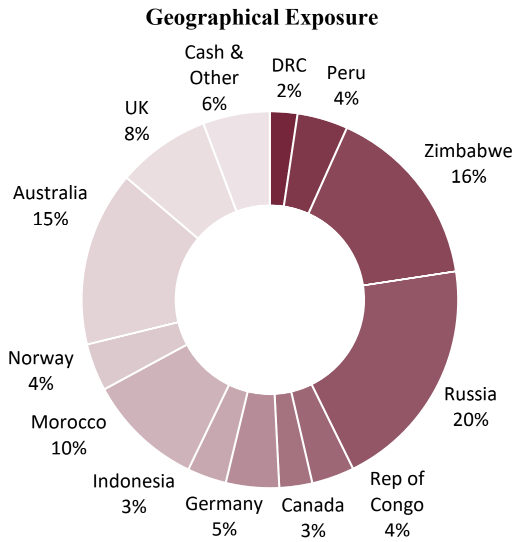
In relation to the operation of the Company itself, I am pleased to report that the Board has had assurances from all its key suppliers that the service levels, despite the fact that virtually all involved are presently working from home, will be maintained such that the Company will be able to function as normal. Certainly, at the time of writing, this has very much been our experience. I would like to thank everyone involved for all their hard work during these troubling times.

The Board

It has now been ten years since the Company was formed and the original directors were appointed immediately prior to the listing on the London Stock Exchange. As referred to in my Chairman's Statement last year, the Board has put in place a succession plan to refresh the Board whilst maintaining continuity. During 2019 we welcomed to the Board David Staples, previously a partner of PwC and an experienced non-executive director, who replaced Chris Sherwell and is serving as Chairman of the Audit Committee. The next director to step down will be Clive Newall who will retire on 15 September this year. I would like to thank Clive for his valuable contribution to the Company since its formation. We are pleased to announce the appointment to the Board of Fiona Perrott-Humphrey as from that date, subject to completion of regulatory process. Fiona was formerly Head of Mining Research for Europe and South Africa at Citigroup. She is now a director of AIM Mining Research and founding director of a strategic consulting business, and an Adviser on the mining sector to Rothschild and Co.

Howard Myles
Chairman
20 April 2020





Data at 31 December 2019. Source: Baker Steel internal

INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2019

Financial Performance

The audited undiluted Net Asset Value per Ordinary Share ("NAV") as at 31 December 2019 was 73.9 pence, an increase of 29.9% in the year but a decrease of 26.1% from the Company's first NAV calculated on 30 April 2010. During the year the EMIX Global Mining Index was up 18.1% (down 25.1% since 30 April 2010) in Sterling terms.

For the purpose of calculating the NAV per share, unquoted investments were carried at fair value as at 31 December 2019 as determined by the Directors and quoted investments were carried at their quoted prices as at 31 December 2019.

Net assets at 31 December 2019 comprised the following:

	£m	% net assets
Unquoted Investments	68.3	86.6
Quoted Investments	8.7	11.1
Cash and other net assets	1.7	2.3
	78.7	100.0

Investment Update

Largest 10 Holdings – 31 December 2019	**% of NAV**
Bilboes Gold Limited	15.9
Futura Resources Limited	15.0
Polar Acquisition Limited	11.3
Cemos Group Plc	10.0
Tungsten West Limited	8.0
Polymetal International Plc	6.1
Anglo Saxony Mining Limited	4.6
Mines & Metals Trading (Peru) Plc	4.4
Nussir ASA	4.1
Sarmin Minerals Exploration	3.7
	83.1
Other Investments	14.6
Cash and other net assets	2.3
	100.0%

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

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2019

Investment Update

At the year end, the Company was fully invested, holding 18 investments of which the top 10 holdings comprised 83% 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 has exposure to gold, silver, metallurgical coal, tungsten, potash, iron, copper, platinum group metals, nickel, tin, lead and zinc. Its projects are located in Australia, Canada, Democratic Republic of Congo, Germany, Indonesia, Madagascar, Mongolia, Morocco, Norway, Peru, the Philippines, Republic of Congo, Russia, South Africa, the UK and Zimbabwe.

During the year, the mining market recommenced its recovery after a broadly flat 2018 with the EMIX Global Mining Index up 18.1% over the year in Sterling terms. This was largely driven by precious metals with gold up 18.8% and silver 15.9% in US Dollars which was reflected in the 36.8% rise in the EMIX Global Mining Gold Index (Sterling terms). Other commodities to which the Company is exposed were mixed with iron ore up 27.5%, metallurgical coal down 32.9%, copper up 3.4%, tin down 12.0%, and lead down 4.7% during 2019 (all in US dollars). Palladium was particularly strong, rising 54.2% on the move to petrol autocatalysts in hybrid cars.

Likewise, performance of the Company's portfolio was largely driven by its investments in precious metals with the share price of Polymetal International PLC ("Polymetal") up 45% on the London Stock Exchange and the value of Bilboes Gold Ltd was increased by 38% in line with the Company's index of comparable listed gold companies. In addition, the value of Polar Acquisition Limited ("PAL") was increased by 43% following the increase in the silver price and further production guidance from Polymetal on the Prognoz Silver project over which PAL holds a royalty.

Investment in large capitalisation mining stocks, such as the holding in Polymetal received as consideration for the sale of the Prognoz silver project, in the long term does not fall within the Company's investment strategy. However, Polymetal has continued to overdeliver on its operational targets and its shares are highly liquid so were retained until the Company required funds for new investments and for the successful tender offer to shareholders during the year. At the end of the year Polymetal comprised only 6.1% of NAV.

The Company's largest investment, Bilboes Gold Limited ("Bilboes") completed its definitive feasibility study ("DFS") on its Isabella-McCays-Bubi gold project in Matabeleland, Zimbabwe shortly after the year end. Originally it had been planned for the project to start at a production rate of approximately 100,000 ounces of gold per annum and then utilise cashflow to fund the additional capex to expand production to 200,000 ounces per annum. However, during the compilation of the DFS it became obvious that this plan was sub-optimal as insufficient capital could be saved prior to first production and therefore the DFS was completed on a mine moving straight to full capacity of 200,000 ounces per annum. The peak funding requirement for the project is US$231 million with cash operating costs of US$664 per ounce of gold and All-in Sustaining Costs of US$742 per ounce of gold. At a gold price of US$1,500 per ounce, the project economics show an after tax net present value ("NPV") (discount rate of 8%) of just over US$300 million with an internal rate of return ("IRR") of 36% and a payback on investment of just over one year from the start of production. The recent strength of the gold price should assist in raising the capital for development or the price for a sale of the project.

The Company made four significant new investments during 2019. In the first quarter, the Company increased its exposure to Futura Resources' Wilton and Fairhill metallurgical coal properties in Queensland, Australia through the acquisition of a 0.75% Gross Revenue Royalty ("GRR") on future production from the two properties for A$6 million, together with an option to acquire an additional 0.25% GRR for a further A$2 million which was exercised in February 2020. At industry forecast long term average prices for metallurgical coal, the GRRs are anticipated to generate around A$3m per annum for the Company before tax once Futura's properties reach full production. The commencement of production was delayed pending award of the operating licences with the licence for Wilton now expected in the second quarter 2020 and the Fairhill licence the following quarter. Aggregate coal production will ramp-up to a targeted sustainable level of 2.3 million tonnes of coal per annum of saleable processed coal by 2022 for at least 25 years. The Company's acquisition of these royalties is supportive of the strategy to add additional royalties to the Company's portfolio in order to generate income which can in turn be passed on to shareholders through the returns policy.

The second new investment was a US$3 million secured convertible loan in TSXV listed Azarga Metals Corp. ("Azarga") with accompanying warrants and the right to acquire a royalty over Azarga's Unkur copper/silver project in far eastern Russia. Azarga completed a positive PEA in 2018 envisaging an open pit operation with an 8-year mine life producing 13.2kt of copper and 3.7M oz of silver per year. Azarga is currently undertaking a second phase drilling and exploration program at its Unkur Copper-Silver Project, with a view to more than doubling the drilling undertaken by it to date.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2019

Investment Update (continued)

The third significant new investment was a US$4 million investment in a convertible debenture with Mines & Metals Trading Peru PLC ("MMTP"), a private company with operations in the Huancavelica region within the central zone of the Western Andean Cordillera of Peru. MMTP's Recuperada project in Peru comprises 11,261 Ha of mining concessions centred around a 600 tonne per day processing plant. MMTP is currently transitioning from treating silver/lead/zinc ore from third party miners to processing ore from its own concessions. In December 2019, MMTP agreed a definitive business combination with TSX-V shell Zincore Inc. The plan was for the combined company to relist in the second quarter 2020 on the TSX Venture Exchange under the name of Latitude Base Metals Inc but due to the Covid-19 situation the listing is expected to be deferred to 2021.

The fourth major investment during the year was in £5 million secured convertible loan notes in Tungsten West. This enabled Tungsten West to exercise its option to acquire the Hemerdon Tungsten Mine, 7 miles northeast of Plymouth in Devon, England which had previously been mined by Wolf Minerals Limited and had been forced to close following financial difficulties in October 2018. Wolf commenced production at Hemerdon in 2015 but never achieved the designed recovery rate of tungsten from its plant. During 2019 Tungsten West undertook extensive mineralogical and metallurgical testwork on ore from Hemerdon and engaged independent mineral consultants, Wardell Armstrong, to prepare a Competent Persons Report on the project. These studies suggest that sorting of the ore before processing and reconfiguration of the processing plant could significantly increase tungsten recovery and reduce costs. Tungsten West is currently undertaking pilot plant testwork to refine its proposed process flowsheet with a pre-feasibility study planned for mid-2020.

The rest of the portfolio continued to make progress during 2019 with Cemos Group PLC ramping up production at its cement plant in Morocco as it generated new customers. The operations are cash flow positive and Cemos has started repayment of the vendor finance from Loesche, which fabricated and constructed the plant. Preliminary planning for a second production line has commenced which would double production capacity. Following its positive pre-feasibility study in September 2018, Sarmin sought to sell or joint venture its Kanga potash project in the Republic of Congo. However, one of the key concerns revealed in the marketing process was the grant of the operational mining licence which requires a full feasibility study. Shareholders therefore decided to progress the full feasibility study which is being funded by Sarmin's major investors and is due for completion in the second half of 2020.

The DFS on Nussir's Nussir/Ulveryggen copper project in Norway was delayed by six months following a decision to drill an area of inferred resources in close proximity to the site of the main portal for the mine. This enabled Nussir to upgrade additional resource into the measured and indicated categories and therefore were included in the mine plan for the DFS. This additional resource significantly enhanced the economics of the DFS which was completed in March 2020. At a long term copper price of US$6,500 per tonne the economic model gave a net present value using a 6% discount rate ("NPV(6%)") of US$132.6 million with an internal rate of return ("IRR") of 23%. An upside case on the basis that the Inferred Resources are converted into the Indicated category gave an NPV(6%) of US$189.8 million. Nussir is fully licenced and will now examine its options as to the best way to fund the mine development and realise the value of the project as well as investigating the potential to develop the mine using electric mining and haulage equipment. The Mining Licence for Nussir was awarded in February 2019, and although this was appealed, the appeal was rejected by the Norwegian government and the final licence award was made in December 2019.

During the year the Company invested the second £1 million tranche of its convertible loan with Anglo Saxony Mining Limited ("ASM"), which holds the rights to a previously producing tin mine in Germany. This was used to fund a pre-feasibility study (PFS") which was completed in March 2020. The PFS showed that further optimisation work needed to be undertaken for the mine to be economic at the currently depressed tin price. However, tin is regarded as one of the likeliest metals to benefit from the trend towards electrification and cleaner energy supply and therefore the project will continue to be pursued.

Elsewhere in the portfolio Black Pearl continued discussions with Chinese partners regarding the use of its mine as the basis for a new steel plant in Indonesia and Prism Diversified is seeking funding for a feasibility study into its proposed iron powders and vanadium production facility. Your Company has retained some of its original holding of shares in TSX-listed Ivanhoe Mines although it is a non core holdings in the portfolio. Ivanhoe continues to make good progress in developing its Kamoa-Kakula project in the Democratic Republic of Congo as well as the Platreef platinum group metal project in South Africa. During 2019, Metals Exploration plc's Runruno gold mine in the Philippines produced a total of 68,983 ounces of gold compared to 46,000 ounces of gold in 2018, albeit still below its target of approximately 100,000 ounces of gold per annum. Although the operations were cash positive in the last quarter of 2019, it was still insufficient to service its loans which were acquired by Metals Exploration's major shareholders. The shares were suspended by the AIM market of the London Stock Exchange in March 2020, pending a resolution of the reorganisation of its debt.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2019

Investment Update (continued)

The outlook for mining and metals is presently uncertain and it is very dependent on the global reaction to the Covid-19 virus, its duration and the scale and efficacy of any government stimulus programmes. Given the four significant new investments in 2019, it is expected that the Company will concentrate on supporting its existing investments during 2020 and will not be seeking new investments until the next significant realisation is made.

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

Description of Largest Investments at 31 December 2019

Bilboes Gold Limited ("Bilboes")
Bilboes is a private Zimbabwean based gold mining company which has a JORC compliant Proved and Probable Reserves containing 1.8 million ounces of gold out of a total Mineral Resource of 3.8 million ounces of gold. A positive definitive feasibility study of a mine with production capacity of up to 200,000 ounces per annum was completed in 2020.

Futura Resources Ltd ("Futura")
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 coking coal. Production is targeted to commence at both projects during 2020, for a targeted combined sustainable level of 2.3 million tonnes per annum of saleable processed coal by 2021/22 with a mine life of at least 25 years once in full production.

Polar Acquisition Limited ("PAL")
PAL is a private company which holds a 0.9% to 1.8% royalty in the Prognoz silver project ("Prognoz"), 444km north of Yakutsk in Russia, now owned by Polymetal. Progroz has a 256 million ounce silver equivalent Indicated and Inferred Mineral Resource at a grade of 789 g/t silver equivalent. A pre-feasibility study is being undertaken by Polymetal and is expected to be completed in the second half of 2020.

Cemos Group plc (''Cemos'')
Cemos is a private cement producer and oil shale explorer and developer whose key asset is the Tarfaya project in Morocco. As a first step for development, Cemos completed the construction of a cement plant at Tarfaya in December 2018 with a capacity of up to 270,000 tonnes cement per annum.

Tungsten West Limited (''Tungsten West'')
Tungsten West is a private company which owns the Hemerdon Mine in Devon, United Kingdom which contains estimated Measured and Indicated Mineral Resources totaling 116 million tonnes of tungsten ore at a grade of 0.13% WO_3 with a further 110 million tonnes at a grade of 0.12 WO_3 in inferred resources. A pre-feasibility study is planned for mid-2020.

Polymetal International plc ("Polymetal")
Polymetal is a leading precious metals mining group operating in Russia and Kazakhstan, listed on the London Stock Exchange and Moscow Stock Exchange and is a member of FTSE100 Index. Polymetal has a portfolio of nine producing gold and silver mines which in 2019 produced 1.61 million gold equivalent ounces.

Anglo Saxony ("Anglo Saxony")
Anglo Saxony is a private company which holds the Tellerhäuser, operations in Germany. Total mineral resources for the project have been estimated at 22.1 million tonnes of ore grading 0.46% tin. A pre-feasibility study was completed in March 2020.

Mines & Metals Trading Peru PLC ("MMTP")
MMTP is a private company with operations in Peru. Total mineral resources for the project have been estimated at 7.3 million tonnes of ore grading 4.77oz silver per tonne, 3.91% lead, and 2.53% zinc for the 54 vein systems identified.

Nussir ASA ("Nussir")
Nussir is a Norwegian private company whose key asset is the Nussir/Ulveryggen copper project in Northern Norway. A JORC compliant report estimated Measured and Indicated Mineral Resources at 29.9 million tonnes grading 1.0% copper containing 300,000 tonnes of copper. The resource statement also included 530,000 million tonnes of copper in Inferred Mineral Resources providing combined contained copper of 830,000 tonnes. A definitive feasibility study into a mine producing approximately 14,000 tonnes of copper per annum was completed in March 2020.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2019

Investment Update (continued)

Description of Largest Investments at 31 December 2019 (continued)

Sarmin Minerals Exploration Inc ("Sarmin")
Sarmin is private company which holds the Kanga potash project, in the Republic of Congo which has an Inferred Mineral Resource of 7,160 million tonnes grading 16.7% KCl containing 1,197 million tonnes KCl. A positive pre-feasibility study, completed in September 2018 outlined a phased project employing solution mining, which will commence with a 400,000 tonne KCl per annum operation rising to 2.4 million KCl tonnes per annum. A feasibility study is due for completion in the second half of 2020.

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 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. Negotiations are ongoing for the Black Pearl project to form the base production for an integrated steel production facility.

Ivanhoe Mines Limited ("Ivanhoe")
Ivanhoe is a company listed on the Toronto Stock Exchange which holds the Kamoa-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.

PRISM Consolidated 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.

Azarga Metals Corp. ("Azarga")
Azarga is a TSX-V listed company which holds the Unkur copper/silver project in far eastern Russia with Inferred Mineral Resources estimated at 62 million tonnes at 0.53% copper and 38.6g/t silver, containing 328,600 tonnes of copper and 76.8 million troy ounces of silver (0.56 Mt of copper equivalent).

Metals Exploration plc ("Metals Exploration")
Metals Exploration is an AIM listed company which owns the Runruno gold mine in the Philippines. The Runruno mine produced 69,000 ounces of gold in 2019.

Baker Steel Capital Managers LLP
Investment Manager

PORTFOLIO STATEMENT
AT 31 DECEMBER 2019

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Listed equity shares		
	Canadian Dollars		
1,470,443	Azarga Metals Corp	55,652	0.07
1,000,000	Ivanhoe Mines Limited	2,474,638	3.15
	Canadian Dollars Total	**2,530,290**	**3.22**
	Great Britain Pounds		
122,760,000	Metals Exploration Plc	1,411,740	1.80
400,000	Polymetal International Plc	4,780,000	6.08
	Great Britain Pounds Total	**6,191,740**	**7.88**
	Total investment in listed equity shares	**8,722,030**	**11.10**
	Debt instruments		
	Australian Dollars		
200	Futura Resources Limited	6,967,954	8.86
	Australian Dollars Total	**6,967,954**	**8.86**
	Canadian Dollars		
275,000	PRISM Diversified Limited Loan Note 1	109,197	0.14
250,500	PRISM Diversified Limited Loan Note 2	380,756	0.48
	Canadian Dollars Total	**489,953**	**0.62**
	Euro		
959	Cemos Group	4,116,550	5.23
	Euro Total	**4,116,550**	**5.23**
	Great Britain Pounds		
2,000,000	Anglo Saxony Mining Limited	3,026,877	3.85
16,666,667	Tungsten West Limited Convertible Loan Note	5,035,097	6.40
	Great Britain Pounds Total	**8,061,974**	**10.25**
	United States Dollars		
3,000,000	Azarga Metals Secured Convertible Loan Note	1,986,320	2.53
440,000	Bilboes Holdings Convertible Loan Note	1,483,398	1.89
220,000	Bilboes Holdings Loan Note	118,463	0.15
7,009,332	Black Pearl Limited Partnership	2,643,205	3.36
4,000,000	Mines & Metals Trading (Peru) Plc	3,425,407	4.35
	United States Dollars Total	**9,656,793**	**12.28**
	Total investments in debt instruments	**29,293,224**	**37.24**

PORTFOLIO STATEMENT (CONTINUED)
AT 31 DECEMBER 2019

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Unlisted equity shares and warrants and royalties		
	Australian Dollars		
6,000,000	Futura Gross Revenue Royalty	5,104,052	6.49
56,011,015	Indian Pacific Resources Limited	497,086	0.63
	Australian Dollars Total	**5,601,138**	**7.12**
	Canadian Dollars		
13,083,936	PRISM Diversified Limited	1,660,802	2.11
1,000,000	PRISM Diversified Limited Warrants 31/12/2023	75,743	0.10
13,490,414	Azarga Metals Warrants 12/04/2021	40,594	0.05
	Canadian Dollars Total	**1,777,139**	**2.26**
	Great Britain Pounds		
1,594,646	Celadon Mining Limited	15,947	0.02
24,004,167	Cemos Group plc	3,732,648	4.75
5,118,750	Tungsten West Limited	1,279,688	1.63
3,300,001	Anglo Saxony Mining Limited	475,200	0.60
	Great Britain Pounds Total	**5,503,483**	**7.00**
	Norwegian Krone		
12,434,294	Nussir ASA	3,204,604	4.07
	Norwegian Krone Total	**3,204,604**	**4.07**
	United States Dollars		
451,445	Bilboes Gold Limited	10,885,956	13.84
4,244,550	Gobi Coal & Energy Limited	150,658	0.19
1,000,000	Midway Resources International	-	-
16,352	Polar Acquisition Limited	8,915,921	11.33
56,042	Sarmin Minerals Exploration	2,877,964	3.66
	United States Dollars Total	**22,830,499**	**29.02**
	Total Unlisted equity shares and warrants	**38,916,863**	**49.47**
	Financial assets held at fair value through profit or loss	**76,932,117**	**97.81**
	Other Assets & Liabilities	**1,731,193**	**2.19**
	Total Equity	**78,663,310**	**100.00**

STRATEGIC REPORT

Company Structure

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 2018 issued by the Guernsey Financial Services Commission ("GFSC"). 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. Shareholders voted against discontinuing the Company at the 2018 AGM, and the next discontinuation vote will be held in 2021.

Role and Composition of the Board

The Board is the Company's governing body; it sets the Company's strategy and is collectively responsible for its long-term performance. 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 the Company's liquidity, conditions in the stock market and mining markets.

The Board continues to review the Company's ongoing expenditure to ensure that the total costs incurred in the running of the Company remain competitive. 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 2019, the Board comprised four Directors (2018: four).

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

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.

- 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. 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 2019.

Hedging

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

Performance

The Company monitors NAV against the EMIX Global Mining Index as a key performance indicator. 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 5 to 9.

Principal and emerging risks

A summary of the principal and emerging risks faced by the Company is set out below. The Company has a risk matrix which is reviewed on an ongoing basis by the Audit Committee. Changes to the risk matrix, be that for an emerging risk or a change in the assessment of an already documented risk, are recommended to the Board for approval before finalising.

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 48 to 54.

The Company's investment activities also expose it to a variety of financial risks including in particular foreign currency risk. The foreign exchange risk might be affected by Brexit, but the impact of Brexit, hard or soft, is not quantifiable at the time of publication of these financial statements. A sensitivity to foreign exchange is presented on pages 49 to 50.

The Coronavirus (Covid-19) is an emerging risk and has had a significant impact on financial markets since the Company's year end. While it cannot be predicted how long market conditions will remain depressed, the Board considers that the Company's exposure to precious metals projects should, to some extent, act as a hedge to weaknesses in base metals and steel mineral prices in the event of a prolonged crisis.

STRATEGIC REPORT (CONTINUED)

Principal and emerging risks (continued)

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.

The Company invests in certain 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 or its key investment professionals 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 and capabilities of the Investment Manager and its key man risk plans.

There is the risk that the market capitalisation of the Company (on which the Investment Manager's fee is calculated) falls to such an extent that it will no longer be viable for the Investment Manager to provide the services that it currently provides. The Board monitors this possibility and, should it start to become an issue, would review it with the Investment Manager.

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% over a three-year time period. The Board has concluded that, even in circumstances representing such further deterioration in markets, it can remain viable until the discontinuation vote and should there be a vote to continue, it can remain viable for at least two years beyond. To understand the requirements of the Company's major shareholders, the Investment Manager regularly liaises with the Company's broker and meets major shareholders. The Chairman is 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 31 of the UK Corporate Governance Code, published by the Financial Reporting Council ("FRC") in July 2018 (the "UK Code"), the Directors have assessed the prospects of the Company over 3 years, being the period until the discontinuation vote at the AGM in 2021 and two years thereafter. The Directors consider that this is an appropriate timeframe to assess the viability of the Company as, in relation to the types of investments the Company makes, three years mostly provides sufficient time for major milestones to be reached on mining projects together with some realisations and new investments to be made by the Company. Beyond three years, the Board considers the mining and minerals markets to be too difficult to predict to be sufficiently helpful. Three years is also the period between each discontinuation vote.

STRATEGIC REPORT (CONTINUED)

Viability Statement (continued)

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 discontinuation vote in 2021, which the Directors have assumed will not be passed, 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 an increased discount to its NAV. The mining market is inherently cyclical and dependent on world economic output. 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 expense ratio becomes excessive such that the Company becomes an unattractive investment proposition. In such conditions, it may also be a risk that liquidity (ie the ability to sell or realise cash from the portfolio, or raise borrowings should that be necessary) is insufficiently available to meet liabilities.

In the case of the Company, which has no gearing, the Investment Manager has conducted stress and sensitivity tests of future income and expenditure and the ability to realise assets, and has concluded that, even in circumstances representing a further deterioration in value of 50% of net assets and a complete inability to sell any of the unlisted assets in the portfolio, the Company should remain viable over the period to the 2023 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 or at a higher rate, such that the costs of the Company would also fall. It is also assumed that the liquidity required over the three-year period and under the highly stressed conditions modelled, is largely provided by regular realisations of the Company's listed equities such as Polymetal and Ivanhoe. The Directors believe this to be reasonable given that these equities are regularly traded at sufficient volumes in the context of the very minor positions the Company's holdings represent.

As a result, the Board of Directors 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.

Environmental, Social and Governance

The Company believes that monitoring environmental, social and governance ("ESG") factors is important not only to support sustainable and ethical investment but because ESG considerations are key for creating and maintaining shareholder value. The Investment Manager has developed an ESG Investment Policy which draws from international best practice and builds upon the principles and processes outlined in the United Nations Principles for Responsible Investment, of which it is a signatory.

ESG considerations are considered as an enhanced risk management tool and, as such, are incorporated into the Investment Manager's investment decision process at multiple levels during stock screening and company analysis, as well as being directly addressed with company management during meetings and on-site visits. The Company is an active investor and will use its voting rights to influence company direction in a sustainable way where deemed appropriate. The Company considers that social and environmental responsibility, along with good governance, are an integral element of running a successful mining company.

Non-Mainstream Pooled Investment

The Directors intend to operate the Company in such a manner that its shares are not categorised as non-mainstream pooled investments.

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, partly 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 5 to 9.

Signed on behalf of the Board of Directors by:

Howard Myles
20 April 2020

BOARD OF DIRECTORS

The Board of Directors is listed below. Mr Staples was appointed on 29 May 2019; all other Directors were appointed on 12 March 2010. No limit on the overall length of service of any of the Company's Directors, including the Chairman, has been imposed, as the Board believes that any decisions regarding tenure should consider the balance between the need for continuity of knowledge and experience, and the need periodically to refresh the Board's composition in terms of skills, diversity and length of service. In this context, the Board has put in place a succession plan to refresh its membership while maintaining a degree of continuity. Christopher Sherwell was the first director to retire as part of the succession plan. Christopher resigned at the Company's 2019 AGM, held on 28 May 2019. The next director to step down will be Clive Newall who will retire at this year's AGM. With the assistance of independent recruitment consultants, the Board considered a number of potential candidates to replace Mr Newall. Subject to regulatory process, he will be succeeded by Fiona Perrott-Humphrey on that date.

Howard Myles: 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 Director of JP Morgan Brazil Investment Trust plc, Chelverton UK Dividend Trust plc and BBGI SICAV, all of which are listed on the London Stock Exchange.

Howard is a member of the Company's Audit Committee. Notwithstanding that Howard's tenure extends beyond nine years, the Board is satisfied that he remains and demonstrates independence of the Investment Manager.

Charles Hansard: Charles Hansard has over 32 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: 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. First Quantum Minerals is listed on the Toronto Stock Exchange.

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

David Staples: David Staples worked for PWC in London for 25 years, including 13 years as Partner. He has many years' experience serving on boards of listed and private companies as a non-executive director, including as chairman of listed investment companies. David has a BSc in Economics and Accounting, is a Fellow Chartered Accountant, a Chartered Tax Adviser and a holder of the Institute of Directors' Certificate in Company Direction. He is a Director of Ruffer Investment Company Limited and NB Global Floating Rate Income Fund, both of which are listed on the London Stock Exchange.

David is the Chairman of the Audit Committee.

DIRECTORS' REPORT
For the year ended 31 December 2019

The Directors of the Company present their tenth annual report and the audited financial statements for the year ended 31 December 2019.

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

Principal activity and business review

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987, as amended ("POI Law") and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, Premium Segment.

Investment Objective

Details of the Company's investment objectives and policies are described in the Strategic Report on page 13.

Performance

In the year to 31 December 2019, the Company's NAV per Ordinary Share increased by 29.9% (2018: 0.2%). This compares with a rise in the EMIX Global Mining Index (capital return in Sterling terms) of 18.1% (2018: fall of 5.9%). A more detailed explanation of the performance of the Company is provided within the Investment Manager's Report on pages 5 to 9.

The results for the 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.

Dividends and distribution policy

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

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

Although the Company made a net realised gain during the year, the majority of this related to the sale of Polymetal shares which had been taken into account in the calculation of the distribution made during the year in respect of 2018. Accordingly, no distribution is proposed in respect of 2019.

Directors and their interests

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

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

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Directors and their interests (continued)

Biographical details of each of the Directors who were on the Board of the Company at the time of signing the annual report and financial statements for the year ended 31 December 2019 ("the Annual Report") are presented on page 17 of these financial statements.

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

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

	Number of Ordinary Shares 2019	Number of Ordinary Shares 2018
Christopher Sherwell (Retired 28 May 2019)	N/A	104,198
Clive Newall	25,000	25,000

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

Authorised Share Capital

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

Issue of Shares

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

In addition, 10,000 Management Ordinary Shares were issued.

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

In May 2019, the Company enacted a tender offer for 9,677,478 Ordinary Shares at 51 pence per share. The repurchased shares were cancelled. As a result, the Company had a total of 106,453,335 Ordinary and 9,167 Management Ordinary Shares in issue as at 31 December 2019, of which 700,000 Ordinary Shares were held in Treasury.

Significant Shareholdings

As at 31 December 2019, 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
Bank of New York Nominees Limited*	20,568	19.19
Vidacos Nominees Limited*	19,062	17.79
Nortrust Nominees Limited*	12,964	12.10
Citibank Nominees Limited*	12,678	11.83
Harewood Nominees Limited*	12,517	11.68
BNY Nominees Limited*	7,990	7.46
Rock Nominees Limited*	4,120	3.85

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

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Significant Shareholdings (continued)

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

Baker Steel Global Funds SICAV – Precious Metals Fund ("Precious Metals Fund") had an interest in 6,597,877 Ordinary Shares in the Company at 31 December 2019 (2018: 7,469,609). These shares are included in the Vidacos Nominees Limited holding disclosed 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.

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 judgements 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 position and performance of the business of the Company together with the description of the principal risks and uncertainties that the Company faces, as required by the Disclosure and Transparency Rules of the UK Listing Authority;
- the 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; and
- they have carried out a robust assessment of the emerging and principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

Auditor Information

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

Going Concern

The Directors have made an assessment of the Company's ability to continue as a going concern and consider it appropriate to adopt the going concern basis of accounting. 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 2019, approximately 11.9% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Corporate Governance Compliance

The Guernsey Financial Services Commission's Finance Sector Code of Corporate Governance (the "GFSC Code") provides a framework which applies to all companies in the regulated finance sector in Guernsey. The Company reports against the UK Corporate Governance Code (the "Code"), which meets the requirements of the GFSC Code. The Board is committed to high standards of corporate governance and has implemented a framework for corporate governance that it considers to be appropriate for an investment company in order to comply with the principles of the Code. The Code is available on the FRCs 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 disclosures in this statement report against the provisions of the Code, as revised in 2018 effective for periods commencing on or after 1 January 2019.

Throughout the year ended 31 December 2019, the Company has complied with the recommendations of the Code except as set out below.

The 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 as explained further on the following pages.

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 to service providers 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 and small size, 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.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Operation and composition of the Board (continued)

- Information

  The Board receives full details of the Company's assets, liabilities and other relevant information in advance of Board meetings, including information on regulatory and accounting developments.

- Performance appraisal

  The performance of the Board and the Audit Committee is 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 investor 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 and Company Secretary. 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 direct 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	1	4	1
Clive Newall	4	4	4	4
Charles Hansard	4	4	4	N/A
David Staples*	4	3	4	3

  *Christopher Sherwell retired from the Board on 28 May 2019 and David Staples was appointed to the Board on 29 May 2019. Since this date to the end of the year there have been three quarterly Board meetings and three Audit Committee meetings.

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

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

- Relations with Shareholders

  The Board believes that the maintenance of good relations with shareholders is vital for the long-term prospects of the Company. The Company's stockbrokers, Numis Securities Limited, and the 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.

- Engagement with key Stakeholders

  The Board considers its key stakeholders to be the Company's Investment Manager, Administrator, Company Secretary and Stockbroker. Engagement with each Stakeholder is formalised by quarterly reporting at the Board Meetings but outside of the formal meetings, is continuous as required by the operations of the Company. The Board is very aware of the importance to the success of the Company of these key stakeholders and encourages open and frequent dialogue to facilitate improvements to the way that the Company functions.

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 its key service providers.

  David Staples 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, considers new Board appointments, remuneration and the engagement of service providers.

Internal Controls

The Board has delegated to service providers 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. However, it has delegated the regular review and oversight of the systems of internal control to the Audit Committee which reports back to the Board following each Audit Committee meeting. At each quarterly Board meeting, compliance reports are provided by the Administrator and Investment Manager.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

Internal Controls (continued)

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 Investment Manager and reviewed regularly by the Audit Committee 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 mitigating 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. 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 Audit Committee confirms to the Board 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 by way of reporting from the Audit Committee and is in accordance with the Guidance on Risk Management Internal Control and Related Financial Reporting and Business Reporting.

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.

Director's Remuneration Policy

All Directors are non-executive and a Remuneration Committee has not been established. The Board as a whole considers matters relating to the Directors' remuneration. No advice or services were provided by any external person in respect of its consideration of the Directors' remuneration.

The Company's policy is that the fees payable to the Directors should reflect the time spent by the Directors on the Company's affairs and the responsibilities borne by the Directors and be sufficient to attract, retain and motivate directors of a quality required to run the Company successfully. The Chairs of the Board and the Audit Committee are paid a higher fee in recognition of their additional responsibilities. The fee levels are reviewed annually.

There are no long term incentive schemes provided by the Company and no performance fees are paid to Directors. No Director has a service contract with the Company but each of the Directors is appointed by a letter of appointment which sets out the main terms of their appointment. Directors hold office until they retire or cease to be a director in accordance with the Articles of Incorporation or by operation of law.

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 the skills and experience of a new director which the Board believes will add most value.

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 2019, the total remuneration of the Directors was £115,000 (2018: £115,000), with £28,750 (2018: £28,750) payable at the year end.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2019

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

Director's Remuneration Policy (continued)

Directors are remunerated in the form of fees, payable quarterly in arrears, to the Director personally. The fees paid to each Director in respect of the years ended 31 December 2019 and 31 December 2018 are shown below.

	2019	2018
	£	£
Howard Myles	35,000	35,000
David Staples	17,733	-
Charles Hansard	25,000	25,000
Clive Newall	25,000	25,000
Christopher Sherwell	12,267	30,000

Independent Auditors

The auditors, BDO Limited, have indicated their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Subsequent Events

Please refer to Note 16 of the financial statements on page 59.

Signed on behalf of the Board of Directors by:

Howard Myles
20 April 2020

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 December 2019

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, considers 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 key 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. During the year ended 31 December 2019, no significant weaknesses or failings were identified.

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 the 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 two members who are chartered accountants.

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. 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 2019

Through its meetings during the year ended 31 December 2019 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 14 and 15.

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 having regard to the level of materiality agreed with it.
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 support for 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.
Emerging Risks	The Audit Committee discusses the Company's risk matrix each time it meets. Through these discussions emerging risks such as those caused by the Covid-19 virus are assessed.

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").

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

		2019	2018
Audit fees	Audit Fees	£	£
		49,000	45,000
Non-audit fees	Agreed Upon Procedures relating to the review of the half year report		
		7,650	7,500
Total Fees		56,650	52,500

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 December 2019

The external auditor provides an audit planning report in advance of the annual audit. The Audit Committee has the opportunity to question and challenge the auditor in respect of their work. Based on levels of interaction with the auditor, and the assessment of auditor reporting, the audit planning, adherence to audit standards, competence of the audit team and feedback from the Investment Manager, the Audit Committee and the Board are satisfied that the reappointment of the external auditor should be proposed at the Annual General Meeting of the Company.

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 the Company 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 Strategic Report on pages 14 and 15 outlines the principal risks and uncertainties affecting the Company and the section on Internal Controls in the Directors Report on pages 23 and 24 gives details of the work performed by the Audit Committee in this area.

By their nature, the control mechanisms can only provide reasonable rather than absolute assurance against misstatement or loss. The Audit Committee seeks continual improvement in the Company's internal control mechanisms. The Audit Committee was not aware of any significant failings or weaknesses in the Company's internal controls in the year under review nor up to the date of this report.

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review the Annual Report and Financial Statements and the Half Year Report 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 and estimates 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, reporting to the Board in this respect.

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 2019, approximately 11.9% of the Company's assets were represented by cash and unrestricted quoted investments.

On the basis of its review, the Audit Committee is satisfied that the Company has the resources to continue in business for 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.

David Staples
Audit Committee Chairman
20 April 2020

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 2019 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 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- 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.

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 directors' confirmation set out on page 20 in the annual report that they have carried out a robust assessment of the Group's emerging and principal risks and the disclosures in the annual report that describe the principal risks and the procedures in place to identify emerging risks and explain how they are being managed or mitigated;
- the directors' statement on page 20 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 15 and 16 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.

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 including 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2019

Key Audit Matter	How we addressed the key audit matter in the audit
Valuation of and existence of unlisted investments including unrealised gains/(losses) Refer to the accounting policies on pages 38 - 42 and Note 3 to the Financial Statements. The majority (84.7%: 2019, 66%: 2018) 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 46-48). The valuations are subjective, with a high level of judgment and estimation linked to the determination of fair value with limited market information available. 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. The valuation of the unquoted investments is a key driver of the Company's net asset value and total return. Incorrect valuations could have a significant impact on the net asset value of the Company and therefore the return generated for members.	We performed the following substantive procedures for all unlisted investments: In respect of existence we obtained direct confirmation of ownership from the underlying investee. For unlisted investments we agreed the number of warrants to the warrant instrument and obtained direct confirmation from the underlying investee for the holdings of other unlisted investments. In respect of valuation we performed the following procedures for all unlisted investments: • Considered the processes, policies and methodologies used by management for fair valuing unlisted investments held by the Company including reviewing the hierarchy of application of valuation principles: • Agreed the manager's application of valuation techniques as appropriate to the circumstances of the asset and the accounting policies were appropriate relevant and consistently applied: • Agreed the inputs into the models to independent sources and evaluated whether all key terms of each of the investment agreements had been considered: • Corroborated to independent third party sources, market volatility rates used in each model: • Recalculated management's applied basket of indices for each investment which had an Index valuation: • For those investments which used recent Investment as a basis for recalibrating inputs to the valuation model, we considered if there were any material changes in the market or changes in the performance of the Investee Company affecting the fair value of the investment at year end. • Agreed the valuation per the models to the financial statements. Key observation: Based on the procedures performed we are satisfied that the investment valuations and ownership testing of the unlisted portfolio has been performed appropriately.

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.

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 £1,380,000, which is based on a level of 1.75% of total assets (2018 £1,187,000, which was based on 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2019

We considered the application of materiality at the individual account or balance level and set an amount, performance materiality, 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 £897,000 which is 65% of materiality (2018: £830,900 which was 70% of materiality). This has been set based upon the control environment in place, the assessment of risk and the fact that the main item in the financial statements is the unlisted investments which involves a high degree of estimations and judgements in determining its value.
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 10% of materiality being £138,000 (2018: 10% of materiality £118,700).

We agreed with the Board of Directors that we would report all audit differences in excess of £69,000 (2018: £59,350). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the annual report and audited financial statements, 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 this other information, we are required to report that fact.

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 20 – 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 position, performance, business model and strategy, is materially inconsistent with our knowledge obtained in the audit; or
- Audit committee reporting set out on page 27 - 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 20 – 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.

INDEPENDENT AUDITOR'S REPORT (CONTINUED)
For the year ended 31 December 2019

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:

- proper accounting records have not been kept by the Company; or
- the financial statements are not in agreement with the accounting records; or
- we have failed to obtain all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Responsibilities of Directors

As explained more fully in the statement of directors' responsibilities within the directors' report set out on page 20, 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:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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

Richard Michael Searle FCA

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

20April 2020

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Notes	2019 £	2018 £
Assets			
Cash and cash equivalents	9	659,757	3,811,921
Interest receivable	2(i)	1,266,886	-
Other receivables		17,284	385,659
Financial assets held at fair value through profit or loss	3	76,932,117	62,019,940
Total assets		**78,876,044**	**66,217,520**
Equity and Liabilities			
Liabilities			
Directors' fees payable	12	28,750	28,750
Management fees payable	7,12	85,447	75,370
Administration fees payable	6	42,447	16,731
Audit fees payable		49,000	45,050
Other payables		752	18,073
Custodian fees payable		6,338	5,762
Total liabilities		**212,734**	**189,736**
Equity			
Management Ordinary Shares	10	9,167	10,000
Ordinary Shares	10	75,972,688	81,024,525
Retained reserves		2,681,455	(15,006,741)
Total equity		**78,663,310**	**66,027,784**
Total equity and liabilities		**78,876,044**	**66,217,520**
Net Asset Value per Ordinary Share (in Pence) – Basic and Diluted	13	73.9	56.9

The financial statements on pages 33 to 59 were approved and authorised for issue by the Board of Directors on 20 April 2020 and signed on its behalf by:

Howard Myles

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Notes	Year ended 2019 Revenue £	Year ended 2019 Capital £	Year ended 2019 Total £
Income				
Loan guarantee income	2(h)	193,577	-	193,577
Interest income	2(i)	1,457,593	-	1,457,593
Dividend income		538,787	-	538,787
Net gain on financial assets at fair value through profit or loss	3	-	17,088,162	17,088,162
Net foreign exchange loss		-	(104,193)	(104,193)
Net income		**2,189,957**	**16,983,969**	**19,173,926**
Expenses				
Management fees	7,12	965,402	-	965,402
Directors' fees	12	115,000	-	115,000
Administration fees	6	103,938	-	103,938
Other expenses	8	95,648	-	95,648
Custody fees		77,521	-	77,521
Audit fees		56,650	-	56,650
Broker fees		40,972	-	40,972
Legal fees		11,620	-	11,620
Directors' meetings expenses		18,979	-	18,979
Total expenses		**1,485,730**	**-**	**1,485,730**
Net gain for the year		**704,227**	**16,983,969**	**17,688,196**
Net gain for the year per Ordinary Share:				
Basic and Diluted (in pence)	13	0.6	15.5	16.1

In the year ended 31 December 2019 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Year ended 2018 Revenue £	Year ended 2018 Capital £	Year ended 2018 Total £
Income				
Loan guarantee income	2(h)	358,951	-	358,951
Interest income*	2(i)	304,597	-	304,597
Dividend income		20,389,040	-	20,389,040
Net loss on financial assets at fair value through profit or loss*	3	-	(19,614,324)	(19,614,324)
Foreign exchange gain		-	65,492	65,492
Net income		**21,052,588**	**(19,548,832)**	**1,503,756**
Expenses				
Management fees	7,12	928,850	-	928,850
Directors' fees	12	115,000	-	115,000
Administration fees	6	100,111	-	100,111
Other expenses	8	80,444	-	80,444
Custody fees		71,639	-	71,639
Audit fees		52,500	-	52,500
Broker fees		38,236	-	38,236
Directors' meetings expenses		16,240	-	16,240
Legal fees		4,408	-	4,408
Total expenses		**1,407,428**	**-**	**1,407,428**
Net gain/(loss) for the year		**19,645,160**	**(19,548,832)**	**96,328**
Net gain for the year per Ordinary Share:				
Basic and diluted (in pence)	13	16.9	(16.8)	0.1

In the year ended 31 December 2018 there were no other gains or losses than those recognised above.

The Directors consider all results to derive from continuing activities.

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

*Interest income in the amount of £304,597 has been reclassified in the comparatives from net gain on financial assets at fair value through profit or loss to interest income given it was revenue in nature.
Whilst not material, the Company has restated for the purposes of comparability.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Management Ordinary Shares £	Ordinary Shares £	Treasury Shares £	Retained revenue reserve £	Retained capital reserve £	Total equity £
Balance as at 1 January 2018	10,000	81,165,017	(140,492)	(9,540,751)	(5,562,318)	65,931,456
Net gain/(loss) for the year	-	-	-	19,645,160	(19,548,832)	96,328
Balance as at 31 December 2018	**10,000**	**81,165,017**	**(140,492)**	**10,104,409**	**(25,111,150)**	**66,027,784**
Redemption of Ordinary Shares	(833)	(4,934,681)	-	-	-	(4,935,514)
Expenses related to Tender offer	-	(117,156)	-	-	-	(117,156)
Net (loss)/gain for the year	-	-	-	704,227	16,983,969	17,688,196
Balance as at 31 December 2019	**9,167**	**76,113,180**	**(140,492)**	**10,808,636**	**(8,127,181)**	**78,663,310**
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 2019

	Notes	Year ended 2019 £	Year ended 2018 £
Cash flows from operating activities			* (Restated)
Net gain for the year		17,688,196	96,328
Adjustments to reconcile gain for the year to net cash used in operating activities:			
Interest income		(1,457,593)	(663,548)
Dividend income		(538,787)	(20,389,040)
Net gain on financial assets at fair value through profit or loss	3	(17,088,162)	19,614,324
Net decrease/(increase) in receivables		5,286	(7,164)
Net increase/(decrease) in payables		22,998	(24,535)
		(1,368,062)	**(1,373,635)**
Interest received		553,796	300,459
Dividend received		538,787	1,045,972
Net cash used in operating activities		**(275,479)**	**(27,204)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(16,601,793)	(5,380,263)
Sale of financial assets at fair value through profit or loss		18,777,778	8,159,311
Net cash provided by investing activities		**2,175,985**	**2,779,048**
Cash flows from financing activities			
Expenses related to the tender offer		(117,156)	-
Payments for redemption of shares		(4,935,514)	-
Net cash used in financing activities		**(5,052,670)**	**-**
Net (decrease)/increase in cash and cash equivalents		(3,152,164)	2,751,844
Cash and cash equivalents at the beginning of the year		3,811,921	1,060,077
Cash and cash equivalents at the end of the year	9	**659,757**	**3,811,921**

* A policy of splitting out income on the face of the cashflow from net gains/losses on investments was adopted in 2019. The comparative amounts in the cashflow have been restated in respect of this change only. Whilst not material, the Company has restated for the purposes of comparability.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated and domiciled on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors Law and the Registered Collective Investment Scheme Rules 2018 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Company's Ordinary and Subscription Shares were admitted to the Premium Listing Segment of the Official List on 28 April 2010.

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

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

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

2. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of preparation

The financial statements have been prepared on a historical cost basis except for Financial Instruments at Fair Value Through Profit or Loss in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. 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. At 31 December 2019, the largest portion of the portfolio was denominated in US Dollars but this will not necessarily remain the case going forward.

Income encompasses both revenue and capital gains/losses. For a listed investment company, it is best practice to distinguish revenue from capital Revenue includes items such as dividends, interests, fees and other equivalent items. Capital is the return, positive or negative, from holding investments other than that part of the return that is revenue.

Assets and liabilities are presented in order of liquidity. Their maturities are disclosed in Note 4(c).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

New standards, amendments and interpretations to existing standards which are not yet effective for the current year

Amendment to IFRS 3: Definition of Business
On 22 October 2018, the IFRS Interpretations Committee of the International Accounting Standards Board ("IASB") issued a narrow-scope amendment to the definition of business in IFRS 3 Business combinations. The amendments are intended to assist entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The IASB provided guidance on option to use a concentration test which is a simplified assessment that results in an asset acquisition if substantially all of the fair value of the gross assets is concentrated in a single identifiable asset or a group of similar identifiable assets.

The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2020. Earlier application is permitted. The standard is not expected to have a significant impact on the Company's financial statements as generally investments are not acquired as part of a business combination.

Amendments to IAS 1 and IAS 8: Definition of Material
On 31 October 2018, the International Accounting Standards Board ("IASB") issued amendments to IAS 1 Presentation of Financial Statements and IAS 8 to align the definition of 'material' across the standards and to clarify certain aspects of the definition. The new definition states that, 'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

This amendment is effective for annual periods beginning on or after 1 January 2020. Early application of the amendment is permitted. The standard is not expected to have an impact on the Company's financial statements.

New standards, amendments and interpretations to existing standards which are effective for the current year

There are a number of new standards, amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2019 which will be adopted from their effective date. The Directors consider there to be no material impact to the Company.

Amendments to IFRS 9: Prepayment Features with Negative Compensation
The amendments to IFRS 9 clarify that a financial asset passes the Solely Payments of Principal and Interest (SPPI) criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments are intended to apply where the prepayment amount approximates to unpaid amounts of principal and interest plus or minus an amount that reflects the change in a benchmark interest rate. This implies that prepayments at current fair value or at an amount that includes the fair value of the cost to terminate an associated hedging instrument, will normally satisfy the SPPI criterion only if other elements of the change in fair value, such as the effects of credit risk or liquidity, are small.

The amendment applies to businesses acquired in annual reporting periods beginning on or after 1 January 2019. The standard did not have a significant impact on the Company's financial statements.

Amendments to IAS 28 – Long term interests in Associates and Joint Ventures
The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied but that, in substance, form part of the net investment in the associate or joint venture (long-term interests). This implies that the expected credit loss model in IFRS 9 applies to such long-term interests.

This amendment is effective for annual periods beginning on or after 1 January 2019. The standard did not have an impact on the Company's financial statements as there are no such investments held. All investments in Associates are fair valued.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Classification and measurement of financial assets and financial liabilities
A financial asset or liability is measured at amortised cost if it meets both of the following conditions and are not designated as at FVTPL:
- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets of the Company are measured at FVTPL, except for cash and cash equivalents which are measured at amortised cost.

All financial liabilities of the Company are measured at amortised cost.

Impairment of financial assets
Under IFRS 9 for trade receivables the Company has applied the simplified model. Under the simplified approach the requirement is to always recognise lifetime ECL. Under the simplified approach there is no need to monitor significant increases in credit risk and measure lifetime expected credit losses at all times. The interest receivable is in respect of the Convertible loan notes and no provision has been made for credit losses. This is on the basis that the fair value of the underlying asset supports the convertible receivable.

For other receivables, the Directors have concluded that any expected credit loss on these receivables would be highly immaterial.

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.

(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 does not consolidate its subsidiaries.

In making their assessment the Directors have considered the other income from the Cemos guarantee. As the guarantee was to protect the investment in Cemos the income has been assessed as being in the nature of the investment given the quantum is immaterial.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) Significant accounting judgements and estimates (continued)

(i) Judgements (continued)

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. 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 shareholder 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. Investments in associates are carried at fair value through profit or loss.

Going Concern
As described in the Directors' Report, the Directors have made an assessment of the Company's ability to continue as a going concern and considered it appropriate to adopt the going concern basis of accounting. 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 2019, approximately 11.9% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

(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. Please refer to Note 3 for further information.

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Interest income and expense

Bank interest income and interest expense are recognised on an accruals basis using the effective interest method.

d) Expenses

All expenses are recognised on an accruals basis.

e) 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.

f) Segment information

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

g) 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.

h) Loan guarantee income

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

i) Interest on investments

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment Summary:	Year ended 2019 £	Year ended 2018 £
Opening book cost	70,753,693	50,780,732
Purchases at cost	16,601,793	24,723,331
Proceeds on sale of investments	(18,777,778)	(8,159,311)
Realised gains	5,961,444	3,408,941
Closing cost	74,539,152	70,753,693
Unrealised gains/(losses)	2,392,965	(8,733,753)
Financial assets held at fair value through profit or loss	**76,932,117**	**62,019,940**

The following table analyses net gains/(losses) on financial assets at fair value through profit or loss for the years ended 31 December 2019 and 31 December 2018.

	Year ended 2019 £	Year ended 2018 £
Financial assets at fair value through profit or loss		
Realised gains/(losses) on:		
- Listed equity shares	6,135,349	3,358,649
- Debt instruments	(173,905)	72,118
- Warrants	-	(21,826)
	5,961,444	3,408,941
Movement in unrealised gains/(losses) on:		
- Listed equity shares	250,838	(5,291,074)
- Unlisted equity shares	5,134,808	(530,188)
- Royalties	4,373,836	(18,537,782)
- Debt instruments	1,280,943	1,284,890
- Warrants	86,293	50,889
	11,126,718	(23,023,265)
Net gain/(loss) on financial assets at fair value through profit or loss	**17,088,162**	**(19,614,324)**

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 2019.

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	8,722,030	-	-	8,722,030
Unlisted equity shares	-	-	24,780,551	24,780,551
Royalties	-	-	14,019,975	14,019,975
Warrants	-	-	116,337	116,337
Debt instruments	-	-	29,293,224	29,293,224
	8,722,030	-	68,210,087	76,932,117

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

	Quoted prices in active markets Level 1 £	Quoted market based observables Level 2 £	Unobservable inputs Level 3 £	Total £
Financial assets at fair value through profit or loss				
Listed equity shares	21,113,621	-	-	21,113,621
Unlisted equity shares	-	-	18,894,281	18,894,281
Royalties	-	-	6,163,793	6,163,793
Warrants	-	-	30,044	30,044
Debt instruments	-	-	15,818,201	15,818,201
	21,113,621	-	40,906,319	62,019,940

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in net gain on financial assets and liabilities at fair value through profit or loss held at 31 December 2019.

31 December 2019	Unlisted Equities £	Royalties £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2019	18,894,281	6,163,793	15,818,201	30,044	40,906,319
Purchases of investments	751,462	3,482,346	12,367,985	-	16,601,793
Change in net unrealised gains	5,134,808	4,373,836	1,280,943	86,293	10,875,880
Realised losses	-	-	(173,905)	-	(173,905)
Closing balance 31 December 2019	24,780,551	14,019,975	29,293,224	116,337	68,210,087
Unrealised (losses)/gains on investments still held at 31 December 2019	(1,455,715)	3,174,130	1,421,092	116,337	3,255,844

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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

The table below shows a reconciliation of beginning to ending fair value balances for Level 3 investments and the amount of total gains or losses for the year included in net gain on financial assets and liabilities at fair value through profit or loss held at 31 December 2018.

31 December 2018	Unlisted Equities	Royalties	Debt instruments	Warrants	Total
	£	£	£	£	£
Opening balance 1 January 2018	18,947,018	24,648,274	9,611,682	981	53,207,955
Purchases of investments	477,451	53,301	4,849,511	-	5,380,263
Change in net unrealised (losses)/gains	(530,188)	(18,537,782)	1,284,890	50,889	(17,732,191)
Realised gains/(losses)	-		72,118	(21,826)	50,292
Closing balance 31 December 2018	18,894,281	6,163,793	15,818,201	30,044	40,906,319
Unrealised (losses)/gains on investments still held at 31 December 2018	(6,590,524)	(1,199,706)	93,270	30,044	(7,666,916)

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. There were no changes in levels during the year ended 31 December 2019.

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 2019 (31 December 2018: 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. All valuations were completed pre Covid-19 which is considered to be a non-adjusting event in respect of the Statement of the Financial Position and no adjustment is made in the financial statements as a result.

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

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 five groups:

i. Transaction

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

ii. IndexVal

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

iii. Royalty Valuation Model

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

iv. Warrants

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

v. 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.

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

Quantitative information of significant unobservable inputs – Level 3

Description	2019 £	Valuation technique	Unobservable input	Range of unobservable input (weighted average)
Unlisted Equity	5,661,710	Transaction	Private transactions	n/a
Unlisted Equity	19,102,895	IndexVal	Change in IndexVal	n/a
Royalties	14,019,975	Royalty Valuation model	Production profile & development risk adjustment	n/a
Unlisted Equity	15,946	Other	Exploration results, study results, financings	n/a
Debt Instruments				
Black Pearl Limited Partnership	2,643,205	Valued at mean estimated recovery	Estimated recovery range	+/- 50%
Other Convertible Debentures/Loans	26,650,019	Valued at fair value with reference to credit risk and value of embedded derivative	Rate of Credit Risk	20%-40%
Warrants	116,337	Simplified Black Scholes Model	Volatilities	50%

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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

Sensitivity analysis to significant changes in unobservable inputs within Level 3 investments

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2019 are as shown below:

Description	Input	Sensitivity used	Effect on Fair Value (£)
Unlisted Equity	Change in IndexVal	+/-43.5%*	+/-8,309,760
Royalties	Royalty valuation models	+/-20%	+/-2,803,995
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/-872,258
Others/Loans	Risk discount rate	+/-20%	+/-4,747,375
Warrants	Volatility of Index Basket	+/-40%	+100,833/--61,601

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 December 2018 are as shown below:

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

**The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The 43.5% sensitivity was used as this was the highest movement observed for IndexVal for the comparable baskets in the year (2018:31%).*

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.

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 43.5% in the fair value of the Company's investment portfolio. The level of change is considered to be reasonably possible based on 43.5% max index swing. The sensitivity analysis assumes all other variables are held constant.

The impact of a 43.5% decrease in the value of investments on the financial assets at fair value of the Company as at 31 December 2019 would have been a decrease of £33,465,470 (31 December 2018: £19,226,181). An increase of 43.5% would increase the NAV by £33,465,470 (31 December 2018: £19,226,181). In practice, the actual results may differ from the sensitivity analysis above and the difference could be material.

ii. Currency risk

At 31 December 2019, the largest portion of the Company's financial assets and liabilities was 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 2019.

31 December 2019

The table below shows the currencies and amounts the Company was exposed to at 31 December 2019 and 31 December 2018.

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	24,918,433	0.5306	13,220,893	16.81%
CAD	8,239,132	0.5823	4,797,382	6.10%
EUR	5,402,335	0.8475	4,578,409	5.82%
GBP	20,324,844	1.0000	20,324,844	25.84%
NOK	37,302,882	0.0859	3,204,604	4.07%
USD	43,084,105	0.7552	32,537,178	41.36%
			78,663,310	**100.00%**

31 December 2018

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	12,960,918	0.5530	7,166,842	10.85
CAD	5,849,807	0.5749	3,363,273	5.09
EUR	4,439,852	0.8983	3,988,412	6.04
GBP	27,797,348	1.0000	27,797,348	42.10
NOK	24,535,256	0.0905	2,220,894	3.36
USD	27,392,449	0.7846	21,491,015	32.55
			66,027,784	**100.00**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

ii. Currency risk (continued)

Analysis has been completed to assess what movements in currency rates are reasonably possible. This analysis has considered the variance between the highest and lowest conversion rates in 2018 and 2019 for each of the currencies in the table below. Due to the impact on markets in 2020, as a result of Covid-19, the movements year to date in 2020 have also been considered.

Currency	Reasonably Possible Move	2019 Value £	2018 Value £
AUD	10%	1,344,200	716,684
CAD	11%	527,712	369,960
EUR	13%	595,193	518,494
NOK	20%	640,921	444,179
USD	16%	5,197,578	3,438,562
		8,305,604	**5,487,879**

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 2019	Less than 6 months	More than 6 months	Non-interest bearing	Total
Assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	659,757	-	-	659,757
Financial assets held at fair value through profit or loss*	-	76,932,117	-	76,932,117
Other receivables	-	-	17,284	17,284
Interest receivable*	1,266,886	-	-	1,266,886
Total Assets	1,926,643	76,932,117	17,284	78,876,044
Liabilities				
Other liabilities	-	-	212,734	212,734
Total Liabilities	-	-	212,734	212,734
Interest rate sensitivity gap	1,926,643	76,932,117		

**The interest rate risk on these items are considered as part of overall price risk in valuing the convertibles.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

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 2018	Less than 6 months	More than 6 months	Non-interest bearing	Total
Assets	**£**	**£**	**£**	**£**
Cash and cash equivalents	3,811,921	-	-	3,811,921
Financial assets held at fair value through profit or loss	-	62,019,940	-	62,019,940
Other receivables	-	-	385,659	385,659
Total Assets	3,811,921	62,019,940	385,659	66,217,520
Liabilities				
Other liabilities	-	-	189,736	189,736
Total Liabilities	-	-	189,736	189,736
Interest rate sensitivity gap	3,811,921	62,019,940		

Interest rate sensitivity
It is the opinion of the Directors that the Company is 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 as they fall due. The Company invests in unlisted equities for which there may not be an immediate market. The Company seeks to mitigate this risk by maintaining cash and readily realisable listed equity positions 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 2019

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 2019	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	659,757	-	-	-	-	659,757
Financial assets held at fair value through profit or loss	-	-	380,756	31,105,980	45,445,381	76,932,117
Receivables	1,284,170	-	-	-	-	1,284,170
Total Assets	1,943,927	-	380,756	31,105,980	45,445,381	78,876,044

	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	97,463	86,521	-	-	212,734
Total Liabilities	28,750	97,463	86,521	-	-	212,734
Net assets attributable to shareholders						78,663,310

At 31 December 2018	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	3,811,921	-	-	-	-	3,811,921
Financial assets held at fair value through profit or loss	-	-	295,870	14,544,619	47,179,451	62,019,940
Receivables	385,659	-	-	-	-	385,659
Total Assets	4,197,580	-	295,870	14,544,619	47,179,451	66,217,520

	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	103,436	57,550	-	-	189,736
Total Liabilities	28,750	103,436	57,550	-	-	189,736
Net assets attributable to shareholders						66,027,784

The value of the cash and listed equity positions held by the Company at the year end is £9,381,787 (2018: £24,925,542) with the total liabilities at the year end at £212,734 (2018: £189,736).

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 on debt instruments for the Company is £29,952,981 (2018: £19,630,122).

The Company's financial assets are exposed to credit risk, which amounted to the following at the Statement of Financial Position date:

	2019 £	2018 £
Assets		
Cash and cash equivalents	659,757	3,811,921
Interest receivable	1,266,886	-
Other receivables	17,284	385,659
Financial assets held at fair value through profit or loss	76,932,117	62,019,940
Total assets	**78,876,044**	**66,217,520**

As at 31 December 2019, the Company's financial assets exposed to credit risk were held with the following ratings:

Financial Assets	Counterparty	**Credit Rating	2019 % of net assets
-Convertible Loan & Loan Note	Anglo Saxony Mining Limited	NR*	3.96
-Convertible Loan & Loan Note	Azarga Metals	NR*	2.59
-Convertible Loan & Loan Note	Bilboes Holdings	NR*	2.04
-Convertible Loan & Loan Note	Tungsten West Limited	NR*	6.40
-Convertible Loan & Loan Note	Mines & Metals Trading (Peru) Plc	NR*	4.35
-Convertible Loan Note	Black Pearl Limited Partnership	NR*	3.36
-Convertible Loan Note	Futura Resources Limited	NR*	8.55
-Loan Note	Cemos Group Plc	NR*	5.23
-Loan Note	PRISM Diversified Limited Loan Note 1	NR*	0.14
-Loan Note	PRISM Diversified Limited Loan Note 2	NR*	0.48
Cash and cash equivalents	HSBC Bank plc	AA-	0.84
Total			37.94

As at 31 December 2018, the Company's financial assets exposed to credit risk were held with the following weight:

Financial Assets	Counterparty	**Credit Rating	2018 % of net assets
Debt instruments			
-Convertible Loan Note	Anglo Saxony Mines Limited	NR*	1.53
-Convertible Loan Note	Bilboes Gold Limited	NR*	1.69
-Convertible Loan & Loan Note	Black Pearl Limited Partnership	NR*	4.16
-Convertible Loan Note	Cemos Group Plc	NR*	5.50
-Convertible Loan Note	Indian Pacific Resources Limited	NR*	0.27
-Convertible Loan Note	PRISM Diversified Limited 31/12/2018	NR*	0.45
-Loan Notes	PRISM Diversified Limited	NR*	0.07
-Convertible Loan Note	Futura Resources Limited	NR*	10.29
Cash and cash equivalents	HSBC Bank Plc	A	5.77
Total			29.73

* No rating available
**As per S&P

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

e) Concentration risk

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

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

5. TAXATION

The Company is a Guernsey Exempt Company and is therefore not subject to taxation in Guernsey on its income under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989. An annual exemption fee of £1,200 (2018: £1,200) has been paid.

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 are calculated and accrued 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 2019 were £103,938 (2018: £100,111) of which £42,447 (2018: £16,731) was payable at 31 December 2019. 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 2019 was £965,402 (2018: £928,850) of which £85,447 (2018: £75,370) 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 (the "Performance Period"). The amount of the performance fee is 15 per cent of the total increase in the NAV, if the Hurdle has been met, at the end of the relevant Performance Period, over the highest previously recorded NAV as at the end of a Performance Period in respect of which a performance fee was last accrued, having made adjustments for numbers of Ordinary Shares issued and/or repurchased ("Highwater Mark"). In addition, the performance fee will only become payable if there has been sufficient net realised gains. As at 31 December 2019, the Highwater Mark was the equivalent of approximately 94 pence per share with the relevant Hurdle being the equivalent of approximately 130 pence per share.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

7. MANAGEMENT AND PERFORMANCE FEES (CONTINUED)

If the Company wishes to terminate the Management Agreement without cause it is required to give the Manager 12 months prior notice or pay to the Manager an amount equal to: (a) the aggregate investment management fee which would otherwise have been payable during the 12 months following the date of such notice (such amount to be calculated for the whole of such period by reference to the Market Capitalisation prevailing on the Valuation Day 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

	2019 TOTAL £	2018 TOTAL £
Public relations fees	10,800	7,500
Listing fees	10,295	10,398
Regulatory fees	6,009	13,854
Registrar fees	28,684	36,739
Website expenses	1,000	1,000
Income tax exemption fee	1,200	1,200
Reimbursement expense	19,277	-
Research fees	12,000	-
Miscellaneous	6,383	9,753
	95,648	80,444

9. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Cash at HSBC Bank plc	**659,757**	3,811,921

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 106,453,335 (2018: 116,129,980) Ordinary Shares in issue with additional 700,000 (2018: 700,000) held in treasury. In addition, the Company has 9,167 (2018: 10,000) Management Ordinary Shares in issue, which are held by the Investment Manager.

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

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

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:

	2019		2018	
	Amount £	No. of shares**	Amount £	No. of shares**
Issued and fully paid share capital				
Ordinary Shares of no par value*/*** (including Management Ordinary Shares)	76,122,347	107,162,502	81,175,017	116,839,980
Treasury Shares	(140,492)	(700,000)	(140,492)	(700,000)

The outstanding Ordinary Shares as at the year ended 31 December 2019 are as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	No. of shares**	Amount £	No. of shares
Balance at 1 January 2019 & 31 December 2019	76,122,347	106,462,502	140,492	700,000

The outstanding Ordinary Shares as at the year ended 31 December 2018 were as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	No. of shares**	Amount £	No. of shares
Balance at 1 January 2018 & 31 December 2018	81,175,017	116,139,980	140,492	700,000

** During 2019, 9,677,478 shares were repurchased and cancelled following a tender offer totalling £4,935,514 excluding expenses.*

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

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

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 to date. 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.

10. SHARE CAPITAL (CONTINUED)

Capital Management (continued)

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.

As described in the Directors' Report on page 17, the Company has a policy to distribute at least 15 per cent of net realised cash gains after deducting losses during the financial year through dividends or otherwise. The Company had a realised net gain per the Statement of Comprehensive Income and realised an aggregate cash gain for the year ended 31 December 2019. However, the majority of this related to the sale of Polymetal shares which had been taken into account in the calculation of the distribution made during the year in respect of 2018. Accordingly, no distribution is proposed in respect of 2019.

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

11. COMMITMENTS

The Company has provided a letter of comfort regarding a €1.35 million overdraft facility for Cemos with the Bank of Morocco. During 2019, the Company received 19.88 Convertible Unsecured Loan notes with a nominal value of €99,375 in respect of the comfort letter regarding the overdraft facility.

12. RELATED PARTY TRANSACTIONS

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

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

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

Baker Steel Global Funds SICAV – Precious Metals Fund ("Precious Metals Fund") had an interest in 5,622,877 Ordinary Shares in the Company at 31 December 2019 (2018: 7,469,609). Precious Metals Fund participated in the Tender Offer, selling 871,732 shares, with a further 975,000 shares being sold in the market during the year. These shares are held in a custodian account with Citibank N.A. London. Precious Metals Fund shares a common Investment Manager with the Company.

David Baker and Trevor Steel, Directors of the Manager, are interested in the shares held by Northcliffe Holdings Limited and The Sonya Trust respectively, which are therefore considered to be Related Parties. Both Northcliffe Holdings Limited and The Sonya Trust participated in the tender offer. The holdings of Northcliffe Holdings Limited and The Sonya Trust before and after the Tender Offer are presented below:

	Shares held pre tender offer	Shares held post tender offer	Shares sold through tender offer
Northcliffe Holdings Limited	14,097,398	12,452,177	1,645,221
The Sonya Trust	14,307,552	12,673,350	1,670,202

In the prior year, the Company 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 for which it received a fee of 1% per month up to October 2018 and thereafter a fee of 2% per month until 1 August 2019 at which point the loan had been largely repaid by Cemos and the guarantee fell away. The Company has also provided a letter of comfort regarding a €1.35 million overdraft facility for Cemos with the Bank of Morocco for which it is accruing a fee of 0.5% per month. Both fees are payable in cash or Convertible Unsecured Loan Stock at the discretion of Cemos. The Company holds 25.7 per cent of the shares of Cemos and Mr Steel (a director of the Manager and a member of the Investment Manager) is a director appointed by the Company, therefore Cemos is considered an Associate. See Notes 11 and 14.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

12. RELATED PARTY TRANSACTIONS (CONTINUED)

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

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

	2019	2018
Management fees	965,402	928,850
Directors' fees	115,000	115,000

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

	2019	2018
Management fees	85,447	75,370
Directors' fees	28,750	28,750

13. NET ASSET VALUE PER SHARE AND GAIN PER SHARE

Net asset value per share is based on the net assets of £78,663,310 (31 December 2018: £66,027,784) and 106,462,502 (31 December 2018: 116,139,980) Ordinary Shares, being the number of shares in issue at the year end. The calculation for basic and diluted NAV per share is as below:

	31 December 2019 Ordinary Shares	31 December 2018 Ordinary Shares
Net assets at the year end (£)	78,663,310	66,027,784
Number of shares	106,462,502	116,139,980
Net asset value per share (in pence) basic and diluted	73.9	56.9
Weighted average number of shares	109,688,328	116,139,980

The basic and diluted gain per share for 2019 is based on the net gain for the year of the Company of £17,688,196 and on 109,688,328 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

The basic and diluted gain per share for 2018 is based on the net gain for the year of the Company of £96,328 and on 116,139,980 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 ("NED") and/or holding in excess of 20% of the voting rights of the relevant company. Investments in associates are carried at fair value as they are held as part of the investment portfolio which is valued on a fair value basis.

Investment	Country of Incorporation	Voting Rights held	NED Appointed
Cemos Group Limited	Jersey	25.70%	Yes
Bilboes Gold Limited	Mauritius	21.70%	Yes
PRISM Diversified Limited	Canada	16.40%	Yes
Nussir ASA	Norway	14.10%	Yes
India Pacific Resources Limited	Australia	14.80%	Yes
Futura Resources	Australia	Convertible Loan	Yes
Tungsten West Limited	England and Wales	15.4%	Yes
Anglo Saxony Mining Limited	England and Wales	Convertible Loan	Yes
Polar Acquisition Limited	British Virgin Islands	49.99%	Yes
Azarga	Canada	Convertible Loan	Yes

Various Baker Steel representatives and their associates received fees and incentives for their role as directors to these companies. These fees are received in addition to the management fees charged.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2019

15. SIGNIFICANT EVENTS

Christopher Sherwell retired as a Director of the Company on 28 May 2019.

David Staples was appointed a Director of the Company and Chairman of the Audit Committee on 29 May 2019.

16. SUBSEQUENT EVENTS

Covid-19 is a developing situation and as of the date of signing, the assessment of this situation will need continued attention and will evolve over time. In our view, consistent with many others in our industry, Covid-19 is considered to be a non-adjusting event in respect of the Statement of the Financial Position and no adjustment is made in the financial statements as a result.

The rapid development and fluidity of the situation of the Covid-19 virus means it cannot be predicted how long the market conditions will remain depressed. At 31 March 2020, the Company reviewed the value of its unlisted holdings in response to market volatility. This unaudited valuation review which was similar but less comprehensive than the process undertaken at 31 December 2019 led to an 8.4% reduction in the unaudited NAV of the portfolio from the unaudited NAV at 28 February 2020. The Board considers that the Company's exposure to precious metals projects should act as a partial hedge, covering weaknesses in base metals and steel mineral prices in the event of a prolonged crisis.

In February 2020, the Company exercised its option to acquire a further 0.25% gross royalty interest in Futura Resources' Wilton and Fairhill metallurgical coal mines for A$1.8 million.

In March 2020, the Company entered into a further US$1 million loan with Mines and Metals Trading (Peru) Limited. The Company committed to a further US$500,000 loan to Azarga and has renegotiated the terms of its convertible loan subject to TSX approval and a further C$30,000 loan to PRISM. – The existing PRISM loan has been extended to the end of May 2020.

There were no other events subsequent to the reporting date 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-ended 31 December 2019 were approved by the Board of Directors on 20 April 2020.

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 2019 the LLP as Investment Manager paid fixed remuneration to members and those identified as AIF code staff of £197,774. Variable remuneration amounted to £287,822. No carried interest was paid by the Company. These figures represent the aggregate remuneration paid to members and those identified as AIF code staff of the LLP as Investment Manager for the year ended 31 December 2019. The total remuneration of the individuals whose actions have a material impact upon the risk profile of the AIF managed by the AIFM amounted to £485,596.

The total AIFM remuneration attributable to senior management was £485,596. No other staff were identified as material risk takers in the year. The remuneration figures reflect an approximation of the portion of AIFM remuneration reasonably attributable to the AIF.

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 share price and the period end NAV per share as a percentage of the period end NAV per share (2019: 0.32%, 2018: 0.32%).

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 (Retired 28 May 2019) David Staples (Appointed 29 May 2019) *(all of whom are non-executive and independent)*
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 France, Dublin Branch* 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
SAFEKEEPING AND MONITORING AGENT:	HSBC France, Dublin Branch* 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
AUDITOR:	BDO Limited P O Box 180 Place du Pre Rue du Pre St. Peter Port Guernsey GY1 3LL Channel Islands
REGISTRAR:	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE11ES Jersey
UK PAYING AGENT AND TRANSFER AGENT:	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE11ES Jersey
RECEIVING AGENT:	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier JE11ES Jersey
PRINCIPAL BANKER:	HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom

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