BAKER STEEL RESOURCES TRUST LIMITED

Annual Report and Audited Financial Statements

For the year ended 31 December 2022

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.

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MANAGEMENT AND ADMINISTRATION

DIRECTORS:	Howard Myles (Chairman) Charles Hansard Fiona Perrott-Humphrey David Staples (retired 31 December 2022) John Falla (appointed 13 October 2022) *(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
STOCKBROKERS:	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)	Mourant Ozanne Royal Chambers St Julian's Avenue St Peter Port Guernsey GY1 4HP 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 Continental Europe 1 Grand Canal Square Grand Canal Harbour Dublin 2 Ireland
SAFEKEEPING AND MONITORING AGENT:	HSBC Continental Europe 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

CHAIRMAN'S STATEMENT
For the year ended 31 December 2022

2022 was a difficult year for your Company with the NAV per share falling by 19.3% to 79.4 pence, versus a 10.2% rise in the EMIX Global Mining Index in Sterling terms. This divergence in performance can be explained mainly by the difficulty experienced in financing new projects for junior mining development companies and the consequent effect on their valuations, as opposed to the EMIX Index which is dominated by much larger producers. Following the invasion of Ukraine by Russia in February 2022, potential investors in mining companies became increasingly risk averse with regard to committing capital to the construction of new projects whilst existing producers benefitted from strong commodity prices largely as a result of supply chain-related disruption to supply.

One bright point during 2022 was the sale of Bilboes Gold to AIM listed gold producer Caledonia Mining. The consideration comprised a combination of equity and a royalty stream, which was signed in July 2022 and completed on 6 January 2023. Caledonia's technical team has demonstrated its ability to operate successfully in Zimbabwe having recently increased the production capacity at its Blanket mine from 50,000 ounces to 80,000 ounces gold per annum. The two teams have already shown their ability to work together with the restart of oxide heap leach operations at Bilboes whilst Caledonia implements its plan to bring the larger sulphide ore reserve into production. Caledonia's recent acquisition of the much earlier stage Motapa exploration project, which is contiguous to Bilboes, has the potential to double the resources of a combined project and to create a 300,000 ounce per annum gold operation in due course. The financial structure of the acquisition by Caledonia has allowed your Company to maintain its exposure to the Bilboes project through its shareholding in Caledonia and the royalty, which together with the other royalties in the portfolio should form the basis of regular income stream in the future.

Futura Resources received its Mining Licences from the Queensland Government in November 2022 but the financing of the development has taken longer than anticipated which is particularly frustrating at a time of high steel-making coal prices. When operating at full capacity, Futura's two mines are projected to produce around 2 million tonnes of saleable product after washing and processing. Given a margin of some US$150 per tonne at current prices, this would mean the start-up capex of around US$35 million could be repaid in under a year.

CEMOS achieved its third year of profitable cement making operations in Morocco since commencing production. It has now acquired a second grinding line which will enable it to double production with ramp up expected in 2025. Technical and financial studies were also undertaken with a view to constructing a clinker making facility sufficient to meet CEMOS's internal requirements, which it is anticipated could significantly reduce current clinker costs from third party suppliers and thus enhance margins. A decision is likely in 2023.

Tungsten West Plc successfully raised £35 million at its IPO in October 2021. Having signed a term sheet for a royalty sale, which together with the funds raised from the IPO should have provided it with sufficient capital to redevelop the Hemerdon tungsten mine in Devon, it nevertheless had to pause the redevelopment in the face of soaring energy prices. In the circumstances it therefore reconfigured its ore processing design to consume significantly less energy and lower both operating and capital requirements. This has culminated in a revised Feasibility Study the results of which were released in January 2023. The economics of the new study demonstrated an acceptable post-tax Net Present Value (NPV5%) of £297 million with an Internal Rate of Return (IRR) of 25%. However, during the delay, the share price of Tungsten West fell substantially such that raising finance for the redevelopment of Hemerdon has become increasingly difficult. The Company is therefore planning to support an interim financing announced in early April 2023 to provide time to put together the full financing package

In April 2022, First Tin PLC completed a successful IPO, raising the £20 million needed to undertake feasibility studies on both its two key tin projects Tellerhäuser in Germany and Taronga in Australia. These studies are expected to be completed in late 2023/early 2024 at which point we will have a much better indication of which of the two projects should be prioritised. Although world tin prices and the performance of First Tin shares have been disappointing, there is significant optionality built into these projects to capitalise on an improvement in market sentiment should it occur. We recognise the commodity's attractions given its critical requirement as solder in the structural electrification trend.

During 2022, Nussir also sought to raise the finance to develop its fully electrified copper project in northern Norway. Although good interest was generated, Nussir ran into the same difficulty in completing the financing that other single project junior companies have experienced as discussed above. It has therefore engaged an investment bank to investigate a sale or merger of the company with an existing producer. We would hope that any transaction would be similar to that of Bilboes and that we can therefore retain some exposure to the project.

Although the current risk aversion of banks and other financiers to providing capital for the development of mining assets is proving challenging in terms of value realisation for the Company, experience suggests that these periods are usually transitory. We believe that in due course the global economy will need these minerals in large quantities and in order to satisfy this demand new mines will have to be discovered, developed and brought into production. It is therefore important to adopt a careful and measured approach during these periods in order to seek to ensure that the latent value in the projects in which we are invested is maintained.

CHAIRMAN'S STATEMENT (CONTINUED)
For the year ended 31 December 2022

Outlook
The outlook for 2023 for mining is expected to remain challenging with uncertainty about the macro-economic and global geopolitical situation continuing to encourage investors to remain risk averse and thus creating a difficult environment for raising development capital. However, we are beginning to see major mining companies building up mergers and acquisition teams which may lead to increased activity in the junior space. The structural case for those metals and commodities essential for the electrification and decarbonisation trends continues to strengthen and was considerably boosted by the Inflation Reduction Act under the Biden Administration. The longer-term and geopolitical consequences of the war in Ukraine as yet remain unclear; however, deglobalisation and security of-supply themes are likely to gain traction and underpin commodity prices in the longer term.

At the year end, your Company's portfolio consisted of 19.2% (31 December 2021: 18.0%) listed equity, 63.1% (31 December 2021: 65.2%) unlisted equity and convertible loans and 17.5% (31 December 2021: 15.7%) royalty interests with 0.2%(31 December 2021: 1.1%) net cash and receivables with no gearing. The listed equity and royalty interests have since been increased by the conversion of Bilboes Gold into listed Caledonia Mining and the royalty. On 31st December 2022, the share price traded at a 44% discount to the NAV at that date and continues to be monitored by the Board. It is hoped that dividends generated from the regular income to be provided by the royalties will help to reduce this discount in the future.

On 31st December 2022, David Staples retired as a director and I would like to reiterate my thanks for his invaluable contribution to the Board. We welcomed John Falla to the Board as a non-executive director in October 2022. John qualified as a chartered accountant with Ernst and Young in London, before transferring to its Corporate Finance Department. His specialist knowledge in the valuation of unquoted securities will be of particular value as Chairman of the Audit Committee.

Howard Myles
Chairman
21 April 2023

INVESTMENT MANAGER'S REPORT
For the year ended 31 December 2022

Financial Performance

The audited Net Asset Value per Ordinary Share ("NAV") as at 31 December 2022 was 79.4 pence, a decrease of 19.3% in the year compared with the increase in the EMIX Global Mining Index of 10.2% in Sterling terms.

For the purpose of calculating the NAV per share, unquoted investments were carried at fair value as at 31 December 2022 as determined by the Directors and quoted investments were carried at their quoted prices as that date.

Net assets at 31 December 2022 comprised the following:

	£m	% net assets
Unquoted Investments	68.1	80.6
Quoted Investments	16.2	19.2
Cash and other net assets	0.2	0.2
	84.5	100.0

Investment Update

Largest 10 Holdings – 31 December 2022	% of NAV
Futura Resources Limited	27.7
Cemos Group Plc	22.8
Bilboes Gold Limited	16.2
Kanga Investments Limited	5.7
Tungsten West Plc	5.4
Silver X Mining Corporation	5.4
First Tin Plc	4.8
Nussir ASA	4.1
Metals Exploration plc	1.7
PRISM Diversified Limited	1.5
	95.3
Other Investments	4.5
Cash and other net assets	0.2
	100.0

Largest 10 Holdings – 31 December 2021	% of NAV
Cemos Group Plc	18.6
Futura Resources Limited	18.1
Tungsten West Plc	14.7
Bilboes Gold Limited	13.0
First Tin Limited (previously Anglo Saxony Mining Limited)	7.7
Polar Acquisition Limited	7.5
Kanga Potash (previously Sarmin Minerals Exploration)	4.1
Nussir ASA	3.6
Silver X Mining Corporation (previously Mines & Metals Trading (Peru) Plc	2.8
Azarga Metals Corporation	2.4
	92.5
Other Investments	6.4
Cash and other net assets	1.1
	100.0

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2022

Review

At the year end, the Company was fully invested, holding 20 investments of which the top 10 holdings comprised 95% 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 cement, copper, gold, iron, lead, lithium, potash, silver, steel making coal, tin, tungsten, vanadium, and zinc. Its projects are located in Australia, Canada, Germany, Indonesia, Madagascar, Morocco, Norway, Peru, the Philippines, Republic of Congo, Russia, South Africa, the UK and Zimbabwe.

During the year, mining market performance showed significant diversity by commodity with overall the EMIX Global Mining Index ending the year up 10.2% in Sterling terms. Precious metals were volatile but were flat over the year with gold down 0.3% and silver up 2.8% in US Dollars. After a strong 2021, metals required for the electrification of the world's infrastructure fell back on global recessionary concerns with copper falling 14.1% during the year and tin falling 37.1% having almost doubled in 2020 (all in US dollars). Steel making coal gave back some of its 252% gain in 2021, falling 17.6% with iron ore also falling some 7.4% during 2022. Likewise, potash fell back 39.8% but still remained almost double the price at the end of 2020.

The Company's NAV fell 19.3% during the year primarily due to the reduction in carrying value of Polar Acquisition Limited following the invasion of Ukraine and falls in the quoted prices of Tungsten West, First Tin and Azarga Metals Corporation.

The Company's main investments at the year-end:

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

Investment:	11,309,005 ordinary shares (26.9%) valued at £9.6 million
	1.5% Gross Revenue Royalty valued at £13.7 million
	A$300,000 million bridging loan valued at £0.14 million

During the year Futura sought to finance the start-up of its two steel making coal mines Wilton and Fairhill to take advantage of historically high coal prices. This was not assisted by the Queensland government unexpectedly introducing higher royalties at high coal prices. The effect of these additional royalties is not material to asset valuation at the long-term consensus pricing used in Futura's economic model but it was a sufficient shock to the market for potential investors to pause the process. A pre-condition of all the financing proposals being discussed was receipt of the mining licences for both projects which were awarded on 23 November 2022. Financing discussions are continuing, with mining able to commence approximately three months following closing given the existing agreement in place for the coal to be processed at the nearby Gregory Crinum wash plant. Once in full production the mines are scheduled to produce around 2 million tonnes of coal per year at a cost of around US$70 per tonne. During the year the Company converted a bridging loan it had extended to Futura, thereby increasing its gross revenue royalties over both mines from 1% to 1.5% in addition to its ownership of approximately 27% of Futura.

Cemos Group plc (''Cemos'')
Cemos is a private cement producer at Tarfaya in Morocco.

Investment:	24,004,167 ordinary shares (24.6%) valued at £9.2 million
	1,045 Convertible Loan Units valued at £10.1 million
	Percentage of Company owned at full conversion 31.6%

During 2022, Cemos Group PLC continued profitable operations selling 202,000 tonnes of cement from its cement plant in Morocco. This was approximately 14% lower than the previous year due to difficulty in sourcing local clinker earlier in the year together with lower demand in the local market later in the year. Unaudited EBITDA for 2022 was still estimated at a healthy €8 million albeit around 14% lower than 2021. After successful establishment of its first cement plant Cemos is planning an expansion and has acquired a second grinding plant identical to the existing operation which will allow it to double its production. It is also undertaking a feasibility study into the production of its own clinker, the main raw material in cement production, which will not only provide security of supply but has the potential to further increase margins. Cemos is also testing potential for manufacture of 'green cement' products by replacing some clinker in the production process with more environmentally friendly supplementary cementitious materials such as pozzolan which would not only reduce the CO_2 footprint of the operation but may also have a positive impact on costs.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2022

Bilboes Gold Limited ("Bilboes")
The Bilboes' gold project in Zimbabwe has a JORC compliant Proved and Probable Reserve containing 1.8 million ounces of gold out of a total Mineral Resource of 3.8 million ounces of gold. Following its acquisition in January 2023, Bilboes is a subsidiary of Caledonia Mining Corporation Plc.

Investment: 535,943 ordinary shares (24.2%) valued at £13.7 million

In July 2022, the Company announced the sale of Bilboes Gold to Caledonia Mining Corporation Plc which is a NYSE, AIM and Victoria Falls Exchange listed gold producer whose primary asset is the Blanket Mine in Zimbabwe currently producing at the rate of 80,000 ounces of gold per annum. The transaction closed on 6 January 2023 so the investment is still shown as Bilboes Gold at the year-end though the Company now holds a 1% Net Smelter Royalty over the Bilboes properties together with shares in Caledonia. Caledonia has indicated that it will re-engineer the Bilboes feasibility study which outlined production of an average of 168,000 ounces per annum over 10 years, to a phased development approach which would lower up-front capital. It has already moved forward with recommencing gold production at Bilboes from near surface oxide ores which should not only generate additional cash but will have the benefit of pre-stripping for the underlying sulphide project, thus accelerating its development. The recent acquisition by Caledonia of the Motapa exploration ground, contiguous to Bilboes's properties, is an important strategic addition to the project. It had been tracked by the Bilboes management team for some time as initial exploration on Motapa was undertaken by Anglo American when it owned Bilboes and additional resources at Motapa could both expand and extend the life of the Bilboes project.

Kanga Investments Ltd ("Kanga")
Kanga is a private company which holds the Kanga potash project, in the Republic of the Congo.

Investment: 56,042 ordinary shares (6.6%) valued at £4.8 million

Kanga Investments Ltd ("Kanga") completed a positive Definitive Feasibility Study ("DFS") in 2020 on its Kanga Potash project in the Republic of Congo for a mine producing 600,000 tonnes per annum of Muriate of Phosphate ("MOP"). The DFS economic model gave a Net Present Value at a 10% discount rate (NPV10) of US$511 million with an IRR of 22% based on an MOP price of US$282 per tonne compared to the current price of around US$500 per tonne. In addition, there is potential for the mine to be expanded on a modular basis up to 2.4m tonnes per annum over 30 years as set out in the DFS. Kanga continues to have advanced discussions regarding the financing or sale of the project. In the second half of 2022 the government published a decree awarding the Kanga Exploitation/Mining Licence to Kanga, a key condition of the potential acquirors.

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

Investment: 19,502,695 ordinary shares (12.5%) valued at £4.5 million

During 2022, the Company's convertible loan to Mines and Metals Trading Peru PLC was converted into equity of Silver X Mining Corporation, listed on the TSX-V exchange, and as a result became its largest shareholder. In the second half of the year Silver X successfully ramped up production to 673,458 ounces of silver equivalent at its Nueva Recuperada Silver mine in Peru, with the operation turning cashflow positive. In February 2023 Silver X released the results of a Preliminary Economic Assessment ("PEA") under Canadian National Instrument 43-101 Standards for the expansion of the Tangana Mining Unit at Nueva Recuperada. The PEA outlined the potential to treble annual production to 4.2 million ounces silver equivalent by constructing an additional recovery plant at a capital cost of US$61 million to give a post-tax NPV10 of US$175 million.

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INVESTMENT MANAGER’S REPORT (CONTINUED)
For the year ended 31 December 2022

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

Investment: 28,846,515 ordinary shares (16.1%) valued at £4.3 million
1,657,195 second options valued at £0.1 million
1,657,195 third options valued at £0.1 million

On 16 January 2023 Tungsten West announced the results of its updated feasibility study on the Hemerdon tungsten and tin mine in Devon. The feasibility study detailed a mine with average annual production of 2,900 tonnes of tungsten (WO_3) and 310 tonnes of tin in concentrate over 27 years. The economics showed a post-tax NPV5 of £297 million with an Internal Rate of Return (IRR) of 25%. It also highlighted an Upside Case post-tax NPV5 of £416 million with an IRR of 32%. Total pre-production capex, corporate commitments and working capital was estimated at £54.9 million. Key to the improved economics, following a reworking of the development plan due to higher energy costs, has been a complete redesign of the front-end crushing circuit which has considerably reduced capex. Optimisation of ore-sorting parameters has significantly reduced opex by allowing the re-purposing of the dense media separation circuits and the removal of the refinery kiln from the circuit reducing diesel consumption by 1.3 million litres per annum. Tungsten West is in the process of raising up to £8.95 million in convertible debt and equity whilst it finalises the finance for the redevelopment of Hemerdon.

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

Investment: 37,128,014 ordinary shares (14.0%) valued at £4.1 million

In April 2022 First Tin PLC completed a successful IPO, raising the £20 million required to undertake feasibility studies on both its two key tin projects, Tellerhäuser in Germany and Taronga in Australia. Progress at Taronga is particularly promising with drilling outlining a 350 metre extension to the current resource area. This will be followed up by First Tin and has the potential to increase the previously suggested production rate at Taronga once incorporated in the Feasibility Study on the project. The price of tin has been extremely volatile over the past 12 months though consensus analysis suggests strong future demand given that tin will be an important component of the global trend towards electrification. At the time of listing the economic models in the pre-feasibility studies, using a US$30,000 per tonne price assumption for tin on the two projects, together totalled a pre-tax NPV8 of US$433 million. The price of tin during 2022 was volatile, ranging between US$18,000/tonne and US$46,000/tonne. The Feasibility Study on Taronga due to be completed before the end of 2023 and that on Tellerhäuser in 2024 will provide a more accurate and up to date reflection of value.

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

Investment: 12,785,361 ordinary shares (12.1%) valued at £3.5 million

In early 2022 Nussir reconfigured its 2021 DFS on its Nussir copper project in northern Norway to a fully electrified mine producing around 14,000 tonnes of copper per year over a 14-year mine life. This has since been reoptimized and updated and is expected to be completed in the second quarter of 2023. Following this Nussir will seek to attract an industry partner to assist with financing the development of the mine.

Metals Exploration plc (“Metals Exploration”)
Metals Exploration is an AIM listed company which owns the Runruno gold mine in the Philippines.

Investment: 112,510,000 ordinary shares (5.4%) valued at £1.4 million

Metals Exploration plc produced 72,537 ounces of gold in 2022 from its Runruno gold mine in the Philippines and paid off its senior debt which allowed for conversion of its remaining high interest mezzanine debt into new lower interest senior debt.

INVESTMENT MANAGER'S REPORT (CONTINUED)
For the year ended 31 December 2022

Polar Acquisition Limited ("PAL")
PAL is a private company which holds a 1.8% to 0.9% (reducing over 10 years) net smelter royalty over the Prognoz silver project ("Prognoz"), 444km north of Yakutsk in Russia, owned by Polymetal. Prognoz has a 267-million-ounce silver equivalent Indicated and Inferred Mineral Resource at a grade of 755 g/t silver equivalent.

Investment: 16,352 ordinary shares (49.99%) valued at £1.1 million

Polymetal International PLC, the owner of the Prognoz silver project net smelter royalty, advised in January 2023 that the mine development was progressing on schedule with mining due to commence in late 2023 with ore to be shipped to Polymetal's Nezhda mine concentrator on the winter road during the first half of 2024. As a result of the invasion of Ukraine by Russia in February 2022 the carrying value of PAL has been reduced by 86.2%. Although none of the parties are presently sanctioned and legal advice is that PAL is currently able to receive the royalty, the Company is cognisant of the issues surrounding political sanctions affecting Russian investments and appreciates that the situation is continually changing. Despite the underlying Russian operating company acknowledging that it has a contractual obligation to pay the royalty, the sanctions regime may also change and there is a risk that financial institutions may not be willing to process bank transfers with contractual parties. It is therefore possible that the royalty stream might be delayed, frozen, or never received.

Outlook

The invasion of Ukraine by Russia during 2022 led to higher energy prices, inflation and the advent of rising interest rates, which have impacted the mining industry during 2022. The consequent disruption in availability of financing particularly impacted junior companies with development projects. Inflationary increases in key energy price costs have also meant companies have had to refresh their feasibility studies as they have quickly become outdated. Higher interest rates have increased the discount rates that investors apply when evaluating new mining projects thereby reducing valuations. Although we expect inflation and interest rates are likely to peak in 2023, economic and geopolitical uncertainties may well persist and continue to weigh on investor confidence during the year and possibly beyond. More optimistically, the hiatus in new mine developments is likely to lead to sustained higher commodity prices as the world will require the metals to meet the considerable demands of the global energy transition and potential rebuilding of Ukraine. This will be against the possible backdrop of some government stockpiling of strategic metals in a deglobalising world where security of supply chains has become of national interest.

Baker Steel Capital Managers LLP
Investment Manager
April 2023

PORTFOLIO STATEMENT
AT 31 DECEMBER 2022

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Listed equity shares		
	Australian Dollars		
4,091,910	Akora Resources Limited	380,826	0.45
4,170,600	Resolute Mining Limited	470,484	0.56
409,000	St Barbara Limited	178,789	0.21
	Australian Dollars Total	**1,030,099**	**1.22**
	Canadian Dollars		
65,193,952	Azarga Metals Corporation	749,655	0.89
19,502,695	Silver X Mining Corporation	4,544,972	5.38
	Canadian Dollars Total	**5,294,627**	**6.27**
	Great Britain Pounds		
37,128,014	First Tin Plc	4,054,778	4.80
112,510,000	Metals Exploration plc	1,434,503	1.70
17,000	Polymetal International Plc	41,735	0.05
28,846,515	Tungsten West Plc	4,326,977	5.12
	Great Britain Pounds Total	**9,857,993**	**11.67**
	Total investment in listed equity shares	**16,182,719**	**19.16**
	Debt instruments		
	Australian Dollars		
300,000	Futura Resources Limited – Bridging Loan	137,764	0.16
	Australian Dollars Total	**137,764**	**0.16**
	Canadian Dollars		
305,000	PRISM Diversified Limited Loan Note 1	92,457	0.11
250,500	PRISM Diversified Limited Loan Note 2	294,592	0.35
	Canadian Dollars Total	**387,049**	**0.46**
	Euro		
1,045	Cemos Group Plc	10,088,046	11.94
	Euros Total	**10,088,046**	**11.94**
	United States Dollars		
26,301	Bilboes Gold Limited	25,090	0.03
7,028,352	Black Pearl Limited Partnership	726,171	0.86
	United States Dollars Total	**751,261**	**0.89**
	Total investments in debt instruments	**11,364,120**	**13.45**

PORTFOLIO STATEMENT (CONTINUED)
AT 31 DECEMBER 2022

Shares /Warrants/ Nominal	Investments	Fair value £ equivalent	% of Net assets
	Unlisted equity shares, warrants and royalties		
	Australian Dollars		
10,100,000	Futura Gross Revenue Royalty	13,700,733	16.22
11,309,005	Futura Resources Limited	9,568,238	11.33
	Australian Dollars Total	**23,268,971**	**27.55**
	Canadian Dollars		
6,666,666	Azarga Metals Warrants 09/05/2025	12,692	0.02
13,083,936	PRISM Diversified Limited	802,401	0.95
40,000	PRISM Diversified Limited – Royalty	24,531	0.03
1,000,000	PRISM Diversified Limited Warrants 31/12/2023	23,261	0.03
324,000	Unkur Option Warrants 12/31/2023	198,700	0.24
	Canadian Dollars Total	**1,061,585**	**1.27**
	Great Britain Pounds		
1,594,646	Celadon Mining Limited	15,945	0.02
24,004,167	Cemos Group Plc	9,201,855	10.89
1,657,195	Tungsten West Plc Second Option Share Warrants 18/10/2026	129,261	0.15
1,657,195	Tungsten West Plc Third Option Share Warrants 18/10/2026	77,557	0.09
	Great Britain Pounds Total	**9,424,618**	**11.15**
	Norwegian Krone		
12,785,361	Nussir ASA	3,499,979	4.14
	Norwegian Krone Total	**3,499,979**	**4.14**
	United States Dollars		
535,943	Bilboes Gold Limited	13,650,910	16.16
56,042	Kanga Investments Limited	4,775,628	5.65
16,352	Polar Acquisition Limited	1,083,425	1.28
	United States Dollars Total	**19,509,963**	**23.09**
	Total Unlisted equity shares, warrants and royalties	**56,765,116**	**67.20**
	Financial assets held at fair value through profit or loss	**84,311,955**	**99.81**
	Other Assets & Liabilities	**170,893**	**0.19**
	Total Equity	**84,482,848**	**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, 2020 ("POI Law") and the Registered Collective Investment Scheme Rules and Guidance, 2021 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 2021 AGM and the next discontinuation vote will be held at the AGM in 2024 which is expected to be held in the third quarter of that year.

Company Purpose and Values

The purpose of the Company is to carry out business as an investment company and to provide returns to shareholders through achieving its investment objective as described on page 13.

The values of the Company are discussed and agreed upon by the Board. The Board seeks to run the Company with a culture of openness, high integrity and accountability. It aims to demonstrate these values through its behaviour both within itself and its dealings with its stakeholders. It seeks to act in the spirit of mutual respect, trust and fairness. The Board is robust in its challenge of the Investment Manager and other service providers but tries always to be constructive and collegiate. The Board expects its members to exhibit an independence of mind and not to be wary of asking difficult questions. Moreover, it expects and encourages its key service providers to exhibit similar values.

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. At the year-end the Company's Ordinary shares traded at a discount to NAV of 44%, however the Directors consider that the Company does not currently have sufficient surplus funds to buy back shares, irrespective of other considerations such as long term market liquidity and the effect on its Ongoing Charges Ratio.

The Board continues to review the Company's 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 2022, the Board comprised four Directors (2021: four), excluding David Staples who retired from the Board on 31 December 2022.

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 constituted 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 investment 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.

STRATEGIC REPORT (CONTINUED)

Investment Management (continued)
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.

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 and energy, 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 and impact of leverage, positive and negative, 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
- 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. The portfolio may become focussed on fewer holdings as certain investments mature and increase in value. Once such investments are realised it is intended that the consideration will be reinvested in several new investments thereby diversifying the portfolio.

STRATEGIC REPORT (CONTINUED)

Investment Restrictions (continued)

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 or distribution of the proceeds.

The investment policy has the following limits:

- Save in respect of cash and cash-like holdings awaiting investment, and except as set out below, the Company will invest or lend no more than 20 per cent in aggregate of the value of its gross assets in or to any one particular company or group of companies, as at the date of the relevant transaction.

- The Company's investment in Futura Resources Limited (“Futura”) may exceed the limit set out above provided that the Company will not invest or lend more than 35 per cent in aggregate of the value of its gross assets in Futura 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 2022.

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 to 4 and the Investment Manager’s Report on pages 5 to 9.

Principal risk and uncertainties

The Board is responsible for the Company’s system of risk management and internal control and for reviewing its effectiveness. The Board has adopted a detailed matrix of principal risks affecting the Company’s business as an investment company and has established associated policies and processes designed to manage and, where possible, mitigate those risks, which are monitored by the Audit Committee on an ongoing basis. This system assists the board in determining the nature and extent of the risks it is willing to take in achieving the Company’s strategic objectives.

Although the Board believes that it has a robust framework of internal controls in place this can provide only reasonable, and not absolute, assurance against material financial misstatement or loss and is designed to manage, not eliminate, risk. Actions taken by the Board and, where appropriate, its committees, to manage and mitigate the Company’s principal risks and uncertainties are discussed in more detail below.

Emerging Risks and Uncertainties

During the year, the Board also discussed and monitored a number of risks that could potentially impact the Company’s ability to meet its strategic objectives. The principal emerging risk continues to be climate change. Climate change risk includes how climate change could affect the Company’s investments, and potentially shareholder returns. The Board has implemented an ESG policy which has been developed from the Manager’s own ESG policy. The Company’s ESG policy is available on its website.

The Board will continue to monitor the growing risks identified by ESG and the resulting pressures on its investments.

STRATEGIC REPORT (CONTINUED)

Principal risk and uncertainties (continued)

Emerging Risks and Uncertainties (continued)

The invasion of Ukraine and resulting sanctions on Russia, has increased the risk of investing in companies with interests in Russia. It has also increased the uncertainty around previous projections made by those companies, in the face of growing financial and operational constraints. As a result, the Company reduced its carrying values of PAL to reflect the risk that Polymetal may not be able to pay the royalty when due and the question of whether PAL is able to receive payments owing due to potential sanctions. There is also a growing risk that rising energy prices and disrupted supply chains could further fuel inflationary pressures. This, plus more aggressive monetary tightening that might be undertaken by central banks to curb inflation, raises the risk of a global recession.

There is a growing risk that measures imposed by Governments in response to cost of living challenges will impact on the Company's investments, specifically price caps imposed by Governments may have implications on sales prices that the investee companies can achieve.

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 54 to 59.

The Company's investment activities also expose it to a variety of financial risks including in particular foreign currency risk. An analysis of sensitivity to foreign exchange is presented on pages 54-55.

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 to 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 nature of the investment strategy means that portfolio diversification cannot be rebalanced on a short term basis.

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 and other such risks through its approach to pricing 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.

STRATEGIC REPORT (CONTINUED)

Risk of a vote to wind-up the Company (continued)

To be passed the discontinuation vote would require a majority of 75% of those shareholders voting. 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, as advised by the Audit Committee, have assessed the prospects of the Company over 3 years. The Board considers 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 generally 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.

The Company has previously seen pressures from falls 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 (i.e. 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 it and the Board have concluded that, even in circumstances representing a 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 a three-year period. 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. The Directors believe this to be reasonable given that the majority of these equities are traded at sufficient volumes in the context of the positions the Company's holdings represent.

As a result, the Board has 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 Company 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 the Investment Manager is a signatory. A copy of the Company's ESG policy is available on the Company's website.

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. For example, the Nussir copper project in Norway aims to become the first zero carbon mine globally through being fully electric with the electricity generated from entirely renewable sources. The Company has used its representation on the Board of Nussir to actively promote this evolution to electrification.

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.

STRATEGIC REPORT (CONTINUED)

Stakeholder Engagement
During the year-ending 31 December 2022, the Board sought to voluntarily comply with the requirements of Section 172 of the Companies Act 2006 to promote the success of the Company for the benefit of its members as a whole, having regard to the interests of all stakeholders.

Identification of key stakeholders
As an externally managed investment company, the Company has no employees, operations or premises. The Board has identified its key stakeholders as the Company's shareholders, the Investment Manager, other service providers and the Investee Companies,

Engagement with stakeholders
The table below explains how the Board have engaged with all stakeholders.

Stakeholder	Engagement
Shareholders	The Board seeks an open and constructive engagement with shareholders who have the opportunity to vote at and to attend the Company's AGM. The annual and half year results are available on the Company's website with the results and monthly updates also announced via a regulatory news service. The Board receives regular updates on the shareholder register and any trading activity and feedback received from investor meetings and briefings conducted by the Investment Manager, the Broker and research analysts.
Investment Manager	Open and collaborative dialogue is maintained between the Board and the Investment Manager. The Investment Manager is invited to all Board and Audit Committee meetings and provides regular reports on the performance of the investments and any potential issues the Board needs to be aware of.
Other Service Providers	The Board receive reports from all service providers at each meeting The Administrator attends all Board and Committee meetings During 2022 the Administrator provided the Board a presentation on the Cyber controls in place. The Board conducted a market review of the Depositary during 2022.
Investee Companies	The Board receives detailed updates on operating performance of material investee companies provided at each meeting. Additionally, the Board receives details of projects being undertaken by the investee companies, including where these may require the Company to consider providing financial support. Though its investments and board positions on investee companies, the Company seeks to promote good ESG practise, with particular attention to Health and Safety of employees at investee companies.

Key Decisions
Key decisions are those that are material or of strategic importance to any of the Company's key stakeholders as described above. An example of a key decisions made during the year was the sale of Bilboes as described in more detail in the Chairman's Report,

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 pages 3 and 4 and the Investment Manager's Report on pages 5 to 9.

Signed on behalf of the Board of Directors by:

John Falla
21 April 2023

BOARD OF DIRECTORS

The Board of Directors is listed below. In 2018 the Board put in place a succession plan to refresh its membership while maintaining a degree of continuity. 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.

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 abrdn Latin American Income Fund Limited, and Chelverton UK Dividend Trust plc both 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 eleven years, the Board is satisfied that he continues to demonstrate independence of the Investment Manager.

Charles Hansard: Charles Hansard has over 40 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 JJJ Moore part of the Moore Capital group of funds of which he was a director for 25 years. He is a director of NYSE listed Los Gatos Silver Inc and Electrum Ltd., a privately owned US 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**.**

Notwithstanding that Charles's tenure extends beyond eleven years, the Board is satisfied that he continues to demonstrate independence of the Investment Manager.

Fiona Perrott-Humphrey: Fiona Perrott-Humphrey has over 30 years' experience in the mining finance industry in London. She moved to the UK in 1987 after a period in academia in South Africa, and over the next 15 years, was a rated mining analyst for a number of stockbroking firms including James Capel, Cazenove and Citigroup (the latter as head of European Mining Research). After leaving full time broking, Fiona has had a portfolio of roles drawing on her experience of covering the global mining sector. She is a founder of a mining strategic consulting business, and director of AIM Mining Research and in 2007 published a book entitled Understanding Junior Miners. In 2004, she was appointed Adviser to the Mining team at Rothschild and Co. Fiona was a non-executive director of Dominion Diamonds, located in northern Canada, for two years from 2014. She is invited to present regularly at global mining conferences.

Fiona 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 NB Global Monthly Income Fund, which is listed on the London Stock Exchange. He is also chairman of the general partner companies of private equity funds advised by Apax Partners.

David was the Chairman of the Audit Committee until his retirement from the Board on 31 December 2022

John Falla: John qualified as a chartered accountant with Ernst and Young in London, before transferring to its Corporate Finance Department, specialising in the valuation of unquoted shares and securities. On his return to Guernsey in 1996 he worked for an international bank before joining The International Stock Exchange (formerly the Channel Islands Stock Exchange) on its launch in 1998 as a member of the Market Authority. In 2000 Mr Falla joined the Edmond de Rothschild Group, where he provided corporate finance advice to international clients including open and closed-ended funds, and institutions with significant property interests. He was a director of a number of Edmond de Rothschild operating and investment entities, retiring in 2015.
Mr Falla has been a non-executive director of London listed companies for over 10 years and is an experienced audit committee chair. He is currently a director and audit committee chair of NB Private Equity Partners Limited and of Marble Point Loan Financing Limited.

John has been appointed as Chairman of the Audit Committee following the retirement of David Staples

DIRECTORS' REPORT
For the year ended 31 December 2022

The Directors of the Company present their eleventh annual report and the audited financial statements (the "Annual Report") for the year ended 31 December 2022.

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.

Status

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020, ("POI Law") and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange, Premium Segment.

Investment Objective

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 2022, the Company's NAV per Ordinary Share decreased by 19.3% (2021: 1.2%). This compares with a rise in the EMIX Global Mining Index (capital return in Sterling terms) of 10.2% (2021: 5.0%). 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 38 and 39 and the Company's financial position at the end of the year is shown in the Statement of Financial Position on page 37.

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 the longer term the Board intends to formulate a more regular dividend policy once it starts to receive significant income from its royalty interests. As there was no net realised cash gain during the year, the Board has determined that there will not be any distribution in respect of the year ended 31 December 2022.

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
Fiona Perrott-Humphrey
David Staples (retired 31 December 2022)
John Falla (appointed 13 October 2022)

Biographical details of each of the Directors who were on the Board of the Company at the time of signing The Annual Report are presented on page 18 of the Annual Report.

DIRECTORS’ REPORT (CONTINUED)
For the year ended 31 December 2022

Directors and their interests (continued)

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

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

On 10 November 2022, John Falla purchased 60,000 shares in the Company. No other Director has a beneficial interest in the Company or any of its investee companies.

Authorised Share Capital

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

Shares in issue

The 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 (2021: 106,453,335) Ordinary Shares outstanding with an additional 700,000 (2021: 700,000) held in treasury. The Company has 9,167 (2021: 9,167) Management Ordinary Shares in issue, which are held by the Investment Manager.

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

Significant Shareholdings

As at 31 December 2022, 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**	**% of Total Shares in issue**
The Sonya Trust	12,637,350	11.87
Northcliffe Holdings Pty Limited	12,452,177	11.70
Overseas Asset Management	12,435,915	11.68
Premier Miton Investors	9,250,000	8.69
RIT Capital Partners	7,766,803	7.30
Armstrong Investments	7,600,000	7.14
Baker Steel Capital Managers	4,922,877	4.62
Interactive Investor	4,138,994	3.89
Hargreaves Lansdown Asset Management	4,010,686	3.77
Jarvis Investment Manager	3,208,131	3.01

The Investment Manager, Baker Steel Capital Managers LLP had an interest in 9,167 Management Ordinary Shares at 31 December 2022 (31 December 2021: 9,167).

Baker Steel Global Funds SICAV – Precious Metals Fund (“Precious Metals Fund”) had an interest in 4,922,877 Ordinary Shares in the Company at 31 December 2022 (2021: 4,922,877). Precious Metals Fund has the same Investment Manager as the Company.

David Baker and Trevor Steel, Directors of the Manager, are interested in the shares held by Northcliffe Holdings Pty Limited and The Sonya Trust respectively.

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2022

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, as advised by the Audit Committee, 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 discontinuation vote in 2021 was not passed and the next vote is in 2024. To be passed, the discontinuation vote requires 75% of shareholders to vote to discontinue. The Directors have received no indication that the resolution will be passed. The Board are satisfied that the Company has the resources to continue in business for at least 12 months following the signing of these financial statements. As at 31 December 2022, approximately 13.8% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. Although the continuing Russian invasion of Ukraine has resulted in a reduction in the carrying value of investments with a Russian nexus it is not expected that it will affect the Company's ability to operate on a normal basis. Neither of the two affected investments PAL and Azarga were expected to be a material source of revenue in the next two years. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

Related party transactions
Transactions with related parties are based on terms equivalent to those that prevail in an arm's length transaction and are disclosed in Note 11.

Corporate Governance Compliance
The Company is a member of the Association of Investment Companies.

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

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2022

Corporate Governance Compliance (continued)

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

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

The AIC Code is available on the AIC website (www.theaic.co.uk). It includes an explanation of how the AIC Code adapts the Principles and Provisions set out in the UK Code to make them relevant for investment companies.

The Code includes provisions relating to:

- The role of the Chief Executive
- Executive Directors' remuneration
- The requirement for a senior Independent Director
- Nomination and Remuneration 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 and Independence

  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.

  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 adversely 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.

  There is no formal policy in respect of the tenure of the Chairman. The Board have initiated a process of refreshing its membership and in recent years thee directors have retired with new appointments made. It is envisaged the Chairman will retire as part of this succession programme within the next two years.

- 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 and independent recruitment consultants may be used where appropriate as was the case in 2022 when OSA assisted in the recruitment of Mr Falla. 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. The Board will seek the assistance of recruitment specialists to identify suitable candidates for the Board to consider.

DIRECTORS’ REPORT (CONTINUED)
For the year ended 31 December 2022

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

Howard Myles and Charles Hansard have served as Directors for more than 9 years. The Board believes that both these directors continue to demonstrate independence of the Manager and to make a valuable contribution to the Company, and therefore recommends that shareholders vote in favour of their reappointment. The Board has a succession plan under which its membership will be refreshed over time. Specialists will be engaged as the Board consider necessary to assist with future appointments.

- Information
  The Board receives full details of the Company’s performance, 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 and facilitated by the Company Secretary. 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 and performance 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 quarterly 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
Charles Hansard	4	4	n/a	n/a
Fiona Perrott-Humphrey	4	4	4	4
David Staples (retired 31 December 2022)	4	4	4	4
John Falla (appointed 13 October 2022)	1*	1	1*	1

**Held since appointment*

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 2022

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, along with its shareholders, 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. The engagement with stakeholders is covered in more detail in the Strategic Report on page 17.

- Principal and Emerging Risks
  The Board has delegated responsibility for the assessment of its key risks to the Audit Committee. The Audit Committee has documented the key risks and controls in a detailed risk matrix and meets on a quarterly basis to update it and to assesses the adequacy and completeness of the controls. As the Audit Committee identifies changes that affect the risk profile of the Company it will recommend to the Board any actions required to effectively manage risk. More details on the Principal and Emerging Risks are presented in the Strategic Report.

- Diversity
  The Board has no formal policy on diversity but is cognizant of the need to maintain a Board with a spectrum of backgrounds and skills appropriate for the specifics of the Company. Due to the small size of the Board, there are no plans to implement targets for diversity metrics however recruitment agencies who assist with identifying candidates for Board appointments are instructed to do so with diversity in mind.

Committees
The Audit Committee is the sole committee of the Board. Terms of Reference for the Audit Committee 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 was Chairman of the Audit Committee until 31 December 2022, with Fiona Perrott-Humphrey, Howard Myles and (effective 13 October 2022) John Falla as the other members. As Chairman of the Board, Howard Myles will not Chair the Audit Committee but is considered independent and therefore sits as a committee member. Following David Staples retirement from the Board on 31 December 2022 John Falla assumed the role of 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 itself 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.

DIRECTORS’ REPORT (CONTINUED)
For the year ended 31 December 2022

Corporate Governance Compliance (continued)

Operation and composition of the Board (continued)

Internal Controls (continued)
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.

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.

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 in view of the relatively small size of the Board 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 who have the experience and qualities 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. Effective 1 October 2022 the Board, recognising the Board remuneration was below market rates having not changed since the Company’s flotation in 2010, resolved to increase their remuneration to £32,500 per annum for each Director. The Chairman will receive a supplement of £10,000 per annum and the Chairman of the Audit Committee a supplement of £5,000 per annum.

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 new directors and the Board will select the candidates whom it 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 2022, the total remuneration of the Directors was £129,489 (2021: £115,000). There were no director fees payable at the year-end (2021: £28,750).

DIRECTORS' REPORT (CONTINUED)
For the year ended 31 December 2022

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 2022 and 31 December 2021 are shown below.

	2022	2021
	£	£
Howard Myles	36,875	35,000
David Staples	31,875	30,000
Charles Hansard	26,875	25,000
Fiona Perrott-Humphrey	26,875	25,000
John Falla	6,989	-

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 14 of the financial statements on page 63.

Signed on behalf of the Board of Directors by:

John Falla
21 April 2023

REPORT OF THE AUDIT COMMITTEE
For the year ended 31 December 2022

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. David Staples was Chairman of the Audit Committee until 31 December 2022 when he was replaced by John Falla. Fiona Perrott-Humphrey and Howard Myles are the other members of the Audit Committee. As Chairman of the Board, Howard Myles will not Chair the Audit Committee but is considered independent and therefore sits as a committee member.

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 typically meets four times a year, aligned to Board Meeting dates, to discuss the Interim and Annual Report and Audited Financial Statements, the audit plan and engagement letter, and the Company's risks and controls, 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.

The Board, advised by the Audit Committee 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 AIC Code and 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 being reported, the Board would consider the actions required to remedy and prevent significant failings or weaknesses. During the year ended 31 December 2022, 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 they are not aware of any 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 matters that are brought to its attention and to follow up on any conclusion reached by such investigation.

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 Audit Committee and 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 Audit Committee and 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 ultimate 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 2022

Through its meetings during the year ended 31 December 2022 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 14-15.

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. The Committee also reviews control and compliance reports in this respect and receives explanations of any breaches and how any control weaknesses have been addressed.
Valuation of the Company's investments, in particular the valuation of unquoted investments	Reports received from and discussed in depth with the Investment Manager providing support for the investment valuations. The Investment Manager reporting is then challenged and reconciled to 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 planning 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 Russian invasion of Ukraine are assessed. The matrix also documents long term implications for the sector from secular trends such as climate change.

The Audit Committee also provides a forum through which the Company's auditor reports to the Board. The Board, advised by 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 the auditor during the year were as follows:

		2022	**2021**
		£	**£**
Audit fees	Audit Fees	70,000	58,500
Non-audit fees	Agreed Upon Procedures relating to the review of the Company's half year report	9,625	8,750
Total Fees		79,625	67,250

REPORT OF THE AUDIT COMMITTEE (CONTINUED)
For the year ended 31 December 2022

External Audit (Continued)
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.

The Audit Committee has reviewed the effectiveness of the auditor including:

- **Independence:** The auditor discusses with the Audit Committee, at least annually, the steps it takes to ensure independence and confirms the same to the Audit Committee. The audit fees paid to BDO are presented on Page 28 of the Annual Report. The only non-audit fees paid to BDO are in relation to the Agreed Upon Procedures work completed on the Interim Report and Accounts. The audit director will rotate after 5 years; this is the third year of the current audit director.

- **Quality of Audit Work:** The Audit Committee assess the completion of the audit versus the plan and will seek feedback from the Investment Manager and the Administrator on any issues experienced through the Audit. The Chairman of the Audit Committee will separately engage with the audit director to discuss progress and issues with the audit.

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 market leading third party service providers, although the Audit Committee oversees these operations and receives regular control 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 12 to 17 outlines the principal risks and uncertainties affecting the Company and the section on Internal Controls in the Directors Report on pages 19 to 26 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 is 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.

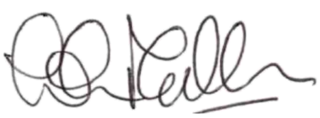
Financial Reporting

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 and Viability

The Audit Committee has made an assessment of the Company's ability to continue as a going concern and of its viability, see pages 16 and 21 and has advised the Board accordingly.



John Falla
Audit Committee Chairman
21 April 2023

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

Opinion on the financial statements
In our opinion, the financial statements of Baker Steel Resources Trust Limited ("the Company"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2022 and of its loss for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements of the Company for the year ended 31 December 2022 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 as adopted by the European Union.

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the audit committee.

Independence

We remain 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.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our evaluation of the Directors' assessment of Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining the paper prepared by those charged with governance and management in respect of going concern and discussing this with both the Directors and management;
- Challenging the Directors' cash flow forecasts for the twelve months from the approval of these financial statements by stress testing future income and expenditure, the ability to realise the Company's assets and the impact on the going concern assessment;
- Challenging the key inputs into the cash flow forecasts by comparing these to historic results of the Company and whether they were consistent with our understanding of the company;
- Challenging the Directors around the 2024 discontinuation vote and its possible impact on the going concern status of the company by considering the related party shareholders; and
- Reviewing the minutes of the Directors, the RNS announcements and the compliance reports for any indicators of concerns in respect of going concern.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In relation to the Company's reporting on how it has applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

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

Overview

		2022	**2021**
Key audit matters	Valuation of unlisted investments and listed investments subject to a lock up period	Yes	Yes
Materiality	*Financial statements as a whole* £1.54m (2021: £1.84m) based on 1.75% (2021: 1.75%) of total assets.		

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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

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's Administrator. We considered the control environment in place at the Manager and the Company's 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 statement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, 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.

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

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of unlisted investments and listed investments subject to a lock up period. Refer to the accounting policies set out in Note 2 and Note 3 to the Financial Statements. The valuations are subjective, with a high level of judgment and estimation linked to the determination of fair value with limited third-party pricing 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 which could significantly impact the valuation output. The valuation of these investments is a key driver of the Company's net asset value and total return. Accordingly, incorrect valuations of these investments could have a significant impact on the net asset value of the Company and therefore the return generated for shareholders. We therefore consider this to be a key audit matter.	Our procedures included the following: For all unlisted investments: • We considered the processes, policies and methodologies used by management for determining the fair value of unlisted investments held by the Company; • Agreed the Manager's application of valuation techniques as appropriate to the circumstances of the investment and the accounting policies applied; and • Agreed the valuation per the models to the financial statements. In respect of the investments using a valuation model, we: - • Obtained and challenged, through discussion and corroboration to external sources, the inputs and assumptions used in management's model based on our understanding of the investment. • Agreed the inputs, for example volatility, resource prices, and tax rates, into the models to independent sources; • Evaluated whether all key terms of the underlying agreements had been considered within the models; • Performed an independent sensitivity analysis of certain inputs to identify and challenge, through discussion and corroboration to third party sources, in more detail, those which have the largest impact on the valuation; and • Tested the mathematical accuracy of the models. For investments valued on an index valuation, we recalculated, using independently obtained information, management's applied basket of indices for each investment. For those investments which used recent Investment as a basis, 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. For listed investments subject to a lock up period we: - • Obtained management's calculation of the appropriate discount to apply to the market price and the underlying model prepared to support this; • Challenged the appropriateness of the model, based on standard practice valuation methods for investments subject to a lockup; • Calculated our own discount, utilising an appropriate valuation model and external data sources obtained

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

	independently and compared with that of management; and • Agreed the listed price to a third-party data source and reperformed the discount adjustment. **Key observation:** Based on the procedures performed, we are satisfied that judgements applied in valuing the unlisted investments and listed investments subject to a lock up period are appropriate.

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.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. 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.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Company financial statements	
	2022	2021
Materiality	£1.48m	£1.84m
Basis for determining materiality	1.75% of total assets	
Rationale for the benchmark applied	Due to it being an investment fund with the objective of long-term capital growth, with investment values being a key focus of users of the financial statements.	
Performance materiality	£0.97m	£1.19m
Basis for determining performance materiality	65% of materiality This was determined using our professional judgement and considered the complexity and our knowledge of the engagement, together with history of minimal historical errors and adjustments.	

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £44,000 (2021: £55,140). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

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

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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Corporate governance statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit.

Going concern and longer-term viability	• The Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on page 21 and • The Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on page 16.
Other Code provisions	• Directors' statement on fair, balanced and understandable set out on page 21; • Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 14-15 and 24; • The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 29; and • The section describing the work of the Audit Committee set out on page 24 and pages 27 to 29.

Other Companies (Guernsey) Law, 2008 reporting

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.

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

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities within the Directors' Report 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and have a direct impact on the preparation of the financial statements. We determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework such as IFRSs and the Companies (Guernsey) Law, 2008. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of management override of controls) and determined that the principal risks were related to revenue recognition on the Company's investments and the management bias and judgement involved in accounting estimates, specifically in relation to the valuation of investments (the response to which is detailed in our key audit matter above).

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Audit procedures performed by the engagement team to respond to the risks identified included:

- Discussion with and enquiry of management and those charged with governance concerning known or suspected instances of non-compliance with laws and regulations or fraud;

- Reading minutes of meetings of those charged with governance, correspondence with the Guernsey Financial Services Commission, internal compliance reports, complaint registers and breach registers to identify and consider any known or suspected instances of non-compliance with laws and regulations or fraud;

- Performing analytical procedures of the mid-year net asset valuations, with a focus on reviewing and corroborating movements over a set threshold.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

The engagement director on the audit resulting in this independent auditor's opinion is Justin Hallett.

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

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.

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

21 April 2023

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Notes	2022 £	2021 £
Assets			
Cash and cash equivalents	9	254,140	1,077,482
Interest receivable	2(c)(i)	57,917	249,445
Other receivables		17,899	22,132
Financial assets held at fair value through profit or loss	3	84,311,955	103,685,593
Total assets		**84,641,911**	**105,034,652**
Equity and Liabilities			
Liabilities			
Directors' fees payable	11	-	28,750
Management fees payable	7,11	69,854	122,894
Administration fees payable	6	9,659	10,638
Audit fees payable		70,000	58,500
Custodian fees payable		7,158	8,443
Other payables		2,392	6,471
Total liabilities		**159,063**	**235,696**
Equity			
Management Ordinary Shares	10	9,167	9,167
Ordinary Shares	10	75,972,688	75,972,688
Revenue Reserves		8,771,186	10,047,160
Capital Reserves		(270,193)	18,769,941
Total equity		**84,482,848**	**104,798,956**
Total equity and liabilities		**84,641,911**	**105,034,652**
Net Asset Value per Ordinary Share (in Pence) – Basic and Diluted	12	79.4	98.4

The financial statements on pages 37 to 63 were approved and authorised for issue by the Board of Directors on 21 April 2023 and signed on its behalf by:

John Falla

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

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Notes	Year ended 2022 Revenue £	Year ended 2022 Capital £	Year ended 2022 Total £
Income				
Interest income	2(i)	549,607	-	549,607
Dividend income	2(j)	9,356	-	9,356
Net loss on financial assets at fair value through profit or loss	3	-	(19,038,918)	(19,038,918)
Net foreign exchange loss		-	(1,216)	(1,216)
Net income / (loss)		**558,963**	**(19,040,134)**	**(18,481,171)**
Expenses				
Management fees	7,11	1,160,507	-	1,160,507
Directors' fees	11	129,489	-	129,489
Administration fees	6	118,002	-	118,002
Other expenses	8	130,321	-	130,321
Depositary fees		36,942	-	36,942
Custody fees		58,918	-	58,918
Broker fees		35,000	-	35,000
Audit fees		79,625	-	79,625
Directors' insurance		6,000	-	6,000
Directors' expenses		3,344	-	3,344
Legal fees		76,789	-	76,789
Total expenses		**1,834,937**		**1,834,937**
Net loss for the year		**(1,275,974)**	**(19,040,134)**	**(20,316,108)**
Net loss for the year per Ordinary Share:				
Basic and Diluted (in pence)	12	(1.20)	(17.88)	(19.08)

In the year ended 31 December 2022 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Statement of Comprehensive Income follows the recommendations of the AIC Statement of Recommended Practice and is provided for information purposes.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2021

	Notes	Year ended 2021 Revenue £	Year ended 2021 Capital £	Year ended 2021 Total £
Income				
Interest income	2(i)	1,228,691	-	1,228,691
Dividend income	2(j)	45,880	-	45,880
Net gain on financial assets at fair value through profit or loss	3	-	2,254,094	2,254,094
Net foreign exchange loss		-	(21,728)	(21,728)
Net income		**1,274,571**	**2,232,366**	**3,506,937**
Expenses				
Management fees	7,11	1,587,121	-	1,587,121
Directors' fees	11	115,000	-	115,000
Administration fees	6	126,876	-	126,876
Other expenses	8	103,389	-	103,389
Depositary fees		41,336	-	41,336
Custody fees		62,628	-	62,628
Broker fees		35,000	-	35,000
Audit fees		67,250	-	67,250
Directors' Insurance		15,750	-	15,750
Directors' expenses		515	-	515
Legal fees		44,515	-	44,515
Total expenses		**2,199,380**	**-**	**2,199,380**
Net (loss)/gain for the year		**(924,809)**	**2,232,366**	**1,307,557**
Net (loss)/gain for the year per Ordinary Share:				
Basic and Diluted (in pence)	12	(0.87)	2.10	1.23

In the year ended 31 December 2021 there were no gains or losses other than those recognised above.

The Directors consider all results to derive from continuing activities.

The format of the Statement of Comprehensive Income follows the recommendations of the AIC Statement of Recommended Practice and is provided for information purposes.

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

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Management Ordinary Shares £	Ordinary Shares £	Treasury Shares £	Revenue reserves £	Capital reserves £	Total equity £
Balance as at 1 January 2021	**9,167**	**76,113,180**	**(140,492)**	**10,971,969**	**16,537,575**	**103,491,399**
Net (loss)/gain for the year	-	-	-	(924,809)	2,232,366	1,307,557
Balance as at 31 December 2021	**9,167**	**76,113,180**	**(140,492)**	**10,047,160**	**18,769,941**	**104,798,956**
Net loss for the year	-	-	-	(1,275,974)	(19,040,134)	(20,316,108)
Balance as at 31 December 2022	**9,167**	**76,113,180**	**(140,492)**	**8,771,186**	**(270,193)**	**84,482,848**
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 2022

	Notes	Year ended 2022 £	Year ended 2021 £
Cash flows from operating activities			
Net (loss)/gain for the year		(20,316,108)	1,307,557
Adjustments to reconcile net (loss) /gain for the year to net cash used in operating activities:			
Interest income		(549,607)	(1,228,691)
Dividend income		(9,356)	(45,880)
Net loss/(gain) on financial assets at fair value through profit or loss	3	19,038,918	(2,254,094)
Net decrease/(increase) in receivables		4,233	(2,504)
Net decrease in payables		(76,633)	(8,804)
		(1,908,553)	**(2,232,416)**
Interest received		741,135	903,607
Dividend received		9,356	45,880
Net cash used in operating activities		**(1,158,062)**	**(1,282,929)**
Cash flows from investing activities			
Purchase of financial assets at fair value through profit or loss		(1,882,060)	(1,776,426)
Sale of financial assets at fair value through profit or loss		2,216,780	3,712,697
Net cash provided by investing activities		**334,720**	**1,936,271**
Net (decrease)/increase in cash and cash equivalents		(823,342)	653,342
Cash and cash equivalents at the beginning of the year		1,077,482	424,140
Cash and cash equivalents at the end of the year	9	**254,140**	**1,077,482**

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

Baker Steel Resources Trust Limited (the "Company") is a closed-ended investment company with limited liability incorporated and domiciled on 9 March 2010 in Guernsey under the Companies (Guernsey) Law, 2008 with registration number 51576. The Company is a registered closed-ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 2020 and the Registered Collective Investment Scheme Rules and Guidance, 2021 issued by the Guernsey Financial Services Commission ("GFSC"). On 28 April 2010 the Ordinary Shares and Subscription Shares of the Company were admitted to the Official List of the UK Listing Authority and to trading on the Main Market of the London Stock Exchange. The Company's Ordinary and Subscription Shares were admitted to the Premium Listing Segment of the Official List on 28 April 2010.

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

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

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

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 ("FVTPL") 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.

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

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

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

a) Basis of preparation (continued)

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

A number of new standards are effective for annual periods beginning after 1 January 2023 and earlier application is permitted, however the Company has not early adopted the new or amended standards in preparing these financial statements.

The following amended standards and interpretations are not expected to have a material impact on the Company's financial statements:

- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2 (effective for periods starting on or after 1 January 2023).
- Definition of Accounting Estimates - Amendments to IAS 8 (effective for periods starting on or after 1 January 2023).
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to IAS 12 (effective for periods starting on or after 1 January 2023).
- IFRS 17 Insurance Contracts (effective for periods starting on or after 1 January 2023).
- Classification of Liabilities as Current or Non-current - Amendments to IAS 1 (effective for periods starting on or after 1 January 2023).

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 2022 and were adopted from their effective date. These amendments did not have a material impact on the Company's financial statements.

- Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16 (effective for periods starting on or after 1 January 2022).
- Reference to the Conceptual Framework – Amendments to IFRS 3 (effective for periods starting on or after 1 January 2022).
- Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37) (effective for periods starting on or after 1 January 2022).
- IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities (effective for periods starting on or after 1 January 2022).

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b) 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 expected credit loss ("ECL"). Under the simplified approach there is no need to monitor significant increases in credit risk and measure lifetime ECLs at all times. The interest receivable is in respect of the Convertible loan notes, a list of which is presented in Note 4(c) on Page 58 of the Annual Report, 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 ECL on these receivables would be highly immaterial.

c) 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:

Going Concern

The Directors, as advised by the Audit Committee, 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 discontinuation vote in 2021 was not passed and the next vote is in 2024. To be passed, the discontinuation vote requires 75% of shareholders to vote to discontinue. The Directors have received no indication that the resolution will be passed. The Board are satisfied that the Company has the resources to continue in business for at least 12 months following the signing of these financial statements. As at 31 December 2022, approximately 13.8% of the Company's assets were represented by cash and unrestricted listed and quoted investments which are readily realisable. Although the continuing Russian invasion of Ukraine has resulted in a reduction in the carrying value of investments with a Russian nexus it is not expected that it will affect the Company's ability to operate on a normal basis. Neither of the two affected investments PAL and Azarga were expected to be a material source of revenue in the next two years. The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern.

(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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c) Significant accounting judgements and estimates (continued)

(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. 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. 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.

d) Interest income and expense

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

e) Expenses

All expenses are recognised on an accruals basis.

f) 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.

g) Segment information

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

h) 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. Treasury Shares are excluded from the Net Asset Value per Ordinary Share calculation.

i) Interest on investments

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

j) Dividend income

Dividend income is accrued on an ex-dividend basis and recognised in the Statement of Comprehensive Income and is presented net of withholding tax. No withholding taxes were suffered during the year (2021: £Nil).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

3. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Investment Summary:	**Year ended 2022 £**	**Year ended 2021 £**
Opening book cost	82,910,887	81,003,041
Purchases at cost	1,882,060	2,536,249
Proceeds on sale of investments	(2,216,780)	(3,712,697)
Net realised (losses)/gains	(6,866,885)	3,084,294
Closing cost	75,709,282	82,910,887
Net unrealised gains	8,602,673	20,774,706
Financial assets held at fair value through profit or loss	**84,311,955**	**103,685,593**

The following table analyses net gains on financial assets at fair value through profit or loss for the years ended 31 December 2022 and 31 December 2021.

	Year ended 2022 £	**Year ended 2021 £**
Financial assets at fair value through profit or loss		
Realised (losses)/gains on:		
- Listed equity shares	(1,438,318)	(792,604)
- Unlisted equity shares	(5,118,472)	-
- Debt instruments	(296,970)	3,893,470
- Warrants	(13,125)	(16,572)
	(6,866,885)	3,084,294
Movement in unrealised (losses)/gains on:		
- Listed equity shares	(13,716,492)	4,589,432
- Unlisted equity shares	7,893,046	1,571,711
- Royalties	(2,763,850)	1,943,286
- Debt instruments	(2,675,240)	(10,157,233)
- Warrants	(909,497)	1,222,604
	(12,172,033)	(830,200)
Net (loss)/gain on financial assets at fair value through profit or loss	**(19,038,918)**	**2,254,094**

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

	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	11,378,285	4,804,434	-	16,182,719
Unlisted equity shares	-	-	41,514,956	41,514,956
Royalties	-	-	14,808.689	14,808,689
Warrants	-	-	441,471	441,471
Debt instruments	-	-	11,364,120	11,364,120
	11,378,285	4,804,434	68,129,236	84,311,955

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2021.

	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	4,879,486	14,064,224	-	18,943,710
Unlisted equity shares	-	-	46,971,239	46,971,239
Royalties	-	-	16,479,049	16,479,049
Warrants	-	-	1,364,093	1,364,093
Debt instruments	-	-	19,927,502	19,927,502
	4,879,486	14,064,224	84,741,883	103,685,593

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 2022.

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

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 2021.

31 December 2021	Unlisted Equities £	Royalties £	Debt instruments £	Warrants £	Total £
Opening balance 1 January 2021	36,987,733	14,512,762	43,780,112	141,489	95,422,096
Purchases of investments	300,143	23,000	541,140	-	864,283
Sales of investments	-	-	(399,576)	16,572	(383,004)
Conversion*	11,987,827	-	(12,730,410)	-	(742,583)
Transfer out of Level 3	(3,876,175)	-	(5,000,000)	-	(8,876,175)
Change in net unrealised gains/losses	1,571,711	1,943,286	(10,157,233)	1,222,604	(5,419,632)
Realised gains	-	-	3,893,470	(16,572)	3,876,898
Closing balance 31 December 2021	46,971,239	16,479,048	19,927,503	1,364,093	84,741,883
Unrealised gains on investments still held at 31 December 2021	7,686,978	4,689,071	2,948,246	1,350,968	16,675,263

**Conversion of Futura and Anglo Saxony debt into Level 3 equity positions and Mines & Metal Trading into Silver X and therefore a Level 1 investment*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

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

The following transfers from Level 3 have taken place during the year ended 31 December 2022:

On 8 April 2022 First Tin listed on the London Stock Exchange. The shares held by the Company are locked up until 8 April 2023 and are therefore held at a discount to the market price and accordingly the investment has been transferred from Level 3 to Level 2 in these financial statements.

On 15 June 2022 the Company converted its convertible loan to Azarga into Equity. The Company holds over 30% of Azarga and the investment is therefore carried at a discount to the market prices as it is considered unlikely the quoted price could be achieved if the Company decided to sell its investment. Accordingly, the investment has been transferred from Level 3 to Level 2 in these financial statements.

On 8 June 2022 the Company converted its US$4m convertible debenture into Silver X shares. This resulted in a transfer from level 3 to level 1 of the investment.

The following transfer from Level 2 has taken place during the year ended 31 December 2022:

On 21 October 2022, the lock-up relating to the shares held in Tungsten West Plc expired and accordingly the investment has been transferred from Level 2 to Level 1.

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

Investments whose values are based on quoted market prices in active markets are classified within Level 1. These include listed equities with observable market prices. The Directors do not adjust the quoted price for such instruments, even in situations where the Company holds a large position and a sale could reasonably impact the quoted price. The Company does not and neither did it during the year hold a sufficiently large position in any listed company classified as Level 1 that it could impact the quoted price via a sale of its investment.

Investments that trade in markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. These include certain less-liquid listed equities. Level 2 investments are valued with reference to the listed price of the shares should they be freely tradable after applying a discount for 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 had two Level 2 investments at 31 December 2022 (31 December 2021: one).

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.

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

Valuation methodology of Level 3 investments

The primary valuation technique is of "Latest Recent Transaction" being either recent external fund raises or transactions. In all cases the valuation considers whether there has been any change since the transaction that would indicate the price is no longer fair value. Where an unquoted investment has been acquired or where there has been a material arm's length transaction during the past six months it will be carried at transaction value, having taken into account any change in market conditions and the performance of the investee company between the transaction date and the valuation date. If it is assessed that a recent transaction is not at an arm's length or there are other indicators that it has not been executed at a price that is representative of fair value then the transaction value will not be used as the carrying value of the investment. Where there has been no Latest Recent Transaction the primary valuation driver is IndexVal. For each core unlisted investment, the Company maintains a weighted average basket of listed companies which are comparable to the investment in terms of commodity, stage of development and location ("IndexVal"). IndexVal is used as an indication of how an investment's share price might have moved had it been listed. Movements in commodity prices are deemed to have been taken into account by the movement of IndexVal.

A secondary tool used by Management to evaluate potential investments as well as to provide underlying valuation references for the Fair Value already established is Development Risk Adjusted Value ("DRAV"). DRAVs are not a primary determinant of Fair Value. The Investment Manager prepares discounted cash flow models for the Company's core investments annually taking into account significant new information, and for decision making purposes when required. From these, DRAVs are derived. The computations are based on consensus forecasts for long term commodity prices and investee company management estimates of operating and capital costs. 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 techniques for Level 3 investments can be divided into six groups:

i. Transactions & Offers
Where there have been transactions within the past 6 months either through a capital raising by the investee company or known secondary market transactions, representative in volume and nature and conducted on an arm's length basis, this is taken as the primary driver for valuing Level 3 investments, having taken into account of any change in market conditions and the performance of the investee company between the transaction date and the valuation date. This includes offers, binding or otherwise from third parties around the year end which may not have completed prior to the year-end but have a high chance of success and are considered to represent the situation at year end.

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

iii. Royalty Valuation Model
The rights to receive royalties are valued on projected cashflows taking into account expected time to production and development risk and adjusted for movement in commodity prices.

iv. EBITDA Multiple
In the case of Cemos Group plc, which moved to full production during 2020 and so could reflect maintainable earnings, its main asset is a cement plant with no defined life like a mining project and therefore has been valued on the basis of a multiple of a blend of historical and forecast earnings before interest, tax, depreciation and amortisation ("EBITDA") when compared to listed comparable cement producers.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Valuation methodology of Level 3 investments (continued)

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

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

Quantitative information of significant unobservable inputs – Level 3

Description	2022 £	Valuation technique	Unobservable input	Range of unobservable input (weighted average)
Unlisted Equity	28,797,176	Transactions	Private transactions	n/a
Unlisted Equity	3,499,979	IndexVal	Change in index	n/a
Unlisted Equity	9,201,855	EBITDA Multiple	EBITDA Multiple	n/a
Royalties	14,808,689	Royalty Valuation model	Commodity price and discount rate risk	n/a
Unlisted Equity	15,946	Other	Exploration results, study results, financing	n/a
Debt Instruments				
Black Pearl Limited Partnership	726,171	Valued at mean estimated recovery	Estimated recovery range	+/-50%
Other Convertible Debentures/Loans	10,637,949	Valued at fair value with reference to credit risk	Rate of Credit Risk	20%-40%
Warrants	242,771	Simplified Black Scholes Model	Volatilities	50%
Warrants	198,700	External valuation		

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

Quantitative information of significant unobservable inputs – Level 3 (continued)

Description	2021 £	Valuation technique	Unobservable input	Range of unobservable input (weighted average)
Unlisted Equity	20,914,006	Transactions	Private transactions	n/a
Unlisted Equity	16,587,037	IndexVal	Change in index	n/a
Unlisted Equity	9,306,914	EBITDA Multiple	EBITDA Multiple	n/a
Royalties	16,479,048	Royalty Valuation model	Commodity price and discount rate risk	n/a
Unlisted Equity	163,284	Other	Exploration results, study results, financing	n/a
Debt Instruments				
Black Pearl Limited Partnership	1,292,467	Valued at mean estimated recovery	Estimated recovery range	+/-50%
Other Convertible Debentures/Loans	2,157,657	IndexVal	Change in Index	n/a
Other Convertible Debentures/Loans	16,477,378	Valued at fair value with reference to credit risk	Rate of Credit Risk	20%-40%
Warrants	1,364,093	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 2022

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 2022 are as shown below:

Description	Input	Sensitivity used	Effect on Fair Value (£)
Unlisted Equity	Transactions & Expected Transactions	+/- 20%	+/-5,759,434
Unlisted Equity	Change in IndexVal	+44%/-79%*	+1,539,991/-2,764,984
Unlisted Equity	EBITDA Multiple	+/- 20%	+/-1,840,371
Royalties	Commodity Price	+/-20%	+/-2,956,853
Royalties	Discount Rate	+/-20%	-1,597,086/+1,939,463
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/- 239,627
Others/Loans	Risk discount rate	+/-20%	-1,160,677/+227,963
Convertibles /Loans	Volatility of Index Basket	+/-40%	+206,177/-1,656
Warrants	Volatility of Index Basket	+/-40%	+21,662/-18,733

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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 2021 are as shown below:

Description	Input	Sensitivity used	Effect on Fair Value (£)
Unlisted Equity	Transactions & Expected Transactions	+/- 10%	+/- 2,091,401
Unlisted Equity	Change in IndexVal	+101%/-57%*	+ 16,752,907/-9,454,611
Unlisted Equity	EBITDA Multiple	+/- 20%	+/-1,861,383
Royalties	Commodity Price	+/-20%	+/- 3,291,141
Royalties	Discount Rate	+/-20%	+/- 4,788,365
Debt Instruments			
Black Pearl Limited Partnership	Probability weighting	+/-33%	+/- 426,514
Others/Loans	Risk discount rate	+/-20%	-2,417,009/+1,292,006
Convertibles /Loans	Volatility	+/-40%	+704,696/-262,075
Warrants	Volatility	+/-40%	-36,769,+56,488

* *The sensitivity analysis refers to a percentage amount added or deducted from the input and the effect this has on the fair value. The +101%/-57% sensitivity was used as this was the range of movements of the constituents in the IndexVal baskets for Bilboes Gold, Kanga Potash and Prism*

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.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4. RISK MANAGEMENT POLICIES AND DISCLOSURES

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

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

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

Risk exposures and responses

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

a) Market risk

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

i. Market price risk

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

The sensitivity analysis on the previous page illustrates the sensitivity of the key inputs into the market valuation and the resulting impact of the fair values. The level of change is considered to be reasonably possible. The sensitivity analysis assumes all other variables are held constant.

ii. Currency risk

At 31 December 2022, the largest non-Sterling portion of the Company's financial assets and liabilities was denominated in Australian Dollars. The functional currency of the Company is Sterling. Currency risk is the risk that the value of non-Sterling denominated financial instruments will fluctuate due to changes in foreign exchange rates. The tables below show the currencies and amounts the Company was exposed to at 31 December 2022 and 31 December 2021.

31 December 2022

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	43,324,009	0.5640	24,436,834	28.93%
CAD	10,995,550	0.6133	6,743,260	7.98%
EUR	11,430,526	0.8868	10,136,120	12.00%
GBP	19,408,238	1.0000	19,408,238	22.97%
NOK	41,552,423	0.0842	3,499,979	4.14%
USD	24,410,380	0.8299	20,258,417	23.98%
			84,482,848	**100.00%**

31 December 2021

Currency	Amount in local currency	Conversion rate (based on £)	Value £	% of net assets
AUD	38,079,806	0.5371	20,451,724	19.52%
CAD	3,850,097	0.5837	2,247,114	2.14%
EUR	12,176,338	0.8401	10,229,833	9.76%
GBP	35,626,057	1.0000	35,626,057	33.99%
NOK	44,748,764	0.0838	3,751,021	3.58%
USD	43,995,802	0.7386	32,493,207	31.01%
			104,798,956	**100.00%**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

a) Market risk (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 2022 and 2021 for each of the currencies in the table below. The table shows the potential movements in the Company's net assets as a result of such foreign exchange movements.

Currency	Reasonably possible move	2022 Value £	2021 Value £
AUD	10%	2,443,683	2,045,172
CAD	11%	741,759	247,183
EUR	13%	1,317,696	1,329,878
NOK	20%	699,996	750,204
USD	16%	3,241,347	5,198,913
		8,444,481	**9,571,350**

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 2022	Less than 6 months	More than 6 months	Non-interest bearing	Total
Assets	£	£	£	£
Cash and cash equivalents	254,140	-	-	254,140
Financial assets held at fair value through profit or loss*	524,813	10,839,306	72,947,836	84,311,955
Other receivables	-	-	17,899	17,899
Interest receivable*	57,917	-	-	57,917
Total Assets	836,870	10,839,306	72,965,735	84,641,911
Liabilities				
Other liabilities	-	-	159,063	159,063
Total Liabilities	-	-	159,063	159,063
Interest rate sensitivity gap	836,870	10,839,306		

**The interest rate risks 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 2022

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

a) Market Risk (continued)

iii. Interest rate risk (continued)

At 31 December 2021	Less than 6 months	More than 6 months	Non-interest bearing	Total
Assets	£	£	£	£
Cash and cash equivalents	1,077,482	-	-	1,077,482
Financial assets held at fair value through profit or loss*	1,235,273	16,237,843	86,212,477	103,685,593
Other receivables	-	-	22,132	22,132
Interest receivable*	249,445	-	-	249,445
Total Assets	2,562,200	16,237,843	86,234,609	105,034,652
Liabilities				
Other liabilities	-	-	235,696	235,696
Total Liabilities	-	-	235,696	235,696
Interest rate sensitivity gap	2,562,200	16,237,843		

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

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) 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.

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 2022	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	£	£	£	£	£	£
Cash and cash equivalents	254,140	-	-	-	-	254,140
Financial assets held at fair value through profit or loss	-	524,813	10,088,045	491,092	73,208,005	84,311,955
Receivables	64,364	11,452	-			75,816
Total Assets	318,504	536,265	10,088,045	491,092	73,208,005	84,641,911

	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Liabilities	£	£	£	£	£	£
Other payables and accrued expenses	84,896	-	74,167	-	-	159,063
Total Liabilities	84,896	-	74,167	-	-	159,063
Net assets attributable to shareholders						84,482,848

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

b) 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 2021	Less than 1 month	1-3 months	3-12 months	More than 12 months	No contractual maturity	Total
Assets	**£**	**£**	**£**	**£**	**£**	**£**
Cash and cash equivalents	1,077,482	-	-	-	-	1,077,482
Financial assets held at fair value through profit or loss	-	1,235,273	4,721,075	11,516,768	86,212,477	103,685,593
Receivables	249,445	16,132	6,000	-	-	271,577
Total Assets	1,326,927	1,251,405	4,727,075	11,516,768	86,212,477	105,034,652

	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	144,279	62,667	-	-	235,696
Total Liabilities	28,750	144,279	62,667	-	-	235,696
Net assets attributable to shareholders						104,798,956

The value of the cash and level 1 listed equity positions held by the Company at the year-end was £11,632,425 (2021: £5,956,968) with the total liabilities at the year-end at £159,063 (2021: £235,696).

c) 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 £11,364,120 (2021: £19,950,848).

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

	2022	2021
	£	**£**
Assets		
Cash and cash equivalents	254,140	1,077,482
Interest receivable	57,917	249,445
Other receivables	17,899	22,132
Financial assets held at fair value through profit or loss	84,311,955	103,685,593
Total assets	**84,641,911**	**105,034,652**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

c) Credit risk (continued)

As at 31 December 2022, the Company's non-equity financial assets exposed to credit risk were held with the following ratings:

Financial Assets	Counterparty	**Credit Rating	2022 % of net assets
-Convertible Loan Note	Bilboes Gold Limited	NR*	0.03
-Convertible Loan Note	Black Pearl Limited Partnership	NR*	0.86
-Convertible Loan Note	Futura Resources Limited	NR*	0.16
-Loan Note	Cemos Group Plc	NR*	11.94
-Loan Note	PRISM Diversified Limited Loan Note 1	NR*	0.11
-Loan Note	PRISM Diversified Limited Loan Note 2	NR*	0.35
Cash and cash equivalents	HSBC Bank plc	A+	0.30
Total			13.75

As at 31 December 2021, the Company's non-equity financial assets exposed to credit risk were held with the following ratings:

Financial Assets	Counterparty	**Credit Rating	2021 % of net assets
-Convertible Loan & Loan Note	Azarga Metals	NR*	2.11
-Convertible Loan & Loan Note	Bilboes Holdings Loan Note 1	NR*	1.72
-Convertible Loan & Loan Note	Bilboes Holdings Loan Note 2	NR*	0.33
-Convertible Loan & Loan Note	Silver X Mining Corporation (Previously known as Mines & Metals Trading (Peru) Plc)	NR*	2.37
-Convertible Loan Note	Black Pearl Limited Partnership	NR*	1.23
-Convertible Unsecured Loan Security	Futura Resources Limited	NR*	1.18
-Loan Note	Cemos Group Plc	NR*	9.72
-Loan Note	PRISM Diversified Limited Loan Note 1	NR*	0.08
-Loan Note	PRISM Diversified Limited Loan Note 2	NR*	0.27
Cash and cash equivalents	HSBC Bank plc	AA-	1.03
Total			20.04

* No rating available
**As per S&P

4. RISK MANAGEMENT POLICIES AND DISCLOSURES (CONTINUED)

d) 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 and copper 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 (2021: £1,200) has been paid. The Company may, however, be exposed to taxes in certain other territories in which it invests such as withholding taxes on interest payments and dividends and on realisations of investments.

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 payable for the year ended 31 December 2022 were £118,002 (2021: £126,876) of which £9,659 (2021: £10,638) was payable at 31 December 2022. 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 2022 was £1,160,507 (2021: £1,587,121) of which £69,854 (2021: £122,894) 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"). The Hurdle is the Issue Price multiplied by the shares in issue, increased at a rate of 8% per annum compounded to the end of the relevant Performance Period. In addition, the performance fee will only become payable if there has been sufficient net realised gains. As at 31 December 2022, the Highwater Mark was the equivalent of approximately 94 pence per share with the relevant Hurdle being the equivalent of approximately 163 pence per share.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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

	2022	2021
	£	£
Research fees	35,356	33,910
Regulatory fees	31,286	30,970
Investor services fees	30,781	24,031
Public relation fees	11,520	10,080
Miscellaneous expenses	21,378	4,398
	130,321	**103,389**

9. CASH AND CASH EQUIVALENTS

	2022	2021
	£	£
Cash at HSBC Bank plc	**254,140**	**1,077,482**

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 (2021: 106,453,335) Ordinary Shares outstanding with an additional 700,000 (2021: 700,000) held in treasury. The Company has 9,167 (2021: 9,167) Management Ordinary Shares in issue, which are held by the Investment Manager.

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

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

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. 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:

	2022		2021	
	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	76,122,347	107,162,502
Treasury Shares	(140,492)	(700,000)	(140,492)	(700,000)
Total Share Capital	75,981,855	106,462,502	75,981,855	106,462,502

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

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

The outstanding Ordinary Shares as at the year ended 31 December 2021 were as follows:

	Ordinary Shares		Treasury Shares	
	Amount £	**No. of shares***	**Amount £**	**No. of shares**
Balance at 31 December 2021	76,122,347	106,462,502	140,492	700,000

** Includes 9,167 (2021: 9,167) 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;
- To manage, so far as is reasonably possible and when desirable, any discount or premium between the Company's share price and its NAV per Ordinary Share; and
- To make distributions to shareholders when circumstances permit in accordance with the Company's distribution policy.

The Company has continued to hold sufficient cash and liquid listed assets 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.

10. SHARE CAPITAL (CONTINUED)

Capital Management (continued)

As discussed in the Strategic Report, in August 2015, the Company introduced a share buyback programme with the objective of managing the discount the Company's shares trade at compared with its NAV. The Company has repurchased 700,000 shares at an average price of 20 pence per share through this programme and the repurchased shares are held in Treasury.

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 19, 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, tender offers or otherwise.

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

Reserves

As at the year-end the Company had Revenue Reserves of £8,771,186 (2021: £10,047,160) and Capital Reserves of £(270,193) (2021: £18,769,941).

Under the Companies (Guernsey) Law 2008, the Company may buy back its own shares, or pay dividends, out of any reserves, subject to passing a solvency test. This test considers whether, immediately after the payment, the Company's assets exceed its liabilities and whether it will be able to pay its debts when they fall due.

11. RELATED PARTY TRANSACTIONS

The Investment Manager, Baker Steel Capital Managers LLP, had an interest in 9,167 Management Ordinary Shares at 31 December 2022 (31 December 2021: 9,167).

Baker Steel Global Funds SICAV – Precious Metals Fund ("Precious Metals Fund") had an interest in 4,922,877 Ordinary Shares in the Company at 31 December 2022 (2021: 4,922,877). 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. Northcliffe Holdings Pty Limited holds 12,452,177 shares (2021: 12,452,177) and The Sonya Trust holds 12,637,350 shares (2021: 12,722,129).

John Falla purchased 60,000 shares in the Company on 10 November 2022.

The Company's associates are described in Note 13 to these financial statements.

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

	2022 £	2021 £
Management fees	1,160,507	1,587,121
Directors' fees	129,489	115,000

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

	2022 £	2021 £
Management fees	69,854	122,894
Directors' fees	-	28,750

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

12. NET ASSET VALUE PER SHARE AND GAIN PER SHARE

Net asset value per share is based on the net assets of £84,482,848 (31 December 2021: £104,798,956) and 106,462,502 (31 December 2021: 106,462,502) Ordinary Shares, being the number of shares in issue at the year-end excluding 700,000 shares which are held in treasury. The calculation for basic and diluted NAV per share is as below:

	31 December 2022 Ordinary Shares	31 December 2021 Ordinary Shares
Net assets at the year-end (£)	84,482,848	104,798,956
Number of shares	106,462,502	106,462,502
Net asset value per share (in pence) basic and diluted	79.4	98.4
Weighted average number of shares	106,462,502	106,462,502

The basic and diluted loss per share for 2022 is based on the net loss for the year of the Company of £20,316,108 and on 106,462,502 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

The basic and diluted gain per share for 2021 is based on the net gain for the year of the Company of £1,307,557 and on 106,462,502 Ordinary Shares, being the weighted average number of Ordinary Shares in issue during the year.

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

13. INVESTMENT IN ASSOCIATES

The interests in the below companies are for investment purposes and they are deemed associates by virtue of the Company having 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	24.59%	Yes
Bilboes Gold Limited	Mauritius	24.16%	No*
Nussir ASA	Norway	12.12%	Yes
Futura Resources	Australia	26.94%	Yes
Tungsten West Plc	England and Wales	16.10%	No**
Silver X Mining Corporation	Canada	12.46%	Yes
Polar Acquisition Limited	British Virgin Islands	49.99%	Yes
Azarga	Canada	31.33%	No

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.

*Retired from the board on 6 January 2023
**Retired from the board on 13 March 2023

14. SUBSEQUENT EVENTS

On 6th January 2023, Caledonia Mining Corporation Plc acquired all the shares of Bilboes Gold Limited. The Company received a 1% net smelter royalty over future production from Bilboes' project area and shares in Caledonia. The expected transaction was taken into account in the valuation of Bilboes at 31 December 2022.

There were no further events subsequent to the period end, not already disclosed in the Annual Report and Accounts, that materially impacted on the Company that require disclosure or adjustment to these financial statements.

15. APPROVAL OF ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS

The Annual Report and Audited Financial Statements for the year-ended 31 December 2022 were approved by the Board of Directors on 21 April 2023.

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 2022 the LLP as Investment Manager paid fixed remuneration to members and those identified as AIF code staff of £437,346. Variable remuneration amounted to £2,225,935. 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 2022. 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 £2,662,740.

The total AIFM remuneration attributable to senior management was £2,662,740. 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

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

DFS – A Definitive Feasibility Study is an evaluation of a proposed mining project to determine whether the mineral resource can be mined economically. A DFS is the basis for detailed design and construction of a project and determines definitively whether to proceed with the project. Detailed feasibility studies require a significant amount of formal engineering work, with costings accurate to within 10-15%. The definitive feasibility study will be based on indicated and measured mineral resources.

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.

OCI – Other comprehensive income

PEA – Preliminary Economic Assessment

SORP – Statement of Recommended Practice issued by The Association of Investment Companies dated November 2021

UK Code – UK Corporate Governance Code published by the Financial Reporting Council in July 2018.