



## BAKER STEEL RESOURCES TRUST LIMITED

(Incorporated in Guernsey with registered number 51576 under the provisions of The Companies (Guernsey) Law, 2008 as amended)

12 April 2023

**LEI: 213800JUXEVF1QLKCC27**

### 31 March 2023 Unaudited NAV Statement

#### Net Asset Value

Baker Steel Resources Trust Limited (the "Company") announces its unaudited net asset value per share at 31 March 2023.

Net asset value per Ordinary Share: 76.8 pence.

The NAV per share has decreased by 3.6% versus the unaudited NAV at 28 February 2023 largely as a result of a reduction in the carrying value of Polar Acquisition Limited as outlined below.

The Company had a total of 106,462,502 Ordinary Shares in issue with a further 700,000 shares held in treasury as at 31 March 2023.

#### Investment Update

The Company's top 10 investments were as follows as a percentage of NAV:

	31 March 2023	31 December 2022 <sup>†</sup>
Futura Resources Ltd	27.7%	26.7%
Cemos Group plc	23.4%	22.0%
Caledonia Mining Corporation Plc	11.4%	8.9%*
Bilboes Royalty	7.0%	6.7%*
Kanga Investments Ltd	5.7%	5.4%
Silver X Mining Corporation	5.6%	5.2%
Tungsten West Plc	4.0%	5.2%
Nussir ASA	3.9%	4.0%
First Tin plc	3.0%	4.6%
Polar Acquisition Ltd	1.3%	4.9%
Listed Precious Metal Shares	3.2%	2.4%
Other Investments	3.5%	3.8%
Net Cash, Equivalents and Accruals	0.3%	0.2%

\*pro forma

<sup>†</sup> to be updated on change to valuation of PAL in final audited accounts

#### Polar Acquisition Limited ("PAL")

Upon consideration of the terms of a recent transaction which provides more up to date information regarding the market view

of Russian risk, your Company has reviewed the carrying value of its holding in PAL. This investment holds a net smelter royalty over the Prognoz Silver Project in far eastern Russia owned by Polymetal International plc. Polymetal recently provided a positive report that the development of Prognoz is on schedule and mining is due to start in late 2023 and ore will then be trucked to its concentrator at Nehzda in early 2024. First revenues are expected to be generated in the second quarter of 2024.

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 that have arisen since the outbreak of hostilities in the Ukraine and appreciates that the situation is continually changing. It is not possible therefore to predict with any degree of confidence the likely situation in the second half of 2024, when we would expect the first royalty payment to be made. Despite the underlying Russian operating company acknowledging that it has a contractual obligation to pay the royalty, the taxation 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.

Given the recent transaction and these uncertainties, a further provision has been made against the value of the royalty. This has reduced the carrying value of PAL by 75% in addition to the approximate 50% reduction made during 2022. As a result, PAL is now valued at approximately 2 times the potential annual cashflow from the royalty, should it be received.

This further reduction will be reflected in the NAV for the 2022 audited annual financial statements to be released in April 2023. Naturally, should it become clear that the royalties will be paid in the future, the value of the holding would be reassessed.

#### **Tungsten West Plc ("Tungsten West")**

On 3 April 2023 Tungsten West announced that it is to undertake a restructuring exercise. Consequently, there is to be an interim fundraising of up to £6.95 million through a placing of convertible loan notes and up to a further £2 million via an open offer of ordinary shares to take the maximum raised to £8.95 million. The proceeds of the fundraising will enable Tungsten West additional time to satisfy the conditions for achieving the remaining funding needed to complete the redevelopment of the Hemerdon tungsten and tin mine in Devon, UK. This will include working with the UK Environment Agency to secure the necessary Mineral Processing Facility permit.

Tungsten West recently appointed Neil Cawthorpe, as Chief Executive and he is leading a review of the funding and strategic options which include, inter alia, cost cutting, deferring capital expenditure, selling surplus assets, and raising additional funding from specialist debt providers or strategic investors, or by raising further equity.

The updated feasibility study announced by Tungsten West on 16 January 2023, would potentially position Tungsten West to become the largest tungsten producer in the Western World for this most strategic metal. The Company is currently the largest shareholder in Tungsten West with approximately 16.1% of the issued equity and intends to support Tungsten West in the fundraising. As a result of the fundraising, which was at a 77.5% discount to the closing mid price on 31 March 2023, the price of Tungsten West shares had fallen some 56% on the AIM market as at the close on 6 April 2022.

Further details of the Company and its investments are available on the Company's website [www.bakersteelresourcestrust.com](http://www.bakersteelresourcestrust.com)

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*The Net Asset Value ("NAV") figure stated is based on unaudited estimated valuations of the underlying investments and not necessarily based on observable inputs. Such estimates are not subject to any independent verification or other due diligence and may not comply with generally accepted accounting practices or other generally accepted valuation principles. In addition, some estimated valuations are based on the latest*

accepted accounting practices or other generally accepted valuation principles or standards, some estimated valuations are based on the latest available information which may relate to some time before the date set out above.

Accordingly, no reliance should be placed on such estimated valuations and they should only be taken as an indicative guide. Other risk factors which may be relevant to the NAV figure are set out in the Company's Prospectus dated 26 January 2015.

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