



BRILLIANT KNOWLEDGE

Edison issues review on Baker Steel Resources Trust (BSRT)

London, UK, 1 August 2023

Baker Steel Resources Trust has been affected by the challenging funding environment for mining development projects, especially for single-project junior mining companies. The funding environment led Tungsten West to carry out an interim fund-raising at a depressed valuation. BSRT's key potential NAV trigger for this year remains a possible successful funding by Futura Resources to launch production at its two coking coal mines in Australia. While the fund-raising has again been delayed and the demand for coking coal may be affected by a global economic slowdown, the project's economics remain favourable at current coking coal prices.

BSRT is more than a simple beta play on commodity prices, given its focus on realising the valuation upside from project development and its investment in projects that offer a solid safety margin in terms of an internal rate of return based on consensus price forecasts. The majority of BSRT's current portfolio is held either in producing assets - Cemos, Caledonia Mining Corporation (CMCL), Silver X - where further production ramp-up/expansion offers re-rating potential, or in projects approaching mine construction (eg Tungsten West) and production (Futura Resources) whose valuations may benefit from project de-risking in the case of successful progress. We believe that, once the fund-raising/M&A environment improves, this portfolio may experience several positive NAV catalysts from project progress, leading to a potential asset sale/IPO and/or recurring royalty/dividend streams. Following the expiry of the lock-up on CMCL shares, BSRT is again looking for potential new investment opportunities.

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For more information, please contact Edison:

Milosz Papst +44 (0)20 3077 5700 investmenttrusts@edisongroup.com

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