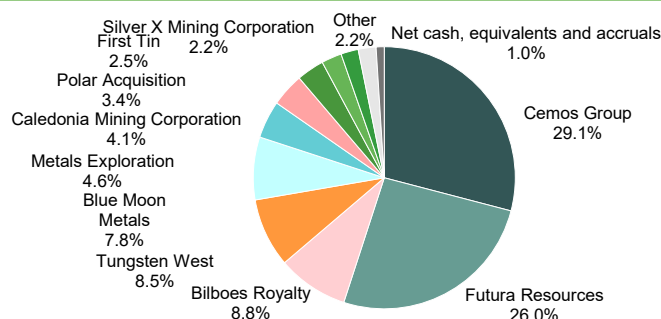


Baker Steel Resources Trust

High interest in assets, 16.4% return in H125

Baker Steel Resources Trust (BSRT) reported a strong monthly NAV uplift of 13.2% in June 2025 (bringing the H125 NAV total return to 16.4%) following its latest interim valuations update, with multiple portfolio drivers across its top 10 assets. Most notable among these was the AIM-listed Tungsten West as its share price rallied by 153% in June, following the designation of its Hemerdon Mine as one of the EU's Critical Raw Materials Act projects (alongside the copper mining project of Nussir, which BSRT holds through Blue Moon Metals). BSRT also benefited from a valuation uplift on the agreed sale of the net smelter royalty in the Prognoz Silver Mine in Russia by Polar Acquisition (PAL). Finally, the trust enjoyed tailwinds from favourable precious metal prices in the valuation of its gross revenue royalty in the Bilboes Gold project in Zimbabwe and holdings in the listed Metals Exploration, Caledonia Mining Corporation and Silver X. BSRT's last closing price implies a 36% discount to its end-June 2025 NAV of 104.4p per share.

Exhibit 1: BSRT's portfolio breakdown as at end-June 2025



Source: Company data

Cemos Group: CCU to come on stream soon

NAV accretion also came from Cemos Group, a Moroccan cement producer, which was positively revalued by 7.7% as the new compact calcination plant (CCU) is now expected to be commissioned in August 2025. The CCU is expected to significantly reduce the company's production costs and facilitate its growth strategy, which includes the development and marketing of low-CO₂ 'green cement'. This will enable Cemos Group to produce its own low-CO₂ and other hydraulic binders (representing up to 70% of production costs), as well as supplementary cementitious materials that can be used in concrete as low-CO₂ binders (see our [site visit note](#) published in October 2024 for details). Furthermore, we note that, based on previous statements made by Cemos Group, the company's second grinding line should be installed in the near term and could lead to a doubling of production. On completion of its two major investment projects, Cemos Group plans to adopt a progressive dividend policy. It is also looking to list on the Casablanca Stock Exchange in the next few years.

Investment companies
Metals and mining

15 July 2025

Price 67.00p
Market cap £71m

Shares in issue 106.5m
Code/ISIN BSRT/GG00B6686L20
Primary exchange LSE
AIC sector Commodities & Natural Resources
Financial year end 31 December
52-week high/low 64.5p 44.0p

Fund objective

Baker Steel Resources Trust is a closed-end investment company aiming to achieve long-term capital growth through investing in equity, loans and related instruments issued by private natural resources companies. It targets a global, concentrated portfolio of 10–20 investments. Its objective is to create value through driving the development of investee companies, as well as exploiting market inefficiencies and pricing anomalies.

Bull points

- Maturing portfolio, with several projects approaching mine construction or production, offering the potential to generate income or exit proceeds.
- Exposed to project development gains; not a simple beta play on commodity prices.
- Some downside protection is provided by BSRT's focus on realising value from project development, valuations based on consensus forecasts for commodity prices and the use of convertible debt.

Bear points

- The uncertain funding environment may delay project progress and/or result in fund-raising at depressed valuations.
- Recent weakness in coking coal prices may affect Futura's production ramp-up.
- High portfolio concentration makes BSRT's performance dependent on a narrow set of assets.

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PAL: An additional NAV kicker that materialised

In our latest [Uncovering Trusts podcast episode](#) on BSRT, we highlighted PAL, in which BSRT holds a 49.99% stake and which owns a net smelter royalty in the Prognost Silver Mine in Russia, as a potential additional NAV kicker. It was largely written off following Russia's invasion of Ukraine and the subsequent sanctions on Russia. While the previous owner of the mine, the Kazakhstan-based Solidcore Resources (formerly known as Polymetal International) sold its Russian assets (including the Prognost mine) to Mangazeya Plus in 2024, the obligation to make the royalty payments to the trust remained with Solidcore Resources. On 2 July 2025, BSRT announced that PAL had signed a binding agreement to sell its royalty to a private Omani company for US\$11m (or its euro equivalent on closing at the buyer's election). PAL received the sale proceeds on 11 July and, accordingly, BSRT revalued its PAL holding to US\$5.16m (for end June) compared to its end-May 2025 carrying value of US\$1.24m.

Tungsten West: Could supply 20% of global non-Chinese tungsten

In May 2025, Tungsten West announced the conclusion of its development and economic plan to restart mining operations at the tungsten-tin Hemerdon Mine in Devon and released associated summary economics, resources and reserves ahead of the completion of a full updated feasibility study (expected in the next few months). The total financing requirement has been set at US\$93m, as c US\$300m of capital had been already invested previously (mostly before BSRT's acquisition of its stake in Tungsten West). This translates into a net present value of the project at a 7.5% discount rate of US\$190m and an internal rate of return of 29.3%. The project is fully permitted and, once in production, it will provide c 20% of the global non-Chinese supply of primary tungsten. In this context, it is worth noting the export restrictions introduced by China in February 2025 on five critical minerals, including tungsten.

We believe that the designation as a strategic project under the EU Critical Raw Materials Act will support Tungsten West in terms of access to EU-based funding sources and act as a stamp of approval for potential investors from the private sector. Tungsten West expects its fund-raising to be completed by end 2025, with production launch due around 12 months later. The same advantages apply to Nussir, which is part of Blue Moon Metals and also received EU Critical Raw Materials project status in June 2025, and may further benefit from a smoother permitting process, given the raised project profile.

Futura's valuation trimmed amid weak coking coal prices

One weaker spot in terms of interim valuations was Futura, where, despite the overall good progress made by its two coking coal mines in H125 (with both currently ramping up production), the fair value of BSRT's equity stake was reduced by 19% to A\$1.80 per share. The main reasons for this were potential financial risks due to lower than anticipated cash flows during the ramp-up stage and a decline in the valuations of listed peers alongside the recent fall in the price of coking coal. That said, as discussed in our update note in [May 2025](#), Futura secured a US\$15m loan from International Resources Holdings (IRH) to finance Fairhill's production ramp-up. Moreover, BSRT and some other Futura shareholders, representing more than 50.1% of Futura's fully diluted share capital, signed agreements giving IRH an option to acquire their shares at a price of A\$3.15 per Futura share within nine months (ie significantly above the carrying value at which BSRT currently holds its investment). The fair value of BSRT's royalty in Futura was unchanged as lower near-term coal price forecasts were offset by the start of production at Fairhill in April 2025. As the royalty is not covered by the above-mentioned shareholder agreement with IRH, we note that BSRT will still receive a significant recurring income stream from the project in the event IRH exercises its call option.

Blue Moon Metals: Advancing its projects

In March 2025, Blue Moon Metals (which is listed on the TSX Venture Exchange) completed the purchase of Repparfjord Eiendom, a property company that owns and manages land and infrastructure assets in the Repparfjord area, adjacent to Nussir. BSRT highlighted that this provides most of the required infrastructure for the project to be built including a port area with associated ship loading equipment and infrastructure. Furthermore, it mobilised a local mining contractor in May 2025 in preparation for the work, which is expected to provide key inputs for engineering studies that the company in turn expects will lead to a final investment decision for the project in 2026. Blue Moon Metals owns two further

projects, one being a zinc-copper-gold-silver project in the volcanogenic massive sulphide (VMS) deposit in Mariposa County, California, for which it announced its preliminary economic assessment in March 2025 and regulatory approval for the construction of a portal and tunnel. This is to enable underground mineral exploration, with the construction of the decline expected in Q325, supporting a feasibility study within the next 24 months. Another Blue Moon Metals project is a copper-zinc brownfield project involving a VMS deposit in Nordland in Norway, for which it announced a maiden mineral resource estimate in April 2025.

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