

To: RNS
Date: 18 May 2010
From: City Natural Resources High Yield Trust plc

Interim Management Statement

For the Three Month Period from 1 January 2010 to 31 March 2010

Investment Objective

City Natural Resources High Yield Trust plc aims to provide Shareholders with capital growth and income from a portfolio of mining and resource equities, resources and industrial fixed interest securities.

Performance Summary

	For the three month period ended 31 March 2010	For the nine month period ended 31 March 2010	
Total Return			
Net asset value per share	+7.3%	+46.1%	
Ordinary share price	+3.5%	+50.3%	
Composite Index	+11.1%	+57.9%	
HSBC Global Mining Index (sterling adjusted)	+11.0%	+62.3%	
Credit Suisse High Yield Bond Index (sterling adjusted)	+11.4%	+38.5%	
	As at	As at	
Capital Values – 3 months	31 March 2010	31 December 2009	% Change
Net assets (£000s)	£159,616	£149,163	7.0%
Net asset value per share	238.7p	223.1p	7.0%
Share price	195.0p	189.0p	3.2%
Discount	18.3%	15.3%	
Gearing (100 = nil geared position) *	100.0%	106.3%	
	As at	As at	
Capital Values – 9 months	31 March 2010	30 June 2009	% Change
Net assets (£000s)	£159,616	£107,316	48.7%
Net asset value per share -basic	238.7p	170.5p	40.0%
Net asset value per share – fully diluted	238.7p	165.5p	44.2%
Share price	195.0p	132.0p	47.7%
Discount	18.3%	20.2%	
Gearing (100 = nil geared position) *	100.0%	112.5%	

* Gearing = Total assets ÷ Equity Shareholders' Funds

Review for the Period

Quarterly Review:

A quarter of growing conviction, with markets that drifted in January recovering in February and then pushing on in March to leave the Company's net asset value up 7.0 per cent over the period. The share price increased by 3.2 per cent over the same period, as the discount widened a little to end the quarter at 18.3 per cent.

A wide range of commodities showed strength, with gold, the Company's biggest single exposure, particularly strong. The chartists' support level of US\$1,135 per ounce held comfortably and the price continued to press on towards US\$1,200, and that in spite of a renewed dollar strength that was one of the features of the quarter. Soft commodities also prospered, with the Company's holdings in palm oil and rubber (the position recently taken in SIPH proved to be well timed) paying dividends.

The revenue account, in fact, continues to be strong and the Board intends, circumstances permitting, to maintain the Company's record of dividend increases over recent years.

Dividend:

A second interim dividend for the year to 30 June 2010 of 0.62p per share was paid on 26 February 2010 to shareholders on the register on 29 January 2010.

Top Ten Holdings as at 31 March 2010

Company	Country Listing	Percentage of total investments
Extract Resources	Australia	5.7
Kalahari Minerals	UK	5.0
Goldcorp	Canada	3.7
Polar Star Mining	Canada	3.7
REA Holdings ordinary and 9.5% preference Shares	UK	3.0
New Britain Palm Oil	UK and Papua New Guinea	2.6
First Quantum	Canada	2.5
FMG Finance 9.75% 2013	Europe	2.1
Great Panther Silver	Canada	1.8
Neo Material Technologies	Canada	1.6
Total		31.7

Geographical Analysis as at 31 March 2010

Country	Percentage of total investments
Australia	36.2
Canada	25.0
UK	24.1
US	7.1
Europe	4.7
Papua New Guinea	1.6
Hong Kong	1.3
Total	100.0

Analysis of total assets as at 31 March 2010

Sector	Percentage of total assets
Gold and Precious metals – equities	31.1
Other resources - equities	16.4
Uranium - equities	13.4
Corporate bonds	12.0
Convertibles	11.8
Palm oil and rubber	6.9
Rare earth	5.9
Preference shares	2.5
Cash	0.0
Total	100.0

Analysis of Investments by Quotation as at 31 March 2010

	Percentage of total assets
Listed/Quoted on a recognised investment exchange	92.2
Unquoted - convertible into a security quoted on a recognised exchange	5.2
Unquoted - other	2.6
Cash	0.0
Total	100.0

Significant Events or Transactions

A third interim dividend for the year to 30 June 2010 of 0.62p per share was declared on 22 April 2010. This dividend is payable to shareholders on the register on 30 April 2010 and will be paid on 28 May 2010.

The Board is not aware of any other significant events or transactions which have occurred since 31 March 2010 and the date of publication of this statement which would have a material impact on the financial position of the Company.

Daily and Key Information

Further information regarding the Company including the recent share price and the recent monthly fact sheet, can be found at the Manager's website www.ncim.co.uk

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