

**To: RNS**  
**Date: 19 May 2011**  
**From: City Natural Resources High Yield Trust plc**

## **Interim Management Statement**

**For the Three Month Period from 1 January 2011 to 31 March 2011**

### **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**

	<b>For the three month period ended 31 March 2011</b>	<b>For the nine month period ended 31 March 2011</b>	
<b>Total Return</b>			
Net asset value per share	-2.3%	+72.2%	
Ordinary share price	-0.7%	+83.4%	
Composite Index	-2.3%	+31.8%	
HSBC Global Mining Index (sterling adjusted)	-2.9%	+37.7%	
Credit Suisse High Yield Bond Index (sterling adjusted)	+1.5%	+5.7%	
<b>Capital Values – 3 months</b>	<b>As at 31 March 2011</b>	<b>As at 31 December 2010</b>	<b>% Change</b>
Net assets (£000s)	£257,297	£263,706	-2.4%
Net asset value per share	384.8p	394.4p	-2.4%
Share price	341.0p	344.2p	-0.9%
Discount	11.4%	12.7%	
Gearing (100 = nil geared position) *	107.0%	107.1%	
<b>Capital Values – 9 months</b>	<b>As at 31 March 2011</b>	<b>As at 30 June 2010</b>	<b>% Change</b>
Net assets (£000s)	£257,297	£151,109	+70.3%
Net asset value per share	384.8p	226.0p	+70.3%
Share price	341.0p	188.5p	+80.9%
Discount	11.4%	16.6%	
Gearing (100 = nil geared position) *	107.0%	106.5%	

\* Gearing = Total assets ÷ Equity Shareholders' Funds

## Review for the Period

### Quarterly Review:

A quarter marked by consolidation at the net asset value level, with the Company's net asset value per share closing down 2.4% at 384.8 pence.

The reality of political risk for the resource investor was made manifest in the "Arab Spring" upheavals across North and West Africa and the wider Middle East. Gold benefited, and until a credible solution to the sovereign debt crisis is found, the OECD countries return to trend growth and real interest rates start to rise, the case for gold remains compelling. It remains the Company's biggest exposure.

The tragic events in Japan following an earthquake and subsequent tsunami were a reminder of other risks, and the ongoing work to shut down the Fukushima Nuclear Plant has concentrated minds. The Uranium sector moved sharply lower, before recovering a little; the manager remains confident that in the long term nuclear power has an important part to play in providing base load power.

### Dividend:

A second interim dividend for the year to 30 June 2011 of 0.69p per share was paid on 25 February 2011 to shareholders on the register on 28 January 2011.

### Top Ten Holdings as at 31 March 2011

Company	Sector	Country Listing	Percentage of total investments
Kalahari Minerals (Note 1)	Uranium	UK	3.7
Extract Resources	Uranium	Australia	3.6
R.E.A Holdings (Note 2)	Palm Oil	UK	2.6
New Britain Palm Oil	Palm Oil	UK and Papua New Guinea	2.6
Ausgold (Note 3)	Gold	Australia	2.4
Polar Star Mining	Copper	Canada	2.2
Coalspur Mines	Coal	Australia	1.9
Perseus Mining	Gold	Australia and Canada	1.8
Neo Material Technologies	Rare Earth	Canada	1.5
Great Western Minerals (Note 3)	Rare Earth	Canada	1.5
Total			23.8

Note 1 – Includes Kalahari Minerals 10% Cv 31/08/11

Note 2 – Includes REA Holdings 9% Cum Pref and REA Finance 9.5% 31/12/17

Note 3 – Includes warrants

### Geographical Analysis as at 31 March 2011

Country	Percentage of total investments
Australia	41.6
Canada	29.0
UK	17.8
US	5.9
Europe	3.0
Papua New Guinea	2.6
Hong Kong	0.1
Total	100.0

### **Analysis of net assets as at 31 March 2011**

<b>Sector</b>	<b>Percentage of net assets</b>
Gold	27.3
Uranium	10.9
Oil & gas	9.0
Other investments	6.9
Rare earth	6.4
Copper	6.4
Silver	4.7
Palm oil	4.6
Iron ore	4.0
Nickel	0.9
Platinum	0.6
Rubber	0.6
Corporate bonds	9.5
Convertibles	5.7
Preference shares	2.8
Net current assets	(0.3)
<b>Total</b>	<b>100.0</b>

### **Analysis of Investments by Quotation as at 31 March 2011**

	<b>Percentage of total assets</b>
Listed/Quoted on a recognised investment exchange	95.3
Unquoted - convertible into a security quoted on a recognised exchange	1.9
Unquoted - other	3.1
Net current assets	(0.3)
<b>Total</b>	<b>100.0</b>

### **Significant Events or Transactions**

A third interim dividend for the year to 30 June 2011 of 0.69p per share was declared on 19 April 2011. This dividend is payable to shareholders on the register on 27 April 2011 and will be paid on 27 May 2011.

The Board is not aware of any other significant events or transactions which have occurred since 31 March 2011 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](http://www.ncim.co.uk)

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