

Investor Newsletter

Period to: 31 December 2021

Dear Investor,

We enclose the December 2021 update for the PURE Resources Fund.

The Fund returned +0.1% for the month of December, with the early benefits of diversification as well as establishment fees assisting to offset volatility across elements of the portfolio.

We are pleased to report that we paid our maiden distribution. ~1.21 cpu was declared for the Foundation Class and a ~1.00 cpu distribution was declared for the Platform Class. Given the cash generative nature of the portfolio, we expect these to remain a strong feature of the Fund, and once some further diversification is achieved, plan to move to quarterly distributions. We are also excited to announce that the Fund is now closing in on \$60m in FUM. However, with these funds now largely committed, we are likely to undertake further capital raisings over the first half of this year.

We remain optimistic on the outlook for the Fund with respect to catalysts in 1QCY22.

Foundation Class Portfolio Returns (After Fees)

The PURE Resources Fund returned 0.1% in December 2021.

	1 Month	3 Month	6 Month	1 Year	Since inception*
Returns (%)	+0.1%	+1.4%	+4.3%	N/A	+4.3%
St Dev (Annualised %)		4.4%	4.5%	N/A	+4.1%

*After fees and assuming reinvestment of all income distributions

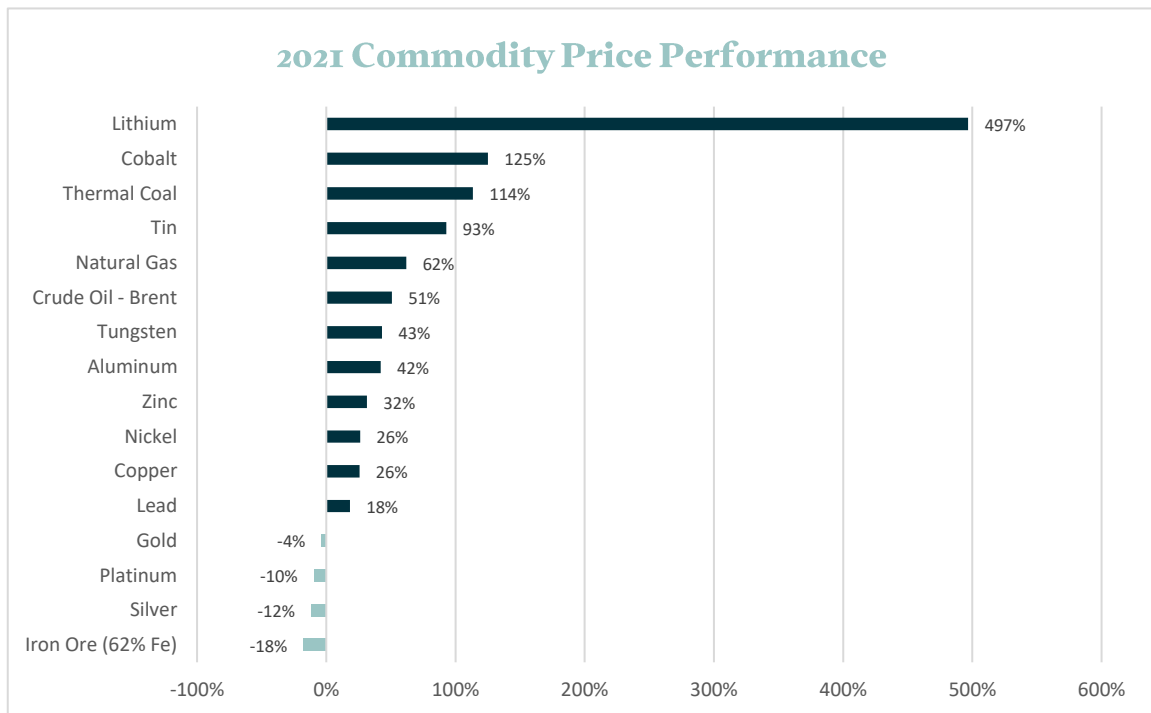
Fund overview as at 31 December 2021

Funds Under Management	\$57.2m
Since Inception Return After Fees – (Foundation Class, Distribution Re-Invest)	+4.3%
Foundation Class Current Unit Price	1.0308
Total Distributions Paid After All Fees (Foundation Class)	+1.2 cpu
Total Committed Capital	>\$60.0m
Number of Investments	5
Average Loan Size (post-deployment against current binding commercial terms)	\$8.4m
Weighted Average Portfolio Interest Rate (post-deployment)	10.8%
Total Establishment /Arrangement Fees Paid into the Fund (Gross)	\$0.9m

Chart of the month

2021 was a stellar year for many commodities. Supply constraints were a serious issue across the globe, whether that was due to COVID, redomiciling of supply chains, geo-political reasons or even a lack of financing; broadly everything rose strongly. Although we don't expect 2022 to be quite as strong, we feel the best plays surround gold, energy and critical minerals.

- **Lithium:** Clearly the big mover of 2021 was Lithium. The question remains, where does this now go over 2022?
- **Energy:** Oil and Coal showed strong rises, following on from sharp falls over 2020 (COVID). Serious supply constraints have driven these higher and clearly demand is not slowing. Nonetheless, the best cure for high prices.....is high prices (it attracts new supply).
- **Battery Metals:** Tin, Copper and Nickel showed solid gains as demand grows. Viable resources are harder to come by and may lift the cost curve into the future, further supporting prices.
- **Critical Minerals:** A key focus for us moving forward will be critical minerals. Tungsten prices rose 43% during the year, supportive of our investment in G6 Metals (G6M.ASX). As global supply chains shift away from China, we expect much greater activity and price support for these types of minerals.



Deal flow

With our initial capital nearly fully deployed, we expect to be raising additional capital in the coming months. If you would like to invest in the PURE Resources Fund, or add to your current investment, please contact Jean-Luc Corelli at jlc@puream.com.au.

We are in advanced due diligence on several further transactions. All feature respected and high-quality management teams, assets in, or moving into production and exciting equity price catalysts.

We have a significant number of further prospective leads that sit at earlier stages, all requiring additional due diligence. As we have noted previously, our hybrid debt facility has really resonated with the East Coast resources sector particularly strongly. However, inbound inquiries have notably increased in recent weeks, as our profile lifted on the closure of several listed transactions over the back half of 2021. We expect this to continue to build from this point.

Commodity	Location	Loan Size	Interest Rate	Warrant Coverage	Term	Purpose
Mining Services	East Coast, Aus	\$10.0m	12.0%	100.0%	3yrs	Working Capital
Gold	East Coast, Aus	\$10.0m	12.0%	100.0%	3yrs	Project Finance
Hydrogen	East Coast, Aus	\$3.0m	10.0%	100.0%	2yrs	Working Capital

Co-investment opportunities

We also continue to receive a strong level of inbound enquiries from companies whose funding requirements exceed the Fund's capacity for investment. Where this occurs, PURE will look to engage with our network to fund these deals through co-investment. If you are interested to participate in a co-investment deal alongside PURE, please contact Dan Porter at dan@puream.com.au.

Distributions

We are pleased to announce the PURE Resources Fund will pay its first distribution for the period ended 31 December 2021. A ~1.21 cpu distribution was declared for the Foundation Class, and a ~1.00 cpu distribution was declared for the Platform Class. In the coming days, investors will receive their distribution statements from Automic, outlining the distribution received per unit invested. Investors who have elected to reinvest their distribution will have their units reinvested on 1 January 2022. Investors who elected to receive their distributions in cash will receive the payment in the coming week.

While the fund is yet to cycle through a full quarter with all positions paying interest, the fee income and interest received so far has allowed us to declare a small interim distribution for the half year. We anticipate this distribution to increase in the coming six months, as the portfolio is built out further.



Fund Applications - Olivia123

PURE has recently implemented Olivia123 to assist investors with applications for the PURE Resources Fund. Olivia123 is a software product facilitating the online submission of application forms and KYC requirements. We acknowledge that all application processes can be tedious, yet Olivia goes a long way to improving this experience. Please see the relevant link below:

<https://www.olivia123.com/pure-asset-management-pty-ltd/pure-resources-fund---foundation-class.php>

For any assistance with the online application, please contact Jean-Luc Corelli (jlc@puream.com.au).

Follow PURE on LinkedIn

For regular updates from PURE, please click on the link below to follow us on LinkedIn.

<https://www.linkedin.com/company/pure-asset-management>

We thank you for your support.

Dan, Nick, Mike, Tim, and Jean-Luc

Foundation Class Unit Performance History

Month	Unit Price	Return	Distribution Re-Invest unit price
Inception	1.0000		1.0000
May-21	1.0000	0.0%	1.0000
June-21	0.9996	0.0%	0.9996
July-21	1.0018	0.2%	1.0018
Aug-21	1.0004	-0.1%	1.0004
Sep-21	1.0280	2.8%	1.0280
Oct-21	1.0193	-0.8%	1.0193
Nov-21	1.0417	2.2%	1.0417
Dec-21	1.0308	0.1%	1.0429

Platform Class Unit Performance History

Month	Unit Price	Return	Distribution Re-Invest unit price
Inception	1.0000		1.0000
Aug-21	0.9987	-0.1%	0.9987
Sep-21	1.0257	2.7%	1.0257
Oct-21	1.0174	-0.8%	1.0174
Nov-21	1.0397	2.2%	1.0397
Dec-21	1.0309	0.1%	1.0409

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