

Investor Newsletter

August 2021

Dear Investor,

We enclose the June and July 2021 update for the PURE Resources Fund.

We are pleased to announce that the PURE Resources Fund has undertaken its first series of transactions, with three investments either finalised or reaching binding terms in recent weeks. These include: a \$6.5m deployment in Comet Ridge (COI.ASX), a Queensland gas developer; a \$7.0m investment into Peak Minerals, a pre-IPO sulphate of potash project in Utah, USA; and a \$5m investment (in conjunction with the Income & Growth Fund) into Decmil (DCG.ASX), a Perth based engineering contractor. Utilisation is expected in the coming weeks. Management fees have been reinstated in July, after being waiving for May and June.

With the Fund effectively *kicking off* this month, we expect these first transactions to be followed by several others in progress. We apologise for the time it has taken to originate the first series of transactions, but this has been delayed for reasons beyond our control. With an established pipeline now in play, we expect regular deployments to continue. Interest levels among corporates is high and expected to increase further as awareness of PURE's resources solution rises with these initial deployments.

Foundation Class Portfolio Returns (After Fees)

The PURE Resources Fund returned +0.2% in July 2021.

	1 Month	3 Month	6 Month	1 Year	Since inception*
Returns (%)	+0.2%	+0.2%	N/A	N/A	+0.2%
St Dev (Annualised %)		0.4%	N/A	N/A	+0.4%

*After fees and assuming reinvestment of all income distributions

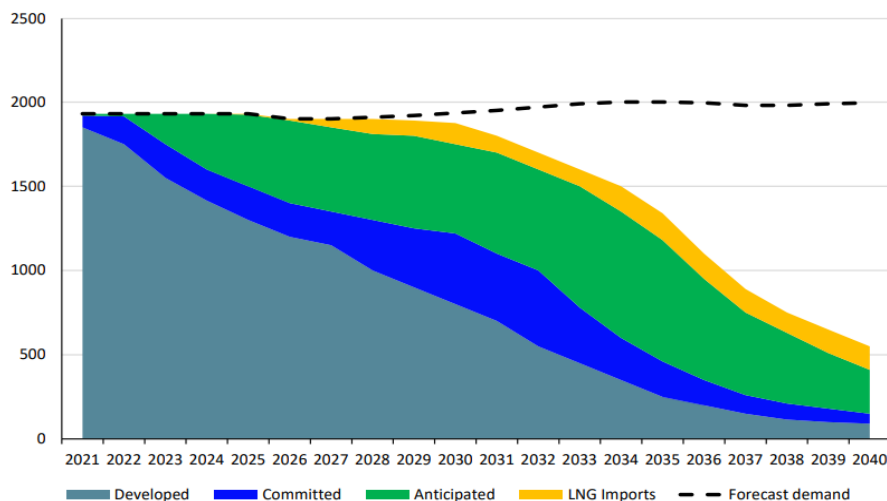
Fund overview as at 31 July 2021

Funds Under Management	\$34.6m
Since Inception Return After Fees – (Foundation Class, Distribution Re-Invest)	+0.2%
Foundation Class Current Unit Price	1.0018
Total Distributions Paid After All Fees	+0.0 cpu
Total Committed Capital	>\$40.0m
Number of Investments	3
Average Loan Size (post-deployment against current binding commercial terms)	\$6.2m
Weighted Average Portfolio Interest Rate (post-deployment)	11.7%
Total Establishment and Arrangement Fees Paid into the Fund (Gross, post-deployment)	\$0.6m

East Coast gas markets face long term structural shortages

Over the last three years, gas reserves in the east coast have declined by around 20%. Long term security of supply on the east coast is becoming a major issue. The ACCC, in its Gas Inquiry Report (2021) states that there should be sufficient supply to meet demand over the next five years, but a significant shortfall could emerge in 2026. In the southern states, NSW and VIC, the situation is more tenuous, with the potential for a shortfall in supply from reserves emerging in 2024. Without substantial project development, Australia would have to move to opening import terminals in NSW and VIC. This would come despite Australia being the world’s second largest exporter of LNG (primarily from QLD and WA).

ACCC Forecast of domestic gas supply vs demand 2021 – 2040



Source: ACCC Gas Inquiry Interim Report, 2021

Could this be Australia’s next major East Coast gas hub development?

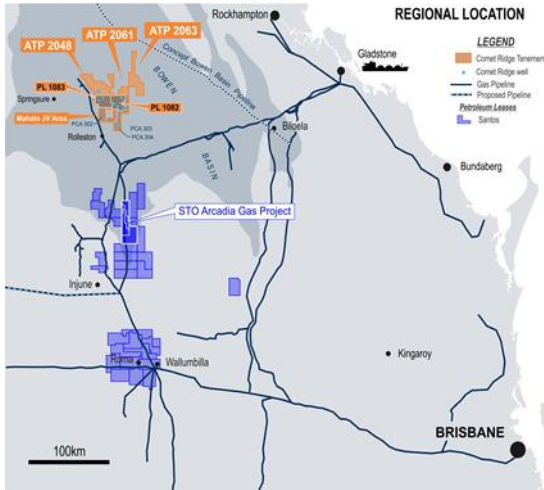
We believe the Mahalo Hub region can be Australia’s next major East Coast on-shore gas development. It also presents an opportunity to Santos; Mahalo is a low-cost project (c\$480m capex) vs its competing Narrabri project (capex >\$3bn) and faces substantially less regulatory burdens and community-based hurdles than Narrabri.

Key features of the Mahalo project include:

- Fully licenced and development ready with petroleum leases and approvals granted;
- Shallow depth and high gas flow rates;
- Low-cost development, with very low water production, resulting in lower capex and opex;
- High gas quality, almost no CO2 (measured at only 0.05%); and
- Close to infrastructure, c.65km connection to GLNG and Jemena pipelines to Gladstone.

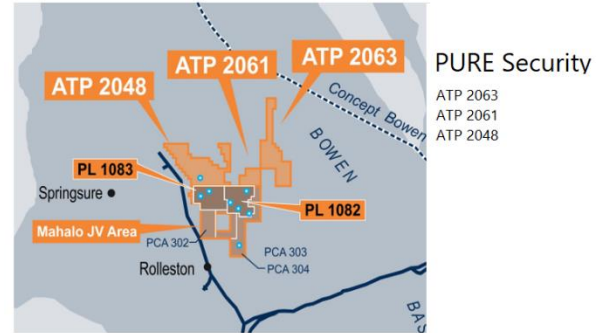
Mahalo Gas Hub Development in Central QLD Project Area

Santos has major assets near to the Mahalo Hub



Source: Comet Ridge, 2021

Initially PURE has security over all the surrounding assets to the JV with Santos. Drawdown of Tranche 2 requires the Company to provide security over the JV area.



Source: Comet Ridge, 2021

With the previously tenuous structure of the JV now resolved, Santos making a substantial (relative to COI) commitment to the project through \$13m in debt funding, and PURE's senior secured position, we're excited to watch the development of this world-class gas asset over the coming 2.5 years – and the associated equity price performance that we expect to follow (NB: PURE will own c.7% of COI equity on conversion of both warrant packages).

Deal flow

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

Commodity	Location	Loan Size	Interest Rate	Warrant Coverage	Term	Purpose
Contract Mining	East Coast, Aus	\$15.0m	8.00%	100.0%	4yrs	Acquisition
Tungsten	East Coast, Aus	\$10.0m	8.25%	100.0%	4yrs	Proj. Fin.
Tungsten	East Coast, Aus	\$5.0m	9.75%	100.0%	3yrs	BFS
Gold	East Coast, Aus	\$10.0m	12.0%	100.0%	4yrs	Acquisition

We remain highly encouraged by the deal flow on offer, as well as the increasing rate of inbound enquiries for our hybrid debt facilities. We continue to believe we are embarking on a highly profitable niche.

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 or 0405 557 824).

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

Platform Class Unit Performance History

Month	Unit Price	Return	Distribution Re-Invest unit price
Inception	1.0000		1.0000

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