

Investor Newsletter

Period to: 31 March 2022

Dear Investor,

We enclose the April 2022 update for the PURE Resources Fund.

The PURE Resources Fund is open for investment.

Foundation Class Portfolio Returns (After Fees)

The PURE Resources Fund returned 4.9% in March 2022.

	1 Month	3 Month	6 Month	1 Year	Since inception*
Returns (%)	+4.9%	+6.2%	+7.8%	N/A	+10.8%
St Dev (Annualised %)		7.1%	6.5%	N/A	5.6%

*After fees and assuming reinvestment of all income distributions. Fund inception 30 April 2021.

Fund overview as at 31 March 2022

Funds Under Management	\$65.6m
Since Inception Return After Fees – (Foundation Class, Distribution Re-Invest)	+10.8%
Foundation Class Current Unit Price	1.0951
Total Distributions Paid After All Fees (Foundation Class)	1.2cpu
Number of Investments	7
Average Loan Size (post-deployment against current binding commercial terms)	\$6.3m
Weighted Average Portfolio Interest Rate (post-deployment)	10.7%
Total Establishment /Arrangement Fees Paid into the Fund (Gross)	\$0.9m

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Portfolio Summary

The Fund returned +4.9% for the month of March in what was a very strong month for performance. This was predominantly driven by strong moves in Comet Ridge and G6 Metals, with some further support seen across the fund. With just c8.5% of the Fund's NAV in equity/warrants, this is very pleasing and a strong endorsement of both our investment strategy and stock selection. April is again looking promising from a performance perspective.

While many of our stocks in the portfolio have meaningful catalysts still on the horizon, the visibility towards these catalysts is starting to become more apparent to the market. Institutional investors are beginning to take more notice, which is a great endorsement for our small cap focus. We think the best is yet to come however, with those catalysts still yet to crystallise, supported by a favourable macro backdrop.

Perhaps more importantly, twin structural tail winds continue to support, that being (1) global supply chain disruption and (2) the reluctance of traditional funders to support mining projects. This is irrespective of short term geo-political fluctuations that are supporting certain commodities (namely energy) at the moment. We don't believe those aforementioned drivers are likely to change anytime soon, if ever.

Not surprisingly given underlying strength in commodity prices, we are seeing increasing levels of inbound inquiry. Our capital offering is building our profile within the market and companies are increasingly keen to work with PURE. With our initial capital almost fully drawn, we will be turning our minds to raising more FUM over the coming month/s. We will be in touch in the coming weeks seeking your support to roll out another year of deals and to take advantage of the growth we see persisting in resources and commodity markets for some time yet.

For commodities, onwards and upwards we say!

Chart of the month

Over the past quarter the rise in commodity prices has become strongly apparent to everyone, not just those keen followers of commodity and resources markets. Commodity prices, on a whole, rose 46% y/y to March 2022. This was the strongest annual rise since 1995.

The S&P GSCI index, a broad barometer for the price of global raw materials, jumped 16% in the first week of March alone, leaving it on track for the sharpest rise on records dating back to 1970. The index is now at its highest level since 2008.

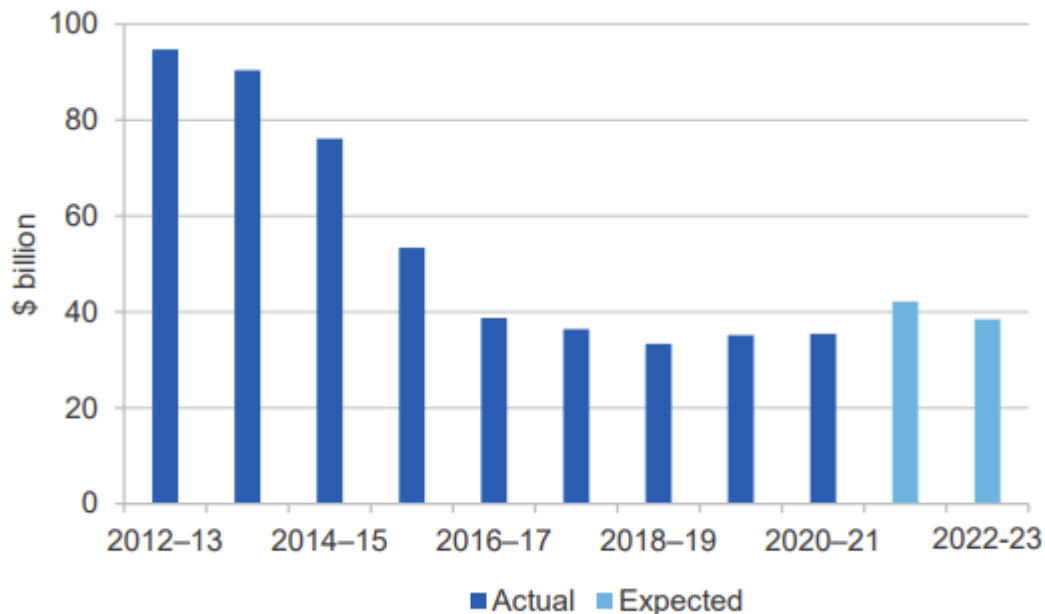
Tensions in Eastern Europe continue to hamper, this, particularly in energy. The old world commodities are having their day in the sun as a result. Surging demand for “Future Facing Metals”, a snappy new term for those metals involved in electrification, is unlikely to unwind, as policy led demand far outstrips raw materials supply.

These are well known phenomenon’s however. So what’s so special about all this?

In the chart below we show current capex levels for Australian mining and energy sectors. Despite all the stories of increasing demand, inflation, supply chain issues and re-domiciling of industry, investment into the resources sector continues to be underwhelming. We think this will catch up, particularly as markets eventually wake up to the returns available. For PURE though, it presents a very compelling runway for growth over the next 3-5 years.

The best cure for high prices....is high prices.

Australian Mining & Energy Capex (Total, A\$bn)



Source: Department of Industry

Deal flow

With most of our initial capital nearly fully committed, 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 months, 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
Copper	East Coast, Aus	\$10.0m	12.0%	100.0%	3yrs	Acquisition & Working Capital
Gold	East Coast, Aus	\$8.0m	11.0%	100.0%	3yrs	Project Finance
Gold	NT, Aus	\$10.0m	12.0%	100.0%	3yrs	Project Finance

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.

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
Jan-22	1.0323	0.1%	1.0444
Feb-22	1.0438	1.1%	1.0561
Mar-22	1.0951	4.9%	1.1080

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
Jan-22	1.0325	0.2%	1.0425
Feb-22	1.0440	1.1%	1.0541
Mar-22	1.0953	4.9%	1.1059

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