

## PURE Resources Fund

Dear Investor,

We enclose the September 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 +3.5% in August 2022.

	1 Month	3 Month	6 Month	9 Month	1 Year	Since inception (Annualised)*
Returns (%)	+3.5%	+2.7%	+13.1%	+14.7%	+19.4%	+14.3%
St Dev (Annualised %)					6.6%	6.1%

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

#### Fund overview as at 31 August 2022

Funds Under Management	\$76.8m
Since Inception Annualised Return After Fees (Foundation Class, Dist. Re-Invest)	+14.3%
Foundation Class Current Unit Price	\$1.1649
Total Distributions Paid After All Fees	2.7cpu
Number of Investments	8
Average Loan Size	\$6.5m
Weighted Average Portfolio Interest Rate	10.7%
Total Establishment and Arrangement Fees Paid to Investors (Gross)	\$1.0m

#### Current Portfolio Exposure

Fixed Income	67.1%
Equity/Warrants	13.4%
Cash	19.5%
Total	100.0%

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## We are actively raising funds

Market conditions have become extremely conducive to PURE's hybrid investment strategy. As such, and with cash near fully deployed, the PURE Resources Fund is actively undertaking a fundraising campaign to capitalise on the opportunity being presented. If you would like to invest with the PURE team, please access the online application form via the Olivia123 link below:



The greatest compliment our investors can give is the referral of friends, family and associates. If you know of other investors who are seeking additional investment opportunities, please feel free to contact us at any time.

## Portfolio Summary

After navigating the turbulence of the June quarter, the fund posted a solid return to performance through August, up +3.5%. The performance was largely driven by Comet Ridge, our best performer since inception. Nonetheless, we aren't getting carried away, with moderation seen across the portfolio over September, particularly for Comet, down -30% from its recent peaks.

Comet was right to take advantage of its recent share price strength and raised \$24m in equity (placement at 17.5cps) on the 7 September, which will assist in further development of the gas hub (East and Far East blocks). This moves the project closer to connection to the under-supplied East Coast network.

Nonetheless, with difficult markets and a lot of new equity on issues, the share price has since been under pressure this will weigh on portfolio performance through September.

Nonetheless, in our view, the Board's decision to raise capital was prudent. The Company is funded to cashflow, and therefore we are largely *off-risk* as the only lender, now that the Santos "vendor loan" is being repaid

The portfolio continues to track well, with reasonably stable equity performance across the remainder of our investments. CYTD performance continues to be strongly positive, up +14.5%.

The near-term production profile of investee companies, as well as our focus on markets with serious supply dislocations (both from under-investment and finding new channels of supply) continues to leave us positive about the near and medium term. Catalysts continue to build, and we are excited about the deal pipe that is unfolding for the second half of this year and the remainder of Year 2. Inbound enquiry rates are high. Our reputation is building. We are engaging with larger, higher profile companies.

We appreciate your ongoing support.

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## Chart of the month

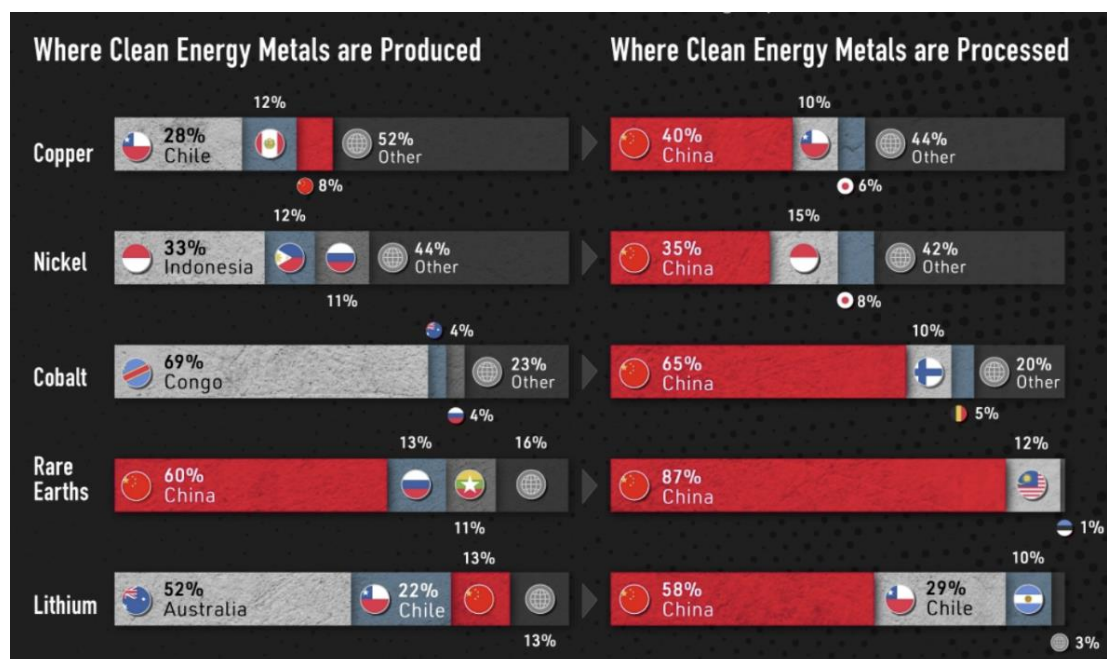
Global supply chains are shifting in response to a number of recent events: COVID lockdowns, access to raw materials and increasingly, sourcing from reliable, and allied trading partners. With global conflicts raging, and access to commodities coming into focus, major Western Economies and corporations are all re-examining how and where they source supply from.

Australia stands to benefit strongly, seen as a safe and reliable place to do business and execute long-term supply agreements, notwithstanding rapid changes to royalty arrangements we see from State Governments from time to time.

Although this comes across the board, where we see major supply issues is in battery metals. It's not that Chinese geology necessarily holds a unique amount of mineralisation; rather it's the processing of raw materials and concentrates in the country that has been subject to such lax and unrestrictive environmental laws that it was far cheaper for the past 30 years to manufacture finished goods here. For example, rare earths manufacturing, integral to the device you are reading this on, is effectively banned in Australia due its environmental impact. Lynas was even forced to Malaysia to process its concentrate products.

The countries will eventually move towards better ways of adding value and processing raw materials in their home markets. Meanwhile the key shift in this will favour commodity prices, particularly those that require extensive refining, such as nearly all those found in the electrification process. Australia does have unique geology in this regard.

In our portfolio, our predominant exposure to this theme is G6Metals (G6M.ASX), which is re-starting the Dolphin Tungsten mine in Tasmania (PURE, \$10m loan, first ranking security, 97% warrant coverage). With its application in a variety of industries, not just electrified ones, expected demand for tungsten from a reliable, allied, Tier 1 jurisdiction is very favourable.



Source: International Energy Agency



## Kingston Resources Limited (KSN.AX)



The Resources Fund announced a new funding partnership with \$40m market capitalisation Kingston Resources Limited ("Kingston") in the first week of July. Kingston is a gold-copper producer with two major assets, with its primary focus moving to Mineral Hill in NSW.

While the gold sector has faced some well reported headwinds over the past six months, namely from cost inflation and access to staff, the good news flow is continuing from Mineral Hill, as the Company expands reserves and looks to scale up production.

The Company released further multiple, positive drilling reports during the month, confirming additional high-grade gold deposits in existing pits shells. Further, the first results were returned from the Jack's Hut zone, with very exciting copper grades uncovered, including strikes of 7.4m at 5.7% Copper, 4.2m at 4.5% and 9.3m at 1.3%. While Kingston has some promising gold production, it is the copper that underpins our investment over the medium and longer term.

In the photograph below, taken from one of the recent assays, our technical partners at Measured Group estimate the copper within this small 20m x 20m sample area and two drill holes could be worth up to c\$10m at current prices.

Copper Assay – Jack's Hut, Mineral Hill



**KSNDH015 - 71.9m: Chalcopyrite vein. Sample interval 71.6m to 72.3m: 5.5% Cu, 0.5g/t Au, 13g/t Ag.**

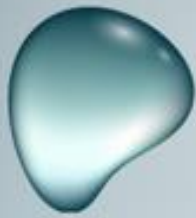
Source: Kingston Resources ASX release

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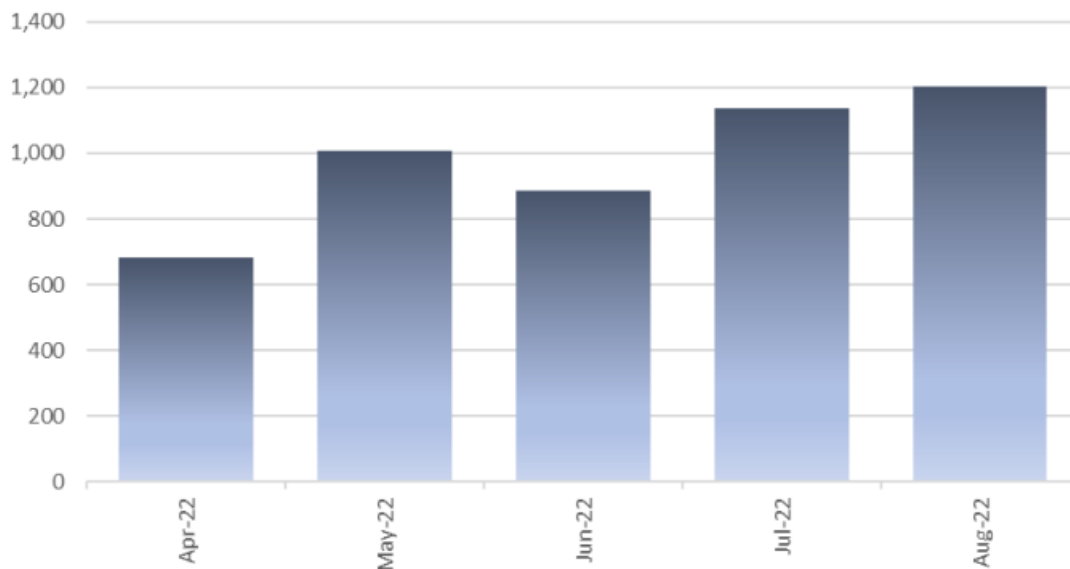
# PURE

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In addition, the tailings recovery is progressing very well, with plant throughput improving, grades lifting and strong positive cash generation both through July and August. Gold production has hit 1,200oz through August, and augurs well for 1Q23 profit performance.

There remains a lot of work to get this asset up to being a mid-tier producer, however with near term cash production and plenty of development prospects, the future looks very promising.

Monthly Gold production – Mineral Hill



Source: Kingston Resources ASX release

## Comet Ridge (COL.ASX)



After a successful drilling campaign at Mahalo North, Mahalo North 1 well has now been capped, with sufficient information gleaned from this to enable reserve estimation, confirm sub-surface modelling and move further towards development of this field.

The company entered a trading halt on 7 September and ultimately raised \$24 million in equity via a placement to institutional shareholders. The equity was raised at 17.5cps, a 10% discount to the trailing 10-day VWAP. The share price did rise rapidly into this raise, however trading since has been soggy and trading at a small discount to the raise price.

The next thing to watch is reserves booking, likely coming late September or October. From here we expect a period of consolidation before we see additional newsflow into additional drilling at year end.

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## **PURE is sponsoring the Noosa Mining Conference**

Following a successful conference in July, PURE has decided to take a more prominent role and become a key sponsor of the Noosa Mining Conference in November (9-11). With demand from resources companies far in advance of available speaking slots in July, the team behind the conference has decided to promote a larger forum in November. Pleasingly Canaccord has come on board as the major sponsor, and given their activity in the resources space, gives the conference a national profile.



Courtesy of our friends at the Noosa Mining Conference, we are delighted to extend an invitation to you to attend the forthcoming Noosa in November Mining Conference, **free of charge**.

The conference will take place at Peppers Noosa from 9-11 November and is available to attend either in-person or online. Register [here](#). In our experience it's best to book early, as accommodation is booked out quickly.

Check out the Program of over 50 presenting companies [here](#), or alternatively click [here](#) for general information about the conference.

We have been regular attendees of the Noosa Conferences over the years and it's a great networking opportunity, as well as a chance to get to Queensland before Christmas and school holidays.

We thank you for your support.

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

## Monthly Returns – After Fees

PURE Resources Fund – Foundation Class													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY21											0.0%	0.0%	0.0%
FY22	0.2%	-0.1%	2.8%	-0.8%	2.2%	0.1%	0.1%	1.1%	4.9%	2.3%	2.6%	-2.3%	13.7%
FY23	1.6%	3.5%											5.1%

PURE Resources Fund – Platform Class (APIR: PUA1097AU)													
Year	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Fin YTD
FY22		-0.1%	2.7%	-0.8%	2.2%	0.1%	0.2%	1.1%	4.9%	2.3%	2.6%	-2.3%	13.4%
FY23	1.6%	3.5%											5.1%

## Unit Price Data Download

Please click on the link below to download the updated unit price data for each unit class.

[PURE Resources Fund – unit price data to 31 August 2022](#)

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