



Investor Newsletter

Period to: 30 September 2022

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 -3.9% in September 2022.

	1 Month	3 Month	6 Month	9 Month	1 Year	Since inception (Annualised)*
Returns (%)	-3.9%	+1.0%	+3.6%	+10.1%	+11.7%	+10.2%
St Dev (Annualised %)					8.2%	7.2%

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

Fund overview as at 30 September 2022

Funds Under Management	\$76.0m
Since Inception Annualised Return After Fees (Foundation Class, Dist. Re-Invest)	+10.2%
Foundation Class Current Unit Price	\$1.1197
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	67.3%
Equity/Warrants	7.9%
Cash	24.8%
Total	100.0%

PURE online application form

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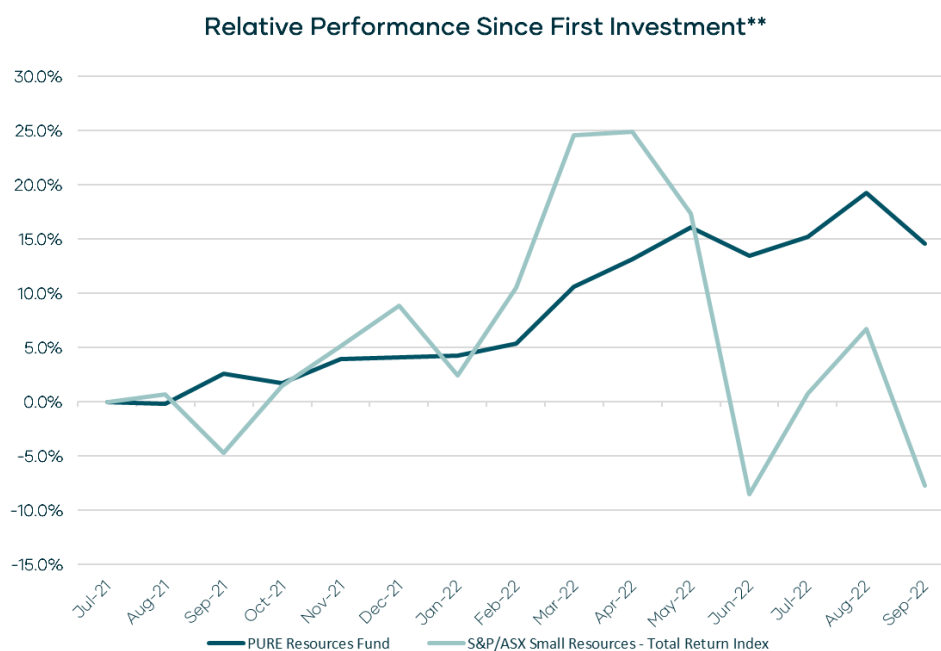
The Fund is open for investment

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.

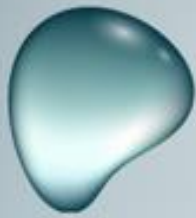
Portfolio Summary



****Fund inception April 2021, first investment made in July 2021**

September was a difficult month in markets, and the Resources Fund suffered accordingly, falling -3.9%. This performance compares well however, versus the small resources index which fell -13.5% over the month. Pleasingly, the fund remained in positive territory for the quarter, rising +1.0% and is up +10.1% calendar year to date.

To date, Comet Ridge has been our best performer and largest component of equity. With the company undertaking a significant \$24m equity raise early in the month, the stock closed down -c38% for the month, just under the raise price of 17.5cps, and consequently fell from



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7.8% of the NAV to 4.4%. Elsewhere we saw no major company specific announcements for the period, however performance remained somewhat lacklustre and reflective of global sentiment and downward moves in resources markets.

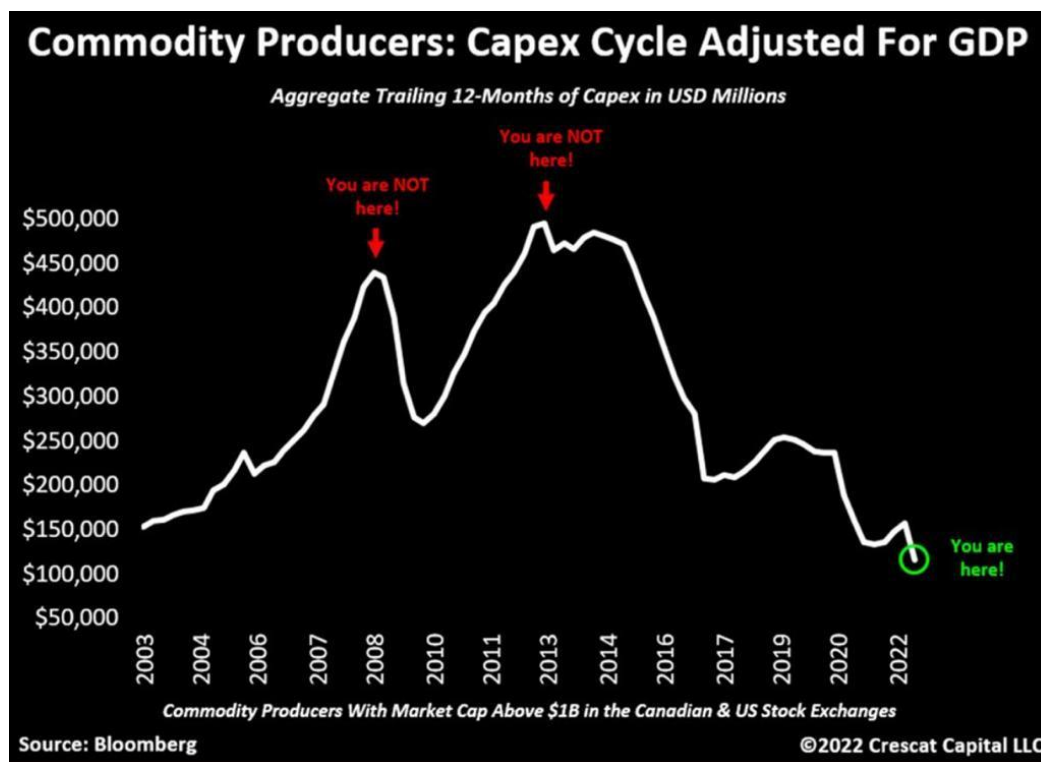
Commodity prices continued to suffer as fears of global recession grew, in conjunction with sharply rising inflation and corresponding lifts in interest rates. On a slightly more positive note, the A\$ is now down -13.0% YTD, and fell -6.0% during September, which does soften the blow of falling prices for producers. However this also reflects the fall in commodity prices more generally, given the A\$ remains a largely commodity driven currency.

Nonetheless, peak negativity appears to be approaching (potentially) and one thing we do know from experience is that corrections do not last forever. What is poignant at this point is that equity as a proportion of the NAV is now less than 8.0%, and we see limited downside risk to returns, despite market choppiness remaining a likely feature.

We appreciate your ongoing support.

Chart of the month

This month's chart paints a compelling proposition and underscores a point that we often make in our marketing. The mining capex cycle is at an incongruous apex: we have seen an incredible amount of exploration dollars being spent in recent years, as a result of rising commodity prices, and yet this has yet to translate into mine development or elicit greater capex spend.



While there are a multitude of reasons for this, for us it comes down the three major explanations:

1. Major mining companies have focussed on returning capital to investors rather than investing in expanded or new production. Institutional investors demanded this to a large extent.
2. Government permitting and environmental processes are becoming increasingly stringent and laborious, and this is causing serious delays (i.e. years, not weeks or months) in commencing new mining developments.
3. ESG policies and attitudes are creating an invalid perception that *all mining is bad*, right at the time when policy settings for those same policies demand greater access to raw materials than at any time in our history.

For us, it continues to suggest that now is the perfect time to be investing into resources projects. While near term risks no doubt weigh on commodity prices, we think ultimately the underlying trend is supportive of our strategy, and ongoing returns over the long term.

Peak Minerals Inc (Pre-IPO)



Peak Minerals Inc. (Peak), which is wholly owned by private equity resources specialists EMR Capital (EMR), is developing the Sevier Playa sulphate of potash ("SOP") project in Millard County, Utah. SOP is a speciality fertiliser, applied in high-value cropping. Our \$10.0m convertible note is funding a revision to the already completed Bankable Feasibility Study (BFS) preceding project finance.

We recently caught up with Management and were very pleased with recent progress. Revisions to the BFS were not hugely material, with construction capex for Phase 1 of US\$345m (original range of US\$330-380m), with Opex per tonne of US\$416/t the biggest lift versus the original estimate of cUS\$346/t. This is the result of inflation impacting early stage construction (steel, labour etc). This delivers a project NPV of US\$361m, versus the original US\$380m.

The BFS is now complete and the company has already launched the next funding round for Front End Design and Engineering (FEED). The company is seeking an additional US\$25-30m to fund this next stage, and will also consider an additional US\$20m (total up to US\$50m) to commence early stage works at Sevier Playa. EMR are expecting to have this process complete by year end and at this stage, appear well on track.

Comet Ridge (COLASX)



PURE AM Director Tim Callan had a great discussion of Comet Ridge (11 October 2022) on Chris Judd's Talk 'Ya Book programme. For a replay, please click here:
<https://www.youtube.com/watch?v=C1rDEEWhAGc>

The company entered a trading halt on 7 September and 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 and a 38% discount to the last close. 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. Nonetheless the company has raised enough equity now to secure development of their 100% owned blocks, payback the SANTOS loan, and leave us the sole lender, and now effectively *off-risk*.

We expect a solid amount of newsflow to continue from Comet in coming months as the quarter progresses. Likely we will see near term updates, including:

- Mahalo North reserves booking, likely coming November. Given the success of the pilot well over the first half of this year, we anticipate this may be a solid share price catalyst.
- Securing long lead time equipment for the next drilling programme which would see two additional wells on Mahalo North and another pilot well at Mahalo East.
- Mobilisation of equipment before year end and before the rainy season in Queensland (Comet Ridge is located between Emerald and Rolleston at the southern end of the Bowen Basin). Comet were successful in doing exactly this last year for Mahalo North and it saved them months of downtime when rains came in Jan/Feb.

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 necessitating further coverage, the team behind the conference has decided to promote a larger forum in November. Pleasingly Canaccord has come on board as the major sponsor. Given their activity in the resources space, this gives the conference a truly 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. Please email jlc@puream.com.au if you would like to attend. 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 Noosa 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%	-3.9%										1.0%

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%	-3.9%										1.0%

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 30 September 2022](#)

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