Tribeca
Global Natural Resources

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ASX Market Announcements
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BY ELECTRONIC LODGEMENT

Tribeca Global Natural Resources Limited (ASX: TGF) – Chairperson's Annual General Meeting Address

There are three matters I would like to talk about today, some of which address questions we have received from shareholders:

- Firstly, investment performance, which will also be addressed in detail by Ben and Todd in their report;
- Then the Investment Management Agreement we have with Tribeca Global Resources Pty Ltd; and finally
- The outcomes of the Board's recent process that considered the merits of the current Listed Investment Company structure versus other available structures.

Investment Performance

Over the 12 months to 30 June 2024, investment performance, measured by changes in post-tax NAV, was down by 6%, taking into account reinvestment of the 5c per share dividend paid in September 2023. This is a disappointing outcome; however, it is pleasing to note that in the four months to 31 October 2024, the post-tax NAV has risen 1.9% and on a rolling 12-month view, post-tax NAV has risen 4% outperforming the MSCI Commodity Producers index by 4.5%, the S&P ASX 200 Materials index by 2.5% and BHP by 8.4%.

The Investment Manager's positioning in base metals, battery metals and precious metals has driven this positive performance. These themes have been discussed in detail in the Investment Manager's Insights, which are published each quarter and illustrate the deep research that goes into sector positioning and stock selection.

The resources sector has not performed well over last few years. Since the start of 2022, the S&P ASX 200 Materials Index is flat and the Bloomberg Commodities Index has fallen 2%. We see a more robust outlook for global growth and expect that the outlook for the sector will be more positive than we have experienced in the recent past.

Further, I would remind shareholders that TGF was created to invest in the resources sector, in full acknowledgement of the inherent volatility of the sector. We have no plans to radically change TGF's founding objectives.

Investment Management Agreement

There have been some questions received regarding the Investment Management Agreement (IMA) the Company has with Tribeca. I would like to make the following points about the investment management agreement:

- The initial term of the IMA is 10 years, ending October 2028;
- It is only after this initial term that the IMA can be terminated without cause by a vote of the Company's shareholders;
- If the IMA is terminated without cause, substantial compensation is payable by the Company to Tribeca; and
- The IMA can be terminated early for certain events including insolvency, changes in key personnel and material default by the Manager.

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We have also received questions from shareholders about the management fee. As outlined in the 2018 IPO Prospectus, the Investment Management Agreement has a two-tiered fee structure, consisting of a Management Fee and a Performance Fee. The Investment Manager is paid a monthly flat Management Fee and is remunerated for performance with a Performance Fee which is subject to a high watermark. Because performance has not exceeded the high watermark in the past year a Performance Fee has not been paid to the Investment Manager for this period.

LIC Structure

We have received a number of questions regarding whether the Company is optimally structured and if a restructure could reduce the discount to net asset value (NAV).

As we disclosed to the market last week, the Board has undertaken a review of potential structural changes available to TGF and concluded that none of the changes would be of greater value to shareholders than the current Listed Investment Company (LIC) structure.

Specifically, a restructure from the close-ended fund structure TGF has today to an open-ended structure would result in:

- Significant transaction costs;
- The loss of the deferred tax asset, which amounts to $14M or $0.18 per share as of 30 June 2024; and
- The reset of the cost base of the underlying positions, which could create future capital gains tax liabilities

In addition to these negative cost implications, restructuring the LIC to an open-ended fund would likely require either a substantial change to the investment strategy or redemption restrictions, neither of which the Board views as positives for shareholders. In particular, one important element of TGF's strategy is the mandate to invest in non-listed securities or investments including, for example, the Kimberley Syndicate Trust, which is a vehicle that holds physical diamonds, as well as convertible notes. Such investments are likely to be impossible or restricted under an open-ended structure.

I would like to stress that the liquidity that a LIC offers shareholders is a key reason this structure was selected when TGF was formed. As the 2018 Prospectus states, TGF's investment strategy provides shareholders with exposure to unlisted and low-liquidity investments that would otherwise be difficult and/or expensive to obtain. The ASX listing provides shareholders with the ability to trade their TGF shares at any time. The drawback is that the market determines the share price of TGF and this can mean that for sustained periods TGF can trade at a discount to underlying NAV.

The Board is critically aware of the persistent discount to NAV that the Company has traded at, and I note every director as well as the Investment Manager are themselves TGF shareholders, holding 6.2% in total of TGF's outstanding shares. The Board has actively implemented a number of strategies to try and close the discount, including:

- Share buybacks;
- $35M capital raising, since which daily turnover of TGF has increased by more than 10%;
- Payment of fully franked dividends;
- Introduction of weekly reporting of estimated NAV; and
- Ongoing engagement with Shareholders and their advisors regarding the presence of and the lack of sound reasoning for the discount.

We have also been asked to consider winding up TGF and returning funds to shareholders. The Board is of the view that for four key reasons this would not be in the best interests of shareholders:

- As Ben and Todd will outline soon in their management report, the resources sector appears to be at or near a cyclical low, and winding up the fund would amount to selling out at the bottom;

- Net tangible asset value may not be immediately realisable because of the nature of the portfolio, which includes illiquid assets, most notably the stake in Kimberley Syndicate Trust which holds physical diamonds. A forced liquidation of these assets could result in a sub-optimal realization of value;
- There would be substantial costs associated with winding up the fund, which would be borne by TGF shareholders. Additionally, it is likely the $0.18 per share deferred tax asset would be lost; and
- Winding up the Company would likely require early termination of the Investment Management Agreement, which as previously noted incurs a significant termination fee, a cost which again would be borne by TGF shareholders.

Finally, I would like to answer the question we have received from a number of shareholders as to why, given the discount to NAV, we have not commenced a share buyback program.

As some of you will remember, TGF undertook a buyback program in 2020. A buyback lets the Company buy our investment strategy for less than 100 cents on the dollar, which is a positive. However, our buyback program did not result in a sustained closure of the discount to NAV. This is the same outcome other LICs that have undertaken buybacks have experienced.

The buyback program also reduced the number of shares on issue and therefore negatively impacted liquidity. We receive consistent feedback from investors and advisors that share liquidity is important. Therefore, the Board is of the view that implementing a share buyback program will not sustainably reduce the discount to NAV and will have negative knock-on effect on share liquidity.

In conclusion, please let me stress that the discount to NAV is a critical issue for the Board and we will continue to assess any initiative that has the potential to close the discount, but we will only pursue options that we believe are in the best interests of all Shareholders.

For any enquiries please contact TGF at TGFinvestors@tribecaip.com.au or by calling the Company Secretary on +61 2 9640 2629.

Authorised for release by the Board of Tribeca Global Natural Resources Limited.