



Dear Partners & Friends,

For the fourth quarter 2023, Ace River Capital Partners, L.P. (the “Fund”) returned 4.44%. Over the same period, the S&P 500 (SPX) and Russel 2000 (RTY) Indexes returned 11.7% and 14%, respectively. With full year for the fund -28.61% vs 24% for S&P 500 and 15.9%

Strategy

My goal is to maintain a concentrated portfolio of small and micro-cap companies with unique advantages and growth potential within their respective industries. The aim is to hold them for the long term. Finding such companies requires significant time and effort. Due to the scarcity of suitable opportunities, constraints on time and resources, and opportunity costs, I will take substantial positions in the companies that meet my criteria and pass my risk/reward assessment. I do not subscribe to wide diversification and only research and follow a limited number of companies deeply. I will not spend much time on a company if I am unwilling to take a substantial position and have the conviction to add to that position on weakness. This approach requires a lot of research and patience. There will be long periods of inactivity with few trades, and I will rarely hold more than 5 companies at a time. I will normally aim to have one short position. The short position will usually target a much larger company than the small and micro-cap companies held as long positions. This strategy accepts short-term volatility in pursuit of higher, long-term, tax-efficient returns.

Top Position

The fund’s top position is RCI Hospitality (RICK). RICK is the only publicly traded owner of adult nightclubs in the US. Currently they own 56 clubs across 13 states and an additional 13 sports-bar restaurants with the “Bombshells” concept that has recently begun franchising. With few municipalities issuing new adult entertainment licenses these businesses function as local monopolies with excellent unit economics. With the construction of two Colorado casinos underway, the long runway of adult night club acquisition targets, the growth potential and spin off value of the Bombshells concept and finally the potential upside of the “admireMe” OnlyFans type website, I expect this to remain my top position for the foreseeable future.

New Position

I have been exploring companies involved in metals and mining, hoping to find an opportunity. I believe I found a company that fits with the strategy and looks to be a perfect fit for the fund in Vox Royalty Corp (VOXR).

Vox Royalty Corp operates in the alternative financing space of mining royalties. Mining royalties are flexible agreements where a company like Vox will provide a one-time payment for a share of

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future revenue produced. These are normally long-term projects and royalty contracts can change hands before the contract begins producing revenue.

This is attractive as an asymmetric risk/reward tied to commodity prices since Vox has a fixed cost and initial investment but will profit more as prices rise or operations become increasingly efficient with many of the contracts.

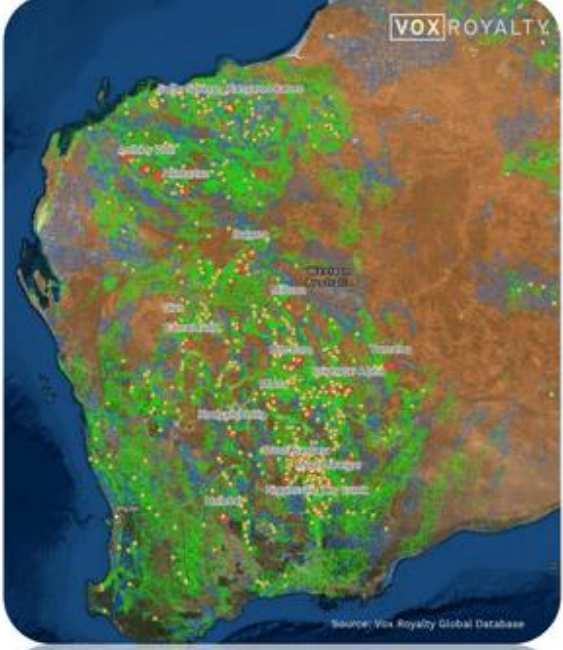
Vox has a proprietary database of information on 8500+ existing royalties.

Proprietary Database

Information edge underpins hidden value

- ❑ Vox's ability to source attractively priced dealflow is underpinned by **its proprietary global database of +8,500 royalties**
- ❑ **Significant innovations deployed** in past 24 months to expand database by +1,000 royalties
- ❑ Database has enabled Vox to **deploy \$47M capital** (as of 30 June 2023) **to build ~\$98M** market capitalization (as of the closing share price on 19 October 2023)
- ❑ Royalty database continues to unlock **bilateral dealflow at competitive prices as low as 0.1x – 0.5x P/NAV**, based on broker benchmarking:
 - ✓ Limpopo 0.05x P/NAV (\$30M NAV)
 - ✓ Bowdens royalty 0.1x P/NAV (\$12M NAV)
 - ✓ Janet Ivy royalty 0.3x P/NAV (\$9M NAV)

*NAVs are based on broker estimates, management calculations and assumptions driven prospecting, in 2023.



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Vox Database (Company Presentation)

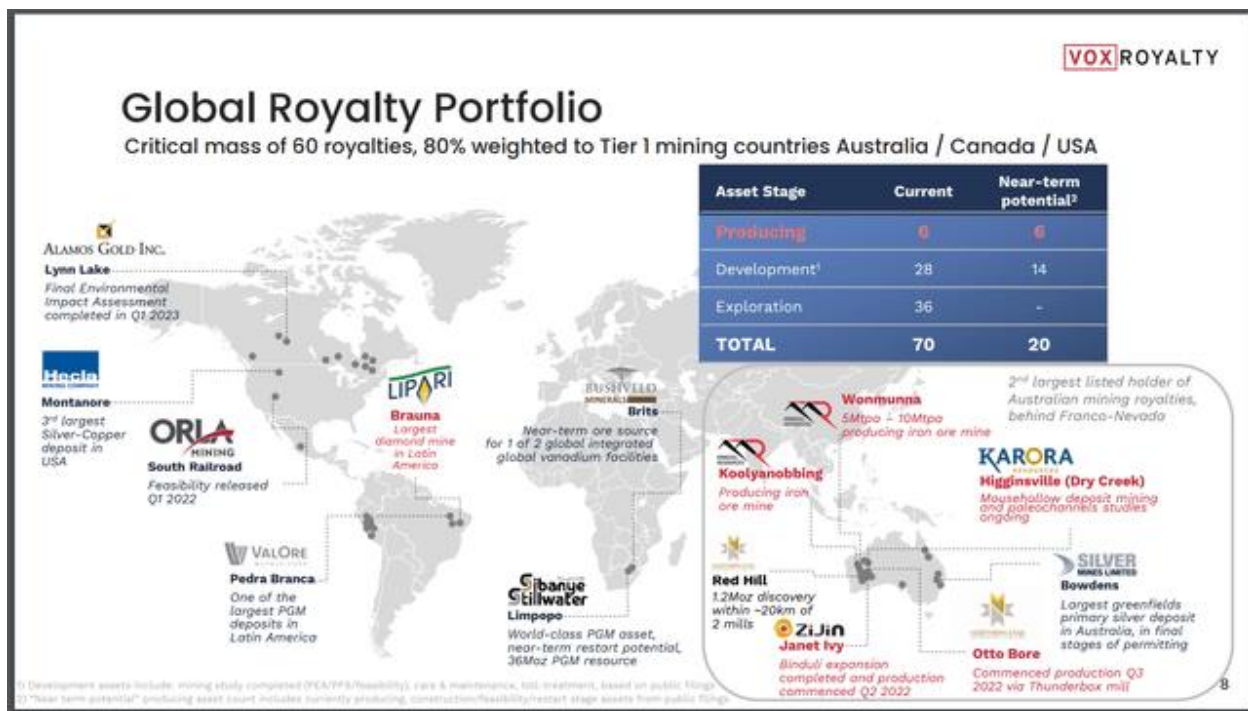
This asset has already shown to be valuable with an IP licensing agreement recently announced.

" TORONTO, CANADA – October 25, 2023 – Vox Royalty Corp. (TSX: VOXR) (NASDAQ: VOXR) (“Vox” or the “Company”), a returns focused mining royalty company, is pleased to announce that it has entered into an Intellectual Property (“IP”) Licensing Agreement (the “IP Licensing Agreement”) with private investment group, Perpetual Royalty IP Holdings LLC (“Perpetual RoyaltyCo”), to potentially unlock value from a non-core subset of royalties within Vox’s proprietary global royalty database. Under the IP Licensing Agreement, Vox grants Perpetual RoyaltyCo access to the coal royalties in Vox’s proprietary royalty database (but not any other commodities), "

" On the successful closing of relevant coal royalty transactions, Perpetual RoyaltyCo will pay Vox a cash transaction fee of up to 3.0% of the asset acquisition price, including any future earn out payments or contingent payments associated with any applicable coal royalty assets acquired. "

This provides an additional source of revenue and upside with no capital requirement. This database should allow Vox to cherry pick opportunities. I also expect Vox to grow relationships within the space and assist companies with structure/creation of royalty contracts for financing and be in a position to take action and efficiently allocate capital long term.

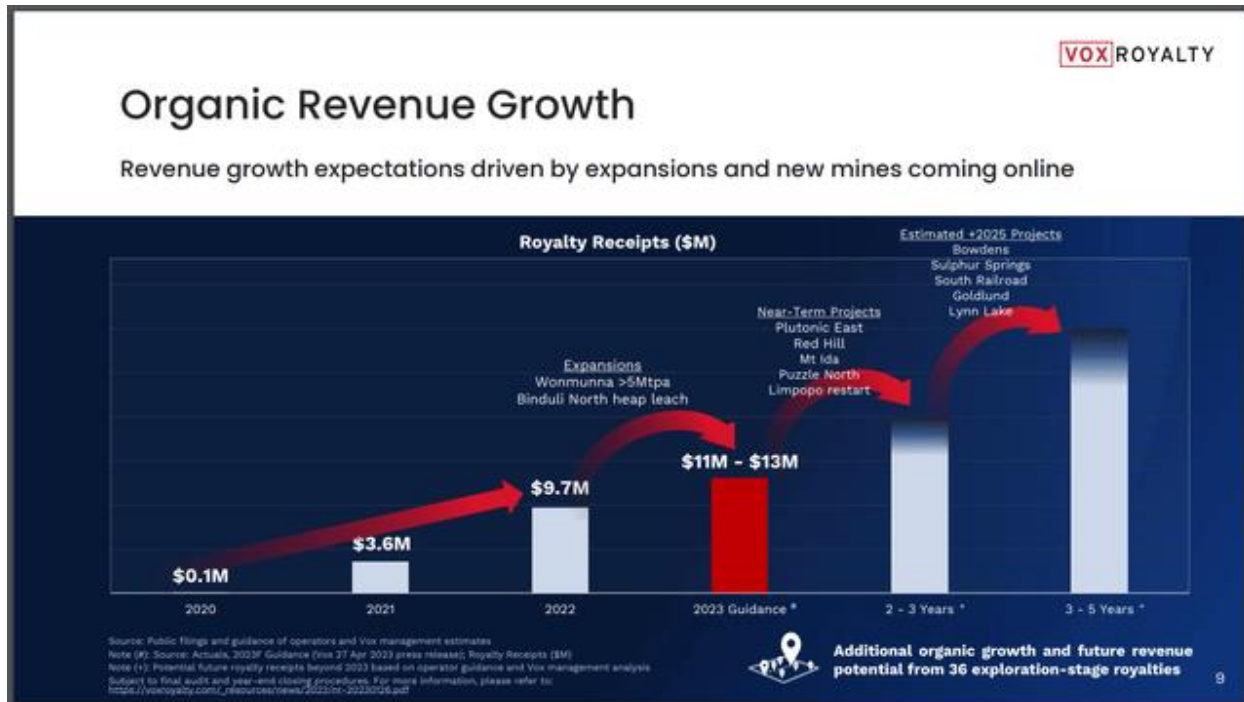
A look at the stages and locations of each royalty.



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Vox Royalties (Company Presentation)

2023 Guidance



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Vox Guidance (Company Presentation)

I have initiated a position and like this business model. I believe mining royalty contracts offer an opportunity to capture upside in commodity prices with less risk than attempting to identify or pick a specific mining company. These contracts and the mining industry/commodity prices in general should benefit from the push towards electric vehicles in addition to inflation or economic expansion. Investing in Vox may also provide some recession protection with its exposure to gold prices. With the company currently paying a 2.65% dividend, I am happy to start building a position as new mines come online.

Fund Positions – In Order of Portfolio Weight

RICK, DSHK, VOXR, HZO

Thank you for reading. Please reach out for any reason.

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