



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

Lowell Resources Funds Management Ltd. ABN 36 006 769 982 AFSL 345674

June 2021

June 2021 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund net asset value ('NAV') per unit finished the month of June at \$1.736/unit (vs \$1.911/unit at 31 May 2021), pre-distribution, representing a 9.2% decrease in NAV over the month. An estimated distribution amount of \$0.1502 per unit was announced (ex date 30 June 2021). The traded unit price of the ASX listed LRT units at month end was \$1.50/unit vs post-distribution NAV of \$1.5856/unit.

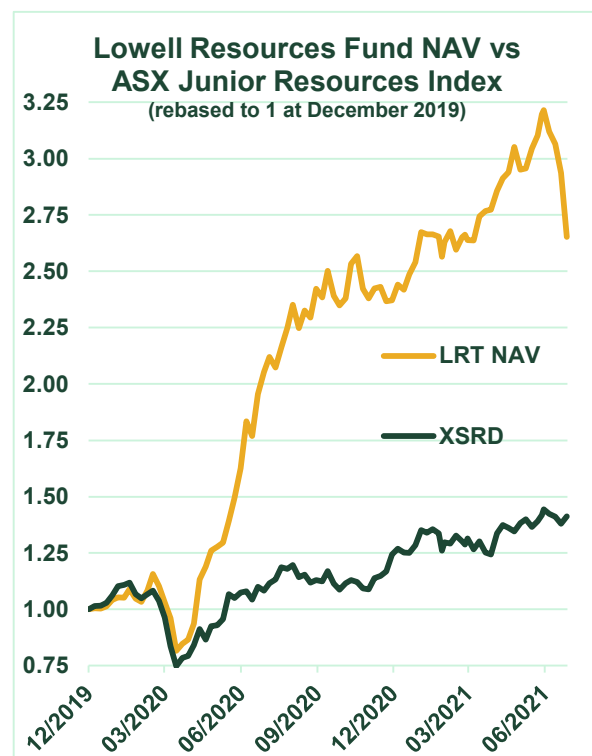
The Fund's NAV at the end of the month was approximately \$48.7 million (pre-distribution) or \$44.5 million (post distribution).

FUND OVERVIEW

Investment Manager	Lowell Resources Funds Management Limited
Managed since	6 February 2004
ASX code	LRT
Income distribution	Annual

FUND SNAPSHOT 30 June 2021

NAV per unit	\$1.7358 (pre distribution)
No. of Units on issue	28,046,614
Market Price (ASX)	\$1.50 / unit
Net Asset Value	\$48.7m (pre distribution)
Estimated Distribution (Ex date 30 June 2021)	\$0.1502/unit
Market Capitalisation	\$42.1m



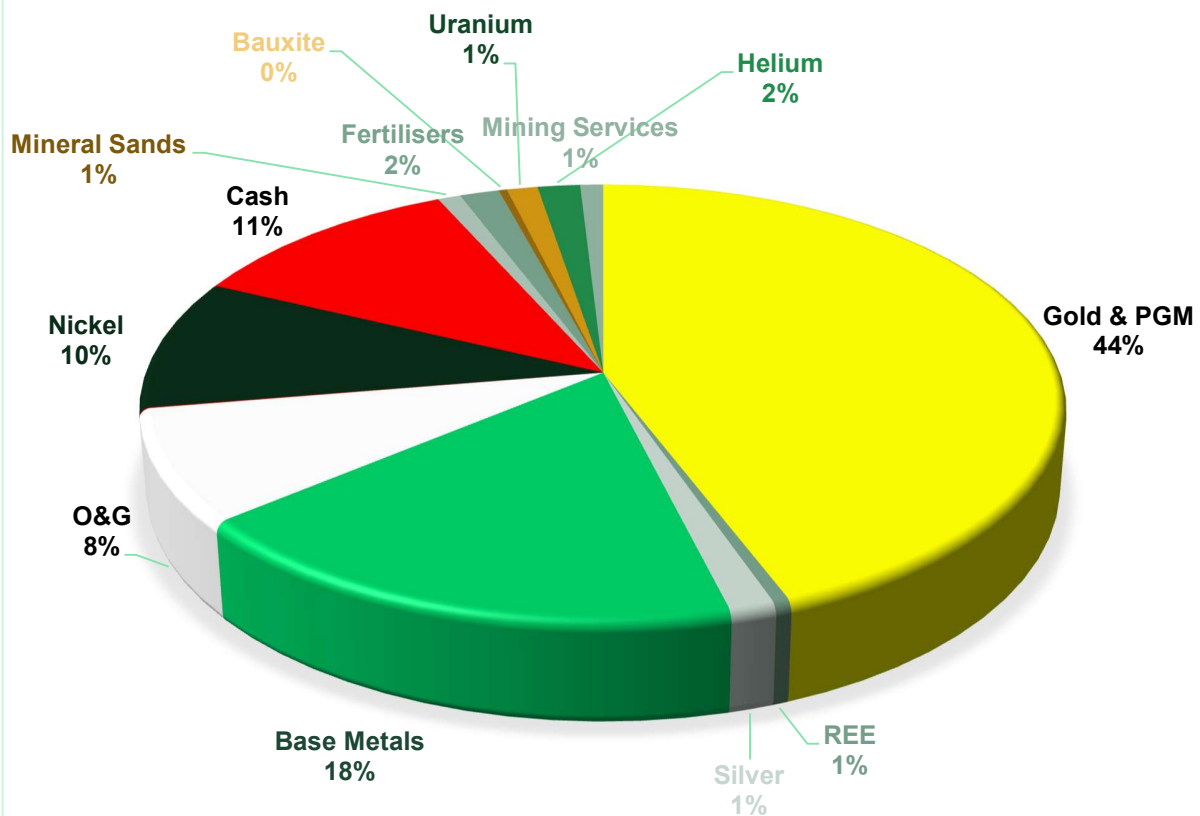
Lowell Resources Funds Management Ltd. LRT

Fund Investment Actions – June 2021

In June, the softening gold price resulted in significant share price weakness in the gold exploration sector. The Fund took advantage of this opportunity by increasing its holding in Newfoundland focused gold explorer Matador Mining (MZZ.ASX), and African focused Arrow Minerals (AMD.ASX).

The Fund also took an initial position in WA focused gold explorer TNT mines (TIN.ASX).

LRF COMMODITY EXPOSURE 30 JUNE 2021



Fund Top Holdings

Musgrave Minerals' (MGV.ASX) announced wide, near surface gold intersections from its 2.6km strike "Big Sky" prospect at its 100% owned Cue project, including 84m at 1.4g/t Au at 1.3g/t Au. On MGV's adjacent Lake Austin joint venture, Evolution Mining intersected basement gold over a 400m strike including 11m at 3.6g/t Au.

Predictive Discovery (PDI.ASX) extended its NE Bankan deposit at depth with intersections including 18m at 3.0g/t Au and 44m at 2.0 g/t Au. The deposit is relatively flat lying and open down dip, providing encouragement that a conceptual open pit will capture a large amount of the mineralization. Meanwhile the Bankan Creek deposit appears to be higher grade on average with results such as 36m at 3.1 g/t Au.

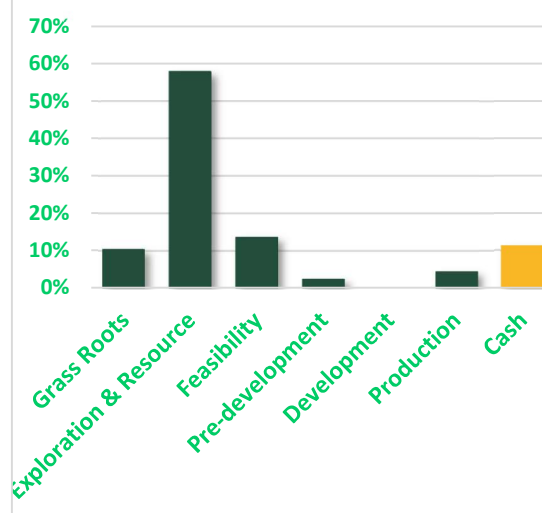
De Grey Mining (DEG.ASX) released the much anticipated initial resource for its Hemi gold project in the Pilbara. The result being a massive 6.8 Moz to bring the overall project resource to 9.0 Moz. De Grey has quoted a finding cost of \$8.50/oz at an average discovery rate of 450,000 oz per month.

Caravel Minerals (CVV.ASX) continued the drill out of its Caravel Copper Project in the wheatbelt of southwest WA, with results including 108m at 0.55% Cu and 136m at 0.33% Cu.

Drilling at **Lefroy Exploration's (LEX.ASX)** 100% owned Burns project in Western Australia visually confirmed extension of the mineralised zone 40m to the north. LEX received a cash payment from Gold Fields of \$1.38m in lieu of Lake Randall JV exploration spend.

Centaurus Metals (GTM.ASX) released the 'value-add' scoping study for its Jaguar nickel sulphide project in Brazil at the end of May. Production of battery grade nickel sulphate is estimated to almost double the post-tax NPV8 to US\$1.1bn.

LRF Portfolio Value by Stage of Project 30 June 2021



Company	Commodity	% of Gross Investments
Cash	Cash	11.2%
Musgrave Minerals	Gold	6.7%
Predictive Discovery	Gold	6.6%
De Grey Mining	Gold	5.7%
Caravel Minerals	Copper	5.7%
Lefroy Exploration	Gold	5.3%
Centaurus Metals	Nickel	5.2%
Genesis Minerals	Gold	5.1%
Talon Metals	Nickel	3.7%
Karoon Energy	Oil & Gas	3.5%

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Performance Comparison – June 2021

Over the past 12 months, the Lowell Resources Fund has outperformed the benchmark. In the 12 months to 30th June 2021, the S&P/ASX Small Resources Index (XSRD) return of 32.3% pa compared to the Fund's 45.9% 12-month change in underlying net asset value per unit (inclusive of distributions and after fees and expenses). The Fund has also outperformed the XSRD, the ASX Resources 300 Index, and the ASX 200 Index over 1, 5 and ten years.

LRT was ranked #1 across the entire LIC/LIT sector in the "Risk-Return Metrics June LIC/LIT Report" (<https://www.rmetrics.com.au/june-2021-lic-lit-monthly-report/>).

Total Portfolio Performance to 31 May 2021	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	45.9%	+32.2%	32.3%	27.8%
5 years p.a.	22.1% pa	+11.2% pa	19.0% pa	11.2% pa
10 years p.a.	12.9% pa	-5.0% pa	3.2% pa	9.3% pa

The LRT.ASX traded unit price at the end of June was \$1.50/unit, compared to \$1.70/unit at the end of May.

Market Notes

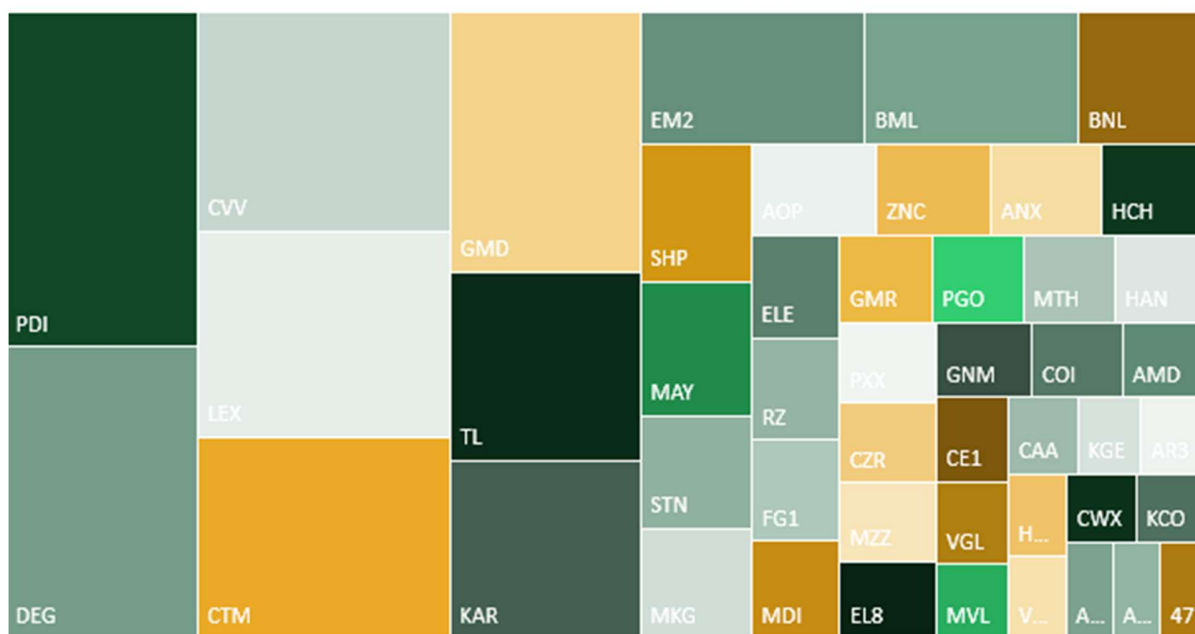
- A pull-back in the gold price dominated the performance of the junior mining sector during June. The USD gold price fell from \$1,900/oz to \$1,760/oz over the month. Northern hemisphere seasonal weakness and increases in US bond yields were contributing factors.
- Sector retracing in the lead up to 30 June on the ASX is also attributed to end of financial year selling. A bounce was seen in the market post FY end.
- Covid-19 finally made its impact felt on Australian gold production, with Newmont's Granites Gold Mine shuttered due to an outbreak.
- Energy prices continued to strengthen. WTI oil prices have risen from below US\$20/bbl (in fact at one point negative) in April 2020 to over US\$70/bbl, primarily due to the unexpected pace of demand recovery, which has exceeded consensus forecasts. Prices are also very strong for LNG and domestic gas.
- Record dividends are predicted from the largest mining houses such as BHP and Rio Tinto, largely due to extreme and persistent iron ore prices. The Chinese government has attempted to contain prices in commodities such as iron ore and copper with crackdowns on 'malicious' speculation and making sales from strategic stockpiles, but with limited effect.
- The number of ASX resources IPO's has surged, with substantial capital being raised. The largest recent IPO was 29Metals, which raised over \$500m for a suite of copper production

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assets. The after-market for these offerings has been mixed: gold IPO's have generally experienced weak investor sentiment due to the softer gold price, while the share price of specialty metals IPO Australian Rare Earths Limited tripled in the days following its quotation.

- Copper finished the month down over 15% from its May highs, despite calls in both the world's number one and two copper producers Chile and Peru to revoke tax stability agreements in order to dramatically boost the government revenue from copper mining in those countries.
- High prices of Platinum Group Metals (Pt, Pd, Rh) have sparked increased thefts of autocatalysts from private and commercial vehicles. Future PGM prices may be further boosted by the growth in demand for hydrogen. Platinum typically has played a significant part in the catalysts used in fuel cells and the electrolysis process for producing hydrogen, as well as palladium, molybdenum and graphite.

LRF Portfolio by Value 30 June 2021



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What is the Lowell Resources Fund? (ASX: LRT)

ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development companies operating in precious and base metals, specialty metals and the oil and gas space. LRFM has a successful 17-year track record managing LRT. An investment in LRT provides investors with exposure to an actively-managed portfolio focused squarely on one of the most rewarding sectors of the Australian, as well as global, share market.

Characteristics of the Fund

Number of investments: 61

Unlisted Investments: 6%

Average Market Capitalisation of Investee companies: AUD\$97 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$238 million

Nature of Fund	Long only, absolute return fund
Investee companies	Junior resource companies, including gold, base and specialty metals, and energy
Investment type	Focus on global listed and unlisted resource equities
Distribution policy	100% of taxable profits distributed annually

WARNING

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