



July 2020

Lowell Resources Fund Monthly Update

Fund Introduction (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.

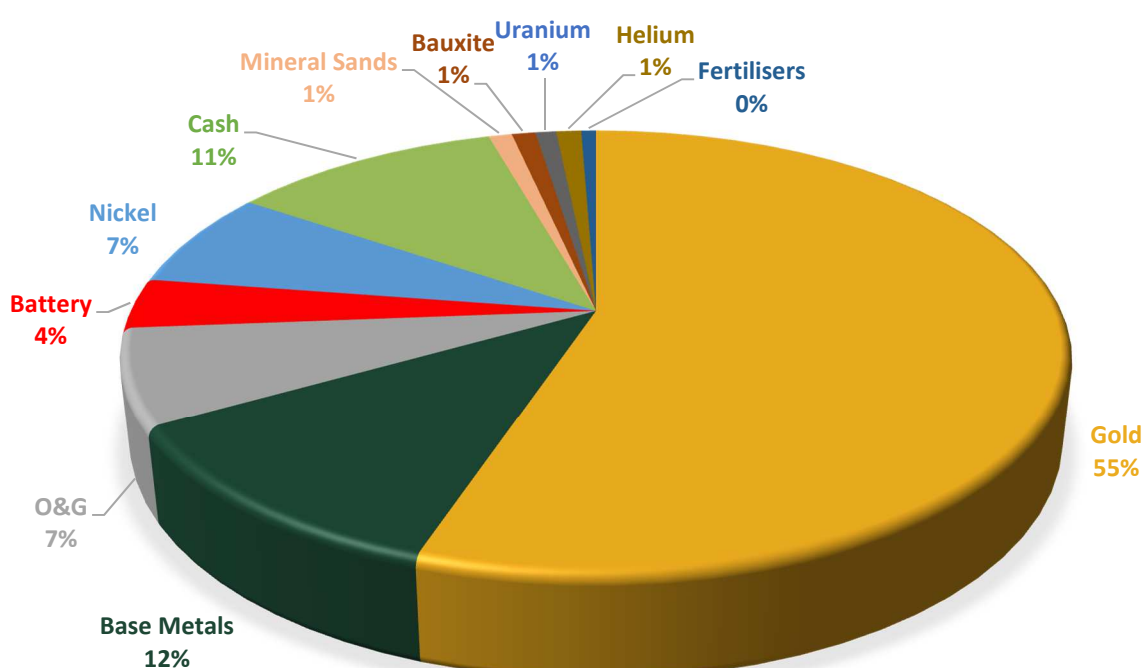
Fund Overview

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

Unit Price Snapshot as at 31 July 2020

NAV per unit	\$1.36
No. of units on issue (including 30 June 2020 DRP)	28,028,458
Market price (ASX)	\$1.105/unit
Net Asset Value	\$38.0m

LRF COMMODITY EXPOSURE 31 JULY 2020





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Fund Performance Summary

- During July, the junior resources sector continued its strong run, particularly supported by gold stocks as the gold price moved into record territory both in USD and AUD. The Fund is heavily overweight this sector. A number of gold stocks in the portfolio appreciated by more than 50% during the month, including Chesser Resources and Graphex Mining.
- Non-precious metals also did well, backed by the strong recovery in Chinese demand, and supply impacts from Covid-19. Nickel players Galileo Mining and Talon Metals' share prices were up 40%+. Pacifico Minerals (Pb-Ag), Antipa Minerals (Cu-Au) and Hot Chili (Cu-Au) were other notable performers in the portfolio.
- By contrast, the O&G sector continues to languish due to bearish demand forecasts as a result of the Covid crisis, although Strata-X and Real Energy share prices rallied on their joint merger announcement.
- The Fund's NAV per unit was \$1.36 at 31st July 2020 (\$1.21 as at 30 June 2020), representing a 12.4% increase in NAV in the month of July.
- Unit price of the ASX listed LRT units at month end was \$1.105/unit, representing an 18.8% discount to underlying NAV.
- The Fund's NAV at the end of the month was approximately \$38.0 million.

Fund Top Holdings

Musgrave Minerals' (MGV.ASX) share price continued to mark new heights, up from 47.5cps at the end of June to 70cps at the end of July on the back of both booming gold prices and ongoing success with the drillbit at MGV's 100% owned Cue gold project in WA.

During July, Guinea (West Africa) focused gold explorer **Predictive Discovery (PDI.ASX)** announced the first round of RC and first diamond drilling results from its NE Bankan gold discovery. The best RC intersection is 99m at 1.2g/t Au, while deeper diamond drilling has returned 153m at 1.51 g/t Au. The discovery has the hallmarks of a substantial deposit. The best discoveries consistently deliver remarkable drill results like this as they progress through drilling stages.

Genesis Minerals (GMD.ASX) closed a \$9.5m rights issue, and embarked on a major drilling program on its new acquisition neighbouring GMD's Ulysses gold project in Western Australia. This drilling program has excellent potential to expand the total project resource beyond the current 1.4 Moz of gold.

De Grey Mining (DEG.ASX) released initial metallurgical testwork on its major 'Hemi' gold discovery in the Pilbara. Whilst headline gold recoveries were high (up to 96%), achieving these recoveries will require the more expensive pressure oxidation method. Subsequently, the market sold-off DEG's stock. It is expected, however, that the ultimate size of the project may more than offset the partially refractory metallurgy.

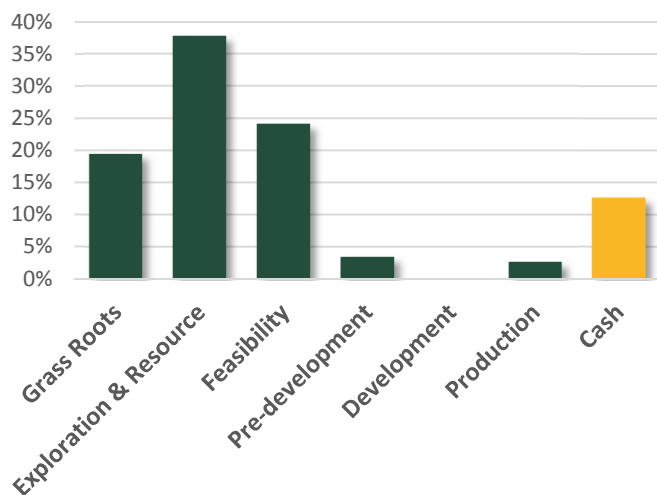
Centaurus Metals (CTM.ASX) raised A\$25.5m to accelerate development at its Jaguar sulphide nickel project in Brazil, containing over 0.5Mt of nickel at a grade of 1.1% Ni. On a gold equivalent basis, this equates to a multi-million ounce open-pittable gold project.



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LRF Portfolio Value by Stage of Project
31 July 2020



Company	Commodity	% of Gross Investments
Musgrave Minerals	Gold	11.7%
Cash	Cash	11.0%
Predictive Discovery	Gold	8.2%
Genesis Minerals	Gold	6.5%
De Grey Mining	Gold	6.3%
Centaurus Metals	Nickel	4.3%
Middle Island	Gold	3.6%
Liontown Resources	Lithium	3.4%
Saturn Metals	Gold	2.8%
Pacifico Minerals	Lead-Silver	2.5%

July 2020 Portfolio Changes

During July, the Fund made counter-cyclical additions to its oil and gas portfolio. The Fund acquired shares in Queensland coal seam gas developer Blue Energy. It also added to its position in Cue Energy, which expects drilling at its high impact Ironbark well offshore WA in October. The Fund also made a substantial on-market investment in Karoon Gas, subsequent to announcements regarding favourable changes to its acquisition of the Bauna project in Brazil, and senior management moves.

In July the Fund's West African gold exposure was augmented with investments including Graphex Mining and Mako Gold. In Australian gold, handsome profits continue to be taken in investments which have delivered circa 10x on invested capital. New investments were made in explorers Zenith Minerals, Gateway Mining and Genesis Minerals.

The Fund increased its exposure to nickel through a placement by Centaurus Minerals, and added to its Talon Metals and Santana Minerals holdings. It also increased its copper exposure through new positions in Eagle Mountain Mining and Caravel Minerals.

Due to continued volatility in global markets, the Fund has maintained a historically high level of cash.



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Comparison Performance

Once again the Fund's NAV rose substantially over the month, up by more than 12%. In the 12 months to 31st July 2020, the Lowell Resources Fund significantly outperformed the benchmark by over 100%. The S&P/ASX Small Resources Index (XSRD) return of -0.4% compared to the Fund's 106% 12-month change in underlying net asset value per unit (after fees and expenses). Over the longer term, the Fund has outperformed the XSRD, the ASX Resources 300 Index, and the ASX 200 Index over 5 and ten years.

Total Portfolio Performance to 31 July 2020	LRT Change in NAV per unit	S&P/ASX Small Resources Index (XSRD.ASX)	ASX Resources 300 Index	ASX 200 Index
12 months	+106.1%	-0.4 %	-3.95%	-10.0%
5 years p.a.	+22.0% pa	+12.6% pa	+11.7% pa	+5.2% pa
10 years p.a.	+14.1% pa	-6.0% pa	+2.1% pa	+7.4% pa

The ASX traded unit price of LRT at the end of the month was \$1.105/unit, compared to \$0.96/unit equivalent at the end of June.

Characteristics of the Fund

Number of investments: 61

Average Market Capitalisation of Investee companies: AUD\$65 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$164 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



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WARNING

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