



**LOWELL RESOURCES
FUNDS MANAGEMENT**

ABN 36 006 769 982



LOWELL RESOURCES FUND

Emerging Mining & Oil and Gas

ASX Listed Investment Trust

August, 2020

Deep value equity fund focused on the junior resources sector





Disclaimer



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Fund Summary



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Characteristics of the Fund

Nature of Fund

- Long only, no gearing fund

Investee Companies

- Junior resource companies, including gold, base and specialty metals, and energy.

Investment Type

- Focus on global listed and unlisted resources equities

Distribution Policy

- 100% of taxable profits distributed annually

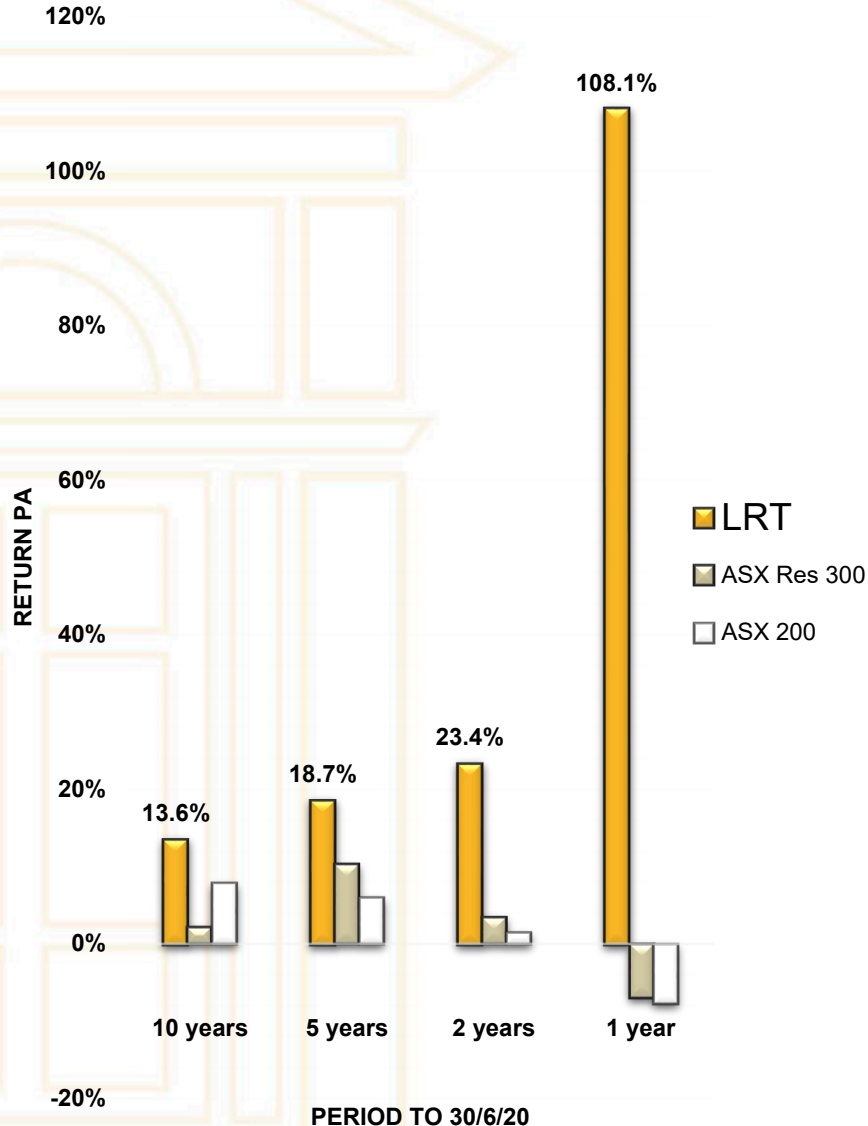


Fund Performance



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Total Portfolio Performance to 30 June 2020	LRT Change in NAV per unit	S&P/ASX Small Resources Index (XSRD.ASX)	ASX Resources 300 Index	ASX 200 Index
12 months	+108.1%	+0.1 %	-7.0%	-7.7%
5 years p.a.	+18.7% pa	+8.9% pa	+10.3% pa	+6.0% pa
10 years p.a.	+13.6% pa	-7.0% pa	2.2% pa	7.8% pa

12 months to 30th June 2020:

- 108% increase in Net Asset Value
- 109% over the ASX Small Resources Index
- 122% over the ASX All Ordinaries Index

¹Unaudited

LRT refers to Lowell Resources Fund NAV per unit, Res 300 refers to the S&P/ASX Resources 300 and ASX 200 refers to S&P/ASX 200 and the years refer to calendar years in the chart. Investment Portfolio Performance includes distributions to unitholders and is net of operating expenses, fees, taxes and interest.



Investment Overview & Objective



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Overview

Lowell Resources Funds Management Ltd (“LRFM” or “The Manager”) manages the Lowell Resources Fund (ASX ticker ‘LRT’) Portfolio, and has a successful track record for over 16 years

The Manager operates through an Investment Committee which incorporates the experience and knowledge of individuals who have direct working experience in the minerals and energy industries, geosciences, broking, banking, and funds management

LRT unitholders are provided with broad exposure to the junior mining and energy sectors in a Portfolio that is actively managed by the Manager in accordance with its investment philosophy and stock-selection criteria

The fund is not frightened to take profits and will realise investments once targets are reached or can no longer be achieved

Investment Objective

- ✓ Maximise absolute returns to its unitholders over the medium to longer term, along with
- ✓ Annual distribution payments of 100% of taxable profits



Fund Summary 30th June 2020



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Overview

Fund size (NAV)	A\$33.2 m
Units on issue	27.4m units
30 June '20 Traded Unit Price	\$0.96
Net Asset Value per unit	\$1.18
Ave Liquidity (per day, June quarter)	8,500 units
Discount to NAV	21%
Number of unit holders	~580

Listing summary

Exchange

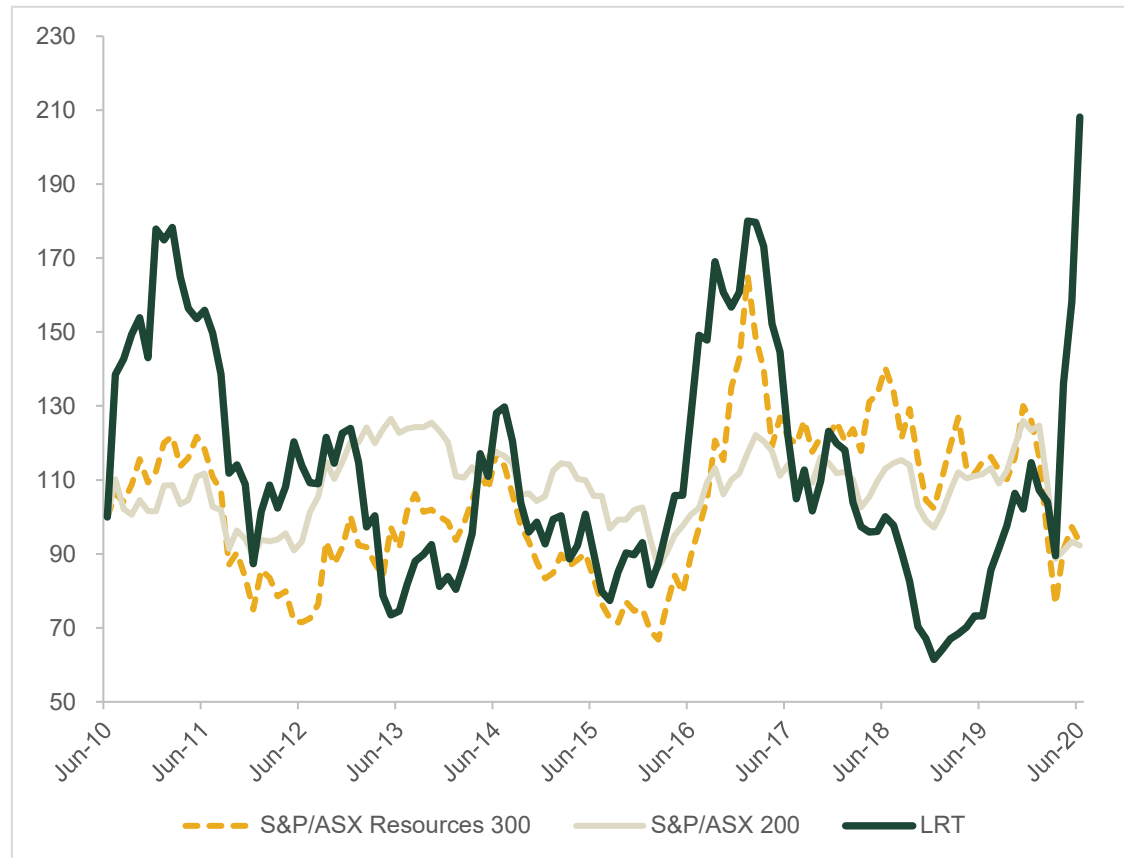
• ASX

ASX Code

• LRT

10 year performance chart

Net of operating expenses, fees, taxes and interest
(to 30 June 2020, indexed at 100)¹



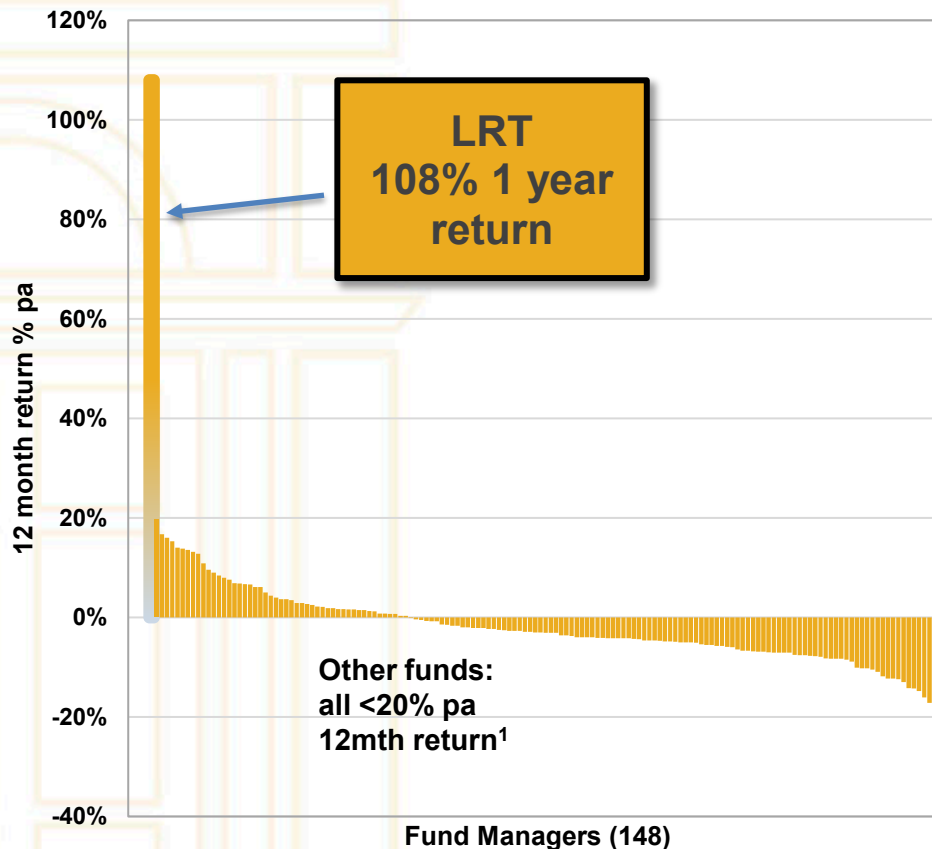
Drivers of Exceptional Performance



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Australian Small Cap Manager Performance 12 months to June 2020



¹ Source Investment Centre a part of Money Management

Driven by Stock Selection

Exceptional Performance

- Outperformance contribution from multiple sources
- Clear diversification compared to other funds
- Uncorrelated to the Market-large, small *and* sectors
- Uncorrelated to other Small Cap managers

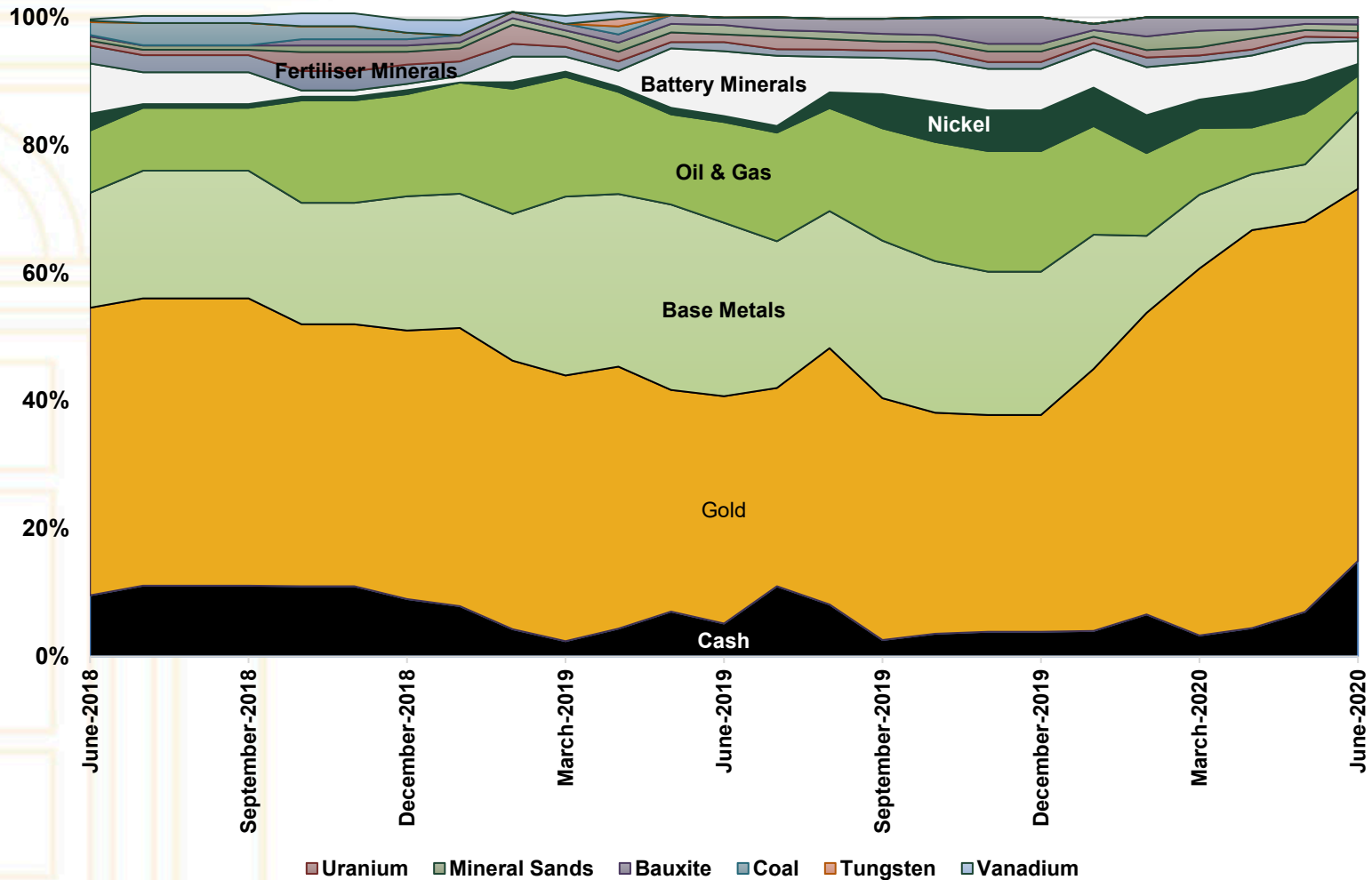


Historic Asset Allocation



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Investment Committee Members



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Stephen Mitchell
Investment Committee Member

Mr Mitchell began his career as a natural resources specialist at investment banks and advisory firms in the US and Australia.

From 1999-2011 he was Managing Director of Molopo Energy Ltd, an ASX-listed oil and gas company which generated a 10 fold increase shareholder value and entered the ASX 200.

Stephen is a partner of Mitchell Peterson Capital Partners, a Melbourne based corporate advisory firm.



Richard Morrow
Investment Committee Member

Mr Morrow is an equity partner with Melbourne-based stockbroker Baillieu Holst and is honorary

Chairman of the Melbourne Mining Club. He has more than 30 years' experience as a sharebroker in Melbourne and in London, with a particular interest in resources. Mr Morrow is a Master Stockbroker with the Stockbrokers and Financial Advisers Association and qualified as an accredited dealer in derivatives. He is a Fellow of the AusIMM.



John Forwood
Chief Investment Officer

Mr Forwood is a trained geologist and lawyer, with experience as an exploration geologist in Australia, and overseas. He spent 17 years in junior resource financing with RMB Resources, including 13 years as a Manager of the Telluride Fund. He also qualified with a major Australian law firm to practice as a barrister and solicitor. He has been CIO of the Lowell Resources Fund since 2016.



Stuart Baker
Investment Committee Member

Mr Baker has a strong local and international reputation for oil and gas E&P company coverage as a senior investment analyst, including 14 years with Morgan Stanley. Mr Baker has also worked in senior research roles with BT Equities and Macquarie Equities. He crossed over to researching listed companies after gaining industry experience with international oilfield services group, Schlumberger.

Top down focus

1

- Macroeconomics
- Equity markets

2

- Market sectors
- Commodities

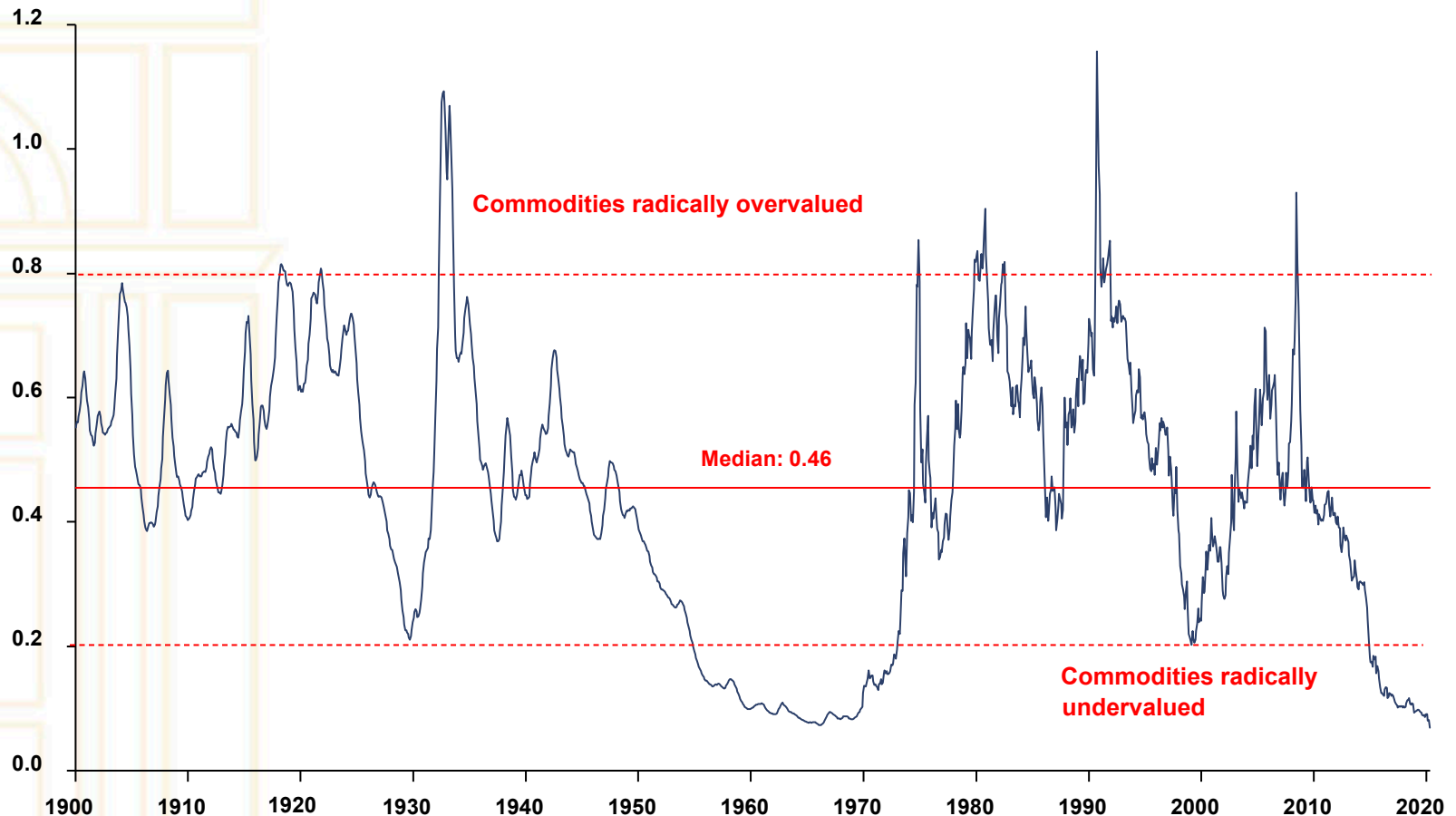
3

- Resource categories
- Individual stocks

Criteria

- ✓ Management
- ✓ Geographic location
- ✓ Geological setting
- ✓ Resource/ Reserve magnitude
- ✓ Grade, metallurgy
- ✓ Stage
- ✓ Infrastructure and market
- ✓ Indicative economics
- ✓ Valuation
- ✓ Timing

Analysis



GSCI Commodity Index / Dow Jones ratio.



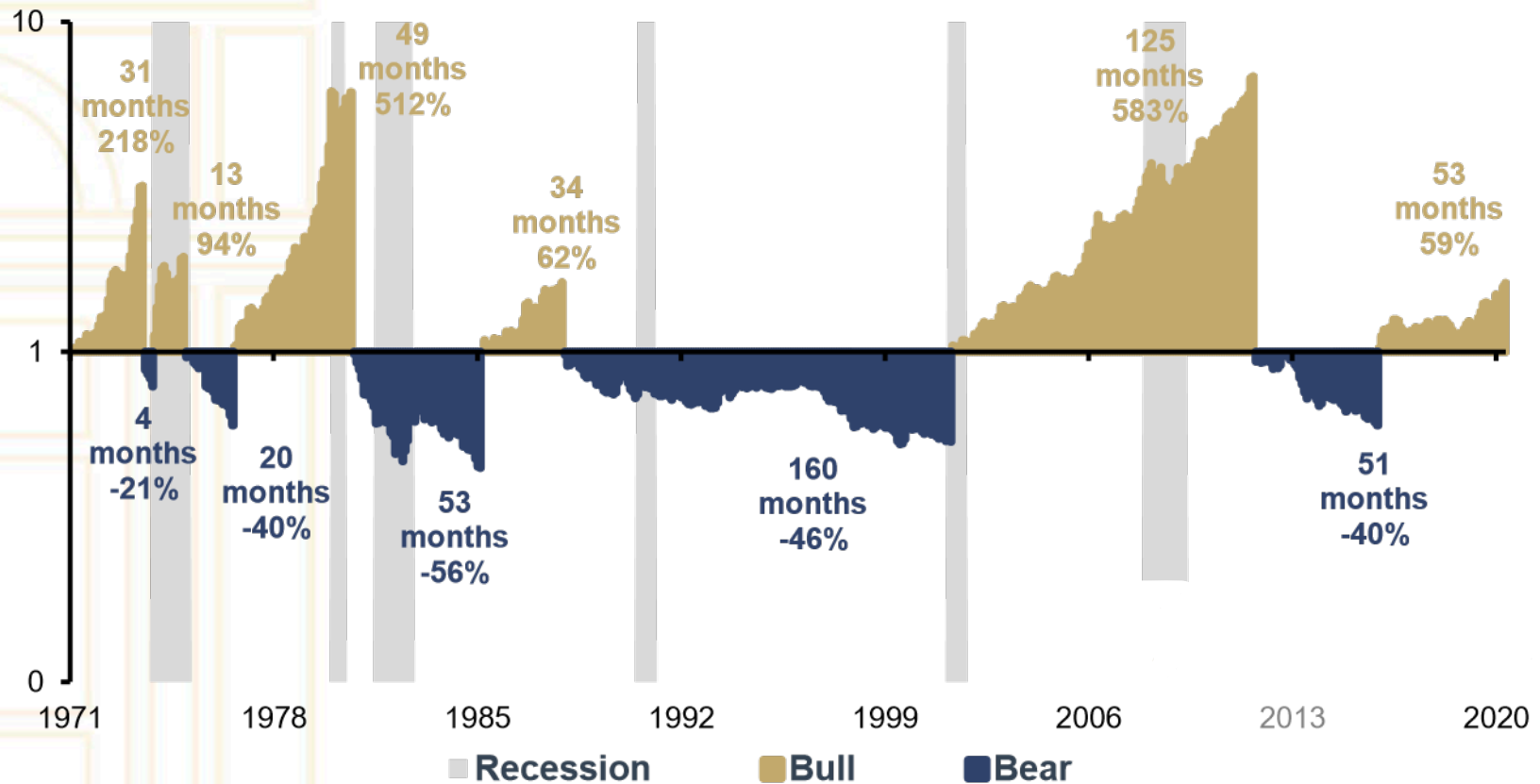
Current Gold Boom: May have only just started



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Gold Booms



Source Incrementum AG



Fed Balance Sheet vs Small Resources



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Analysis

Federal Reserve Total Assets (US\$ trillions) Wednesday Level vs ASX Small Resources Index





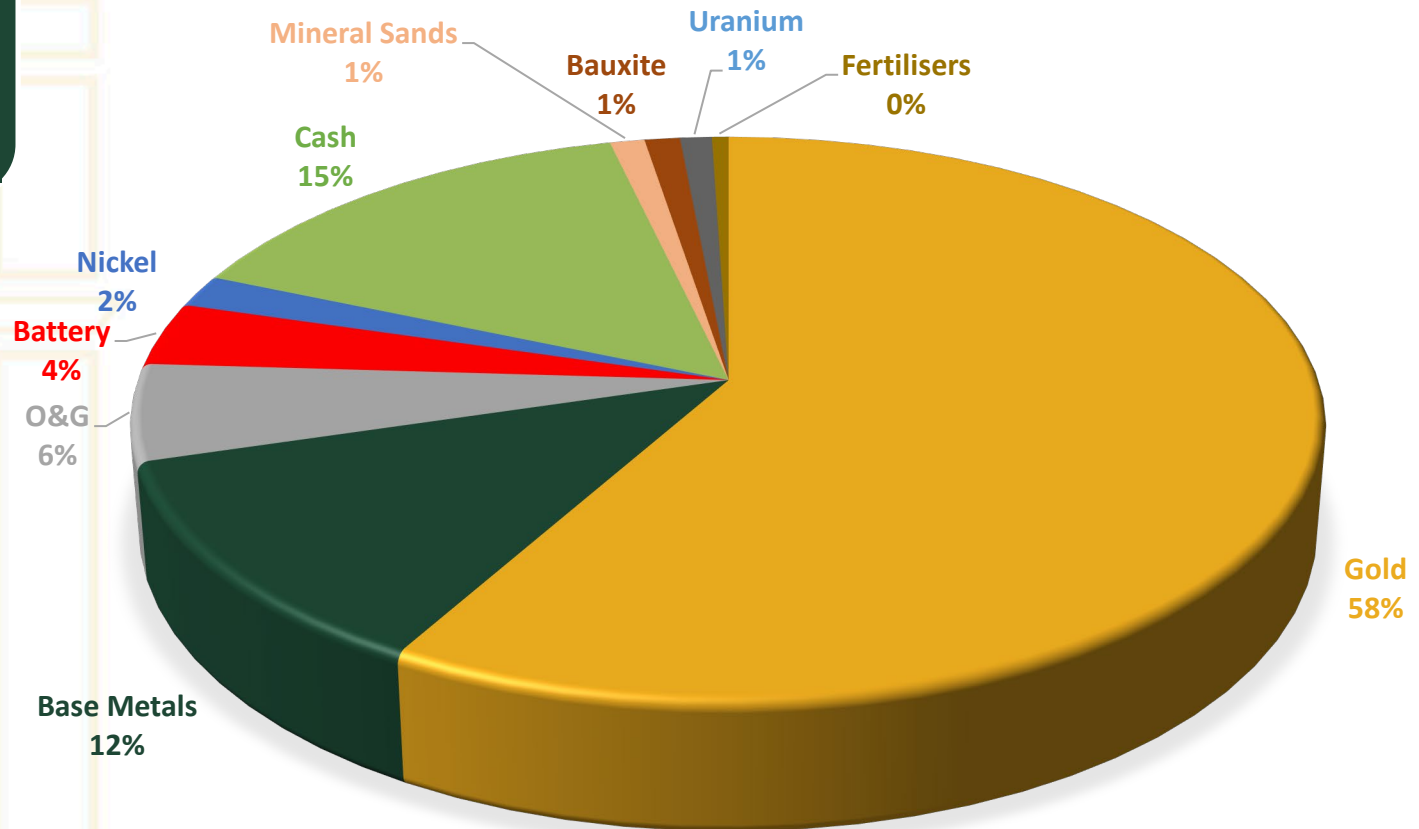
Investments by Commodity



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**Portfolio
30 June
2020**





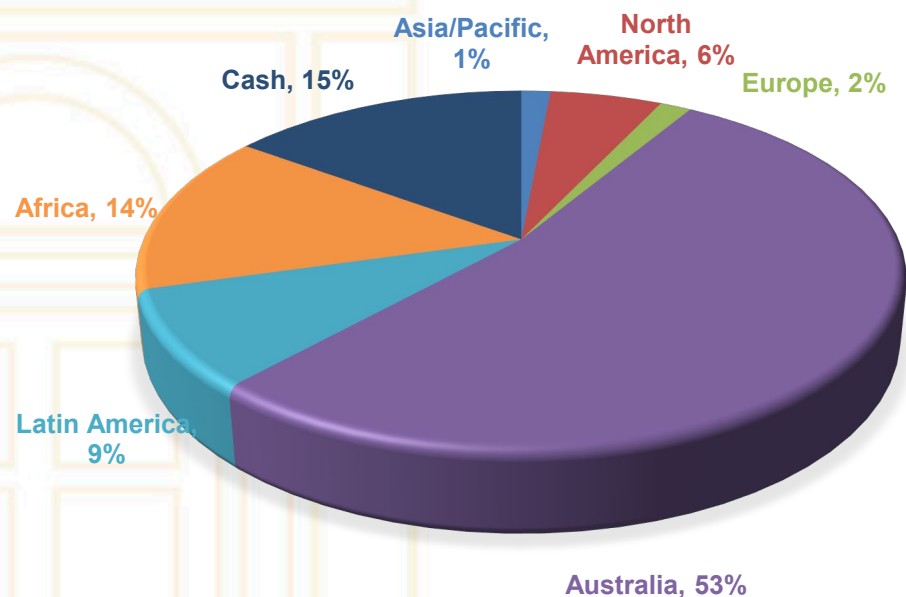
Portfolio Characteristics



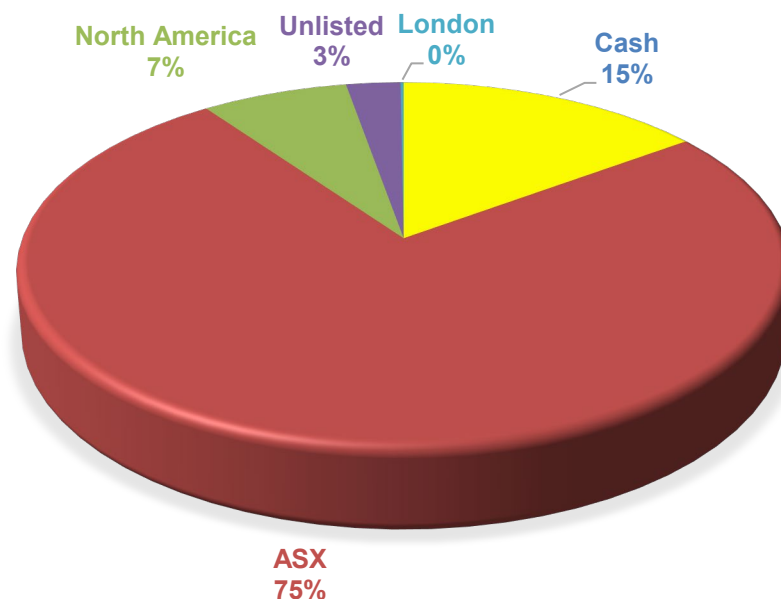
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PORTFOLIO GEOGRAPHY BY MAIN PROJECT 30 JUNE 2020



INVESTMENT LISTING 30 JUNE 2020





LRT Uncorrelated

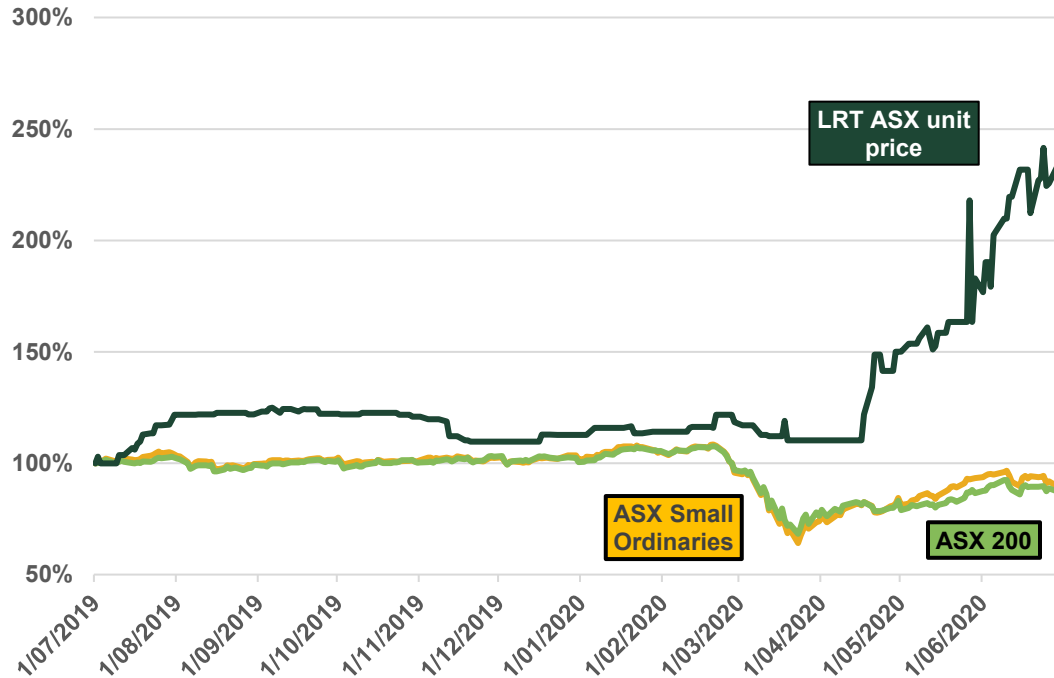


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Analysis

**ASX Small Ordinaries vs ASX 200 Indices
FY2019-20**



Takeouts

- LRT performance clearly due to stock selection
- A passive allocation to Small Caps is giving little diversification
- Manager selection is critical



Portfolio X-ray



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Portfolio

Market Cap	# of stocks	% of portfolio
\$1b+	1	12%
\$350m - \$1b	0	0%
\$100m - \$350m	3	20%
\$10m - \$100m	37	49%
< \$10m	14	4%
Cash		15%

Stock Weight	# of stocks	% of portfolio
> 10%	3	42%
5% - 10%	1	6%
1.0% - 5%	20	41%
< 1.0%	31	11%



Contributors to performance



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Portfolio

12 Months	
ASX Code	Positive Contribution %
DEG De Grey Mining	47%
MGV Musgrave Minerals	22%
PDI Predictive Discovery	15%
ADT Adriatic Metals	11%
CDV Cardinal Resources	6%
CTM Centaurus Metals	5%
GOR Gold Road Resources	2%
OKU Oklo Resources	2%
ADN Andromeda Metals	2%
GMD Genesis Minerals	2%

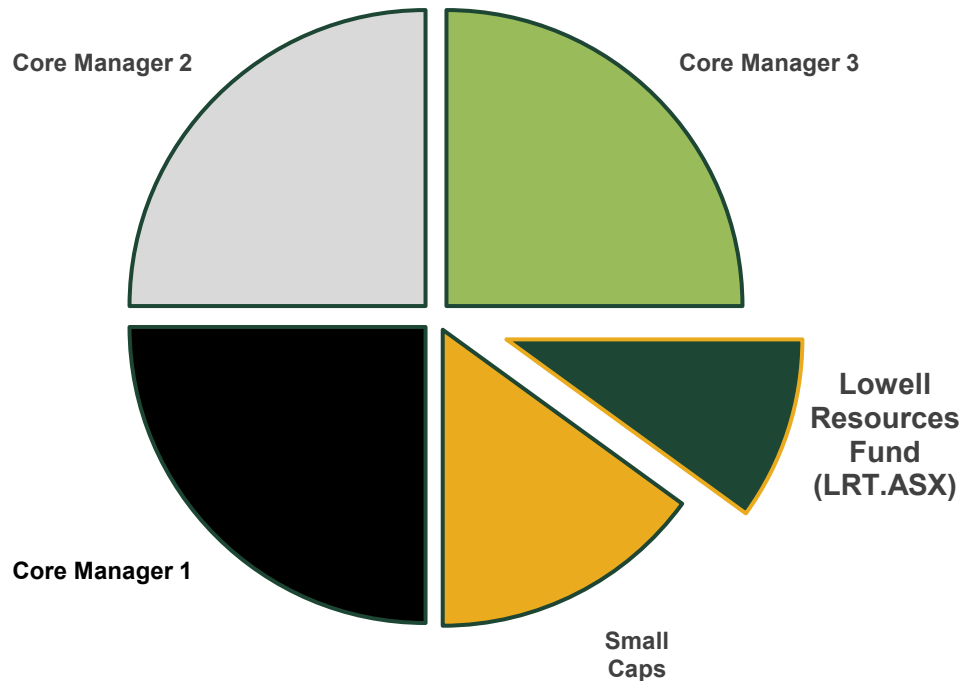
Application in Equities allocation



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Portfolio



- There is a compelling case for Lowell Resources Fund to be in an equities portfolio (Australian or Global), as one of the small cap manager allocations
- Lowell is an uncorrelated investment manager with superior stock selection
- Investing primarily in Australian companies that provide exposure to global growth



Case Study: Adriatic Metals



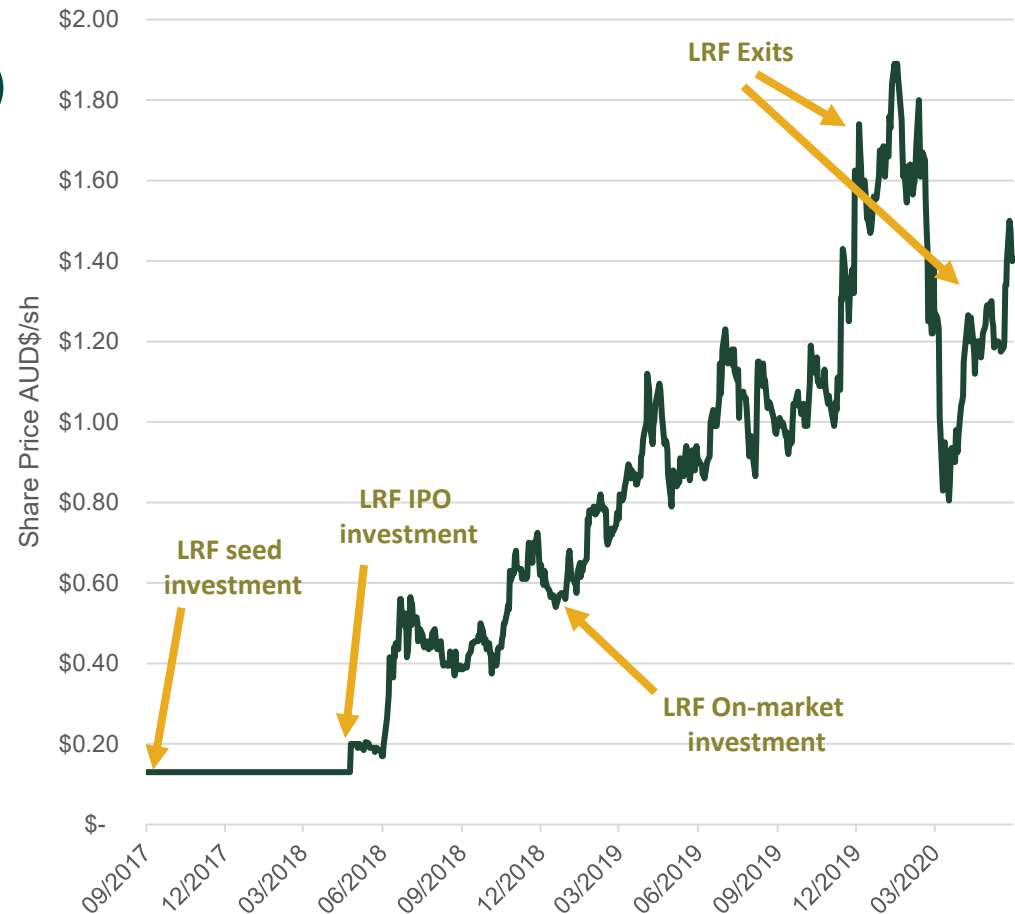
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Companies

Adriatic Metals Plc (ASX:ADT)

- First mover mineral explorer in Bosnia staked the Vares/Rupice historic Zn-Ba mine
- Discovered and defined the Rupice polymetallic deposit 9.4Mt @ 1.8 g/t Au, 183 g/t Ag, 5.1% Zn, 3.3% Pb, 0.6% Cu and 31% BaSO₄
- Investment in seed round in September 2017 accessed through LRF networks
- Follow-on investments at IPO and on-market
- Average entry price of A\$0.20/sh for A\$285k investment
- Completed exit in May 2019 realizing 7.4x MOIC

Adriatic Metals Plc





Case Study: De Grey Mining



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Companies

De Grey Mining (ASX:DEG)

- Gold explorer with a huge land position over the Mallina Shear Zone in the Pilbara, WA
- Gold Resource of 2.2 Moz
- New Hemi discovery with multi-million ounce potential
- LRF invested over a 2 year period, with average entry price of A\$0.061/sh for aggregate A\$500k investment
- Share price at 30 June 2020 A\$0.525/sh





Case Study: Andromeda Metals

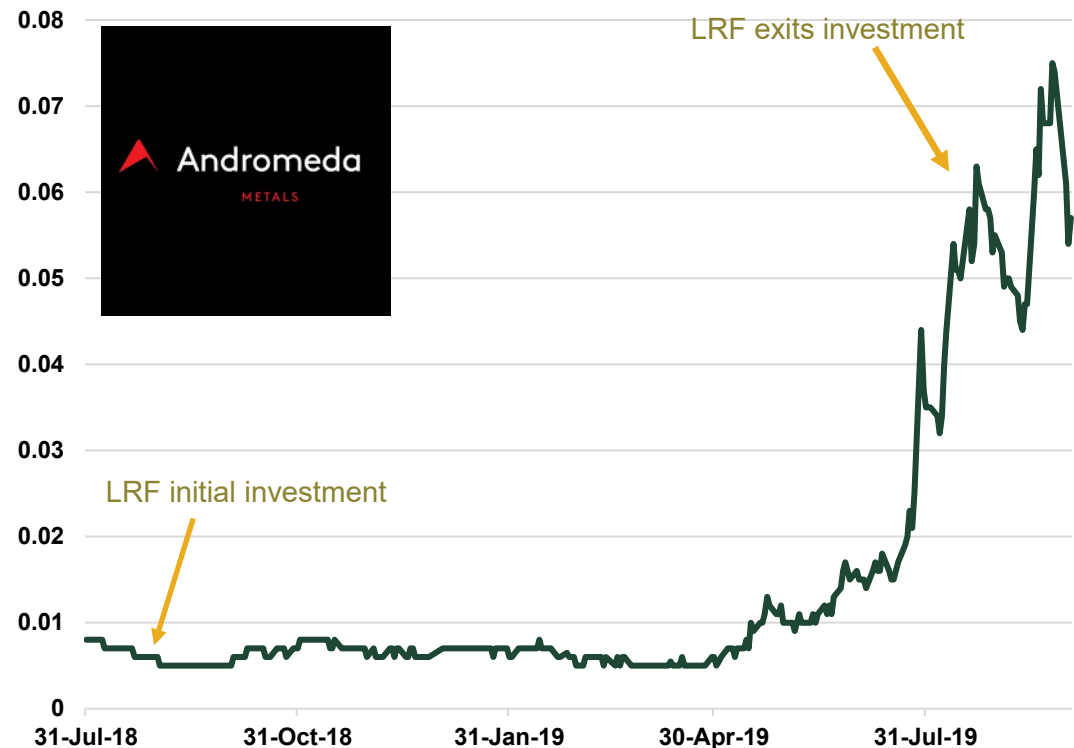


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Portfolio

Andromeda Metals (ASX:ADN)

- Boutique kaolin project developer, focused on the Poochera halloysite clay JV (earning 75%), located on the Eyre Peninsula, in South Australia
- LRF's investment in ADN was in July and August 2018
- Modest low-risk holding of around 8.6m shares at an average cost of \$0.0066/share
- Sold position in August 2019 averaging circa \$0.058/sh.
- Generated a total return on the investment of over 800%





Case Study: Syrah Resources



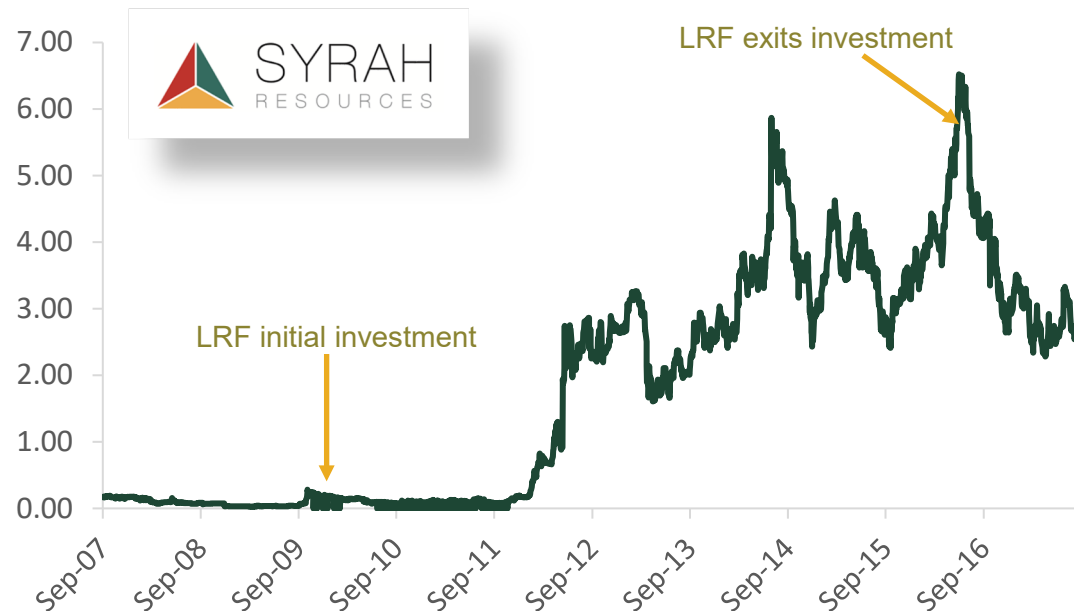
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Portfolio

Syrah Resources Limited (ASX: SYR)

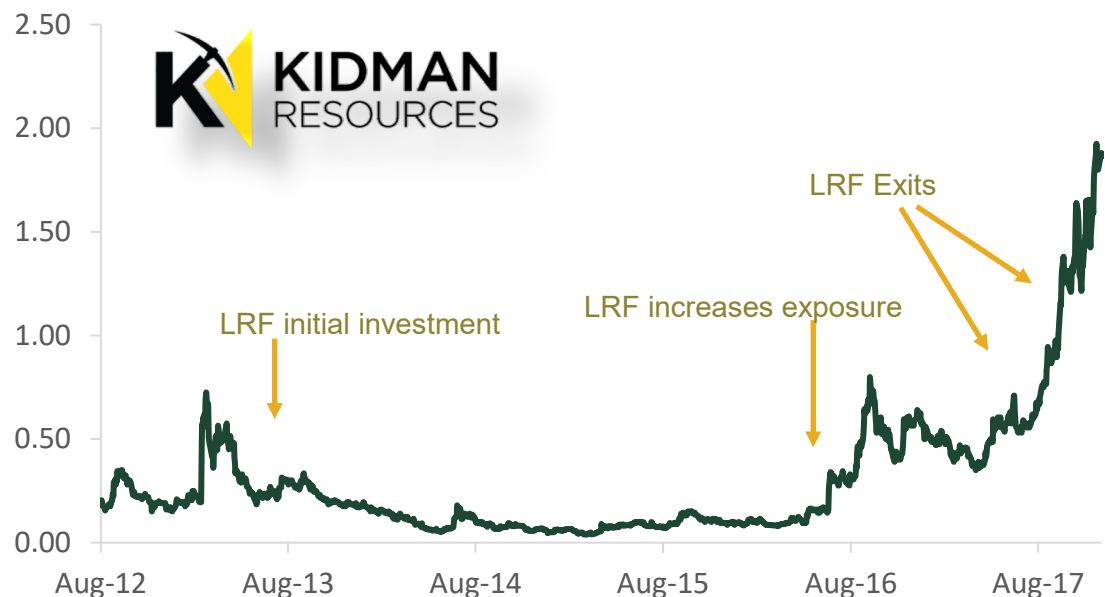
- Australian-based industrial minerals and technology company, with a focus on graphite in Mozambique
- LRF's first investment in SYR was in December 2009, at around \$0.18/share
- Accumulated a holding of around 2.2m shares by April 2012
- Progressively sold down all exposure between June 2012 and April 2016
- Generated a realised gain of A\$7.7m, or 1802.9% total return on the investment



Portfolio

Kidman Resources Limited (ASX: KDR)

- Fast-growing Australian resource company, focused on gold and lithium, located near Southern Cross, in the Archaean Forrestania belt of Western Australia
- LRF's first investment in KDR was in August 2013
- Accumulated a holding of around 4.3m shares by August 2016 at an average cost of \$0.12/share
- Sold position between September 2016 and November 2018 averaging circa \$1.20/sh.
- Generated a realised gain of \$5.1m, or over 800% total return on the investment





SIGNIFICANT PERFORMERS



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Musgrave Minerals

- \$0.7m invested at average entry price of A\$0.077/sh.
- Share price June 2020 A\$0.42/sh.
- 100% existing resources of 613koz @ 3.0g/t Au at Cue, WA
- 100% bonanza grade new shall zone identified of 18m @ 179.4g/t
- Separate Evolution \$18m earn-in JV on Lake Austin North.



Predictive Discovery

- \$1.4m invested through long-term support for the company's strategy at average entry price of A\$0.039/sh.
- Share price June 2020 A\$0.105/sh.
- Outstanding new gold discovery in Guinea at 100% owned Kaninko project: 46m@ 6.6g/t Au



Cardinal Resources

- Namdini 5.1 Moz gold reserve in Ghana.
- Market cap A\$200m vs Namdini FS NPV US\$1.4bn (pre-tax NPV(5) at US\$1,550/oz gold)
- \$700k invested at \$0.23/sh, 31 May 2020 share price \$0.40/sh
- Non-binding takeover proposal from Nordgold at \$0.46/sh



Liontown Resources

- 156Mt @ 1.4% Li₂O spodumene and 130ppm Ta₂O₅,
- A\$213k invested at 2.1cps
- Share price June 2020 \$0.125/sh



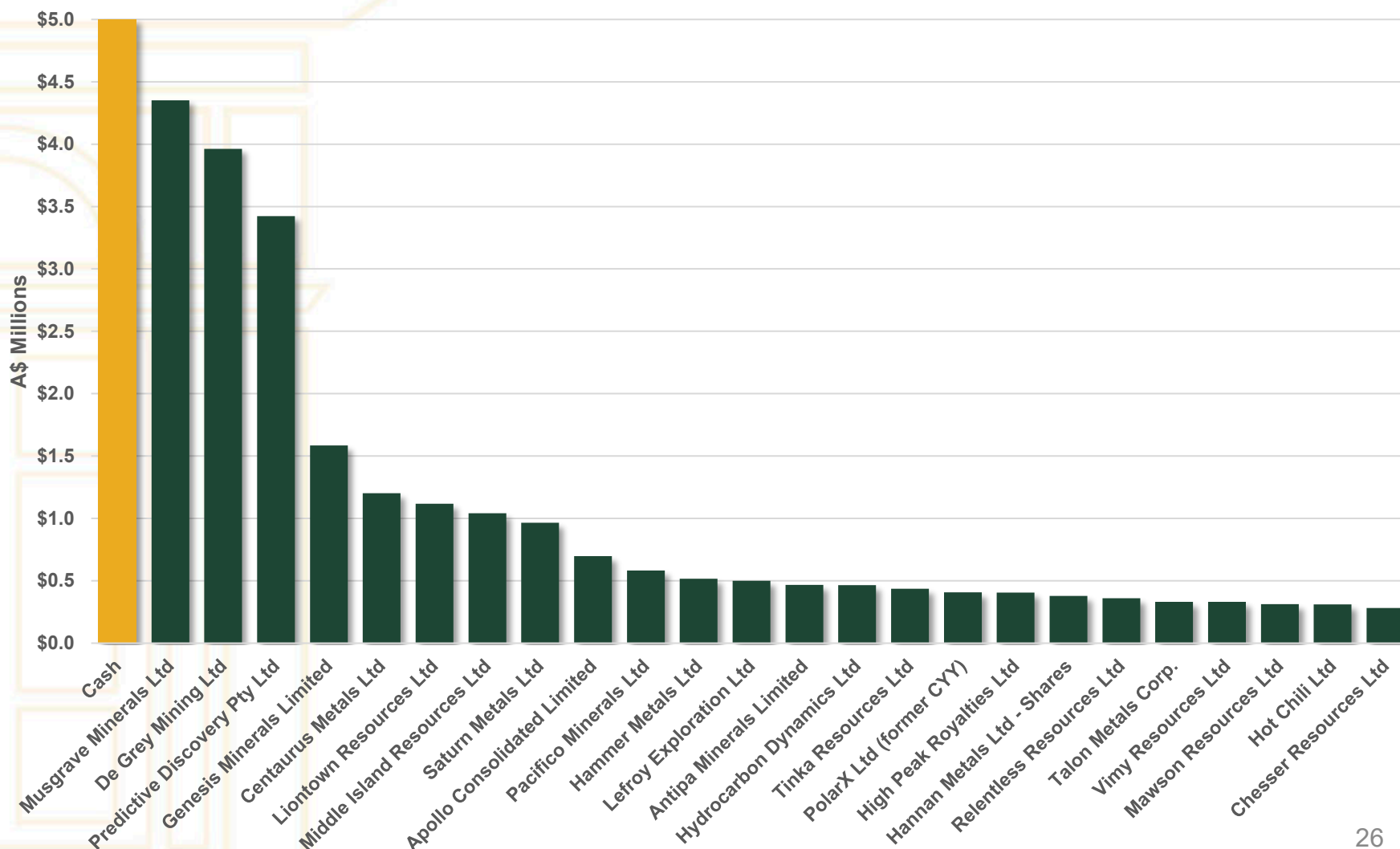
Portfolio by Company



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LRF Portfolio by Value 30 June 2020





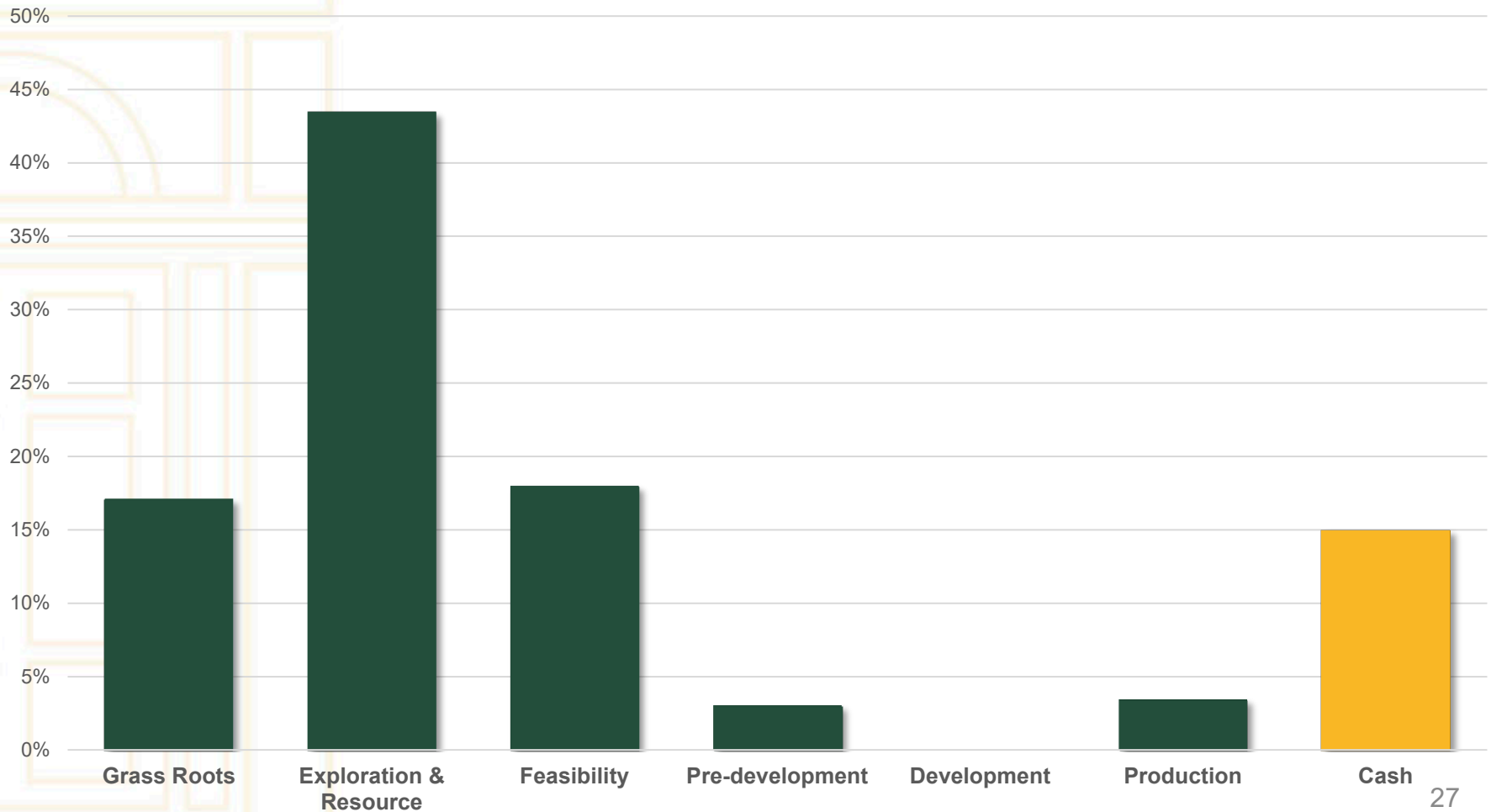
LRF Portfolio by Project Stage



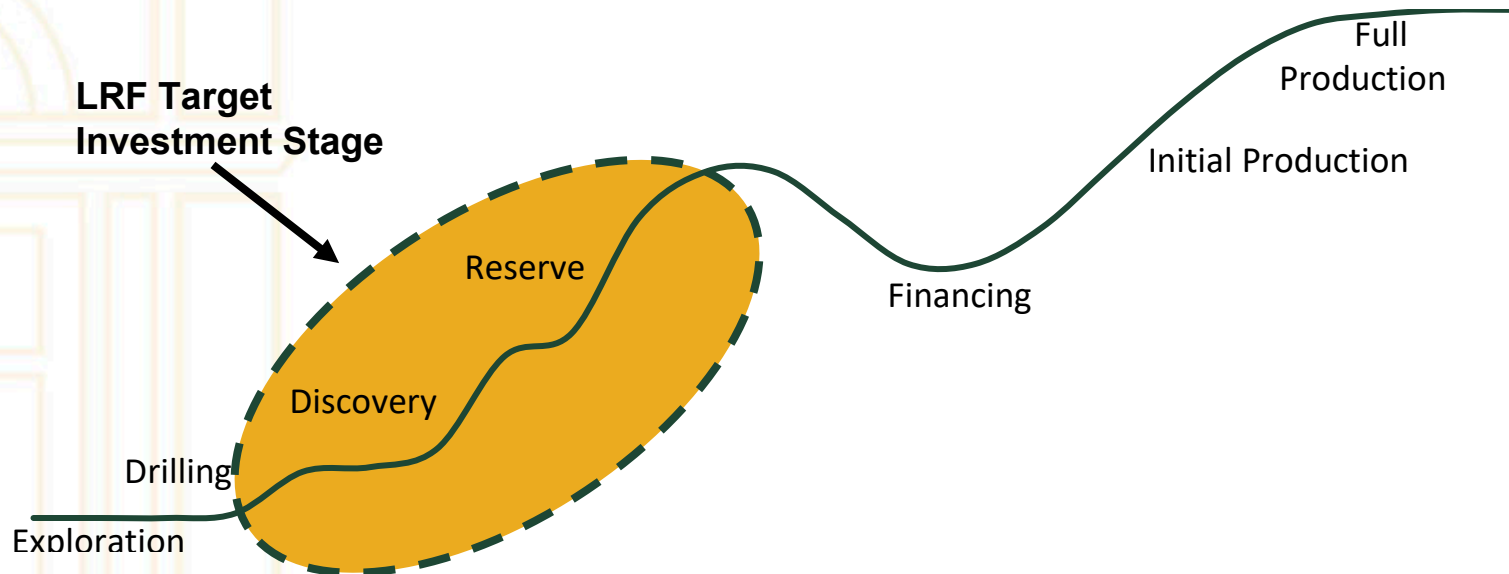
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**LRF Portfolio Value by Stage of Project
30 June 2020**



Capitalising on value accretion: optimal stage



- Leverage: milestone investing “value accretion model”
- LRF focus is on the period from discovery to reserve definition



Lowell – a unique investment opportunity



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01 Fund Focus

- One of the few investment funds that offers exposure to the junior resources sector across Australia and global stock exchanges in unlisted and listed companies

02 Successful track record for 10+ years

- Superior performance over the short, medium and long term
- Total Portfolio Performance (TPP) up 108% in the 12m to 30.06.20. Historical 10 year TPP of 13.6% p.a. after fees to 30.06.20
- Fund must distribute of all taxable profits

03 Experienced Management

- Deep technical, financial and commercial expertise and networks with experience through numerous cycles.

04 Unique network, not easily replaced

- Access to deal flow in public and private markets
- Proven ability to generate returns throughout the cycle
- Potential for structured investment opportunities through consultant relationships.

05 Liquidity

- ASX Listing



Fees



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Management Fee	<p><u>Where Total Gross Investments are equal to or less than \$50 million:</u> The higher of:</p> <p>a) \$25,625 per month plus 0.627% per annum of the Total Gross Investments; or</p> <p>b) 2.1645% per annum of the Total Gross Investments.</p>	Calculated and accrues daily and is payable from the Fund to the Responsible Entity (and proportionately on-paid to the Investment Manager) on a monthly basis in arrears
	<p><u>Where Total Gross Investments are greater than \$50 million:</u> 2.1645% per annum of the Total Gross Investments up to \$50 million plus 1.652% per annum of the Total Gross Investments that exceeds \$50 million.</p>	
Performance Fee	17.9375% of the amount (in percentage terms) by which the change in the Net Asset Value of the Fund including distributions exceeds the base price of the Fund	Calculated daily and payable from the Fund to the Responsible Entity (and on-paid to the Investment Manager) on a six monthly basis in arrears
Other Fund Costs (estimated)	Up to 1.1275%pa	The fees and costs associated with the administration of the Fund and its investments that are paid by the Responsible Entity including, but not limited to, custody fees, registry fees, accounting fees and audit fees



Fund Organisation



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The Manager: Lowell Resources Funds Management Ltd

Stephen Mitchell, Chairman

Richard Morrow, Director

John Forwood, Director

Steven O'Connell, Director

Joined LRFM in March 2009

- Over 30 years' finance industry experience in asset management, life insurance, custodial services, financial planning and superannuation (consulting, administration and trustee services).
- Headed the compliance and risk management functions for several large multi-national asset managers.
- Appointed company secretary for a number of asset managers, headed custodial operations for corporate actions, reconciliations and unlisted trust management and was a key person in the eventual sale of Mellon Australia's superannuation and administration consulting businesses in 2005.
- Held Board positions at one of Australia's leading asset management companies, chairs Compliance Committees for leading asset managers and continues to be a Responsible Manager for a number of asset management companies.

The Responsible Entity: Cremorne Capital Ltd

Michael Ramsden, Chairman

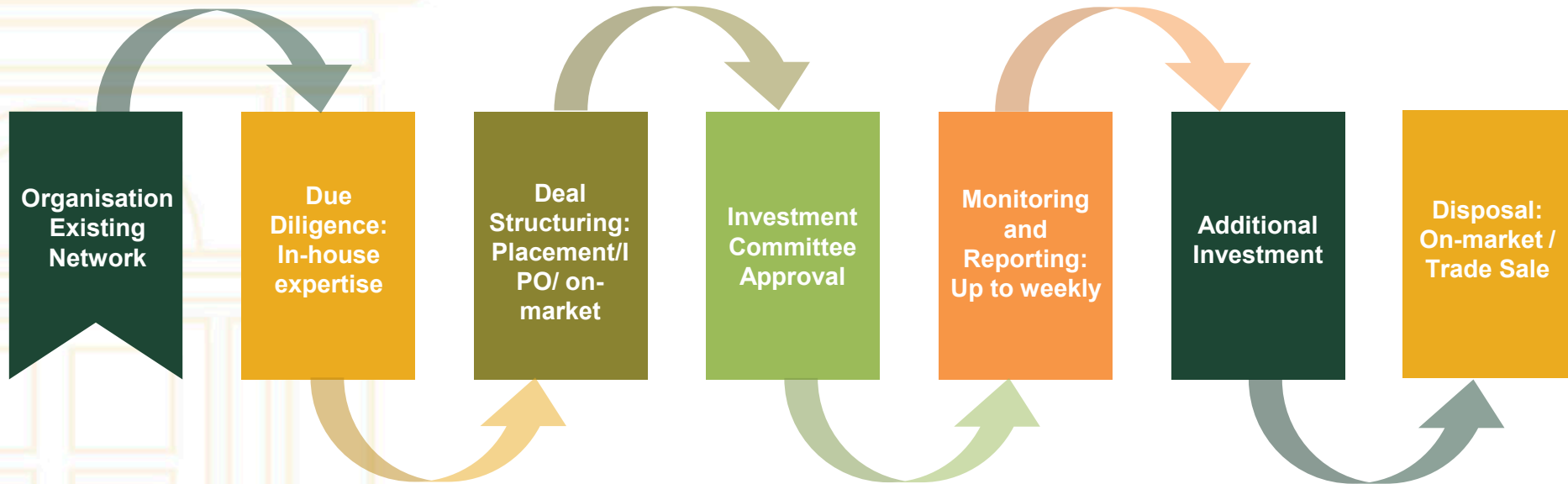
- Mr Ramsden is qualified lawyer with more than 20 years experience as a corporate adviser,
- He has worked for a Lloyds broker in London and a number of major international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited.
- He was a Director of D&D Tolhurst Stockbrokers and Tolhurst Corporate Ltd,
- He is currently Chairman of Australia Mines Limited, African Mahogany Australia Pty Ltd, and Managing Director of Terrain Capital

Don Carroll, Director

- Mr Carroll has 29 years with BHP Billiton, and prior to that Rio Tinto,
- He was President BHP Billiton Japan, President BHP Billiton India and Group General Manager Marketing Asia based in Hong Kong.
- He holds a degree in mining engineering from Sydney University

Oliver Carton, Director

- Mr Carton is a qualified lawyer with over 22 years of experience in a variety of corporate roles.
- Previously a Director of the Chartered Accounting firm KPMG



LRFM prefers to keep holdings to < 5% of any company

- Allows a range of exit alternatives in relatively illiquid stocks
- In a boutique fund, these positions can still 'move the needle' for performance



Contact



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Investment Manager

LOWELL RESOURCES FUNDS MANAGEMENT

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