



August 2020

# Lowell Resources Fund Monthly Update

## Fund Introduction (ASX: LRT)

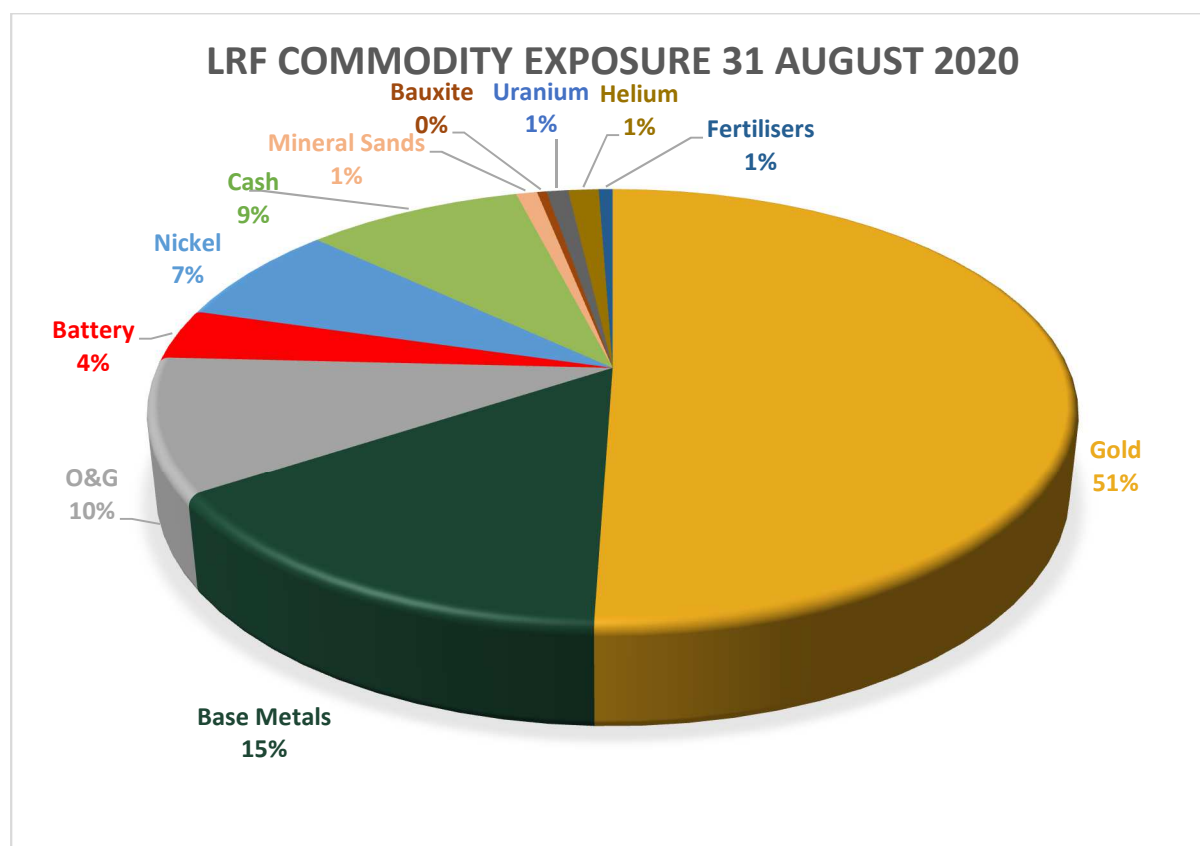
ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development 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

## Fund Snapshot at 31 August 2020

NAV per unit	\$1.43
No. of units on issue (including 30 June 2020 DRP)	28,028,458
Market price (ASX)	\$1.23/unit
Net Asset Value	\$40.0m





# Lowell Resources Fund Monthly Update

**Unitholders Online Briefing:** The Fund Manager will be holding an online briefing for LRT unitholders at **11am AEST on Wednesday 9<sup>th</sup> September**. Please email LRFM at [contactus@lowell.net.au](mailto:contactus@lowell.net.au) to register.

## Market Summary

- During August, the junior resources sector as represented by the XSRD ASX junior resources index was down slightly, by just under 2%. However, LRT continued to perform strongly, reflecting continued market support for its precious and base metal stocks. While the gold price pulled back slightly, the silver price peaked in early August at over US\$28/lb.
- Renewed Chinese demand for base metals has pushed nickel, copper and zinc prices above 'pre-Covid' levels. Global copper stockpile levels are falling and Chinese copper imports are up 10% yoy.
- Oil prices have stabilised, with Brent trading in the mid-US\$40's/bbl price range during the month. US rig counts have fallen to their lowest level since 2009 and there is apparent discipline in production cuts being implemented by OPEC+. Recent record monthly Chinese oil imports has underpinned the oil price.

COMMODITY	1-YEAR CHANGE <sup>1</sup>
PALLADIUM	81.90%
SILVER	48.42%
IRON ORE (62% FINES)	42.96%
GOLD (USD)	27.08%
URANIUM	21.54%
NEODYMIUM (CNY)	19.76%
COPPER	18.58%
GOLD (AUD)	17.58%
TIN	11.64%
ZINC	6.73%
COBALT	4.83%
LEAD	-5.32%
NICKEL	-7.96%
MANGANESE ORE (37%)	-18.05%
THERMAL COAL (NWC)	-19.46%
VANADIUM PENTOXIDE (EUROPE)	-21.99%
OIL (BRENT)	-24.26%
COKING COAL (HCC)	-29.63%
LITHIUM (CNY)	-37.20%

## Fund Performance Summary

- The Fund's NAV per unit was \$1.43 at 31<sup>st</sup> August 2020 (\$1.36 as at 31 July 2020), representing a 5.4% increase in NAV over the month of August.
- Unit price of the ASX listed LRT units at month end was \$1.23/unit, representing a 14% discount to underlying NAV. The discount to NAV is volatile but in general has been narrowing over the past 6 months.
- The Fund's NAV at the end of the month was approximately \$40.0 million.

<sup>1</sup> Source Austex



# Lowell Resources Fund Monthly Update

## Fund Top Holdings

In August **Musgrave Minerals' (MGV.ASX)** announced that the bonanza grade 'Starlight' lode at its 100% owned Cue gold project in WA continues to depth. Diamond drill intersection highlights announced during the month included 5.6m @ 12.7g/t Au from 257m and 4.7m @ 7.0g/t Au from 132m. While the share price has retreated from its peak of over A\$0.80/sh in early August, the project continues to improve and the company has a number of other drill targets with similar geophysical signatures to Starlight.

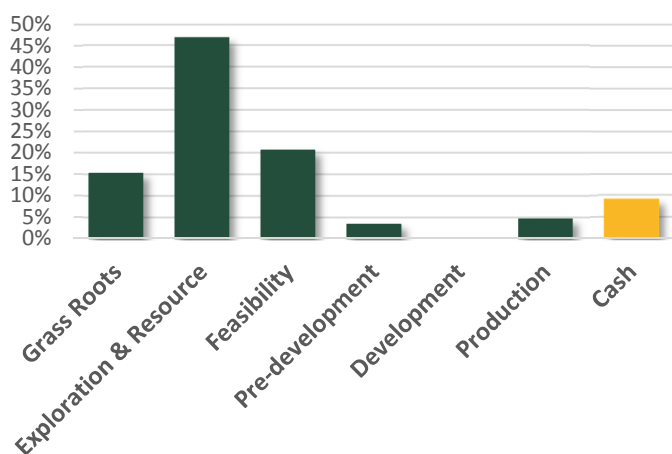
**De Grey Mining (DEG.ASX)** continued to expand and define its numerous zones at its major Hemi gold discovery in the Pilbara. However, the most important news during August was the return of very high grades in a zone of visible gold at 'Crow', comprising 19m @ 42.0g/t Au from 170m. The discovery of high-grade, visible gold (and therefore recoverable through simple gravity processing) at Hemi is a major breakthrough and reminiscent of a similar transformative discovery at Kirkland Lake's Fosterville gold mine in Victoria.

Ongoing drilling by **Predictive Discovery (PDI.ASX)** at its Kaninko project in Guinea continues to generate a rich flow of exciting results, highlighted by an intercept of 26m at 17.5g/t gold from 58m (to end of hole) at the main NE Bankan discovery. The project continues to develop and grow as the multi-rig drill program progresses.

**Centaurus Metals (CTM.ASX)** ramped up drilling at its Jaguar sulphide nickel project in Brazil, containing over 0.5Mt of nickel at a grade of 1.1% Ni. Drilling highlights have included 33m at 2.2% Ni from 45.6m, and 15m at 2.5% Ni from 64m.

**Liontown Resources (LTR.ASX)** began an airborne electromagnetic survey over its Moora Ni-PGM-Cu-Au exploration project near Perth, WA. Liontown announced that the setting and prospectivity at Moora are analogous to Chalice Gold's Julimar PGE-nickel-copper-gold discovery, located in the same geological terrain 95km to the south. It is notable that palladium has been one of the best performing commodities in the past 12 months.

**LRF Portfolio Value by Stage of Project**  
31 August 2020



Company	Commodity	% of Gross Investments
Musgrave Minerals	Gold	9.4%
Cash	Cash	9.0%
De Grey Mining	Gold	7.4%
Predictive Discovery	Gold	6.6%
Genesis Minerals	Gold	6.2%
Centaurus Metals	Nickel	4.5%
Liontown Resources	Lithium	3.5%
Pacifico Minerals	Lead-Silver	3.5%
Saturn Metals	Gold	2.6%
Middle Island	Gold	2.5%



# Lowell Resources Fund Monthly Update

## August 2020 Portfolio Changes

The largest change to the portfolio in August comprised taking a strategic position in Woodside Petroleum. While outside the Fund's normal focus, this investment was driven by analysis of the potential for an oil price rebound and the historical correlation of oil prices with the WPL share price, coupled with the Fund's above average cash holdings.

In gold, the Fund added to its positions in explorers Arrow Minerals, Gateway Mining, Mako Gold and Nexus Minerals. A new position was also taken in Queensland gold explorer Great Northern Minerals. Exceptional share price strength in De Grey Mining, as well as Chesser Resources, was the catalyst for some profit taking in those stocks.

The Fund rebalanced its exposure to nickel – adding to its holdings in Corazon Mining and Talon Metals Corp, while exiting Dreadnought Resources and Galileo Mining. The Fund's position in Lindian Resources was also sold.

## Comparison Performance

As mentioned above, the Fund's NAV rose by around 5% over the month. In the 12 months to 31<sup>st</sup> August 2020, the Lowell Resources Fund has significantly outperformed the benchmark, by over 100%. The S&P/ASX Small Resources Index (XSRD) return of 5.4% pa compared to the Fund's 116% 12-month change in underlying net asset value per unit (after fees and expenses). The Fund has also outperformed all of 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	+116.3%	+5.4 %	+4.6%	-5.8%
5 years p.a.	+24.4% pa	+14.2% pa	+13.6% pa	+7.5% pa
10 years p.a.	+14.0% pa	-6.4% pa	+2.4% pa	+7.8% pa

The ASX traded unit price of LRT at the end of the month was \$1.23/unit, compared to \$1.105/unit equivalent at the end of July.



# Lowell Resources Fund Monthly Update

## Characteristics of the Fund

Number of investments: 58

Average Market Capitalisation of Investee companies: AUD\$390 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$631 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

The information given by Lowell Resources Funds Management Ltd "LRFM" (ACN 006 769 982, AFSL 345674) is general information only and is not intended to be advice. You should therefore consider whether the information is appropriate to your needs before acting on it, seeking advice from a financial adviser or stockbroker as necessary.

### DISCLAIMER

Cremorne Capital Limited (ACN 006 844 588, AFSL No: 241175) is the responsible entity of the Lowell Resources Fund (ARSN 093 363 896). You should obtain and consider a copy of the product disclosure statement relating to the Lowell Resources Fund before acquiring the financial product. You may obtain a product disclosure statement from Cremorne Capital Limited at [www.cremornecapital.com/lrf-pds/](http://www.cremornecapital.com/lrf-pds/). To the extent permitted by law, Cremorne Capital Limited and Lowell Resources Funds Management, its employees, consultants, advisers, officers and authorised representatives are not liable for any loss or damage arising as a result of reliance placed on the contents of this document. Past performance is not a reliable indicator of future performance. The investment objective is not a forecast and returns are not guaranteed.