



September 2020

Lowell Resources Fund Monthly Update

Fund Introduction (ASX: LRT)

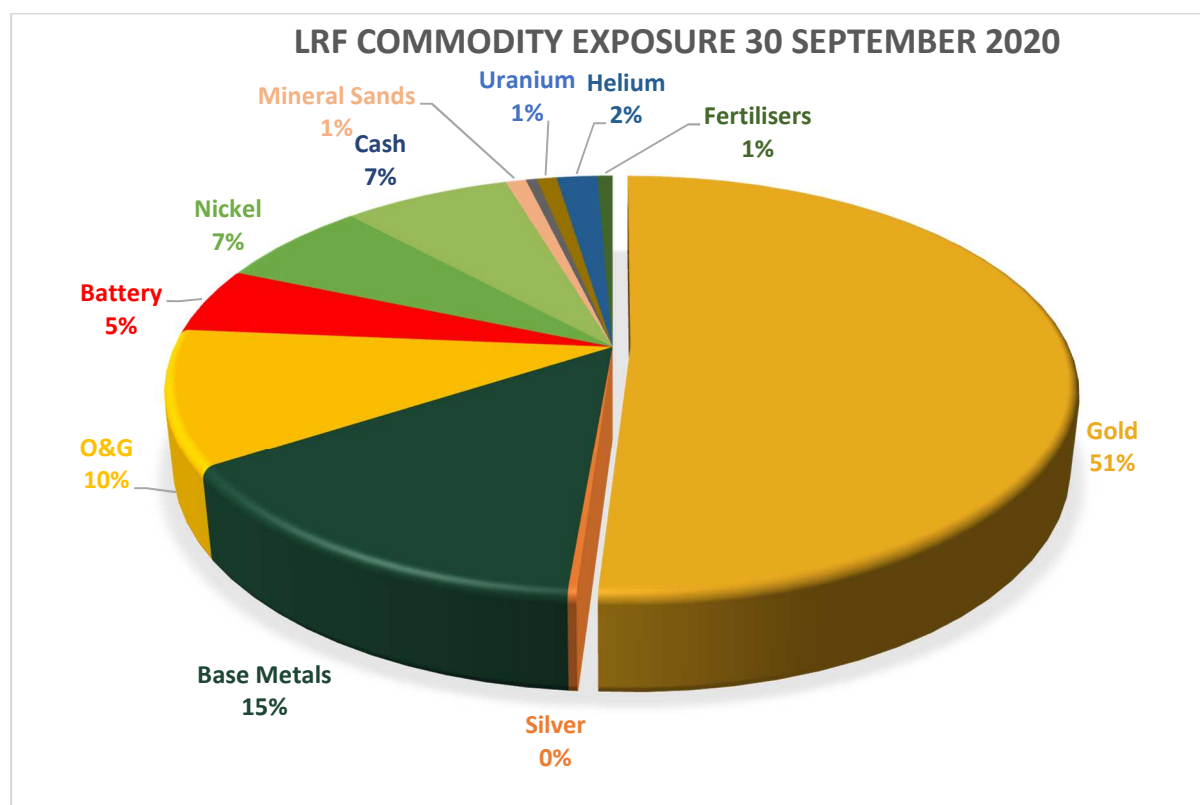
ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development 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 30 September 2020

NAV per unit	\$1.40
No. of units on issue (including 30 June 2020 DRP)	28,028,458
Market price (ASX)	\$1.20/unit
Net Asset Value	\$39.3m





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Market Summary

- During September, the softening of the junior resources sector continued. The XSRD ASX junior resources index was down by 5.3%. The Fund's NAV fared significantly better than this benchmark, but was affected by the market fall.
- Precious metals continued to retreat from their highs, with gold down around 4% on the month in US\$ terms. However, in other currencies such as the Australian dollar, gold has been largely unchanged. Many gold production companies are reporting handsome September quarter cashflows.
- Exploration activity, particularly in Western Australia, is ramping up on the back of the funding cycle for junior explorers over the past 6 months, with drill rigs and geologists in short supply – a situation exacerbated by border closures.
- Mine production restrictions and China infrastructure stimulus pushed industrial metal prices higher. Copper prices climbed to their highest level in more than two years during September, as China's industrial output accelerated. Similarly, iron ore prices reached over US\$120/t.
- Oil prices have fallen further, with Brent falling nearly 10% during September to below US\$40/bbl.

Fund Performance Summary

- The Fund's NAV per unit was \$1.40 at 30th September 2020 (\$1.43 as at 31 August 2020), representing a 2.1% decrease in NAV over the month of September.
- Unit price of the ASX listed LRT units at month end was \$1.20/unit, representing a 14.5% discount to underlying NAV.
- The Fund's NAV at the end of the month was approximately \$39.3 million.

Fund Top Holdings

De Grey Mining (DEG.ASX) announced a new discovery at the Falcon zone at its Hemi gold project in the Pilbara. The host intrusion at Falcon strikes for over 2.4 km and returned 92m @ 1.3g/t Au from RC drilling at its northern end. During the month, DEG raised \$100m in equity at \$1.20/sh to progress exploration at Hemi and other targets along the Mallina shear. From September 21, De Grey has been included in the S&P/ASX 300 Index.

In September, assays from RC drilling of the Starlight and White Light 'link-lode' structures at **Musgrave Minerals' (MGV.ASX)** Cue gold project in WA suggested potential for a new parallel link lode structure. These intersections are located 100m to the south of the existing White Light discovery. Infill drilling at Starlight confirmed the high-grade, low-strip ratio potential of the deposit. We expect Musgrave will upgrade its resource in October, with an eye to progressing development scenarios. Notably, MGV's Break of Day deposit is only 40km from Ramelius Resources' Mt Magnet mill. Ramelius has concluded a number of recent gold resource acquisitions and announced a cash balance of over \$200m as at September 2020.

Genesis Minerals' (GMD.ASX) drilling on its recently acquired Kookynie tenements in WA confirmed the presence of extensive gold mineralisation at surface at the Admiral and Clark deposits. The Kookynie acquisition is located immediately south-east of GMD's flagship 867koz Ulysses gold deposit. This drilling is expected to increase the existing Admiral-Clarke-Butterfly combined resource of 246,000 oz Au @ 1.7g/t.

At its Kaninko project in Guinea, **Predictive Discovery (PDI.ASX)** announced an RC intersection of 20m at 1.4g/t gold, confirming extension of the NE Bankan gold mineralisation for at least 250m north into its new Saman Permit. The drilled gold zone now covers a strike of 1.3km. The company has interpreted a high grade cross-cutting structure which may have repeats along the strike of the deposit.

Liontown Resources (LTR.ASX) announced a number of large and strong late-time airborne electromagnetic anomalies over its Moora Ni-PGM-Cu-Au exploration project near Perth, WA. A number of these EM targets are coincident with, or



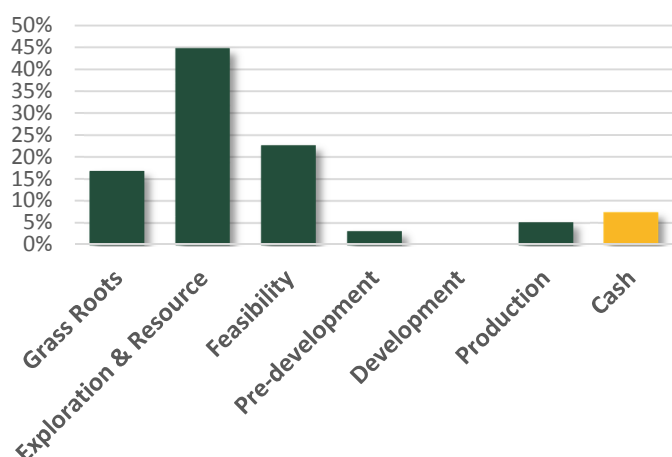
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adjacent to, gold-PGM auger anomalies. Follow-up ground EM is planned, leading to the first ever fresh bedrock drill testing in late 2020. An updated PFS for LTR's Kathleen Valley lithium spodumene project is expected in October.

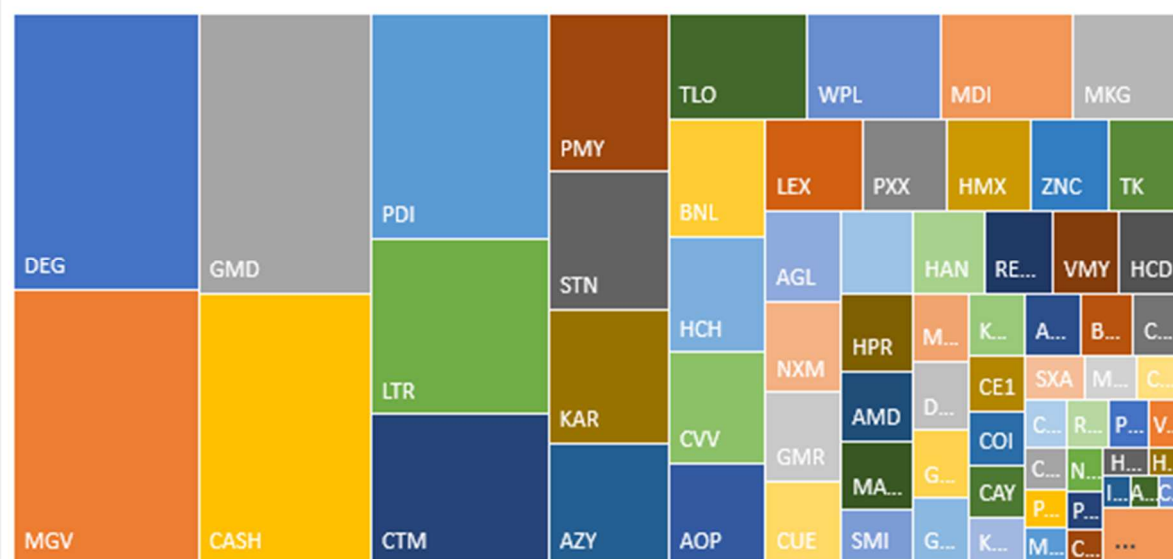
Centaurus Metals (CTM.ASX) has four rigs drilling at its Jaguar nickel sulphide project in Brazil. An updated mineral resource estimate for the project is due out in the current quarter, with a scoping study in early 2021.

LRF Portfolio Value by Stage of Project
30 September 2020



Company	Commodity	% of Gross Investments
De Grey Mining	Gold	7.9%
Musgrave Minerals	Gold	7.9%
Genesis Minerals	Gold	7.5%
Cash	Cash	7.2%
Predictive Discovery	Gold	6.2%
Liontown Resources	Lithium	4.8%
Centaurus Metals	Nickel	4.1%
Pacifico Minerals	Lead-Silver	2.9%
Saturn Metals	Gold	2.6%
Karoon Energy	Oil & Gas	2.5%

LRF Portfolio by Value 30 September 2020



The chart above shows that the Fund has two holdings worth more than \$3 million (De Grey and Musgrave) and seven holdings worth more than \$1 million. In total the Fund holds 65 stocks, most of which are relatively small. At the start of the year, De Grey in particular was one of these small investments. De Grey's performance is a major reason for LRT's outstanding performance in 2020. This demonstrates how smaller investments can contribute substantially to the Fund's performance.



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September 2020 Portfolio Changes

During September, LRFM was active in deploying around a quarter of the Fund's cash holdings, in a number of high growth potential junior stocks. These stocks are primarily ASX listed gold explorers, including new additions to the portfolio, such as WA focused Anglo Australian Resources, Caprice Resources and Carawine Resources. The Fund also increased existing positions in gold explorers Mako Gold, Saturn Metals, and Zenith Minerals. On the TSX.V the Fund added two new stocks: Aguila American Gold (Western USA epithermal gold exploration) and Vangold Mining (Mexican silver-gold).

In oil & gas, the Fund increased its long-standing holding in TSX.V listed Centaurus Energy (Argentine E&P), and topped up its position in Strata-X (Australian east coast gas developer).

The Fund increased its exposure to lead-silver development company Pacifico Minerals.

The Fund has taken a small holding in ASX-listed but US-focused helium explorer Blue Star (ASX: BNL). Helium has several high-tech applications, including medical and aerospace. Current reserves of helium are running down fast as applications for helium usage rises. Blue Star will be drilling a helium exploration wells in Colorado in a few months and LRFM is optimistic of its prospects.

Performance Comparison

As mentioned above, after increasing by 183% in the 5 months to 31 August 2020, the Fund's NAV fell back by around 2% over the month of September. In the 12 months to 30th September 2020, the Lowell Resources Fund has significantly outperformed the benchmark, by over 100%. The S&P/ASX Small Resources Index (XSRD) return of 0.4% pa compared to the Fund's 113% 12-month change in underlying net asset value per unit (inclusive of distributions and 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 30 September 2020	LRT Change in NAV per unit inc distributions	S&P/ASX Small Resources Index (XSRD.ASX)	ASX Resources 300 Index	ASX 200 Index
12 months	+113.0%	+0.4 %	-3.9%	-10.2%
5 years p.a.	+24.2% pa	+15.5% pa	+14.2% pa	+7.3% pa
10 years p.a.	+12.3% pa	-8.1% pa	+1.2% pa	+6.9% pa

The ASX traded unit price of LRT at the end of the month was \$1.20/unit, compared to \$1.23/unit equivalent at the end of August.



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Characteristics of the Fund

Number of investments: 65

Average Market Capitalisation of Investee companies: AUD\$326 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$564 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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