



October 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.

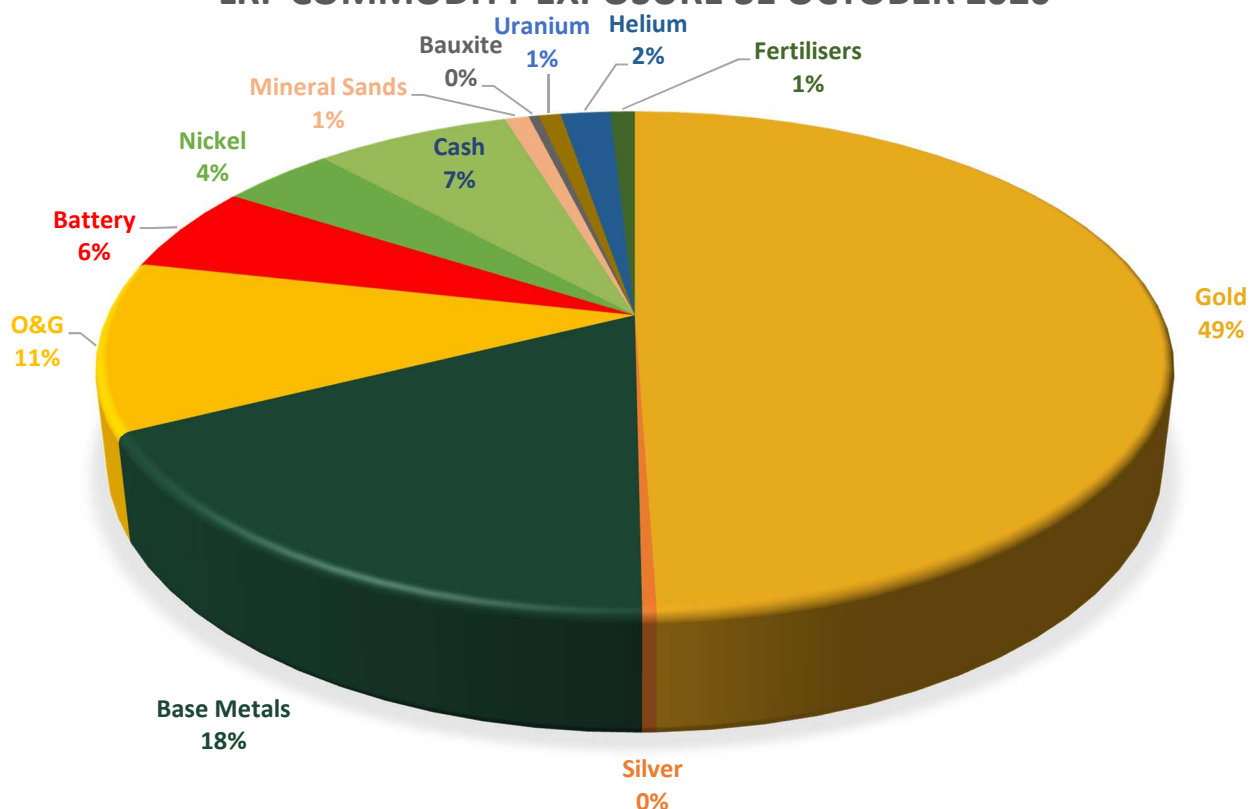
Fund Overview

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

Fund Snapshot at 30 October 2020

NAV per unit	\$1.417
No. of units on issue (including 30 June 2020 DRP)	28,028,458
Market price (ASX)	\$1.31/unit
Net Asset Value	\$39.7m

LRF COMMODITY EXPOSURE 31 OCTOBER 2020





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Market Summary

- During October, the junior resources sector was relatively flat, represented by the XSRD ASX junior resources index which was almost unchanged. The Fund's NAV increased moderately, up by around 1.2%.
- USD gold was also almost unchanged over the month, finishing at US\$1,881/oz, while AUD gold was up 1.7%. The World Gold Council reported that August 2020 was the first month of net central bank gold sales in 18 months, coinciding with the record USD gold price of US\$2,070/oz.
- ETF's have dominated the gold market in 2020, accounting for a reported US\$60bn of gold investment. Central banks are estimated to have bought between US\$13 to US\$20bn.
- More positive economic news out of China supported base metal prices. Copper and nickel prices both rose around 5% over the month.
- The recovery in oil prices lost momentum, with renewed Covid-19 lock-downs in Europe posing a risk to recovery in demand. Uncertainty over the outcome of the US election, and implications for American energy policy added to the sell-off in the last week of October.
- Lithium producers continue to reduce production in response to low prices. One Australian hard rock lithium miner was reported to have entered administration. This may be a marker for the bottom of the price cycle, with a new record for global electric car sales reported for September 2020, up 91% yoy.
- ASX resources capital raisings for the September quarter totalled over A\$1.8 billion – approximately double the average for the last 5 years. The exploration sector is now cashed up and expecting an increase in discoveries

Fund Performance Summary

- The Fund's NAV per unit was \$1.417 at 31st October 2020 (\$1.40 as at 30 September 2020), representing a 1.2% increase in NAV over the month of October.
- Unit price of the ASX listed LRT units at month end was \$1.31/unit, representing a 7.5% discount to underlying NAV.
- The Fund's NAV at the end of the month was approximately \$39.7 million.

Fund Top Holdings

Musgrave Minerals (MGV.ASX) announced another high-grade discovery at its Cue gold project in WA, with drilling returning 5m at 13g/t Au at a new regional target. This bodes well for further discoveries of previously unrecognised new east-west gold lodes.

Genesis Minerals' (GMD.ASX) drilling on its recently acquired Kookynie tenements in WA confirmed historical gold intersections and indicated the potential for a single large open pit in the Admiral-Clarke area. An updated resource is expected early in 2021 with a feasibility study completed around mid-2021.

De Grey Mining (DEG.ASX) continued to extend the Aquila and Crow zones at its Hemi gold project in the Pilbara. At the Falcon zone, thick drill intersections including 42m at 5.2g/t Au were announced.

At its Kaninko project in Guinea, **Predictive Discovery (PDI.ASX)** announced a diamond drilling intersection of 92m at 1.9g/t gold from the Bankan Creek gold discovery, which has previously been considered a secondary target. The intersection is broader than near surface, indicating potential for greater mineralisation at depth. During the month PDI announced a \$10.6m placement in which the Fund participated.

Liontown Resources (LTR.ASX) released the updated PFS for the Kathleen Valley lithium spodumene concentrate project, as well as a scoping study for production of lithium hydroxide. Both projects have strong economics based on forecast increasing lithium prices, with the LiOH scoping study showing an NPV(8) of A\$4.8bn post tax, based on a capital cost of A\$1bn.

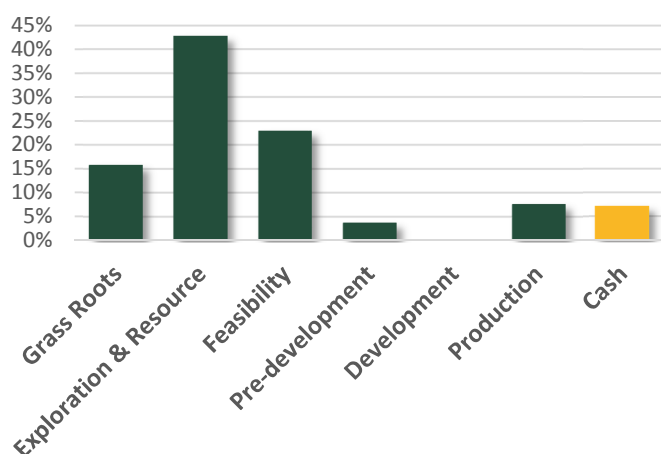


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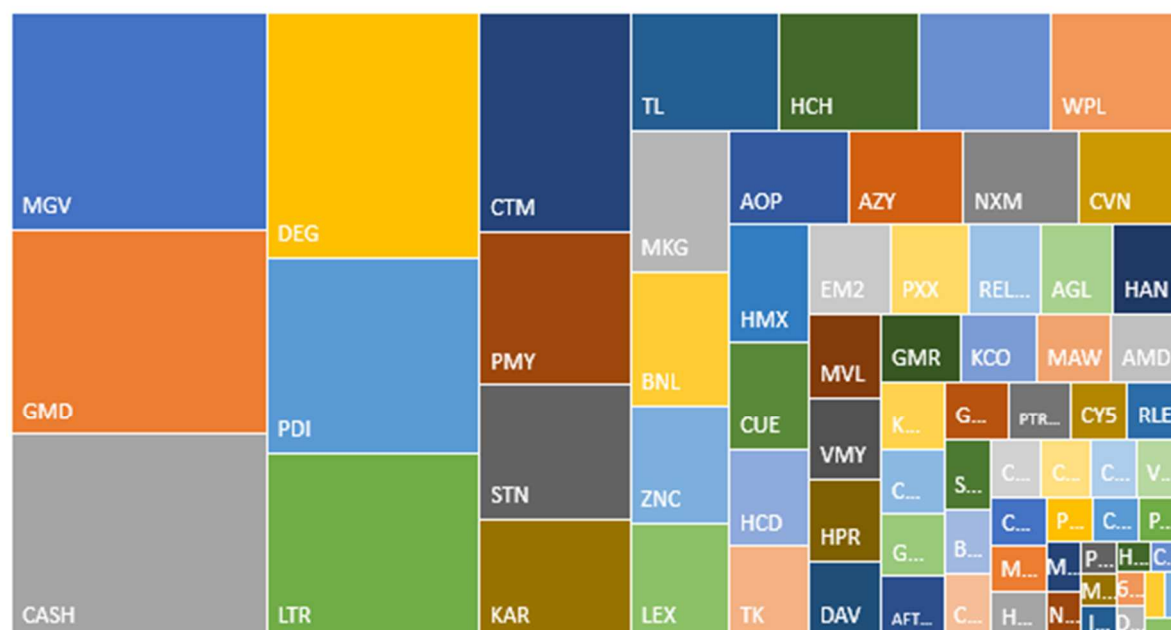
Centaurus Metals (CTM.ASX) now has five rigs at its Jaguar nickel sulphide project in Brazil. Step out drilling has intersected near surface mineralisation including 44m at 1.36% Ni, as well as high grade down dip extensions including 6m at 3.2% Ni.

LRF Portfolio Value by Stage of Project
31 October 2020



Company	Commodity	% of Gross Investments
Musgrave Minerals	Gold	7.6%
Genesis Minerals	Gold	7.2%
Cash	Cash	7.1%
De Grey Mining	Gold	7.1%
Predictive Discovery	Gold	5.7%
Liontown Resources	Lithium	5.3%
Centaurus Metals	Nickel	4.5%
Pacifico Minerals	Lead-Silver	3.1%
Saturn Metals	Gold	2.7%
Karoon Energy	Oil & Gas	2.4%

LRF Portfolio by Value 31 Oct 2020





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October 2020 Portfolio Changes

During October, LRFM added modestly to four of the Fund's Oil & Gas holdings, being Cue Energy, Hydrocarbon Dynamics, Centaurus Energy and Real Energy.

In gold, the Fund increased its exposure to existing investments in Marvel Gold, Lefroy Exploration, Pacific Trends Resources and Zenith Minerals. The Fund exited its position in Santana Minerals.

The Fund reallocated exposures in its base and other metals portfolio, trimming two profitable positions while adding to its holdings in Carawine Resources, Davenport Resources and Pacifico Minerals.

The Fund's cash position was largely unchanged at around 7%.

Performance Comparison

In the 12 months to 31st October 2020, the Lowell Resources Fund again significantly outperformed the benchmark, by over 100%. The S&P/ASX Small Resources Index (XSRD) return of 0.8% pa compared to the Fund's 123% 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	+123.6%	+0.8%	-3.2%	-8.2%
5 years p.a.	+24.1% pa	+12.0% pa	+12.7% pa	+6.8% pa
10 years p.a.	+11.9% pa	-4.8% pa	+0.5% pa	+6.9% pa

The ASX traded unit price of LRT at the end of the month was \$1.31/unit, compared to \$1.20/unit equivalent at the end of September.



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Characteristics of the Fund

Number of investments: 69

Average Market Capitalisation of Investee companies: AUD\$330 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$582 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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