



Lowell Resources Fund Monthly Update

May 2021 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund net asset value ('NAV') per unit hit another new record in May, finishing the month at \$1.911/unit (vs \$1.823/unit at 30 April 2021), representing a 4.8% increase in NAV over the month. The unit price of the ASX listed LRT units at month end was \$1.70/unit, representing a 11% discount to underlying NAV.

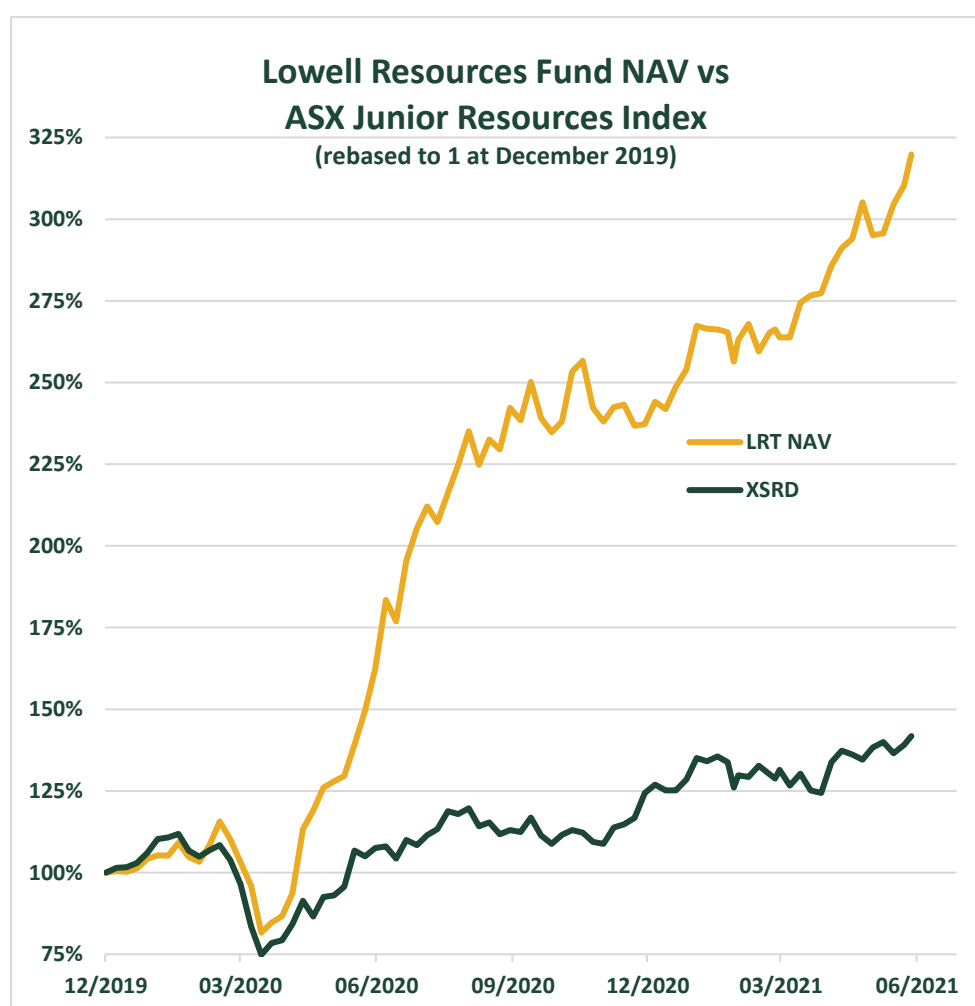
The Fund's NAV at the end of the month was approximately \$53.6 million.

Fund Overview

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

Fund Snapshot 31 May 2021

NAV per unit	\$1.9113
No. of units on issue	28,046,614
Market price (ASX)	\$1.70/unit
Net Asset Value	\$53.6m





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Fund Investment Actions – May 2021

In May the Fund completed its exit of a long-held position in Tinka Resources (TSX.V), capitalising on a period of zinc price strength, which has unfortunately coincided with heightened political uncertainty in Peru.

The Fund also took some profits in Zenith Minerals, after the share price jumped when its joint venture partner announced a zinc discovery in the Earraheedy Basin in WA. However, the Fund retains a core holding in Zenith based on its strong management credentials and portfolio of gold-focused 100% owned exploration projects.

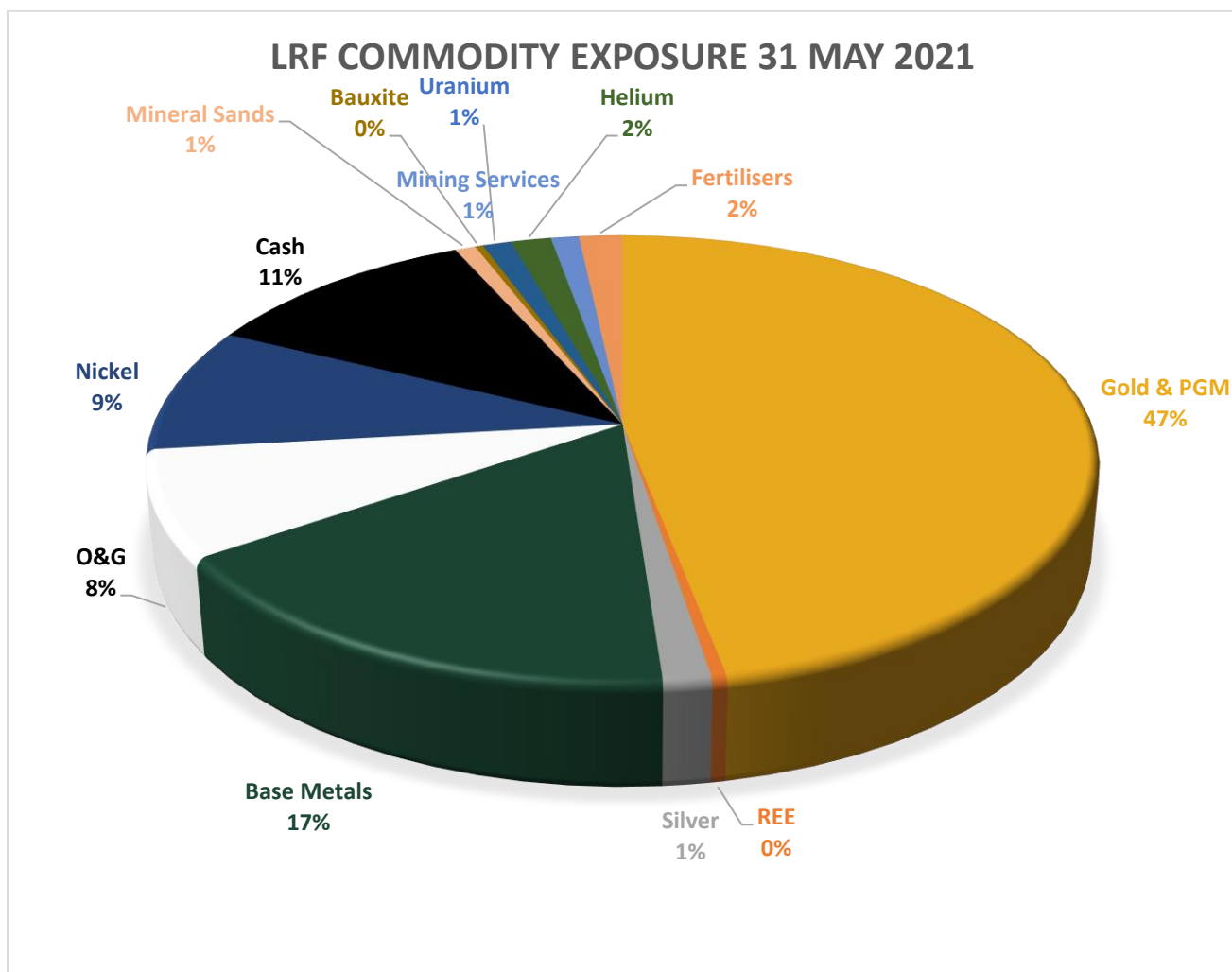
Similarly, the share price strength in pre-development copper company Caravel Minerals allowed the Fund to take some profits, but hold on to the majority of its position in the expectation of further leverage to the copper price as the Caravel project progresses towards feasibility.

These equity sales boosted the Fund's cash holding position to over 10%.

For additional copper exposure, the Fund added to its holding in Middle Island Resources which presented interesting value in the emerging Barkly copper province in the NT. The Fund also topped up its position in Anax Metals at the Whim Creek base metals project in WA.

In the precious metals sector, the Fund added to positions in explorers Anglo Australian, Arrow Minerals, and Mithril Resources, and initiated a holding in Matador Mining.

Finally, the Fund subscribed for the upcoming IPO of Australian Rare Earths Limited, based on its recent ionic rare earths discovery in SE South Australia.





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Performance Comparison

Over the past 12 months, the Lowell Resources Fund has consistently and vastly outperformed the benchmark. In the 12 months to 31st May 2021, the S&P/ASX Small Resources Index (XSRD) return of 32.6% pa compared to the **Fund's 111.7% 12-month change in underlying net asset value per unit** (inclusive of distributions and after fees and expenses). The Fund has also outperformed the XSRD, the ASX Resources 300 Index, and the ASX 200 Index over 1, 5 and ten years.

In its M1y 2021 review of listed investment companies and trusts, Risk Return Metrics ranked the Lowell Resources Fund first in the "Thematic Specialist" sector.¹

Total Portfolio Performance to 31 May 2021	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	143.2%	+32.6%	32.3%	28.2%
5 years p.a.	27.8% pa	+13.2% pa	19.4% pa	10.1% pa
10 years p.a.	13.6% pa	-6.0% pa	2.7% pa	8.8% pa

The LRT.ASX traded unit price at the end of May was \$1.70/unit, compared to \$1.65/unit at the end of April.

Market Notes

- Gold prices rose around 8% in May, to close at over US\$1,900/oz. Legendary gold investor Pierre Lassonde continues to forecast a 1:1, or 1:2, Gold: Dow Jones Index ratio in the next 3 to 5 years.
- More indicators of rising inflation were reported during the month, including the US PCE index (personal consumption expenditure) which rose 0.7% in April, the most since October 2001, while core PCE saw the largest annual rise since July 1992. Despite growing inflationary pressures, the US Federal Reserve has kept its target funds rate below 0.25%, while buying \$US120 billion of bonds a month.
- President Biden proposed a federal budget of \$6tn for 2022 financial year, an increase of ~\$1.3tn.
- The Bloomberg Commodity Index is up around 30% over the past year at 92.8, but remains well off its all-time high of over 230 points set in 2008.
- China's national securities regulator declared a crackdown on commodities speculation and said it would work closely with other government bodies to "manage" commodity prices. This appears to have impacted iron ore prices in particular, which peaked at an all-time record of US\$230/t on 12th May before falling back below US\$200/t.
- Palladium also hit an all-time high of nearly US\$3,000/oz in early May. 2021 is forecast to be the 10th consecutive year of palladium supply deficits, despite increased scrap recycling and higher primary production from South Africa. The roughly 10 million ounce-a-year market is predicted to be undersupplied by around a million ounces in 2021.

¹ Risk Return Metrics Monthly Report May 2021



- Brent oil prices continued to rally toward US\$70/bbl, driven by resilient demand, OPEC+ limiting the re-introduction of latent capacity, and lack of supply growth in non-OPEC regions. Record LNG demand in China and higher oil prices drove a recovery in regional LNG prices, and higher Australian domestic gas prices.
- Copper prices finished the month up around 5%. Supply may be impacted by a number of factors including sulphuric acid shortages, threatened industrial and community action in Chile and Peru as well as the pandemic, potential concentrate export bans in the DRC, and high shipping costs.



Predictive Discovery (PDI.ASX) raised \$26.5m at \$0.08/sh from a placement which was cornerstoned by major North American funds. The money will be used for 110,000m of drilling at PDI's projects in Guinea, mainly at its Bankan discoveries. Early stage auger drilling at a separate project called Koundian returned high grade regional results including 6m at 32 g/t Au and 6m at 9.8 g/t Au. In Cote d'Ivoire, the company swapped its 23.5% contributing equity interest in the Resolute joint venture for an 11% free-carried equity interest, plus performance shares in Manas Resources.

Musgrave Minerals' (MGV.ASX) doubled the strike of its new "Big Sky" prospect at its Cue project in WA to 2.6km, with aircore drill intersections including 18m at 1.3g/t Au.

At its Hemi gold project in the Pilbara, **De Grey Mining (DEG.ASX)** released overall metallurgical recovery testwork of 94% via sulphide flotation followed by oxidation of the flotation concentrate through pressure oxidation and then cyanide leaching of the pressure oxidation residue. The Falcon zone returned depth extensions of 69m at 1.5g/t Au and infill of 50m at 3.9 g/t Au, while the strike length at more recently identified zones Diucon and Eagle was extended to 900m at 600m respectively.

During May **Lefroy Exploration's (LEX.ASX)** diamond drilling at its 100% owned Burns project in Western Australia visually confirmed vertical continuity of the mineralised porphyry to at least 100m, and strike of over 140m. Assays are expected in June.

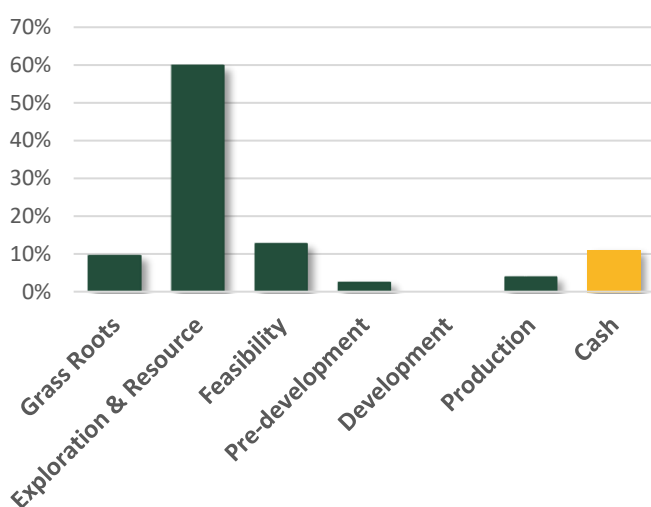


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Caravel Minerals (CVV.ASX) appointed respected Australian engineering firm Ausenco as lead engineer for the pre-feasibility study on its Caravel Copper Project in the wheatbelt of southwest WA. Infill drilling is continuing, with results including 150m at 0.38% Cu. The share price rose over 70% during May.

Genesis Minerals (GMD.ASX) announced a high grade intersection in a new 'deeps' zone at the Admiral deposit of 5m at 60g/t Au, as part of the drill out and expansion of its 1.6Moz Ulysses gold project near Leonora in WA.

LRF Portfolio Value by Stage of Project, 31 May 2021



Company	Commodity	% of Gross Investments
Cash	Cash	11.1%
Predictive Discovery	Gold	7.6%
Musgrave Minerals	Gold	7.4%
De Grey Mining	Gold	7.3%
Lefroy Exploration	Gold	6.5%
Caravel Minerals	Copper	5.5%
Genesis Minerals	Gold	4.4%
Centaurus Metals	Nickel	4.3%
Talon Metals	Nickel	3.8%
Karooon Energy	Oil & Gas	2.9%

What is the Lowell Resources Fund? (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.

Characteristics of the Fund

Number of investments: 62

Average Market Capitalisation of Investee companies: AUD\$107 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$275 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



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Distribution policy 100% of taxable profits distributed annually

WARNING

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