



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

Lowell Resources Funds Management Ltd. ABN 36 006 769 982 AFSL 345674

July 2021

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

The Lowell Resources Fund net asset value ('NAV') per unit finished the month of July at \$1.695/unit (vs \$1.586/unit at 30 June 2021), post-distribution, representing a 6.8% increase in NAV over the month. The announced distribution amount of \$0.15 per unit is due to be paid on 31st August 2021 (ex date 30 June 2021). The traded unit price of the ASX listed LRT units at month end was \$1.52/unit.

The Fund's NAV at the end of the month was approximately \$47.5 million (post distribution).

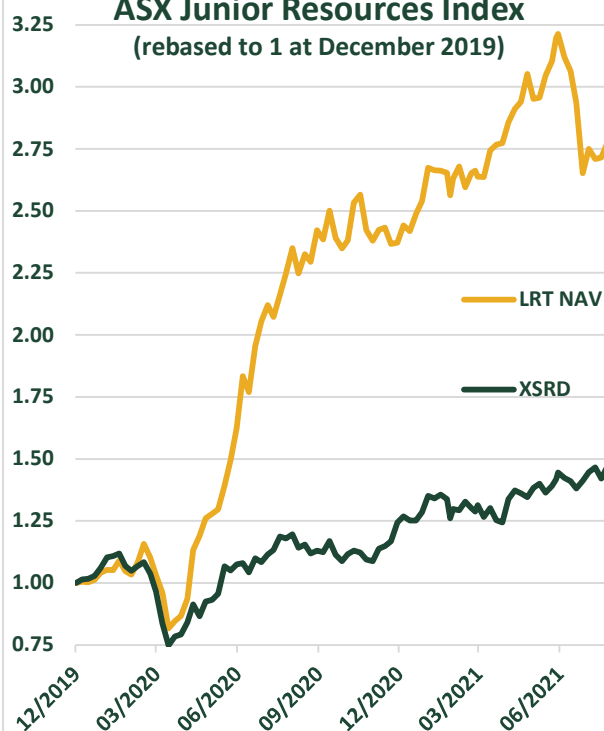
FUND OVERVIEW

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

FUND SNAPSHOT 31 July 2021

NAV per unit	\$1.695 (post distribution)
No. of Units on issue	28,046,614
Market Price (ASX)	\$1.50 / unit
Net Asset Value	\$47.5m (post distribution)
August 2021 Distribution (Ex date 30 June 2021)	\$0.15/unit
Market Capitalisation	\$42.6m

Lowell Resources Fund NAV vs
ASX Junior Resources Index
(rebased to 1 at December 2019)

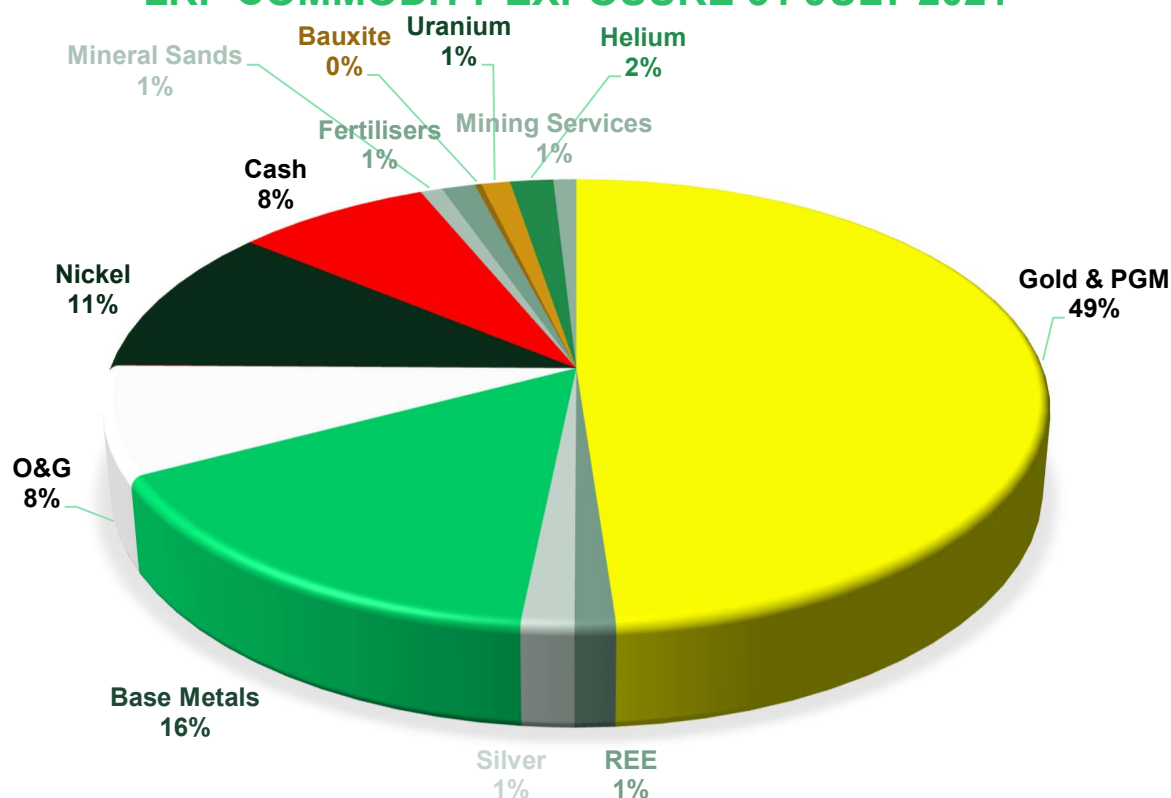


Fund Investment Actions – July 2021

In July, the Fund added to its holdings in ASX listed gold explorers Zenith Minerals (ZNC.ASX) and Musgrave Minerals (MGV.ASX), and took new positions in WA-focused explorers Kingwest Resources (KWR.ASX) and Carnavale Resources (CAV.ASX)

The Fund also took an initial position in WA-focused ASX IPO Tambourah Metals.

LRF COMMODITY EXPOSURE 31 JULY 2021



Fund Top Holdings

Predictive Discovery (PDI.ASX) released thick bonanza grade intersections at its NE Bankan deposit at depth including 44m at 8g/t Au, 49.7m at 11.7g/t Au and 55.6m at 5.7 g/t Au. These new results indicate the deposit has a high-grade core, which is 100-200m long, extends down-dip for over 250m and is open at depth. The PDI share price nearly doubled over the month.

Centaurus Metals (CTM.ASX) announced its best nickel sulphide drill intersection to date, being 56m at 2.05% Ni, immediately below the planned scoping study pit outline at the Jaguar South deposit in Brazil.

De Grey Mining (DEG.ASX) drilling results indicate excellent potential to expand its 6.8 Moz Hemi gold project in the Pilbara (part of an overall project resource of 9.0 Moz). During July, De Grey released new results at from the Diucon zone at Hemi including 174m at 1.5 g/t Au and 88m at 1.9g/t Au.

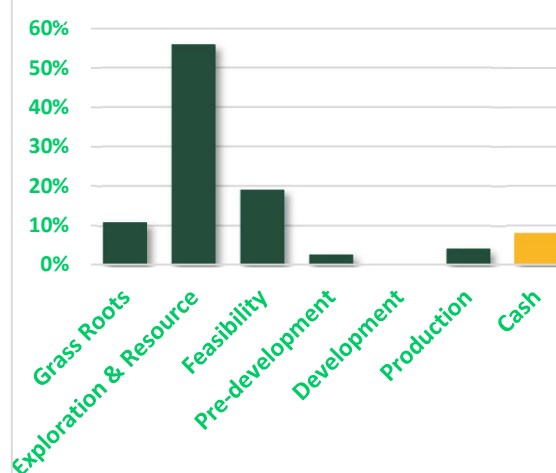
Musgrave Minerals' (MGV.ASX) announced broad spaced RC drilling results at its 100% owned "Big Sky" prospect (part of its Cue, WA gold project), including 48m at 1.4g/t Au and, from 800m to the north, 18m at 1.2g/t.

Genesis Minerals (GMD.ASX) RC drilling of its Ulysses Gold project north of Kalgoorlie in WA included results of 8m at 6.3 g/t and 69m at 2.6 g/t Au from the Puzzle North discovery. Mineralisation is open along strike and at depth along a 6km long granite-greenstone contact at Puzzle.

Fund Top Performer

Australian Rare Earths (AR3.ASX) commenced trading on the ASX on 1st July 2021, raising A\$12m at \$0.30/sh. The AR3 share price rose 155% to end the month at \$0.765/sh. AR3's main asset is Koppamurra in South Australia - Australia's largest prospective ionic clay hosted rare earth element (REE) deposit.

LRF Portfolio Value by Project Stage 31 July 2021



Company	Commodity	% of Gross Investments
Cash	Cash	7.8%
Predictive Discovery	Gold	12.1%
Centaurus Metals	Nickel	6.1%
De Grey Mining	Gold	5.6%
Musgrave Minerals	Gold	5.4%
Genesis Minerals	Gold	5.2%
Lefroy Exploration	Gold	4.6%
Caravel Minerals	Copper	4.6%
Talon Metals	Nickel	3.8%
Karoon Energy	Oil & Gas	3.1%

Performance Comparison – July 2021

Over the past 12 months, the Lowell Resources Fund has outperformed the benchmark S&P/ASX Small Resources Index (XSRD). The Fund's 12-month change in underlying net asset value per unit (inclusive of distributions and after fees and expenses) was 34.5%, and 66.5%pa over two years. The Fund has outperformed the XSRD, the ASX Resources 300 Index, and the ASX 200 Index over two and ten years.

Total Portfolio Performance to 31 July 2021	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	34.5%	+31.9%	39.0%	29.2%
2 years p.a.	66.5% pa	+14.7% pa	13.7% pa	9.0% pa
5 years p.a.	19.5% pa	+10.7% pa	20.5% pa	11.4% pa
10 years p.a.	12.9% pa	-4.9% pa	3.8% pa	9.4% pa

The LRT.ASX traded unit price at the end of July was \$1.52/unit, compared to \$1.50/unit at the end of June.

Market Notes

- Real US interest rates (as represented by 10-year TIPS) fell by over 30% during July to a record low of -1.16% (i.e. negative). Negative real rates boost asset prices and in particular are favourable for gold. The US\$ gold price firmed by US\$70/oz over the month to US\$1,828/oz at the end of July.
- Prices for Rare Earth Metals (REE's) strengthened in July, with the Nd/Pr REO price in China rising 28% over the month. China controls 90% of the global REE market. Despite Chinese exports rising 25% over the first half of 2021, Western consumers, particularly EV car makers, are trying limit their use of REE's.
- Energy prices stabilized, with WTI falling slightly over the month to just under US\$74/bbl. Oil is going sideways while markets weigh the impact of the Delta Covid strain. Prices for LNG and Australian east coast domestic gas continued to strengthen. This has led to increased demand for thermal coal, driving Newcastle NSW thermal coal prices into record territory.
- Tin prices are at their highest levels for many years as demand for tin solder has increased during to the global recovery. Concern over rising Covid infections in southern China (Yunnan province is a major tin refining area) and slumping tin ore production from Myanmar have contributed to supply issues.
- Nickel rose nearly 9% over the month. BHP has been actively investing in the nickel sector,

Lowell Resources Funds Management Ltd. **LRT**

making a takeover bid for a high-grade nickel project in Canada (Noront Resources) and announcing a major expansion at its Mt Keith nickel processing plant in WA, which was up for sale not so long ago. BHP now forecasts overall nickel demand will grow at a 5% compound annual growth rate, and that nickel-in-battery demand will grow at a rate of 21%.

- Copper prices were largely unchanged over the month, despite the increasing likelihood of a strike at Escondida in Chile, the world's biggest copper mine. Strikes are also looming at two other Chilean copper mines, with total Chilean production at risk of industrial stoppages comprising 7% of global supply.
- In uranium, the new \$600m Sprott Physical Uranium trust commenced buying U3O8, but spot prices were flat.

LRF Portfolio by Value 31 July 2021

PDI	CTM	MGV	CVV	BML		EM2		BNL		STN	
				MAY	ZNC	AR3		FG1		ANX	
		GMD	TL	SHP	HCH	GMR		CZR		RZ	
						MTH	PGO	AMD	GNM	MZZ	
AOP	COI			MDI	HAN					PDIO	VGL
						MKG	ELE	PXX	EL8	MVL	CAA
Cash	DEG	LEX	KAR							CE1	VMY

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: 66

Unlisted Investments: 7%

Average Market Capitalisation of Investee companies: AUD\$91 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$239 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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