



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

August 2021

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

The Lowell Resources Fund net asset value ('NAV') at the end of the month was approximately \$48.1m (post distribution) compared to \$47.5 million at the end of July, representing a 1.3% increase.

As part of the \$0.15/unit distribution paid on 31 August 2021, the number of units on issue increased by 1.297m units under the distribution reinvestment plan. The NAV per unit therefore finished the month of August at \$1.6394/unit (vs \$1.695/unit at 30 June 2021). The traded unit price of the ASX listed LRT units at month end was \$1.40/unit.

FUND OVERVIEW

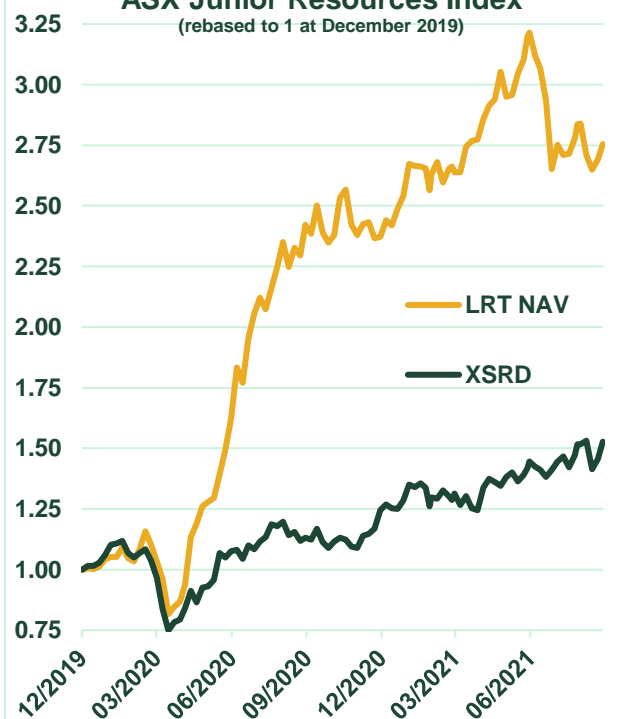
Investment Manager	Lowell Resources Funds Management Limited
Managed since	6 February 2004
ASX code	LRT
Income distribution	Annual

FUND SNAPSHOT 31 August 2021

NAV per unit	\$1.639 (post distribution)
No. of Units on issue (post Aug 21 DRP)	29,343,384
Market Price (ASX)	\$1.40 / unit
Net Asset Value	\$48.1m (post distribution)
August 2021 Distribution	\$0.15/unit
Market Capitalisation	\$41.1m

Lowell Resources Fund NAV vs ASX Junior Resources Index

(rebased to 1 at December 2019)



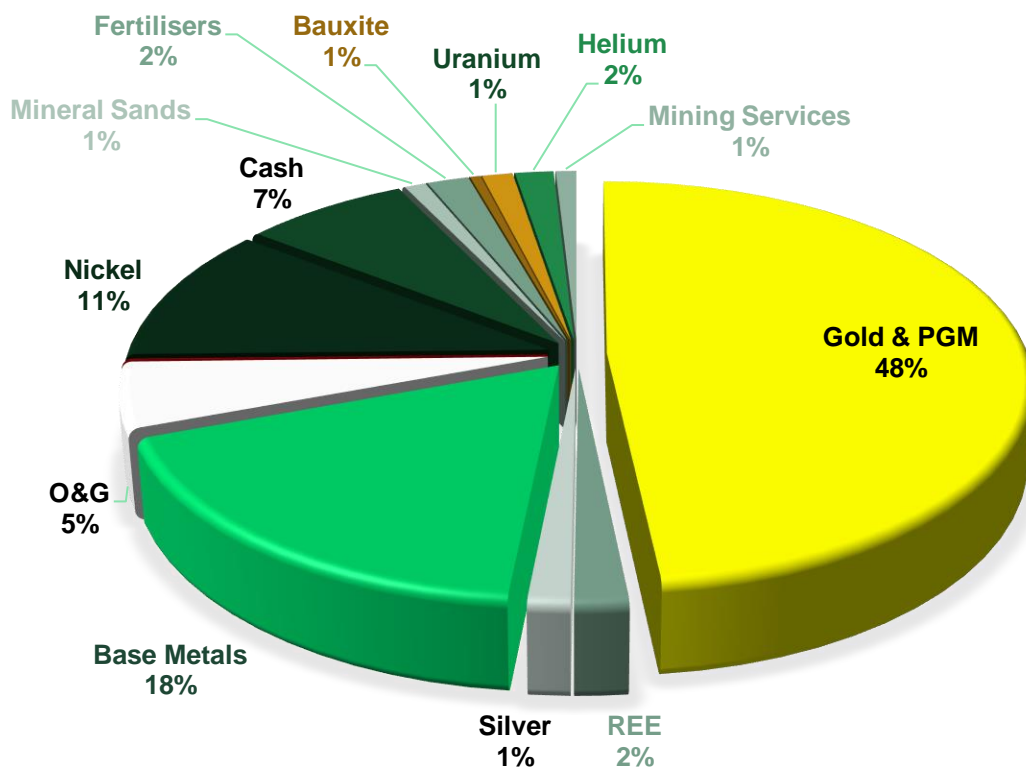
Fund Investment Actions – August 2021

In August, the Fund converted its holding in Karoon Energy (KAR.ASX) to cash, at a substantial profit, due to the softening near term oil price outlook and the production stage of the Bauna project in Brazil.

Similarly, in line with the Fund's focus on pre-production assets, it also exited Guanajuato Silver (GSV.TSX) as the company moved close to precious metal production at its El Cubo mine acquisition in Mexico. Concurrently, the Fund maintained its exposure to silver-gold in Mexico by participating in Mithril Resources' (MTH.ASX) equity placement to fund further work at the Copalquin project. Recent drilling at Copalquin has returned 8m at 80g/t Au and 700g/t Ag to extend the El Refugio lode by 200m vertical.

The Fund rebalanced its exposure to Brazil by participating in the upcoming ASX IPO of Alvo Minerals (ALV.ASX), while taking some profits in Centaurus Metals (CTM.ASX). Alvo Minerals is focused on the Palma base metals project in Brazil. Centaurus' share price has performed strongly as the nickel market attracted significant investor interest.

LRF COMMODITY EXPOSURE 31 AUGUST 2021



Fund Top Holdings

Predictive Discovery (PDI.ASX) finalized its initial resource drilling of the 100% held Bankan discovery in Guinea, west Africa, including 34m at 3.7g/t Au at Bankan Ck. The maiden mineral resource and metallurgical study are expected to be released in September.

Musgrave Minerals' (MGV.ASX) announced bonanza infill DDH drilling results at its 100% owned "Big Sky" prospect (part of its Cue, WA gold project), including 3.4m at 107g/t Au and 6.8m at 17.8g/t Au.

August saw renowned nickel entrepreneur Kerry Harmanis take a major stake in **Centaurus Metals (CTM.ASX)**. The company announced step out drill results such as 16m at 1.3% Ni, which demonstrate the potential to expand the resource at its Jaguar nickel sulphide deposit in Brazil.

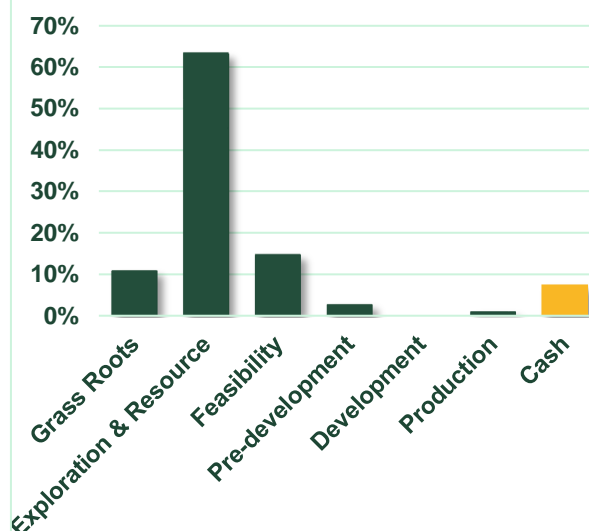
Genesis Minerals (GMD.ASX) continued its RC drilling at its Ulysses Gold project north of Kalgoorlie in WA. Results included 23m at 1.3 g/t and 8m at 4.5 g/t Au from the Admiral to Butterfly drillout area. A new drill area at Admiral West returned 2m at 10.6g/t Au.

Further drilling at **De Grey Mining (DEG.ASX)** 6.8 Moz Hemi gold project in the Pilbara (part of the overall project resource of 9.0 Moz) returned extensions of the Eagle zone including 31m at 3.6 g/t Au and 67m at 3.4g/t Au.

Fund Top Performer

Azure Minerals (AZS.ASX) share price rose 44% over the month of August. Azure holds a 60% JV interest in the Andover Ni-Cu project in the Pilbara region of WA, where the well credentialled management team is drilling out the high-grade Ni (plus Cu) VC-07 deposit. The also project hosts numerous EM anomalies which are yet to be drilled but considered prospective for similar mineralization.

Portfolio Value by Project Stage
31 August 2021



Company	Commodity	% of Gross Investments
Cash	Cash	7.3%
Predictive Discovery	Gold	11.8%
Musgrave Minerals	Gold	6.3%
Centaurus Metals	Nickel	5.9%
Genesis Minerals	Gold	5.8%
De Grey Mining	Gold	5.7%
Caravel Minerals	Copper	5.1%
Talon Metals	Nickel	3.9%
Boab Metals	Lead-Silver	2.6%
Eagle Mountain Mining	Copper	2.5%
Lefroy Exploration	Gold	2.5%

Performance Comparison – August 2021

Over the past 12 months, the Lowell Resources Fund's change in underlying net asset value per unit (inclusive of distributions and after fees and expenses) was 23.7%, and 65.5% pa over two years. The Fund has outperformed the benchmark S&P/ASX Small Resources Index (XSRD), the ASX Resources 300 Index, and the ASX 200 Index over two and ten years.

At the end of August, the Fund issued a further 1.3m units, or around 5% of the units outstanding, as part of the Distribution Reinvestment plan.

Total Portfolio Performance to 31 May 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	23.7%	+35.2%	39.0%	29.2%
2 year p.a.	65.5%	+19.4% pa	13.7% pa	9.0% pa
5 years p.a.	20.7% pa	+12.3% pa	20.4% pa	11.4% pa
10 years p.a.	12.7% pa	-4.5% pa	3.8% pa	9.4% pa

The LRT.ASX traded unit price at the end of August was \$1.40/unit, compared to \$1.52/unit at the end of July.

Market Notes

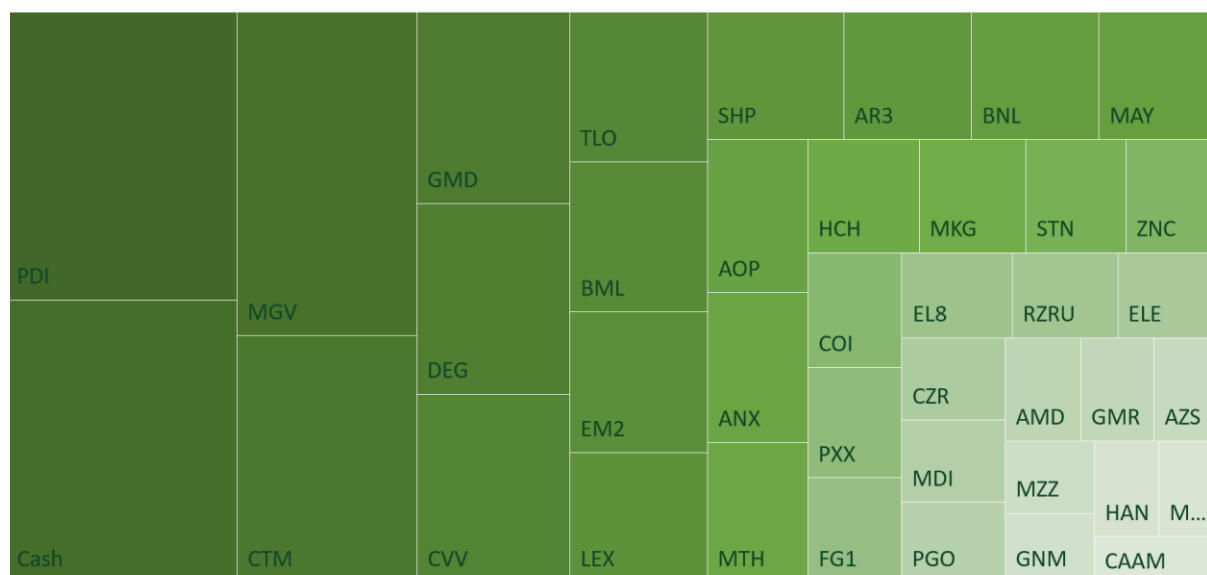
- The major metals complex generally fell marginally through August, as the US dollar strengthened. The US\$ gold price softened slightly to US\$1,814/oz at the end of August. US market data for July showed a slowing in CPI growth. The US Federal Reserve has maintained that rising consumer prices will be transitory, but Governor Powell at Jackson Hole set no timetable for bond buying “tapering”.
- Nickel prices also weakened, but M&A activity in the sector heated up, exemplified by the battle between BHP and Wyloo Metals for the high-grade Eagles Nest nickel project in Canada (Noront Resources).
- Copper and zinc prices followed the trend, copper being 3% weaker over August. Nevertheless, factors in favour of a tightening copper supply-demand balance included drought in Chile and progress of a new royalty bill through the Chilean parliament, as well as easing fears of the impact of the Delta Covid strain in China.
- A report on the Australian east coast gas market by EnergyQuest forecast that gas supply shortages in Victoria could push prices to “significantly higher” levels. The report predicted

Lowell Resources Funds Management Ltd. **LRT**

that Melbourne spot gas prices could average \$11.05/GJ by 2030, compared to current wholesale prices of \$8.05/GJ. This is driven by plummeting Victorian gas production due to the accelerating decline in Bass Strait supply.

- The uranium market began to move at the end of the month, taking off from spot prices around US\$32/lb. The new \$600m Sprott Physical Uranium Trust bought more than US\$41m of U3O8, creating a shortage of physical supply with further buying occurring into September.
- North American fertiliser prices approached decade highs as rising soft commodity prices incentivised farmers to increase crop production, boosting demand for potash and phosphate.

LRF Portfolio by Value 31 August 2021



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: 68

Unlisted Investments: 8%

Average Market Capitalisation of Investee companies: AUD\$79 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$214 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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