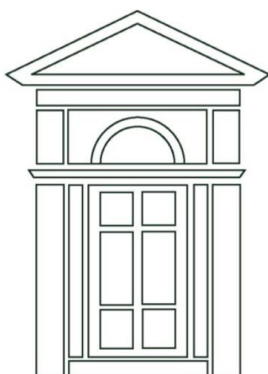


# Lowell Resources Fund

[ARSN 093 363 896]

A Specialist Fund Investing in Emerging Mining &  
Energy Companies



## PRODUCT DISCLOSURE STATEMENT

An offer of Units and 1 for 1 free attaching unlisted options at an Issue Price of \$1.35 per Unit to raise up to approximately \$13.2 million before costs of the Offer.

Eligible Existing Unitholders at the Record Date will receive an offer to accept new Units (and free attaching options) on a 1 for 3 basis (the Offer). The Offer closes at 5pm Melbourne, Victoria time on 2 September 2022 (which date may change without notice).

Each unlisted free attaching option will have an exercise price of \$1.65, an expiry date of 4 March 2024, and will, upon exercise, entitle the holder to one Unit.

### Responsible Entity

Cremorne Capital Limited  
[ACN 006 844 588] [AFSL 241175]

### Investment Manager

Lowell Resources Funds Management Ltd  
[ACN 006 769 982] [AFSL 345674]



### Lead Manager

MP Capital Partners Pty Ltd  
ACN 159 200 503 AFSL 443025

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

It is important that you read this PDS carefully before deciding whether to accept or apply for Units and free attaching options described in this PDS. If you do not understand its contents you should consult your stockbroker, accountant or other professional adviser.

The securities offered under this PDS are considered speculative.

## **IMPORTANT NOTICES**

### **THIS PDS**

This is an important document which should be read in its entirety before making any investment decision. You should obtain independent advice if you have any questions about any of the matters contained in this product disclosure statement (PDS).

Lowell Resources Fund [ARSN 093 363 896] (Fund) is an Australian registered managed investment scheme. Cremorne Capital Limited [AFSL 241175] is the Responsible Entity of the Fund.

This document is a product disclosure statement (PDS) for the purposes of Part 7.9 of the Corporations Act 2001 (Cth) and has been issued by the Responsible Entity, which will also be the issuer of the Units and Options.

### **LODGEMENT AND LISTING**

This PDS is dated 5 August 2022 and a copy of this PDS was lodged with ASIC on that date. The Responsible Entity will apply to ASX within seven days after the date of this PDS for official quotation (listing) of the Units offered under this PDS on ASX. The options offered under this PDS are intended to be unlisted. Official quotation of the options is not being applied for and is not a condition of the Offer. Neither ASIC, ASX or their officers take any responsibility for the contents of this PDS. Admission to the official list of ASX is in no way an indication of the merits of the Fund.

### **FORWARD-LOOKING STATEMENTS**

This PDS contains forward-looking statements, statements identified by use of the words 'believes', 'estimates', 'anticipates', 'expects', 'predicts', 'intends', 'targets', 'plans', 'goals', 'outlook', 'aims', 'guidance', 'forecasts', 'may', 'will', 'would', 'could' or 'should' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions and contingencies that are subject to change without notice and involve known and unknown risks and uncertainties and other factors which are beyond the control of the Responsible Entity, the Investment Manager, their directors and their management. They are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance.

As set out above, the Responsible Entity and the Investment Manager do not make

any representation, express or implied, in relation to forward-looking statements and you are cautioned not to place undue reliance on these statements

The Responsible Entity and the Investment Manager do not intend to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this PDS, except where required by law.

These statements are subject to various risk factors that could cause the Fund's actual results to differ materially from the results expressed or anticipated in these statements. Key risk factors are set out in Section 8. These and other factors could cause actual results to differ materially from those expressed in any statement contained in this PDS.

### **TARGET MARKET DETERMINATION**

The Responsible Entity has adopted a target market determination (TMD) for the offer of Units and options. The TMD is available at the following website: [www.cremornecapital.com](http://www.cremornecapital.com). By accepting or applying for Units and options under the Offer, an investor warrants that they have received, read and understood the TMD and that they fall within the target market set out in the TMD.

### **NOTICE TO INVESTORS**

No person is authorised to provide any information, or to make any representation, about the Fund that is not contained in this PDS. Potential investors should only rely on the information contained in this PDS. Any information or representation not contained in the PDS may not be relied on as having been authorised by the Responsible Entity in connection with the Fund. Except as required by law and only to the extent required by such law, neither the Responsible Entity, the Investment Manager nor any other person associated with the Fund guarantees or warrants the future performance of the Fund, the return on an investment made under this PDS, the repayment of capital or the payment of distributions on the Units. Before deciding to invest in the Fund, investors should read the entire PDS. The information contained in individual sections is not intended to and does not provide a comprehensive review of the business and the financial affairs of the Fund. The information in this PDS does not take into account the investment

objectives, financial situation or particular needs of individual investors. An investment in the Fund should be considered speculative. You should carefully consider the risks (including those set out in Section 8) that impact on the Fund in the context of your personal requirements (including your financial and taxation position) and, if required, seek professional guidance from your stockbroker, solicitor, accountant or other professional adviser prior to deciding to invest in the Fund. No cooling-off regime (whether provided for by law or otherwise) applies to the Fund.

### **RIGHTS AND OBLIGATIONS ATTACHED TO THE UNITS**

Details of the rights and obligations attached to each Unit are summarised in Section 14.1 and set out in the Constitution. The material provisions of the Constitution are also summarised in Section 14.1. A copy of the Constitution is available, free of charge on the following website: [www.cremornecapital.com/lrf-constitution/](http://www.cremornecapital.com/lrf-constitution/).

### **DATA**

All data contained in charts, graphs and tables is based on information available as at 29 July 2022 unless otherwise stated.

### **UPDATED INFORMATION**

Information in this PDS may need to be updated from time to time. Any updated information that is considered not materially adverse to investors will be made available on the following website: [www.cremornecapital.com/lrf-pds](http://www.cremornecapital.com/lrf-pds) and the Responsible Entity will provide a copy of the updated information, free of charge to any investor who requests a copy by contacting the Company Secretary at [info@lowell.net.au](mailto:info@lowell.net.au).

In accordance with its obligations under the Corporations Act, the Responsible Entity may issue a supplementary PDS to supplement any relevant information not disclosed in this PDS. You should read any supplementary disclosures made in conjunction with this PDS prior to making any investment decision.

### **GLOSSARY**

Certain terms and abbreviations in this PDS have defined meanings that are explained in Section 15. Defined terms are generally identifiable by the use of an upper case first letter.

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## INVITATION FROM THE CHAIRMAN

Dear Unitholder,

It gives me great pleasure to offer you an opportunity to invest further in the Lowell Resources Fund (**Fund**). The Fund invests in the junior mining and energy sectors in Australia and around the world. Over an extended period of time, the Fund has delivered a long-term record of success.

The Fund has provided outstanding performance over the 3 years to 30 June 2022, during which time it has been managed by Lowell Resources Funds Management Ltd (**Investment Manager**). The 3 year return to investors to 30 June 2022 of 52.8% per annum outperformed both the ASX 300 Resources Index, which returned 7.7% per annum over the period, and the ASX 200 index returned 3.3% per annum return over the period.

The Investment Manager of the Fund and Cremorne Capital Limited (**Responsible Entity**) see highly attractive investment opportunities at these current lower levels particularly across the energy and energy transition mining sectors.

The Offer is a non-renounceable entitlement issue on the basis of 1 new Unit for every 3 existing Units held at the Record Date (1:3) with 1 free unlisted option attached to each new Unit offered. The Offer price has been set at the last closing price before the offer was announced to ASX on 26 July 2022 of \$1.35 per new Unit and will raise up to approximately \$13.2 million before costs (and before any exercise of options).

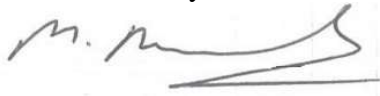
The options will have an exercise price of \$1.65 (which is approximately a 10% premium to the estimated net asset value (NAV) per Unit of the Fund as at 22 July 2022 announced to ASX on 26 July 2022 when the Entitlement Issue was announced), and will expire on 4 March 2024. Upon exercise, each option will entitle the holder to one fully paid ordinary Unit. At this time it is not proposed to list the options on the ASX, though this may be reviewed in future.

Now more than ever the energy and mining industries are vital for the global economy. Companies in the mining, oil, gas and new energy sectors will continue to play a critical role in the Australian and world economies. The discovery and development of mineral and energy deposits provides the opportunity for exciting returns, and the junior resources sector is the most leveraged to these opportunities.

The Investment Manager has a long track record of identifying and generating value from opportunities in the small resources sector, using its combination of seasoned industry, management and financial expertise in this highly specialised sector. The Investment Manager has proven time and time again it has the skills and network and the ability to source deep value resource investment opportunities globally, both in listed and unlisted companies, which may not otherwise be available to individual investors in the Fund.

Investing in the small resources sector is highly speculative. Please read this Product Disclosure Statement, including the risks described in Section 8, thoroughly before deciding whether to invest. If you are in any doubt as to the contents of this Product Disclosure Statement you should seek professional advice from your stockbroker, accountant, lawyer, or other professional adviser to understand if this product is suitable to your circumstances. Should you have any questions about the Offer or how to apply, please call us or your financial advisor.

Yours faithfully,

A handwritten signature in dark ink, appearing to read 'M. Ramsden', with a horizontal line drawn underneath.

Michael Ramsden

Chairman – Cremorne Capital Limited (Responsible Entity for the Lowell Resources Fund)

## IMPORTANT DATES

The below timetable is indicative only. Subject to the Corporations Act, the ASX Listing Rules and other applicable laws the Responsible Entity reserves the right to extend or otherwise vary dates or times below without notice by making an announcement to ASX.

Lodgement of PDS with ASIC and release to ASX:	5 August 2022
Units traded on an ex-entitlement basis	10 August 2022
Record Date for determining entitlements under the Offer (7pm Melbourne time):	11 August 2022
Opening date:	15 August 2022
Closing Date:	2 September 2022
New units quoted on deferred settlement basis (subject to ASX approval)	5 September 2022
Anticipated date for allotment and issue of Units and free attaching options and announcement of results of the Offer:	9 September 2022*
Trading of new Units commences on ASX (on a normal T+2 settlement basis):	12 September 2022

*\*Note: The record date for participation in distributions in respect of the 2022 financial year is 1 July 2022, consistent with past practice. Accordingly the Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year. Units will have the same entitlement as other Units to receive distributions in respect of the 2023 and subsequent financial years' distributions. See Section 4.7 for further details.*

## THE OFFER

The Offer seeks to raise a total of up to approximately \$13.2 million at an Issue Price of \$1.35 per Unit before costs of the Offer (the Maximum Subscription level). The Offer includes 1 for 1 free attaching unlisted options.

### *The Offer*

The Offer is a non-renounceable offer to apply for new Units (and free attaching options) on a 1 for 3 basis (rounding fractional entitlements to 0.5 Units or options or more up to the nearest whole Unit). Eligible Existing Unitholders who accept their 1 for 3 entitlement under the Offer in full will be able to apply for additional Units and free attaching options from the shortfall in acceptances (if any). Acceptances and applications for additional Units (and free attaching options) can be made using the on-line Offer BPay<sup>®\*</sup> or EFT acceptance facility [www.automicgroup.com.au](http://www.automicgroup.com.au) or the personalised acceptance form which will accompany a copy of this PDS (or a replacement copy which can be obtained by emailing [corporate.actions@automicgroup.com.au](mailto:corporate.actions@automicgroup.com.au)).

Additional new Units to Existing Unitholders will be allocated as set out in the allocation policy in Section 2.11 if acceptances of the entitlements and applications for additional Units for more than the number of Units offered to an eligible Existing Unitholder are received.

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\* <sup>®</sup> Registered to Bpay Pty Ltd [ABN 69 079 137 518].

For avoidance of doubt, the Corporations Act 20% Relevant Interest level applies to limit the acquisition of Additional Units through the Top-Up Facility.

There is no minimum individual application amount for the Offer. Applications for additional Units and free attaching options above your entitlement must initially be for \$5,000 (approximately 3,704 Units and free attaching options after rounding) and thereafter in increments of \$1,000 (approximately 741 Units and free attaching options after rounding), in each case depending on the total amount of the application.

There is no minimum subscription condition (minimum level of total subscriptions) for the Offer. Minimum individual application amounts for additional Units are set out above.

The Offer is:

- (a) not conditional upon the Responsible Entity receiving applications and Application Monies for any minimum number of Units under the Offer; and
- (b) conditional upon ASX giving its conditional approval for quotation (listing) of the Units issued to successful applicants.

The Offer will not proceed, no Units or options will be issued pursuant to this PDS, and Application Monies will be refunded to applicants in full (without interest) in accordance with the Corporations Act if Units issued to successful applicants are not quoted within 3 months after the date of this PDS (or any longer period as ASIC and ASX may permit).

Listing of the options offered under this PDS is not being applied for and is not a condition of the Offer.

For further information about the Offer including how to accept your entitlement, apply for additional Units (if you wish to), and how Units and free attaching options will be allocated, please see Section 2.

## KEY STATISTICS OF THE FUND AND THE OFFER

- ASX code: LRT
- Fund Establishment Date: 21 January 1986
- Fund listed on ASX: 22 March 2018

	<b>Maximum Subscription level (Approximately \$13.2 million)</b>
Existing Fund Units	29,351,614
New Units offered under this PDS <sup>^</sup>	9,783,872
Total Units on issue if the Offer is fully subscribed <sup>^</sup>	39,135,486
Issue Price for Units	\$1.35
Cash proceeds under the Offer if fully subscribed (approximately)	\$13.2 million
Approximate market capitalisation at Issue Price* if the Offer is fully subscribed	\$52.8 million
Existing options on issue:	Nil
Options offered under this PDS <sup>^</sup> :	9,783,872

<sup>^</sup> Subject to rounding of entitlements under the Offer.

\* The market capitalisation is calculated using the number of Units on issue if the Offer is fully subscribed multiplied by the \$1.35 Issue Price. The above market capitalisation figure is an approximation only, and is not a forecast or representation in respect of the Net Asset value of the Fund or the potential market price of Units.

## 1. KEY INFORMATION

This is a summary only. This PDS should be read in full before making any decision to apply for Units.

Question	Answer	For more information
<b>A. About the Lowell Resources Fund and Investment Overview</b>		
<b>What is the Lowell Resources Fund?</b>	The Lowell Resources Fund ( <b>Fund</b> ) is a unit trust which was established on 21 January 1986 and has been registered as a managed investment scheme under the Corporations Act since 2000.	<b>Section 4</b>
<b>What is the Fund's ASX code?</b>	LRT.	<b>Page 8</b>
<b>Who are the Responsible Entity and the Investment Manager of the Fund?</b>	Cremorne Capital Limited [ACN 006 844 588] ( <b>Responsible Entity</b> ) is the responsible entity of the Fund.  Lowell Resources Fund Management Ltd [ACN 006 769 982] ( <b>Investment Manager</b> ) is the investment manager of the Fund.	<b>Sections 4 &amp; 5</b>
<b>What experience does the Investment Manager have?</b>	The Investment Manager was appointed as investment manager of the Fund on 6 January 2004 and operates through an investment committee which concentrates the experience and knowledge of individuals who have direct working experience in the oil & gas and minerals industries, as well as broking, banking and funds management.	<b>Section 5</b>
<b>What are the Fund's investment objectives?</b>	The investment objectives of the Fund are to maximize absolute returns to Unitholders over the medium to long-term, along with annual distribution payment contingent on taxable profits generated over the term. (Note, Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year.)	<b>Section 3.3</b>
<b>What is the Fund's investment strategy?</b>	The Investment Manager employs a top-down investment strategy, with an ultimate focus on optimising the stock selection process to achieve maximum performance.  Commodity weighting is an important process, whereby bullish commodity sectors	<b>Section 3.3</b>

Question	Answer	For more information
	<p>are identified and ranked, while the less promising sectors are downgraded. The Investment Manager then considers the individual stocks within those weighted sectors, based on their fundamentals and valuation, and identifies entry positions and potential exit strategies for each stock. This requires a combination of economic and technical analysis, along with continued monitoring of investor sentiment.</p> <p>Risk management and preservation of capital is an important consideration.</p> <p>The Fund's Portfolio will, due to the nature of the junior resources sector, be strongly biased towards the high-risk end of the spectrum, while reducing exposure to the most speculative blue-sky exploration companies.</p> <p>The Investment Manager has adopted a strategy of minimising downside risk through early identification and disposal of potential loss-makers, while maintaining or adding to companies which meet their milestones. The Investment Manager aims to increase cash holdings during uncertain times of impending market weakness to reduce portfolio volatility.</p> <p>Depending on market conditions, the Portfolio usually comprises around 50-60 junior mining &amp; energy companies that are actively exploring for, developing, and/or producing specific commodities (e.g. gold, oil, copper) and that have strong fundamentals and are expected to outperform, whilst maintaining a modest exposure to a more diverse range of minerals at lower points in the commodity price cycle.</p> <p>Commodity price trends are not always clear-cut, therefore sector weightings are subject to adjustment by the Investment Manager. Companies in the Portfolio provide a mix of Australian and international resource projects in Africa, the Americas, Europe and Asia, but most are listed on the ASX.</p>	

Question	Answer	For more information
<p><b>What disclosures will the Responsible Entity and the Investment Manager make with respect to the value of the Fund and the Portfolio?</b></p>	<p>The Fund makes the following disclosures in relation to the value of the Fund and the Portfolio:</p> <ul style="list-style-type: none"> <li>• Estimated NAV Unit Price published on the Responsible Entity's website and on ASX at least weekly;</li> <li>• Monthly updates of the Fund's performance; and</li> <li>• Periodic investment reports published on the Investment Manager's website and ASX.</li> </ul>	<p><b>Section 4.4</b></p>
<p><b>Will the Fund pay distributions?</b></p>	<p>If the Fund pays a distribution to Unitholders, it is generally expected to be paid on an annual basis. The amount of the distribution is anticipated to be an amount approximately equal to the taxable income components of the Fund for the period that the distribution relates to, usually the Financial Year in which the income is earned. The Fund has made distributions in five of the years since and including 2012. Note, Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year.</p> <p>In some years it is possible that no distribution will be paid, for example when there are no or very little net taxable income components earned by the Fund. The Responsible Entity may also elect to pay an interim distribution in relation to a period other than a full Financial Year. An example of when this may occur is if the Fund were to realise significant capital gains and wished to distribute some or all of these gains.</p> <p>The Responsible Entity is required to announce to ASX an estimated distribution amount per Unit prior to the Units trading on the ASX on an ex-entitlement basis. Whilst there is no guarantee that the actual distribution will be exactly equal to the estimated distribution, the Responsible Entity will endeavour to ensure that these amounts are equal.</p>	<p><b>Section 4.7</b></p>

<b>Question</b>	<b>Answer</b>	<b>For more information</b>
<b>Will distributions be franked?</b>	Distributions may be franked to the extent the Fund earns franked dividends from Investments in the Portfolio.	<b>Section 12.2</b>
<b>What are the taxation implications of participating in the Offer?</b>	Taxation implications will vary depending upon the specific circumstances of the investor. Please refer to Section 12 for further detail. You should obtain professional advice as to the taxation treatment applicable to you.	<b>Section 12</b>
<b>Is there a distribution reinvestment plan?</b>	<p>Yes. The Responsible Entity has established a distribution reinvestment plan (DRP) for the Fund. Unitholders who participate in the DRP have their distributions automatically reinvested into additional Units in the Fund. Further details about the DRP can be found at <a href="http://www.cremornecapital.com/lrf-dividend-reinvestment-plan">www.cremornecapital.com/lrf-dividend-reinvestment-plan</a>.</p> <p>Investors applying for Units under the Offer will automatically be included for participation in the DRP, unless they opt out of the DRP by notifying the Responsible Entity that they wish to have their distributions paid into an Australian dollar bank account of the investor's choice.</p> <p>Note, Units issued under this PDS will not carry an entitlement to receive distributions or to participate in the DRP for distributions in respect of the 2022 financial year.</p>	<b>Sections 6.3 and 4.7</b>
<b>What are the key benefits associated with an investment in the Fund?</b>	<p>The Offer provides existing Unitholders with an opportunity to invest in an ASX listed investment Fund which aims to provide investors with:</p> <ul style="list-style-type: none"> <li>• Exposure to a high-quality portfolio of small capitalisation resources companies;</li> <li>• Access to the investment experience and expertise of Investment Manager;</li> <li>• An anticipated annual distribution (not including the 2022 financial year for new Units issued under this PDS);</li> <li>• An Issue Price of \$1.35 per new Unit which is an approximately 9.3% discount on the estimated NAV per</li> </ul>	<b>Section 6</b>

Question	Answer	For more information
	<p>Unit of the Fund as at 22 July 2022 and announced to ASX on 26 July 2022; and</p> <ul style="list-style-type: none"> <li>• Transparency in relation to the value of the Fund and the Portfolio.</li> </ul>	
<p><b>What are the key risks associated with an investment in the Fund?</b></p>	<p>There are a number of risks associated with investing in the Fund which are set out in further detail in Section 8 of this PDS. Key risks specific to an investment in the Fund include:</p> <p>(a) Asset risk: A particular commodity, asset or security that the Fund invests in may fall in value for a number of reasons, including a change in a business's internal operations or management, a change in the business environment or a change in the commodities market.</p> <p>(b) ASX liquidity risk: The liquidity of trading in Units on the ASX may be limited at times and may affect an investor's ability to buy or sell Units.</p> <p>(c) Company specific risk: The value of the Fund's investments in a company's securities may be impacted by the risks to which that particular company is itself exposed.</p> <p>(d) Concentration risk: The investment returns of the Fund may be dependent upon the performance of a small number of individual companies in the Portfolio.</p> <p>(e) Currency risk: The Fund's foreign currency exposure may at times negatively impact investment values and returns.</p> <p>(f) Liquidity risk: The Fund predominantly invests in junior mining and energy stocks which, on average, have lower liquidity than stocks with greater market capitalisations. Liquidity risk is the risk that an Investment may be difficult to sell in a timely fashion when required, or that the price at which such a sale may be made differs substantially from what</p>	<p><b>Section 8</b></p>

Question	Answer	For more information
	<p>the Investment Manager considers to be fair market value. If the Investment Manager is unable to sell assets, or can only sell assets at a discount to fundamental value, the Value of the Portfolio is likely to be negatively affected.</p> <p>(g) Market risk: There is a risk that the market price of the Fund's assets and investments will fluctuate.</p> <p>(h) Operational risks: The risk that inadequacies with systems and procedures or the people operating them could lead to a problem with the Fund's operation and result in a decrease in the value of Units.</p> <p>(i) Portfolio performance risk: There is a risk that the Fund may not achieve its investment objectives.</p> <p>(j) Key personnel risk: The skill and performance of the Investment Manager can have a significant impact (both directly and indirectly) on the investment returns of the Fund. Changes in key personnel and resources of the Investment Manager may also have a material impact on investment returns of the Fund.</p> <p>(k) Unit Trading Price risk: The Fund's Unit price may not equal the underlying value of the Portfolio as reflected in its NAV per Unit. The Fund's Units may trade on ASX at a discount or a premium to the Fund's NAV per Unit. As such, there is a risk that Unitholders may not be able to sell their investment in the Fund at the Fund's NAV per Unit.</p> <p>(l) Regulatory risk: There is a risk that a change in laws and regulations could have an adverse impact on the Fund or on the Fund's investments.</p> <p>(m) Counterparty risk: There is a risk that the Fund may incur a loss arising from the failure of another party to a contract (the counterparty) to meet its obligations.</p>	

Question	Answer	For more information
<b>B. Fees and Costs</b>		
<b>What ongoing fees will the Responsible Entity receive?</b>	The Responsible Entity will be entitled to receive a Management Fee (which is proportionately on paid to the Investment Manager), a Performance Fee (subject to performance criteria being met or exceeded, which is also on paid to the Investment Manager) and reimbursement of other Fund costs paid by Responsible Entity. See Sections 9 and 13 for detail about the fees and other amounts.	<b>Sections 9 &amp; 13</b>

<b>C. About the Offer</b>		
<b>Who is the issuer of the Units, and this PDS?</b>	The Responsible Entity.	<b>Section 2.1</b>
<b>What is the Offer?</b>	The Offer is a non-renounceable offer of Units at \$1.35 per Unit together with one free attaching option for each Unit acquired to eligible Existing Unitholders at the Record Date, with the ability to apply for additional Units and free attaching options.	<b>Section 2.1</b>
<b>What is the proposed use of the funds raised by the Offer?</b>	Investment in the resources sector to grow the Fund's Portfolio.	<b>Section 2.2</b>
<b>How much will be raised by the Offer?</b>	Assuming all entitlements to Units and free-attaching options and/or all shortfall (if any) is taken up in full, the Offer will raise approximately \$13.2 million before costs.	<b>Section 2.2</b>
<b>What is the Issue Price?</b>	\$1.35 per Unit and free attaching option.	<b>Section 2.1</b>
<b>What are the terms of the free attaching options?</b>	Each option will have an exercise price of \$1.65 and expire on 4 March 2024. It is not intended that the options will be quoted or tradeable on ASX.	<b>Section 14.2</b>
<b>Who can participate in the Offer?</b>	<p>The Offer is only made to and capable of acceptance by eligible existing Unitholders. Eligible Existing Unitholders are Unitholders with an address in the Fund's register of Unitholders in Australia or New Zealand as at the Record Date.</p> <p>Applicants applying under the Offer should follow the instructions set out in Section 2.3.</p>	<b>Section 2.3</b>

<b>What is the Record Date</b>	The Record Date is 7pm (Melbourne time) on 11 August 2022.	<b>Section 2.6</b>
<b>Am I an Eligible Unitholder?</b>	Eligible Unitholders are unitholders registered in the register of unitholder at 7:00pm (Melbourne time) on the Record Date whose address in the register is in Australia or New Zealand.	<b>Section 2.3</b>
<b>What if I am not an eligible Unitholder?</b>	<p>The Responsible Entity has decided it is unreasonable to make the Offer outside Australia and New Zealand having regard to:</p> <ul style="list-style-type: none"> <li>- the number of Unitholders in places where the Offer would be made;</li> <li>- the number and value of securities those Unitholders would be offered; and</li> <li>- the cost of complying with the legal and regulatory requirements in those jurisdictions.</li> </ul> <p>Accordingly, if you are not an Eligible Unitholder, no offer is made to you and you will not be provided with the opportunity to participate in the Offer.</p>	<b>Section 2.15</b>
<b>What can I do with my entitlement to Units under the Offer?</b>	<p>You can do any of the following with your entitlement under the Offer:</p> <ul style="list-style-type: none"> <li>• take up all of your entitlement (by accepting the Offer in full);</li> <li>• take up all of your entitlement (by accepting the Offer in full) and apply for additional Units and free-attaching options from the shortfall (if any);</li> <li>• take up part of your entitlement (by accepting part of your Offer entitlement) and allow the balance to lapse (and the balance will form part of the shortfall); or</li> <li>• do nothing, in which case all your entitlement under the Offer will lapse and form part of the shortfall.</li> </ul>	<b>Section 2.3</b>
<b>Is the Offer renounceable and can I trade my entitlement?</b>	No, the Offer is non-renounceable. You cannot trade your entitlement to apply for and receive Units and free-attaching options.	<b>Section 2.1</b>

<b>What happens if I do not take up my entitlement, or take up only part of my entitlement?</b>	<p>Not taking up your entitlement in full may result in your interest in the Fund being diluted.</p> <p>If you do not take up all of your entitlement by the Offer Closing Date, the Units and free-attaching options to which you were entitled will form part of the shortfall.</p>	<b>Section 2.11</b>
<b>Can I apply for additional Units and free attaching options in addition to my entitlement under the Offer</b>	Yes. If there is a shortfall in acceptances Units and free attaching options applied for in addition to taking your full entitlement under the Offer will be allocated in the manner described in Section 2.11.	<b>Section 2.3</b>
<b>Is the Offer underwritten?</b>	No.	<b>Section 2.4</b>
<b>Who is the Lead Manager to the Offer, and what fees and other amounts will be paid to the Lead Manager?</b>	<p>MP Capital Partners Pty Ltd [ACN 159 200 503] [AFSL 443025].</p> <p>The Lead Manager is to be paid the following fees (plus GST) in connection with the Offer:</p> <ul style="list-style-type: none"> <li>• 1% management fee on all capital raised under the Offer;</li> <li>• An equity arranging fee of 4% (in addition to the management fee) for the placement of shortfall to non-unitholders for any funds raised by the Lead Manager under the Offer; and</li> <li>• A work fee of \$10,000 to assist with this PDS, roadshow presentation and analytical support. A further work fee may be charged by mutual agreement if analytical support is required after launch of the Offer.</li> </ul> <p>Costs and expenses reasonably incurred by the Lead Manager in connection with providing the services under the Mandate will be reimbursed, provided that prior written consent is required for any single cost or expense in excess of \$1,000.</p> <p>Each of the above is plus GST, if applicable.</p>	<b>Sections 9 and 13</b>
<b>What are the expenses of the Offer?</b>	The maximum estimated fees and costs associated with the Offer if fully subscribed are:	<b>Section 11.1</b>

	ASX fees	\$26,000	
	Advisory and brokerage fees	\$670,000	
	Other fees	\$25,000	
	<b>Total estimated gross expenses of the Offer (exc GST)</b>	<b>\$721,000</b>	
	Further detail about the calculation of the above estimate is set out in Section 11.1. The costs would be expected to be less depending on the level of acceptances of entitlements or if less than the Maximum Subscription is raised. The fees and costs will be borne by the Fund.		
<b>Is there a minimum subscription amount for the Offer to proceed?</b>	No, there is no minimum subscription amount for the Offer to proceed.		<b>Section 2.7</b>
<b>Is there a minimum application amount for each acceptance under the Offer?</b>	No. Applications for additional Units and free attaching options above your entitlement must initially be for \$5,000 and thereafter in increments of \$1,000.		<b>Section 2.8</b>
<b>Is there a cooling off period?</b>	No.		<b>Section 2.12</b>
<b>How can I obtain further information in relation to the Offer?</b>	If you would like more information or have any questions relating to the Offer, you can refer to the Responsible Entity’s website at <a href="http://www.cremornecapital.com">www.cremornecapital.com</a> or contact Joint Company Secretary of the Responsible Entity, Julie Edwards on 03 9642 0655 or <a href="mailto:info@lowell.net.au">info@lowell.net.au</a> for enquiries.  If you are uncertain as to whether an investment in the Fund is suitable for you, please contact your stockbroker or other professional adviser.		

## **2. DETAILS OF THE OFFER**

### **2.1 The Offer**

The Offer under this PDS is a non-renounceable offer by the Responsible Entity to eligible Existing Unitholders of 1 new Unit for every 3 Units held at the Record Date (rounding fractional entitlements to 0.5 Units or options or more up to the nearest whole Unit) at an Issue Price of \$1.35 per Unit, together with one free attaching option for each Unit acquired. Eligible Existing Unitholders who accept their 1 for 3 entitlement under the Offer in full will be able to apply for additional Units and free attaching options from the shortfall in acceptances (if any).

### **2.2 Purpose of the Offer**

The purpose of the Offer is to raise up to approximately \$13.2 million in additional funds to increase the Assets available for investment in the resources sector to grow the Portfolio.

### **2.3 Eligibility and Acceptances**

The Offer is open to Eligible Existing Unitholders, being Unitholders with an address in the Fund's register of Unitholders in Australia or New Zealand at the Record Date (7pm Melbourne time on 11 August 2022), only.

#### ***How to accept your entitlement (and to apply for additional Units and free attaching options)***

Acceptances and applications for additional Units (and free attaching options) by Australian eligible Existing Unitholders must be made using the Offer acceptance facility at [www.automicgroup.com.au](http://www.automicgroup.com.au) via either Bpay<sup>®</sup> or Electronic Funds Transfer (EFT).

The BPAY<sup>®</sup> and EFT details and instructions for making payment are set out in the personalised acceptance form which will accompany a copy of this PDS (or a replacement copy which can be obtained by emailing [corporate.actions@automicgroup.com.au](mailto:corporate.actions@automicgroup.com.au)).

Acceptance by eligible Existing Unitholders is by payment via Bpay<sup>®</sup> or EFT only. You are not required to submit your personalised acceptance form. You must hold an account with an Australian financial institution to accept the Offer make a payment via Bpay<sup>®</sup>. Any alternative payment arrangements will only be effective if made with the prior written agreement of the Lead Manager and may require payments to be received before the Closing Date so cleared funds can be confirmed on or before the Closing Date.

#### **To pay by Bpay<sup>®</sup> or EFT**

To accept your entitlement (and if you wish, to apply for additional Units and free attaching options) to pay via Bpay<sup>®</sup> or EFT, you should:

- read this PDS and the personalised acceptance form in their entirety and seek appropriate professional advice if necessary; and
- make your payment via Bpay<sup>®</sup> or EFT in accordance with the personalised acceptance form for the number of Units and free-attaching options you wish to subscribe for (being the Offer price of \$1.35 per Unit multiplied by the number of Units for which you are accepting your entitlement plus any additional Units

you wish to apply for at the initial amount of \$5,000 and thereafter in increments of \$1,000) so that it is received no later than 5pm (Melbourne time) on the Offer Closing Date, or such later date as the Responsible Entity may specify or agree to.

Eligible Existing Unitholders who accept and pay for their 1 for 3 entitlement to new Units in full on or before the Closing Date for the Offer using the on-line Bpay<sup>®</sup> or EFT acceptance facility as set out on the personalised acceptance form will receive their entitlement to new Units in full. The issue of additional new Units to Existing Unitholders will be as set out in the allocation policy in Section 2.11. Acceptances, applications and/or payments received after the Closing Date may not be processed.

Be sure to allow enough time for bank processing, and taking into account bank cut off times and daily or transactional limits. The Responsible Entity, Lead Manager and Registry take no responsibility for late, incorrect, incomplete or delayed payments or if payments are not received by the applicable deadline.

If you have more than one holding of Units, you will have multiple Bpay<sup>®</sup> or EFT reference numbers. A separate on-line application and Bpay<sup>®</sup> or EFT payment using the details from the applicable personalised acceptance form must be used for each holding otherwise you will be treated as having accepted your entitlement to Units and free attaching options for the holding to which the Bpay<sup>®</sup> or EFT reference number applies only and the balance of your payment may be treated as an application for additional Units and free attaching options.

Subject to the Corporations Act, the ASX Listing Rules and other applicable laws the Responsible Entity reserves the right to close the Offer early, to accept late Applications or extend the Offer, or not to proceed with the Offer at any time before the issue of Units and free attaching options without notifying any recipient of this PDS or any Applicant. If the Offer does not proceed, Application Monies received will be refunded in full (without interest).

Unitholders accepting part or all of their entitlement (and if applicable applying for additional Units) Applicants will be required to pay the Issue Price per Unit for each Unit they accept or apply for.

The amount payable on acceptance or application will be deemed not to have been received until cleared funds are received. Payments by cheque, money order or in cash for any applicants will not be accepted. If the amount of payment received is insufficient to pay in full for the number of Units and free-attaching options accepted or applied for or is more than required for the number of Units and free-attaching options accepted or applied for, you will be taken to have accepted or applied for such whole number of Units and free-attaching options as is covered in full by your payment (and in the case of the Offer, if the amount is more than required to pay for your entitlement, to include an application for additional Units and free attaching options from the Shortfall (if any)).

Acceptances, applications and/or forms not completed correctly may still be treated as valid. The Directors of the Responsible Entity's decision in whether to treat an acceptance, application or form as valid and how to construe, amend or complete the acceptance, application or form is final. The Responsible Entity accepts no responsibility for failure by your stockbroker or other third parties to carry out your instructions.

The Responsible Entity reserves the right to decline any Application for additional Units under the Offer in whole or in part. Applications for additional Units under the Offer may be scaled back. See the Allocation Policy in Section 2.11 for further detail.

The information in this PDS does not constitute financial product advice. No account has been taken of the particular objectives, financial situation or needs of recipients of this PDS. Because of this, recipients of this PDS should have regard to their own objectives, financial situation, tax position and needs.

Recipients of this PDS should make their own independent investigation and assessment of the Fund, and risks associated with investing in the Fund. Independent expert advice should be sought before any decision is made to accept the Offer, or to acquire Units or options or other securities of the Fund.

## **2.4 Offer not underwritten**

The Offer is not underwritten.

## **2.5 Responsible Entity's and Investment Manager's participation**

The Responsible Entity and/or the Investment Manager, their respective related parties or affiliates and their respective shareholders, directors and employees may submit acceptances, however Directors of the Responsible Entity or the Investment Manager may not apply for Units from the Shortfall.

## **2.6 Key Dates**

The key dates of the Offer are:

Announcement of Offer	26 July 2022
Lodgement of PDS with ASIC and release to ASX:	5 August 2022
Units traded on an ex-entitlement basis	10 August 2022
Record Date for determining entitlements under the Offer (7pm Melbourne time):	11 August 2022
Opening date:	15 August 2022
Closing Date:	2 September 2022
New units quoted on deferred settlement basis (subject to ASX approval)	5 September 2022
Anticipated date for allotment and issue of Units and free attaching options and announcement of results of the Offer:	9 September 2022
Trading of new Units commences on ASX (on a normal T+2 settlement basis):	12 September 2022

These dates are indicative only. Subject to the Corporations Act, the ASX Listing Rules and other applicable laws the Responsible Entity reserves the right to extend or otherwise vary dates or times above without notice by making an announcement to ASX.

## 2.7 Minimum Subscription

Given the existing state and size of the Fund, and that the Offer is a pro rata entitlement offer, there is no minimum subscription required for the Offer to proceed.

## 2.8 Minimum Application Amounts

The minimum amounts for which applications for additional Units may be made are:

Minimum initial amount:	\$5,000
And thereafter, in multiples of:	\$1,000

## 2.9 Payment

Unitholders accepting part or all of their entitlement, and who (if applicable) apply for additional Units should ensure that sufficient funds are held in the relevant account to cover their payment. If the amount received is insufficient to pay for the number of Units accepted or applied for, the Unitholder may be taken to have accepted or applied for such lower number as the cleared application monies will pay for.

It is each Applicant's responsibility to ensure that Application Monies are received in full in clear immediately available funds prior to 5:00pm on the Closing Date.

## 2.10 Offer Opening and Closing

The Offer is expected to open for acceptances and applications on the opening date.

Unitholders and Applicants are responsible for ensuring that on-line application and Bpay® or EFT payment are initiated in time to be received prior to the Closing Date and time (or such other date and/or time as the Responsible Entity may determine).

## 2.11 Allocations

Units and free attaching options will be allocated firstly to Existing Unitholders who accepted and paid for their entitlement received in clear and immediately available funds before the Closing Date (or such later date as the Responsible Entity may agree to) and secondly (if there is a shortfall in acceptances) to Existing Unitholders who applied for additional Units.

### Allocation Policy (scaleback)

Acceptances received from Eligible Existing Unitholders for up to their full entitlement will be allocated in full where the acceptance moneys are received in clear and immediately available funds on or before the Closing Date.

Eligible Existing Unitholders may, in addition to taking up their entitlements in full, apply for additional Units (**Additional Units**) in excess of their entitlement (**Top-Up Facility**). Additional Units will only be available where there is a shortfall between applications received from Eligible Existing Unitholders and the number of new Units proposed to be issued under the Offer (**Shortfall**). Additional Units will be issued at the Issue Price. The free attaching options will be issued with the Additional Units.

The Responsible Entity proposes to adopt the policy set out below for allocating the Shortfall if applications from Eligible Existing Unitholders exceed the total Units offered:

- (a) If there is a Shortfall, each Eligible Existing Unitholder who has applied and paid for Additional Units through the Top-Up Facility will be entitled to be allocated their pro-rata share of the Shortfall having regard to their holdings at the Record Date. If an Eligible Existing Unitholder has made an application for Additional Units for an amount less than the amount of Additional Units that the Eligible Existing Unitholder would otherwise be allocated under this process, the Eligible Unitholder will be allocated the number of Additional Units applied for and the balance will form part of the remaining Shortfall).
- (b) The allocation process described above will be repeated in relation to any remaining Shortfall, until either all new Units offered have been allocated or all Shortfall applications by Eligible Existing Unitholders have been satisfied in full.
- (c) Directors of the Responsible Entity or the Fund's Investment Manager will not be eligible to participate in the Top-Up Facility or apply for Additional Units.
- (d) If, after following the above allocation, any Shortfall remains, it will then be at the discretion of the Responsible Entity to place the remaining Shortfall at not less than the Offer price. The remaining Shortfall, or part or parts thereof, may be issued at any time within 3 months after the close of the Entitlement Offer. The Responsible Entity is not obliged to place any such Additional Units and will only do so at its discretion.
- (e) Any excess funds after the allocation process has resulted in there being no remaining Shortfall to allocate will be refunded to the applicant without interest.

The Responsible Entity reserves the right to offer and issue Units and free-attaching options from the shortfall (if any remains) under this PDS (unless otherwise stated at the time of being offered or issued) at its discretion at not less than the Offer price of \$1.35 per Unit within 3 months after the Closing Date of the Offer.

The Responsible Entity reserves the right not to allocate or issue Units and free-attaching options if to do so may be anticipated to result in the Relevant Interest of the Unitholder (and/or its associates) exceeding 20% of the issued Units of the Fund. Units and free-attaching options will also not be issued to Unitholders or others where to do so would involve a breach of the ASX Listing Rules, the Corporations Act or any other applicable law.

Application Monies will be refunded to the extent that an Application is rejected or scaled back, or the Offer is withdrawn. No interest will be paid on refunded amounts. The Responsible Entity will retain any interest earned on all Application Monies.

## **2.12 Successful Applications**

The Responsible Entity will issue the Units to successful Applicants as soon as practicable after the Closing Date. Allotment is expected to occur on or about 9 September 2022. Holding statements and allotment notices confirming Applicants' allocations are expected to be sent to successful Applicants on or about 12 September 2022. These dates are indicative only and subject to the Corporations Act, the ASX Listing Rules and other applicable laws may change without notice.

Investors do not have a right to a cooling off period in respect of the Units or options.

## **2.13 Quotation and trading of Units on ASX**

The Responsible Entity will apply to ASX within seven days after the date of this PDS for official quotation of the Units on ASX. Trading of the Units on the ASX (under ASX code LRT) is expected to commence on or about 12 September 2022 on a normal T+2 settlement basis. This

date is indicative only and subject to the Corporations Act, the ASX Listing Rules and other applicable laws may change without notice.

It is the responsibility of Applicants to determine their allocation of Units prior to trading in them. Applicants who sell Units before receiving confirmation of their issue and quotation will do so at their own risk.

ASX and its officers do not take any responsibility for the contents of this PDS. The fact that the Fund is admitted to the official list of ASX and/or that ASX may admit Units to official quotation is in no way an indication of the merits of the Fund, the Offer or the Fund's securities.

If the ASX does not grant permission for the Units to be quoted within 3 months after the date of this PDS (or such longer period as ASX and ASIC may permit), the Units will not be issued (or if issued will be cancelled) and all Application Monies will be refunded (without interest) as soon as practicable.

Listing of the Existing Unitholder Options is not being applied for and is not a condition of the Offer, however the Responsible Entity will apply for quotation of Units issued on exercise of the Existing Unitholder Options.

## **2.14 Costs of the Offer**

The costs of the Offer include legal, accounting, advisory and other costs associated with the production of this PDS. At the time of production of this PDS, the maximum costs of the Offer are estimated to be approximately \$721,000 assuming the Maximum Subscription level is achieved (as set out in Section 11.1). This will reduce depending on the Entitlement take-up and if less than the Maximum Subscription level is achieved. The costs of the Offer are to be paid from the Fund.

## **2.15 No Overseas Distribution**

No action has been taken to register or qualify the Offer under this PDS, or to otherwise permit a public offering of Units or options, in any jurisdiction outside Australia or New Zealand.

The distribution of this PDS in jurisdictions outside Australia or New Zealand may be restricted by law. This PDS does not constitute an offer in any place in which, or to whom, it would not be lawful to make such an offer. Persons who come into possession of this document should inform themselves about and observe any restrictions on acquisition or distribution of the PDS. Any failure to comply with these restrictions may constitute a violation of securities laws.

### *New Zealand*

The Offer to Eligible Existing Unitholders with a registered address in New Zealand is being made pursuant to the Financial Markets Conduct (Incidental Offers) Exemption Notice 2021 (New Zealand). This PDS has not been registered, filed with or approved by a New Zealand regulatory authority. This PDF is not an investment statement or prospectus under New Zealand law and is not required to, and may not, contain all the information that an investment statement or prospectus under New Zealand law is required to contain. The offer of new Units and free-attaching options to Eligible Existing Unitholders with a registered address in New Zealand is made in compliance with relevant Australian laws.

### **3. OVERVIEW OF THE INVESTMENT STRATEGY**

#### **3.1 Background to Investing in the Resource Sector**

Markets in commodities and mining & energy company shares are dynamic and ever changing. Investment in the resource sector therefore requires active management. This is particularly true of thinly traded junior resource companies which dominate the Fund's portfolio. These stocks tend to be sensitive to commodity price fluctuations and news releases, necessitating ongoing reassessment of an investment position.

To assist in monitoring the Fund's investment performance, the Responsible Entity maintains a website at [www.cremornecapital.com](http://www.cremornecapital.com) that provides updates on unit pricing. The Investment Manager also maintains a website at [www.lrfm.com.au](http://www.lrfm.com.au) with further information on the Fund.

It is important to note that any information relating to historical performance does not necessarily indicate future performance of resource sector investments, or the investment performance of the Fund.

#### **3.2 The Resources Cycle**

Demand for mineral and energy resources is cyclical, with prolonged downturns alternating with episodes of strong demand. The shifting emphasis on commodity markets in Asia, especially in China and India, has changed the dynamics of global trade and introduced a new level of demand-driven growth, reinforced by speculative investment.

The Investment Manager's philosophy of investment in the resource sector is "top down" in the sense that it takes into account global geopolitical developments, macroeconomic fundamentals, market trends, momentum, opportunities in the minerals sector, and risks. Commodity prices are currently underpinned by economic growth in China in particular, along with the USA, Japan, India and Europe, with expectations of increasing demand from the emerging markets of South East Asia and elsewhere. The magnitude and frequency of resource sector cyclicality is primarily determined by changes in the underlying global economy and supply/demand balance, as well as by currency factors and inflationary expectations, and the role of large-scale speculation.

The commodity price cycle is not uniform across the sector, as the fundamental drivers differ for precious metals, industrial minerals, bulk commodities, oil & gas, and various strategic minerals. Price movements are therefore often out of phase among these different materials, and Fund's management revises and updates its outlook and investment weightings for different minerals and energy resources as these trends unfold.

The junior resource companies that comprise the Fund Portfolio can form a leveraged proxy over the prices of the underlying mineral commodities. Understanding the forces affecting commodity prices is therefore a critical exercise in management of the Portfolio. The increasing unpredictability of geopolitical developments worldwide adds to the complexity of commodity price expectations. Price responses that appear to be inevitable may take a long time to eventuate, so that long-term forecasts are more likely to be realised than are the near-term forecasts.

Therefore, while the Investment Manager generally expects mean-reversion of prices to the longer-term trend, mineral and energy resources and stocks may fluctuate widely before adjusting to more rational valuations. For this reason, the Fund's investments are normally held for periods of years.

This protracted investment horizon also allows for successful junior resource companies to evolve and appreciate in value. Not all junior explorers achieve their growth objectives, often for reasons beyond their control, and in these situations the Fund aims to make an early exit as soon as the warning signs are apparent.

Apart from commodity prices, the status of international share markets is another determinant of resource stock valuations. US equities are a dominant factor influencing global markets. Upward momentum in the major US share market indices is generally favourable for industrial metal stocks, but not necessarily for precious metals.

It is widely acknowledged that US equity markets have been significantly overvalued based on traditional indicators such as the price to earnings ratios. Geopolitical and economic risks (military threats, regional unrest, and relatively high levels of debt in many major economies) have not been priced into the broad markets. However, with the outbreak of global inflation, investors in general are beginning to turn towards the resources sector as an inflation hedge.

Currency degradation and reduction in purchasing power are leading to higher commodity prices as an unavoidable consequence of increased global debt, mounting deficits, and currency creation. The Investment Manager expects that money will continue to lose value, at an accelerated rate – the major currencies have lost 95-99% of their purchasing power over the past century - whereas tangible assets including gold have appreciated in value. The Investment Manager therefore anticipates further resource price increases.

Industrial metals, including bulk commodities, generally respond positively to economic growth, and decline in value during economic slowdowns. Coal, iron ore, mineral sands and base metal prices tend to follow global economic trends. Major infrastructure programs, including Chinese economic stimulation as a recovery from Covid, are expected to boost demand for a range of industrial materials.

The Fund's Portfolio weighting is adjusted frequently in line with commodity price expectations and investment opportunities.

Despite efforts to manage downside exposure, this investment approach entails elevated risk, as discussed in Section 8 below entitled "Risk Factors".

### Precious Metals

Gold and silver prices have been risen in recent years, after a period of disinflationary pressures, a strong US dollar, and a protracted rise in major US equity markets. The market for pure silver stocks is limited, as most silver is a by-product of other mining operations. The Investment Manager's focus is therefore on gold stocks, although silver may contribute value to some multi-metal miners.

Conditions which the Investment Manager considers favourable for gold include higher inflationary expectations, low or negative real (inflation adjusted) interest rates, expanding yield spreads (between short and long-term yields), global instability, military threats, and social disorder. The gold price generally shows an inverse relationship to the US dollar, but there are times when gold and the dollar rise in concert, particularly during times of international crisis.

Gold has a low correlation coefficient with other markets, and can therefore strengthen while other assets decline in value. It is therefore employed as a hedge against a broad market decline. But the Fund invests in junior gold stocks as a leveraged exposure to the price of bullion, augmented by the value of reserves accretion and production growth.

Under previous conditions of stable global expansion and earnings growth, gold lagged other mineral commodities, but gold has the capacity to eclipse most other asset classes during later stages in the resource cycle, or during times of inflation or elevated global disorder.

Given the heightened level of global social, military and economic risk and uncertainty, the Investment Manager anticipates that overall conditions will become increasingly favourable for gold in the coming years, but with pullbacks and extreme volatility at times. As a “safe haven” asset and store of value, gold is also expected by the Investment Manager to respond positively to the ongoing decline in the value of paper currencies, especially the US dollar, to rising inflationary expectations, and to declining faith in central banks.

#### Base, Battery and Industrial Minerals

The Fund’s Portfolio includes a number of junior multi-metal explorers, developers and producers, particularly copper/gold, and a range of other base, battery and precious metal combinations such as nickel and zinc. The metals exposure is adjusted as market conditions change. For example, the zinc price has been boosted by refinery shut-ins due to energy price spikes, while government-imposed constraints in Indonesia, the Philippines, South America and China also had a positive impact on a range of Australian metal producers.

While the Fund is well positioned to accommodate the decarbonisation thematic currently underway, and the consequent rise in the price of bellwether commodities such as copper, the anticipated surge in metal demand for major infrastructure programs is of particular interest. The timing and magnitude of Chinese imports will remain a key focus of the Investment Manager.

The trend towards renewable energy generation and energy storage, and the anticipated growth in electric vehicles has highlighted opportunities in lithium, nickel and rare earth elements, amongst other minerals. These minerals are all represented in the junior resource stocks currently held by the Fund. Some of these stocks have already appreciated significantly; others are at an earlier stage in assessing geologically significant deposits.

The Investment Manager invests opportunistically in other commodities, when the companies involved conform with the Fund’s stated investment criteria and when the stock is available on attractive terms.

Coal’s contribution to the energy mix is anticipated to decline over the long term, but the thermal coal price has performed exceptionally in the current energy crisis. Clean-coal technology is being employed in the transition to less carbon-intensive power generation. Coal has lost ground to renewables, but even more so to natural gas, which for the first time generates a larger share of U.S. electricity generation than does coal.

#### Oil & Gas

Crude oil prices have jumped since the start of the pandemic as a result of years of underinvestment, resurgent demand, and sanctions on Russian production. Reductions in OPEC supply have also contributed to price support.

Electric vehicles are expected to place downward pressure on oil prices over the long term, but may be hampered by raw materials supply. Expectations of rapid growth in conventional vehicle sales in India and China over coming years suggests continuing demand for oil over the next decade at least.

The Investment Manager anticipates a continued recovery of beaten-down junior oil stocks, especially those with healthy profit margins and conventional reserves, or which incorporate the most effective new technologies. These are the companies that have been the Fund's focus.

Despite the growth in unconventional shale oil production in North America, the world is still largely reliant on seaborne traded oil. Any major external shocks that constrain supply, such as the Russian invasion of Ukraine, have an immediate positive impact on oil price.

The Fund Portfolio was underweighted to junior oil stocks during the protracted oil price regression, but has included a few companies with unique technological advantages, large tracts of prospective acreage with known liquid hydrocarbon potential, with proven skills as oil finders. Some of these companies also have exposure to the high potential but high risk hydrogen sector. Small companies at the field-development stage are being selectively added.

In Australia natural gas prices have been boosted by a combination of LNG export demand and State government-imposed barriers to gas exploration and development. The environmental advantages of natural gas combustion, and of gas-fired electric power generation, have contributed to lower greenhouse emissions in the USA, where there has traditionally been an abundance of low-priced natural gas. In the Investment Manager's opinion, increased use of natural gas in Australia for electricity generation could be facilitated by access to unconventional gas in NSW in particular.

The Investment Manager has invested the Fund in companies that are expected to expand gas supply to domestic markets in the eastern States, where LNG exports and constraints on developing large unconventional gas reserves likely to support the gas price at a relatively high level.

Helium, while a gas, is not an energy commodity. However the demand from high tech applications is forecast to be strong, and the supply outlook is tight. The Fund has exposure to a limited number of helium companies.

### **3.3 Investment Procedures**

#### Overview

The Investment Manager manages the Fund Portfolio. The Investment Manager operates through an Investment Committee which incorporates the experience and knowledge of individuals who have direct working experience in the minerals and energy industries, geosciences, broking, banking, and funds management.

Unitholders are provided with broad exposure to the junior mining and energy sectors in a Portfolio that is actively managed by the Investment Manager in accordance with its investment philosophy and stock-selection criteria.

## Investment Objective

The Fund's investment objective is to maximise absolute returns to its Unitholders over the medium to longer term, along with annual distribution payments contingent on taxable profits generated over the term. Because the Fund's primary objective is capital growth from investment in a select group of junior mining and energy companies, performance cannot readily be referenced to a widely available benchmark or market index. However, the Fund reports performance against the ASX Resources 300 Index, the ASX 200 Index and the ASX Junior Resources Index (XSRD). The junior resources sector tends to be highly volatile, which from time to time enables the Investment Manager to sell down overpriced stocks to lock in capital gains, with distributions to be made in accordance with the Fund's Distribution Policy set out in Section 4.7. Note, Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year.

## Investment Philosophy

The Fund's investment philosophy is based on observation of the cycles in resources, geopolitics and economics insofar as they impact the fundamental supply/demand balance for mineral resources, from hydrocarbons to metals. These cycles are well documented by historians (e.g. Strauss & Howe) and economists (e.g. Kondratieff, the Weiss Institute) and others, with a degree of commonality among the various distinct disciplines. While each cycle is unique, to some degree it repeats the patterns of previous cycles.

A synthesis of cyclic theory suggests that the current cycle may involve increased interest in "hard" tangible assets and a decline in financial assets. The Investment Manager expects that mineral resources will continue to increase significantly in value, but not uniformly across the board. Some will outperform, as technological changes accelerate, as supply is disrupted in regions of global conflict, and as investors scramble for safe havens.

With an active, nimble and opportunistic Investment Manager the Fund well is positioned to capitalise on the changes anticipated.

Proliferation of economic, political, and military threats may increase the probability of unanticipated high-impact events known as "black swans" over the coming years. There is no way to prepare for black swans, whose impact can be positive for the Fund (e.g. soaring gold price) or negative (e.g. deflationary recession). Because of its size and stock selection and monitoring process, the Fund should be relatively better positioned to respond rapidly to reduce the potential impact of such events.

## Investment Strategy

The Investment Manager employs a top-down investment strategy, but the ultimate focus is on optimising the stock selection process to achieve maximum performance.

The macroeconomic "big picture" entails the stage and likely duration of the economic cycle as it relates to specific commodities or subsectors, as well as overall market conditions internationally. Commodity weighting is an important process, whereby bullish commodity sectors are identified and ranked, while the less promising sectors are downgraded. The Investment Manager then considers the individual stocks within those weighted sectors, based on their fundamentals, chart patterns and pricing, and identifies entry positions and potential exit

strategies for each stock. This requires a combination of economic and technical analysis, along with continued monitoring of investor sentiment.

Risk management and preservation of capital is always an important consideration. The Fund's Portfolio will, due to the nature of the junior resources sector, be strongly biased towards the high-risk end of the spectrum, while reducing exposure to the most speculative blue-sky exploration companies. The Investment Manager has adopted a strategy of minimising downside risk through early identification and disposal of potential loss-makers, while maintaining or adding to companies which meet their milestones. The Investment Manager aims to increase cash holdings during uncertain times of impending market weakness to reduce portfolio volatility.

Depending on market conditions, the Portfolio comprises around 50-60 junior mining & energy companies that are actively exploring for, developing, and/or producing specific commodities (e.g. gold, oil, copper) that have strong fundamentals and are expected to outperform, whilst maintaining a modest exposure to a more diverse range of minerals at lower points in the commodity price cycle.

Commodity price trends are not always clear-cut, therefore sector weightings are subject to adjustment by the Investment Manager. Companies in the Fund Portfolio provide a mix of Australian and international resource projects in Africa, the Americas, Europe and Asia, but most are listed on the ASX.

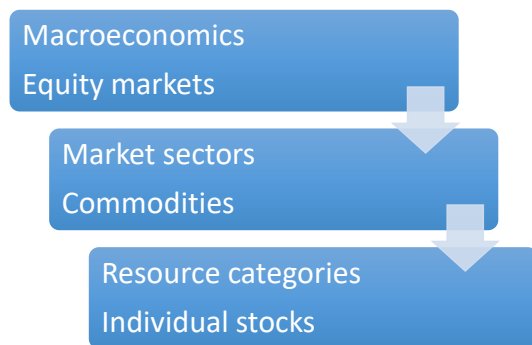
The key elements of the investment strategy of the Fund are outlined in the table below:

<u>Strategic Elements</u>	<u>Comments</u>
Market sector	The Investment Manager will only buy securities specifically related to the minerals & energy industries.
Market focus	The Investment Manager will target low-capitalisation mining and energy companies listed on the ASX, or to a lesser extent on overseas stock exchanges such as the TSX, and will also include a smaller proportion of investments pre-listing.
Multi-year investment term	Primary growth trends lasting 3 – 6 years or longer typically represent the investment timeframe for successful junior resource companies to provide significant profit to investors. Some stocks experience extreme peaks based on inflated expectations, providing shorter term trading opportunities.
Moderate portfolio turnover	Because the holding period for individual stocks typically extends to several years, portfolio turnover tends to be relatively low, thereby reducing transaction costs. Shorter term trades are appropriate at certain stages in the market.
Actively managed	Geopolitical developments and commodity price expectations are monitored along with investee company performance, with ongoing adjustment of the portfolios to control risk and maximise returns. The cash weighting is increased during periods of elevated market uncertainty to provide a partial hedge.

## Investment Process

The process illustrated below commences with a review of world macroeconomics, global and local share markets, resource sector price trends, and the anticipated performance of the upstream mining and energy industries. The final and most thorough analysis is stock-specific based on a set of technical, economic and management criteria.

### *Top down focus illustration*



Commodity weightings are adjusted in response to ongoing changes in global fundamentals. The portfolio is overweight gold at present in anticipation of a significant price revival at some stage, with more modest exposure to selected industrial metals and energy stocks.

## Stock Selection

The stock selection process commences with a watch-list comprising small-cap companies that combine positive technical and management attributes, which could be expected to contribute to growth and price appreciation within a reasonable timespan.

The Investment Manager screens the watch list based on the investment criteria below, commencing with the company personnel involved, the geographic location, risk elements, and the resource composition, size and quality.

## Investment Criteria

The attributes that are considered when Assets are invested include:

- Geographic location, infrastructure and sovereign risk exposure;
- Security of lease tenure;
- Geological setting, access and confirmed mineralisation;
- Board calibre and proven technical management performance;
- Preferred commodity exposure;
- Large or high-grade resource;
- Metallurgy of the resource;
- Manageable capital expenditure commitments;
- Sound corporate financial structure;

- Adequate cash position relative to expenditure commitments;
- Low projected operating costs and high cash operating profit margins;
- Strong valuations and earnings growth projections;
- An unhedged or relatively unhedged production sales policy.

Key technical considerations focus on the quality and style of mineralisation, size and grade of the resource, stage in resource delineation, the appraisal/development process, metallurgy proximity to roads, rail, ports, power, water and labour, and an experienced operator.

In particular, the Investment Manager has benchmarks with respect to geological endowment and in-ground mineral resources. Core investment holdings will focus on companies that have established the following:

#### *Resource/Reserve Criteria*

- reserves sufficient for at least three years' production, with the expectation of substantial growth, or alternatively;
- a less-mature but substantial resource base with the likelihood that a large proportion will be converted to commercial reserves; or
- dominant landholdings over geological terrain with strong indications of unproven mineral resources with above average potential.

#### *Production Expectations*

Given the Fund's emphasis on growth, investments will mainly comprise junior companies with:

- exposure to favourable markets and infrastructure;
- significant commercial potential;
- modest existing production and expectations of incremental growth; and
- expectations of high profitability.

#### *Other Favoured Situations*

- junior players standing to benefit from strategic alliances with larger companies;
- potential to attract high-premium takeover bids;
- ability to add significant value to primary production, e.g. mineral processing;
- companies that stand to benefit from automation and innovation; and
- exposure to strategic minerals in niche markets involving transformational technologies.

### ESG

The Investment Manager is focused on the impact of sustainability on our operations and investments, including:

- a strong commitment to corporate governance as a sign of quality leadership and investment management. Strong governance is required to ensure a company's long- term financial sustainability

- a commitment to the implementation of ESG (environmental, social and governance) principles which reflects a responsibility to employees, shareholders, the communities in which the Fund's investments are used, and other stakeholders

The Investment Manager supports and implements best practice ESG principles, including, for the Fund's investee companies:

- environmental impacts in investment decisions
- compliance with applicable labour laws
- respect of human rights in relation to investment decisions
- respect of gender and other diversity policies
- implementation of policies against bribery and improper payments
- opposition to unlawful armed conflict in jurisdictions where investee companies are active

The Investment Manager considers the impact of ESG throughout the investment term, including:

- Consideration of all ESG aspects when evaluating opportunities, during the investment decision and ownership period as a critical step in due diligence
- companies that have the goal of long-term sustainability
- in the energy sector, companies which have high levels of preparedness for energy transition and which aim to minimise their impact on climate.

The Investment Manager communicates its ESG principles to stakeholders and works to ensure our stakeholders are aware of our approach to ESG.

The principles can be found on the Investment Manager's website at:  
[www.lowellresourcesfundsmanagement.com.au/about-us/esg.html](http://www.lowellresourcesfundsmanagement.com.au/about-us/esg.html)

### Investment Timing

The stage in the commodity cycle and price response determine the optimal timing approach. Low-cost producers often experience their most significant price growth during the early stage of the commodity price rebound, whereas less advanced junior resource companies tend to respond later in the cycle.

Although small mineral explorers lag producers at the outset, once bullish momentum is confirmed, these junior companies with significant undeveloped resources and further upside exploration potential tend to attract more investor attention, with consequent market value appreciation. This positive momentum can be sustained by further news of positive drilling results, reserve accretion, and enhanced commercial potential.

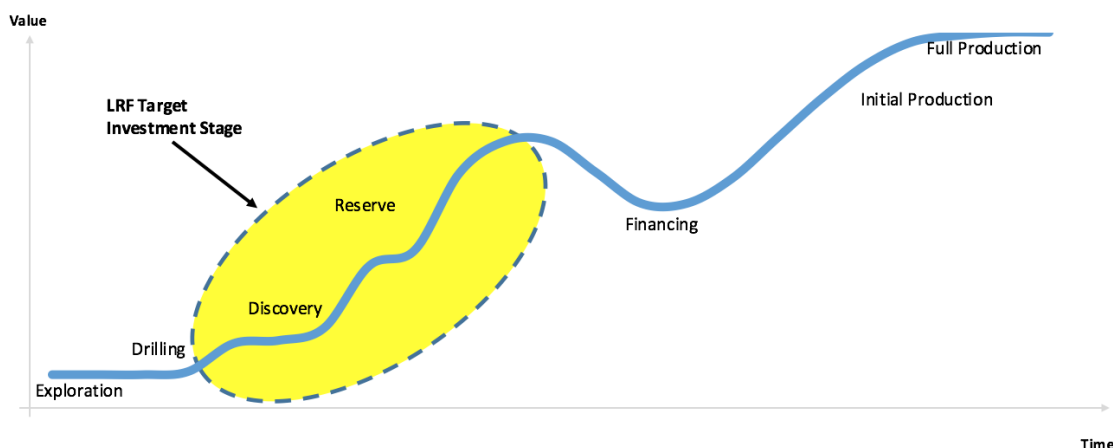
It is this group of low-priced small explorers with strong assets, good management and sparse cash at the outset that are a primary focus of the Fund, which participates in placements and rights issues in favoured stocks. The dilution involved in these capital raisings can be more than compensated for by the potentially substantial rise in share price that follows rerating in the market, especially at a later stage when large institutional investors become actively involved.

A bullish market tone is therefore critical to the success of junior explorers, as distinct from producers or developers. Otherwise it is difficult to raise equity capital when investors are indifferent to the small resource sector, apart from those companies with exceptional potential. Many Australian explorers survived low commodity prices by reducing staff and cutting overheads before rebounding in recent years upon mineral price revival.

Investment timing decisions are based on mineral price cycles, which may be out of phase from one commodity to another, as well as stock-specific cycles which generally correspond to some degree with commodity price expectations. Both tend to be erratic and unpredictable, especially over the short term which may be dominated by random fluctuations. This volatility provides opportunity, both in terms of establishing discounted positions for core holdings during price lows, and also for trading between oversold and overbought positions.

Longer term price trends are based more on fundamentals and are therefore extrapolated and anticipated with a higher degree of confidence, but never with certainty. For this reason, the introduction of a new stock to the portfolio is normally phased, with further increments contingent upon progress towards goals, a process also designed to mitigate portfolio risk. Over the longer term, timing is far more difficult to predict than price direction, and this justifies a cautious approach.

Less vulnerable to commodity price cycles are those top-quality small resource companies with adequate access to funding, and which have established a significant mineral resource. These companies are more likely to progress successfully through the successive stages of resource confirmation, reserves compliance, and feasibility studies leading to commercial development.



The timing of buy decisions is illustrated schematically in the diagram above, with an optimal entry point in the early stages of a significant discovery, and perhaps again later prior to development. Stocks are typically sold down once they approach the financing stage or mature production that normally presages more modest growth.

Stocks held in the Fund's Portfolio are typically disposed of in response to negative changes in the company's outlook, downgrades to valuations, increased risk exposure, and changes to management or ownership.

Although investment decisions generally rely on investee company and industry fundamentals, technical analysis of stock and commodity charts can assist in providing objective criteria to help identify optimal entry and exit points.

### Portfolio Mix

The portfolio comprises a mix of companies with attractive risk/reward characteristics. Over time the portfolio will represent a range of commodities including gold, iron ore, oil, gas, helium, uranium, rare earths and strategic minerals, copper and other base and battery metals. At any stage, however, the emphasis will generally be placed on 3-4 specific commodities, and some mineral resources will be excluded until they come back into favour.

### Investment Duration

Primary price trends typically lasting 3 – 6 years or longer represent a reasonable time frame for investment in the Fund Portfolio. Superimposed on the primary trend may be countertrend reversals lasting several years, as well as higher frequency oscillations spanning weeks or months. This volatility tends to be smoothed with time.

### Investment Process

The investment process is directed at selecting from a watch-list comprising relatively small companies that are expected to show strong growth. Apart from the resource endowment and stage of exploration and development, management capabilities and strategies of the target companies and their economic viability, risk factors, and financing capabilities are also considered.

Following a review of all available data the Investment Manager first screens all possible investments to determine whether they meet specific criteria. In some cases, this involves site inspections by the Investment Manager or its associates, and discussions with the target company's management.

Once an investment is made, the Investment Manager will regularly review and evaluate new data and progress and will, to the extent possible, maintain a close relationship with the investee company's management and independent local experts. All of these procedures are aimed at maintaining and adding value to the Fund's investment in the smaller corporate entities.

## 4. ABOUT LOWELL RESOURCES FUND

### 4.1 Overview

The Fund is a registered Managed Investment Scheme structured as a unit trust, which has been registered with ASIC. The Fund was admitted to the official list of ASX on 22 March 2018.

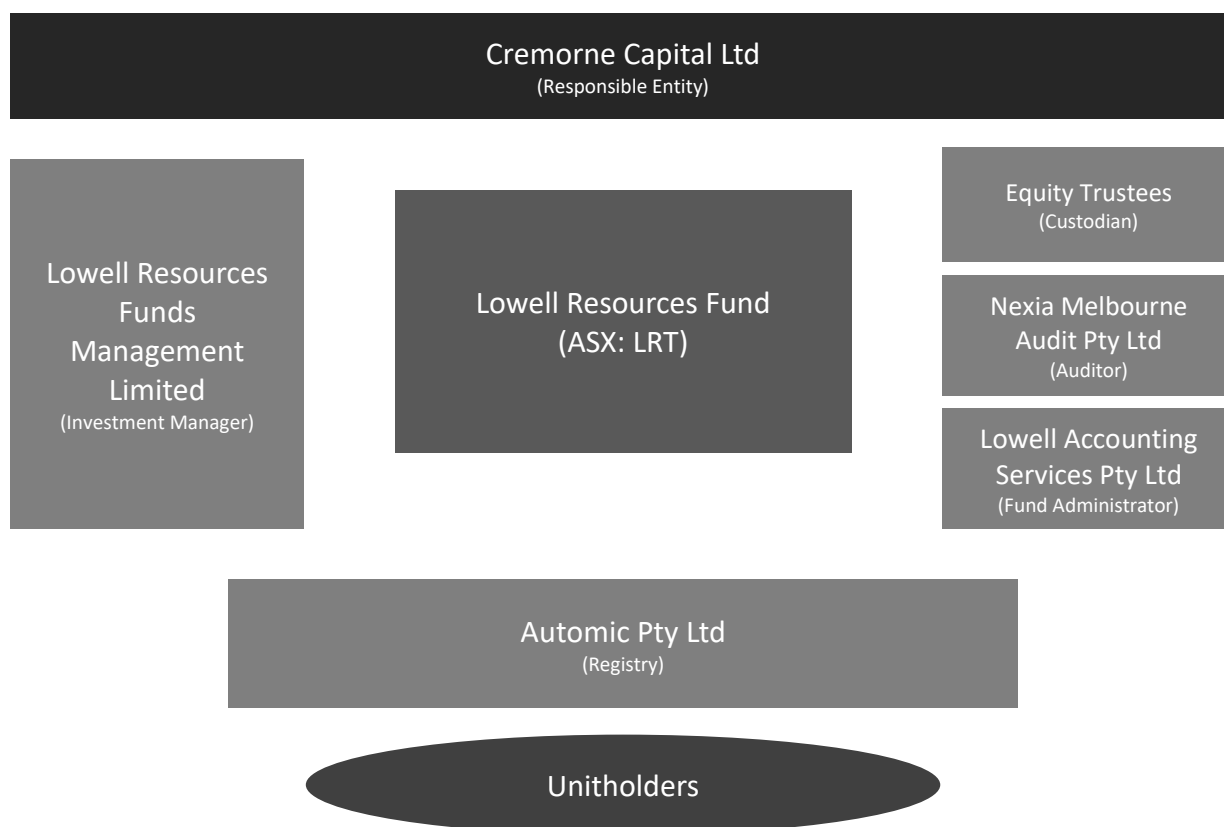
The Fund was established on 21 January 1986 and prior to admission to the official list of ASX, the Fund operated as an unlisted fund.

The Fund focuses on investing in shares and other financial products issued by predominantly small capitalisation resources companies listed or seeking to list on Australian and overseas stock exchanges.

The Investment Manager is the investment manager of the Fund and has acted as investment manager of the Fund since June 2004. Further information about the Investment Manager is set out in Section 5.

### 4.2 Fund Structure

The following fund structure diagram sets out the structure of the Fund and its service providers as at the date of this PDS.



### **4.3 About the Responsible Entity**

The responsible entity of the Fund is Cremorne Capital Limited. It has been the Responsible Entity of the Fund since June 2000. The Responsible Entity holds Australian financial services licence (AFSL) number 241175 issued by ASIC, which authorises it to operate the Fund.

#### Role of the Responsible Entity

The Responsible Entity is bound by the constitution of the Fund, the Corporations Act and the Listing Rules. The Responsible Entity has lodged a compliance plan with ASIC which sets out the key measures which the Responsible Entity will apply to comply with the Constitution, the Corporations Act and the Listing Rules. The Responsible Entity has established a Compliance Committee with a majority of external members. The compliance plan is overseen by the Compliance Committee and is audited annually with the audit report being lodged with ASIC.

The Responsible Entity has the power to delegate certain aspects of its duties.

The Responsible Entity has appointed the Investment Manager as the investment manager of the Fund. There are no unusual or materially onerous terms in the agreement under which the Investment Manager has been appointed. The Responsible Entity has conducted due diligence on the Investment Manager to ensure that the investments relating to the Fund have been made in accordance with the Investment Strategy. The Responsible Entity also has an ongoing review framework in place to review the investment process that the Investment Manager has in place for the Fund.

The Responsible Entity has appointed service providers Equity Trustees as the Custodian, and Lowell Accounting Services Pty Ltd as the Fund Administrator.

The material agreements of the Fund are set out in Section 13.

#### Board of the Responsible Entity

The Board of the Responsible Entity has a broad range of experience in financial services and the resources sector, coupled with financial and commercial expertise. The Board currently comprises three directors. Details of the current Board are set out below.

##### *Michael Andrew Ramsden, Chairman*

Michael is a qualified lawyer with more than 30 years' experience as a corporate adviser, he has been involved with all forms of finance, including money markets, futures trading, lease finance, trade finance and foreign exchange. Michael has worked for a Lloyds broker in London and a number of major international companies including CIBC Australia, JP Morgan and Scandinavian Pacific Investments Limited. Michael was a Director of D&D Tolhurst Stockbrokers and Tolhurst Corporate Ltd, and is experienced in funds management, mergers and acquisitions, corporate restructuring, equity raising and the general provision of corporate advice. Michael is currently Chairman of Australian Mines Limited (ASX:AUZ), African Mahogany Australia Pty Ltd, Managing Director of Terrain Capital and Vice-Chairman of the Victoria Racing Club.

##### *Oliver Robert Carton, Director*

Oliver is a qualified lawyer with over 30 years' experience in a variety of corporate roles. Oliver currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG where he managed its Corporate Secretarial Group. Prior to that, Oliver was a senior legal officer with ASIC.

Oliver is an experienced company officer and is currently Director/Company Secretary of a number of listed and unlisted companies, including Pental Limited.

Oliver also is and has been a Board member of a number of not-for-profit entities including Melbourne Symphony Orchestra Pty Ltd.

*Donald (Don) Anthony Carroll, Director*

Don has extensive experience in the international resources business primarily in the marketing and development of minerals. In a career spanning 29 years with BHP Billiton, and prior to that Rio Tinto, he has held a number of senior positions including President BHP Billiton Japan, President BHP Billiton India and Group General Manager Marketing Asia based in Hong Kong. He has been active in the development of coal, bauxite and iron ore resources as well as the marketing of most mineral and energy products. He has experience in the merger and acquisitions sector including the merger of BHP with Billiton. Prior to joining Cremorne Capital Don was Vice President Investor Relations for BHP Billiton in Australia. He holds a degree in mining engineering from Sydney University and is a long-standing member of the Australian Institute of Mining and Metallurgy and is a member of the Australian Institute of Company Directors.

Don is also a director of the Cathy Freeman Foundation, which supports indigenous students to achieve their full potential at school.

#### **4.4 Valuation and Custody of Assets**

The Fund calculates its estimated Net Asset Value (NAV) on a weekly basis, and at month's end.

The Responsible Entity has delegated to the Fund Administrator the determination of the estimated NAV of the Fund and the NAV Unit Price.

The Custodian holds the Fund's Assets. Cash may also be held on deposit with one or more Australian authorised deposit taking institutions.

#### **4.5 Liquidity**

Units are not able to be redeemed except under a withdrawal offer under the Corporations Act or a buy-back of units under the Corporations Act and Listing Rules while the Fund is listed.

As the Fund is admitted to the official list of ASX and Units are quoted on ASX, Unitholders are able to sell their Units on ASX, subject to there being sufficient buyers of Units at a price that is satisfactory to the selling Unitholder, ASX being open for trading and the Units not being suspended from trading. Units may be sold on the ASX by Unitholders instructing their stockbroker or through online trading platforms.

#### **4.6 Further Issues of Units**

The Responsible Entity is permitted, subject to the Constitution, the Corporations Act, the Listing Rules and applicable laws, to issue further Units. The Responsible Entity will only issue further Units if it determines (after consultation with the Investment Manager) such issues are in the best interests of Unitholders. This may take the form of a distribution reinvestment plan, rights issue or placement of Units.

#### **4.7 Distribution Policy**

If the Fund pays a distribution to Unitholders, it is generally expected to be paid on an annual basis. The amount of the distribution is anticipated to be an amount approximately equal to the taxable income components of the Fund for the period that the distribution relates to, usually the Financial Year in which the income is earned. In some years it is possible that no distribution will be paid, for example when there are no or very little net taxable income components earned

by the Fund. The Responsible Entity may also elect to pay an interim distribution in relation to a period other than a full Financial Year. An example of when this may occur is if the Fund were to realise significant capital gains and wished to distribute some or all of these gains.

The Responsible Entity is required to announce to the ASX an estimated distribution amount per Unit prior to the Units trading on the ASX on an ex-entitlement basis. Whilst there is no guarantee that the actual distribution will be exactly equal to the estimated distribution, the Responsible Entity will endeavour to ensure that these amounts are equal. The amount taxable in the hands of Unitholders each year does not necessarily follow the amount distributed from the Fund, and therefore Unitholders may be subject to tax on an amount different from the amount actually distributed.

The record date for participation in distributions in respect of the 2022 financial year (the year ending 30 June 2022) is 1 July 2022, consistent with past practice. Accordingly the Units issued under this PDS will not carry an entitlement to receive distributions in respect of the 2022 financial year. This will include not participating in any distribution(s) in respect of the 2022 financial year paid after 30 June 2022, and not participating in the distribution reinvestment plan where Units are issued under the plan in respect of the 2022 financial year after 30 June 2022. Units will have the same entitlement as other Units to receive distributions and participate in the plan in respect of the 2023 and subsequent financial years' distributions.

Unitholders can have their distributions automatically re-invested into additional Units of the Fund. Applicants for Units under the Offer will be included for participation in the distribution reinvestment plan, unless they opt out by notifying the Responsible Entity that they wish to have their distributions paid into an Australian dollar bank account of the investor's choice. Information on the distribution reinvestment plan will be made available to investors on [www.cremornecapital.com/lrf-dividend-reinvestment-plan](http://www.cremornecapital.com/lrf-dividend-reinvestment-plan). As noted above, Units issued under this PDS will not participate in the distribution reinvestment plan for distribution(s) in respect of the 2022 financial year.

Further information in relation to the taxation implications for Unitholders can be found in Section 12.

#### **4.8 Reporting to Unitholders**

The Fund is subject to regular reporting and disclosure obligations and is required to meet the continuous disclosure requirements of the Corporations Act and Listing Rules as a disclosing entity. Accordingly, the Fund:

- a) Prepares and releases to ASX (and lodges with ASIC) both yearly and half yearly financial statements accompanied by a Directors' statement and report and an audit or review report;
- b) Within 14 days after the end of each month, tells ASX of the NAV backing of its Units as at the end of that month; and
- c) Immediately notifies ASX of any information concerning the Fund of which it is, or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Units, subject to certain limited exceptions related mainly to confidential information.

Copies of documents (including the above) that are lodged by the Fund with ASIC or ASX may be obtained from ASIC or ASX (respectively), or free upon request from the Responsible Entity or the Investment Manager. Copies of documents lodged with ASIC can also be inspected at an ASIC office.

Copies of the Fund's most recently lodged annual financial report, being the audited financial statements for the year ending 30 June 2021, the most recently lodged half year financial reports, being the reviewed financial statements for the six months ending 31 December 2021, and any continuous disclosure notices (announcements) given to ASX by the Responsible Entity including weekly estimated NAV Unit Prices may be obtained from the Responsible Entity or the Investment Manager (free upon request) or ASIC. Copies can also be obtained from the ASX website under the Fund's code "LRT".

The Investment Manager may also produce additional investment reports, which will be lodged with ASX. All reports will also be available at [www.lrfm.com.au](http://www.lrfm.com.au).

## **5. ABOUT THE INVESTMENT MANAGER**

### **5.1 About the Investment Manager**

The Investment Manager is the investment manager of the Fund and operates under AFSL 345674. The Investment Manager was appointed as the investment manager of the Fund on 6 January 2004.

The Investment Manager operates through an investment committee which concentrates the experience and knowledge of individuals who have direct working experience in the oil & gas and minerals industries, broking, banking and funds management.

The Investment Manager invests the Fund Portfolio in accordance with the investment strategy outlined in this PDS and in the Investment Management Agreement, the key terms of which are set out in Section 13.1 of this PDS.

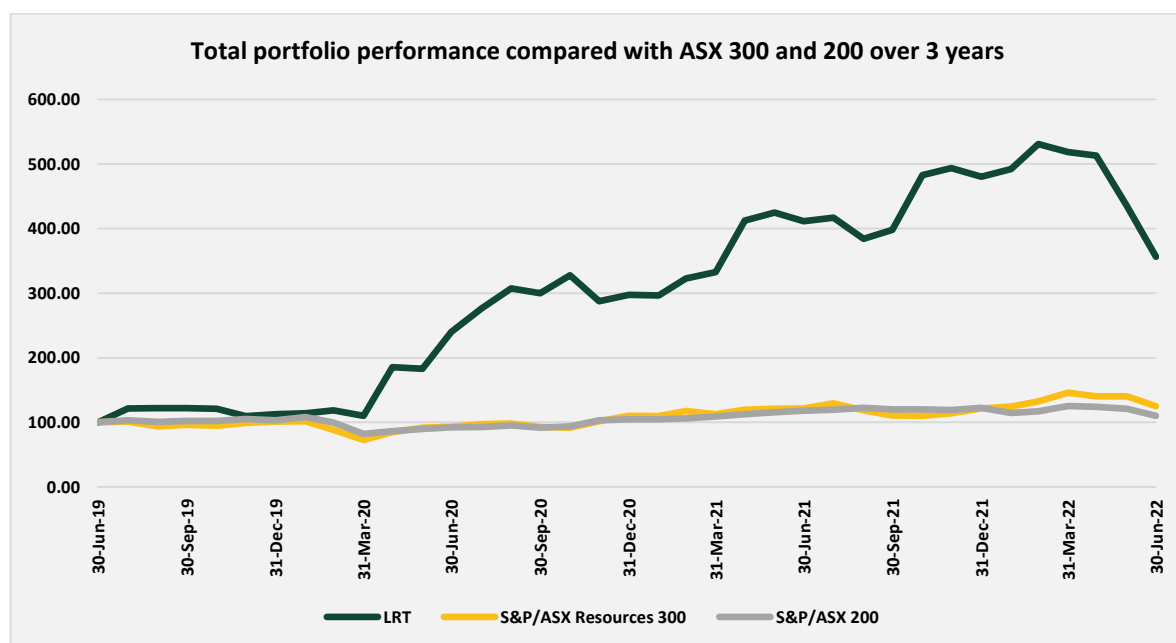
### **5.2 Historical Performance of the Fund**

The Fund has provided outstanding performance over the last 3 years, during which time it has been managed by the Investment Manager. The 3-year return to investors of 52.8% per annum to 30 June 2022 outperformed both the ASX 300 Resources Index, which returned 7.7% per annum over the period, and the ASX 200 index which returned 3.3% per annum return over the period.

The Fund's investment strategy revolves around investments in early-stage resource projects. As these projects grow – not all of them do – it is the Investment Manager's intention to exit at the most appropriate time. Net profits are then distributed after the end of the financial year.

The Fund's trust structure has allowed for the payment of three distributions over recent years. As a trust, the Fund must pay out all taxable profits of the Fund as distributions. In August 2020, the Fund distributed 2.4 cents per Unit. In August 2021, the Fund distributed 14.98 cents per Unit. The distribution for the 2022 financial year has been announced at 11.57 cents per Unit and is payable at end-August 2022. As referred to in Section 4.7, the Units issued under this PDS will not carry an entitlement to receive distributions in respect of the 2022 financial year. Units will have the same entitlement as other Units to receive distributions and participate in the plan in respect of the 2023 and subsequent financial years' distributions.

The return calculation is based on the ASX trading price at the end of each month. The returns over the 3 years relative to the indices are set out in the below chart:



\* Returns are calculated to 30 June 2022

The performance returns of the Fund as at 30 June 2022 (which are set out in this Section) are based on the unaudited historical performance of the Fund which is not indicative of the future performance of the Fund.

### 5.3 Directors of the Investment Manager

#### *Stephen Peter Mitchell (Chairman)*

Mr Mitchell has over 25 years' experience in the international resources sector with experience in management, corporate advisory and investment banking. Mr Mitchell is currently Chairman of Hydrocarbon Dynamics Ltd and was previously Managing Director of Molopo Energy Limited, an ASX listed energy company which he grew from a micro-cap stock into an ASX 200 company, with projects in Australia, Canada, the US, Asia and Africa. Previously he was Chairman of Lowell Capital Limited (as it then was), the Responsible Entity of the Fund, and had various corporate advisory/finance roles specialising in resources both in Australia and abroad.

Mr Mitchell completed a Master of Arts in International Economics and Politics at Johns Hopkins University in the US.

#### *John Arthur Forwood (Director and Chief Investment Officer)*

Mr Forwood is a qualified lawyer and geologist. He has over 24 years of resources financing experience, including 6 years as CIO of the Investment Manager and 17 years with RMB Resources, including 13 years as manager of the Telluride Fund. At RMB Resources, he acted as a principal financier of equity, structured quasi-equity and project finance to the junior resources sector. Mr Forwood also has 5 years' experience in exploration and development geology in Australia, Tanzania and Indonesia. Previously, he qualified with a major Australian law firm to practice as a barrister and solicitor.

#### *Steven Robert O'Connell (Director) CPA, AGRCI*

Mr O'Connell has over 30 years' extensive finance industry experience in life insurance, asset management, custodial services, financial planning and superannuation (consulting,

administration and trustee services). He has headed the compliance and risk management functions for several large multi-national asset managers. Mr O'Connell has been appointed company secretary for a number of asset managers, headed custodial operations for corporate actions, reconciliations and unlisted trust management and was a key person in the eventual sale of Mellon Australia's superannuation and administration consulting businesses in 2005. He has held Board positions at one of Australia's leading asset management companies, chairs Compliance Committees for leading asset managers and continues to be a Responsible Manager for a number of asset management companies.

Mr O'Connell also sits on the Board of a number of small businesses within the finance industry.

*Richard Damon Morrow (Director) FAusIMM*

Mr Morrow is an experienced stockbroker with Ord Minnett group and is honorary Chairman of the Melbourne Mining Club, Australia's leading networking organisation for the resources sector. He has more than 35 years' experience as a sharebroker in Melbourne and in London, with a particular interest in the resources space. Mr Morrow is a Master Stockbroker with the Stockbrokers and Financial Advisers Association (MSAFAA) and has passed the industry-wide FASEA exam. He is non-executive director of Queensland-focused critical minerals group, EQ Resources, listed on the ASX and a Fellow of the Australasian Institute of Mining and Metallurgy.

## **5.4 Investment Committee**

The members of the Investment Manager's investment committee are John Forwood, Richard Morrow, Stephen Mitchell and Stuart Baker.

*Stuart Baker (Investment Committee Member)*

Stuart Baker is a qualified engineer who holds an MBA. He joined the Investment Committee in July 2018. He brings a wide experience in valuation and analysis of energy companies. He has a strong local and international reputation for oil and gas E&P company coverage as a senior investment analyst, including 14 years with Morgan Stanley. In a career spanning more than 30 years, Mr Baker has also worked in senior research roles with BT Equities and Macquarie Equities. He crossed over to researching listed companies after gaining industry experience with international oilfield services group, Schlumberger.

## **6. BENEFITS OF INVESTING IN THE FUND**

### **6.1 Investment Expertise**

The Fund aims to provide Unitholders with exposure to the low-capitalisation mining and energy sectors, and provide above-average absolute returns to Unitholders. The Portfolio is managed by an experienced Investment Committee comprising John Forwood, Stephen Mitchell, Richard Morrow and Stuart Baker. Descriptions of the Investment Manager's management experience as investment manager of the Fund and the experience of the Directors of the Investment Manager are outlined in Section 5.

### **6.2 Annual Distributions**

The Fund's investment objective is to maximise absolute returns to its Unitholders over the medium to longer term, along with annual distribution payments contingent on the Fund generating a taxable profit for the term. Because the Fund's primary objective is capital growth from investment in a select group of junior mining and energy companies, performance cannot be readily referenced to a widely available benchmark or market index. The junior resource sector tends to be highly volatile, which from time to time enables the Investment Manager to sell down overpriced stocks to lock in capital gains, most of which are intended to be distributed to Unitholders, on an annual basis. Note, the Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year (see Section 4.7 for further details).

### **6.3 Distribution Re-investment Plan**

Unitholders can have their distributions automatically re-invested into additional Units of the Fund. Applicants for Units under the Offer will be automatically included for participation in the distribution reinvestment plan unless they opt out by notifying the Responsible Entity that they wish to have their distributions paid into an Australian dollar bank account of the investor's choice. Information on the distribution reinvestment plan is available to investors at [www.cremornecapital.com/lrf-dividend-reinvestment-plan](http://www.cremornecapital.com/lrf-dividend-reinvestment-plan). Note, the Units issued under this PDS will not participate in the plan, or to receive Units under the plan, in respect of the 2022 financial year (see Section 4.7 for further details).

### **6.4 Trading on the ASX market**

The Fund's Units are quoted ASX. This means that Unitholders can buy and sell Units on the ASX market through a stockbroker or share trading account. Investors are also able to see the prices at which other investors are prepared to exchange Units.

Settlement of Units traded on the ASX market occurs via the CHESS settlement service.

### **6.5 Tracking your investment**

The Responsible Entity will calculate the Fund's Net Asset Value (NAV) per Unit on a weekly basis, after close of market. The Fund's NAV will be published to the ASX in accordance with the Listing Rules, and uploaded on the Responsible Entity's website.

### **6.6 Holding Statements**

Holders will receive a holding statement showing the number of Units that they own. Holders will receive an updated holding statement upon the occurrence of any changes to their holding.

### **6.7 Regular Reporting**

In addition to the information provided by the regular reporting set out in Section 4.8, the Investment Manager may produce investment reports, which will be lodged with the ASX and sent to Unitholders. All reports will also be available at [www.lowellresourcesfund.com.au/investor-centre/announcements.html](http://www.lowellresourcesfund.com.au/investor-centre/announcements.html).

## **7. INVESTING IN THE FUND**

### **7.1 The Offer**

The Offer seek to raise additional funds for investment in the resources sector.

### **7.2 Use of funds**

	Minimum subscription (\$0)	Maximum Subscription (\$13.2m)
Proceeds from offer	-	\$13,208,226
Less expenses of the offer	(\$30,000)	(\$721,000)
<b>Proceeds available for investments and working capital</b>	<b>(\$30,000)</b>	<b>12,487,226</b>

### **7.3 Purchasing Units On-Market**

Investors can invest in the Fund by purchasing Units on the ASX market through a stockbroker or share trading account. The purchase of Units on-market is settled through the CHESS settlement service. Investors will not need to complete an application form but will need to be a client or a stockbroker or have a share trading account.

The cost of investing in the Fund on-market will be the price at which you purchase Units on the ASX market, plus any brokerage fees you incur. Investors can purchase additional Units on the ASX market at any time, through a stockbroker or share trading account.

Investors do not have a right to a cooling off period for Units purchased on the ASX market.

### **7.4 Selling Units On-Market**

Holders can sell Units on the ASX market through a stockbroker or share trading account. Proceeds from any sale of Units will be delivered through the ASX CHESS settlement service.

## **8. RISK FACTORS**

Investment in the Fund should be regarded as high risk. In addition to the risks normally associated with the equity investments, the resource sector in which the Fund's assets are primarily invested is exposed to volatility in commodity prices. Movements in commodity prices tend to be magnified in small-cap resource stocks. Furthermore, many junior stocks are thinly traded and relatively illiquid, especially during depressed market conditions.

### **8.1 Investment Strategy Risk**

The Fund's investment activities expose it to a range of risks. The Fund has identified a number of these risks below, and have regarded them as being particularly relevant in formulating its investment strategy.

#### Portfolio Risks

The leverage to commodity prices inherent in junior resource stocks accentuates share price movements, both up and down. This leverage provides opportunities for profits, but also increases the potential for losses in adverse market conditions. The Portfolio includes resource companies operating or domiciled outside Australia, with the additional sovereign risks of exchange rate, security of tenure, foreign legal systems, logistical problems, and more difficult monitoring of investments.

Specifically, the resources sector is subject to volatility and unanticipated price weakness arising from potential risks, such as the following:

- An unexpected weak, deflationary global economy that could arise from convergence of negative factors and a contraction in global credit;
- An economic slowdown in China that might have a negative impact on Australian mining and energy companies;
- Sustained reversals in primary commodity prices;
- Economic recession and an abrupt share market downturn;
- Market crisis such as a major sovereign debt default, insurrection or acts of terrorism;
- Accelerated central bank gold sales or disposal of other metal inventories by large holders;
- Sovereign risk adversely affecting security of tenure or fiscal regime governing mining titles;
- Significant Australian currency appreciation, decreasing the local value of commodities priced in US dollars; and
- Potential adverse tax, regulatory and royalty changes in Australia and overseas countries.

#### Reliance on the Investment Manager

The Fund's success and profitability relies almost entirely on the Investment Manager's ability to successfully identify, purchase and realise investments in the resources sector. Due to the volatility in the junior resource sector, the Investment Manager is able to lock in capital gains from the sale of temporarily overpriced shares from time to time. Poor stock selection by the

Investment Manager could mean that the assets held by the Portfolio will continue to trade at discounts to their underlying value. This could have an adverse impact on the Fund's financial performance.

### Equity Market Risk

Equity market risk is the risk of fluctuations in the market price of assets held by the Fund, which results from moves in the wider equity markets. The Fund may hold investments listed on a variety of stock exchanges, predominantly the ASX, and an overall decline in any of these markets could reduce the value of the Investments.

### Concentration Risk

Due to the Portfolio holding only a limited number of junior mining stocks, there is a risk of a significant decrease in the Value of the Portfolio as a result of a significant decline in the market price of any single investment or related group of investments. If a single investment makes up a high percentage of the Portfolio's value, an abnormal movement in its market price may have a correspondingly high impact on the Value of the Portfolio. The Investment Manager will actively monitor the Portfolio and continuously change the weightings of its investments and cash holdings accordingly.

### Liquidity Risk

The Fund predominantly invests in junior mining and energy stocks which, on average, have lower liquidity than stocks with greater market capitalisations. Liquidity risk is the risk that a Portfolio investment may be difficult or impossible to sell in a timely fashion when required, or that the price at which such a sale may be made differs substantially from what the Investment Manager considers to be fair market value. Liquidity risk is compounded by the risk that Portfolio investments may become illiquid after their purchase. If the Investment Manager is unable to sell assets, or can only sell assets at a discount to fundamental value, the Value of the Portfolio is likely to be negatively affected.

### Small Resources Company Risk

The Fund will typically invest in junior mining and energy stocks whose exploration, development and mining activities are at varying stages, ranging from grassroots to mature. The Fund is indirectly exposed to the risks associated with its investee companies. The exploration stage is generally a highly speculative endeavour, which may not result in the investees finding economic deposits. Financing and construction risks may be encountered during the development stage. The operations of a portfolio company may be affected by various factors including, for example, failure to achieve predictable grades in exploration and mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems affecting extraction costs, adverse weather conditions, industrial and environmental accidents, environmental events generally, industrial disputes, civil disputes or unrest, and unexpected shortages or increases in the cost of labour, consumables, spare parts, plant and equipment.

## Market and Economic Risk

Economic, technological, social, political or legal conditions, interest rates and market sentiment can (and do) change. These and other factors including changes in the value of investment markets can affect the value of the investments in the Fund.

General economic conditions, movements in interest and inflation rates, and currency exchange rates may have an adverse effect on the Fund's performance. Furthermore, securities market conditions may affect the Fund's performance and/or the value of Units. Securities market conditions are affected by many factors, such as:

- General economic outlook, both locally and abroad;
- Interest rates and inflation rates;
- Currency fluctuations;
- Changes in investors sentiment toward a particular market sector; and
- The demand for, and supply of, capital.

## Interest Rate Risk

Changes in interest rates may have a negative impact, either directly or indirectly, on Portfolio investments, and overall investment returns.

## Asset Risk

A particular commodity, asset or security that the Fund invests in may fall in value for many reasons, such as changes in a business's internal operations or management, or in the business environment. Adverse movements in the price of investments held by the Fund may result in a reduction of the value of investments in the Fund.

## **8.2 ASX-Related Market Risks**

### Unit Trading Price

The trading price of any listed security may change in response to entity-specific factors, and to external factors such as market sentiment and buyer interest. Units may not trade at or near the net asset value of the Units.

### Volatility of Units

Units in the Fund may be traded sparingly or heavily, and could therefore be very volatile without regard to any changes to the underlying NAV per Unit.

### Liquidity Risk

Units are generally expected to have secondary market liquidity, however it is not guaranteed that such an active trading market will develop with sufficient liquidity, or which will sustain a price relative to the NAV per Unit. As a listed investment trust, there will be no regular redemption facility for Units in the Fund.

### Counterparty Risk

When Units are sold on-market, reliance is placed on the central system for clearing and settling trades on ASX (CHESS) to ensure that settlement funds are received. As well as this, Unitholders also rely on the creditworthiness of any broker used to make on-market trades of Units.

## **8.3 Operational Risks**

### Investment Manager Risk

The Investment Manager can be wound up or liquidated, it can cease to manage the Fund or be replaced, it can make poor investment decisions, poorly manage operational risks and any funds under its management can perform poorly. Moreover, a small number of investment professionals are responsible for managing the investments of the Fund and may make an investment decision that negatively affects the Fund.

### Key Personnel Risk

The key personnel of the Responsible Entity and the Investment Manager are outlined in Sections 4 and 5. If any one or more of these persons were to cease to be employed by the relevant employer, this may negatively affect the Fund and the operational capabilities of the Fund's management.

### Counterparty Risk

There is a risk that a counterparty to a transaction or agreement entered into on behalf of the Fund may default on or breach their obligations under that transaction or agreement which may lead to the Fund experiencing an adverse investment outcome or liability.

### Currency Risk

The Fund will invest in securities priced Australian dollars and securities priced in currencies other than Australian dollars. It will also invest in entities listed on a range of global security exchanges, which may themselves hold assets either listed or trading in different countries. This will expose the Portfolio's investments to movements in the relative values of different currencies.

### Accounting Policy Risk

Changes in accounting policies may affect the way in which Fund investments are valued, and consequently may have a detrimental impact on the value of the Fund.

### Dilution Risk

The Fund is a close-ended vehicle and as such will not be open for regular applications for new Units. If the Responsible Entity decides to issue new Units in the future or engage in any form of capital raising approved under the Constitution which results in the issue of new Units, such as the current Offer, and Unitholders do not participate (and Unitholders may not always be able to participate) or do not participate in proportion to their Unitholding, the value of their unitholding may be diluted.

## Regulatory Risk

Any material changes in the policies (including taxation policies) of governments or certain regulatory bodies affecting the Fund or investments of the Fund have the potential to affect the viability and profitability of an investment in the Fund or the Fund's continued operation.

## Risk Management

The Investment Manager will apply the investment approach as outlined in this PDS to all investment opportunities. Potential investments will be analysed not only on an individual risk and return level, but also in the context of the wider portfolio. The Investment Manager will constantly monitor risk on a portfolio-wide level for a range of potential risks, including equity market, liquidity and concentration risk.

Active management of the Fund thus requires ongoing review of the primary drivers of share price, whether industry-wide or stock-specific. External factors with a negative bearing on the sector as a whole are countered by a movement to cash; where the company itself displays preliminary evidence of weakness, this stock is immediately sold down. With increasing funds under management there may be a move up to invest in somewhat larger, less volatile, and more marketable stocks. This would provide another positive step in reducing portfolio risk. Conservative option strategies such as put option purchases may be considered in some situations to lock in gains and limit downside.

## **9. FEES AND OTHER COSTS**

This Section 9 (including the tables in Sections 9.2 and 9.3) show the fees and other costs that you may be charged. These fees and costs may be deducted from your money, from the returns on your investment or from the assets of the Fund. Tax information is set out in Section 12 of this PDS.

### **9.1 Consumer advisory warning**

#### **DID YOU KNOW?**

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns. For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example reduce it from \$100,000 to \$80,000).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the Fund or your financial adviser.

#### **TO FIND OUT MORE**

If you would like to find out more, or see the impact of fees based on your own circumstances, the Australian Securities and Investments Commission (ASIC) website [www.moneysmart.gov.au](http://www.moneysmart.gov.au) has a managed investment fee calculator to help you check out the different fee options.

### **9.2 Fees and other costs**

This Section 9.2 provides a detailed description of the management fees and other costs payable from the Fund. The basis on which the management fees and costs describe in Tables 1, 2 and 3 below are calculated are detailed in the Constitution of the Fund.

Please see Section 9.3 for additional explanation of the fees and costs outlined in Tables 1 and 2.

You should read all of the information about fees and costs, because it is important to understand their impact on your investment.

**TABLE 1: FEES AND OTHER COSTS**

All fees outlined in the below table are (unless otherwise stated) inclusive of goods and services tax (**GST**) and are net of reduced input tax credits (**RITC**), where applicable.

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
Fees when your money moves in or out of the managed investment product		
<b>Establishment Fee</b>  The fee to open your investment	Not Applicable	Not Applicable
<b>Contribution Fee</b>  The fee on each amount contributed to your investment.	Not Applicable	Not Applicable
<b>Withdrawal Fee:</b>  The fee on each amount you take out of your investment	Not Applicable	Not Applicable
<b>Termination Fees</b>  The fee to close your investment	Not Applicable	Not Applicable
<b>MANAGEMENT COSTS</b>		
The fees and costs for managing your investment		
<i>Initial Costs</i>		
<b>Equity Arranging Fee<sup>1</sup></b>	1% of the gross proceeds raised by the Offer.  The Lead Manager will also receive: <ul style="list-style-type: none"> <li>An equity arranging fee of 4% (in addition to the management fee) for the placement of shortfall to non-unitholders for any funds raised by the Lead Manager under the Offer; and</li> <li>A work fee of \$10,000 to assist with this PDS, roadshow presentation and analytical support. A further work fee may be charged by mutual agreement if analytical</li> </ul>	A one-off payment, payable after the close of the Offer from the Fund

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
	<p>support is required after launch of the Offer.</p> <ul style="list-style-type: none"> <li>Costs and expenses reasonably incurred by the Lead Manager in connection with providing the services under the Mandate will be reimbursed, provided that prior written consent is required for any single cost or expense in excess of \$1,000.</li> </ul> <p>Stockbrokers and other eligible AFSL holders or their authorised representatives may be paid an equity arranging fee of up to 4% (if agreed to by the Responsible Entity). Payments to stockbrokers and other eligible AFSL holders or their authorised representatives would, unless agreed to be on paid by the Lead Manager, be in lieu of and not in addition to the payment of an equity arranging fee to the Lead Manager.</p> <p>Each of the above is plus GST, if applicable.</p>	
<i>Ongoing Costs</i>		
<b>Management Fee<sup>2</sup></b>	<p><u>Where Total Gross Investments are equal to or less than \$50 million:</u></p> <p>The higher of:</p> <p>(a) \$25,625 per month plus 0.627% per annum of the Total Gross Investments; or</p>	<p>Calculated and accrues daily and is payable from the Fund to the Responsible Entity (and proportionately on-paid to the Investment Manager as described in Section 13.1) on a monthly basis in arrears</p>

TYPE OF FEE OR COST	AMOUNT	HOW AND WHEN PAID
	<p>(b) 2.1645% per annum of the Total Gross Investments.</p> <p><u>Where Total Gross Investments are greater than \$50 million:</u></p> <p>2.1645% per annum of the Total Gross Investments up to \$50 million plus 1.652% per annum of the Total Gross Investments that exceeds \$50 million.</p>	
<b>Performance Fee<sup>3</sup></b>	17.9375% of the amount (in percentage terms) by which the change in the Net Asset Value of the Fund including distributions exceeds the base price of the Fund <sup>4</sup> .	Calculated daily and payable from the Fund to the Responsible Entity (and on-paid to the Investment Manager as described in Section 13.1) on a six-monthly basis in arrears
<b>Other Fund Costs (estimated)<sup>5</sup></b> The fees and costs associated with the administration of the Fund and its investments that are paid by the Responsible Entity including, but not limited to, custody fees, registry fees, accounting fees and audit fees	Up to 1.0% per annum	Where such costs can be reliably estimated they are accrued throughout the financial year, reflected in the Unit price and deducted from the Fund at time of payment. Otherwise they are reflected in the Unit price upon invoice and deducted from the Fund at time of payment
<b>SERVICE FEES</b>		
<b>Switching Fee</b> The fee for changing investment options	Not Applicable	Not Applicable

<sup>1</sup> The equity arranging fee is payable to the Lead Manager (see “Equity Arranging Fee” under the heading “Additional Explanation of Fees and Costs”).

<sup>2</sup> The management fee is payable to the Responsible Entity (see “Management Fee” under the heading “Additional Explanation of Fees and Costs”). Part of the Management Fee is on-paid to the Investment Manager (see Section 13.1 under the heading “Remuneration of the Investment Manager” for further detail).

<sup>3</sup> If the performance fee is payable, it is on-paid to the Investment Manager as described in Section 13.1 under the heading “Remuneration of the Investment Manager”. Investors should note the performance

hurdle that must be met for this fee to become payable (see “Performance Fee” under the heading “Additional Explanation of Fees and Costs”). For worked examples of the performance fee see Table 3.

<sup>4</sup> The base price of the Fund means the higher of the NAV per Unit at the end of the previous 6-monthly performance period (less any Performance Fee paid in respect of that period) and the NAV per Unit at the commencement of the previous 6-monthly performance period plus 5% (being the pre-incentive increase of 10% per annum pro-rata over the 6-month period).

<sup>5</sup> This is an estimate only and comprises the anticipated ongoing costs of the fund such as recoverable expenses and indirect costs. This amount does not include costs of the Offer (such as legal fees and ASX listing fees). Further information about the costs of the Offer can be found in the “Estimated Expenses of the Offer” table in Section 11.

## **TABLE 2: EXAMPLE OF ANNUAL FEES AND COSTS**

The figures outlined in the below table are inclusive of GST and are net of RITC, where applicable, and the table is based on Total Gross Investments of the Fund being less than \$50,000,000. The below table also assumes that the performance hurdle has been exceeded for the relevant 12-month period.

The table below gives an example of how fees and costs for this product can affect your investment over a one-year period. You should use this table to compare this product with other managed investment products. References to “you” being charged fees in the below table are included in accordance with the regulations of the Corporations Regulations 2001 (Cth), however all fees and costs in the below table are payable from the Fund.

<b>Example</b>		<b>Balance of \$50,000 with a contribution of \$5,000 during the year<sup>1</sup></b>
Contribution Fees <sup>2</sup>	Nil	For every additional \$5,000 you put in you will not be charged any contribution fee.
<b>PLUS</b> Management Costs <sup>3</sup>	3.1645% of Total Gross Investments of the Fund	<b>And</b> , for every \$50,000 you have in the Fund, you will be charged \$1,582 each year.
	Performance Fee <sup>4</sup>	<b>And</b> , for every \$50,000 you have in the Fund, you will be charged \$2,017 assuming the same Fund performance for FY 2022, for which an 11.57c per unit distribution is payable.
<b>EQUALS</b> <b>Cost of Fund</b>		If you had an investment of \$50,000 at the beginning of the year and you put in an additional \$5,000 during that year, you would be charged fees of \$3,599.
		<b>What it costs you will depend on the fees you negotiate with your financial adviser.</b>

<sup>1</sup> This example assumes the \$5,000 contribution occurs at the end of the year, therefore management costs for the year are calculated using the \$50,000 balance only, and is not made under the Offer.

<sup>2</sup> No contribution fees are payable by investors, however the equity arranging fee of 1% (plus GST) of the gross proceeds of the Offer will be payable from the Fund to the Lead Manager after the close of the Offer (see “Equity Arranging Fee” under the heading “Additional Explanation of Fees and Costs”).

<sup>3</sup> Management costs are expressed as a percentage of the Total Gross Investments of the Fund (for the ongoing management costs of a 2.1645% management fee of \$1,082.25 per annum and other fund costs of \$500.00 per annum (1.0%)) plus an estimate of the performance fee.

<sup>4</sup> The estimated performance fee of \$2,017 per annum in the above table is an estimate of the performance fee calculated based on the actual performance fees payable by an investor in the Fund for the year ended 30 June 2022 on an investment balance of \$50,000. This estimate is inclusive of GST and net of RITC. The estimate is provided as an example only and is not a representation of likely future performance. The actual performance fee and total management costs will depend on the performance of the Fund and may vary from this example. The performance fee is only payable if the required performance hurdle is met.

### **9.3 Additional Explanation of fees and costs**

#### *Equity Arranging Fee*

The equity arranging fee of 1% is charged only on any Application Monies received under the Offer.

The Lead Manager will also receive:

- An equity arranging fee of 4% (in addition to the management fee) for the placement of shortfall to non-unitholders for any funds raised by the Lead Manager under the Offer; and
- A work fee of \$10,000 to assist with this PDS, roadshow presentation and analytical support. A further work fee may be charged by mutual agreement if analytical support is required after launch of the Offer.
- Costs and expenses reasonably incurred by the Lead Manager in connection with providing the services under the Mandate will be reimbursed, provided that prior written consent is required for any single cost or expense in excess of \$1,000.

Stockbrokers and other eligible AFSL holders or their authorised representatives may be paid an equity arranging fee of up to 4% (if agreed to by the Responsible Entity). Payments to stockbrokers and other eligible AFSL holders or their authorised representatives would, unless agreed to be on paid by the Lead Manager, be in lieu of and not in addition to the payment of an equity arranging fee to the Lead Manager.

Each of the above is plus GST, if applicable.

Further details of the Lead Manager’s mandate can be found in Section 13.2.

The equity arranging fee and the other above payments are payable from the Fund and will not be charged on existing investments in the Fund.

#### *Management Fee*

The ongoing management costs for the Fund include a management fee which is payable from the Fund to the Responsible Entity.

The Responsible Entity on-pays some of the management fee to the Investment Manager, in accordance with the terms of the IMA, for assistance in managing the Portfolio of the Fund. For further details of the IMA see Section 13.1.

### *Performance Fee*

The ongoing management costs for the Fund include a performance fee which is payable from the Fund. The performance fee is only payable if the performance hurdle (for the Fund) is met.

The performance fee is calculated on a six-monthly basis ending on 31 December and 30 June of each year by reference to the Net Asset Value per Unit of the Fund (and not by reference to the prices at which Units traded on ASX).

The performance hurdle is a change in the Net Asset Value of the Fund (plus relevant distributions) for the six-monthly performance period that exceeds the base price (calculated at the commencement of the performance fee calculation period, or on receipt of an application during the period) plus pre-incentive increase for that six-monthly period. The pre-incentive increase is 10% per annum (5% pro rata for each six months).

If that performance hurdle is not met (where the Net Asset Value of the Fund for any six-monthly performance period (plus relevant distributions) does not exceed the base price plus the pre-incentive increase), no performance fee is payable.

If the performance hurdle is met, a performance fee of 17.9375% of the amount (in percentage terms) by which the change in the Net Asset Value of the Fund (including relevant distributions) exceeds the base price plus pre-incentive increase for the six-monthly period will be charged.

The performance fee of 17.9375% includes GST and the assumed entitlement to a reduced input tax credit of 75%.

If the Net Asset Value for any Performance Period plus relevant distributions does not exceed the Base Price plus the Pre-Incentive Increase, no performance fee is payable. If a performance fee is payable, it will be on-paid to the Investment Manager.

If a performance fee is payable, the Responsible Entity on-pays the performance fee to the Investment Manager in accordance with the terms of the IMA. For further details of the IMA see Section 13.1.

### **TABLE 3: WORKED EXAMPLES OF PERFORMANCE FEE**

The following performance fee examples are based on scenarios where an investor has \$50,000 invested in the Fund.

They are provided for illustrative purposes only. The scenarios are not an indication of or representation in respect of potential unit prices or future performance. The actual performance fee (if any) will vary depending on the actual return of the Fund.

Example Scenarios (see Notes at end of table)	A Example Issue Price \$ (initial Base Price^)	B Example Pre-Incentive Increase to 31/12/22	C Example End Price required for Performance Fee	D Example End Price @ 31/12/22	E Example Excess End Price over pre-incentive increase	F Example Performance Fee per Unit @ 17.9375%	G Example Base Price for next Performance Period @ 31/12/22 (Next Price) D - F	H Example Performance Fee cost on \$50,000 invested
<b>Example 1: Initial performance period (ending 31/12/22)</b>		A x 5% x 118 days / 184 days	A + B		D - E	E x 17.9375%		
If End Price exceeds initial Base Price plus pre-incentive increase	1.35	0.0433	1.3933	1.4500	\$0.0567	0.0102	1.4398	377.78
If End Price exceeds only initial Base Price	1.35	0.0433	1.3933	1.3800	-\$0.0133	NIL	1.4175	NIL
If End Price is less than initial Base Price	1.35	0.0433	1.3933	1.3000	-\$0.0933	NIL	1.4175	NIL

**SUBSEQUENT PERFORMANCE PERIOD (COMMENCING 1/1/23) (using above Next Price outcomes as next Example Base Price)**

	A Example Base Price^ @ 31/12/22	B Example Pre-Incentive Increase to 30/6/23	C Example End Price required for Performance Fee	D Example End Price @ 30/6/23	E Example Excess End Price over pre-incentive increase	F Example Performance Fee per Unit @ 17.9375%	G Example Base Price for next Performance Period @ 30/6/23	H Example Performance Fee cost on \$50,000 invested
<b>Example 2: If the Next Price outcome for the previous performance period is \$1.4398</b>								
If End Price Exceeds Base Price plus pre- incentive increase	1.4398	0.0720	1.5118	1.5500	\$0.0382	0.0069	1.5431	239.62
If End Price Exceeds only Base Price	1.4398	0.0720	1.5118	1.4500	-\$0.00618	NIL	1.5118	NIL
If End Price is less than Base Price	1.4398	0.0720	1.5118	1.4000	-\$0.1118	NIL	1.5118	NIL

	A Example Base Price^ @ 31/12/22	B Example Pre-Incentive Increase to 30/6/23	C Example End Price required for Performance Fee	D Example End Price @ 30/6/23	E Example Excess End Price over pre-incentive increase	F Example Performance Fee per Unit @ 17.9375%	G Example Base Price for next Performance Period @ 30/6/23	H Example Performance Fee cost on \$50,000 invested
<b>Example 3: If the Next Price outcome for the previous performance period is \$1.4175</b>				1.5500				
If End Price Exceeds only Base Price	1.4175	0.0709	1.4884		\$0.0616	0.0110	1.5390	388.01
If End Price Exceeds only Base Price	1.4175	0.0709	1.4884	1.4500	-\$0.0384	NIL	1.4884	NIL
If End Price is less than Base Price	1.4175	0.0709	1.4884	1.4000	-\$0.0884	NIL	1.4884	NIL

**Notes to table:** The examples and figures in the above table are provided as examples only and are not a representation of likely future performance or a guarantee of any future return on an investment in the Fund. The actual performance fee payable will depend on the performance of the Fund and may vary from the above examples, and the performance fee is only payable if the required performance hurdle is met.

^ Other than the example Issue Price, which is also the initial Base Price (being the purchase price of the Units under the Offer) all other references to prices including subsequent Base Prices and the Next Prices and End Prices in the above table relate to the Net Asset Value of the Fund divided by the total number of Units on issue at the applicable date, and not the price at which Units may have traded on ASX on that date or at any other time.

### *Other Fund Costs*

The Responsible Entity is entitled to be reimbursed from the Fund for all costs, charges and fees properly incurred in the course of its duties in connection with the administration or management of the Fund except salary related expenses. These costs include custody, registry, accounting and audit.

The Responsible Entity currently estimates that these costs total 1.0% of the Total Gross Investments of the Fund per year, equating to a cost to Unitholders of approximately \$500.00 on an average investment balance of \$50,000.

#### **9.4 Lead Manager and Advisor Remuneration**

The Responsible Entity will pay the Lead Manager, and may pay Stockbrokers and other eligible AFSL holders or their authorised representatives, fees as set out in Section 9.3 above). These fees will be deducted from the Fund.

Other than the equity arranging fee and other amounts as set out in Section 9.3, above, no commissions will be paid by the Responsible Entity to financial advisors.

You may incur a fee for the advice provided to you by your personal financial advisor, but this is not an amount charged by the Responsible Entity for investing in the Fund nor is it an amount that is paid or deducted from the Fund.

#### **9.5 Changes in Fees and Costs**

The management fees and costs outlined above are based on the Responsible Entity's actual knowledge or a reasonable estimate of the fee or costs, where appropriate. Such estimates are based on a number of factors which may be subject to change, such as changes in industry or regulatory requirements, which may result in a change in the actual fees and costs from time to time.

The management fee and performance fee are capped by the Constitution, and the management fee and performance fee disclosed in Table 2 above are the maximum permitted by the Constitution and as such any increase would require Unitholder approval.

## **10. MANAGEMENT AND CORPORATE GOVERNANCE**

### **10.1 Compliance Plan**

The Fund has a Compliance Plan which sets out how the Responsible Entity will ensure compliance with both the Act and the Constitution, and provides the mechanisms for monitoring compliance with the relevant laws and the Constitution. It further sets out the procedures to be followed by the Responsible Entity if an event occurs which requires action. This plan is overseen by a Compliance Committee and the Responsible Entity's compliance with is audited annually by the Compliance Plan Auditor.

### **10.2 Compliance Committee**

The Responsible Entity has established the Compliance Committee to monitor compliance with the Compliance Plan. The majority of its members are independent of the Responsible Entity. In addition, the Compliance Committee must regularly assess the adequacy of the Compliance Plan and report any breaches of the Act or the Constitution to the Responsible Entity. If the Responsible Entity does not take appropriate action to deal with the breach, the Compliance Committee must report relevant details of the breach to ASIC.

Details of the current members of the Compliance Committee are set out below:

#### *Steven Robert O'Connell*

Mr O'Connell has over 35 years' extensive finance industry experience in life insurance, asset management, custodial services, financial planning and superannuation (consulting, administration and trustee services). He has headed the compliance and risk management functions for several large multi-national asset managers. Mr O'Connell has been appointed company secretary for a number of asset managers, and has headed custodial operations for corporate actions, reconciliations and unlisted trust management. He has held board positions at one of Australia's leading asset management companies, chairs Compliance Committees for leading asset managers and continues to be a Responsible Manager for a number of asset management companies.

Mr O'Connell also sits on the board of a number of small businesses within the finance industry and has been a member of the Responsible Entity's Compliance Committee for over 15 years. He is also a director of Lowell Resources Funds Management Ltd.

#### *John Taylor*

John is a compliance practitioner with over 30 years' experience in the finance industry. Sectors he has experience in include managed funds, listed trusts, superannuation, trustee companies and building societies. As former Executive Director of Intertextual Pty Ltd, John led a team which developed a risk and compliance management software program used by many of Australia's major superannuation funds. John is originator and co-convenor of the Independent Compliance Committee Forum.

John is also Chairman of the Responsible Entity's Compliance Committee, a position he has held for more than 15 years.

#### *Neil Busse*

Mr Busse has over 30 years' experience in the finance industry including the management of a corporate trustee business, extensive experience in the life and general insurance operations. Mr Busse has been a senior manager of a national financial planning company and he has been a member of the Responsible Entity's Compliance Committee for more than 15 years.

### **10.3 Corporate Governance**

Responsibility for the Fund's proper corporate governance rests with the Responsible Entity. The Responsible Entity's guiding principle in meeting this responsibility is to act honestly, in good faith and in the best interests of the Fund as a whole, in accordance with the law and the Code of Conduct adopted by the Responsible Entity.

The Responsible Entity has entered into an Investment Management Agreement (**IMA**) with the Investment Manager pursuant to which the Investment Manager will provide certain investment management services to the Fund.

The Responsible Entity, with reliance upon the Investment Manager, will monitor the operational and financial position and performance of the Fund. The Responsible Entity is committed to maximising performance, generating appropriate levels of investor value and financial return, and sustaining the growth and success of the Fund. In conducting the Fund's business with these objectives through the Investment Manager, the Responsible Entity seeks to ensure that the Fund is properly managed to protect and enhance investor interests, and that the directors of the Responsible Entity and the Investment Manager operate in an appropriate environment of corporate governance.

Accordingly, the Responsible Entity has created a framework for managing the Fund, including adopting relevant internal controls, risk management processes and corporate governance policies and practices which it believes are appropriate for the Fund's business and which are designed to promote the responsible management and conduct of the Fund. Under the IMA, the Investment Manager agrees to assist the Fund to comply with all relevant laws, including the Listing Rules and the Corporations Act.

## 11. FINANCIAL INFORMATION

### 11.1 Introduction

#### Unaudited Pro Forma Statements of Financial Information

The Pro Forma Financial Information set out below has been prepared to illustrate the financial position of the Fund following completion of the Offer and the expenditure of funds associated with the Offer as if such events had occurred as at 30 June 2022. The Offer assumes a minimum subscription of \$0 (nil), a maximum subscription of \$13.2 million. The Pro Forma Financial Information is intended to be illustrative only and will not reflect the actual position and balances as at the date of this PDS or at the completion of the Offer. The Pro Forma Financial Information has been prepared in accordance with the principles and significant accounting policies set out in Section 11.2.

	Audited accounts 30 June 2021	Management accounts (unaudited, not reviewed) 30 June 2022	Minimum subscription (\$0)		Maximum subscription (approx.\$13.2 m)	
			Adjustments	Pro forma	Adjustments	Pro forma
<b>Assets</b>						
Cash and cash equivalents	5,594,822	4,647,064	(30,000)	4,617,064	12,487,226	17,134,290
Receivables	92,652	200,667	-	200,667	-	200,667
Financial assets	44,220,001	42,330,216	-	42,330,216	-	42,330,216
<b>Total assets</b>	<b>49,907,475</b>	<b>47,177,947</b>		<b>47,147,947</b>		<b>59,665,173</b>
<b>Liabilities</b>						
Accounts payable	5,426,710	3,621,401	-	3,621,401	-	3,621,401
<b>Total liabilities</b>	<b>5,426,710</b>	<b>3,621,401</b>		<b>3,621,401</b>		<b>3,621,401</b>
<b>Net assets attributable to unitholders</b>	<b>44,480,765</b>	<b>43,556,546</b>		<b>43,526,546</b>		<b>56,042,772</b>

The Pro Forma Statements of Financial Position have been derived from the unaudited, not reviewed historical statement of financial position of the Fund as at 30 June 2022 adjusted for the effects of the pro forma adjustments described below:

- application of the significant accounting policies set out in section 11.2;
- the column headed 'Minimum subscription (\$0)', has been prepared on the basis of no subscriptions for Units;

- c) the column headed 'Minimum subscription (\$0)', has been prepared on the basis of no subscriptions for Units;
- d) the column headed 'Maximum subscription (\$13.2m)', has been prepared on the basis of subscriptions for 9,783,871 Units by Applicants under this PDS at the Issue Price of \$1.35 per Unit with no the units subscribed for under the entitlement issue and 100% of the Units issued via a placement under the shortfall. This is the maximum possible fee with placement fees payable to MP Capital Pty Ltd and brokers. The costs would be expected to be less depending on the level of acceptances of entitlements or if less than the Maximum Subscription is raised.
- e) expenses related to the Offer will be paid out of the assets of the Fund; and
- f) no interest is earned by the Fund on Application Monies during the Offer period.

### Capital Structure

Set out below is the anticipated capital structure of the Fund on completion of the Offer under the different indicated subscription amounts.

	Audited accounts 30 June 2021	Management accounts (unaudited, not reviewed) 30 June 2022	Pro forma Minimum subscription (\$0)	Pro forma Maximum Subscription (approx. \$13.2m)
Units	28,046,614	29,351,614	29,351,614	39,135,486
NAV per unit	\$1.5856	\$1.5997	\$1.5987	\$1.5188
Options on issue	-	-	-	9,783,872

The Fund's number of units increased between 30 June 2021 and 30 June 2022 predominantly due to distribution reinvestments.

### Pro Forma Cash

	Minimum subscription (\$0)	Maximum Subscription (approx. \$13.2m)
Cash balance at 30 June 2022	4,647,064	4,647,064
Cash proceeds from Offer	-	13,208,226
Expenses of Offer (net of GST receivable)	(30,000)	(721,000)
<b>Estimated net cash position</b>	<b>4,617,064</b>	<b>17,134,290</b>

### Estimated Expenses of the Offer

	Minimum subscription (\$0)	Maximum Subscription (approx. \$13.2m)
ASX fees	0	26,000
Advisory and brokerage fees	10,000	670,000
Other fees	20,000	25,000
<b>Total estimated gross expenses of the Offer (exc GST)</b>	<b>30,000</b>	<b>721,000</b>

## 11.2 Significant Accounting Policies

### Basis of Preparation

The Pro Forma Financial Information has been prepared in accordance with the *Corporations Act 2001*, Accounting Standards and Interpretations, and complies with other requirements of the law.

The functional currency is in Australian Dollars and the level of rounding is to the nearest dollar.

### Foreign Currency Transactions

All transactions in foreign currencies are translated at the foreign currency exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated to Australian dollars at the foreign currency closing exchange rate ruling at the balance sheet reporting date.

Foreign currency exchange differences arising on translation and realised gains and losses on disposals or settlements of monetary assets and liabilities are recognised in the income statement. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to Australian dollars at the foreign currency closing exchange rates ruling at the dates that the values were determined.

Foreign currency exchange differences relating to investments at fair value through profit or loss and derivative financial instruments are included in gains and losses on investments and net gain/loss on derivatives, respectively. All other foreign currency exchange differences relating to monetary items, including cash and cash equivalents are presented separately in the income statement.

### Financial Instruments

Purchases and Sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place are recognised on the trade date i.e. the date that the fund commits to purchase or sell the asset.

### Measurement

Investments are measured initially at fair value (transaction price) plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. Transaction costs on financial assets and financial liabilities at fair value through the profit and loss are expensed immediately, while on other assets they are amortised.

Subsequent to initial recognition, all instruments classified at fair value through profit or loss is measured at fair value with changes in their fair value recognised in profit or loss.

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices at the balance sheet date without any deduction for estimated future selling costs.

For investments with no active market such as unlisted equity securities, fair values are determined using discounted cash flow models or other appropriate valuation methodologies. These models use inputs that include growth forecasts, dividend ratios, capital expenditure and terminal values.

Additionally where limited data exists for certain assets, prices are interpolated using historic and long-term pricing relationships.

Financial liabilities arising from the redeemable units issued by the Fund are carried at the redemption amount representing the investors' right to a residual interest in the Fund's assets, effectively fair value at reporting date.

#### Cash and Cash Equivalents

Cash comprises current deposits with banks. Cash equivalents are short-term highly liquid investments readily convertible to known amounts of cash, subject to an insignificant risk of changes in value, and are held for the purpose of meeting short-term cash commitments rather than for investment or any other purposes

#### Investment Income

Interest income is recognised in the income statement as it accrues, using the effective interest method of the instrument calculated at the acquisition date. Interest income includes amortisation of any discount, transaction costs or any other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

Dividend income is recognised in the income statement on the ex-dividend date.

The Fund may receive or choose to receive dividends in the form of additional shares rather than cash. The Fund recognises the dividend income for the amount of the cash dividend alternative with the debit treated as an additional investment.

#### Expenses

All expenses, including management fees and custodian fees, are recognised in the income statement on an accruals basis.

#### Distributions

In accordance with the Fund's constitution, the Fund fully distributes its distributable income to Unitholders by way of cash or reinvestment into the Fund. Distributions to Unitholders comprise the taxable income of the Scheme to which the Unitholders are presently entitled.

#### Income Tax

Under current income tax legislation the Fund is not liable to pay income tax as the net income of the Fund is assessable in the hands of the beneficiaries (the Unitholders) who are 'presently entitled' to the income of the Fund. There is no income of the Fund to which the Unitholders are not presently entitled and additionally, the Fund Constitution requires the distribution of the full amount of the net distributable income of the Fund to the Unitholders each period.

As a result, deferred taxes have not been recognised in the financial statements in relation to differences between the carrying amounts of assets and liabilities and their respective tax bases, including taxes on capital gains which could arise in the event of a sale of investments for the amount at which they are stated in the financial statements. In the event that taxable gains are realised by the Fund, these gains would be included in the taxable income that is assessable in the hands of the Unitholders as noted above.

Realised capital losses are not distributed to Unitholders but are retained within the Fund to be offset against any realised capital gains. The benefit of any carried forward capital losses are also not recognised in the financial statements. If in any period realised capital gains exceed realised capital losses, including those carried forward from earlier periods and eligible for offset, the excess is included in taxable income that is assessable in the hands of Unitholders in that period and is distributed to Unitholders in accordance with the requirements of the Fund Constitution.

#### Unit Prices

The unit price is based on unit price accounting outlined in the Fund's constitution.

#### Goods and Services Tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), recoverable from the Australian Taxation Office (ATO) as a reduced input tax credit (RITC) except:

- i. where the amount of GST incurred is not recoverable from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- ii. for receivables and payables which are recognised inclusive of GST.

The net amount of GST recoverable from the Australian Taxation Office is included in receivables in the balance sheet.

#### Payables

Trade payables and other accounts payable are recognised when the Fund becomes obliged to make future payments resulting from the purchase of goods & services.

#### Receivables

Trade receivables and other receivables are recorded at amortised cost less impairment.

## **12. TAXATION**

The summary below is general in nature and is intended as a guide only. It summarises the Australian income tax implications applicable to the Fund and investors, based on the tax laws applicable as at the date of this PDS, but it does not constitute tax advice. As the tax rules in Australia are complex and are continuously changing, it is strongly recommended that investors obtain specific tax advice pertaining to their own circumstances prior to investing in the Fund.

In particular, the implications summarised apply only where investors are residents of Australia for income tax purposes and hold their investment on capital account for income tax purposes. They do not apply where investors are not resident of Australia for income tax purposes or where any gain in respect of the disposal of Units would be regarded as ordinary income or otherwise taxed on revenue account. Investors should obtain specific tax advice pertaining to their own circumstances prior to investing in the Fund.

### **12.1 How the Fund is Taxed**

#### General

The Fund has been established as an Australian resident unit trust. In addition, it is the Responsible Entity's intention that the Fund's investments will not cause the Fund to be taxed as a public trading trust.

Investors should not be able to apply the Fund's tax losses or capital losses to reduce their other taxable capital gains or income, but such losses may accumulate in the Fund and may be offset against future assessable income or gains of the Fund provided certain loss recoupment tests are satisfied.

The Fund intends to continue to qualify as a 'managed investment trust' for Australian tax purposes. If the Fund so qualifies, it will be eligible to make a capital account election for the purposes of the managed investment trust regime under Australian income tax law. This election would mean gains and losses on the disposal of certain assets (such as shares in companies and units in unit trusts, rights and options over such assets but excluding assets that are debt interests or other financial arrangements) of the Fund will be subject to capital gains tax treatment.

#### The AMIT Taxation Regime

The AMIT regime has been introduced as a new tax system for managed investment trusts to increase certainty of income tax rules for such trusts and to ensure investors' rights to the income and capital of the Fund are clearly defined and cannot easily be materially diminished or expanded through the exercise of a power or right. Rather than determining taxation on a "present entitlement" basis, taxation under the AMIT rules is based on "attribution" of the Fund's income components to the investors without the investors necessarily having "present entitlements" to the income.

The Fund elected into the AMIT regime for the income tax year ended 30 June 2020 and is subject to the new rules in this regime which impacts how the Fund and the investors are taxed. The Fund is deemed to be a 'fixed trust' for income tax purposes, and the Fund's income

components are ‘attributed’ to investors on a fair and reasonable basis. The Fund can also rely on specific legislative provisions to make adjustments to reflect any prior periods’ under-attributions or over-attributions of taxable income components, although administrative penalties may apply in certain circumstances. In broad terms, the income tax consequences under the AMIT rules are otherwise expected to be similar to the income tax consequences under the current general taxation rules on trusts.

It is noted that the AMIT rules codify an “unders and overs” provision, which means that any errors in determining taxable income can be carried forward to the following income year. This means that any incoming or outgoing investors may be taxable on these carried over forward amounts.

## **12.2 How Australian Resident Investors are Taxed**

### **Income from the Fund**

As it is the Fund’s intention to attribute all income of the Fund to investors during each Financial Year, the Fund should not be subject to any Australian income tax.

Proceeds from withdrawals may also contain a component of taxable income as determined by the Responsible Entity.

The taxable components of attributions distributions – whether reinvested back into the Fund or not – should be taxable in the hands of the investors for the Financial Year to which the attributions or distributions relate. That is, investors will include their share of the taxable components of the Fund (i.e. the taxable income of the Fund) in their assessable income for that year.

Investors will be provided with a statement each year outlining the various components of the attribution. For example, the components of the distribution may include dividends, trading or capital gains, tax deferred income, any taxes withheld or franking credits attached. Note, Units issued under this PDS will not carry an entitlement to receive distributions paid in respect of the 2022 financial year.

### **Capital Gains or Losses Made by the Fund**

To the extent that an investor’s share of the income of the Fund is attributable to a net capital gain made by the Fund after utilising available current year or carried forward capital losses in the Fund, the investor will be treated as having made a net capital gain equal to that amount. Where such an amount qualifies as a discount capital gain, the investor’s distribution and taxation statement will indicate a taxable component and a capital gains tax concession component. The concession component generally represents the capital gains discount (currently 50%) claimed by the Fund. For individuals and trusts that are entitled to the same capital gains tax discount percentage (50%) as the Fund, effectively the concession component is not assessable and does not reduce the cost base of units held. However, for companies and superannuation funds, the concession component is effectively wholly or partly assessable. Where the Fund is in an overall capital losses position, such capital losses cannot be attributed to the investor but can only be carried forward in the Fund to offset against future capital gains of the Fund.

### Franked Dividends and Franking Credits

Any franking credits derived by the Fund should generally be available to be distributed to investors in the Fund. However, the eligibility of the Fund to distribute franking credits is subject to certain conditions such as whether the Fund is in a tax loss position and the holding period rule. An investor's individual circumstances will also be relevant in determining whether an entitlement to franking credits exists.

Where franking credits are distributed to an investor which is a resident individual or a complying superannuation entity, and those franking credits exceed the income tax otherwise payable by the investor, the excess franking credits may be refundable (i.e. the investor may get a cash refund rather than paying tax). In the case of corporate investors, in certain circumstances excess franking credits may give rise to tax losses.

### Foreign Income

The Fund may derive income from sources outside Australia. An investor's share of the gross foreign income will be treated as foreign income in their hands. Any foreign taxes paid by the Fund may be able to be attributed to investors. Investors may be able to claim a foreign income tax offset for these amounts.

### Taxation of Financial Arrangements Regime

The TOFA rules may apply to certain "financial arrangements" held by the Fund. In broad terms, in calculating the net income of the Fund, returns on certain financial arrangements may be recognised on an accruals basis rather than a realisation basis, and on revenue account rather than on capital account.

### Cost Base Adjustments

The cash distribution that an investor receives (including distribution reinvested back into the Fund) may include amounts not otherwise assessable income in the income year received. The non-assessable cash distribution component of distributions received by investors is commonly referred to as a tax deferred distribution, unless it relates to a discount capital gain that has been made by the Fund.

As the Fund has elected into the AMIT rules, the cost base and reduced cost base of an investor's investment in the Fund will need to be adjusted upwards or downwards, based on the attributed amounts of the Fund's income to the investor and the distribution being made to the investor.

Investors may have a capital gain once the cost base in the Units has been reduced to nil. An investor should confirm the treatment of tax deferred distributions with their taxation adviser as this will depend on their individual circumstances.

### Disposal of Units in the Fund

Investors who hold their Units on capital account may also crystallise a capital gain or capital loss on disposal or redemption of their Units in the Fund. Any capital gains tax liability that arises may be reduced by the applicable capital gains tax discount where the Units disposed of

or redeemed have been held for more than 12 months. The capital gains tax discount varies depending on whether the investor is an individual, trust or complying superannuation fund. Investors should seek their own taxation advice in relation to the capital gains implications that arise on disposal or redemption of Units.

Any capital losses arising from the disposal of the investment may be used to offset other capital gains the investor may have derived.

### Goods and Services Tax

GST is not imposed on the acquisition or redemption of Units in the Fund. However, the services for which any fees are payable under the “Fees and other costs” section of this PDS, are likely to be subject to GST. The Fund is unlikely to be entitled to claim a full input tax credit for any GST paid on fees and other costs payable by it. The Fund may be entitled to claim a reduced input tax credit in relation to some of the GST payable in respect of certain expenses.

Any denial of input tax credit will be an additional cost to the Fund, which may affect the net income of the Fund and the distributions (if any) made by the Fund to investors.

### Duty

Neither the acquisition of Units on initial application, nor the redemption of Units on a withdrawal, should attract stamp duty. However stamp duty may apply when transferring Units. Investors should confirm the duty consequences of transferring Units with their taxation adviser.

## **12.3 Tax File Number or Australian Business Number**

It is not compulsory for an investor to quote their TFN or ABN. However, unless exempted, investors who have not provided a TFN, an ABN or details as to why the investor is exempt from being required to have a TFN or ABN, may have tax deducted from their distributions at the highest marginal tax rate plus any levies (such as the Medicare Levy) which may apply from time to time. Investors may be able to claim a credit in the investors’ tax return for any TFN/ABN tax withheld.

## **12.4 The Responsible Entity’s Financial Reporting Obligations**

The Responsible Entity is required to lodge annually an Annual Investment Income Report (AIIR) to the ATO containing investor identity details and investment income paid to investors for the relevant Financial Year.

FATCA in the US imposes certain due diligence and reporting obligations on non-US financial institutions, including Australian institutions, to report to the US Internal Revenue Service (IRS) information on US citizens with financial accounts. Australia and the US has signed an intergovernmental agreement to assist in the facilitation of FATCA for Australian financial institutions, including reporting the information via the ATO under the existing Australia-US tax treaty arrangements. In addition, under the new Common Reporting Standard (CRS) which is the single global standard for the collection, reporting and exchange of financial account information on non-residents, banks and other financial institutions will need to collect and

report to the ATO financial account information on non-residents and the ATO will exchange this information with the participating foreign tax authorities of those non-residents.

The Responsible Entity may therefore be required to report information in relation to non-resident Unitholders to the ATO, to be provided to foreign tax authorities.

### **13. MATERIAL CONTRACTS**

The Responsible Entity considers that the material contracts described below are those which an investor would reasonably regard as material and which investors and their professional advisers would reasonably expect to find described in this PDS for the purpose of making an informed assessment of an investment in the Fund.

This section contains a summary of the material contracts and their substantive terms which are not otherwise disclosed elsewhere in this PDS.

#### **13.1 Investment Management Agreement (IMA)**

Under the IMA, the Responsible Entity has appointed the Investment Manager as the investment manager of the Fund. A summary of the material terms of the IMA are set out below.

##### *Duties of the Investment Manager*

Subject to the Corporations Act and the investment policies incorporated into the IMA, the duties of the Investment Manager include:

- making, managing and supervising the investment of the assets of the Fund in accordance with the Corporations Act and the investment policies of the Fund;
- providing such information to the Responsible Entity regarding the Investments to enable the Responsible Entity calculate the Value of the Portfolio in accordance with the timing requirements for such valuations of the then-current PDS of the Fund, or weekly as a minimum;
- advising the Responsible Entity of investments made concerning the assets of the Fund; and
- providing the Responsible Entity with any information in its possession which the Responsible Entity may require in order to comply with its obligations under the IMA, the Corporations Act and the Listing Rules.

##### *Powers of the Investment Manager*

Under the IMA, the Investment Manager is responsible for investing money on behalf of the Responsible Entity that constitutes the assets of the Fund, including money received from the disposal of such investments or by way of any dividend or other distribution. The Investment Manager also has the power to review, realise or dispose of the Fund investments.

The Investment Manager's investment powers under the IMA are subject to any restrictions imposed by the Corporations Act, any other applicable laws, the Constitution, the Listing Rules, the then-current PDS of the Fund and the investment policies pertaining to the IMA.

##### *Discretions of the Investment Manager*

The Investment Manager has absolute and unfettered discretion (subject to the Act) to manage the assets of the Fund (for investment purposes) and to do all things considered necessary or desirable in such management, including:

- the investigation, negotiation, acquisition or disposal of an investment or proposed investment;
- selling, realising or dealing with any investment or to vary, convert, exchange or add investments in lieu of those investments; and
- with the approval of the Responsible Entity, making or redeeming any mortgage, loan or other security.

### *Delegation*

The Investment Manager may not delegate to any person any or all of its duties and obligations imposed by the IMA without the prior approval of the Responsible Entity. However, the Investment Manager may not delegate its role to provide advice and recommendations to the Responsible Entity in respect of the investment policies of the Fund. The Investment Manager may also engage consultants or professional advisors for the purpose of exercising its powers and performing its obligations under the IMA, or appoint any person to be its attorney or agent for such purposes as the Investment Manager sees fit. The Responsible Entity must ratify and confirm all transactions and appointments made by the Investment Manager.

### *Responsibility for fees*

Subject to such fees, charges and moneys being authorised under a budget set from time to time by the Board of the Responsible Entity, all reasonable and proper fees, charges and moneys payable to any persons appointed or engaged by the Investment Manager for the purpose of exercising its powers and performing its obligations (and all disbursements, expenses, duties and outgoing properly chargeable in respect of those persons) must be paid by the Responsible Entity.

### *Expenses*

The Investment Manager is entitled to have certain fees, costs and expenses (where properly incurred) reimbursed by the Responsible Entity, including:

- any fees payable to any financial market, ASIC or other regulatory body;
- all costs, duties, debits, taxes and legal fees, expenses, commissions and brokerage incurred in connection with managing, acquiring, selling, transferring, receiving etc. any investment of the Fund; and
- outgoings in relation to the investments of the Fund.

### *Limitation of the Investment Manager's Liability*

The Investment Manager will not be responsible for any loss, costs, damage or inconvenience that may result from the exercise or failure to exercise of its powers, authorities and discretions under the IMA in the absence of gross negligence, other default, fraud or dishonesty.

### *Remuneration of the Investment Manager*

The Investment Manager is entitled to an Investment Management Fee and a Performance Fee.

The Investment Management Fee is a fee payable to the Investment Manager on a monthly basis in return for the performance of its duties under the IMA.

The Investment Management Fee payable is the higher of (per month):

- \$25,000; or
- 1.5% of the Total Gross Investments (as that term is defined in the Constitution) divided by 365, calculated daily, on account of the Total Gross Investments,

the above figures being exclusive of GST.

The Performance Fee is a fee payable to the Investment Manager based on the performance of the Fund. The calculation of the Performance Fee is set out in the Constitution and described in Sections 9.2 and 9.3 of this PDS.

### *Term*

The term of the IMA is 5 years with two 5-year option extensions provided for, which are exercisable at the option of the Investment Manager (subject to the approval of the ASX if required). However, the Responsible Entity will not be obliged to extend the IMA if the performance of the Fund in the preceding 5-year term was 30% less than the performance of the ASX Small Ordinaries Resources Index. The Responsible Entity and the Investment Manager may, by agreement, further extend operation of the IMA. It is noted that the first of the five year option extensions takes effect in November 2022.

### *Termination by the Responsible Entity*

The Responsible Entity has the right to immediately remove the Investment Manager and terminate the IMA for cause in the event of any of the following circumstances:

- an insolvency event occurs in relation to the Investment Manager;
- the Investment Manager repeatedly fails to comply substantially with obligations under the IMA relating specifically to providing valuations to the Responsible Entity, the Investment Manager's warranties and undertakings, assignment of rights and confidentiality;
- the Investment Manager fails to materially comply with any duty or obligation imposed on it by a material term of the MA and the failure is not rectified within 7 days after receiving notice of such failure; or
- a change in control of greater than 50% of the voting shares of the Investment Manager, unless such change in control is approved by the Responsible Entity.

If an option to extend the is exercised, the IMA may be terminated on three months notice by an ordinary resolution of unitholders. The Responsible Entity is not otherwise able to terminate the IMA without cause. If the Responsible Entity seeks to terminate the IMA other than for cause, the Investment Manager is entitled to be paid compensation in the order of the total amount of the Management Fee that would have been paid under the then-current term of the IMA based on the value of the Fund as at the date of termination, plus any Performance Incentive Fee accrued as at the date of termination.

### *Termination by the Investment Manager*

The Investment Manager has the right to terminate the IMA for cause if:

- an insolvency event occurs in relation to the Responsible Entity; or
- the Responsible Entity fails to materially comply with any duty or obligation imposed on it by a material term of the IMA and the failure is not rectified within 7 days after receiving notice of such failure.

The Investment Manager is also able to terminate the IMA without cause on the giving of 6 months' notice (or such shorter period as the Responsible Entity and Investment Manager may agree).

### *Voting*

The Investment Manager is authorised by the Responsible Entity to exercise any right to vote attached to a share or Unit forming part of any of the assets of investments of the Fund. In exercising this right, the Investment Manager shall take into account any direction received from the Responsible Entity but may exercise or not the right to vote as it sees fit.

The Responsible Entity is entitled to request from the Investment Manager any notice of meeting relating to any investment of the Fund.

### *Assignment*

Neither the Responsible Entity nor the Investment Manager may assign any of rights under the IMA without the prior written consent of the other.

### *Amendment*

The IMA may only be amended by agreement in writing of the Responsible Entity and the Investment Manager.

### *Exclusivity*

Provided that the Investment Manager does not prejudice or otherwise derogate its responsibilities in the IMA, the Investment Manager may from time to time perform similar investment and management services for other persons. The Investment Manager is under no obligation to purchase, sell or recommend for purchase or sale for the account of the Responsible Entity any investment which the Investment Manager purchases or sells for its own account or for the account of any other person or entity, and the Investment Manager may give advice or take action in the performance of its duties under the IMA that differs from advice given or action taken in performance of its duties to others.

### *Avoidance of Conflicts*

Under the terms of the IMA, the Investment Manager must:

- give priority to the Fund in all dealings if it intends dealing in the same securities as those in which it is, or intends, dealing on behalf of the Fund; and

- not acquire any asset from the Fund, or dispose of any asset to the Fund, unless on commercial arm's length terms and specifically agreed to in writing with the Responsible Entity.

### *Confidentiality*

The Responsible Entity and the Investment Manager are subject to general obligations of to keep and cause to be kept confidential any of the matters, affairs and concerns of the other. The general obligations of confidentiality continue for a period of 5 years after termination of the IMA, but indefinitely in the case of intellectual property information rights.

### *Responsible Entity indemnity*

The Responsible Entity must indemnify the Investment Manager against any losses or liabilities reasonably incurred by the Investment Manager arising out of, or in connection with, and any costs, charges and expenses incurred in connection with the Investment Manager (or any of its officers, employees or agents) acting under the IMA or on account of any bona fide investment decision made by the Investment Manager, except insofar as any loss, liability, costs, charge or expense is caused by the negligence, default, fraud or dishonesty of the Investment Manager or its officers or employees. This indemnity continues after termination of the IMA.

### *Investment Manager indemnity*

The Investment Manager must indemnify the Responsible Entity against any losses or liabilities reasonably incurred by the Responsible Entity arising out of, or in connection with, and any costs, charges and expenses incurred in connection with any negligence, default, fraud or dishonesty or the Investment Manager (or any of its officers, employees, delegates, agents or independent contractors engaged by it) and against any breach of a duty or obligation under the IMA except insofar as any loss, liability, costs, charge or expense is caused by the negligence, default, fraud or dishonesty of the Responsible Entity or its officers or employees. This indemnity continues after termination of the IMA.

## **13.2 Lead Manager Mandate**

MP Capital Partners Pty Ltd (the Lead Manager) has been appointed as Lead Manager of the Offer pursuant to the terms of a mandate letter (**Mandate**). A summary of the material terms of the Mandate is set out below:

### *Duties of the Lead Manager*

Under the Mandate, the Lead Manager will advise and assist with the following matters:

- Managing the process of the Offer along with other advisors;
- Providing introductions to potential investors;
- Maintaining and updating marketing materials where required;
- Maintaining contact with prospective investors and assisting with ongoing negotiations where required;
- Assisting with preparation of this PDS;

- Assisting with the appointment of third party advisors;
- Assisting with the negotiation of transaction documents; and
- Other advisory assistance as required from time to time in relation to the Offer.

#### *Fees and expenses*

The Lead Manager is to be paid the following fees (plus GST) in connection with the Offer:

- 1% management fee on all capital raised under the Offer;
- An equity arranging fee of 4% (in addition to the management fee) for the placement of shortfall to non-unitholders for any funds raised by the Lead Manager under the Offer; and
- A work fee of \$10,000 to assist with this PDS, roadshow presentation and analytical support. A further work fee may be charged by mutual agreement if analytical support is required after launch of the Offer.

Costs and expenses reasonably incurred by the Lead Manager in connection with providing the services under the Mandate will be reimbursed, provided that prior written consent is required for any single cost or expense in excess of \$1,000.

#### *Term and termination*

Unless terminated earlier, the Mandate is valid for 12 months and may be extended at the end of this period by the Responsible Entity. The Responsible Entity may terminate the Mandate at any time by written notice to the Lead Manager.

The Lead Manager will be paid all fees set out in the Mandate with respect to funding provided by an investor introduced by the Lead Manager within 12 months after the termination or expiry of the Mandate. This obligations survives termination or expiry of the Mandate.

#### *Indemnification*

The Lead Manager and each of its directors, officers, employees, agents and contractors (each an “Indemnified Party” in this summary) are indemnified and held harmless from and against all losses, costs, expenses and/or liabilities (“Losses” in this summary) in connection with or arising out of any transaction, proposed transaction or services to be performed under the Mandate unless such Losses are directly caused by that Indemnified Party’s fraud, gross negligence or wilful misconduct. No proceeding relating to the Mandate or any action or proceeding in which an Indemnified Party could suffer any Losses will be settled without the prior written consent of the Lead Manager.

#### *Limitation of Liability*

The Lead Manager will not be liable in connection with the Mandate, except to the extent that such liability (i) arises primarily from the fraud, wilful default or gross negligence of the Lead Manager; and (ii) this is finally determined by a court of competent jurisdiction. The total combined liability of the Lead Manager is limited to the fees actually paid to the Lead Manager under the Mandate.

#### *Provision and publication of information*

The Responsible Entity will provide the Lead Manager will all information and documentation in its possession appropriate for the Mandate and will keep the Lead Manager informed of all developments relevant to the Responsible Entity and the Offer including any material change

in respect of information previously given to the Lead Manager. No initiative relevant to the Offer will be taken without prior consultation with the Lead Manager.

The Responsible Entity agrees to obtain the Lead Manager's prior approval (such approval not to be unreasonably withheld) in relation to any reference to the Lead Manager in any public statement in relation to the Mandate or the Offer. If any statement or communication is made without the consent of the Lead Manager then the Lead Manager is entitled to publish any statements or communications as it thinks fit in its own interests.

*Advice and confidentiality*

Advise that the Lead Manager provides is solely for the benefit of the Responsible Entity in considering the Offer and must not be disclosed or reproduced without the prior written consent of the Lead Manager (such consent not to be unreasonably withheld).

Each of the parties to the Mandate are subject to provisions of confidentiality with respect to information provided under the Mandate, for a period of one year from termination or expiry of the Mandate or the completion of the Offer, whichever is later.

*Acknowledgement of other arrangements*

The Responsible Entity acknowledges and consents to the Lead Manager (and each of its directors, officers, employees, agents and contractors) provides a broad range of services including to other clients who may have similar or conflicting interests. The Lead Manager is not required to notify the Responsible Entity concerning such other engagements or transactions involving the Lead Manager.

*Amendment*

No modification or alteration to the Mandate shall be binding unless made with the prior written consent of the Lead Manager and the Responsible Entity and dated subsequent to the date of the Mandate.

## **14. ADDITIONAL INFORMATION**

### **14.1 Summary of the Constitution**

The Fund is governed by the Constitution. The Constitution was adopted by Unitholders of the Fund on 31 October 2017. A summary of the key rights and obligations attaching to Units and a description of the material provisions of the Constitution are set out below. This summary is not exhaustive nor does it constitute a definitive statement of the terms of the Constitution. The rights and obligations attaching to ownership of Units are also governed by the Corporations Act and the Listing Rules.

If you invest in the Fund, you agree to be bound by the terms of the PDS and the Constitution. Copies of the Constitution are available, free of charge on request from the Responsible Entity. Please consider the Constitution before investing in the Fund.

#### Units

The Fund is divided into Units, each of which confers a proportionate, equal and undivided beneficial interest in the net assets of the Fund (except in certain limited circumstances). Each Unit is not tied to nor does it confer any interest in any particular asset of the Fund, rather a Unit confers an interest in the assets of the Fund as a whole.

A Unitholder's rights included in the Constitution rights to:

- receive income and other distributions attributable to Units held at the applicable record date;
- transfer Units (whilst the Fund is listed, this right is subject to the Listing Rules);
- receive notices and other communications in relation to the Fund;
- attend and vote at meetings of Unitholders;
- participate in the winding up of the Fund.

#### No redemption of Units

The rights of Unitholders to redeem their Units in the Fund varies depending on the status of the Fund (i.e. whether the Fund is listed). When the Fund is listed on ASX, redemption or withdrawal of Units is permitted only in accordance with the Corporations Act and the Listing Rules.

#### Issue of Units

The Responsible Entity may issue additional Units, or grant rights to be issued additional Units, subject to the terms of the Constitution. The Responsible Entity can:

- issue classes of Units with any preferred, deferred or other special rights, obligations or restrictions;
- issue Units by way of a pro rata rights issue, placement or distribution reinvestment;
- suspend the issue of Units in limited circumstances and subject to the Listing Rules;
- make arrangements for any subscription of Units to be underwritten; and

- determine the application (issue) price of Units in accordance with the Listing Rules.

#### Responsible Entity's powers and duties

The Responsible Entity has all the powers in respect of the Fund that it is possible under the law and any applicable regulations to confer on a Responsible Entity as though it were the absolute owner of all of the assets of the Fund and acting in its personal capacity. The Responsible Entity can borrow or raise money, incur obligations and liabilities, invest, dispose of or otherwise deal with assets and liabilities of the Fund, authorise any person to act as its agent or delegate, hold Units in any capacity and take and rely upon advice, amongst other powers.

#### Retirement and removal of Responsible Entity

The Constitution does not grant Unitholders any additional rights in respect of the removal of the Responsible Entity than what is contained in the Corporations Act. The Responsible Entity may retire in accordance with the Corporations Act.

#### Limitation of liability and indemnity in favour of Responsible Entity's

If the Responsible Entity acts in good faith and without negligence, it is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the Fund. The liability of the Responsible Entity to any person other than a Unitholder in respect of the Fund is limited to the Responsible Entity's ability to be indemnified from the assets of the Fund. In addition to any indemnity allowed by law, the Responsible Entity is entitled to be indemnified out of the assets of the Fund for any liability (including any tax liability) incurred by it in properly performing or exercising any of its powers or duties, including (to the extent permitted by the Corporations Act) any liability incurred as a result of any act or omission of an agent appointed by the Responsible Entity. The indemnity in favour of the Responsible Entity endures until the Responsible Entity is removed or retires.

#### Liability of Unitholders

The liability of a Unitholder is limited to the amount, if any, which remains unpaid in relation to their Units.

#### Responsible Entity's remuneration and recovery of expenses

The Constitution permits the Responsible Entity to charge the fees summarised in Section 9 of this PDS. The Responsible Entity is also entitled to be reimbursed from the Fund for expenses properly incurred by it in its performance of its duties in respect of the Fund. Some of these expenses include:

- insurance premiums;
- costs and disbursements incurred in dealing with the Assets or Investments of the Fund;
- costs and disbursements incurred in respect of compliance with the Listing Rules; and
- fees and expenses of the auditor of the Fund.

### Modification of the Constitution

The Responsible Entity may modify the Constitution by way of a deed. The Responsible Entity cannot make any modification to the Constitution which would result in the Responsible Entity acquiring a beneficial interest in the income of the Fund. No modification to the Constitution will take effect until it is lodged with ASIC by the Responsible Entity.

### Duration of the Fund

The Fund terminates on the earlier of:

- 20 January 2066;
- the date specified by the Responsible Entity as the date of termination of the Fund in a notice given to Unitholders;
- two (2) months after a special resolution of Unitholders being passed resolving to wind up the Fund; or
- the date on which the Fund terminates in accordance any law.

The Constitution sets out the procedure for realisation and distribution of Fund assets upon termination.

### Small holdings

In limited circumstances, the Responsible Entity may from time to time and in its discretion, sell or redeem any Units held which comprise less than a marketable parcel of Units as provided by the Listing Rules. The Responsible Entity can only exercise this power once in any 12-month period.

## **14.2 Terms of Options**

The options will entitle the holder to subscribe for fully paid ordinary Units of the Fund on and subject to the following terms and conditions:

- Each option entitles the optionholder to one Unit upon and subject to exercising the option in accordance with these terms and conditions.
- The options will expire at 5:00pm (Melbourne time) on 4 March 2024 (“the Expiry Date”). Any option not exercised before the Expiry Date will automatically lapse on the Expiry Date.
- The amount payable upon exercise of each option will be \$1.65 (“the Exercise Price”).
- The options may be exercised in whole or in part, and if exercised in part, multiples of 1,000 options must be exercised on each occasion.
- Optionholders may exercise their options by lodging with the Responsible Entity of the Fund for the time being (“the Responsible Entity”), before the Expiry Date:
  - a written notice of exercise of options specifying the number of options being exercised; and

- a cheque or electronic funds transfer for the Exercise Price for the number of options being exercised. The Responsible Entity may from time to time specify or arrange additional methods for exercising options such as electronic notice and payment exercise facilities.
- An Exercise Notice is only effective when the Responsible Entity has received the full amount of the Exercise Price in cleared funds.
- Within 10 Business Days of receipt of the Exercise Notice accompanied by the Exercise Price or such other period as the ASX Listing Rules permit or require, the Responsible Entity will issue the number of Units required under these terms and conditions in respect of the number of options specified in the Exercise Notice.
- The options are transferable subject to any applicable Australian securities laws.
- All Units issued upon the exercise of options will be fully paid Units and will have the same voting and other rights as the then existing Units of the Fund and upon issue will rank pari passu in all respects with other Units.
- If admitted to the official list of ASX at the time, the Responsible Entity will apply for quotation of all Units issued pursuant to the exercise of the options on ASX within 10 Business Days after the date of issue of those Units. The Responsible Entity is entitled to, but not obliged to, apply for quotation of the options on ASX at its discretion.
- In the event of any reconstruction (including consolidation, subdivision, reduction or return) of the issued units of the Fund prior to the Expiry Date, the number of options or the exercise price of the options or both shall be reconstructed in a manner consistent with the Corporations Act. If at the time of the reconstruction the Fund is admitted to the official list of ASX, any reconstruction of the options, the number of options or the exercise price of the options or both shall be in accordance with the listing rules of ASX applying to a reorganisation of capital at the time of the reconstruction.
- There are no participating rights or entitlements inherent in the options and the optionholder will not be entitled to participate in new issues of units offered to unitholders during the currency of the options. If the Fund is admitted to the official list of ASX, and then subject to any waiver granted by ASX, the Responsible Entity will send notices to optionholders within the time (if any) specified in the listing rules of ASX for offers of securities made to unitholders.
- An option does not confer the right to a change in Exercise Price or a change in the number of underlying securities over which the option can be exercised.

### **14.3 Costs of the Offer**

The Fund will pay the costs of the Offer. These expenses include legal, tax, accounting and other services for implementing the Offer and quoting the new Units on ASX, any fees or costs imposed by a regulator and ASX listing fees.

For further details see table headed “Estimated Expenses of the Offer” in Section 11.1.

### **14.4 Complaints resolution**

The Constitution contains procedures for complaints handling. In most cases, a complaint can be handled by contacting the Compliance Manager on (03) 9642 0655.

If investors are dissatisfied with the response by the Compliance Manager, investors may lodge any complaints in relation to the Responsible Entity's conduct in its management or administration of the Fund, in writing to the Responsible Entity at the address shown on the inside front cover of this PDS.

If an investor is not satisfied with the response from the Responsible Entity, investors can complain to The Australian Financial Complaints Authority (AFCA) by telephone toll free within Australia on 1800 931 678 or by visiting the web-site [www.afca.org.au/make-a-complaint](http://www.afca.org.au/make-a-complaint).

#### **14.5 Related party transactions and conflicts of interest**

The Responsible Entity and the Investment Manager may use the services of related parties in the management of the Fund and pay fees for their services at arm's length commercial rates.

From time to time, directors and employees of the Responsible Entity and the Investment Manager may hold units in the Fund.

All related party transactions are conducted on arm's length normal commercial terms and conditions.

The Responsible Entity and the Investment Manager may be subject to conflicts of interest when performing their duties in relation to the Fund. Both the Responsible Entity and the Investment Manager have policies and procedures in place to appropriately manage these conflicts of interest.

#### **14.6 Interests and Remuneration of Directors**

As at the date of this PDS none of the Directors nor their associates hold any interests in Units or the Fund.

The fees and expenses of the Directors are paid by the Responsible Entity in its own right and will not be reimbursed out of the assets of the Fund.

#### **14.7 Consents**

To the extent that the PDS includes information about or statements by the Investment Manager or the Responsible Entity, or includes statements based on any statement of, information about or information provided by the Investment Manager or the Responsible Entity including but not only information about personnel of either or details of the investment approach, strategy and philosophy applicable to the Fund, the Investment Manager and the Responsible Entity have consented to such information and statements being included in the PDS, in the form and context in which it is included and have not withdrawn that consent at any time prior to lodgement of this PDS.

Each of the following parties has given and, before lodgement of this PDS with ASIC, has not withdrawn its written consent to be named as performing the below role in the form and context in which it is so named.

<b>Role</b>	<b>Name</b>
Investment Manager	Lowell Resources Funds Management Ltd
Unit Registry	Automic Pty Ltd
Lead Manager	MP Capital Partners Pty Ltd
Fund Administrator	Lowell Accounting Services Pty Ltd
Legal Adviser	QR Lawyers Pty Ltd

Each of the above parties has only been involved in the preparation of that part of the PDS where they are named. Except to the extent indicated above, none of the above parties have authorised or cause the issue of the PDS and takes no responsibility for its contents.

#### **14.8 Legal proceedings**

To the knowledge of the Directors, there is no material current, pending or threatened litigation with which the Responsible Entity of the Fund is directly or indirectly involved with.

#### **14.9 ASX Announcements**

The Responsible Entity may make announcements to ASX from time to time. Announcements are released by ASX on its website, [www2.asx.com.au](http://www2.asx.com.au) under the Fund's ASX code "LRT" and copies of announcements can be obtained from the Responsible Entity upon request and are available at [www.lowellresourcesfund.com.au/investor-centre/announcements.html](http://www.lowellresourcesfund.com.au/investor-centre/announcements.html). Existing Unitholders and prospective investors are advised to refer to ASX's website for updated releases about events or matters affecting the Fund.

In making statements in this PDS, it is noted that the Fund is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **14.10 Fees and costs information**

As part of the disclosures of fees and costs required by ASIC, certain fees and costs information disclosed within this PDS are based upon the actual fees and costs incurred by the Fund from prior Financial Years. Such fees and costs information are not indicative of the fees and costs that you may actually incur for your investment.

#### **14.11 Electronic PDS**

The PDS may be viewed online at: [www.cremornecapital.com/lrf-pds](http://www.cremornecapital.com/lrf-pds). Any person accessing the electronic version of this PDS, for the purpose of making an investment in the Fund, must only access the PDS from within Australia, or any jurisdiction outside Australia where the distribution of the electronic version of this PDS is not restricted by law.

Any eligible person may obtain a paper copy of this PDS by contacting Julie Edwards, Joint Company Secretary of the Responsible Entity on [info@lowell.net.au](mailto:info@lowell.net.au).

#### **14.12 No offer where Offer would be illegal**

This PDS does not constitute an offer or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. No action has been taken to

register or qualify the Offer or the Units in any jurisdiction outside Australia (or in New Zealand in respect of the Offer). The distribution of this PDS outside Australia or New Zealand may be restricted by law and persons who come into possession of this PDS outside Australia or New Zealand should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. An acceptance or application made by payment using an online application facility by BPay® or EFT, or return of an acceptance or Application Form or other method of acceptance or application or payment will be taken by the Responsible Entity to constitute a representation that there has been no breach of such requirements.

The Offer have not been, and will not be, registered under the US Securities Act and have not been made in the United States of America or to persons resident in the United States of America.

#### **14.13 Anti-money laundering and counter terrorism financing**

The AML Act and other applicable anti-money laundering and counter terrorism laws, regulations, rules and policies which apply to the Responsible Entity (AML Requirements), regulate financial services and transactions in a way that is designed to detect and prevent money laundering and terrorism financing. The AML Act is enforced by AUSTRAC. In order to comply with the AML Requirements, the Responsible Entity is required to, amongst other things:

- Verify an investor's identity and the source of their application monies before providing services to them, and to re-identify them if they consider it necessary to do so; and
- Where an investor supplies documentation relating to the verification of their identity, keep a record of this documentation for 7 years.

The Responsible Entity and Fund Administrator as its agent (collectively, the **Entities**) reserve the right to request such information as is necessary to verify the identity of an investor and the source of the payment. In the event of delay or failure by the investor to produce this information, the Entities, may refuse to accept an application and the application monies relating to such application or may suspend the payment of withdrawal proceeds if necessary to comply with AML Requirements applicable to them. Neither the Entities nor their delegates shall be liable to the investor for any loss suffered by the investor as a result of the rejection or delay of any subscription or payment of withdrawal proceeds.

The Entities have implemented a number of measures and controls to ensure they comply with their obligations under the AML Requirements, including carefully identifying and monitoring investors. As a result of the implementation of these measures and controls:

- Transactions may be delayed, blocked, frozen or refused where an Entity has reasonable grounds to believe that the transaction breaches the law or sanctions of Australia or any other country, including the AML Requirements;
- Where transactions are delayed, blocked, frozen or refused the Entities are not liable for any loss investors suffer (including consequential loss) caused by reason of any action taken or not taken by them as contemplated above, or as a result of their compliance with the AML Requirements as they apply to the Fund; and
- The Responsible Entity or Fund Administrator may from time to time require additional information from investors to assist it in this process.

The Entities have certain reporting obligations under the AML Requirements and are prevented from informing you that any such reporting has taken place. Where required by law, an entity may disclose the information gathered to regulatory or law enforcement agencies, including AUSTRAC. The Entities are not liable for any loss an investor may suffer as a result of their compliance with the AML Requirements.

#### **14.14 Privacy**

The Responsible Entity may collect personal information from you when you contact the Responsible Entity and from any other relevant forms to be able to administer your investment and comply with any relevant laws. If you do not provide us with your relevant personal information, the Responsible Entity may not be able to properly administer your investment. Privacy laws apply to the handling of personal information and the Responsible Entity will collect, use and disclose your personal information in accordance with its privacy policy, which includes details about the following matters:

- the kinds of personal information the Responsible Entity collects and holds;
- how the Responsible Entity collects and holds personal information;
- the purposes for which the Responsible Entity collects, holds, uses and discloses personal information;
- how you may access personal information that the Responsible Entity holds about you and seek correction of such information (note that exceptions apply in some circumstances);
- how you may complain about a breach of the Australian Privacy Principles (APP), or a registered APP code (if any) that binds the Responsible Entity, and how the Responsible Entity will deal with such a complaint; and
- whether the Responsible Entity is likely to disclose personal information to overseas recipients and, if so, the countries in which such recipients are likely to be located if it is practicable for the Responsible Entity to specify those countries.

Your personal information in relation to your Unitholding will be dealt with in accordance with the privacy policy of the Registry. A copy of the Registry's privacy policy is publicly available at its website at [www.automic.com.au](http://www.automic.com.au).

The Investment Manager may also collect, use and disclose your personal information, including personal information provided to the Investment Manager by the Responsible Entity, for investor relations purposes in accordance with its privacy policy. A copy of the Investment Manager's privacy policy is publicly available at [www.lowellresourcesfundsmanagement.com.au/privacy-policy.html](http://www.lowellresourcesfundsmanagement.com.au/privacy-policy.html).

#### **14.15 Diagrams and images**

Diagrams and images used in this PDS are illustrative only.

#### **14.16 Websites**

Any references to documents included on the Responsible Entity's or Investment Manager's websites (if any) are provided for convenience only, and none of the documents or other information on those websites is incorporated by reference into this PDS.

## 15. GLOSSARY

### 15.1 Defined Words and Phrases

In this PDS these words and phrases have the following meaning unless the contrary intention appears:

**Act** means the Corporations Act 2001 (Cth).

**AFS** means Australian financial services.

**AFSL** means an Australian financial service licence.

**Applicant** means a Unitholder who submits a valid acceptance of and (if applicable) Application for Units and free attaching options and required Application Monies pursuant to this PDS.

**Application** means an application for or acceptance of Units and free attaching options under the Offer in this PDS.

**Application Form** means an application or acceptance form attached to or accompanying this PDS for investors to apply for Units under the Offer.

**Application Monies** means subscription monies paid by an Applicant under the Offer.

**ASIC** means the Australian Securities and Investments Commission or any regulatory body which replaces it or performs its functions.

**Assets** means all the property, rights and income of the Fund, but not application money or property in respect of which Units have not yet been issued.

**Associate** has the meaning given to that term in Division 2 of Part 1.2 of the Act.

**ASX** means ASX Limited [ACN 008 624 691] and/or the financial market known as ASX, as applicable.

**Board** means the board of directors of the Responsible Entity.

**Business Day** has the meaning given to that term as it appears in Chapter 19 of the ASX Listing Rules.

**CHESS** means the clearing house electronic sub-register system as defined in the ASX Settlement Operating Rules.

**Closing Date** means 2 September 2022 or such other date as the Responsible Entity may substitute.

**Compliance Committee** means the compliance committee established by the Responsible Entity in connection with the Fund.

**Constitution** means the constitution of the Fund from time to time.

**Custodian** means the custodian appointed by the Responsible Entity to hold all or part of the Portfolio from time to time, currently Equity Trustees Limited (named for the purposes of identification only).

**Director** means a director of the Responsible Entity.

**ESG** means “environmental, social and governance”.

**Existing Unitholder** means a Unitholder recorded as holding Units in the Fund as at the Record Date.

**Offer** means the 1 for 3 offer of Units (each with a free attaching option) to eligible Existing Unitholders described in section 2.1 of this PDS.

**Fund** means the Lowell Resources Fund [ARSN 093 363 986].

**Fund Administrator** means Lowell Accounting Services Pty Ltd [ACN 050 193 390].

**GST** means Goods and Services Tax.

**IMA** or **Investment Management Agreement** means the investment management agreement entered into between the Responsible Entity and the Investment Manager on 10 November 2017 as varied to the date of this PDS.

**Investment** means an investment for the time being forming part of or comprised in the Portfolio.

**Investment Manager** means the investment manager of the Fund, Lowell Resources Funds Management Ltd [ACN 006 769 982].

**Issue Price** means A\$1.35.

**Lead Manager** means MP Capital Partners Pty Ltd [ACN 159 200 503] [AFSL 443025].

**Listing Rules** means the listing rules of ASX.

**Maximum Subscription** means the maximum amount which may be raised under the Offer, being approximately A\$13.2 million.

**NAV** or **Net Asset Value** means the value of the Assets calculated in accordance with the Constitution less the liabilities of the Fund.

**Offer** means the Offer and the General Offer.

**Official Quotation** means official quotation by ASX in accordance with the Listing Rules.

**PDS** means this Product Disclosure Statement.

**Portfolio** means all monies (including cash), investments, additions or borrowings which may from time to time be paid or held by the Responsible Entity or the Investment Manager or the Custodian on behalf of the Fund (whether or not pending investment) and any investments for the time being representing them, any income derived from them and any capital accretions to them regardless of how they arise.

**Record Date** means, for the purposes of the Existing Unitholder Options Offer, 11 August 2022.

**Register** means the register of Unitholders kept by the Responsible Entity under the Act.

**Registry** has the same meaning as Unit Registry.

**Relevant Interest** has the meaning given to that term in section 608 of the Act.

**Responsible Entity** means Cremorne Capital Limited [ACN 006 844 588] in its capacity as the responsible entity of the Fund.

**Tax** means all kinds of taxes, duties, imposts, deductions and charges imposed by a government, together with interest and penalties.

**Total Gross Investments** means the value of all the investments and other Assets (including cash) forming part of the Fund (before subtraction of fees and other liabilities).

**Unit** means an undivided share in the beneficial interest in the Fund as provided in the Constitution.

**Unit Registry** means Automic Pty Ltd [ACN 152 260 814].

**Unitholder** means a unitholder of the Fund, from time to time.

**Value of the Portfolio** means, at any date that such value is required to be ascertained, the gross (before subtraction of fees and other liabilities) value of the Investments and Assets (including cash) of the Fund.

## **15.2 Currency**

References in this PDS to currency are to Australian dollars unless otherwise indicated.

## **15.3 Time**

All references to time in this PDS refer to the local time in Melbourne, Victoria, Australia unless stated otherwise.

## 16. DIRECTORY

### **Responsible Entity**

#### **Cremorne Capital Limited**

8 Chapel Street  
Richmond VIC 3121  
AFS Licence No 241175  
Tel: (03) 9665 2499

### **Investment Manager**

#### **Lowell Resources Funds Management Limited**

Level 6, 412 Collins Street  
Melbourne VIC 3000  
AFS Licence No 345674  
Tel: (03) 9642 0655

### **Fund Administrator**

#### **Lowell Accounting Services Pty Ltd**

Level 6, 412 Collins Street  
Melbourne VIC 3000  
Tel: (03) 9642 0655

### **Auditor\***

#### **Nexia Melbourne Audit Pty Ltd**

Level 12, 31 Queen Street  
Melbourne VIC 3000

### **Lead Manager**

#### **MP Capital Partners Pty Ltd**

Level 6, 412 Collins Street  
Melbourne VIC 3000  
AFS Licence No 443025  
Tel: (03) 9642 2688

### **Custodian\***

#### **Equity Trustees Limited**

Level 2, 575 Bourke Street  
Melbourne VIC 3000

### **Legal Adviser**

#### **QR Lawyers Pty Ltd**

Level 6, 400 Colins Street  
Melbourne VIC 3000

### **Unit Registry**

#### **Automic Pty Ltd**

Level 5, 126 Phillip Street  
Sydney NSW 2000

\* *Named for information purposes only.*



Lowell Resources Fund | ABN 60 006 844 588

[EntityRegistrationDetailsLine1Envelope]  
[EntityRegistrationDetailsLine2Envelope]  
[EntityRegistrationDetailsLine3Envelope]  
[EntityRegistrationDetailsLine4Envelope]  
[EntityRegistrationDetailsLine5Envelope]  
[EntityRegistrationDetailsLine6Envelope]

All Registry Communication to:



GPO Box 5193, Sydney NSW 2001  
1300 288 664 (within Australia)  
+61 2 9698 5414 (international)  
corporate.actions@automicgroup.com.au  
www.automicgroup.com.au

Holder Number:  
[HolderNumberMasked]

Units held as at the Record Date  
at 7.00 pm (AEST) 11 August 2022  
[CumBalance]

## ENTITLEMENT AND ACCEPTANCE FORM

**OFFER CLOSSES 5.00 PM (AEST) 2 SEPTEMBER 2022 (WHICH MAY CHANGE WITHOUT NOTICE)**

On 26 July 2022 Cremorne Capital Ltd, responsible entity (**Responsible Entity**) for the Lowell Resources Fund (**ASX: LRT**) (**LRT** or the **Fund**) announced its intention to raise up to \$13.2m by way of a non-renounceable entitlement issue (**Entitlement Issue**) for unitholders in the Fund. Under the Entitlement Issue, eligible unitholders are entitled to subscribe for 1 new unit (**New Unit**) for every 3 existing units (1:3) held at 7:00pm (AEST time) on 11 August 2022, (**Record Date**), with 1 free unlisted options attached to each new unit offered. The Entitlement offer has been set at the last closing price of \$1.35 per new unit (**Entitlement Price**) and will raise up to \$13.2m before costs (before any acceptance of options).

Eligible Unitholders may, in addition to taking up their entitlements in full, apply for additional New Units (**Additional Units**) in excess of their entitlement (**Top-Up Facility**). Additional Units will only be available where there is a shortfall between applications received from Eligible Unitholders and the number of New Units proposed to be issued under the Entitlement Offer (**Shortfall**). Additional Units will be issued at the Issue Price.

The Product Disclosure Statement (**PDS**) dated 5 August 2022 contains information about the Entitlement Issue and you should carefully read the PDS before applying for Units. This Entitlement and Acceptance Form should be read in conjunction with the PDS. If you do not understand the information provided in the PDS or you are in doubt as to how you should deal with it, you should seek professional advice. Other than as defined in this Entitlement and Acceptance form, capitalised terms have the same meaning as defined in the PDS.

### 1 ACCEPTANCE OF ENTITLEMENT OR PART THEREOF

	Payment Amount A\$ (\$1.35 per Unit)	Number of Units Applied
Full Entitlement	[EntPayable]	[Entitlement]
Partial Entitlement	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

### 2 APPLICATION FOR SHORTFALL UNITS

As an Eligible Unitholder, you are invited to apply for Shortfall Units, providing you have taken up your full Entitlement.

	Payment Amount A\$ (\$1.35 per Shortfall Unit)	Number of Shortfall Units Applied
Shortfall Application	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/>	<input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>

No fractional units will be issued.

### 3 MAKE YOUR PAYMENT BY BPAY® OR ELECTRONIC FUNDS TRANSFER (EFT)

Payments must be made by BPAY® or by EFT and may not be made by cheque or money order.  
You do not need to return this form if you have made payment via BPAY® or EFT.

Total Payment A\$	<input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/> <input type="text"/> , <input type="text"/> <input type="text"/>
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#### Option A – BPAY®



**Biller Code:** 337022

**Ref No:** [BPayCRN]

Contact your financial institution to make your payment from your cheque or savings account.

**Note:** You do not need to return this form if you have made payment via BPAY® or EFT. Your BPAY® reference number or unique reference number will process your payment for your application for New Units electronically.

#### Option B – Electronic Funds Transfer (EFT)

The unique reference number which has been assigned to your Application is: [HolderId]-LRT

Funds are to be deposited in AUD currency directly to following bank account:

**Account name:** Automic Pty Ltd  
**Account BSB:** 036011  
**Account number:** 607208  
**Swift Code:** WPACAU2S

**IMPORTANT:** You must quote your unique reference number as your payment reference/ description when processing your EFT payment. Failure to do so may result in your funds not being allocated to your application and Units subsequently not issued.

#### 4 Elect to receive email communication

Return to Automic Group by email to [corporate.actions@automicgroup.com.au](mailto:corporate.actions@automicgroup.com.au)

Telephone Number (    )	Contact Name (PLEASE PRINT)	LRT-[HolderId]
<b>Please insert your email address if you wish to elect to be an e-Unitholder, and you consent to receiving communications from the Share Registry, Automic Group</b>		

## INSTRUCTIONS FOR COMPLETION OF THIS FORM

The right to participate in the Entitlement Issue is optional and is offered exclusively to all Unitholders who are registered as holders of fully paid ordinary Units in the capital of the Company on the Record Date with a registered address in Australia or New Zealand (**Eligible Unitholders**).

### ACCEPTANCE OF OFFER

By making a BPAY® or EFT payment:

- you represent and warrant that you have read and understood the PDS and that you acknowledge the matters, and make the warranties and representations contained therein and in this Entitlement and Acceptance Form; and
- you provide authorisation to be registered as the holder of Units acquired by you and agree to be bound by the Constitution of the Company.

#### 1 Acceptance of Full or Partial Entitlement for Units

If you wish to accept your full entitlement:

- make payment by BPAY® or EFT for your full entitlement by following the instructions on this Entitlement and Acceptance Form.

If you only wish to accept part of your entitlement:

- calculate the payment amount for the portion of your entitlement that you wish to take up in accordance with the partial entitlement section of this Entitlement and Acceptance Form; and
- make payment by BPAY® or EFT for that portion of your entitlement by following the instructions on this Entitlement and Acceptance Form.

#### 2 Applying for Shortfall Units

If you accept your full entitlement and wish to apply for Shortfall Units in excess of your entitlement:

- make payment by BPAY® or EFT of the total payment amount for your full entitlement AND your participation in the Shortfall Offer by following the instructions on this Entitlement and Acceptance Form.

Your application for Shortfall Units may not be successful (wholly or partially). The decision in relation to the number of Shortfall Units in excess of your entitlement to be allocated to you will be final. No interest will be paid on any application monies received and returned.

#### 3 Payment

**By making a payment via BPAY® or EFT, you agree that it is your responsibility to ensure that funds are submitted correctly and received by the Share Registry by the closing date and time. Payment must be received by the Share Registry by 5:00pm (AEST) on 2 September 2022.**

**It is your responsibility to ensure your CRN or unique Payment Reference is quoted, as per the instructions in Section 3. If you fail to quote your CRN or unique Payment Reference correctly, Automic may be unable to allocate or refund your payment. If you need assistance, please contact Automic.**

**Payment by BPAY®:** You can make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. To BPAY® this payment via internet or telephone banking use your reference number on this Form. Multiple acceptances must be paid separately.

**Payment by EFT:** You can make a payment via Electronic Funds Transfer (EFT). Multiple acceptances must be paid separately. Please use your unique reference on this Form. This will ensure your payment is processed correctly to your application electronically.

Applicants should be aware of Automic's financial institution's cut off-time, their own financial institution's cut-off time and associated fees with processing a funds transfer. It is the Applicant's responsibility to ensure funds are submitted correctly by the closing date and time, including taking into account any delay that may occur as a result of payments being made after 5pm (AEST) and/or on a day that is not a business day (payment must be made to be processed overnight). You do not need to return this Form if you have made payment via BPAY® or EFT. Your reference number will process your payment to your application electronically and you will be deemed to have applied for such Units for which you have paid.

#### 4 Contact Details - Elect to receive email communication

The Company encourages unitholders to elect to receive their unitholder communications electronically. This will ensure you receive all future important unitholder communications in a faster and more secure way and reduce the environmental footprint of printing and mailing.

**If you require further information about the Offer, please contact Automic on 1300 288 664 or +61 2 9698 5414 between 9:00am and 5:00pm (AEST).**