



Lowell Resources Fund Monthly Update

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

The Lowell Resources Fund NAV per unit grew again in February, finishing the month at \$1.5915/unit (vs \$1.532/unit at 31 January 2021), representing a 3.9% increase in NAV over the month. The unit price of the ASX listed LRT units at month end was \$1.29/unit, representing a 19% discount to underlying NAV.

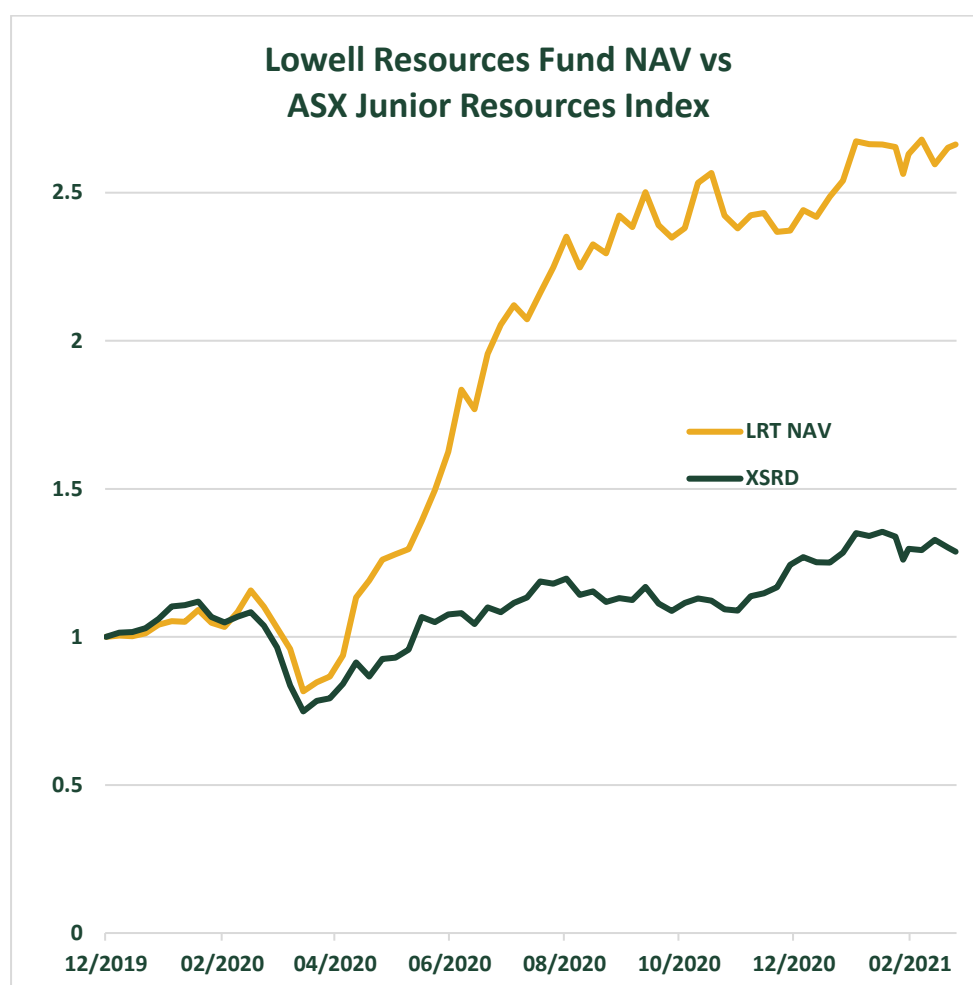
The Fund's NAV at the end of the month was approximately \$44.6 million.

Fund Overview

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

Fund Snapshot 28 February 2021

NAV per unit	\$1.5915
No. of units on issue	28,050,395
Market price (ASX)	\$1.29/unit
Net Asset Value	\$44.6m





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Fund Investment Actions – February

In February the Fund added to its position in Queensland gas developer Comet Ridge Ltd, as gas prices in eastern Australia continued to firm.

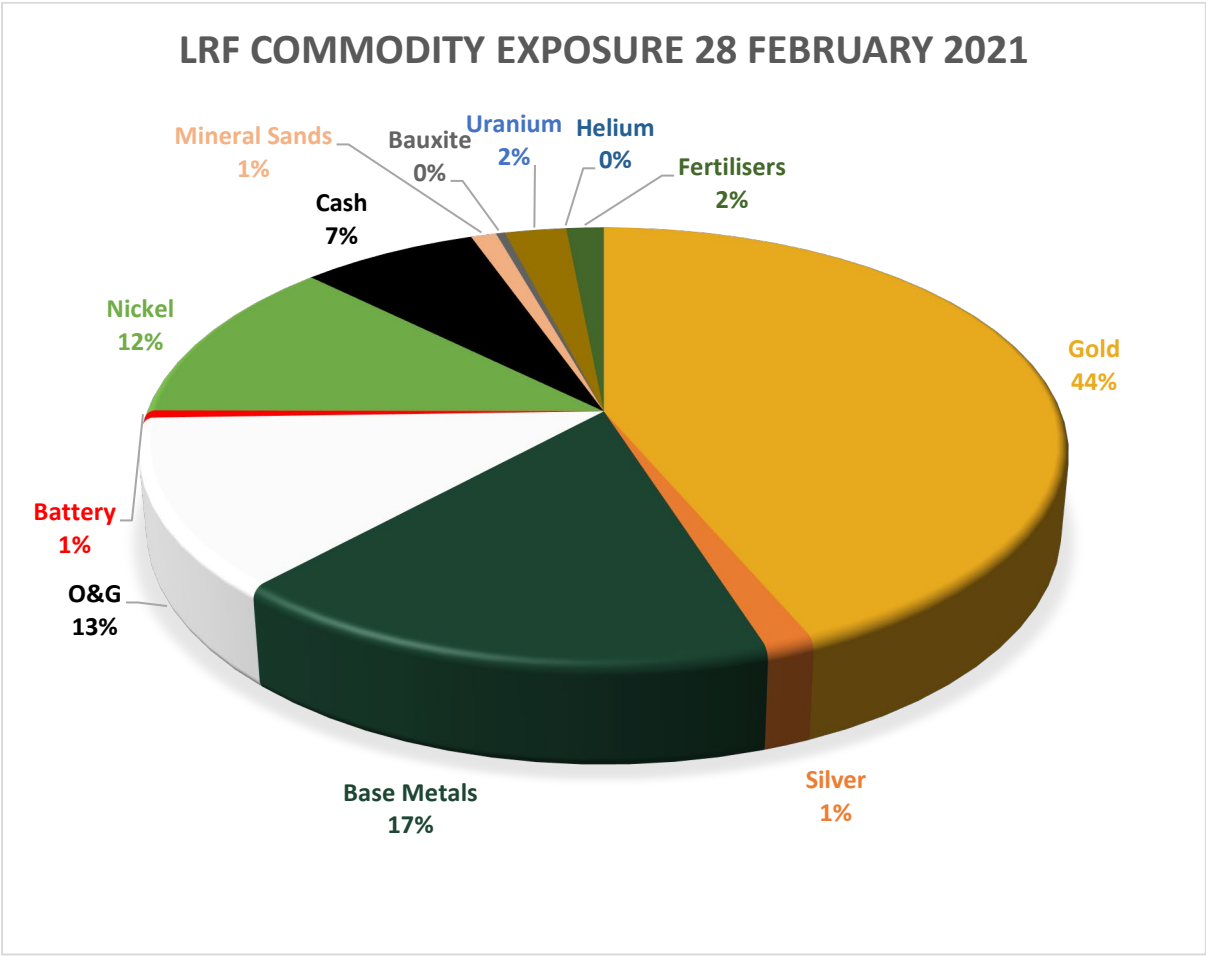
In gold, the Fund boosted its exposure to undervalued explorers with strong resource bases and exciting targets through Golden Rim Resources and Musgrave Minerals.

Despite corrections in the gold price, the market continues to reward exploration success. Hammer Metals share price more than tripled over the month on exciting Cu-Au drill intersections in its Mt Isa block JV with JOGMEC, and the Fund took the opportunity to book profits in the stock.

With the copper price hitting decade highs, the Fund exited some non-core positions and trimmed some other profitable positions, while adding to its holdings in US-focused copper developer Eagle Mountain Mining and Peru-focused Cu explorer Hannan Metals (TSXV).

Continued strength in the lithium market saw Lontown Resources share price maintain its strength, which allowed the fund to continue to take exceptional profits from this investment.

The asset allocation at the end of the month is illustrated in the pie chart below.





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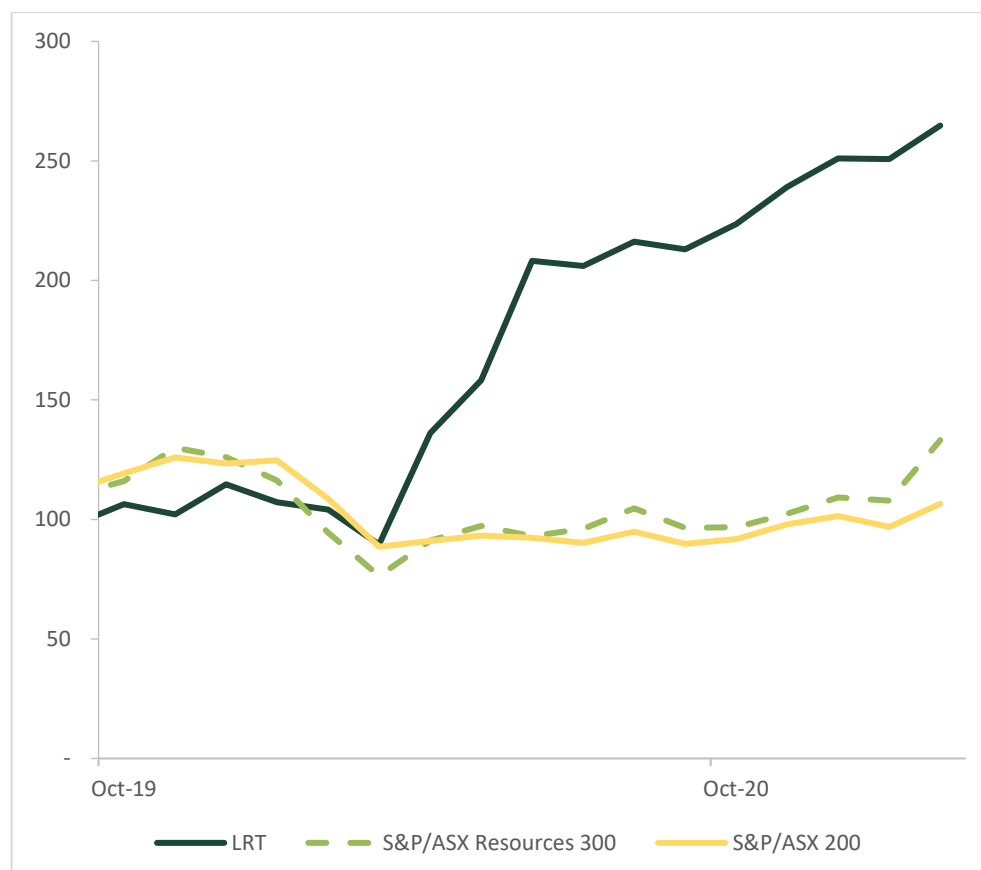
Performance Comparison

In the 12 months to 28th February 2021, the Lowell Resources Fund again significantly outperformed the benchmark, by over 100%. The S&P/ASX Small Resources Index (XSRD) return of 33.4% pa compared to the **Fund's 164.8% 12-month change in underlying net asset value per unit** (inclusive of distributions and after fees and expenses). The Fund has also outperformed all of the XSRD, the ASX Resources 300 Index, and the ASX 200 Index over 5 and ten years.

Total Portfolio Performance to 28 February 2021	LRT Change in NAV per unit inc distributions	S&P/ASX Small Resources Index (XSRD.ASX)	ASX Resources 300 Index	ASX 200 Index
12 months	+164.8%	+34.3%	+33.2%	+6.5%
5 years p.a.	+28.11% pa	+15.3% pa	+22.5% pa	+10.7% pa
10 years p.a.	+10.8% pa	-7.7 pa	+2.2% pa	+7.8% pa

The LRT.ASX traded unit price at the end of February was \$1.29/unit, compared to \$1.185/unit at the end of January.

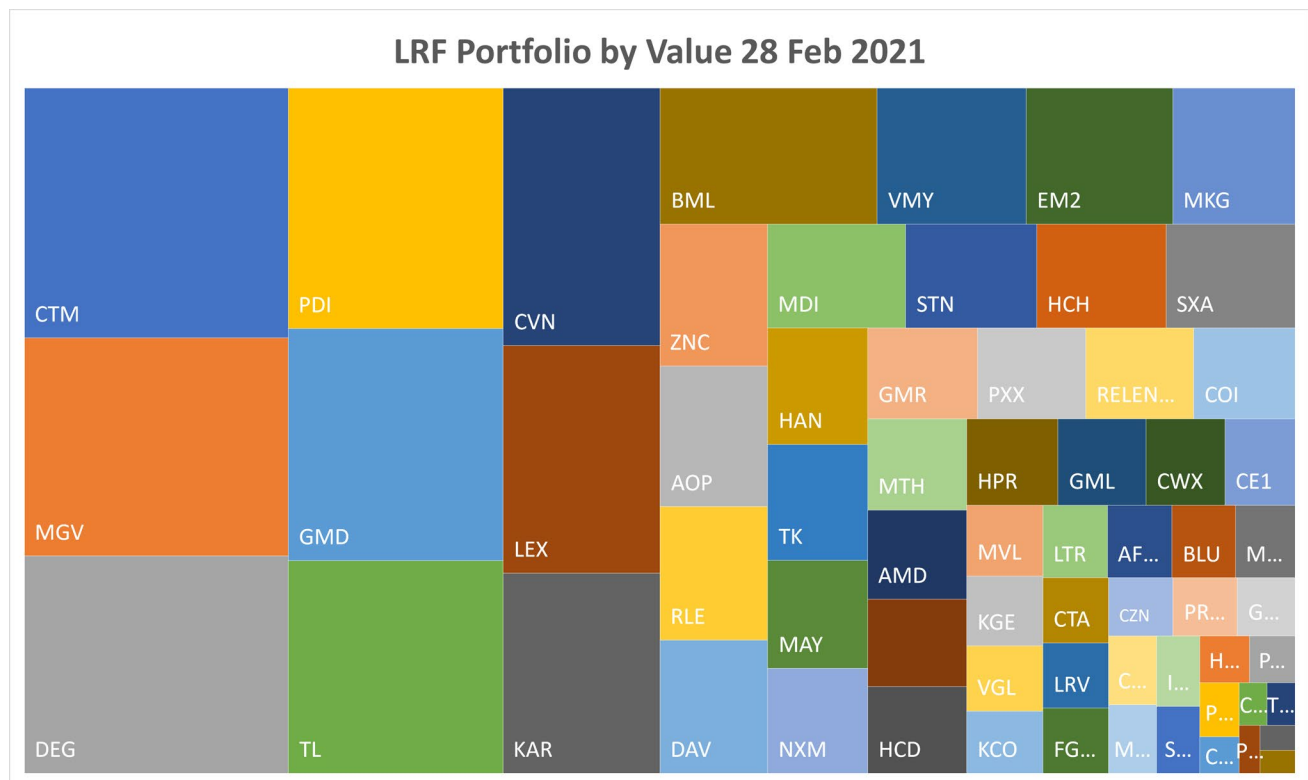
LRT Total Portfolio Performance Index Comparison ASX 200 and ASX Resource 300





Market Summary

- WTI oil prices jumped over 18% in February, and Brent prices pushed above US\$60/bbl. Prices have rallied to pre-virus levels, as the oversupply has all but vanished and US production took a hit from freezing storms. OPEC+ producers complied at 103% with the oil output cuts in January, higher than the estimated compliance in December, although OPEC+ is expected to agree to an increase in production when it meets in early March.
- Australian east coast gas prices continued to strengthen as an ACCC report suggested gas market will be in shortage between 2022 and 2026, which may require either LNG imports or diversion of LNG exports from Queensland
- The USD gold price continued to soften from US\$1,850/oz at the start of the month to US\$1,730/oz by the end of February. Despite inflationary concerns, real US interest rates have risen as the US treasury bond yield curve steepened. Nevertheless, the US 5-year breakeven inflation rate is the highest since 2012, coincident with approval of the US\$1.9trn stimulus package.
- The copper price surged 15% during February, moving closer to a record high set a decade ago. Copper users are stocking up on inventory and, at the same time, increasing prices for their products, creating a potential inflationary feedback loop. On the supply side, Peru reported a 12% drop in copper output for 2020. As the country battles a resurgence in Covid-19 cases, the copper market could see a supply shortfall this year.
- Nickel prices were nearly 6% stronger. High profile nickel consumers such as Tesla have expressed concern about obtaining sufficient nickel supplies for their lithium-ion cell batteries.
- The lithium carbonate price in China was up a further 12% during February, although still less than 50% of its peak in 2017.





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Fund Top Holdings

Centaurus Metals (CTM.ASX) announced an increase in the global resource at its Jaguar nickel sulphide project in Brazil to 58.6Mt @ 0.95% Ni for 557,800t of contained nickel, more than 80% of which is within 200m of surface. A scoping study on the project is due for release in March.

Musgrave Minerals' (MGV.ASX) RC drilling at the White Heat discovery, 400m south of the Starlight Resource returned some spectacular assays from RC drilling including: 3m @ 26.4g/t Au from 32m, 3m @ 22.5g/t Au from 60m and 3m @ 11.8g/t Au from 43m. RC drilling is continuing at the other priority regional targets and a 20,000m aircore campaign is testing extension to mineralised footprints at Targets 5, 20, 14 and 15. PFS studies continue for standalone development of the Lena and Break of Day Resources at Cue.

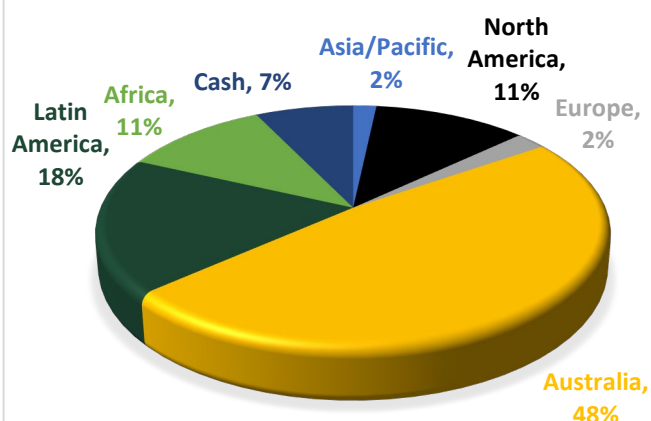
At its Hemi gold project in the Pilbara, **De Grey Mining (DEG.ASX)** continued to announce a string of thick drill intersections from extensional drilling and new lodes, such as 65m at 1.4g/t Au (Falcon zone), as well as high grades such as 3m at 97.4 g/t Au (Scooby prospect). Further metallurgical testwork on the deposit delivered overall gold recoveries of 95% using a flowsheet combining gravity, flotation/oxidation and CIL.

Predictive Discovery (PDI.ASX) announced results from diamond drilling tails on a number of deeper percussion drill holes at NE Bankan including: 42m @ 2.2g/t Au from 165m, 60m @ 1.4g/t Au from 145m, and 31m @ 1.9g/t Au from 179m. Continued results are expected from regional auger, deeper extensional and step out drilling ahead of a substantial maiden resource due mid-year.

Genesis Minerals (GMD.ASX) announced a high-grade visible gold drill intersection from outside the current resource at its Orient Well project in the WA Goldfields. The intercept contained 11.00m @ 16.4g/t gold from 109m at the southern end of Orient Well pit. This is best assay result from the Ulysses Project to date.

Talon Metals (TL.TSX) is a Canadian company earning a 60% interest in the Tamarack nickel project in Minnesota, USA. In February, Talon announced the results of the project's Preliminary Economic Assessment ('PEA'). The PEA forecasts after-tax NPV's of over US\$500m with IRR's of over 30%, using base case metal price assumptions of US\$8.00/lb nickel and US\$3.00/lb copper and a discount rate of 7%. Later in the month, Talon announced a 110m drill intersection of semi-massive to disseminated sulphides in a step out from a historic hole which assayed 83m @ 3.5% Nieq.

PORTFOLIO BY GEOGRAPHY OF MAIN PROJECT, FEBRUARY 2021



Company	Commodity	% of Gross Investments
Cash	Cash	7.2%
Centaurus Metals	Nickel	7.0%
Musgrave Minerals	Gold	6.1%
De Grey Mining	Gold	6.1%
Predictive Discovery	Gold	5.5%
Genesis Minerals	Gold	5.3%
Talon Metals (TSX)	Nickel	4.9%
Caravel Minerals	Copper	4.3%
Lefroy Exploration	Gold	3.8%
Karoon Energy	Oil & Gas	3.3%



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What is the Lowell Resources Fund? (ASX: LRT)

ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development companies operating in precious and base metals, specialty metals and the oil and gas space. LRFM has a successful 17-year track record managing LRT. An investment in LRT provides investors with exposure to an actively-managed portfolio focused squarely on one of the most rewarding sectors of the Australian, as well as global, share market.

Characteristics of the Fund

Number of investments: 61

Average Market Capitalisation of Investee companies: AUD\$92 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$179 million

Nature of Fund	Long only, absolute return fund
Investee companies	Junior resource companies, including gold, base and specialty metals, and energy
Investment type	Focus on global listed and unlisted resource equities
Distribution policy	100% of taxable profits distributed annually

WARNING

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