

# Lowell Resources Fund (ASX: LRT)

ARSN 093 363 896

## Appendix 4E For the year ended 30 June 2022

### Results for announcement to the market

	30 June 2022	30 June 2021	Increase / (Decrease)
	\$'000	\$'000	at the end of the reporting year
Net assets attributable to unitholders	43,557	44,481	36.69%
Revenues from continuing operations	4,185	19,486	(77.66%)
Profit for the year	558	15,484	(96.77%)

### Earnings per unit

	30 June 2022	30 June 2021
Earnings per unit	\$0.019	\$0.5540
Diluted earnings per unit	\$0.019	\$0.5540

### Brief explanation of results

LRT's portfolio net asset value per unit ended the year at \$1.4840 per unit (post distribution),

LRT's portfolio net asset value ('NAV') per unit ended the year at \$1.4840 per unit (post distribution), a slight drop on the 2021 post distribution NAV of \$1.5860 per unit.

After an exceptional year to 30<sup>th</sup> June 2021 for the Lowell Resources Fund ('LRT'), the Fund was impacted by volatility on global markets, particularly in the period from April to June 2022 as the US interest rate hiking cycle began to affect global equity markets, with LRT's NAV per unit falling back from an all-time high of \$2.12/unit in mid-April.

The financial results of the operations of the Fund are disclosed in the statement of comprehensive income. The net accounting profit for the Fund for the year ended 30 June 2022 was \$558,416. This compares to a net accounting profit of \$15,484,164 for the year ended 30 June 2021.

As at 30 June 2022, the net assets of the Fund were \$43,556,547. This compares to net assets of \$44,480,765 for the year ended 30 June 2021.

Equity markets continued to rise strongly over the first nine months of the 2022 financial year, supported by ongoing monetary stimulus. The Fund's benchmark, the ASX junior resources index (XSRD), was up around 40% from June 2021 to April 2022. However, as it became clear that inflation was more than "transitory", hitting 8.6% in the US in June, the US Federal Reserve began hiking interest rates. In response, equity markets fell back significantly. Wall St (the S&P 500) suffered its worst first half drop in more than 50 years (since 1970), and the Nasdaq had its largest-ever January-June percentage drop. The Dow endured its biggest first-half percentage plunge since 1962.

Prices of energy commodities, particularly oil & gas and coal, soared again in FY2022, after a very strong FY2021, in no small part due to the disruption in supplies caused by the Russian invasion of Ukraine. The thermal coal price was up 211% over the 12 months, second only to lithium carbonate (up 434%). Natural gas (Henry Hub) was up over 80% and oil (Brent) was up over 50% on the year. A lack of capital investment by producers over many years, and the slow transition to renewables, has been a major contributor to the energy crisis. Uranium was also up 60% on the year.

Gold, the Fund's largest exposure by project commodity, was largely flat over the 12 months in USD terms, but rose 7% in AUD. Base metals and minor precious metals, after a strong 2021, generally fell back in 2022. Copper was down 16%, silver down 27% and platinum down 23%. However zinc performed better, due to curtailment of refining capacity in Europe as a result of high power costs.

Battery metals nickel and cobalt, like lithium, were strong, rising 36% and 75% respectively.

### **Distribution information**

As at 30 June 2022, the Fund had a distributable income of \$3,396,915 for distribution.

### **Distribution Reinvestment Plan**

Distribution Reinvestment Plan (DRP)'s Terms and Conditions provides that:

- participation is entirely optional;
- unitholders may use all of their future Income Distributions to acquire new units in the Fund;
- the election that unitholders make will apply to all future Income Distributions unless unitholders advise the Fund by varying or cancelling these instructions;
- the purchase price of the re-invested units will be based on the price calculated by the responsible entity in accordance with the Fund's DRP terms and conditions;
- unitholders will not pay any additional costs such as brokerage and stamp duty; and
- if unitholders participate in the DRP, they will receive a statement of the income due to them and details of units allotted to them.

### **Net tangible assets**

	<b>30 June 2022</b>	<b>30 June 2021</b>
Net tangible assets per security	\$1.4840	\$1.5860

**Other information**

There was no gain or loss of control of entities during the current year.

The Fund does not have associates or joint venture entities.

The Fund carried out Buy-back arrangements during the second half of the reporting year.

The Fund is not a foreign entity.

**Audit**

This report is based on accounts which have been audited by the Fund's Auditors – Nexia Melbourne Audit Pty Ltd.

Melbourne

31 August 2022

**Lowell Resources Fund**  
ARSN 093 363 896  
**Annual Report**  
**For the year ended 30 June 2022**

# Lowell Resources Fund

ARSN 093 363 896

## Annual Report

For the year ended 30 June 2022

### Contents

	Page
Investment Manager's Report	6
Corporate Governance Statement	8
Directors' Report with Remuneration Report	14
Auditor's Independence Declaration	20
Statement of Profit or Loss and Other Comprehensive Income	21
Statement of Financial Position	22
Statement of Changes in Net Assets Attributable to Unitholders	23
Statement of Cash Flows	24
Notes to the Financial Statements	25
Directors' Declaration	49
Independent Auditor's Report to the Unitholders of Lowell Resources Fund	50
Unitholder and Other Information	54

These financial statements cover Lowell Resources Fund as an individual entity.

The Responsible Entity of Lowell Resources Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175).

The Responsible Entity's registered office is:

8 Chapel Street

Cremorne VIC 3121

## Investment Manager's Report

Lowell Resources Fund (LRT) is managed by Lowell Resources Funds Management Limited (LRFM), which has occupied this role since 2004, with Cremorne Capital Limited acting as Responsible Entity.

LRT is listed on the Australian Stock Exchange as a Listed Investment Trust under the ASX code LRT. The Fund is designed as a relatively high-risk/reward investment vehicle which is focused on the emerging mining and oil and gas sectors. The Fund has demonstrated that it can achieve above-average returns over the longer term.

After an exceptional FY2021, the Lowell Resources Fund was subject to more a more volatile market in FY2022. Over the 12 months of FY2022, the change in Net Asset Value of the Fund ('NAV' which is the value of the shareholdings and cash held by LRT) rose by 0.9%, inclusive of distributions. While the NAV was up over 30% to the end of April, tumbling global markets in the final quarter pulled the NAV back down to finish the year only slightly ahead.

The Fund's largest commodity exposure remained to gold at 50% (including PGMs). Exposure to base metals (not including nickel) was 14% at 30 June 2022, while nickel made up 5% of the commodity mix. Oil and gas exposure was steady at 8%.

Over the financial year, USD gold prices were flat while AUD gold prices rose around 7%. Five of the Fund's top 10 holdings over the 2021/22 FY were gold exploration companies:

- Predictive Discovery (PDI:ASX) announced a 3.6Moz initial resource at its NE Bankan gold discovery in Guinea, west Africa. It was the largest holding of the Fund at 30 June 2022 with a 9.3% allocation.
- Genesis Minerals (GMD.ASX) upgraded the resource at its Leonora gold project in WA by 25% to 2 Moz at a grade of 1.6g/t Au. Its share price rose 80% over the year, boosted by the appointment of ex Saracen Minerals chief Raleigh Finlayson as MD. The Fund allocation to GMD at year end was 6.4%.
- Musgrave Minerals (MGV.ASX) announced an increase to its Cue Gold Project mineral resource to 927koz at 2.3 g/t Au. MGV continued to discover and/or expand near surface high grade deposits. The Fund allocation to MGV at year end was 5.5%.
- De Grey Mining (DEG:ASX), announced a 25% increase in its Mallina gold project resource to 8.5Moz in the Pilbara region of WA. The Fund allocation to DEG at year end was 4.0%
- Pacgold (PGO.ASX), allocation 2.8% at 30 June 2022, was one of the best performing gold IPO's of 2022, listing in September 2021 at an IPO price of \$0.25/sh and finishing the financial year at \$0.57/sh. The Fund was a seed shareholder and IPO subscriber in PGO.

Other non-gold substantial holdings which performed well during the year included:

- Southern Palladium (SPD.ASX) was another successful IPO in which the Fund was both a seed shareholder and subscriber in the IPO. SPD holds a 70% interest in the 18.8Moz Bengwenyama PGM resource in South Africa. It listed on the ASX at \$0.50/sh and finished the year at \$0.86/sh. The Fund allocation to SPD at year end was 3.3%.

- Comet Ridge (COI.ASX), announced it had completed the acquisition of a further 30% of the Mahalo gas project in Queensland, taking its interest to 70%. Gas production continued to increase at the Mahalo North-1 well to over 310 Mcfd at 30 June 2022. COI's share price rose more than 150% over the financial year. The Fund allocation to COI at year end was 2.6%

A \$0.1157/unit distribution to unitholders was announced with the ex-date being 30 June 2022.

ASX-listed units continued trade at a discount to the actual NAV/unit of the Fund itself. The ASX traded unit price started the FY at \$1.48/unit and ended the year at \$1.30/unit. The underlying NAV of the fund at end-June was \$1.5997/unit (pre distribution) or \$1.4840/unit (post distribution).

The Manager continued its efforts to reduce this discount and increase the liquidity of the traded units, with active promotion programs, including: online interviews, Twitter, LinkedIn, the LRFM website, and participation in mining industry conferences as featured speakers or panellists.

As at 30 June, the Fund's largest single holding was 8.3% in West African gold explorer Predictive Discovery. Other significant holdings not mentioned above include advanced copper explorer Caravel Minerals (2.5%), Larvotto Resources (2.1%) and north American advanced nickel explorer Talon Metals (3.5%).

As at 30 June the Fund held 9.9% of its assets in cash (pre-distribution).

## Corporate Governance Statement

### Overview

Cremorne Capital Limited (Responsible Entity, or Company) is the responsible entity for the Lowell Resources Fund (Fund, or **LRF**, ASX: LRT), a registered managed investment scheme that was listed on the Australian Securities Exchange (ASX) on 22 March 2018.

The Responsible Entity is the holder of an Australian Financial Services License (AFSL) 241175 which enables it to operate as responsible entity of the Fund.

This Corporate Governance Statement (Statement) reports against the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 3rd Edition, March 2014 (Recommendations).

### Principle 1: Lay solid foundations for management and oversight

As the Fund is an externally managed entity, the following Recommendations under Principle 1 are not applicable: 1.1, 1.2, 1.3, 1.4, 1.5, 1.6, 1.7.

In operating the Fund, the Responsible Entity's overarching principle is always to act in good faith and in the best interests of the Fund's unitholders in accordance with its fiduciary duty. The Responsible Entity's duties and obligations in relation to the Fund principally arise from the Constitution of the Fund, the Compliance Plan for the Fund, the Recommendations, the general regulatory requirements of the Australian Securities and Investments Commission (ASIC) and ASX and legislative and regulatory requirements of jurisdictions in which the Fund and the Responsible Entity operate.

The Board of Directors of the Responsible Entity, in consultation with management and the Compliance Committee of the Fund (established under the Compliance Plan), determine appropriate corporate governance practices, taking into account the matters outlined in the preceding paragraph. Where corporate governance practices differ from a Recommendation, this Statement will set out the reasons for the difference.

The Responsible Entity has adopted an Audit and Risk Committee Charter and a Risk Management Plan.

As part of the governance process, the Board of the Responsible Entity and the Compliance Committee periodically review the Fund's policies and practices to provide reasonable assurance that they meet the requirements of stakeholders and that there is a process of continual improvement in governance standards.

A copy of the charters and policies adopted by the Responsible Entity on behalf of the Fund are available at

<http://www.cremornecapital.com/lrf-corporate-governance/>.



## Principle 2: Structure the Board to add value

As the Fund is an externally managed entity, the following Recommendations under Principle 2 are not applicable: 2.1, 2.2, 2.4, 2.5 and 2.6.

### 2.3 Details of independent directors

The Directors of the Responsible Entity are Michael Ramsden (non-executive Chairman), appointed on 1 June 2007, Donald Carroll (non-executive), appointed on 21 September 2009 and Oliver Carton (non-executive), appointed on 22 October 2010. Having regard to the size and intended operations of the Fund, the Board of the Responsible Entity does not consider it necessary to have any independent Directors, however the Board considers Oliver Carton to be an independent Director.

## Principle 3: Act ethically and responsibly

### 3.1 Code of Conduct

The Board of the Responsible Entity has adopted a Code of Conduct (Code) that applies to all Directors, senior executives, employees, service providers and representatives of the Responsible Entity. The Code requires all Directors, senior management and employees of the Responsible Entity to act honestly always in the exercise of their duties as an employee, and, where possible and appropriate, follows the Recommendations. The purpose of this Code is to set out the ethical principles and professional standards of conduct which guide the Responsible Entity and its employees in its business activities.

The Code also sets out standards and restrictions in relation to:

- the avoidance and management of actual or potential conflicts of interest;
- preventing the offering or acceptance of bribed and other unlawful or unethical payments or inducements;
- the non-tolerance of any act of harassment or discrimination; and
- compliance with the letter and spirit of all Commonwealth and State or Territory trade practices laws.

The Board of the Responsible Entity has also adopted a Securities Trading Policy (Trading Policy) that sets out the circumstances in which certain restricted persons may trade in Fund securities. The Trading Policy prohibits those restricted persons from dealing in Fund securities when they are in possession of price-sensitive information that is not generally available to the market and also places restrictions and notification requirements on dealing with Fund securities, including the imposition of blackout periods and the need to obtain pre-trade approval. The Trading Policy aims to align with the ASX Listing Rules and relevant guidelines.

The Responsible Entity is also subject to the AFSL licensing requirements.

A copy of the Code and the Trading Policy can be found at  
<http://www.cremornecapital.com/lrf-corporate-governance/>.

## Principle 4: Safeguard integrity in corporate reporting

### 4.1 Audit committee

Having regard to the size and intended operations of the Fund, the Board of the Responsible Entity has determined that the function of an Audit and Risk Committee (ARC) is the responsibility of the Board of the Responsible Entity, which will carry out this function in accordance with an adopted Audit and Risk Committee Charter (ARC Charter). A copy of the ARC Charter can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>. The Charter contains the delegated role, responsibilities, functions and powers of the ARC and is reviewed periodically, or whenever significant change occurs.

Some of the key roles of the ARC are to:

- oversee the Responsible Entity's responsibilities relating to financial reporting, relevant statutory requirements, statutory external financial audits and audits of the Fund;
- monitor and review the propriety of any related party transactions;
- meet with the external auditor of the Fund at least annually and review the appointment of the external auditor of the Fund;
- enhance credibility and objectivity of financial reports;
- establish procedures for complaints and reports regarding accounting, internal accounting controls and auditing matters relating to the Fund;
- evaluate the adequacy and effectiveness of the administrative, operating and accounting policies for the Fund; and
- review at least twice annually the risk management systems of the Fund in relation to some aspects of the risk management and compliance frameworks.

The ARC will meet at minimum twice a year. The Fund's independent external auditor is Nexia Melbourne Audit Pty Ltd.

### 4.2 Financial Statements Declaration

Prior to the approval of any financial statements, the ARC Charter requires that the Responsible Entity's Chairman and the party responsible for preparation of the Fund's financial records make a declaration to the ARC that the financial records of the Fund have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the Fund and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

### 4.3 External auditor attends AGM

The Fund is an externally managed entity that does not hold an annual general meeting and this recommendation is therefore not applicable

## Principle 5: Make timely and balanced disclosure

### 5.1 Continuous disclosure policy

The Responsible Entity's Board has adopted a Continuous Disclosure Policy for the Fund that assists with clear and effective communication to unitholders by ensuring:

- the Fund, at a minimum, complies with its continuous disclosure obligations under the Corporations Act and the ASX Listing Rules;
- the Fund provides unitholders, together with the market, timely, direct and equal access to information issued by it; and
- information which is not generally available and which may have a material effect on the price or value of the Fund's Units is identified and appropriately considered for disclosure to the market.
- The Fund's Continuous Disclosure Policy can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>.

## Principle 6: Respect the rights of security holders

### 6.1 Provision of information to investors

The Responsible Entity recognises that unitholders are entitled to accurate, timely and relevant information and should be fully informed of material matters that affect the Fund's position and prospects. Any prospective investors should be able to make informed investment decisions regarding the Fund. The Responsible Entity seeks to accomplish this through the periodic release of:

- weekly and monthly NAV notices to the ASX including publication of the NAV per unit;
- monthly updates in respect of the Fund;
- quarterly portfolio disclosure;
- an Annual Investor Letter;
- the Fund's Half Year results; and
- the Fund's Full Year.

After it has been disclosed to the ASX, all information is available at

<http://www.cremornecapital.com/lrf-unit-price/>.

The Responsible Entity also maintains information about the Fund and its governance the above website including:

- a copy of the corporate governance charters and policies is available at <http://www.cremornecapital.com/lrf-corporate-governance/>;
- ASX Releases are available at <https://www.lowellresourcesfund.com.au/investor-centre/announcements.html>;
- Unit Registry details are available at <http://www.cremornecapital.com/lrf-registry> and
- Share price information is available at <https://www.lowellresourcesfund.com.au/investor-centre/share-price.html>.
- The Fund's Constitution is available at <https://www.cremornecapital.com/lrf-constitution>.

## 6.2 Investor relations

The Responsible Entity will seek feedback from unitholders to facilitate effective two-way communication.

## 6.3 Unitholder participation at meetings

The Responsible Entity recognises the importance of unitholder interaction and supports the principle of participation. If any meetings are held, the Responsible Entity will provide the required documents to, and inform unitholders of such documents, run the meeting as required and make the required ASX disclosures.

## 6.4 Option for electronic unitholder communications

The Responsible Entity recognises the benefits of the use of electronic communications and unitholders have the option to receive communications from, and send communications to, the unit registry electronically. The following information can be received electronically:

- distribution statements;
- periodic statements;
- annual taxation statements;
- Annual Reports;
- If any meetings are held, notices of meetings and proxy forms and the ability to vote online; and
- other general Fund communications.

The unit registry can be contacted via email or telephone for any unitholder wishing to update their communications preferences.

Contact details for the unit registry can be found at [https:// automic.com.au](https://automic.com.au).

## Principle 7: Recognise and manage risk

### 7.1 Risk committee

The ARC Charter, combined with a Risk Management Plan (RM Plan) and Fund Compliance Plan, provide the framework that the Responsible Entity has adopted to oversee and manage risk in relation to the Fund. The Responsible Entity's Board and the Fund's Compliance Committee (established under the Fund Compliance Plan) otherwise have oversight of the operational risk and compliance frameworks as they consider risk management matters should be a strong focus of the management of the Fund.

The RM Plan sets out a policy for risk oversight and management within the Company. A copy of the Risk Management Plan and Fund Compliance Plan can be found at <http://www.cremornecapital.com/lrf-corporate-governance/>.

### 7.2 Review of risk management framework

The RM Plan is to be reviewed by the Compliance Manager and updated at least annually with quarterly reporting to the Board of any matters that affect the accuracy of the RM plan and any relevant actions plans included in the RM Plan. In the event of a material breach of the RM Plan, or a material regulatory change affecting the Responsible Entity or the Fund, the RM Plan (or the risk assessment contained therein) will be reviewed and amended as necessary.

### 7.3 Internal audit function

The Company does not have an internal audit function. The Responsible Entity is the holder of AFSL 241175 and is subject to the regular requirements imposed upon AFSL holders. The Responsible Entity has appointed an external auditor of the Fund, and these external audits provide reasonable assurance on the design and operating effectiveness of the Fund's compliance and control environment. In addition, periodic monitoring of compliance with key policies and procedures is performed by the Responsible Entity and the results are reported to the Board of the Responsible Entity.

The Boards and senior management of the Responsible Entity have the skills and expertise to understand and rigorously review and challenge the information provided and recommendations submitted for approval. Where additional assurance is desired, the Board can commission external independent advice and reviews as necessary.

### 7.4 Economic, environmental and social sustainability risks

The Responsible Entity acknowledges that whilst the industry in which the assets of the Fund are primarily invested in may have material exposure to environmental or social sustainability risks (resources sector), the Board of the Responsible Entity does not consider the Fund currently has such material exposure.

Further details in relation to environmental and social sustainability risks can be found in the Fund's Product Disclosure Statement which can be found at <http://www.cremornecapital.com/lrf-pds/>.

### Principle 8: Remunerate fairly and responsibly

As the Fund is an externally managed entity, the following Recommendations under Principle 8 are not applicable: 8.1, 8.2 and 8.3.

## Directors' Report

The Directors of Cremorne Capital Limited (ACN 006 844 588, AFSL 241175), the Responsible Entity of Lowell Resources Fund (LRT), present their report together with the financial statements of Lowell Resources Fund ('The Fund') for the year ended 30 June 2022. Cremorne Capital Limited was appointed as the Responsible Entity on 26 June 2000 for the Fund.

Lowell Resources Funds Management Limited (ACN 006 769 982, AFSL 345674) is the Investment Manager of LRT.

### Directors

The following persons held office as Directors of Cremorne Capital Limited from 1 July 2021 to 30 June 2022:

Michael Ramsden (appointed 1 June 2007)

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 Australia Mines Limited (ASX:AUZ), African Mahogany Australia Pty Ltd, Managing Director of Terrain Capital and a Vice Chairman of the Victoria Racing Club.

Oliver Carton (appointed 22 October 2010)

Oliver is a qualified lawyer with over 30 years' experience in a variety of corporate roles. He currently runs his own consulting business and was previously a Director of the Chartered Accounting firm KPMG. Prior to that, he was a senior legal officer with ASIC. Oliver has significant corporate governance experience and is currently director and company secretary of a number of listed and unlisted companies, ranging from Cremorne Capital Limited to the not for profit Melbourne Symphony Orchestra Pty Ltd. Mr Carton did not hold any stock in the Fund at the end of this reporting year.

Don Carroll (appointed 21 September 2009)

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. Don 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. Mr Carroll did not hold any stock in the Fund at the end of this reporting year.

## Secretaries

Lisa Ratcliffe (appointed 29 January 2012)

Lisa holds a membership of FCCA . Her current role is the company secretary and also the accountant of Cremorne Capital Limited Ms Ratcliffe has 23 years of accounting experience working in a variety of practice and industries in both the UK and Australia. She has been working with Cremorne Capital Limited corporate advisory for 11 years as accountant and company secretary of several businesses.

Julie Edwards (appointed 20 March 2018)

Julie Edwards holds a Bachelor of Commerce degree, is a member of CPA Australia and holds a Public Practice Certificate. Ms Edwards is a director and manager of Lowell Accounting Services Pty Ltd and also provides Company Secretarial services for a number of other ASX listed companies and unlisted companies.

## Principal activities

The Fund invests predominantly in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The Fund did not have any employees during the year.

There were no other significant changes in the nature of the Fund's activities during the year.

## Units on Issue

Units on issue in the Fund at year end are set out below:

	30 June 2022	30 June 2021
	Number of units	Number of units
Units on issue	29,351,614	28,046,614

No options on issue at 30 June 2022 or 30 June 2021.

### Review and results of operations:

During the year, the Fund continued to invest its funds in accordance with target asset allocations as set out in the governing documents of the Fund and in accordance with the provisions of the Fund's Constitutions.

The performance of the Fund, as represented by the results of its operations, was as follows:

	30 June 2022	30 June 2021
	\$	\$
Operating profit before finance costs attributable to unitholders (\$'000)	558	15,484
<u>Distributions:</u>		
Total payable	3,396,869	4,202,351
Payable in dollar per unit	0.1157	0.149835

### Financial Position

As at 30 June 2022, the Fund's total assets amounted to \$47,177,946 (30 June 2021 \$49,907,475).

Net Tangible Assets (NTA) per unit as disclosed to the ASX, from the period of 1 July 2021 through to 30 June 2022 was, as follows:

	30 June 2022
At reporting period end	\$1.5997
High during the period	\$2.1201
Low during the period	\$1.4920

### Management costs

The Fund's history of management costs (ICR) is as follows:

Indirect Cost Ratio

Financial year	2020	2021	2022
Lowell Resources Fund	1.71%	2.3%	2.42%



### Meetings of directors

The numbers of meetings of the company's Board of Directors held during the year ended 30 June 2022, and the numbers of meetings attended by each director were:

	Attended	Held
Michael Ramsden	10	10
Oliver Carton	10	10
Don Carroll	10	10

### Remuneration Report (audited)

The remuneration report, which has been audited, outlines the key management personnel remuneration arrangements for the consolidated entity in accordance with the requirements of the Corporations Act 2001 and its regulations. The Board remains confident that its remuneration policy and the level and structure of its executive remuneration are suitable for the company and its shareholders. No amount is paid by the Scheme directly to the Directors or key management personnel of the Responsible Entity. Consequently, no compensation as defined in AASB 124 "Related Party Disclosures" is paid by the Scheme to the Directors as Key Management Personnel.

### Significant changes in state of affairs

In the opinion of the Directors, there were no other significant changes in the state of affairs of the Fund that occurred during the financial year.

### Matters subsequent to the end of the financial year

The Responsible Entity is conducting the Entitlement Issue on the basis of 1 new unit (**New Unit**) for every 3 existing units (1:3) held at the Record Date with 1 free unlisted option 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).

Options will have an exercise price of \$1.65, (which is approximately a 10% premium to the current NAV) and will expire on 4 March 2024.

No other matter or circumstance has arisen since 30 June 2022 that has significantly affected, or may significantly affect:

- (i) the operations of the Fund in future financial years, or
- (ii) the results of those operations in future financial years, or
- (iii) the state of affairs of the Fund in future financial years.

### **Likely developments and expected results of operations**

The Fund will continue to be managed in accordance with the investment objectives and guidelines as set out in the governing documents of the Fund and the provisions of the Fund's Constitution.

The results of the Fund's operations will be affected by a number of factors, including the performance of investment markets in which the Fund invests. Investment performance is not guaranteed and future returns may differ from past returns. As investment conditions change over time, past returns should not be used to predict future returns.

### **Indemnification and insurance of officers**

No insurance premiums are paid for out of the assets of the Fund in regards to insurance cover provided to the officers of the RE (Cremorne Capital Limited) so long as the officers of the RE act in accordance with the Fund's Constitution and the Law, the officers remain indemnified out of the assets of the Fund against losses incurred while acting on behalf of the Fund.

### **Fees paid to and interests held in the Fund by the Responsible Entity and its associates**

Fees paid to the Responsible Entity out of the Fund's property during the year are disclosed in Note 9 to the financial statements.

No fees were paid out of the Fund's property to the Directors of the Responsible Entity during the year. The number of interests in the Fund held by the Responsible Entity as at the end of the financial year are disclosed in Note 9 to the financial statements.

### **Interests in the Fund**

The movement in units on issue in the Fund during the year is disclosed in Note 6 to the financial statements. The value of the Fund's assets and liabilities is disclosed in the Statement of Financial Position and derived using the basis set out in Note 2 to the financial statements.

### **Indemnification of auditor**

The auditor of the Fund is in no way indemnified out of the assets of the Fund. The auditor had no financial or equity interest in the Fund or was not issued any units by the Fund in the financial year.

### **Non-audit services**

There has been provision of the following non-audit services during the financial year, by the Fund's current Auditor, Nexia Melbourne Audit Pty Ltd and also Nexia Melbourne Corporate Pty Ltd, a related party of the auditor. The provisions of these services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The non-audit services performed by the auditor are disclosed in Note 8 to the financial statements.

	30 June 2022	30 June 2021
	\$	\$
<b>Non-Audit Services</b>		
Compliance Plan	5,500	5,200
<b>Total</b>	<b>5,500</b>	<b>5,200</b>

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

#### Independence Declaration by Auditor

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 20.

#### COVID-19 Assessment

Having considered all the relevant factors (business and industry), the board assessed the impact of the current pandemic to the Fund has been and continues to be insignificant, the Fund's investments' diversity has proven to be very effective to cope with this ongoing global environment.

All of our office employees have been following the government's regulations of social distancing and hygiene and there is no event that could be foreseeable to be considered to have an influence to the business of the Fund and our office.

Signed in accordance with a resolution of the directors of the Responsible Entity made pursuant to s.298 (2) of the Corporations Act 2001.

On behalf of the Directors

*Michael Ramsden*

.....

Michael Ramsden  
Chairman

Dated 31 August 2022

**Auditor's Independence Declaration under section 307C of the  
*Corporations Act 2001***

**To the Directors of Cremorne Capital Limited**

As lead partner for the audit of the financial statements of Lowell Resources Fund for the financial year ended 30 June 2022, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.

*Nexia*

**Nexia Melbourne Audit Pty Ltd  
Melbourne**

*A. Wehrens*

**Andrew S. Wehrens  
Director**

Dated this 31st day of August 2022

**Lowell Resources Fund**  
**Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2022**

**Statement of Profit or Loss and Other Comprehensive Income**

	<b>Note</b>	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>Income</b>			
Interest income		1,064	173
Dividend Income		-	18,123
Net gain on financial instruments held at fair value through profit or loss		4,095,675	19,464,288
Other income		88,473	3,654
<b>Net income</b>	<b>7</b>	<b>4,185,212</b>	<b>19,486,238</b>
<b>Expenses</b>			
Management fees		1,174,587	965,731
Custodian fees		66,205	79,994
Transaction costs		143,877	112,320
Performance fees		1,894,573	2,549,916
Auditor's remuneration	8	27,066	25,587
Other operating expenses		320,488	268,526
<b>Total expenses</b>		<b>3,626,796</b>	<b>4,002,074</b>
<b>Operating profit</b>		<b>558,416</b>	<b>15,484,164</b>
<b>Profit for the period</b>		<b>558,416</b>	<b>15,484,164</b>
<b>Finance costs attributable to unitholders</b>			
Distribution to unitholders		(3,396,915)	(4,202,351)
Net (Increase) / decrease in net assets attributable to unitholders		2,838,499	(11,281,813)
<b>Profit for the period</b>		<b>-</b>	<b>-</b>
Other comprehensive income		-	-
<b>Total Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Earnings per unit for profit attributable to unitholders of the Fund</b>			
Basic earnings per unit	14	\$0.019	\$0.554
Diluted earnings per unit		\$0.019	\$0.554

*The above Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.*

## Statement of Financial Position

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>Assets</b>			
Cash and cash equivalents	11	4,647,064	5,594,822
Trade and other receivables	3	200,666	92,652
Financial assets held at fair value through profit or loss	4	42,330,216	44,220,001
<b>Total Assets</b>		<b>47,177,946</b>	<b>49,907,475</b>
<b>Liabilities</b>			
Trade and other payables	5	3,621,399	5,426,710
<b>Total Liabilities (excluding net assets attributable to unitholders)</b>		<b>3,621,999</b>	<b>5,426,710</b>
<b>Net assets attributable to unitholders (liability) *</b>	<b>6</b>	<b>43,556,547</b>	<b>44,480,765</b>

\* The Fund has adopted AMIT tax regime for the 2020/21, financial year and all future years. The above balance of Net assets attributable to unitholders remains classified as a financial liability as profit is required to be distributed.

*The above Statement of Financial Position should be read in conjunction with the accompanying notes.*

## Statement of Changes in Net Assets Attributable to Unitholders

	Net Assets Attributable to Unitholders
<b>Balance as at 30 June 2020</b>	<b>32,541,024</b>
Gross Increase in net assets attributable to unitolders	15,484,164
Distribution to unitholders	(4,202,351)
Distribution reinvested from unitholders	326,832
Applications for units	336,829
Cost of capital raising	-
Buy-backs of units	(5,733)
<b>Balance as at 30 June 2021</b>	<b>44,480,765</b>
Gross Increase in net assets attributable to unitolders	558,416
Distribution to unitholders	(3,396,915)
Distribution reinvested from unitholders	2,048,670
Applications for units	-
Cost of capital raising	-
Buy-backs of units	(134,389)
<b>Balance as at 30 June 2022</b>	<b>43,556,547</b>

*The above Statement of Changes in Net Assets Attributable to  
Unitholders should be read in conjunction with the accompanying notes.*

## Statement of Cash Flows

	Note	Year Ended 30 June 2022 \$	Year Ended 30 June 2021 \$
<b>Cash flows from operating activities</b>			
Proceeds from sale of financial instruments held at fair value through profit or loss		26,361,748	22,128,538
Payments of purchases of financial instruments held at fair value through profit or loss		(20,572,646)	(17,752,372)
Interest received		1,064	173
Dividends received			18,124
Receipts of fees from collaboration in other entities' capital raising activities		-	-
Receipts of tax incentives		88,473	3,655
Payments of other operating expenses		(4,538,310)	(3,805,837)
<b>Net cash inflow from operating activities</b>	11(b)	<b>1,340,328</b>	<b>592,281</b>
<b>Cash flows from investing activities</b>			
Proceeds from investing activities		-	-
Payment for investing activities		-	-
<b>Net cash inflow / (outflow) from investing activities</b>		<b>-</b>	<b>-</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of units		2,048,670	336,829
Payments for buy-backs of units		(134,389)	(5,733)
Payments for distribution		(4,202,367)	(328,374)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(2,288,086)</b>	<b>2,722</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(947,758)</b>	<b>595,003</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>5,594,822</b>	<b>4,999,819</b>
<b>Cash and cash equivalents at the end of the year</b>	11(a)	<b>4,647,064</b>	<b>5,594,822</b>

*The above Statement of Cash Flows should be read in conjunction with the accompanying notes.*



## Notes to the Financial Statements

### Contents

	<b>Page</b>
1 General information	26
2 Summary of significant accounting policies	26
3 Trade and Other receivables	36
4 Financial Assets	36
5 Trade and Other payables	37
6 Net assets attributable to unitholders	37
7 Operating segments	38
8 Remuneration of auditors	38
9 Related parties transactions	39
10 Distributions to unitholders	40
11 Reconciliations of profit to net cash inflow/(outflow) from operating and financing activities	41
12 Financial risk management	42
13 Fair value measurement	47
14 Earnings per unit	48
15 Events occurring after the reporting period	48
16 Contingent assets and liabilities and commitments	48

## 1 General information

These financial statements cover Lowell Resources Fund ('the Fund') as an individual entity.

The Fund is an Australian registered managed investment scheme under the Corporations Act 2001, which was constituted on 21st January 1986 and was admitted to the Australian Securities Exchange ('ASX') on 22 March 2018.

The Responsible Entity of the Fund is Cremorne Capital Limited (ACN 006 844 588; AFSL 241175), the Responsible Entity. The Responsible Entity's registered office is 8 Chapel Street, Cremorne, VIC 3121 and is incorporated and domiciled in Australia.

The Fund invests predominately in securities listed on the ASX and investments that are likely to be listed on the ASX in the future and Australian denominated cash. The Fund's goal is to produce superior long-term returns from a selected number of underlying investments, irrespective of short term price movements.

The financial statements of the Fund are for the year ended 30 June 2022. These statements are presented in Australian currency. They were authorised for issue by the Directors on the date the Directors' Declaration was signed.

The Directors of the Responsible Entity have the power to amend and reissue the financial statements.

## 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

These policies have been consistently applied to all years presented, unless otherwise stated in the following text.

### (a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001 in Australia.

The Fund is a for-profit unit trust for the purpose of preparing the financial statements.

The financial statements are prepared on the basis of fair value measurement of assets and liabilities except where otherwise stated.

The Statement of Financial Position is presented on a liquidity basis. Assets and liabilities are presented in decreasing order of liquidity and do not distinguish between current and non-current. All balances are expected to be recovered or settled within twelve months, except for investments in financial assets and net assets attributable to unitholders. The amount expected to be recovered or settled within twelve months after the end of each reporting period cannot be reliably determined.

The financial statements of the Fund also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

## 2 Summary of significant accounting policies (continued)

None of the new standards and amendments to standards that are mandatory for first time for the financial year beginning 1 July 2021 affected any of the amounts recognised in the current period or any prior period.

### (b) Financial instruments

The Fund's financial assets have been measured at fair value through profit or loss historically and there is no effect to the way of recognition and measurement that the Fund applied in the past to these assets.

#### (i) Classification

In accordance with AASB 9, the Fund classifies its financial assets and financial liabilities into the categories of financial assets and financial liabilities discussed below. The Fund has not taken the option to irrevocably designate any of its financial instruments as financial instruments held at fair value through other comprehensive income.

#### *Financial assets held at fair value through profit or loss (FVTPL)*

A financial asset is measured at fair value through profit or loss if:

- Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and interest (SPPI) on the principal amount outstanding or
- It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell or
- At initial recognition, it is irrevocably designated as measured at FVTPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

The Fund includes in this category financial instruments which are investments in other entities that are held under a business model to manage them on a fair value basis for investment fair value gains.

#### *Financial assets held at amortised cost*

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. The Fund includes in this category short-term non-financing receivables including cash, accrued income and other receivables.

## 2 Summary of significant accounting policies (continued)

### *Financial liabilities held at amortised cost*

This category includes all financial liabilities, other than those measured at fair value through profit or loss. The Fund includes in this category short-term payables only, the Fund did not have fixed rate bonds and debentures in the reporting year.

### *(ii) Recognition and derecognition*

The Fund recognises financial assets and financial liabilities on the date it becomes a party to a contractual agreement (trade date) and recognises changes in fair value of the financial assets or financial liabilities from this date. Purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Fund commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or the Fund has transferred substantially all risks and rewards of ownership or the assets no longer meet the definition of financial assets under the relevant accounting standard. Financial liabilities are derecognised when the obligation under liabilities are discharged or the liabilities no longer meet the definition of financial assets under the relevant accounting standard.

### *(iii) Measurement*

### *Financial instruments held at fair value through profit or loss (FVTPL)*

At initial recognition, the Fund measures financial assets and financial liabilities at fair value. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in the Statement of Profit or Loss and Other Comprehensive Income. Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value.

Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the Statement of Profit or Loss and Other Comprehensive Income within net gains/(losses) on financial instruments held at fair value through profit or loss in the period in which they arise. Interest and dividends earned or paid on these instruments are recorded separately in interest revenue or expense and dividend revenue or expense in the statement of profit or loss and other comprehensive income. For further details on how the fair value of financial instruments is determined, please see Note 13 to the financial statements.

## 2 Summary of significant accounting policies (continued)

### *Financial instruments measured at amortised cost*

At initial recognition, the Fund measures such financial assets and financial liabilities at fair value and subsequently measure them at their amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, as well as through the amortisation process.

The effective interest method (EIR) is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating and recognising the interest income or interest expense in profit or loss over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset or financial liability to the gross carrying amount of the financial asset or to the amortised cost of the financial liability. When calculating the effective interest rate, the Fund estimates cash flows considering all contractual terms of the financial instruments, but does not consider expected credit losses. The calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts. All of the transactions of the Fund's financial assets and financial liabilities in this category settle within a short term of 3 months or less which the present value discounting effect is immaterial to the amortised cost of these financial instruments, thus the Fund presented on this reporting year's financial report this category's financial assets and financial liabilities at their carrying amounts equivalent to their amortised cost without the present value effect mentioned above.

### *(v) Impairment of financial assets*

The Fund holds receivables with no financing component and they have maturities of less than 3 months and most of the Fund's receivables are trades' proceeds settling within 2 days from the dates of trades, as such, the Fund has chosen to apply an approach similar to the simplified approach for expected credit losses (ECL) under AASB 9 to all its receivables. Therefore, the credit risk on such receivables are immaterial and there's no history nor any future expectation of default or loss to the Fund regarding such receivables, there is no material loss allowance based on lifetime ECLs in this reporting year to be recognised, the Fund however discloses in the following paragraphs its ECL (Expected Credit Loss) approach regarding AASB 9 for the benefit of its unitholders.

## 2 Summary of significant accounting policies (continued)

The Fund assesses at each reporting date whether a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred loss event) and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtor, or a group of debtors, is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and, where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults. If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future ECLs that have not yet been incurred) discounted using the asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss as credit loss expense.

Impaired debts, together with the associated allowance, are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Fund. If a previous write-off is later recovered, the recovery is credited to the credit loss expense.

Interest revenue on impaired financial assets is recognised using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss.

As stated in the first paragraph of the heading 'impairment of financial assets', there's no historical, current nor expected future credit loss from the Fund's financial assets and thus the gross carrying amounts, after considering ECL explained above, reflect the values required in the accounting standards.

### *(iv) Offsetting financial instruments*

The Fund did not offset nor any of its financial assets or financial liabilities were subject to any offsetting arrangements in this reporting year and as at the end of the reporting period, there are no financial assets or liabilities offset or which could be offset in the Statement of Financial Position thus no tabular or other forms of presentation of such information is provided in this report.

## 2 Summary of significant accounting policies (continued)

### (vi) Fair value measurement

For the Fund's financial instruments measured at fair value, fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or, in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to the Fund. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The fair value for financial instruments traded in active markets at the reporting date is based on their quoted prices, without any deduction for transaction costs.

AASB 13 Fair Value Measurement specifies that the existence of published price quotations in an active market is the best evidence of fair value and, when they are available, they are used to measure fair value. This accounting standard defines an active market as a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The quoted price from an active market cannot be adjusted for transaction costs or the size of the holding, according to this standard.

For all other financial instruments not traded in an active market, the fair value is determined using valuation techniques deemed to be appropriate in the circumstances. Valuation techniques include the market approach (i.e., using recent arm's length market transactions, adjusted as necessary, and reference to the current market value of another instrument that is substantially the same) and the income approach (i.e., discounted cash flow analysis and option pricing models making as much use of available and supportable market data as possible)

## 2 Summary of significant accounting policies (continued)

### (c) Revenue

The revenue earned by the Fund during the financial year was for contracts with no financing components that were all settled ('completed' per AASB 15's defined 'completed contracts') during the financial year. The contracts' transaction prices and consideration were all matched to the actual revenue cash proceeds received by the Fund.

The Fund had no unconditional receivables from customers, conditional contracts receivable nor payable in this financial year and therefore has no contract assets nor contract liabilities defined under AASB 15. The receivables presented on this year's Statement of Financial Position are financial instruments covered under AASB 9 and 7, they were not a contract of the AASB 15's type with 'customers' because those contracts were for disposal of financial instruments, not for the Fund selling goods or providing services, to a customer under AASB 15. The Fund has no unfulfilled contract obligation nor has it to apply any significant judgement in fulfilling the contract regarding the immaterial amount of revenue covered under this standard.

Income includes net gains on financial instruments at fair value through profit or loss. These net gains include all realised and unrealised fair value changes.

Income also includes dividend income and interest income. This is recorded separately on the statement of comprehensive income when the right to receive payment is established.



## 2 Summary of significant accounting policies (continued)

### (d) Net assets attributable to unitholders

The Fund's units on issue in the ASX market are carried at their net asset value amounts and presented as financial liabilities that are payable at the reporting year end if the holders exercise their rights to put the units back to the Fund. The Fund is a closed-end Fund and is not subject to applications and redemptions.

### (e) Cash and Cash Equivalents

For the purpose of presentation in the Statement of Cash Flows, cash and cash equivalents include cash on hand, deposits held at call with financial institutions and other short term and highly liquid investments with original maturities of 3 months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

### (f) Investment Income

Purchase and sale of financial instruments have been categorised as cashflow from operating activities and net gain or loss on financial assets and liabilities measured at fair value through profit or loss (FVTPL) are presented on the Statement of Profit or Loss and Other Comprehensive Income. Such net gains or losses include both realised and unrealised gains and losses. Realised gains and losses on disposals of financial instruments classified as at FVTPL are calculated using the minimum capital gain tax methodology being one of the methods permitted by the Australian Taxation Office. They represent the difference between an instrument's initial carrying amount plus or minus any adjustment to the cost base of such asset and the disposal's proceeds amount. Unrealised gains and losses comprise changes in the fair value of financial instruments for the reporting year.

Interest income on cash and cash equivalents is recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accrual basis. There is no interest income recognised on any of the Fund's financial assets measured at amortised cost, thus separate presentation of such items' effective interest income under the relevant standards is not applicable to this reporting year.

Dividend income is recognised on the date of payments. The Fund did not incur withholding tax imposed by foreign countries on investment income. All income is recorded gross of withholding tax in the Statement of Profit or Loss and Other Comprehensive Income. Trust distributions are recognised on an entitlement basis.

Other income is recognised on an accruals basis.

### (g) Expenses

All expenses are recognised in the Statement of Profit or Loss and Other Comprehensive Income on an accruals basis.

## 2 Summary of significant accounting policies (continued)

### (h) Income Tax

Under current legislation, the Fund is not subject to income tax as unitholders are presently entitled to the income of the Fund. Financial instruments held at fair value may include unrealised capital gains. Should such a gain be realised, that portion of the gain that is subject to capital gains tax will be distributed so that the Fund is not subject to capital gains tax. Realised losses cannot be distributed to unitholders but retained in the Fund to offset future realised capital gain.

If realised capital gains exceed realised losses, the excess is distributed to the unitholders.

The benefits of any domestic tax credits /offsets and foreign tax paid are passed on to unitholders in distributions.

### (i) Distributions

The Fund distributes its distributable income annually in accordance with the Fund's Constitution, to unitholders by cash or reinvestment. The distributions are recognised in the Statement of profit or loss and other comprehensive Income as finance costs attributable to unitholders under relevant accounting standard.

### (j) Increase / Decrease In Net Assets Attributable To Unitholders

Income not eligible for distribution is included in net assets attributable to unitholders. Movments in net assets attributalbe to unithodlers are recognised in the Statement of Profit or Loss and Other Comprehensive Income as finance costs.

### (k) Trade and Other Receivables

Trade and Other Receivables may include amounts for interest and trust distributions. Trust distributions are accrued when the right to receive payment is established. Where applicable, interest is accrued on a daily basis. Amounts are generally received within 14 days of being recorded as receivables. Receivables also include such items as Reduced Input Tax Credits (RITC). Collectability of receivables is reviewed on an ongoing basis.

Receivables which are known to be uncollectable are written off by reducing the carrying amount directly and any of such amount of the impairment loss is recognised in the Statement of Profit or Loss and Other Comprehensive Income with other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the Statement of Profit or Loss and Other Comprehensive Income.

### (l) Trade and Other Payables

Payables include liabilities and accrued expenses owed by the Fund which are unpaid as at the end of the reporting period. As the Fund has a contractual obligation to distribute its distributable income, a distribution payable is recognised and included in the Trade and Othe Payables on the Statement of Financial Position as at the end of each reporting period where this amout remains unpaid as the end of the reporting period.

## 2 Summary of significant accounting policies (continued)

### (m) Goods and Services Tax (GST)

The GST incurred on the costs of various services provided to the Fund by third parties such as investment management fees have been passed onto the Fund. The Fund qualifies for Reduced Input Tax Credits (RITC) at rates permitted under taxation laws, hence investment management fees and other expenses have been recognised in the Statement of Profit or Loss and Other Comprehensive Income net of the amount of GST recoverable from the Australian Taxation Office (ATO). Trade Payable are inclusive of GST. The net amount of GST recoverable from the ATO is included in receivables in the Statement of Financial Position. Cash flows relating to GST are included in the Statement of Cash Flows on a gross basis.

### (n) Use Of Estimates

The Fund makes estimates and assumptions that affect the reported amounts of assets and liabilities within the current and next financial year. Estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. For the majority of the Fund's financial instruments, quoted market prices are readily available.

For more information on how fair value is calculated please refer to Note 13 to the financial statements.

### (o) Comparative Revisions

Comparative information has been revised where appropriate to enhance comparability. Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

### (p) New Accounting Standards For Applications In Future Periods

For the new and amended Accounting Standards that have mandatory application dates for future reporting periods and the Fund has adopted the relevant standards, the responsible entity of the Fund has decided not to early adopt any of the new and amended pronouncements relevant to the Fund. There was no such standard known to the responsible entity that would be relevant and applicable to the Fundt applicable in the foreseeable future reporting periods.

### 3 Trade and other receivables

	30 June 2022	30 June 2021
	\$	\$
Goods and services tax recoverable	200,666	62,652
Dues from brokers on sale of investments to be settled	-	-
Application deposit paid for trades	-	30,000
Refundable tax offset receivable	-	-
<b>Total</b>	<b>200,666</b>	<b>92,652</b>

The Fund has no significant concentration of credit risk with respect to any party other than those receivables specifically provided for and, if any provision is made, mentioned within Note 12. The main source of credit risk is considered to relate to sale of investments to be settled.

On a geographic basis, the Fund's main credit risk exposures are limited to Australia as most investments are settled within Australia. All balances of receivables are within initial terms and are considered to be of high credit quality. The Fund does not hold any financial assets whose terms have been renegotiated, but which would otherwise be past due or impaired. No collateral is held as security for any of the trade and other receivable balances.

### 4 Financial assets and financial liabilities held at fair value through profit or loss

#### Financial assets held at fair value through profit or loss:

	2022	2021
- Listed equity stocks	39,103,982	41,890,872
- Unlisted equity stocks	3,226,234	2,329,129
<b>Total</b>	<b>42,330,216</b>	<b>44,220,001</b>

The Fund did not have debt instruments nor any derivatives from its financial instruments and it did not have an associate or a subsidiary under relevant accounting standards in this reporting year.

The Fund did not reclassify nor designated any of its financial instruments in this reporting year.

## 5 Trade and other payables

	30 June 2022	30 June 2021
	\$	\$
Other unsecured payables and accrued expenses	91,158	64,851
Dues owed to brokers on purchase of investments to be settled	38,813	265,173
Management Fees Payable	94,324	98,170
Distribution Payable	3,396,915	4,202,351
Distribution Rounding	189	204
Accrued Performance Fee	-	795,961
<b>Total</b>	<b>3,621,399</b>	<b>5,426,710</b>

## 6 Net assets attributable to unitholders

Movements in the number of units and net assets attributable to unitholders during the year were as follows:

### (a) Movements in net assets attributable to unit holders

At beginning of the year	44,480,765	32,541,024
Units issued from applications	-	336,829
Units bought back during the year	(134,388)	(5,733)
Gross decrease in net assets attributable to unitholders	558,416	15,484,164
Distribution reinvestment from unitholders	2,048,670	326,832
Distributions payable	(3,396,916)	(4,202,351)
<b>Closing balance of net assets attributable to unit holders</b>	<b>43,556,547</b>	<b>44,480,765</b>

### (b) Movements in number of units

On issue at beginning of the year	28,046,614	27,354,740
Units reinvested	1,374,576	339,900
Units issued from applications	-	355,755
Units bought back during the year	(69,576)	(3,781)
<b>On issue at year end *</b>	<b>29,351,614</b>	<b>28,046,614</b>

As stipulated within the Fund's Constitution, each unit represents a right to an individual unit in the Fund and does not extend to a right to the underlying assets of the Fund. There are no separate classes of units and each unit has the same rights attaching to it as all other units of the Fund.

A distribution is required to be made by the Fund's Constitution as has been in the past, thus, the above 'net assets attributable to unitholders' balance is presented as a financial liability, not as an equity.

## 6 Net assets attributable to unitholders (continued)

### Capital risk management

The Fund classifies its net assets attributable to unitholders as a financial liability. Generally the Fund's strategy is to hold liquid investments. Liquid assets include cash and cash equivalents and listed investments. The Fund is a closed-ended Fund during the period and is not subject to applications and redemptions.

The movements in the number of units in the reporting year were as a result of applications and buy-backs and the split processed.

## 7 Operating Segments

The operation of the fund is solely from Australia, the Fund has exposure to various resources' sectors as follows:

COUNTRY	INCOME		ASSETS	
	30 June	30 June	30 June	30 June
	2022	2021	2022	2021
	\$	\$	\$	\$
Australia	4,185,212	19,486,238	38,625,084	40,703,108
Canada	-	-	3,251,889	3,244,947
UK	-	-	453,243	274,946
<b>Total</b>	<b>4,185,212</b>	<b>19,486,238</b>	<b>42,330,216</b>	<b>44,220,001</b>

The Fund has only one reportable segment. The Fund operates predominantly in Australia and is engaged solely in investment activities, deriving revenue from dividend and distribution income, interest income and from the sale of its investments.

## 8 Remuneration of auditor

During the year the following fees were paid or payable for services provided by the Fund's Auditor (Nexia Melbourne Audit Pty Ltd) and Nexia Melbourne Corporate Pty Ltd, a related party of the Auditor:

	30 June 2022	30 June 2021
	\$	\$
<b>Audit Services</b>		
Half-year Review and Annual Audit of the Financial Report	24,066	20,387
<b>Total</b>	<b>24,066</b>	<b>20,387</b>
<b>Non-Audit Services</b>		
Compliance Plan	3,000	5,200
<b>Total</b>	<b>3,000</b>	<b>5,200</b>

The auditor's remuneration is borne by the Fund. Fees are stated exclusive of GST.

## 9 Related party transactions

The Responsible Entity of the Fund is Cremorne Capital Limited (ACN 006 844 588) (AFSL 241175) (the 'Responsible Entity'). The Responsible Entity's registered office is 8 Chapel Street, Cremorne, VIC 3121.

Lowell Resources Funds Management Ltd is the Investment Manager of the Fund.

### (a) Key Management Personnel

Key management personnel include persons who were Directors of the Responsible Entity at any time during or since the end of the financial year up to the date of this report.

The following persons held office as Directors of Cremorne Capital Limited from 1 July 2021 to 30 June 2022:

- Michel Ramsden
- Oliver Carton
- Don Carroll

### (b) Other key management personnel

There were no other persons with responsibility for planning, directing and controlling the activities of the Fund, directly or indirectly during the financial year.

### (c) Transactions with the Responsible Entity and the key management personnel

Transactions with the Responsible Entity have taken place at arms length and in the ordinary course of business.

Investment management fees of \$1,174,587 (2021: \$965,731) were paid to the Responsible Entity in accordance with the constitution at 2.1% per annum (2021: 2.1%) of the total cash and investment portfolio of the Fund assessed and payable on a monthly basis.

There was \$795,808 for performance fees accrued at the end of this reporting period and payable to Lowell Resources Funds Management Ltd (the Investment Manager). A performance fee amount of \$1,808,226 was paid in January 2022 relating to the six month period to 31 December 2021 .

### (d) Key management personnel loans

The Fund has not made, guaranteed or secured, directly or indirectly, any loans to key management personnel or their personally related entities at any time during the reporting period.

### (e) Other transactions within the Fund

Apart from those details disclosed in this note, no key management personnel have entered into a material contract with the Fund during the year and there were no material contracts involving key management personnel's interests existing at year end.

## 9 Related party transactions (continued)

### (f) Related party unitholdings

Parties related to the Fund held units in the Fund as follows:

	Units held (opening balance)	Interest held (%)	Units acquired	Units disposed	Units held (closing balance)
<b>30 June 2022</b>					
None					
<b>30 June 2021</b>					
Equitas Nominees Pty Ltd	60,100	-	-	-	60,100
<Andrew Ramsden Super Fund>					

Lowell Resources Funds Management Limited is the Investment Manager of the Fund, it has no control / significant influence nor providing any key management personnel services to the Fund, thus it is not classified as a related party of the Fund under AASB 24.

### (g) Investments

The Fund did not hold any investments in Cremorne Capital Limited (The Responsible Entity) during the reporting year.

## 10 Distributions to unitholders

The distributions declared during the year were as follows:

	30 June 2022		30 June 2021	
	\$ Total	\$Per Unit	\$ Total	\$Per Unit
Distributions payable	3,396,915	0.1157	4,202,351	0.149835



## 11 Reconciliation of profit to net cash inflow from operating and financing activities

### (a) Reconciliation of cash and cash equivalents

	30 June 2022	30 June 2021
	\$	\$
Cash	4,647,064	5,594,822
<b>Total cash and cash equivalents</b>	<b>4,647,064</b>	<b>5,594,822</b>

### (b) Reconciliation of net income attributable to unitholders for period to net cash provided by operating activities

Profit for the period	558,416	15,484,164
Net (gains)/losses on financial instruments held at fair value through profit or loss	9,613,832	(6,745,788)
Changes in net assets:		
(Increase) in financial instruments held at fair value through profit or loss	(7,724,040)	(9,014,701)
(Increase)/decrease in receivables	(108,014)	502,386
Increase/(decrease) in creditors and accruals	(999,866)	366,220
<b>Net cash provided by operating activities</b>	<b>1,340,328</b>	<b>592,281</b>

### (c) Non-cash financing and investing activities

During the year, the following distribution payments were satisfied by the issue of units under the distribution investment plan.	2,048,670	336,829
<b>Net cash provided by financing activities</b>	<b>2,048,670</b>	<b>336,829</b>

## 12 Financial risk management

The Fund's activities expose it to a variety of financial risks: market risk (including price risk and interest rate risk), credit risk and liquidity risk. All securities investments present a risk of loss of capital. The maximum loss of capital on long equity is limited to the fair value of those positions.

Financial risk management is carried out by the investment management team at Lowell Resources Funds Management Limited, the Investment Manager of the Fund.

Lowell Resources Funds Management Limited is aware of the risks associated with the business of investment management. A financial risk management framework has been established within the Investment Manager which incorporates a regular assessment process to ensure that procedures and controls adequately manage the risks arising from current business activities.

The Responsible Entity also has in place a framework to identify, control, report and manage compliance and business obligations, and to ensure that the interests of unitholders in the Fund are protected.

This framework includes:

- Policies and procedures;
- Committee and board reporting;
- Staff training;
- Formal service provider agreements;
- Compliance reporting by the Investment Manager, Investment Administrator and Custodian (the "Service Providers");
- Regular reviews of Service Providers; and
- Monitoring of Responsible Entity Services compliance in accordance with Risk and Control Self-Assessment
- Methodology.

The Responsible Entity is ultimately responsible for compliance monitoring. The Responsible Entity undertakes monitoring reviews of the Fund's operations and performance, focusing on the general control environment and investment management, administration and custodial functions as provided to the Responsible Entity of the Fund. The Fund uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of market risk and ratings analysis for credit risk.

### (a) Credit risk management

Credit risk represents the risk that would be recognised if counterparties failed to perform as contracted. The Fund does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics, except for its investments as disclosed in Note 12 and the cash held in the bank.

The carrying amount of financial assets recorded in the financial statements represents the Fund's maximum exposure to credit risk.

### (b) Liquidity Risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting obligations associated with financial liabilities. This risk is controlled through the Fund's investment in financial instruments, which under normal market conditions are readily convertible to cash. In addition, the Fund maintains sufficient cash and cash equivalents to meet normal operating requirements. Under the terms of its Constitution, the Fund has the ability to manage liquidity risk by delaying redemptions to unit holders, if necessary, until the funds are available to pay them.

## 12 Financial risk management (continued)

### Maturity analysis for financial liabilities

The following table details the Fund's expected maturity for its non-derivative financial assets and liabilities. The table has been drawn up based on the undiscounted contractual maturities of the financial assets and liabilities. The inclusion of information on non-derivative financial assets and liabilities is necessary in order to understand the Fund's liquidity risk management as the liquidity is managed on a net asset and liability basis.

### Financial liability and financial asset maturity analysis

	Within 1 Year		1 to 5 Years		Over 5 Years		Total	
	30 June		30 June		30 June		30 June	
Financial liabilities	2022	2021	2022	2021	2022	2021	2022	2021
due for payment	\$	\$	\$	\$	\$	\$	\$	\$
Trade and other payable	130,206	1,126,190	-	-	-	-	130,206	1,126,190
Amounts payables to related parties	94,324	98,169	-	-	-	-	94,324	98,169
<b>Total expected outflow</b>	<b><u>224,530</u></b>	<b><u>1,224,359</u></b>	-	-	-	-	<b><u>224,530</u></b>	<b><u>1,224,359</u></b>
<b>Financial assets – cashflows realisable</b>								
Cash and cash equivalents	4,647,064	5,594,822	-	-	-	-	4,647,064	5,594,822
Trade and other receivables	200,666	92,652	-	-	-	-	200,666	92,652
<b>Total anticipated inflows</b>	<b><u>4,847,730</u></b>	<b><u>5,687,474</u></b>	-	-	-	-	<b><u>4,847,730</u></b>	<b><u>5,687,474</u></b>
<b>Net (outflow)/inflow on financial instruments</b>	<b><u>4,623,200</u></b>	<b><u>4,463,115</u></b>	-	-	-	-	<b><u>4,623,200</u></b>	<b><u>4,463,115</u></b>

## 12 Financial risk management (continued)

None of the above items had any financing components and all of them are either cash or readily convertible to cash within or less than 3 months from the end of this reporting year, thus they were all stated at their amortised cost without discounting their cash flows.

Net assets attributable to unit holders are entirely payable on demand.

### (c) Market Risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as interest rates, foreign exchange rates, and equity prices. Market risk is managed and monitored using sensitivity analysis, and minimised through ensuring that all investment activities are undertaken in accordance with established mandate limits and investment strategies.

#### Interest rate risk management

30 June 2022	Weighted Average Int Rate (p.a.)	Variable Int. Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash & Equivalents	0.23%	4,647	-	4,647
Listed & Unlisted Equities	-	-	42,330	42,330
Trade and Other Receivables	-	-	201	201
<b>Financial Liabilities</b>				
Trade and Other Payable	-	-	224	224
30 June 2021	Weighted Average Int Rate (p.a.)	Variable Int. Rate \$'000	Non-Interest Bearing \$'000	Total \$'000
<b>Financial Assets</b>				
Cash & Equivalents	0.00%	5,595	-	5,595
Listed & Unlisted Equities	-	-	44,220	44,220
Trade and Other Receivables	-	-	93	93
<b>Financial Liabilities</b>				
Trade and Other Payable	-	-	1,224	1,224

## 12 Financial risk management (continued)

### (d) Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The table below indicates the currencies to which the Fund had significant exposure at 30 June 2022 on its monetary assets and liabilities and forecast cash flows. The analysis calculates the effect of a reasonably possible movement of the currency rate against the Australian Dollar on the statement of profit or loss and other comprehensive income, with all other variables held constant.

30 June 2022	Currency	AUD Equivalent exposure in \$'000	Change in currency rate in %	Effect on net assets attributed to unitholders in \$'000
	CAD	3,252	-3/(-3)	113/(113)
	GBP	453	4/(4)	-1/(-1)
Total		3,705		112/(112)

  

30 June 2021	Currency	AUD Equivalent exposure in \$'000	Change in currency rate in %	Effect on net assets attributed to unitholders in \$'000
	CAD	3,245	2/(2)	65/(65)
	GBP	272	1/(1)	1/ (1)
Total		3,517		66/(66)

## 12 Financial risk management (continued)

### (e) Equity Price Risk

Equity price risk is the risk that the fair value of equities decreases as a result of changes in market prices, whether those changes are caused by factors specific to the individual stock or factors affecting all instruments in the market. Equity price risk exposure arises from the Fund's investment portfolio.

The effect on net assets attributable to unit holders and operating profit before distribution due to reasonably possible changes in market factors, as represented by the equity indices, with all other variables held constant is indicated in the table below.

30 June 2022	Index	Change in equity price %	Effect on net profit attributable to unitholders \$'000
	ASX All Ords	40/(40)	1007/(1007)
	TSX & LSX	40/(40)	20/(20)
	Unlisted Equities	40/(40)	91/(91)
30 June 2021	Index	Change in equity price %	Effect on net profit attributable to unitholders \$'000
	ASX All Ords	40/(40)	314/(314)
	TSX & LSX	40/(40)	20/(20)
	Unlisted Equities	40/(40)	14/(14)

### 13 Fair value of financial assets and liabilities

#### Fair value measurement applied in the statement of financial position

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other quoted prices within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for assets or liability that are not based on observable market data (unobservable inputs).

	30 June 2022	30 June 2022	30 June 2022
	\$	\$	\$
	Level 1	Level 2	Level 3
<b>Financial assets held at fair value</b>			
<b>through profit or loss</b>			
Shares in listed entities	38,376,912	-	-
Options in listed entities	727,069	-	-
Shares in unlisted entities	-	3,163,732	2
Options in unlisted entities	-	62,500	-
<b>Total</b>	<b>39,103,982</b>	<b>3,226,232</b>	<b>2</b>

There were no transfer between Level 1 and 2 in the period.

There were no transfers from Level 2 to Level 3 in the period.

Level 3 valuations are reviewed on a weekly basis by the Fund's valuation committee. The committee considers the appropriateness of the valuation model inputs within the resources obtainable without undue cost to the Fund.

The Level 3 equity that amounts to \$2 consists of two unlisted private equity positions. There was no obtainable financial information without undue costs to the Fund at the time of this valuation of these Level 3's stocks. The Fund's Investment Committee (the IC)'s effort to gain access to comparative information from other similar entities was not successful. The Fund realised the loss of the shares in one of these two investees companies based on that investee's liquidator's advice. The other investee entity's stocks ' value stays at \$1 as appropriate viewed by the IC.

## 14 Earnings per unit

Basic earnings per unit amounts are calculated by dividing net profit attributable to unitholders before distributions by the weighted average number of units outstanding during the year.

Diluted earnings per unit are the same as basic earnings per unit.

	30 June 2022	30 June 2021
Profit attributable to unitholders	\$558,416	\$15,484,164
Weighted average number of units in issue	29,124,614	27,948,576
Basic and diluted earnings per unit in dollars	\$0.019	\$0.554

## 15 Events occurring after the reporting period

No significant events have occurred since the end of the year which would impact on the financial position of the Fund as disclosed in the Statement of Financial Position as at 30 June 2022 or on the results and cash flows of the Fund for the year ended on that date.

## 16 Contingent assets and liabilities and commitments

There are no contingent assets, liabilities or commitments as at 30 June 2022 and 30 June 2021.



## DIRECTORS' DECLARATION

The financial statements and notes thereto of the Lowell Resources Fund for the financial year ended 30 June 2022 as set out on pages 25 - 48 have been prepared by Cremorne Capital Limited ('the Responsible Entity') in accordance with the Corporations Act 2001.

The directors of the Responsible Entity declare that:

- a) In the directors' opinion, there are reasonable grounds to believe that the Fund will be able to pay its debts as and when they become due and payable; and
- b) In the directors' opinion, the attached financial statements and notes thereto are in accordance with the Corporations Act 2001, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the Fund.

Signed in accordance with a resolution of the Directors of the Responsible Entity made pursuant to section.295 (5) of the Corporations Act 2001.

On behalf of the Directors

*Michael Ramsden*

.....  
Michael Ramsden  
Director

MELBOURNE

Dated: 31 August 2022

## Independent Auditor's Report to the Members of Lowell Resources Fund

### Report on the Audit of the Financial Report

#### **Opinion**

We have audited the financial report of Lowell Resources Fund (the Fund), which comprises the statement of financial position as at 30 June 2022, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of Lowell Resources Fund is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Fund's financial position as at 30 June 2022 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### **Basis for Opinion**

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Fund in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Fund, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

## Independent Auditor's Report to the Members of Lowell Resources Fund (cont.)

Key audit matter	How our audit addressed the key audit matter
<p><b>Valuation of Financial Assets – Unlisted Shares</b></p> <p><b>Refer to notes 2(b) and 4.</b></p> <p>At 30 June 2022, the Fund had \$3,226,234 of shares in unlisted entities in Financial Assets. These financial assets have been classified as fair value through profit or loss in accordance with <i>AASB 9 Financial Instruments</i> and measured using Level 2 inputs in accordance with <i>AASB 13 Fair Value Measurement</i>.</p> <p>This is a key audit matter due to the inherent subjectivity that is involved in the Management making judgements in relation to the Level 2 inputs.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We have reviewed the investment portfolio and agreed the balance to the general ledger.</li> <li>• We have reviewed the qualifications of the individuals on the Investment Committee.</li> <li>• We have reviewed the Investment Committee's valuations of the Fund's unlisted investments.</li> <li>• Where there was market observable data available, we used this data to confirm the Investment Committee's valuations.</li> <li>• For the unlisted investments where there was little or no market observable data, we agreed the investment value to the unlisted shares holdings valuations valued by the Investment Committee.</li> <li>• On a sample basis the valuations were tested against available financial information.</li> </ul>
<p><b>Measurement of Unrealised gain / (loss) on financial assets</b></p> <p><b>Refer to notes 2(f) and 10.</b></p> <p>At 30 June 2022, the Fund had (\$9,613,832) of unrealised loss on Financial Assets that classified as fair value through profit or loss in accordance with <i>AASB 9 Financial Instruments</i>.</p>	<p>Our procedures included, amongst others:</p> <ul style="list-style-type: none"> <li>• We have reviewed the investment portfolio and agreed balance to the general ledger.</li> <li>• We have reviewed the cost of investment in the Financial Assets as well as the market revaluation as at 30 June 2022.</li> <li>• For the investment in observable market where there was the market price, we agreed the market revaluation to the market price, and we used this data to confirm the Investment Committee's valuations.</li> <li>• For the unlisted investments where there was little or no market observable data, we agreed the investment value to the unlisted shares holdings valuations valued by the Investment Committee.</li> </ul>



## Independent Auditor's Report to the Members of Lowell Resources Fund (cont.)

### ***Other Information***

The directors are responsible for the other information. The other information comprises the information in the Fund's annual report for the year ended 30 June 2022 but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report, or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of the Directors for the Financial Report***

The directors of the Fund are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

### ***Auditor's Responsibilities for the Audit of the Financial Report***

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

## Independent Auditor's Report to the Members of Lowell Resources Fund (cont.)

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Report on the Remuneration Report

#### *Opinion on the Remuneration Report*

We have audited the Remuneration Report included in page 17 of the Directors' Report for the year ended 30 June 2022.

In our opinion, the Remuneration Report of Lowell Resources Fund for the year ended 30 June 2022, complies with section 300A of the *Corporations Act 2001*.

#### *Responsibilities*

The directors of the Fund are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

*Nexia*

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

*A. Wehrens*

**Andrew S. Wehrens**  
**Director**

Dated this 31st day of August 2022



The information set out below was applicable as at 30 June 2022.

Additional information required by the Australian Securities Exchange Limited Listing Rules and not disclosed elsewhere in this report, is listed below:

#### Unitholders' range

Analysis of numbers of unitholders by size of holding:

Size of holding	Number of unitholders	Number of units	% of units issued
Ranges			
0 - 1,000	102	38,307	0.13%
1,001 - 5,000	115	322,184	1.10%
5,001 - 10,000	56	437,632	1.49%
10,001 - 100,000	467	16,264,803	55.41%
Above 100,001	64	12,288,688	41.87%
<b>Totals</b>	<b>804</b>	<b>29,351,614</b>	<b>100.00%</b>

The unitholders' registry showed 56 unitholders holding less than a marketable parcel of \$500 worth of units .

#### Largest unitholders

The names of the twenty largest holders of quoted units are listed below:

Position	Holder Name	Holding	% IC
1	MR MARTIN JAMES HICKLING & MRS JANE FRANCES HICKLING <M & J HICKLING SUPER A/C>	1,280,000	4.36%
2	LOWELL PTY LTD	761,545	2.59%
3	FN NASSER PROVIDENT FUND	411,260	1.40%
4	MR JOHN BUCKHAM	410,332	1.40%
5	MR LUC GA DEFOSSEZ	329,015	1.12%
6	MR COLIN WEEKES	295,669	1.01%
7	NJUJ PTY LTD	286,560	0.98%
8	MR GABRIEL HERMANN SAVANNAH & MRS MARIE SOLANGE SAVANNAH	286,000	0.97%
9	CONSOLIDATED FINANCIAL SOLUTIONS PTY LTD <CFS A/C>	246,543	0.84%
10	UNICARE TRADING NOMINEES PTY	237,540	0.81%
11	MRS ENG B E HEAH	236,650	0.81%
12	MR HOLT HUTTON	229,947	0.78%
13	BAJKOR NOMINEES PTY LTD <M & G BAJKOR PL SF 1978 A/C>	227,407	0.77%
14	MR BERNARD PATRICK DEAN	214,154	0.73%
15	KMS PTY LTD <MBK NO 2 SUPER FUND A/C>	212,200	0.72%

16	MR KENNETH WAYNE SLOSS	200,000	0.68%
17	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	193,507	0.66%
18	SUSAN ILAND PTY LTD <ILAND FAMILY A/C>	185,800	0.63%
19	MR ANDREW STEWART ROBERTSON & MRS KATHRYN ANN ROBERTSON	183,271	0.62%
20	MRS BRONWYN M MEPSTEAD	178,450	0.61%
	<b>Total</b>	<b>6,605,850</b>	<b>22.51%</b>
	<b>Total issued capital - selected security class(es)</b>	<b>29,351,614</b>	<b>100.00%</b>

### Substantial holders

There were no substantial shareholders in the Fund as at 30 June 2022.

### Voting rights

Voting rights which may attach to or be imposed on any unit or class of units is as follows:

- (a) On a show of hands every unitholder present will have 1 vote; and
- (b) On a poll every unitholder present will have 1 vote for each unit that they have in the Fund.

### Investment Transactions

The total number of contract notes that were issued for transactions in securities during the financial year was 303.

Each investment transaction may involve multiple contract notes.

The total brokerage paid on these contract notes was \$143,877..

### Stock Exchange Listing

The Fund's units are listed on the Australian Securities Exchange and are traded under the code "LRT".

### Unquoted Units

There are no unquoted units on issue.

### Voluntary Escrow

There are no restricted units in the Fund or units subject to voluntary escrow.

### On-Market Buy-Back

There was an on-market buy-back arrangement that ceased during the year to 30 June 2022.

### Registered Office of the Responsible Entity

Cremorne Capital Limited  
8 Chapel Street  
Cremorne VIC 3121  
Telephone: 03 8295 8100

### Unit Registry

Name:	Automic Registry Services
Address:	Level 5, 126 Phillip Street Sydney NSW 2000
Phone (inside Australia):	1300 288 664
Phone (outside Australia) :	+61 2 9698 5414
Email:	<a href="mailto:hello@automic.com.au">hello@automic.com.au</a>
Website	<a href="http://www.automic.com.au">www.automic.com.au</a>