



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

April 2022

April 2022 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of April 2022 was approximately \$61.0m, compared to \$60.1 million at the end of March 2022.

The NAV per unit finished the month of April at \$2.079/unit (vs \$2.047/unit at 31 March 2022), an increase of 1.6%. The traded unit price of the ASX listed LRT units at month end was \$1.87/unit.

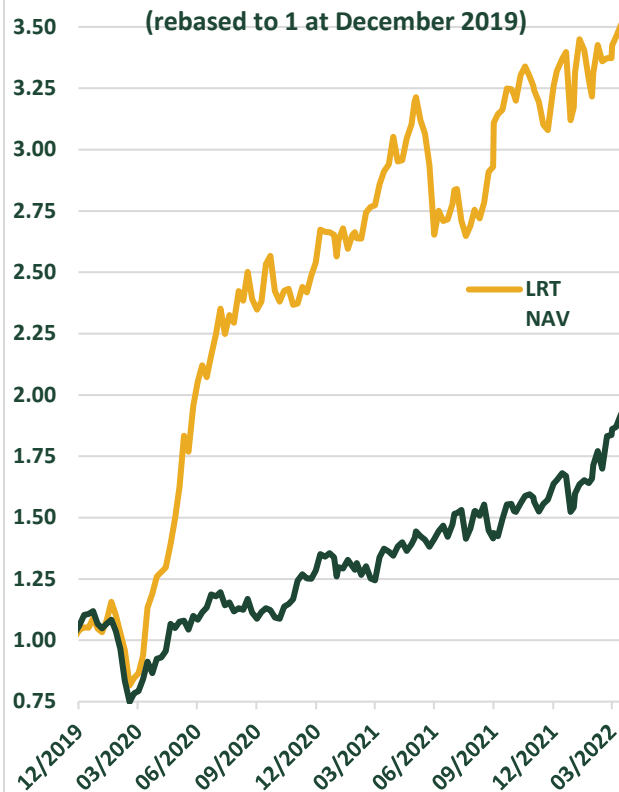
FUND OVERVIEW

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

FUND SNAPSHOT 30 April 2022

NAV per unit	\$2.079
No. of Units on issue	29,351,614
Market Price (ASX)	\$1.87 / unit
Estimated NAV	\$61.0m
August 2021 Distribution	\$0.15/unit
Market Capitalisation	\$54.9m

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



Fund Investment Actions - April 2022

In energy, the Fund took advantage of a spike in uranium equities to lighten its position in Elevate Uranium. The Fund also continued to buy O&G materials supplier Matrix Composites and Engineering.

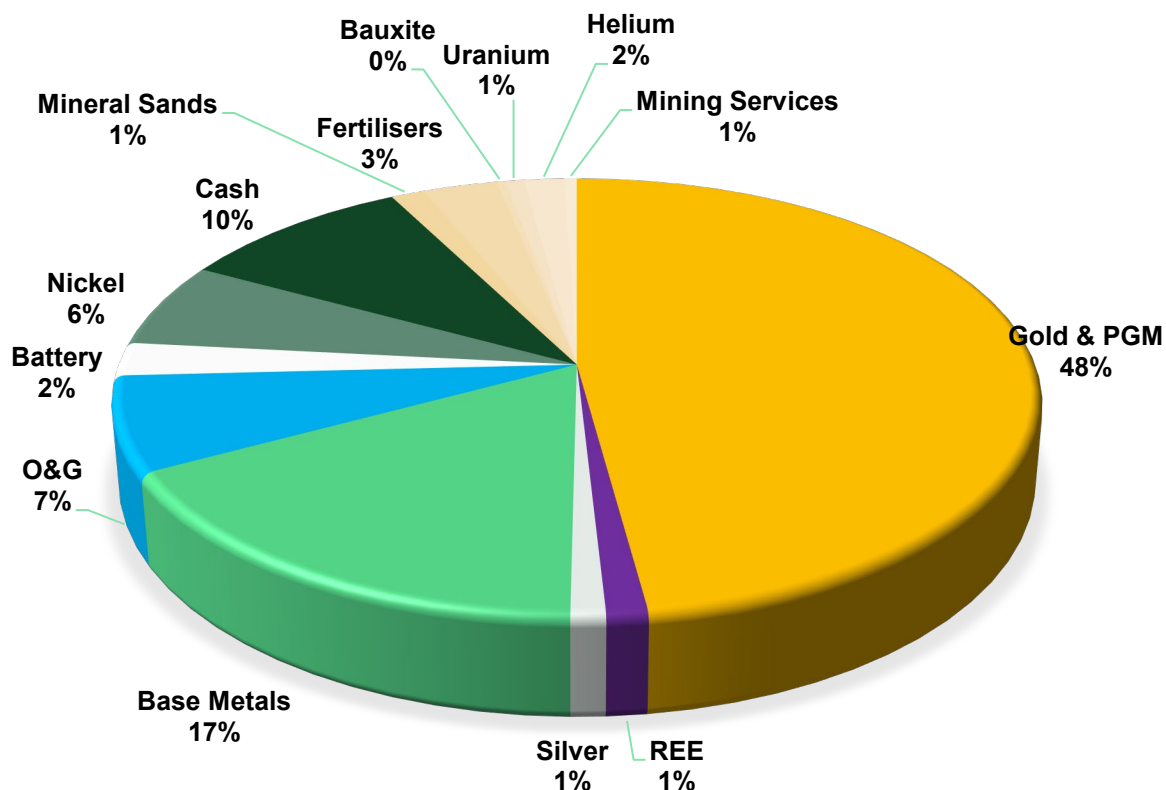
In gold, the Fund participated in the rights issue by Queensland explorer PacGold Ltd, and added to its holding in Newfoundland explorer Matador Mining on selling by a former director. The holding in WA explorer Carnavale was increased. Silver exposure was increased by adding to the position in Mexico focused gold-silver explorer Mithril Resources.

The Fund continued to rebalance its copper investments by exiting its shareholding in Hot Chili, while adding to Aguila Copper, Caravel Minerals and Polar X. The Fund acquired manganese exposure through a placement in Black Canyon Resources.

The Fund made a pre-IPO investment in new minerals exploration company De Soto Resources.

Finally, a significant investment was made in PGM IPO Southern Palladium, where the Fund already held a seed position.

LRF COMMODITY EXPOSURE 30 APRIL 2022



Fund Top Holdings

Predictive Discovery (PDI.ASX) announced depth extensions of the NE Bankan gold deposit in Guinea, including 41.5m @ 5.2g/t Au from 598m, and 14.2m @ 6.8g/t Au from 627m.

Musgrave Minerals (MGV.ASX) JV partner Evolution announced basement intersections from West Island including 10.5m @ 6.25g/t Au from 287.0m. On MGV's 100% held ground, results at Big Sky included 6m @ 19.2g/t Au from 87m, and 3m @ 20.3g/t Au from 26m

Genesis Minerals (GMD.ASX) made 3 key appointments ex Saracen Minerals: Morgan Ball - Chief Commercial Officer; Troy Irvin - Corporate Development Officer; and Lee Stephens - General Manager Projects and Operations.

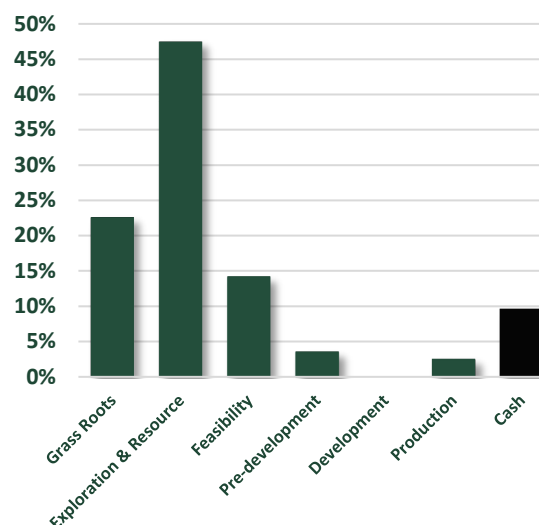
De Grey Mining (DEG.ASX) major shareholder DGO Gold (14%) received an agreed takeover bid from WA gold producer Gold Road Resources.

Larvotto (LRV.ASX) the newly listed Qld, WA and NZ gold-copper-lithium explorer saw its share price rise nearly 100% during April, possibly due to the prospectivity of its lithium exploration tenements in the Goldfields of WA.

Fund Top Performer

Alchemy Minerals (ALY.ASX) share price rose by 192% in April. ALY announced it The anomalies sit 8km along strike and within contiguous tenure to Global Lithium Resources Limited's Manna Lithium deposit (9.9Mt @ 1.14% Li₂O).had identified a number of lithium in soil anomalies at its 100% owned Karonie project in the Goldfields of WA.

LRF Portfolio Value by Project Stage
30 April 2022



Company	Commodity	% of Gross Investments
Cash	Cash	9.5%
Predictive Discovery	Gold	7.7%
Musgrave Minerals	Gold	5.8%
Genesis Minerals	Gold	5.6%
De Grey Mining	Gold	4.5%
Talon Metals	Nickel	3.6%
Larvotto Resources	Cu-Au-Li	3.2%
Caravel Minerals	Copper	3.0%
Pacgold	Gold	2.8%
South Harz Potash	Potash	2.7%
Azure Minerals	Nickel	2.7%

Performance Comparison – April 2022

Over the past 12 months, the Lowell Resources Fund's change in underlying estimated net asset value per unit (inclusive of distributions and after fees and expenses) was 22.8%, and 72.8% pa over two years. The Fund has outperformed the benchmark S&P/ASX Small Resources Index (XSRD), the ASX Resources 300 Index, and the ASX 200 Index over two, five and ten years.

Total Portfolio Performance to 30 April 2022	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	22.8%	+36.8%	17.4%	10.2%
2 years p.a.	72.8% pa	+41.1% pa	41.6% pa	20.0% pa
5 years p.a.	22.3% pa	+17.4% pa	17.5% pa	8.8% pa
10 years p.a.	14.1% pa	-1.3% pa	6.4% pa	9.9% pa

The LRT.ASX traded unit price at the end of April was \$1.87/unit, compared to \$1.89/unit at the end of March.

Market Notes

- The **US dollar** index DXY moved above 100 to a 20 year high, and US real interest rates, represented by 10-year TIPS, moved above 0% pa before falling back to just under zero at the end of April.
- **Inflation** hit 5.1% pa in Australia and 8.5% pa in the US. In Germany, PPI hit 31%, the highest on record going back to WWII. Imported energy costs in Germany were up over 100%.
- The US Federal Reserve "dot plot" guided for **interest rates** at 1.75-2.00% implying six more 25bp hikes this year. Jay Powell signalled that the Federal Reserve is prepared to raise interest rates by half a percentage point at its meeting in May.
- Warren Buffett's Berkshire Hathaway bet big on the **US stock market** in the first quarter, buying US\$51.1bn of shares, in a shift from being a seller of stocks for the past two years. Berkshire's cash fell to US\$106.3bn at the end of March from just under US\$147bn at 31 December 2021.
- The Chinese government's enforcement of its Covid zero policy is forecast to cause further deceleration in growth in Q2/22. **China's economy** has been hit in recent months by the country's most widespread outbreak of the coronavirus since the pandemic began, prompting the IMF to cut its growth forecast for China to 4.4% from 4.8%. To help prevent this, the Chinese central bank announced a 25bp cut in reserves requirements for lenders releasing an estimated ~\$83bn in liquidity. And Chairman Xi vowed to step up infrastructure construction to boost domestic economy.

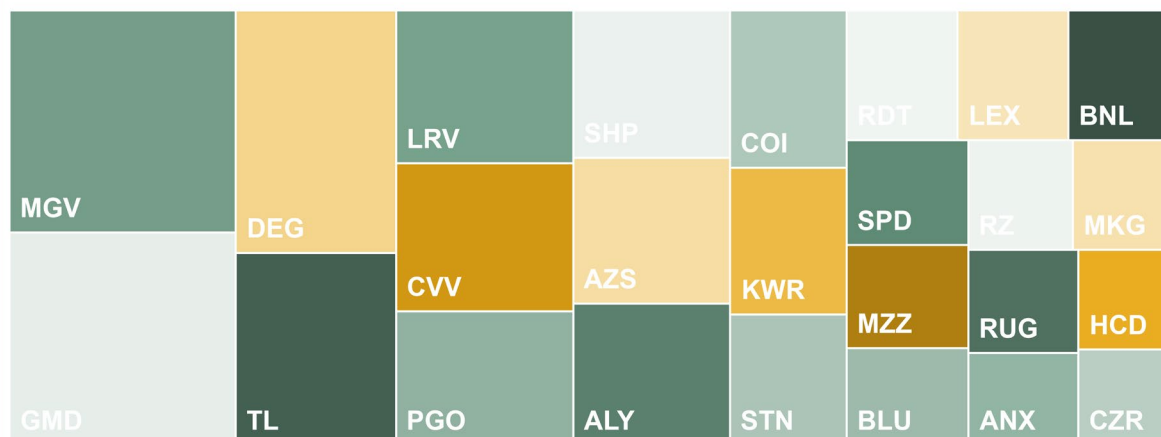
Lowell Resources Funds Management Ltd. **LRT**

- Data from the Central Bank of Turkey shows that it added 4.8t of **gold** to its reserves in March, bringing YTD net gold purchases to 37t, with gold reserves totalling over 430t at the end of Q1.
- The Secretary of the Russian Federation's Security Council, Nikolai Patrushev, said that Russian experts are working on a project to back the Russian rouble with **gold** and other commodities
- Russia forecast its **oil** output to fall by up to 17% in 2022
- Gazprom halted **gas** supplies to Poland and Bulgaria after they refused to pay for Russian gas in rubles. Gazprom supplies 50% of Poland gas consumption. European neighbours helped fill the supply gap. Poland plans to start a pipeline from Norway in October. However, Austria's OMV was among 4 European customers making payment in the currency demanded by the Russian government. Europe's gas wholesale price is over 6 times higher than a year ago. Germany, Europe's largest economy which depends heavily on Russian gas, said its supplies were flowing as normal.
- Peru declared a state of emergency near Southern **Copper** Corp's Cuajone mine. About 20% of Peru's copper output was off-line as MMG Ltd's Las Bambas mine and Southern Cuajone were hit by community protests. In addition, unions in the mineral-rich Cusco region were staging strikes against rising prices, while residents near a Glencore Plc copper mine prepared to resume protests.
- Meanwhile **copper** output in Chile has started the year well below the production levels of the past 3 years, due to water shortages. Chile is entering its 13th year of drought and water rationing is planned for Santiago.
- British Prime Minister Boris Johnson promised up to eight new **nuclear** plants within this decade. This followed France's Emmanuel Macron outlining plans to build as many as 14 new reactors to bolster his country's energy needs.
- The International **Nickel** Study Group estimates nickel demand will be 3.02mt this year rising from 2.78mt yoy.
- Pilbara Minerals' spodumene spot auction concluded with the highest bid at US\$5,650/t, more than doubling what was fetched at the last auction last October (US\$2,350/t). An index of key **lithium** prices more than doubled in the first quarter, after surging 280% last year. Lithium expert Joe Lowry said "I take everybody's gigawatt-hour projections and take them back to the lithium required to do it, and most of them are so far over what the lithium industry can supply.... So then, it's who gets the material? Whose EV models don't get made." Elon Musk said the price of lithium had gone to "insane levels", "I'd certainly encourage entrepreneurs out there who are looking for opportunities to get into the lithium business...We think we're going to need to help the industry on this front."
- As China's virus lockdowns spread from major centres to other parts of the country, China's largest **tin** producer Yunnan Tin said it halted production at its mining unit in the southwestern Yunnan province to comply with local government Covid-19 restrictions.
- Rio Tinto, BHP and Vale all missed their **iron ore** production estimates for the first quarter
- Tailwinds for **mineral sands** prices continued, not least because of Ukraine supply issues (~5% of global market). Zircon saw another \$100/t while rutile was trading at 10 year high.

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

ASX-listed Lowell Resources Fund is focused on generating strong absolute returns from the junior resources sector. Our team of fund managers has many years of experience in this high risk, high reward sector. Lowell Resources Fund Management (LRFM) manages the portfolio of exploration and development companies operating in precious and base metals, specialty metals and the oil and gas space. LRFM has a successful 18-year track record managing LRT. An investment in LRT provides investors with exposure to an actively-managed portfolio focused squarely on one of the most rewarding sectors of the Australian, as well as global, share market.

LRF Portfolio by Value 30 April 2022



Lowell Resources Funds Management Ltd. **LRT**

Characteristics of the Fund

Number of investments: 70

Unlisted Investments: 9%

Average Market Capitalisation of Investee companies: AUD\$84 million

Weighted Average Market Capitalisation of Investee companies in portfolio: AUD\$187 million

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

WARNING

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