



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

March 2023

March 2023 Performance Summary: Lowell Resources Fund (ASX: LRT)

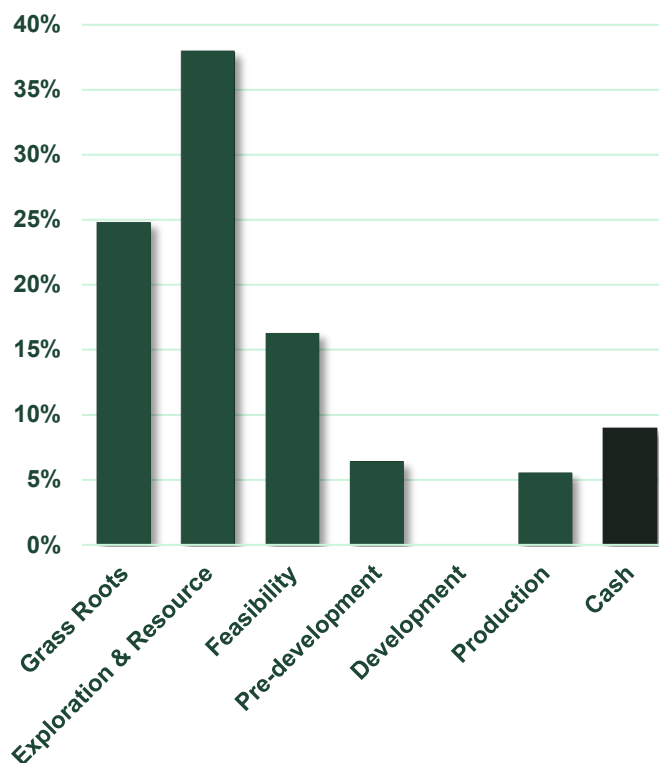
The Lowell Resources Fund's estimated net asset value ('NAV') at the end of March 2023 was approximately \$41.6m, compared to \$41.4m at the end of February 2023.

The NAV per unit finished the month of March at \$1.3176/unit (vs \$1.3114/unit at 28 February 2023), an increase of 0.5% over the month. The traded unit price of the ASX listed LRT units at month end was \$1.14/unit.

FUND SNAPSHOT 31 March 2023

NAV per unit	\$1.3176
No. of Units on issue	31,564,087
Market Price (ASX)	\$1.14 / unit
Estimated NAV	\$41.6m
FY 22 Distribution	11.57cents per unit
Market Capitalisation	\$35.9m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

LRF Portfolio Value by Project Stage 31 March 2023



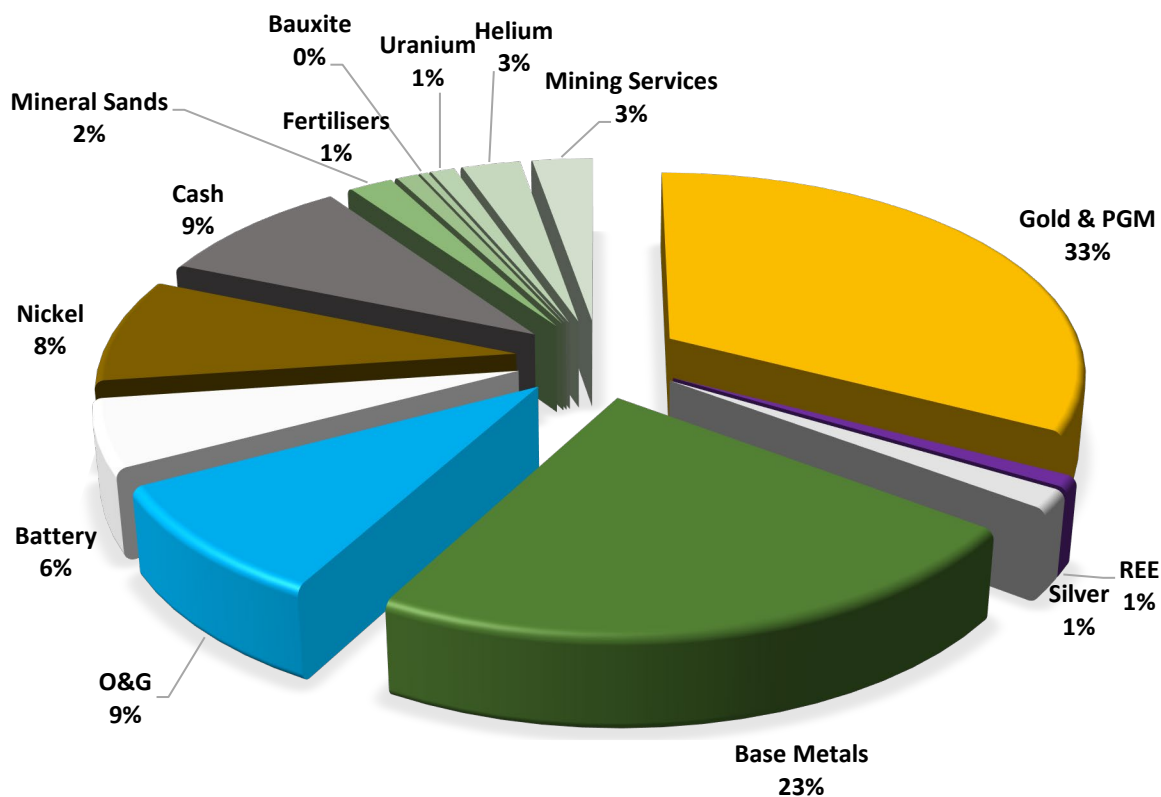
Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions - March 2023

In March, as the market continued to fall, the Fund maintained elevated levels of cash. The Fund participated in a modest placement by South American copper explorer Rugby Mining.

In energy, the Fund bought a block of stock in ASX listed oil producer Triangle Energy. Triangle is focused on the Perth Basin in WA, and has recently entered into joint ventures which are expected to drill three high impact gas wells in 2024.

LRF COMMODITY EXPOSURE 31 MARCH 2023



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Caravel Minerals (Market Cap A\$120m CVV.ASX) announced thick shallow copper intersections from infill drilling at its Bindi Copper deposit in WA, as well confirming extensions of the deposit to the 'lower limb'. A Definitive Feasibility Study is underway with scheduled completion in H1 2024. Caravel is the largest undeveloped copper project in Australia.

Azure Minerals (Market Cap A\$132m AZS.ASX) announced Chilean lithium producer SQM completed an investment of \$20m in AZS, for a 19.9% stake in the company. Several hundred spodumene pegmatites have been mapped at the Andover nickel-lithium project, returning grades of up to 4.67% Li₂O. The first two lithium focused drillholes each intersected over 20m of pegmatite with visible spodumene.

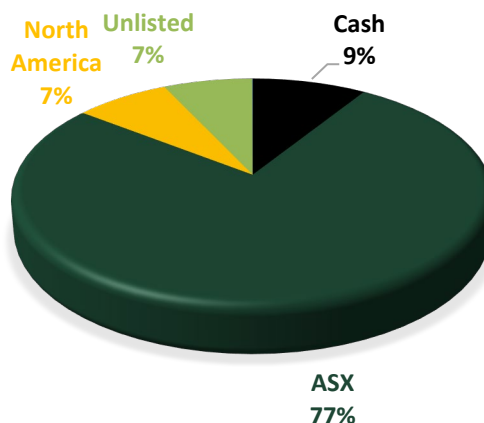
Genesis Minerals (Market Cap A\$415m GMD.ASX) announced it was progressing the proposed merger with St Barbara Limited, to create a large, Leonora WA focused gold producer.

Southern Cross Gold (Market Cap C\$124m SXG.ASX) announced that it had intersected 249.5 g/t Au over 0.3m from a downhole depth of 691m at its Sunday Creek project in Victoria. This was a 270m vertical step out from the nearest previous drilling.

Fund Top Performer

Hartshead Resources NL (Market Cap A\$115m HHR.ASX) share price rose by over 50% during March 2023. Hartshead holds 100% of four offshore gas fields in the UK Southern Gas Basin. During March, Hartshead entered into an agreement with Shell U.K. Limited for the transportation and processing of Hartshead's Phase I gas field production via Shell's Southern North Sea infrastructure.

INVESTMENT LISTING 31 MARCH 2023



Company	Commodity	% of Gross Investments
Cash	Cash	9.0%
Musgrave Minerals	Gold	5.5%
Predictive Discovery	Gold	5.0%
Caravel Minerals	Copper	4.6%
Azure Minerals	Ni-Li	4.0%
Genesis Minerals	Gold	3.4%
Southern Cross Gold	Gold	2.9%
Talon Metals	Nickel	2.7%
Southern Palladium	PGM	2.7%
Comet Ridge	Gas	2.6%
Lefroy Exploration	Cu-Au	2.4%

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Performance Comparison – March 2023

Over the past 3 years, the Lowell Resources Fund's change in underlying estimated net asset value per unit (inclusive of distributions and after fees and expenses) was 44.4%pa. The Fund has outperformed the benchmark S&P/ASX Small Resources Index (XSRD), the ASX Resources 300 Index and the ASX 200 Index over three and ten years.

Total Portfolio Performance to 31 March 2023	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	-32.1%	-17.4%	6.6%	0.1%
3 years p.a.	44.4% pa	25.4% pa	28.8% pa	15.2% pa
5 years p.a.	13.0% pa	6.4% pa	15.7% pa	8.7% pa
10 years p.a.	9.8% pa	1.3% pa	9.0% pa	8.2% pa

The LRT.ASX traded unit price at the end of March was \$1.14/unit, unchanged from \$1.14/unit at the end of February 2023.

Market Notes

Economics

- At the start of March, the US two-year Treasury yield, which moves with **interest rate** expectations, topped 5% for the first time since 2007, indications by Federal Reserve chair Jay Powell that the US central bank may have been prepared to accelerate the pace of interest rate increases in response to hotter-than-expected economic data. The yield subsequently dropped a full percentage point in three days during the Silicon Valley Bank collapse. That was the biggest three-day decline since the drop that occurred after the Black Monday sharemarket crash in October 1987. SVB is the second biggest bank failure in US history.
- The **bank crisis** widened as Switzerland used emergency measures as part of UBS' US\$4.5bn shotgun takeover of its 167 year old rival Credit Suisse. The Swiss National Bank offered a 100 billion-franc liquidity assistance to UBS while the government granted a 9 billion-franc guarantee for potential losses from assets UBS is taking over.
- The Australian **unemployment** rate dropped back to 3.5% in February from 3.7%. The US also continued to release strong employment data.
- The **US Federal Reserve** pressed ahead with another quarter-point rate rise despite the banking turmoil. The new target range of 4.75% to 5% is the highest level since 2007. However, following the SVB crisis, the US central bank signalled it may soon call time on its monetary tightening campaign.

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- The **ECB** hiked rates by 50bp. UK **inflation** jumped unexpectedly to 10.4%yoy (up from 10.1%) on the back of food prices surging at their highest rate for 45 years.
- **China's** manufacturing sector expanded at the fastest pace in a decade. The sector's Purchasing Managers' Index reached 52.6 in February, the highest reading since April 2012. China's National People's Congress set a growth target of "around 5%" for 2023, compared to growth of just 3% in 2022, one of the lowest levels in decades. China's central government new debt climbed at the fastest pace on record as authorities raise spending to support the economy, Bloomberg reported.

Metals

- The **EU** released the Critical Raw Materials act and the Net Zero act. The acts attempt to fast track approvals and help with capital. The Critical Raw Materials act sets benchmarks for domestic capacities along the strategic raw material supply chain and to diversify EU supply by 2030:
 - at least 10% of the EU's annual consumption for extraction,
 - at least 40% of the EU's annual consumption for processing, and
 - at least 15% of the EU's annual consumption for recycling.
- **USD gold** hit US\$2,030/oz and **AUD gold** hit a record, closing in on AUD\$3,000/oz. Bitcoin also spiked 50%, after the Silicon Valley Bank collapse caused market expectations of US Fed rate rises to fall.
- After a record-setting year in 2022, central banks continued buying **gold** at the start of 2023, according to the World Gold Council. In January, central banks bought 31 tonnes of gold, a monthly increase of 16%. Most of the buying was done by Turkey, China, and Kazakhstan. Singapore purchased 45 tonnes of gold in January. This was the highest monthly purchase on record and the first boost to the country's gold reserves since June 2021. Singapore's gold reserves now stand at 198.4 tonnes.
- The global head of commodities at Goldman Sachs Jeff Currie described the outlook for **copper** as "extraordinarily positive. We'll be at the lowest observable inventories that have ever been recorded at 125,000 tonnes. We have a peak supply occurring in 2024...Near term, we put [the copper price] at \$10,500 and longer-term our price target is \$15,000 a tonne."
- Russia's top miner, MMC Norilsk Nickel PJSC ('Nornickel'), began selling some of its metal in yuan at prices set in Shanghai, a sign of how the invasion of Ukraine is handing greater commodities power to China. Nornickel, which supplies 7% of global **nickel**, is likely to lower nickel output by 4% - 5% from 2022's level of 219,000 tons as it conducts maintenance that had been put off from last year due to equipment supply issues, it said in January.
- The Indonesian Coordinating Minister for Maritime and Investment Affairs issued a warning to **nickel** companies operating in Indonesia in one of the boldest statements yet that the country is cracking down on 'dirty' nickel production.
- The LME found bags of stones instead of 54t of **nickel** in a Rotterdam LME-licensed metal warehouse.
- The latest data from International Nickel Study Group shows a massive 22% year on year jump in January for global **nickel** production despite registering a decline in output from the December total. At the current pace, mined nickel output is set to exceed 3.2 mtpa. The jump was driven primarily by continued gains in Indonesian production which increased by over 41% compared to the same month last year. Refined nickel demand shrank by 5% in January and rose by a more modest 2% compared to 2022. The January figures translate to annual demand of 2.8 Mt, to give an apparent market surplus of 255,000 tonnes, according to BMO Capital Markets.

Lowell Resources Fund. (ASX: LRT)

- **Lithium** miners managed to grow supply by just 1% in calendar 2022, but the mining sector's December quarterly reporting season suggests capacity is rising quickly. Liberum forecast growth of 20% in 2023, which would take global production to about 650,000 tonnes. Liberum says demand rose 5% to 635,000 tonnes in 2022, but its forecast sees demand falling by 1% in 2023, a view that is predicated on weak demand from China.
- Spodumene concentrate prices started to fall in China, down US\$700/t or 12% in Feb to S\$5,110/t. The Chinese **lithium** carbonate spot price fell to 300,000 yuan per tonne and was down by about 50% since November 2022's peak. The scrapping of electric vehicle subsidies (after 13 years) was a main reason for the sharp decline in prices in the current quarter. EV manufacturers were seeing strong competition from internal combustion engine cars, due to discounting of up to 40-50% as some manufacturers apparently won't be able to sell some ICE models from July 1 due to new emissions standards.
- Citing health and environmental risks that accompany mining REEs, a Tesla official said its next drive unit will use a permanent magnet motor that doesn't use **rare earths**.
- Global **cobalt** output increased 23% or by 35,000 tonnes in 2022 over the previous year due to mine ramp up in the Republic of Congo, and Indonesia emerging as a major producer. The supply surge was more than double the demand increase, leading to a price collapse

Energy

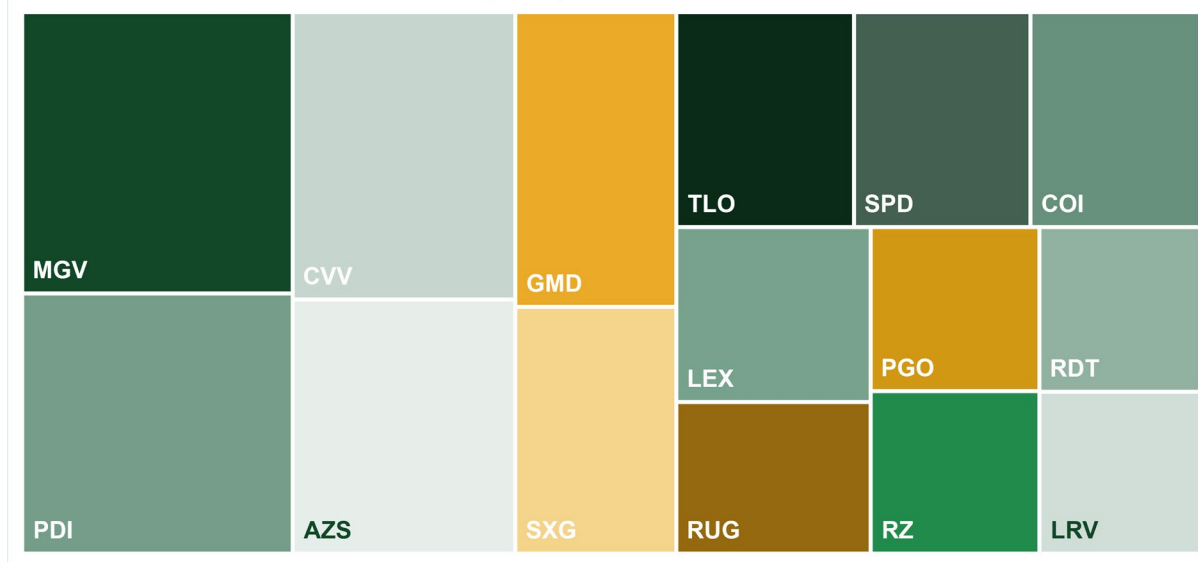
- President Biden's administration authorised Conoco Phillips' Alaskan **oil** project, which is estimated to hold 600m barrels of oil and produce for 30 years.
- **Oil** posted the worst weekly loss since the early months of the coronavirus pandemic as the banking turmoil poisoned investor sentiment. West Texas Intermediate lost nearly 13% in one week to fall below US\$70/bbl, the largest drop in almost three years.
- Saudi Aramco, the world's biggest **crude** producer, reported record profits of US\$161bn in 2022, which Aramco chief executive Amin Nasser described as "probably the highest net income ever reported in the corporate world". Similarly, Shell recorded 2022 earnings of almost US\$40bn, the highest in its 115-year history, while ExxonMobil made profits of US\$55.7bn, a record for a western oil company. Saudi Aramco is one of the few companies investing in increasing its production capacity, from almost 12mn barrels of **oil** a day to 13mn.
- The Australian Energy Market Operator released its 2023 Gas Statement of Opportunities (GSOO) for central and eastern Australia, with all future scenarios highlighting the need for additional long-term supply. During periods of extreme winter weather, the AEMO report suggests demand for **gas** increases three-fold, which could lead to shortages throughout the east coast of Australia over the coming years.
- Big Japanese gas companies Inpex and Tokyo Gas urged Australia to maintain its status as a dependable energy supplier, saying the Australian **LNG** will be needed in even greater volumes until at least 2050 and will play a critical role in the country's clean-energy transition as Japan hopes to become the world's first hydrogen-powered economy. The companies cited demand forecasts suggesting Japan – the OECD's least energy-independent country – would require 500-700 million tonnes of LNG a year by 2050, up from 400 million tonnes now.

Lowell Resources Fund. (ASX: LRT)

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 20-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.

LRT Holdings by Value 31 March 2023



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 79

Unlisted Investments by value: 7%

Average Market Capitalisation of Investee Companies: AUD\$45 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD\$95 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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This release has been approved by the Responsible Entity's Board of Directors