LOWELL RESOURCES FUNDS MANAGEMENT

MONTHLY UPDATE

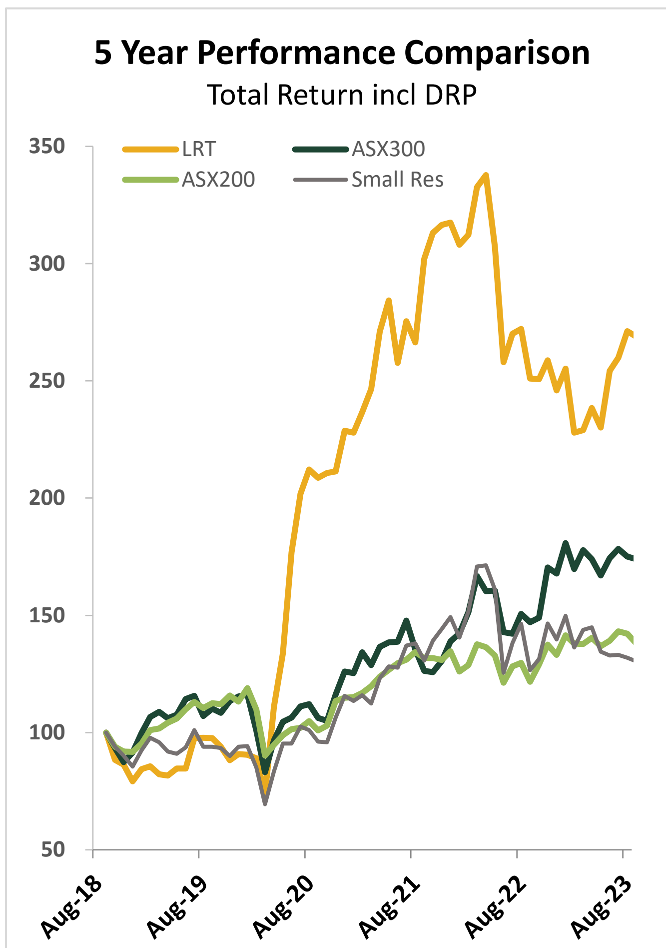
Lowell Resources Funds Management Ltd. ABN 36 006 769 982 AFSL 345674

September 2023

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

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of September 2023 was approximately $48.1m, compared to $48.5m (post distribution) at the end of August 2023.

The NAV per unit finished the month of August at $1.4835 (vs $1.4968/unit at 31 August 2023), a decrease of 0.9% over the month. The last traded unit price of the ASX listed LRT units at month end was $1.33/unit.



FUND SNAPSHOT 30 September 2023

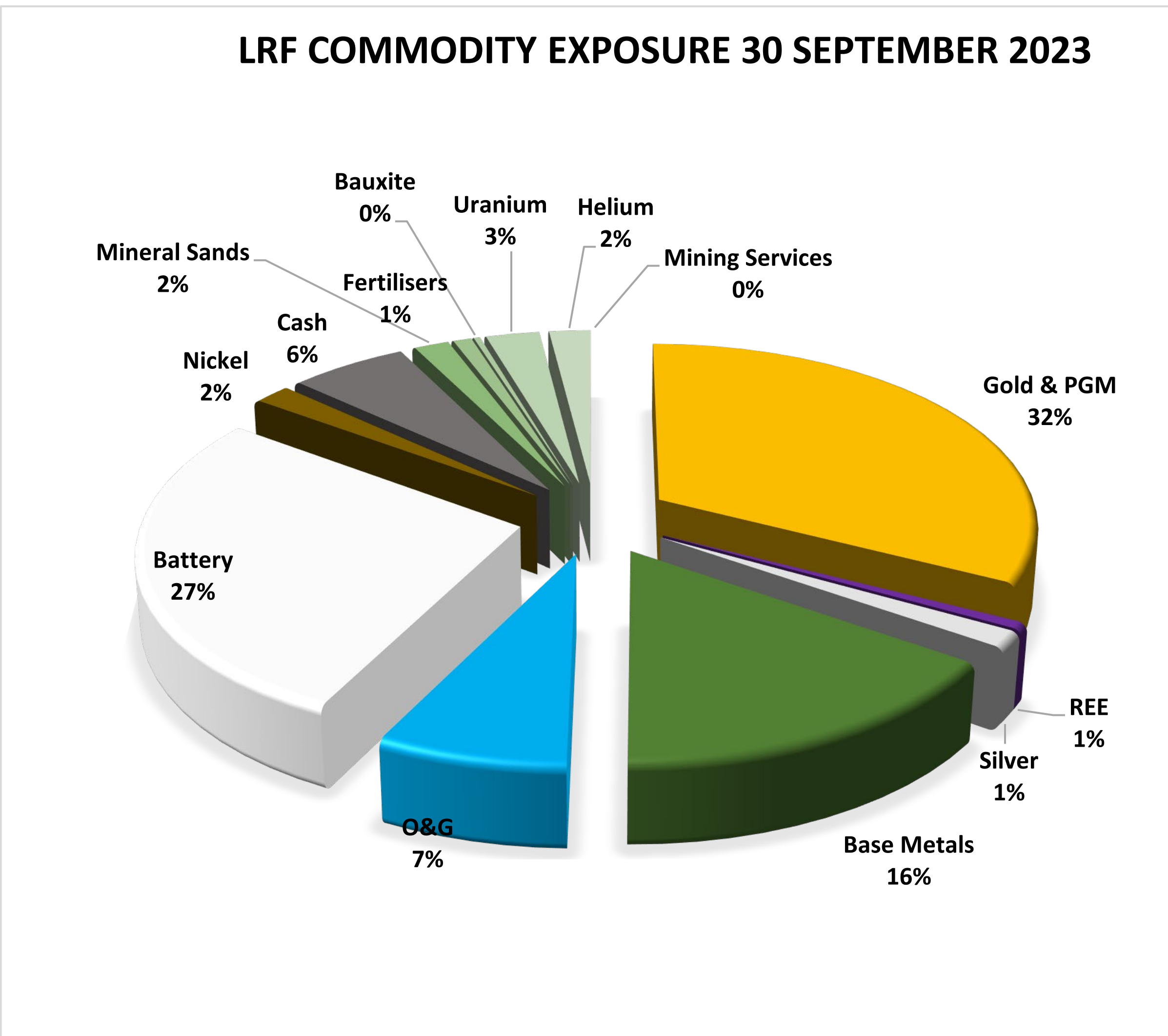
NAV per unit	$1.4835
No. of Units on issue	32,402,879 post DRP
Market Price (ASX)	$1.33 / unit
Estimated NAV	$48.1m
FY 23 Distribution	7.0777 cents per unit
Market Capitalisation	$43.1m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

Fund Investment Actions - September 2023

The Fund's main change in September 2023 was to accept the scrip and cash bid by Ramelius Resources for its position in Musgrave Minerals. Ramelius becomes one of the Fund's substantial holdings. Other gold moves included trimming the position in Southern Cross Gold, and adding to the holding in PacGold. The Fund also boosted its position in WA gold and nickel player Lefroy Exploration.

In battery minerals, the main actions were to exit profitable positions in lithium explorers Iris Metals and James Bay Minerals, while adding TSXV listed gold and lithium explorer Azimut Exploration to the portfolio. In other battery minerals, the Fund topped up its holding in manganese focused junior Black Canyon Resources.

In uranium, the Fund became a substantial holder of Athabasca Basin explorer Basin Minerals, and participated in a placement by Senegal-focused uranium (+gold) explorer Haranga Resources.



Fund Top Holdings

Azure Minerals (Market Cap A$1,178m AZS.ASX) announced further thick spodumene pegmatite intersections at its 60% owned Andover Project in the west Pilbara, including 104.7m at 1.61% Li_2O and 132.3m at 1.25% Li_2O

Predictive Discovery (Market Cap A$393m PDI.ASX) announced initial exploration drilling, proximal to its 5.38 Moz gold resource at its 100% owned Bankan project in Guinea, West Africa. Intersections included 16m @ 1.74g/t from 41m, 11m @ 2.42g/t from 42m, 9.5m @ 2.73g/t from 21m, 9m @ 2.72g/t from 64m and 11m @ 1.91g/t from 9m.

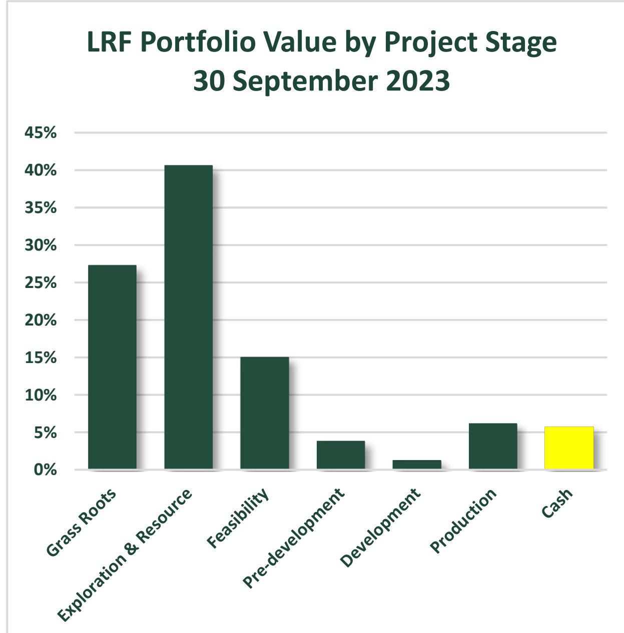
CAA Mining (unlisted Market Cap GBP5.3m based on most recent financing) CAA's neighbour, ASX listed Atlantic Lithium (Market Cap A$291m), announced that the Minerals Income Investment Fund of Ghana (a sovereign wealth authority) would invest up to US$33m in Atlantic's Ewoyaa lithium project on the Cape Coast in Ghana.

Comet Ridge (Market Cap A$166m COI.ASX) announced it had entered into a 7 year gas sales agreement to supply 21 to 25PJ of gas to the low emission Swanbank E power station in Queensland, commencing in FY 2025/26. COI's Mahalo gas hub has a current net 2P volume of 195 PJ.

Astral Resources (Market Cap A$66m AAR.ASX) released a scoping study on its 100% owned Mandilla gold project in the Kambalda region of WA. The operation is projected to produce 100koz pa over the first 7 years at an AISC of A$1,648/oz and a pre-production capex of A$191m. Separately, AAR released an intercept of 4m at 95g/t at nearby Feysville.

Fund Top Performer

Haranga Resources (Market Cap A$18m HAR.ASX) share price finished the month at A$0.24/sh, after LRT participated in a placement priced at $0.11/sh. HAR announced a maiden resource of 16Mlb of eU_3O_8 at 587ppm at its Saraya uranium project in Senegal.



Company	Commodity	% of Gross Investments
Cash	Cash	5.7%
Azure Minerals	Lithium	20.2%
Predictive Discovery	Gold	4.9%
Ramelius Resources	Gold	4.8%
CAA Mining	Lithium	3.1%
Comet Ridge	Gas	3.2%
Caravel Minerals	Copper	3.2%
Southern Cross Gold	Gold	2.8%
Lefroy Exploration	Au-Ni	2.6%
PacGold	Gold	2.2%
Astral Resources	Gold	2.1%

Performance Comparison – September 2023

Over the past 5 years, the Lowell Resources Fund's change in underlying estimated net asset value per unit (inclusive of reinvested distributions and after fees and expenses) was 21.9%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 five and ten years.

Total Portfolio Performance to 30 September 2023	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Accumulation Index (XSRAI)	ASX Resources 300 Index (Total Return)	ASX 200 Index (Total Return)
12 months	**7.9%**	3.0%	18.3%	13.5%
3 years p.a.	**8.9% pa**	10.7% pa	17.9% pa	11.0% pa
5 years p.a.	**21.9% pa**	5.4% pa	11.7% pa	6.7% pa
10 years p.a.	**12.8% pa**	4.7% pa	8.3% pa	7.4% pa

The LRT ASX traded unit price at the end of September was $1.33/unit, up from $1.32/unit at the end of August 2023.

Market Notes

Economics

- Rising energy costs pushed **US inflation** above forecasts in August, threatening the Federal Reserve's efforts to keep prices under control. US consumer prices rose by 3.7% year on year, up from 3.2% in July. More than half of the monthly increase in CPI was driven by a jump in petrol prices. After a hawkish tone in the Fed's commentary, indicating a probable additional rate rise in 2023 and at best only two cuts in H2 2024, US bond yields spiked to 16 year highs and the Nasdaq index fell 3%.
- The RBA kept **Australian interest rates** on an extended hold at 4.1%, however consumer prices increased by 5.2% in the 12 months to August, due to price increases for petrol, rents and holidays.
- The offshore Yuan weakened to its lowest against the US dollar. The offshore Yuan hit a low of 7.3623 after the PBOC set its fixing to a two-month low. **China's inflation** rate moved back into positive territory in August after slipping into the deflation zone in July. The CPI was a 0.1% increase year-on-year compared to -0.3% in July. China's PPI year-on-year change for August fell around the estimated -3% compared with the previous -4.4%.

- Moody's cut its outlook on **China's property sector** to negative from stable, forecasting sales will fall by 5% over the next 6-12 months. The agency is pessimistic over Beijing's efforts to stimulate the ailing sector. China cut the reserve requirement ratio for the second time in 2023 in an attempt to support housing. Evergrande's crisis deepened after its mainland unit defaulted on a 4 billion yuan (US$547 million) bond. Separately, ex-CEO Xia Haijun and a former CFO were detained by Chinese authorities, Caixin reported.

Metals

- Chile reported its first monthly yoy increase in **copper** production with 431 kt in July from 423kt last year, however, its still down 97 kt YTD. And in Peru, yoy monthly production in July also increased to 224 kt from 200kt last year - up over 200 kt YTD largely owing to Anglo's Quellaveco mine ramping up and also MMG's Las Bambas. The jump followed improving performance from Freeport's Cerro Verde and the Macrobre project operated by Minsur.
- As **copper** stockpiles grow and the spot price softened, copper contango for 3-month delivery reached its highest level in 30 years.
- Indonesia was hit by a delay in **nickel** mine production, causing the country to start buying ore from the Philippines (Reuters). Jakarta also suspended operations at state miner Aneka Tambang over corruption concerns.
- **Indonesia** will not approve any new mining output quotas for the rest of this year, according to *Reuters*. The country's mining quota distribution has already taken a hit in recent months after the government reverted to an older, more complex approval process in an effort to deal with illegal mining activity.
- Last month, Indonesia's Attorney General Office arrested the former director-general of Indonesia's Ministry of Mining of Coal, Ridwan Djamaluddin, over his alleged involvement with illegal **nickel** mining. Djamaluddin was accused of helping to grant nickel ore licences to several groups of miners who then proceeded to mine in areas that were not covered by their licenses. The Indonesian Government said the unlawful activity cost it US$375m (Rp5.77trn) in lost revenue. Prices of nickel ore in Indonesia, which is currently the world's largest nickel producer, soared in September, largely due to an ongoing delay in quota approvals. Indonesian rotary kiln-electric furnaces ('RKEFs' which produce ferronickel from laterites) are now importing DSO from the Philippines to make up the shortfall.
- After a brief decline in July sales, China's new energy vehicle (NEV) sales rebounded to a record high of 846,00 units. China's NEV now hold a 36% share of the vehicle market, and with current trajectory this will be over 40% by the end of 2023 (data from CleanTechnica). Sales in China have grown by 35% YTD, in EU & EFTA & UK by 30%, and in the US & Canada by 59% (Rhomotion).
- China became the world's largest vehicle exporter with a 35% yoy rise in vehicle exports in August following a 63% rise in exports in July. China has an 8% share of the EU market rising from 6% in 2022 and 4% in 2021. EU officials complain that China is subsidising its EVs and undercutting prices of local models by around 20% in the European market, such that tariffs seem likely to be imposed on vehicles imported from China.
- A rebound in **lithium** exports from the No. 2 supplier Chile offered some relief for the nation's two producers, SQM and Albemarle Corp, which have been hit by slumping prices. Revenue from Chilean lithium shipments jumped 18% in August versus July. That's despite an acceleration in global price declines. Chile's exports in August are still well below levels seen last year when the market tightened.

- Chinese **lithium** carbonate, hydroxide and spodumene prices continued to fall. Chinese spodumene prices hit an 18 month low. Prices are now well below previous/consensus forecasts, and fast approaching the incentive level needed to bring on new supply. Lithium producers and advanced developers have been pricing in a fall in lithium prices for some time, which could be an explanation for why corporate activity is currently alive in the sector. Chemical prices are at or below the lows reached in April/May and there are reports of Chinese mines closing down. Based on the current spot Chinese lithium hydroxide prices of US$21,500/t and US$2,290/t for spodumene concentrate, Euroz Hartleys estimated that there is slim to no margin being made by non-integrated Chinese lithium hydroxide refineries.
- China imported 76,800 metric tons of **zinc** in July, the highest monthly tally since April 2019. China has stepped up domestic output of refined zinc this year, but the Shanghai market continues to be plagued by low inventory and tight time-spreads. The Shanghai Futures Exchange (ShFE) zinc price is outperforming the London Metal Exchange (LME) price, opening an arbitrage import window through which increasing amounts of metal are now flowing.
- S&P Global reported the number of projects drilled globally declined in August by 6% on July's number, and by 20% on a 2023 year to date (YTD) basis compared to 2022. On a YTD basis the number of gold projects drilled is down 40% on the 2022 YTD total. Most decreases are at early stage assets. Drilling at base metals projects has fared better for 2023 YTD, only down 6% on the 2022 YTD total, helped by drilling at nickel projects. Specialty metals drilling continues to grow, with distinct projects drilled up 40% month on month and up 69% 2023 YTD compared to 2022 YTD. Biggest growth has been at lithium projects, with Australia leading the way.
- Despite China's reported economic woes, the **iron ore** price pushed back above US$120/t, amid high crude steel output in early September and expectations of mill restocking demand. Rio Tinto Group, the world's second-largest iron ore producer, said Chinese consumption of steel is close to topping out, with demand next year likely to be similar to 2023. Rio Tinto Group CEO Jakob Stausholm said, "We are foreseeing that the peak steel demand in China is about to be reached. Not because the Chinese economy is not growing, but just because of the maturity it has reached."
- **Gold** finished the month at its lowest price since March, with selling by ETF's accelerating after gold breached a key technical "support" of US$1,900 an ounce that had held for months. The drop presents a big test for bullion, which has spent most of the year range-trading as physical dip-buying balanced investor selling. It came after Fed policymakers indicated they will keep policy tight for a long period, which pushed up inflation-adjusted Treasury yields that are typically negatively correlated with gold. ETFs backed by the metal saw large outflows.
- The fall came after the retail price of **gold** in Japan jumped to an all-time high as the yen extended its historic slide against the US dollar and cash-laden households rush to find a hedge against inflation. Central banks bought a net 55t of gold in June following three months of selling. The Central Bank of Türkiye's return to net buying in June helped keep the positive trend in central bank demand.
- **Gold** in China traded at a record premium to international prices, a sign of Beijing's escalating battle to defend its currency. Bullion on the Shanghai Gold Exchange traded at a premium of more than $120 an ounce, according to calculations by Bloomberg - the highest since the exchange was founded over two decades ago, as a weak yuan drove up prices. Investors have been buying domestic gold and selling international ones in an arbitrage trade, since speculation on gold import restrictions started in June, said an analyst with Guotai Junan Futures. China is the world's biggest market for bullion. Demand for gold in the country has been subdued this year, until recently when the weaker yuan and economy started to boost purchases.

Energy

- **WTI oil** closed above US$93/bbl, at 10-month highs as OPEC+ leaders Saudi Arabia and Russia extended supply curbs through the end of the year, and lower than expected US stockpiles added to concerns about the impact of tighter global supplies. The US strategic petroleum reserve is at 40 year lows. The surging price raised questions over whether crude prices will derail efforts by central banks across the globe to quash inflation. Saudi Arabia said that it will hold output at about 9 million barrels a day until December, the lowest level in several years, while Russia is extending its own export curbs. The International Energy Agency forecast a "substantial market deficit" for crude oil in the final three months of the year. The IEA added that demand would exceed supply by more than 1.2mn barrels per day in the second half of 2023, adding pressure to prices. OPEC went further and said the market is facing a deficit of more than 3 million barrels a day next quarter, potentially the biggest in more than a decade.

- The surging **oil price** has enabled Russia to break through the $60/bbl cap imposed on its oil exports by G7 countries. The price of Russia's Urals crude product averaged US$74.54/bbl in August (compared to a year to date average of US$58/bbl). Goldman Sachs reported figures that Chinese oil consumption was at record levels in late September, up 300k barrels in a week.

- The International Energy Agency is projecting that oil, natural gas and coal use will peak before 2030, sparking "the beginning of the end" of the **fossil fuel era** as rapid growth in renewable energy and the uptake of electric vehicles begins to take over. The agency's head, Fatih Birol, told the Financial Times newspaper that "We are witnessing the beginning of the end of the fossil fuel era and we have to prepare ourselves for the next era," Birol said. Sharma said gas will play a critical role in the energy transition as China, India and other Asian countries decarbonise. China accounts for nearly 30% of global emissions. "The biggest challenge for China will be to move away from coal and that's where the role of gas becomes very important," Sharma said.

- **Uranium** rose above $60 per pound, for the first time since 2011. The spot price of U3O8 has risen 40% over the last three months. Uranium has outperformed the price rise of other metals so far this year. The World Nuclear Association has forecast global reactor requirements for uranium will grow to around 130,000 tpa in 2040, up from an estimated 65,650t in 2023. The rally has been stoked by concerns over supply, with the recent coup in Niger disrupting shipments to European reactors, and key miner Cameco Corp. lowering its production targets due to challenges at its operations in Canada. The war in Ukraine has also upended trade flows from Kazakhstan, which accounts for more than 40% of global supply, and sparked efforts to ease reliance on Russian nuclear enrichment facilities. Prices are still some way off their $73-per-pound level before the Fukushima disaster, which left the uranium market oversupplied for more than a decade after Japan and Germany began decommissioning their nuclear fleets.

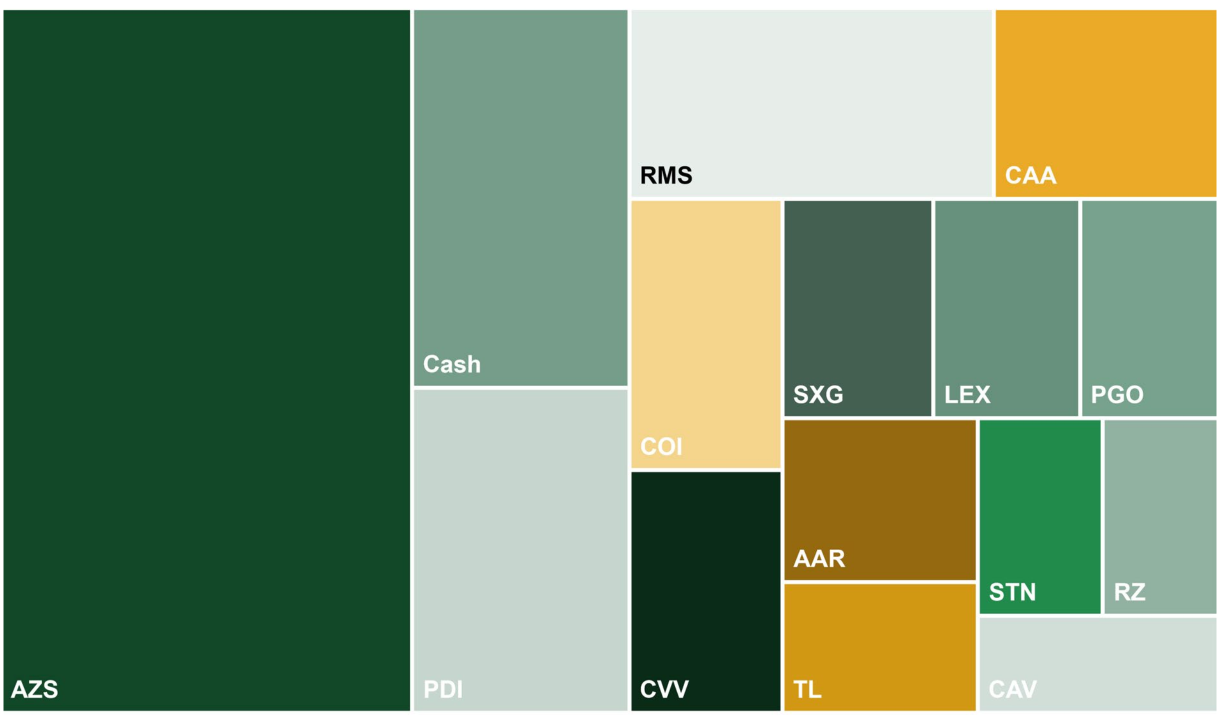
- **Gas** production from Victoria's Gippsland Basin fell by 34% pcp for the June 2023 quarter, stoking concerns over the gas outlook for Australia's east coast, with shortages expected every winter until 2026. The Dutch Government announced it will close the Groningen gas field early, which is Europe's largest, in October. It was slated for depletion in 2040 but they are bringing this forward and putting it on care and maintenance.

- The NSW government will increase **coal** royalties by 2.6 percentage points next year. The state government says the new scheme will improve the budget's position by more than $2.7 billion over four years from 2024-25.

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 30 September 2023



Characteristics of the Fund

Number of Investments: 79

Unlisted Investments by value: 8.5%

Average Market Capitalisation of Investee Companies: AUD$68 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD$276 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