



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

January 2024

January 2024 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of January 2024 was approximately AUD\$51.7m, compared to AUD\$53.7m at the end of December 2023.

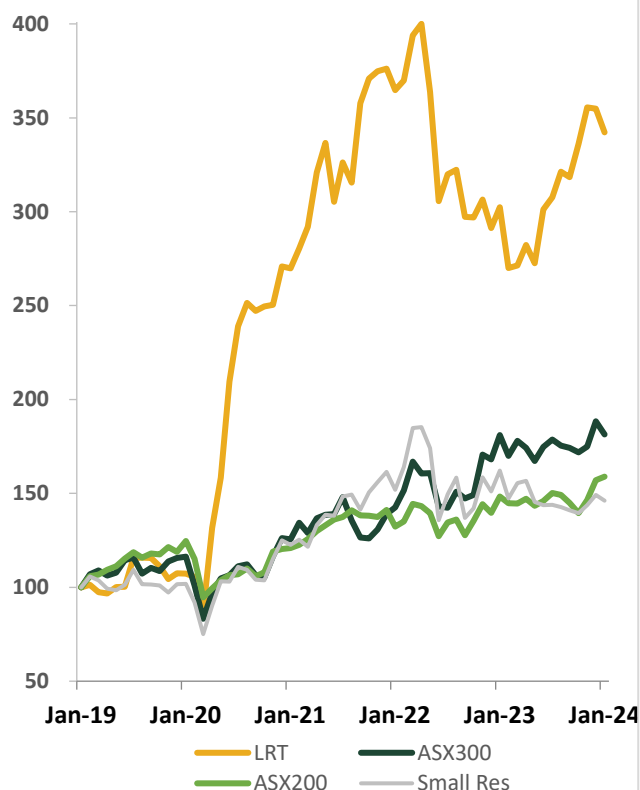
The NAV per unit finished the month of January at \$1.5943 (vs \$1.6537/unit at 31 December 2023), a decrease of 3.6% over the month. The last traded unit price of the ASX listed LRT units at month end was \$1.44/unit.

FUND SNAPSHOT 31 January 2023

NAV per unit	\$1.5943
No. of Units on issue	32,451,402 post DRP
Market Price (ASX)	\$1.44 / unit
Estimated NAV	AUD \$51.7m
FY 23 Distribution	7.0777 cents per unit
Market Capitalisation	AUD \$46.7m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

LRT 5 Year Total Return

incl Distribution Reinvestment
Rebased to 100



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions – January 2024

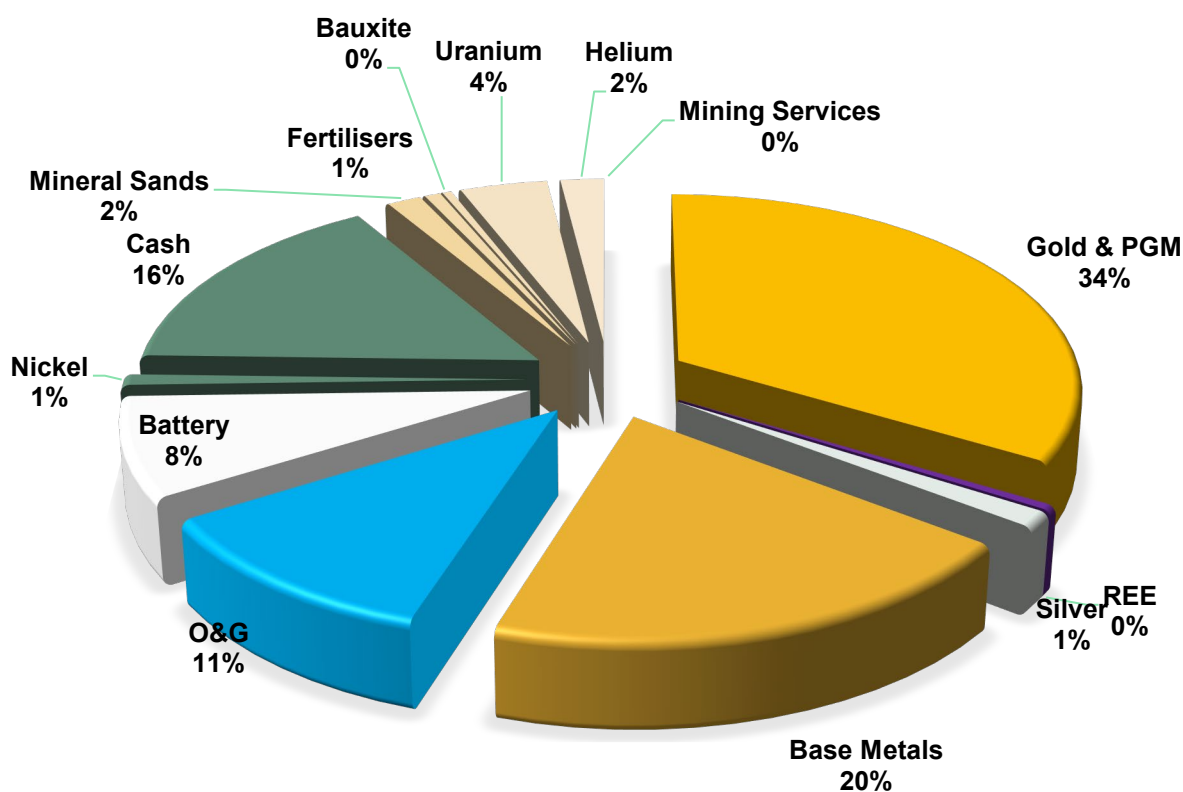
In January 2024 the Fund completed the sale of its holdings in Azure Minerals. Since 30 June 2023, the Fund sold 4.0 million shares in Azure at an average realized price of \$3.59/sh. The shares had an average recorded tax cost price of \$0.34/sh.

In energy, the Fund continued to add to its Karoon Energy holding, while exiting Calima Energy.

In uranium, the Fund bought stock in TSX.V explorer Forum Energy Metals Corp, which is focused on the Thelon Basin in Nunavut, an Athabasca Basin lookalike.

In copper, the Fund participated in a seed round of equity for unlisted Argentina-focused explorer Mogotes Metals. The Fund also boosted its holding in Australian copper company Anax Metals.

LRF COMMODITY EXPOSURE 31 JANUARY 2024



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Ramelius Resources (Market Cap \$1,818m RMS.ASX) produced 68.5koz of gold at an All-In-Sustaining-Cost of A\$1,837/oz in the December quarter - at the upper end of quarterly guidance. 2HFY24 is expected to be significantly stronger than the first half.

Predictive Discovery (Market Cap A\$426m PDI.ASX) announced the PFS and ESIA at its 5.38 Moz Bankan gold project in Guinea, West Africa is on track to be completed in the March quarter 2024.

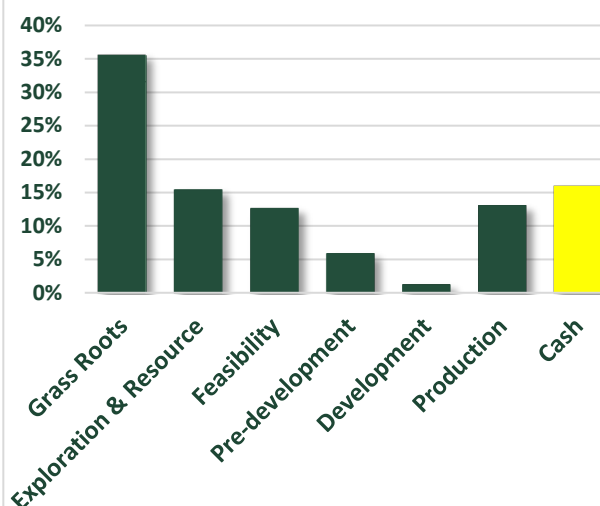
Karoon Energy (Market Cap A\$1,566m KAR.ASX) announced revised production guidance from its offshore Brazil and Gulf of Mexico assets. CY 2024 production is now expected to be in the range of 18.4 - 22.5 million barrels of oil equivalent with unit production costs of US\$10.5 – US\$15.0 per boe.

Cooper Metals (Market Cap A\$19.7m CPM.ASX) announced sampling at Brumby Ridge copper project in the Mt Isa Block increased the potential size of the prospect. Rock chip sampling returned 4.8% Cu, located 135m to the NNW of the current RC drilling; and 2.95% Cu, located approximately 100m to the SE.

Fund Top Performer

Basin Energy (Market Cap A\$11.5m BSN.ASX) share price rose 54% in January from 12.0 cps to 18.5cps as the uranium price rose to US\$106/lb (up more than 100% in the past 12 months). BSN's focus is the Athabasca Basin in Saskatchewan Canada, a prolific high-grade uranium province. During January BSN announced commencement of ground electromagnetic surveys ahead of Phase 2 drilling.

LRF Portfolio Value by Project Stage
31 January 2024



Company	Commodity	% of Gross Investments
Cash	Cash	15.9%
CAA Mining	Lithium	5.2%
Ramelius Resources	Gold	4.9%
Predictive Discovery	Gold	4.5%
Karoon Energy	O&G	3.7%
Newmont Corp	Gold	3.3%
Comet Ridge	Gas	3.3%
Rugby Resources	Copper	2.7%
Cooper Metals	Copper	2.6%
Southern Cross Gold	Gold	2.5%
Caravel Minerals	Copper	2.4%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – January 2024

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 27.9%pa. The Fund has outperformed the benchmark S&P/ASX Small Resources Accumulation Index (XSRAI), the ASX Resources 300 Index (Total Return) and the ASX 200 Index (Total Return) over one, five and ten years.

Total Portfolio Performance to 31 January 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	14.1%	-9.8%	0.2%	7.1%
3 years p.a.	8.4% pa	6.0% pa	13.1% pa	9.6% pa
5 years p.a.	27.9% pa	7.9% pa	12.7% pa	9.7% pa
10 years p.a.	14.2% pa	6.1% pa	8.9% pa	8.4% pa

The LRT ASX traded unit price at the end of January was \$1.44/unit, compared to \$1.46/unit at the end of December 2023.

Market Notes

Economics

- Jay Powell moved to cool speculation that the Federal Reserve would begin cutting **interest rates** as soon as March, saying that was not the “base case”.
- Australian inflation** slowed to 0.6% in Q4 2023, below forecast. The ASX200 reached a new record high.
- Attacks by Houthi rebels on **Red Sea shipping**, and a drought limiting vessel transits through the Panama Canal caused ocean freight rates to spike and created fears of further inflationary pressures. The US launched multiple attacks on Houthi targets in Yemen as the Iranian-backed group continued to menace shipping off the coast.
- Chinese CPI** rose 0.3% yoy in December, measured against Covid-restricted December 2022. Over the full 2022, CPI rose only 0.2%, a 13 year low. Producer prices fell for the 15th consecutive month in December, down 2.7% yoy. China announced a 50bp cut to its ‘reserve ratio requirements’ from 5th February.
- Reported **China GDP** growth was 5.2% in 2023, compared to 3% in 2022. **China's electricity** consumption rose 6.7% y-o-y in 2023.
- China's population** fell by 2 million people in 2023. Demographers forecast further decline as

Lowell Resources Fund. (ASX: LRT)

the population rapidly ages.

- A Hong Kong court ordered one of China's biggest property developers **Evergrande** group into liquidation with debts of over US\$300bn.
- Reuters reported that the most **indebted Chinese local governments** were ordered to delay or halt some infrastructure projects. In a move to help local administration to reduce debt risk, the State Council instructed 12 of the regions currently at the highest debt risk level to delay or halt work on projects where less than half of the planned investment has been mobilized, the report said.
- The **Western Australian** government announced it was drafting legislation to enable hand over of control of lands under the Aboriginal Lands Trust, which comprises 8% of the state.

Metals

- There has been a large number of Australian nickel mine closures announced after the nickel price decreased ~48% in CY23:
 - First Quantum announced that its WA Ravensthorpe **nickel** laterite mine will be placed on care and maintenance, previously shut in 2008 and 2017.
 - Panoramic went into voluntary administration mid-December followed by their Savannah **nickel** operations suspension.
 - IGO said it will suspend the Cosmos **nickel** mine in Western Australia, and that it expects to write down the value of its nickel assets.
 - Andrew Forrest **nickel** company Wyloo announced it is planning to place its Kambalda **nickel** mines onto care and maintenance. Wyloo bought Mincor for A\$760m only 6 months ago.
 - BHP will temporarily shut part of its Kambalda **nickel** concentrator in Western Australia in June, as a result of the Wyloo closure.
 - S32 also announced a strategic review of its Cerro Motoso **nickel** project.
- Up until a few years ago, the widespread expectation was that **nickel** sulphide miners would be the most efficient suppliers of "class 1" nickel to battery makers. It was believed that **nickel** laterites would be mostly restricted to supplying stainless-steel or "class 2" markets,. But two processing breakthroughs in Indonesia have turned that conventional wisdom on its head:
 - successful scale up of the high pressure acid leaching ('HPAL') processing method; and.
 - the Indonesian arm of Chinese company Tsingshan creating a new method of turning nickel pig iron (which contains less than 10% nickel and is unsuitable for batteries) into nickel matte which contains closer to 50% nickel and can be converted into battery grade nickel.
- As a result of the growing Indonesian **nickel** supply, CG Capital Markets forecast a global nickel surplus this year of 139,000t, rising to 150,000t next year. Painting an even more gloomy picture, Benchmark Mineral Intelligence said nickel markets will be oversupplied until 2028 and prices may have further to fall. Benchmark Mineral Intelligence analyst Harry Fisher said the swath of Australian nickel mine closures over the past month will do little to improve prices for the metal.

Lowell Resources Fund. (ASX: LRT)

- BHP's Jansen Stage 2 Potash Project in Saskatchewan has been approved with total capex of US\$4.9bn.
- Chile estimated its **copper** production will rise 5.7% to 5.63mt this year. China consumed more copper in 2023 than any other year, signalling that demand remains strong in the world's top consumer economy. Meanwhile Codelco continues to struggle to meet production, sliding to its lowest output in 25 years as ore quality continues to deteriorate. Meanwhile global copper production rose 5.8% to 22.79mt last year
- BHP's December quarter **copper** production was 4% lower at 437koz largely due to lower output in Chile at Spence.
- Treatment charges for copper concentrate have fallen 67% since the 2024 benchmark late last year, with limited concentrate supply available. TCs are sitting around \$20/t, pointing to tightening concentrate availability following Indonesian tightening export restrictions and Cobre Panama coming offline. China's Nonferrous Metals Industry Association (CNIA) said late on Monday it had advised copper smelters to cut production and postpone new projects amid tightening raw material supplies.
- Total gold demand hit a record last year, according to the World Gold Council. Overall consumption climbed by about 3% to 4,899 tons, supported by strong demand in the opaque over-the-counter market, as well as from sustained central-bank buying, according to the WGC's full-year report. That's the highest total figure in data going back to 2010.
- Indigenous communities in northern Chile agreed to lift roadblocks that restricted access to the country's giant lithium operations. They say they weren't properly consulted in advance of a deal struck in late December between SQM, the world's second-largest lithium producer, and state-owned Codelco that would see production increase at the Atacama salt flat.
- Lontown announced that the A\$760m debt funding package for its Kathleen Valley lithium project has been terminated due to decrease in spodumene price forecasts. Spodumene prices have fallen to points where much global production will not be profitable, let alone justify new developments. Albemarle said it would cut 300 jobs and defer spending on projects, including a massive refinery project in South Carolina, as part of a wide-ranging plan to slash costs in light of falling lithium prices.
- Chinese lithium giants Ganfeng and Tianqi Lithium both issued profit warnings. Ganfeng said it expects net profits to fall 70-80% yoy in 2023 to US\$590m, while Tianqi expects profits to fall between 63-73%. EV sales are expected to grow at 20% in China in 2024, down from 30% last year. Lithium demand is expected to rise 27% in 2024, climbing to 1.23mt LCE. (Daiwa)
- Chinese **EV** manufacturer Xpeng announced that it is lowering prices on various EV models, indicating increased competition from manufacturers and/or weaker demand.
- China's **iron ore** imports in 2023 hit a record high, up 6.6% from a year before, customs data showed on Friday, thanks to stronger demand amid a lack of government-mandated steel output caps and higher-than-expected steel exports. The world's largest iron ore consumer brought in a total of about 1.18 billion metric tons in the past year, data from the country's General Administration of Customs showed. The 2023 total also marked the first rise since 2020 as Beijing introduced a cap on its annual steel output in 2021 and 2022 to help curb carbon emissions, reducing demand for the key steelmaking ingredient in those years.
- A Brazilian court ordered Vale and BHP to pay BRL47.6B in damages for the 2015 Samarco **iron ore** tailings dam failure.

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Energy

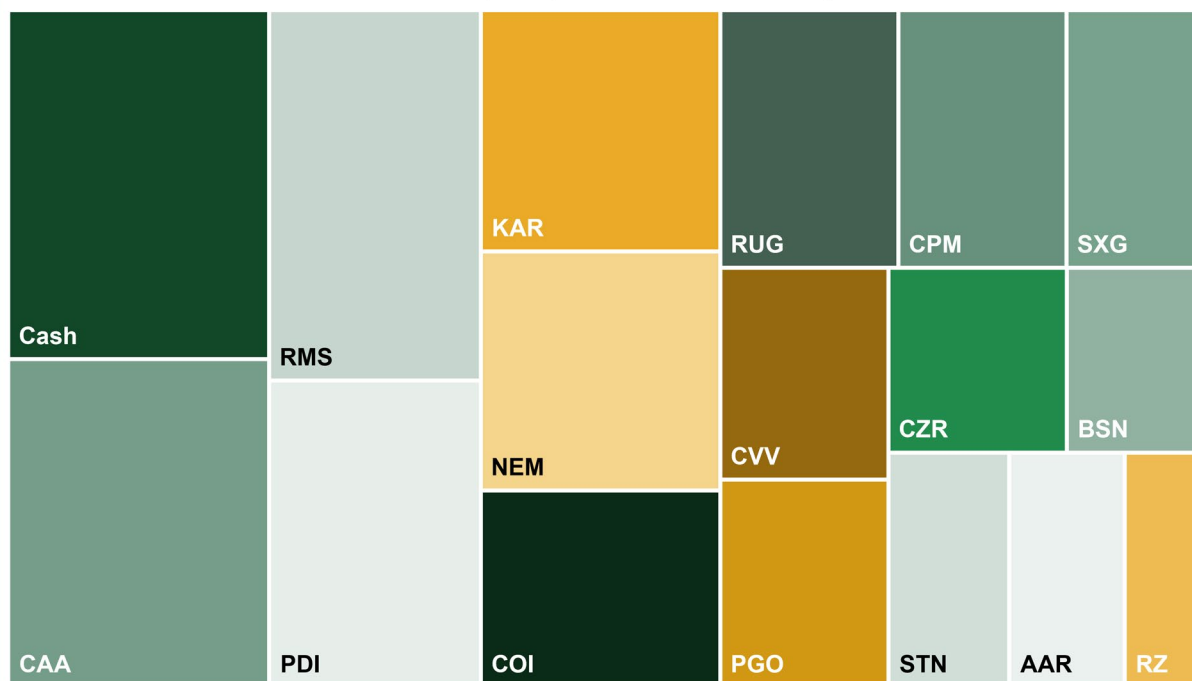
- Media reported Russian Energy Minister Nikolai Shulginov said that the country's **oil** production will probably stay largely unchanged this year following last year's slight decline to 10.6mb/d of oil and condensate.
- US President Joe Biden froze approvals for new liquefied natural **gas** terminals that export the fuel. The pause will stop progress for at least 17 export projects awaiting authorisation. The US has over the past eight years become the world's largest exporter of LNG, as developers built projects along the Gulf and Atlantic coasts supplied by new shale gas. The US's seven operating terminals can now produce as much as 87mn tonnes of LNG a year — enough to satisfy the combined gas needs of Germany and France — and five more projects already approved and under construction will add another 63mn tonnes of capacity
- The UK announced plans for the country's "biggest expansion of nuclear power for 70 years", aiming to quadruple **British nuclear** power by 2050 to 24 gigawatts, roughly a quarter of the nation's energy needs. Prime Minister Rishi Sunak claimed, "Nuclear is the perfect antidote to the energy challenges facing Britain – its green [and] cheaper in the long term."
- The Biden administration is poised to loan \$1.5 billion to restart a closed Michigan **nuclear** power plant, paving the way for a shuttered reactor to reopen in the US for the first time. More than a dozen reactors have closed since 2013 amid competition from cheaper power from natural gas and renewables, and the US Energy Department has warned that as many as half of the nation's nuclear reactors are at risk of closing due to economic factors.
- **Kazatomprom** announced that it is likely to miss **uranium** production targets over the next 2 years, citing sulphuric acid availability and construction delays with newly developed deposits. Kazatomprom was previously guiding to increase production volumes in CY24/25 to a 90%/100% level relative to Subsoil Use Agreements (2023: 80%), which is now guided as being at risk.
- The announcement by Kazatomprom is not surprising as production guidance was always regarded as optimistic – however, the **uranium** market is structurally undersupplied and the planned increase in production from Kazatomprom was already committed to buyers, particularly in China. Those buyers will now need to source **uranium** from alternative sources, but there are few alternatives. Global demand for uranium is about 180Mlbs per year, and current supply is about 140Mlbs per year. Kazatomprom is the largest producer, with about 40Mlbs per year.
- Record-high generation from grid-scale renewables and rooftop solar is bringing wholesale **Australian energy prices** down, according to the Australian Energy Market Operator's (AEMO) latest quarterly analysis of Australian energy markets.

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-plus 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 January 2024



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 88

Unlisted Investments by value: 13.6%

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