



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

May 2024

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

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of May 2024 was approximately AUD\$51.0m, compared to AUD\$52.0m at the end of April 2024.

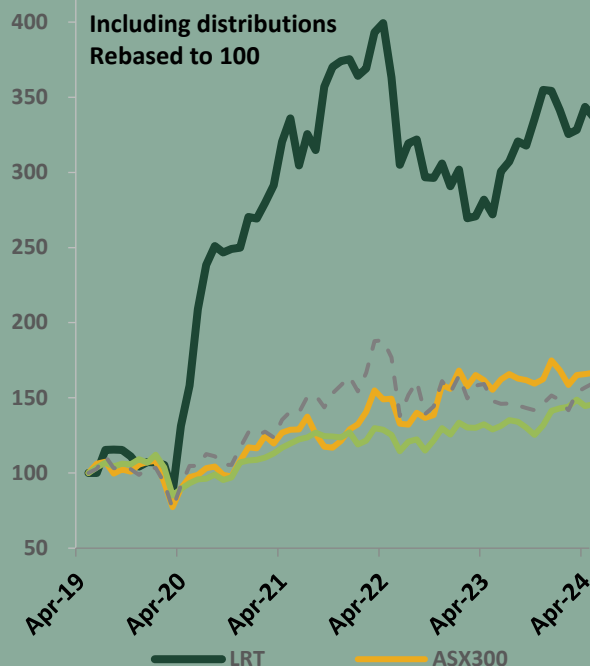
The NAV per unit finished the month of May at \$1.5719/unit (vs \$1.6037 /unit at 30 April 2024), a decrease of 2.0% over the month. The last traded unit price of the ASX listed LRT units at month end was \$1.43/unit.

Unitholders who are not currently participating in the LRT Distribution Reinvestment Plan (DRP) may choose to participate in the DRP by logging into the Automic Investor Online portal, which is accessible through the following link, <https://investor.automic.com.au/#/home>. It is recommended that, if you are considering participation in the DRP for this year of income and have not previously notified the Registry, you make the election prior to 28 June, 2024.

FUND SNAPSHOT 31 May 2024

NAV per unit	\$1.5719
No. of Units on issue	32,451,402
Market Price (ASX)	\$1.43 / unit
Estimated NAV	AUD \$51.0m
FY 23 Distribution	7.0777 cents per unit
Market Capitalisation	AUD \$46.4m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

LRT 5 Year Return



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions – May 2024

In May, the Fund added to its holdings in ADX Energy, an ASX listed O&G exploration and production company with a focus in Austria. ADX raised equity to fund flow testing of its potentially huge Welchau gas discovery after the northern summer.

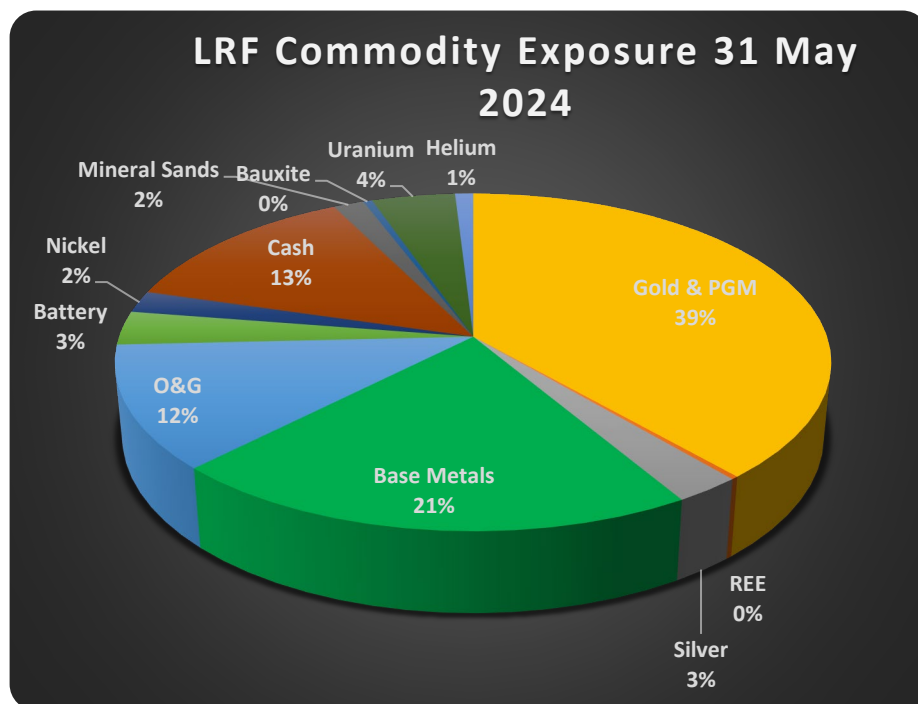
Uranium exposure was increased by subscription to the upcoming IPO of Piche Resources, where the Fund holds a seed investment.

The holding in Newmont Corporation was liquidated at a profit to ensure that LRT will have sufficient cash reserves ahead of the upcoming distribution to unitholders. Cash now makes up 13% of the portfolio ahead of distribution payout expected at the end of July. LRT has paid out 36.01c in distributions over the past four years. Unitholders may also elect to take discounted new units in the Fund as part of its distribution re-investment plan instead of cash distribution. The estimated distribution will be announced at end of June.

Gold exposure also fell as a result of the sale of Larvotto Resources, as well as sale of some of the Fund's position in Southern Cross Gold. The Fund also sold its position in Sierra Nevada Gold. An investment was made in Discovex, which is object of an RTO by Finland-focused gold explorer Latitude 66. And a follow-on seed investment was made in Cambodia-focused gold explorer Unity Energy & Resources.

Copper exposure was boosted through participation in the RTO of Doriemus Plc by Asian Battery Minerals ('ABM'). ABM is a Mongolia focused Ni-Cu, graphite and lithium explorer. The Fund also subscribed for stock in the placement by TSXV listed T2 Metals, which is exploring the Cu-rich Sherridon VMS deposit in Ontario.

The Fund's holding in South Harz Potash was sold.



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Ramelius Resources (Market Cap \$2,251m RMS.ASX) announced an increase to the Eridanus Mineral Resource at its Mt Magnet mining hub in WA - up 64% to 1.2Moz of gold.

Comet Ridge (Market Cap A\$221m COI.ASX) announced it had been awarded a \$5 million grant from the Queensland Government for a Mahalo East pilot gas project. Meanwhile, Federal Energy Minister Chris Bowen admitted that gas has to play an important role filling the gap left by wind and solar.

Caravel Minerals (Market Cap A\$126m CVV.ASX) submitted the Environmental Review Document to the Environmental Protection Agency of Western Australia for the large, long-life Caravel Copper Project in WA.

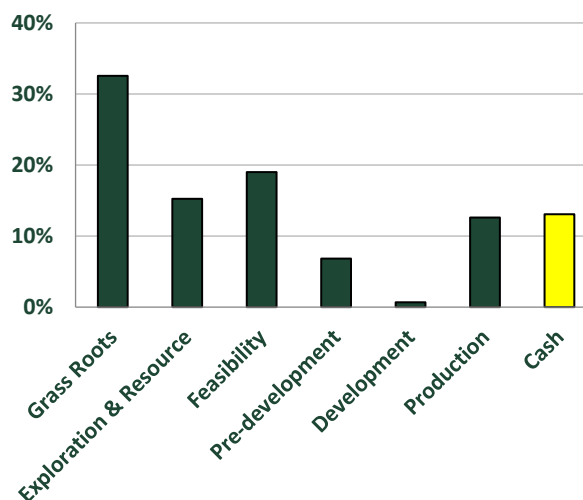
Saturn Metals (Market Cap A\$56m STN.ASX) announced excellent heap leach gold recoveries from five Apollo Hill composite column leach tests. The samples were crushed using high pressure grinding rolls to a P100 size of 4 mm and returned an average gold recovery of 88%. Apollo Hill hosts a resource of 105Mt @ 0.54g/t for 1.84Moz.

Southern Cross Gold (Market Cap A\$553m SXG.ASX) announced further high grade gold intersections from its Sunday Creek project in Victoria, including 0.5m at 473 g/t Au. A 60km drill program over the coming 12 months was commenced.

Fund Top Performer

Mithril Resources (Market Cap A\$18m MTH.ASX) share price rose 110% from its recapitalization price of \$0.10/sh after relisting on the ASX in May. Mithril holds 50% of the Copalquin silver-gold project in Mexico, which has a JORC resource of 529koz Aueq at 6.91g/t Aueq.

LRF Portfolio Value by Project Stage
31 May 2024



Company	Commodity	% of Gross Investments
Cash	Cash	13.1%
Ramelius Resources	Gold	6.3%
Predictive Discovery	Gold	4.4%
Karoon Energy	O&G	3.5%
Comet Ridge	Gas	3.3%
Astral Resources	Gold	3.0%
Caravel Minerals	Copper	2.9%
Saturn Metals	Gold	2.7%
Southern Cross Gold	Gold	2.3%
Sanu Gold	Gold	2.0%
Rugby Resources	Copper	1.8%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – May 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 27.5%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 May 2024	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	24.8%	8.1%	7.3%	12.9%
5 years p.a.	27.5% pa	9.8% pa	9.0% pa	7.8% pa
10 years p.a.	13.8% pa	6.9% pa	8.5% pa	7.8% pa

The LRT ASX traded unit price at the end of May was \$1.43/unit, compared to \$1.375/unit at the end of April 2024.

Market Notes

Economics

- **US equities** markets closed at a record high after data showed inflation had fallen slightly to 3.4% in April. It compared with March's rate of 3.5% and ended a four-month streak in which inflation outstripped expectations.
- **US payrolls** added 175,000 jobs in April when 240,000 expected. The unemployment rate was up to 3.9% from 3.8%. The US manufacturing PMI fell to 49.2 in April from 50.3 in March when 50.0 was forecast. Weekly new jobless claims rose by 22,000 in a week to highest level since August 2023.
- The US Federal Reserve noted that progress to bring down **inflation** to date is insufficient to cut rates, pushing back expectations and seeing bonds sell off.
- **China's industrial production** jumped 6.7% yoy and fixed asset Investment rose by 4.6% yoy. Retail sales rose just 2.3% yoy. The Chinese government announced it would purchase unsold housing inventory to combat oversupply and limit defaults for distressed developers. This comes on top of CNY 1 trillion in stimulus through long-dated bond issuance this year, largely aimed at infrastructure.
- In **China**, a third straight month of consumer inflation in April indicated some improvement in domestic demand despite the extended crisis in the real estate market. The national consumer

Lowell Resources Fund. (ASX: LRT)

price index rose 0.3% year on year in April, official statistics showed, ticking up from an 0.1% rise in March.

- **Australian CPI** edged up to 3.6% in April from 3.5% in March.
- In response to election of another pro-independence government in **Taiwan**, Chinese fighter planes, destroyers & frigates of the People's Liberation Army encircled the island of Taiwan and its outlying islands, conducting mock strikes in an exercise of intimidation.

Metals

- The **gold price** hit a record high of US\$2,448/oz and the silver price hit a 10 year high of US\$32.30/oz, before gold sold off around US\$100/oz by the end of the month.
- China's central bank topped up its **gold reserves** for an 18th straight month in April, although the pace of buying slowed in the face of record prices. The People's Bank of China has long been one of the market's largest buyers, steadily growing its bullion holdings since 2022. However, in April, the PBOC bought 60,000 troy ounces, according to official data released Tuesday, which was well down from 160,000 ounces in March, and 390,000 ounces in February
- The IMF estimated that **gold** now has a greater share (17.6% as of 2023) than the Euro (16.5%) of global **international reserves**. The US dollar makes up 48%.
- **EV car** sales in India reached nearly 1 million with a 70% year-on-year growth. Globally, in 2024, over 20% of cars sold will be electric, according to the IEA 'International Energy Agency'.
- China accounted for 60% of all **EV sales** worldwide in 2023, driven by its strategy of producing affordable small EVs. The IEA forecasts that one in three cars on China's roads will be electric by 2030, with annual EV sales up to 60m units. The Biden administration plans to raise tariffs on Chinese electric vehicles imports from 25% to 100%, as it intensifies efforts to protect American industry ahead of the US election .
- South32 and Teck agreed improved terms for their annual contracts for **lead (Pb)** concentrate as smelters struggle for product. The TCRCs are reportedly the lowest since the 1970s according to WoodMac data. Smelter overcapacity has hit zinc, copper and now lead, with smelters struggling with low fees.
- Iluka Resources managing director Tom O'Leary accused China of rigging **rare earths** prices so that producers cannot make money, as it tries to advance its grip on the world's mineral deposits. Mr O'Leary said there were clear efforts by Chinese state-owned entities to control rare earths deposits and production, including in Western Australia and Victoria. "This is taking place via a number of binding offtake agreements with various companies, and via ownership."
- The **tungsten** price is up 15-20% since November and now at 10yr highs. Continuing reduced output from Chinese mines (operational issues, esp lower grade). The Chinese Government has recently reduced production quotas for industry, and implemented more stringent environmental inspections this year (ongoing). US strategic stockpiles are at very low levels. This will lead DLA to get back into market in 2024/25 to purchase concentrate (preferred product for stocking), their demand comes on top of industry demand (somewhat competing). Restocking along the supply chain has started at the beginning of this year (this will continue indefinitely). Last year, industry and country inventories were reduced to a minimum (high interest made stocking expensive), now people need to rebuild a buffer and restock
- The Australian Federal budget included an announcement of a 10-year, \$7 billion production incentive that will refund 10% of the processing and refining costs for Australia's 31 **critical minerals**, including nickel, graphite, vanadium and lithium. The credits won't kick in until 2027.

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- Comex **copper** for July delivery jumped to an intraday high of US\$5.026 a pound on 15th May, within a whisker of the record high of US\$5.0395 set in March 2022, the price was equivalent to \$11,080 a ton — more than US\$1,000 a ton above the benchmark contract on the London Metal Exchange. The metal then hit an all-time record of around US\$11,100/t, before profit taking emerged and the metal suffered its worst 2-day decline in 13 years. Traders said the unprecedented squeeze was prompting cargoes of copper to be diverted to the US. There have been numerous reports of major trading houses suffering margin calls from short positions.
- Asarco, is planning to restart its mothballed **copper** smelter in the United States as prices for the metal hit record highs. The USA uses twice the amount of refined copper it produces because it only has two domestic smelters.
- A University of Michigan study has highlighted the critical challenge of insufficient **copper** production for the global transition to EVs. The study states that the amount of copper needed for EVs is "essentially impossible for mining companies to produce".
- China **copper** inventories stood at 290kt vs LME at 105kt and CME at 18kt, highlighting the divergence and subsequent short squeeze. Shanghai exchanges were yet to see a seasonal drawdown in copper inventories, suggesting demand is tepid.
- Sprott launched the Sprott Physical **Copper** Trust, which, similar to its other physical commodity vehicles like uranium, gold, & silver, aims to invest and hold substantially all of its assets in physical copper metal.
- Anglo American rejected BHP's 3rd takeover offer equivalent to A\$74bn or 17% of BHP. Anglo announced its own turnaround plan, saying it would get out of its platinum, diamond and steelmaking coal businesses—effectively pitching investors on a strategy that makes **copper** even more central to the company's future.
- Anglo American plans to spin off or sell its De Beers business, which would end an almost century-long relationship with the **diamond** industry's most famous name. The move would be a 'seismic shock' for the diamond world, as the prospect of a new owner could upend the way diamonds are sold. Anglo has ultimately become tired of the boom-and-bust nature of diamonds, which along with the platinum division has dragged down the entire company and eroded returns from commodities that shareholders covet, such as copper.
- Rio Tinto Group declared force majeure on **alumina** cargoes from its refineries in Queensland, due to **shortages of gas** to power its operations.
- In a Reuters report, China plans to buy up to 15,000 metric tons of **cobalt** metal from local Chinese producers over the next few months for domestic stockpiles. Cobalt prices have plummeted from highs of US\$83k/t in March 2022 to US\$27k/t today following an agreement between the DRC and CMOC enabled the sale of stockpiles concentrate. Benchmark reported a glut of 14.2kt in 2023, expecting a surplus to remain over the short term. The news supports the view that Chinese EV Li-ion battery manufacturers may be moving towards NCM battery chemistries which require cobalt. NCM gives better power density and range while LFP batteries are cheaper and heavier with less power density.
- Bloomberg reported South Korea to be building its **lithium** inventories, with the government now allocating \$171m to to secure supplies for critical minerals for automotive manufacturing.
- On the back of Chinese government property market support, the seaborne **iron ore** price hit a 3-month high of US\$120/t, as MinRes' new Onslow iron ore project began shipping first ore.
- Chinese imports of **bauxite** continued to climb – import data for April was a new record high 14.2Mt, which annualises to over 170Mt of imports (cf 145 Mt in 2023). These strong imports are at a time of constrained supply post the Indonesian export ban.

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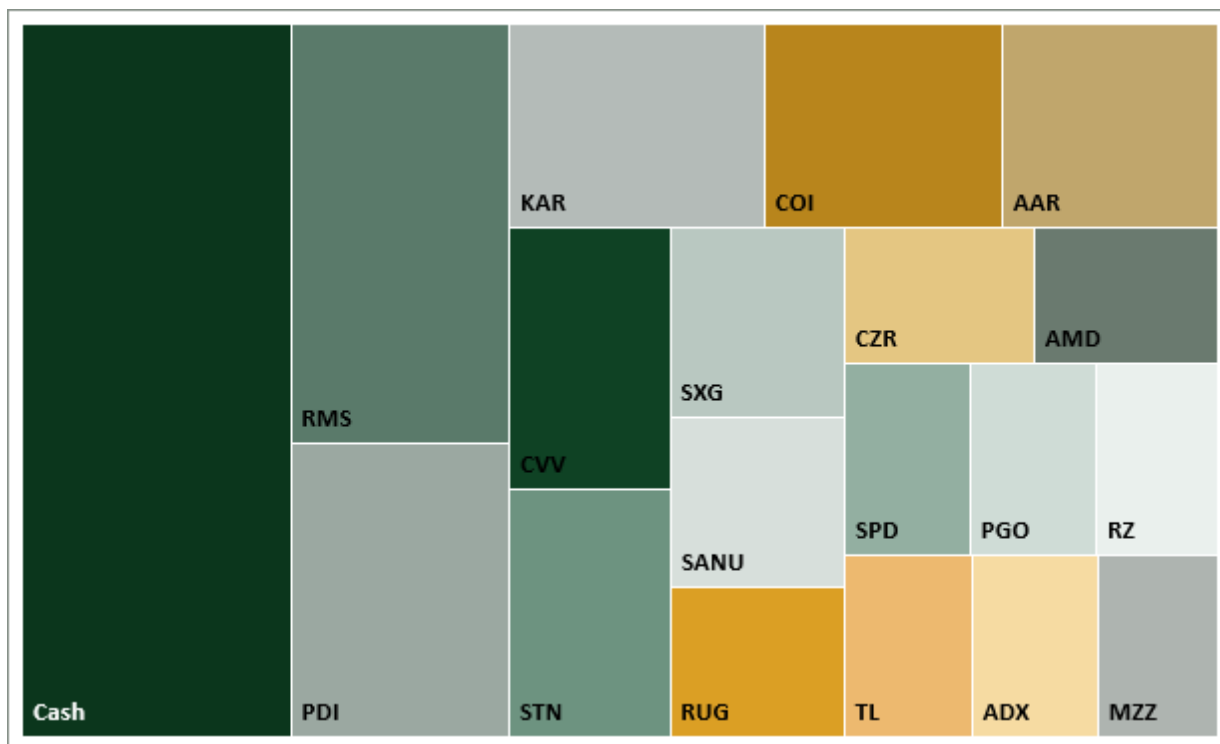
Energy

- May saw extreme price action in the **NSW electricity** market. Wholesale electricity prices reached extreme levels (up to \$16,600/MWh vs typical prices below \$300/MWh) for more than 4 hours. The high prices were the result of a combination of coal outages, low renewable availability and limitations on flow from other states. Demand levels were normal – this was purely a supply issue.
- NSW Treasurer Daniel Mookey and Energy Minister Penny Sharpe said the state government's hand was forced in saving Origin's Eraring **coal** fired power station, which provides 20% of NSW's power. The deal could lead to the government paying \$225 million a year to keep it in operation until mid-2027, beyond its scheduled 2025 closure - if Origin experiences a loss, it can claim up to 80% of those losses, which is capped at \$225 million annually.
- According to Euroz Hartleys, the Queensland government introduced **coal** legislation to enshrine into law the highest royalty rate on earth for any commodity (previously set through regulation). Royalty rates include 40% for coal prices over A\$300/t. The effective tax take is even higher once corporate and other taxes are taken into account. Hard coking coal (HCC) prices FOB Australia were trading at ~US\$320/t.
- Victorian Energy Minister Lily D'Ambrosio conceded that the state needed new **gas supplies**, after previously undisclosed documents revealed that her department had warned the Labor government last year that shortfalls were looming. To the end of May, no onshore gas exploration permits had been granted in Victoria since Labor came to power in 2014.
- The Australian Federal Government called for the development of new **natural gas** resources to ensure it remains affordable and the nation continues as a major gas exporter, in the latest volte-face by Labor toward greater support for the fossil fuel. The government released a long-term framework, called the 'Future Gas Strategy', to establish gas' role in the transition to cleaner energy, as it looks to meet a target for net zero by 2050. That will open it up to criticism to pandering to the A\$72 billion (\$47 billion) liquefied natural gas export industry, which argues that the nation faces a domestic shortfall as new projects have been stalled by onerous regulations. "The strategy makes it clear that gas will remain an important source of energy through to 2050 and beyond," Minister for Resources Madeleine King said in a statement. In a further twist, the Federal Labor government subsequently backed down on expediting approvals for offshore projects, in a deal with the Greens.
- U.S. President Joe Biden signed a ban on Russian enriched **uranium** into law, with the ban to take effect on Aug. 11. In retaliation, on 15th August, the Russian uranium fuel sales agents in US Tenex wrote to all US customers and called force majeure on their delivery contracts, unless they show they have a waiver, giving customers 60 days to respond.
- OPEC stuck to its forecast for relatively strong growth in global **oil demand** in 2024 and said there was a chance the world economy could do better than expected this year. OPEC's monthly report said world oil demand will rise by 2.25 million barrels per day (bpd) in 2024 and by 1.85 million bpd in 2025.
- ConocoPhillips announced the \$22.5bn acquisition of Marathon **Oil**.

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.



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 83

Unlisted Investments by value: 12%

%

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