



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

August 2024

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

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of August 2024 was approximately AUD\$44.0m, compared to AUD\$42.8m at the end of July 2024.

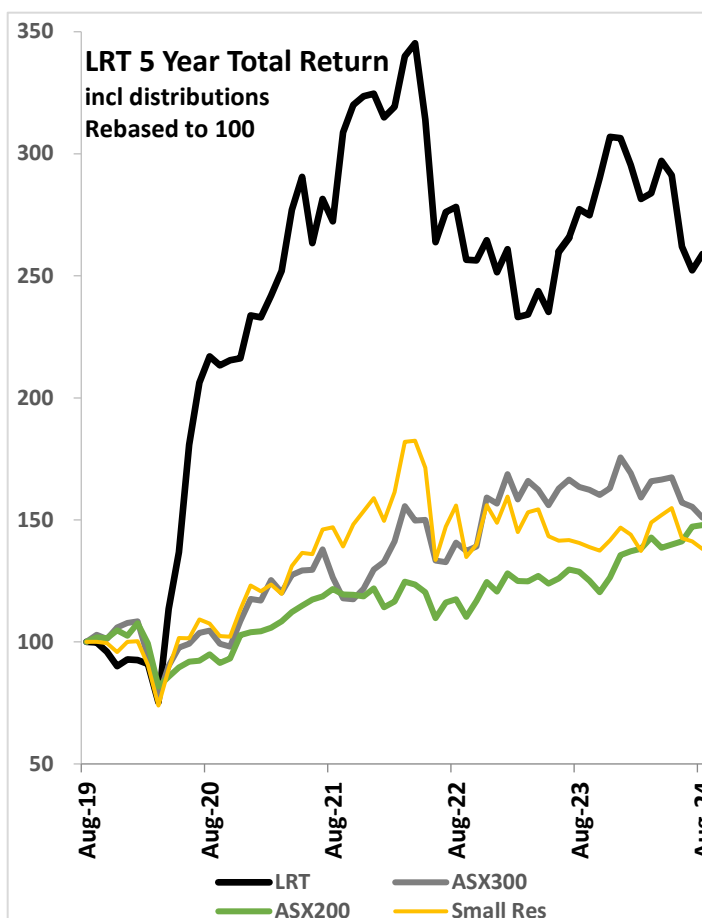
The NAV per unit finished the month of August at \$1.2769 vs \$1.2436 at 31 July 2024, an increase of 2.6% over the month.

The last traded unit price of the ASX listed LRT units at month end was \$1.13/unit.

A distribution of 15.2 cents per unit was paid on 31 July 2024.

FUND SNAPSHOT 31 August 2024

NAV per unit Post-distribution	\$1.2769
No. of Units on issue	34,446,301
Market Price (ASX)	\$1.13 / unit
Estimated NAV	AUD \$44.0m
FY 24 Distribution paid	15.2 cents per unit
Market Capitalisation	AUD \$38.9m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions – August 2024

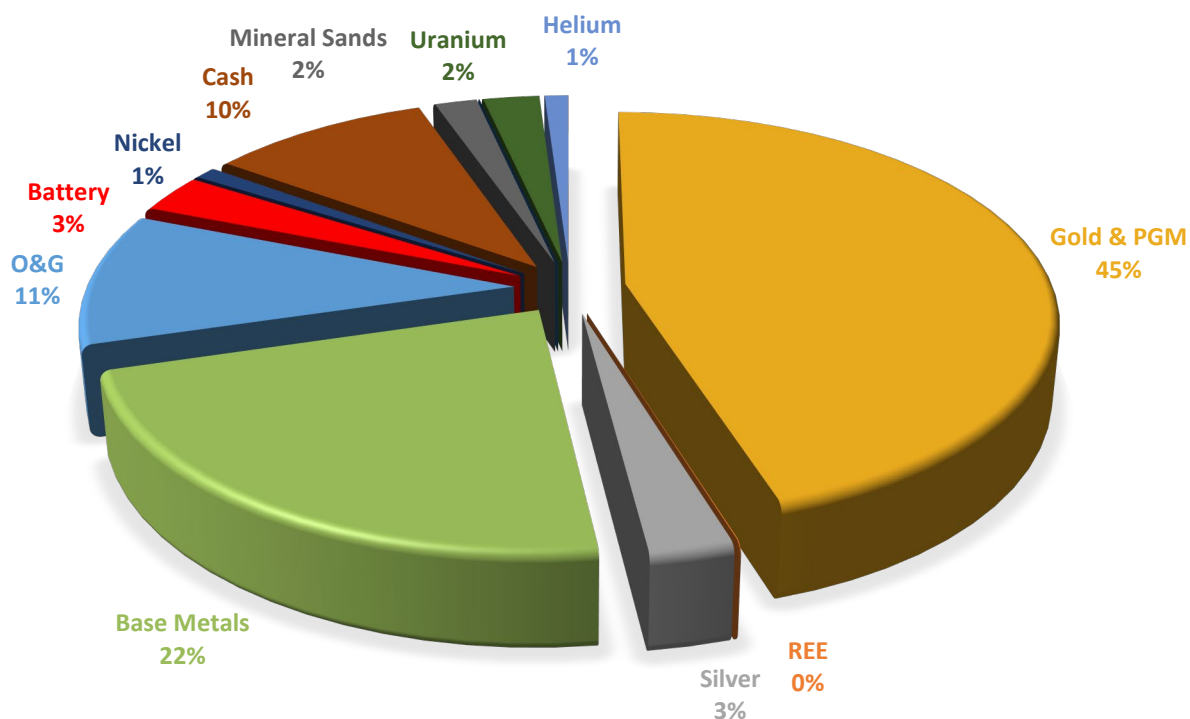
In August, the Fund reduced its holding in ASX listed, Americas-focused oil and gas producer Karoon Energy.

Precious metals exposure was adjusted by the exit from Southern Cross Gold, a highly profitable seed investment for the Fund. Additional investments were made in WA gold developer Medallion Metals, and Argentina-focused silver company Unico Silver. The Fund also topped up its position in unlisted NT explorer Plutonic Ltd.

In base and other metals, small positions in Boab Metals and Terra Metals were sold.

The cash position was 10% at the end of the month.

LRF COMMODITY EXPOSURE 31 AUGUST 2024



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Ramelius Resources (Market Cap \$2,546m RMS.ASX) announced a dividend of \$0.05/sh, and updated total ore reserves for its Western Australian gold mining operations of 20Mt at 1.6 g/t Au for 1.1 Moz of gold.

Predictive Discovery (Market Cap A\$541m PDI.ASX) attracted a new major shareholder, with West African gold producer Perseus Mining (PRU.ASX) acquiring 13.82% of the issued shares of PDI, as well as 3.45% through "cash settled swaps".

Astral Resources (Market Cap AUD\$91m AAR.ASX) announced additional drill results from its Kamperman prospect south of Kalgoorlie in WA, including 10m at 5.0g/t and 32m at 2.1 g/t Au. Kamperman is part of Astral's 116koz Feysville gold project, a satellite to AAR's main 1.3 Moz Mandilla open pit deposit.

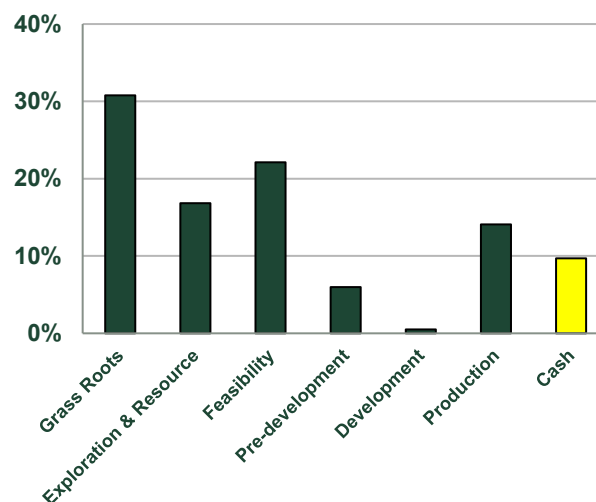
Comet Ridge (Market Cap AUD\$188m COI.ASX) announced the award of the Environmental Authority (EA) for development activities planned for its Mahalo North gas project. The grant of Petroleum Lease 1128 is expected to follow.

Hannan Metals (Market Cap CAD\$72m HSN.TSXV) announced the copper-gold porphyry exploration target at its 100% owned Valiente project in Peru had returned 126m at 0.22% copper and 192m at 0.16% Cu in channel sampling.

Fund Top Performer

Freegold Ventures (Market Cap C\$365m FGV.TSX) share price rose 105% over July and August. The company announced drill intersections of 66m at 4.6g/t Au and 45m at 5.5g/t Au at its Golden Summit project in Alaska, 5km from the Kinross Fort Knox Gold mine. The current pit-constrained primary Indicated and Inferred mineral resource at Golden Summit, using a US\$1,792/oz gold price and a 0.75 g/t cut-off, is 12 (twelve) million oz @ 1.35 g/t Au.

**LRF Portfolio Value by Project Stage
31 August 2024**



Company	Commodity	% of Gross Investments
Cash	Cash	9.7%
Ramelius Resources	Gold	8.2%
Predictive Discovery	Gold	5.4%
Astral Resources	Gold	4.2%
Comet Ridge	Gas	3.3%
Saturn Metals	Gold	3.1%
Hannan Metals	Copper	2.8%
Freegold Ventures	Gold	2.5%
Caravel Minerals	Copper	2.3%
ADX Energy	Gas	2.2%
Rugby Resources	Copper	2.0%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – August 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 21.0%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 five and ten years.

Total Portfolio Performance to 31 August 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	-4.7%	-1.8%	-7.7%	14.9%
3 years p.a.	-1.0% pa	-2.1% pa	6.1% pa	6.7% pa
5 years p.a.	21.0% pa	6.7% pa	8.6% pa	8.1% pa
10 years p.a.	10.6% pa	5.0% pa	7.1% pa	8.0% pa

The LRT ASX traded unit price at the end of August was \$1.13/unit, compared to \$1.26/unit at the end of July 2024.

Market Notes

Economics

- **US inflation** fell to 2.9%pa in July, which was the first drop below 3% since 2021. "Inflation has declined significantly," Fed Chair Powell said at Jackson Hole, later adding, "The time has come for policy to adjust. The direction of travel is clear."
- The Federal Reserve's preferred measure of **inflation** held steady at 2.5% in the year to July. The personal consumption expenditures price index compared with economists' expectations of a 2.6% rise and June's figure of 2.5%.
- **Chinese** data showed new yuan loans fell in July, coming in at about US\$36 billion, down sharply from the previous month and about 30% below estimates. Demand for credit in China is low. In July, bank borrowers in China repaid more than China's banks lent for the first time in nearly 20 years.
- A record-breaking crash in **Chinese bond** yields raised concerns that a deflationary spiral might take hold in the Chinese economy. The benchmark Chinese government 10-year bond yield hit a record low of 2.1%.
- **China** house prices continued to fall for a 14th consecutive month, but news agencies reported that China may allow local governments to issue bonds to purchase homes.

Lowell Resources Fund. (ASX: LRT)

- **China's birth rate** continued to tumble, down 6 per cent in calendar 2023, following falls of 10 per cent, 12 per cent and 18 per cent in the previous three years.
- **Australia's** jobless rate rose 0.1% to 4.2% in July. Australian CPI fell from 3.8%pa in June to 3.5% over the 12 months to July.

Metals

- The **gold** price reached another all time high of over US\$2,500/oz for the first time (16th August), exceeding the previous record of US\$2,469/oz set in July. The Peoples Bank of China gave new gold import quotas to Chinese banks, triggering speculation of a renewed wave of buying. The crash in the Chinese property sector has caused gold to become a preferred instrument for individual savings in China.
- Holdings of physically backed **gold ETF's** have risen by 90tonnes, equivalent to around US\$7.3bn, since May according to the World Gold Council. The flurry of buying ends a period during which western investors largely sat on the sidelines of the gold market. Bullish gold bets on Chicago's Comex reached a new post-Covid high.
- **Lithium** prices continued to fall, with spodumene prices slumping to \$770/t for delivery in China, down 19% this year. Carbonate prices in China have plunged 25% this year to \$US9,000 a tonne. Albemarle said it would stop construction on the 3rd 250ktpa lithium hydroxide train at Kemerton and put the 2nd train into care and maintenance. Albemarle will also cut 300 jobs and conduct a full-scale operational and cost review. That is 500ktpa of LiOH that will now not hit the market, or around 25% of the global market. Arcadium Lithium also flagged it may shut Mt Cattlin in WA and pause construction in James Bay in Canada. Mt Cattlin produced around 120kt of 5.4% spodumene concentrate in FY24 and James Bay capacity at full ramp up is 40ktpa LCE.
- After Albemarle's announcement, speculation mounted that Albemarle may be considering selling down its 49% stake in the Greenbushes **lithium** mine to its Australian-listed partner IGO. Greenbushes is the best hard rock lithium mine in the world, while Albemarle's share price has halved in the past year.
- Chile's SQM, the world's second-biggest **lithium** producer, reported a sharp 63.2% decline in quarterly profit on the back of slumping prices.
- Thousands of people protested in Belgrade, demanding a halt to a planned relaunch of Rio Tinto's US\$2.5 billion **lithium** mine project in the country over environmental concerns. In July, Serbia's government reinstated permits for Rio Tinto's lithium-borate mine project in the Jadar Valley in the western part of the country, two years after it blocked the development due to protests by environmentalists.
- **Silver** demand exceeded supply for the third consecutive year in 2023, despite a 30% drop in the market deficit to 184.3 Moz. Total **silver** demand fell by 7% to 1,195 Moz in 2023, according to the Silver Institute's World Silver Survey 2024. The decline was driven by drops in investment, jewelry, and silverware, while industrial demand hit a record high, rising 11% to 654.4 Moz, thanks to gains in green economy applications, particularly photovoltaics. Global mine production fell by 1% to 830.5Moz due to operational suspensions and lower ore grades in several countries. Recycling grew by 1% to a 10-year high, driven by the industrial sector and high silver prices in India.
- **Mexico** is the world's largest producer of silver. Legislators are seeking to ban all new open pit mines in Mexico with the lower house of Congress passing two constitutional reforms on the matter.

Lowell Resources Fund. (ASX: LRT)

- Reuters reported that the DRC continues to boost **copper** output, rising to the world's second largest global producer as the Kamo a mine ramps up and CMOC boosts production from Tenke Fungurume.
- Copper inventories in LME-registered warehouses jumped to the highest for about five years and double levels in mid-June. The world's surplus of refined **copper** quadrupled in the first half of 2024 compared to a year ago following a growth in production and recovery in mine output, preliminary data from the International Copper Study Group (ICSG) shows. According to the group's August 2024 bulletin, global mine production grew 3.1% during the January-June period, benefiting from a recovery from constrained output, mainly in Chile, Indonesia and the US, as well as the additional production in the Democratic Republic of the Congo. BHP forecasts a further surplus in 2025, but it predicted a "fly-up pricing regime" later this decade, driven by a prolonged worldwide deficit.
- **Iron ore** slumped to the lowest since May 2023, as the world's largest steel company flagged an industry-wide crisis in China, intensifying concerns about demand just as major miners boost cargoes. Iron ore prices hit US\$91/t, down from \$US144 a tonne at the start of the year, but rallied back over US\$100/t later in the month. China steel production fell 9% m-o-m in July to 83mt, with mills suffering from negative margins. A recent survey of China's steel industry by Macquarie suggested 50% of mills were losing money. A positive report regarding stimulus indicated that China may be considering new financing channels to help local governments to purchase unsold housing inventory.
- BHP told analysts that about 170 million tonnes of **iron ore** production has a cost base of between \$US80 a tonne and \$US100 a tonne, and about 150 million tonnes has a cost base above \$US90 a tonne, so with prices hovering below US\$100/t recently, that's >10% of the global market which is uneconomic (1.6-billion tons of iron-ore sold each year on the global market). BHP has vowed to grow iron ore export volumes in the face of declining demand from China and has warned higher-cost competitors will be "driven out of the market" as the commodity price softens.
- China announced it would implement export controls on **antimony** and related products, similar to those imposed on gallium and germanium in 2023. China is the world's largest producer of antimony. China accounted last year for 48% of global mined output of antimony, a strategic metal used in munitions, flame retardants, batteries and photovoltaic equipment.
- China's export controls on shipments of **germanium and gallium**, which are used for semiconductor applications and military and communications equipment components, have led to an almost twofold increase in the minerals' prices in Europe over the past year. China produces 98% of the world's supply of gallium and 60% of germanium, according to the US Geological Survey.
- As at the start of August, money managers had a combined net-short position of almost 153,000 futures and options across 20 **raw-material markets**, according to US Commodity Futures Trade Commission data compiled by Bloomberg. That was the most on record, based on figures going back to 2011. In dropping to 13-year lows, and actually going negative, it's in unusual territory. The last time it went negative was in late 2015.
- Indonesia agreed to impose moratorium on some new smelters producing mid-stream **nickel** products such as nickel pig iron.
- Prices of **rare earths** have been hit by a glut in supplies, with a benchmark index in Shanghai showing they fell almost 70% from a peak in February 2022. After bottoming in March, they have ticked up about 17%.

Lowell Resources Fund. (ASX: LRT)

Energy

- Austria's government pledged an end to **Russian gas** imports by 2027. Russian gas accounts for the vast majority of fuel demand in Austria, reaching >90% in the last 6 months.
- The final report from an inquiry into the **WA domestic gas** policy has recommended that the State Government allow onshore gas projects to export LNG, but only if the domestic market is adequately supplied.
- OPEC's monthly report noted a cut in the group's **world oil demand** growth forecast for 2024 to 2.11mb/d from 2.25mb/d due to "softening expectations for China's oil demand growth in 2024."
- Libya's eastern-based government announced the closure of all oil fields, halting production and exports. National Oil Corp, which controls the country's oil resources, provided no confirmation. However, NOC subsidiary Waha Oil Company said it planned to gradually reduce output and warned of a complete halt to Libya's production, citing unspecified "protests and pressures". Libya's Sirte Oil Company, another NOC subsidiary, said it will start a partial reduction in production. **Libya's** oil production was about 1.18 million barrels per day in July, according to OPEC.
- **US power** developers boosted generation capacity in the first half of this year by the most in more than two decades to help meet growing electricity demand driven by data centres and artificial intelligence. The surge in power demand from data centres and drive toward electrification have increased the need for more power generation. The bulk of that supply is expected to come from carbon-free power sources including solar and battery storage. The US is expected to boost total generating capacity by 80% through 2035. The additional power plants will need to be supplemented with more transmission lines, to deliver the power, and storage capacity.
- The world's largest **uranium** producer **Kazatomprom** (20% of global supply) released CY25 production guidance of between 65-69Mlbs, which is 16% less than the midpoint of previous guidance, or about 7.5% of current global consumption. However, this still represents a growth of ~12% on CY24 guidance. The primary downgrades came from the Budenovskoye operation delays attributed to complex geology and higher acid consumption. Costs are anticipated to be materially higher with the increase of Kazakhstan's new Mineral Extraction Tax and higher sulphuric acid costs. Management also said they won't be giving CY26 guidance due to sulphuric acid supply issues. Their sulphuric acid plant was scheduled to come online in 2026 is now delayed to 2027 (construction is yet to commence). Typically Kazatomprom have had six months of inventories, but these have dropped 30% recently.
- **China** has approved the construction of 11 additional **nuclear** reactors across the country which could see them surpass the US and France in terms of capacity. The new reactors will total around \$30 billion of investment and will take only 5 years to build. China currently has 56 operating reactors and 26 nuclear power units under construction however that still only supplies about 5% of their total electricity requirements. These approvals are the start of the Chinese government's target of doubling their nuclear power production by 2035 alongside a considerable expansion of their wind, solar and hydropower capabilities. 44% of China's power generation is now derived from non-fossil fuel sources with their reliance on coal down from 60% to 53% in the past 12 months.
- Around 20% of jobs will be cut in units responsible for **Shell's exploration** strategy and for developing its oil and gas finds, as a cost-cutting drive by new chief executive Wael Sawan reaches its core upstream business.
- Sales of **new energy vehicles in China** overtook more conventional auto sales for the first time ever in July, accounting for more than half of all units sold during the month.

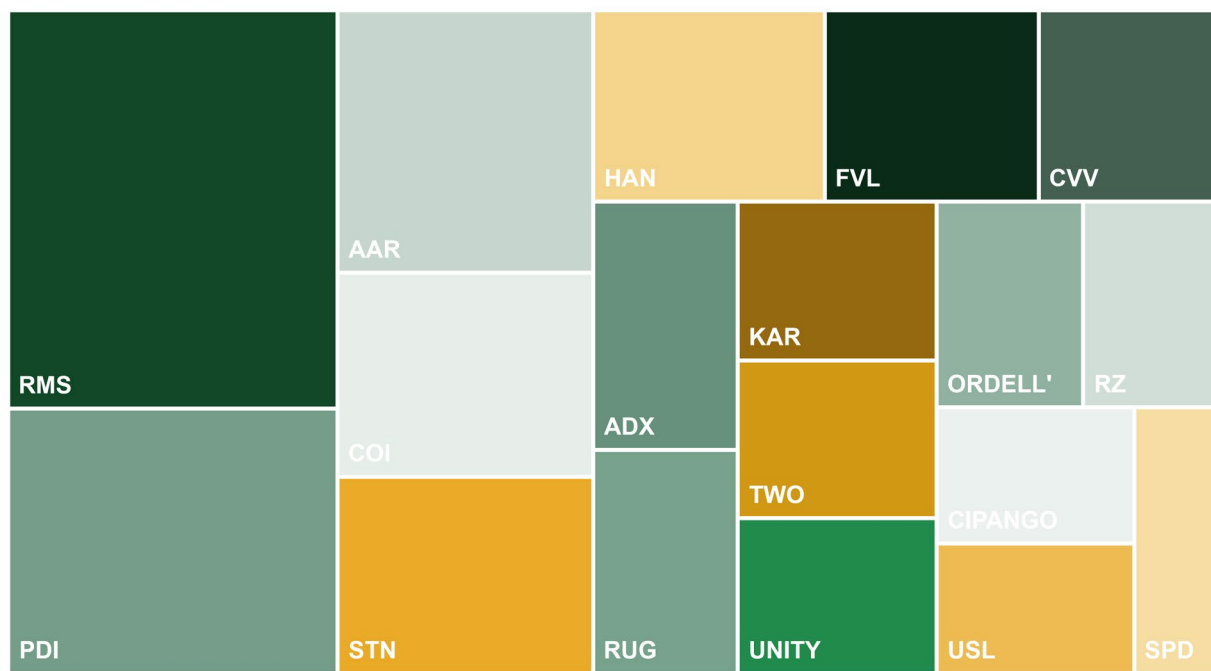
Lowell Resources Fund. (ASX: LRT)

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 August 2024



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 78

Unlisted Investments by value: 9.4%

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