



# LOWELL RESOURCES FUNDS MANAGEMENT



## MONTHLY UPDATE

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

September 2024

### September 2024 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of September 2024 was approximately AUD\$49.8m, compared to AUD\$44.0m at the end of August 2024.

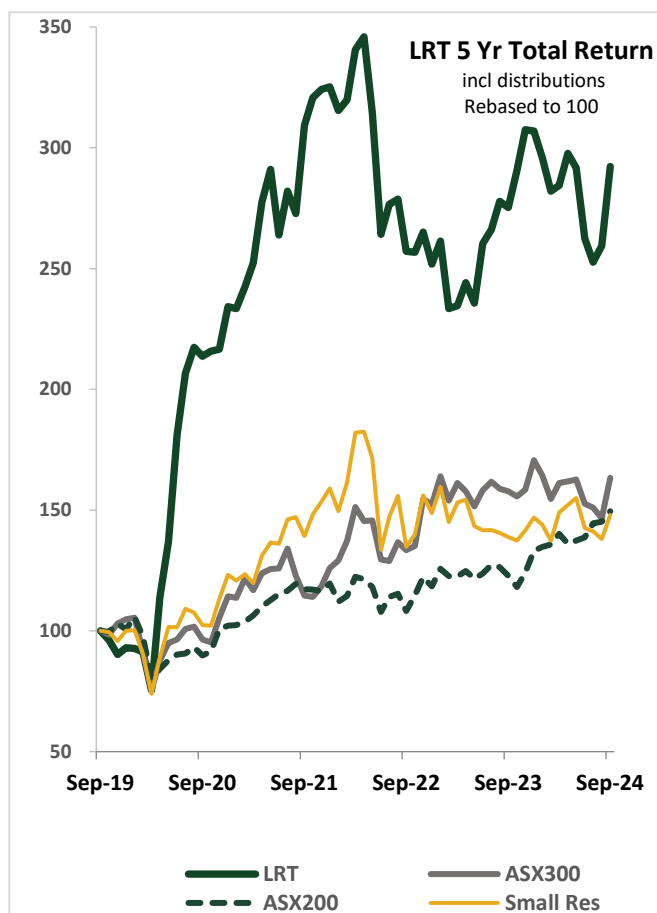
The NAV per unit finished the month of September at \$1.4382 vs \$1.2769 at 31 August 2024, an increase of 12.6% over the month.

The last traded unit price of the ASX listed LRT units at month end was \$1.255/unit.

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

#### FUND SNAPSHOT 30 September 2024

NAV per unit	\$1.4382
No. of Units on issue	34,588,436
Market Price (ASX)	\$1.255 / unit
Estimated NAV	AUD \$49.8.0m
FY 24 Distribution paid	15.2 cents per unit
Market Capitalisation	AUD \$43.4m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd



Lowell Resources Fund. (ASX: LRT)

## Fund Investment Actions – September 2024

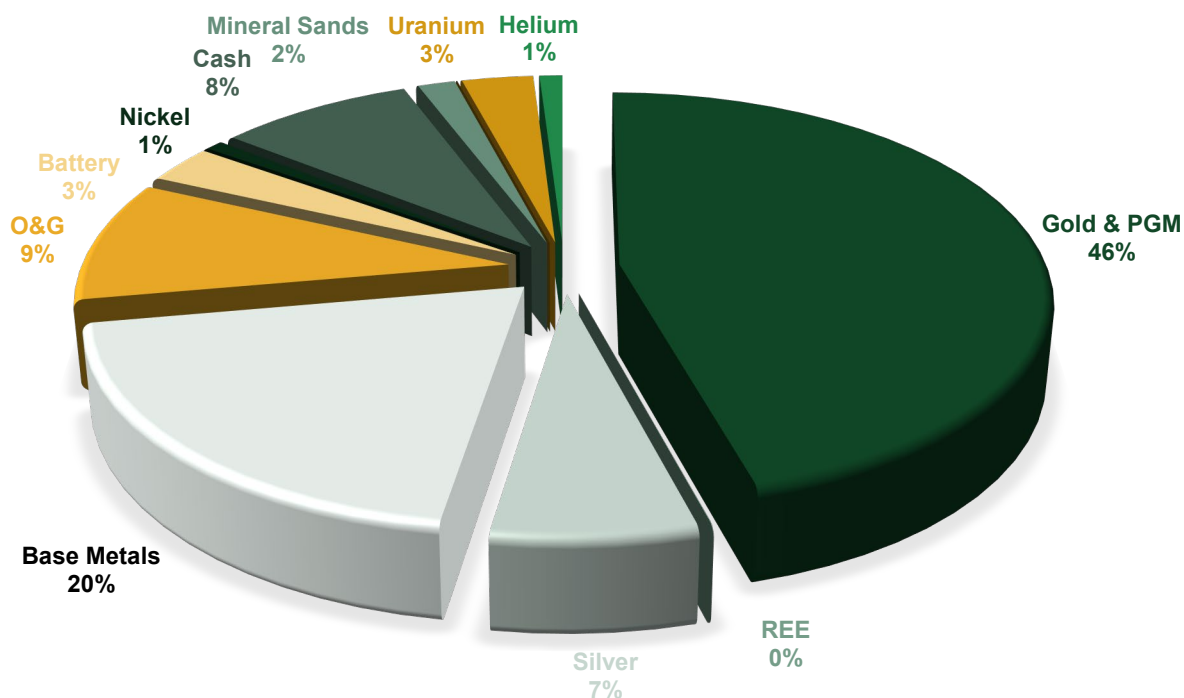
In Energy, the Fund added to its holding in ASX-listed, WA-focused oil and gas developer and explorer Buru Energy. The Fund also took a position in ASX-listed Timor Leste oilfield developer Finder Energy.

Precious metals exposure was boosted by adding to holdings in WA focused gold companies Astral Resources and Carnavale Resources. A fresh position was also taken in Nexus Minerals. In West Africa, the holding in Sanu Gold was increased. The Fund exited its positions in Asara Resources, Marvel Gold and Larvotto Resources.

In base metals, the Fund increased its positions in copper explorers ASX listed Alma Metals (Queensland) and TSXV listed Mogotes Metals (Argentina).

The cash holding was 8.6% at the end of the month.

### LRF COMMODITY EXPOSURE 30 SEPTEMBER 2024



Lowell Resources Fund. (ASX: LRT)

## Fund Top Holdings

**Astral Resources (Market Cap AUD\$139m AAR.ASX)** announced “exceptional” metallurgical gold test results from 3 deposits at its 1.3 Moz Mandilla open pit deposit. At a very coarse grind size of 212 micron and a short 8 hour leach time, recoveries were over 96%. The company completed a \$25m equity placement during the month.

**Predictive Discovery (Market Cap AUD\$611m PDI.ASX)** West African gold producer Perseus Mining (PRU.ASX) increased its shareholding in PDI to 19.9%. Exploration results at PDI's 5.4 Moz Bankan Gold Project in Guinea, West Africa included 4m at 11g/t Au and 12m at 4.8g/t Au from regional targets.

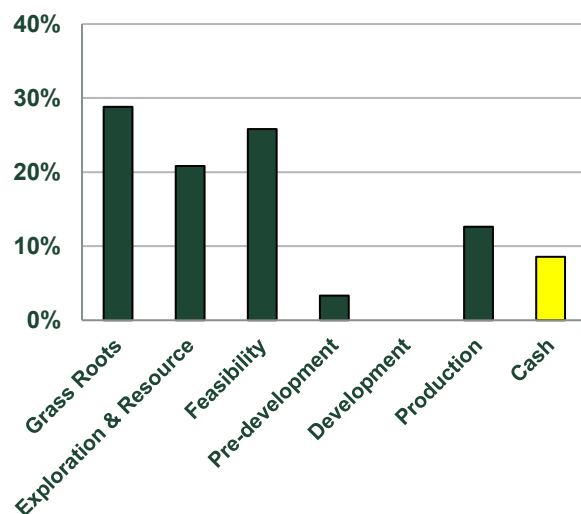
**Freegold Ventures (Market Cap CAD\$535m FVL.TSXV)** increased its Indicated and Inferred resource to 22.4Moz gold at 1.06 g/t Au at its Golden Summit project in Alaska, located 5kms from Kinross' Fort Knox gold mine.

**Comet Ridge (Market Cap AUD\$194m COI.ASX)** announced it was working to commence FEED at the Mahalo gas project in Queensland with 43% project partner Santos Ltd. A draft offer from Jemena had been received for FEED work on a pipeline to connect Mahalo with the existing gas pipeline network.

## Fund Top Performer

**Mithril Silver & Gold (Market Cap AUD\$64m MTH.ASX)** share price rose 420% over September. The company announced a drill intersection of 7m at 144g/t Au and 1,162g/t Ag from 18m downhole at its Copalquin project in Mexico. The current mineral resource at the project is 529koz @ 6.8 g/t AuEq. The company also announced it had identified 100% more historic mines and workings from a LIDAR survey at the project.

**LRF Portfolio Value by Project Stage  
30 September 2024**



Company	Commodity	% of Gross Investments
Cash	Cash	8.6%
Ramelius Resources	Gold	7.2%
Astral Resources	Gold	5.5%
Predictive Discovery	Gold	5.2%
Saturn Metals	Gold	4.0%
Mithril Silver & Gold	Silver & Gold	3.2%
Freegold Ventures	Gold	3.2%
Comet Ridge	Gas	3.0%
Hannan Metals	Copper	2.3%
Caravel Minerals	Copper	2.2%
Rugby Resources	Copper	2.2%

Lowell Resources Fund. (ASX: LRT)

## Performance Comparison – September 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 23.9%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 five and ten years.

Total Portfolio Performance to 30 September 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	8.4%	6.6%	3.5%	21.8%
3 years p.a.	-1.2% pa	2.1% pa	12.6% pa	8.5% pa
5 years p.a.	23.9% pa	8.2% pa	10.3% pa	8.4% pa
10 years p.a.	13.3% pa	7.2% pa	9.0% pa	8.9% pa

The LRT ASX traded unit price at the end of September was \$1.255/unit, compared to \$1.13/unit at the end of August 2024.

## Market Notes

### Economics

- Inflation data in the US showed price pressures were easing even as the “core” measure of the consumer price index that strips out volatile food and energy prices firmed. **US headline inflation** fell to 2.5%pa for August (compared to July's 2.9% pa). A US jobs report showed slower monthly growth but also lower unemployment and rising wages.
- The **US Federal Reserve** cut interest rates by an “outsized” 0.5%, opting for a larger reduction rather than the alternative of a 0.25% cut. The central bank said that upside inflation risks had diminished, while labour downside risks increased. The UK, Eurozone, Canada and Switzerland, as well as China, have all cut official **interest rates** this year.
- **China** unveiled the biggest **stimulus** package since the pandemic, aiming to tackle the years-long real estate crisis that's wiped out an estimated US\$18 trillion in wealth from households. The People's Bank of China reduced the bank's reserve requirement ratio by 50 bp and guided to further cuts over coming months. It also cut the short term interest rate from 1.7% to 1.5% pa, and the one-year policy loan rate by 30bps to 2.0% from 2.3%, in a leap from previous incremental policy easing. China then added a fiscal piece to the stimulus by announcing plans to “issue and use” government bonds to support state investment.

Lowell Resources Fund. (ASX: LRT)

- **China's** fertility rate is now 1.16, compared to the 2.1 rate need to maintain a stable population. Forecasters predict China's population will fall from 1.4 billion to 525 million by the end of the century. The Chinese government will raise the retirement age for the first time since 1978 amid a shortage of workers as the population ages.
- In **China housing** starts fell 22.5% yoy. Shanghai, Guangzhou and Shenzhen loosened property rules in a bid to support the sector. Guangzhou will remove all restrictions on homebuyers, whilst Shanghai and Shenzhen have reduced downpayment ratios. Beijing also announced plans to support refinancing of mortgages.
- In **Australia**, headline inflation fell to 2.7% in August from 3.5% in July - the first time since October 2021 that inflation was back in the Reserve Bank of Australia's 2% to 3% target band. However, 'trimmed mean' inflation, the RBA's preferred measure of underlying inflation, was 3.4% in the 12 months to August, a two-and-a-half-year low, but well above the central bank's target.

### Metals

- The price of **gold**, considered a more attractive investment as a result of interest rate cuts, in particular from the US Federal Reserve, hit a new high of over \$US2,660/oz.
- Saudi Arabia is reported to have been buying **gold** by adding a further 160t of gold since early 2022, just after the start of the Ukraine war.
- Hedge funds ramped up bullish bullion positions, with COMEX gold futures nearing four year high long levels. Bloomberg reported high gold prices were weighing on Chinese retail appetite, with Chinese jewellery seller Chow Tau Fook sliding to four year lows. The Chinese **gold** premium has been falling, suggesting fading demand from retail speculators. However, Indian gold imports hit a record \$US10.06bn (~131t) in August after a 9% cut in import tariffs.
- Copper reacted strongly to Chinese stimulus and US rate cuts, with the spot price up over 10% from the start of September, the strongest in nearly 16 weeks. BHP expects **copper** demand to be at 52.5 million tonnes by 2050, which would be around a 70% increase from current consumption.
- CATL (the world's biggest battery manufacturer) suspended production at the *Jianxiawo* lepidolite mine in Yichun in China that accounts for 16% of Chinese mica **lithium** supply (5-6% of world supply). The Guangzhou Futures Exchange (GFEX) price has been below CATL's cash cost of production. Chinese supply closing supports the thesis that lithium prices potentially may have bottomed.
- Price of **lead (Pb)**, used in acid batteries, fell to its lowest in almost six months, driven by concerns over the impact of a slowing Chinese economy on demand. That drew a supply response from the smelters that account for nearly half of the world's production. A persistent global shortage of mined lead has reduced profits among the firms that turn concentrate into metal. Their fees became negative in the northern summer, according to Shanghai Metals Market. In that regard, lead processors are in the same boat as the smelters that treat copper and zinc — other markets where Chinese smelting overcapacity is swamping the availability of ore and forcing the industry to reassess production.
- Palladium was up 25% in the previous 3 months, after South African PGM producer Sibanye Stillwater announced plans for further restructuring at its mines in Montana that will cut output of **palladium and platinum**. Sibanye said that PGM operations in South Africa its home country remained profitable even as the average price received for the metals was 28% lower than a year earlier. Palladium and platinum are used in autocatalysts to curb emissions. Slumping prices have been attributed to destocking by manufacturers and a subdued global economy.

Lowell Resources Fund. (ASX: LRT)

- The **tin** price has been buoyed by supply disruptions from Myanmar, with a ban on operations by the Wa militia being lifted in January. Despite this, major operations, including the Man Maw mine have stayed offline. Indonesian supply disruptions also continue, with the government delaying various key permits for exports. Indonesia **tin** exports were down 54% yoy in 1H24. Analysts expect tin to be supported by semiconductor sales, with China boosting investment to counter Western dominance. EV and solar panel growth are also expected to be supportive of long-term demand.
- The Myanmar Wa State has allowed some exports of above-ground **tin** concentrate stocks, and small scale artisanal mining is ongoing, but the giant Man Maw remains suspended. ITA estimated that Man Maw accounted for 70% of Myanmar's 40kt 2022 production.
- The Biden administration locked in steep **US tariff** hikes on Chinese imports, including a 100% duty on Chinese EVs, 50% on solar cells and 25% on steel, aluminium, EV batteries and key minerals.
- Northvolt plans to cut 1,600 jobs at its base in Sweden, or about a fifth of its global workforce, as Europe's biggest hope in the **electric vehicle battery** market struggles with production problems, sluggish demand and competition from China.
- A slump in **Rare Earth** prices since 2022 is undermining the business case for new Western REE projects. That's raising questions about whether the West can develop a supply chain to rival Chinese firms protected by their government. "These market conditions have now destroyed most of the hoped-for [REE] projects from just a couple years back," said James Litinsky, the CEO of MP Materials Corp., which owns the only rare earths mine in the US and is building a factory to manufacture magnets in Texas. "Despite the efforts and investments of many governments, Chinese control over the vast majority of the supply chain remains."
- Citi's global head of commodities Maximilian Layton said that **silver** is uniquely exposed to both parts of China's bifurcated economy – benefiting from both solar and electric vehicle demand, and the property crisis, which is driving an appetite for silver as a store of value. It is also taking place against a backdrop of "massive" deficits in silver of around 15% to 20% of consumption, which Citi noted can only be met by holders selling. Silver has been in deficit since 2019. Citi estimates that silver bar and coin holders need to sell around 1% of their total holdings per month to meet excess demand for the metal.
- Samsung announced a solid-state **lithium** metal battery with a 600-mile range at the SNE Battery Day expo in Seoul, in August. The battery maker also revealed the battery can charge to 80% in just nine minutes, and could have a lifespan of 20 years, potentially revolutionizing the EV industry. But given the current high production costs, incorporating a **silver-carbon** (Ag-C) composite layer for the anode and a high-**nickel** layered oxide cathode, the initial adoption of these batteries will be confined to the "super premium" EV segment. Mass production is targeted for 2027, and more affordable options are in development. "With global car production standing at about 80 million vehicles per year, if 20% of these vehicles (16 million EVs) were to adopt Samsung's solid-state batteries, the annual demand for silver [might] be around 16,000 metric tons," analyst Kevin Bambrough calculated. "This would represent a significant portion of the current global **silver** production, which is approximately 25,000 metric tons annually, highlighting the substantial impact on the silver market.
- Zijin Mining Group Co., China's most valuable mining company, said it won't be deterred by the Canadian government's measures to limit foreign involvement in its mining sector. The Chinese gold and copper producer will "absolutely" continue to seek out investments in **Canadian mining** companies — especially junior exploration firms, Zijin vice president Shaoyang Shen said.
- **Kamala Harris** vowed to create a national stockpile of **critical minerals**, saying a cache of the materials used in everything from batteries to defence systems is needed for economic and national security. The plan also called for new incentives and the use of emergency government powers under the Cold War-era Defense Production Act to increase domestic processing of critical minerals.
- **Iron ore** rallied on speculation that China's mammoth stimulus package would help to bolster demand. Iron ore futures rose from a low of US\$90/t to over US\$110 a ton in Singapore.



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- Vitol, which recorded earnings of more than \$28 billion in the past two years, is returning to metals after exiting the business several years ago. Vitol Group is poaching iron ore traders from rivals Glencore Plc and Trafigura Group, as the world's biggest oil trader ramps up its efforts to expand into metals. The moves are the latest evidence of how big **energy traders** are using some of the mega profits earned in oil and gas to aggressively expand into metals markets, which have long been dominated by Glencore and arch rival Trafigura.
- China's concentrate and ore imports for **base metals** rose to 2.87mt in August and 3.2% ytd to 18.64mt.
- New mandatory standard for rebar steel involving higher loadings of **vanadium** came in to force on 25<sup>th</sup> September in China. The ruling replaces voluntary compliance with the standard and mandates that all rebar products sold, manufactured, imported or used in construction across China will need to comply with the standard. Vanadium is trading at its lowest since early 2017 and is 23% down YTD.
- Russian President Putin said that Russia should consider restricting **uranium, titanium and nickel** exports.

## Energy

- Hedge funds turned net bearish on Brent crude for the first time on record as concerns about an **oversupply of oil** hammered futures prices. Investors are increasingly concerned about an oversupply of crude next year as non-OPEC countries boost output and demand from China and the US — the world's top oil consumers — appears to be faltering.
- For the first seven months of 2024, **China's oil imports** have been about 320,000 barrels less than for the same period in 2021, at least partly due to the take up of electric vehicles. China's NEV sales rebounded in August after a slight drop in July, with wholesale sales of passenger NEVs expected to come in at 1.05m units in August, up 32% from a year earlier and up 11% from July. The Financial Times reported that the world's largest oil exporter **Saudi Arabia** is looking to ramp up production from the start of December, even if it drops prices for a prolonged period of time. Plans mark a major change from the former OPEC+ strategy to support prices by cutting output since November 2022.
- **OPEC+** had previously decided to defer planned oil production increases of 2.2 million barrels per day. OPEC+ began implementing these cuts in 2021, which took around 6 million barrels (about 6% of the market) out of oil supply. The growth of production from US, Canada and Brazil has stymied OPEC+ efforts to support the oil price. Since 2021, US oil output has grown from 11.3 mmbbl to 13mmbbl.
- Viva Energy has resubmitted its **Geelong LNG import** terminal plans for environmental approvals. The project is billed as one of the last remaining solutions to what authorities warn is an imminent shortage of domestic gas in the SE states of Australia by 2027-28, as the vast 50 year old fields in Bass Strait continue rapidly depleting.
- The **WA Government** is set to allow up to 20% LNG export for new/expanded gas developments onshore WA until 2031. Current LNG netback pricing is approximately double the WA gas price (\$17/GJ vs. \$8/GJ, when using the east coast LNG netback pricing, a rough guide for WA. Source: ACCC LNG netback series).

## Energy

- China's thermal power generation returned to growth in August for the first time in four months, but it still lagged the increase in overall electricity output as renewables continued to surge. Electricity from thermal sources rose 3.7% in August from a year earlier. Thermal power in **China** is overwhelmingly **coal-fired**, with only a small amount coming from natural gas. The gain in thermal generation was less than the 5.8% rise in total electricity output, reflecting the strong increase in clean energy production. **Hydropower** rose 10.7% in August from the same month in 2023, although the pace of growth slowed. The contribution of renewables also continued to rise strongly, with **solar** output surging 21.7% from a year earlier, while **wind** gained 6.6%. Nuclear generation rose 4.9% in August. The August power generation data confirmed two trends that are shaping China's energy landscape. The first is that renewables are taking an ever bigger share of total electricity output, and this is likely to continue. The second is that while coal's share in generation is sliding, it remains the bedrock of China's energy system and is likely to remain that way for at least another decade.
- China is still building new **coal-fired plants** at a rapid pace, with data from the Global Energy Monitor showing 173.5 GW currently under construction, which is about 76% of the global total. While older coal-fired plants will be retired, China is on track to increase its total generation from coal from the current 1,147 GW in coming years. This means that the world's biggest coal producer and importer is likely to mine and buy even more coal.
- This year, **nuclear power** has generated more electricity in South Korea than either coal or natural gas for the first time ever. South Korea has been one of the world's top importers of fossil fuels. Nuclear power accounted for 32% of South Korea's electricity generation mix in the first half of 2024, ahead of coal and natural gas, each with a 28% share, according to data by Ember. The advance of nuclear power generation at the expense of fossil fuels marks a milestone in South Korea, which is the world's third-largest importer of LNG behind China and Japan and the fourth-biggest importer of thermal coal. South Korea has bet on more nuclear power in recent years, especially after the Russian invasion of Ukraine and the scrapping of a previous nuclear phase-out plan in 2022. President Yoon Suk-yeol, scrapped his predecessor's policy to phase out nuclear energy over some 45 years. The new president has set a target for nuclear power to provide at least 30% of the country's electricity by 2030.
- Global **solar power** installation is set for a record-breaking year. China, the US, India, Germany and Brazil will account for 75% of global solar additions in 2024, with China continuing to dominate. China is expected to install 334GW of solar capacity, 56% of global capacity additions for 2024.
- BYD's Seagull **EV** was the top-selling car in China in August, with nearly 41,000 units sold. The Seagull is BYD's cheapest electric vehicle, priced under US\$10,000 in China, and has been the top pure electric car for six consecutive months. The Seagull is expected to launch as one of the most affordable EVs in Europe, starting under €20,000.
- Microsoft has signed a US\$16bn 20-year power purchase agreement with Constellation Energy, which plans to resurrect the 835MW Three Mile Island **nuclear power** plant by 2028. Microsoft will purchase energy from the restored plant to help match power requirements of its AI data centres. Constellation will spend ~US\$1.6bn to reopen TMI Unit 1, which was shut down for economic reasons 5 years ago.
- Fourteen of the world's biggest banks and financial institutions pledged to increase their support for **nuclear energy**, a move that governments and the industry hope will unlock finance for a new wave of nuclear power plants. Institutions including Bank of America, Barclays, BNP Paribas, Citi, Morgan Stanley and Goldman Sachs said they support a goal first set out at the COP28 climate negotiations last year to triple the world's nuclear energy capacity by 2050.

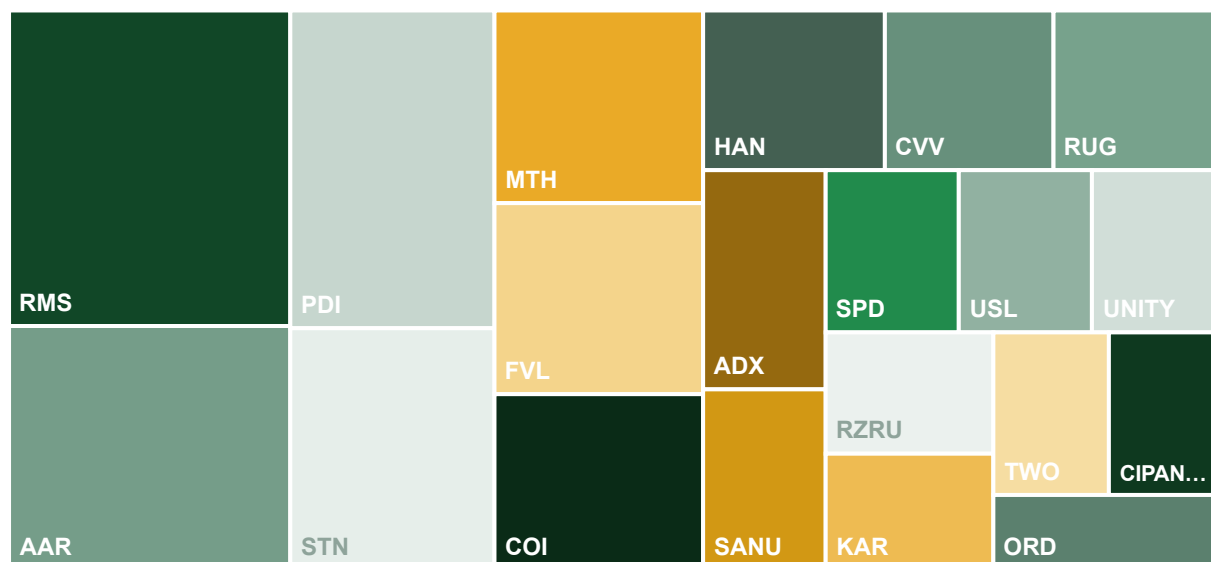


Lowell Resources Fund. (ASX: LRT)

## 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**  
**30 September 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

The information given by Lowell Resources Funds Management Ltd "LRFM" (ACN 006 769 982, AFSL 345674) is general information only and is not intended to be advice. You should therefore consider whether the information is appropriate to your needs before acting on it, seeking advice from a financial adviser or stockbroker as necessary.

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This release has been approved by the Responsible Entity's Board of Directors.