



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

May 2023

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

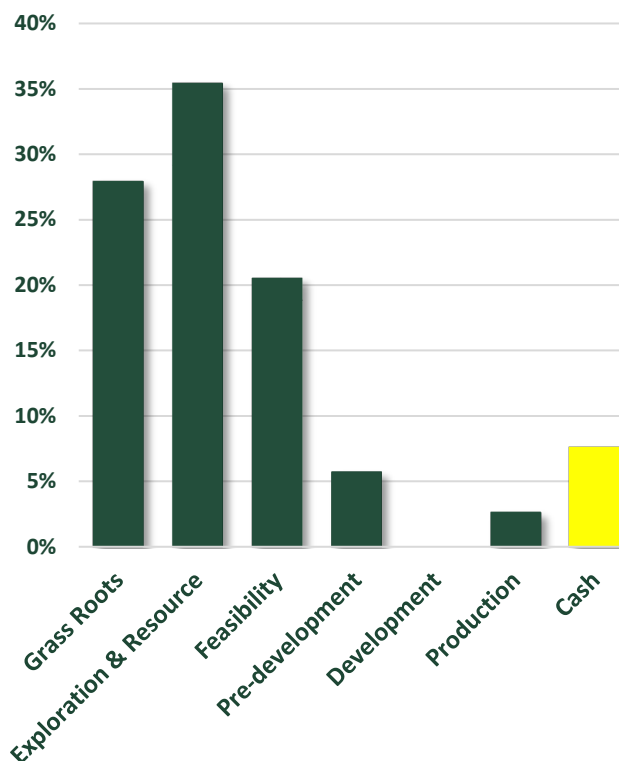
The Lowell Resources Fund's estimated net asset value ('NAV') at the end of May 2023 was approximately \$41.8m, compared to \$43.3m at the end of April 2023.

The NAV per unit finished the month of May at \$1.3237/unit (vs \$1.3711/unit at 30 April 2023), a decrease of 4.7% over the month. The traded unit price of the ASX listed LRT units at month end was \$1.20/unit.

FUND SNAPSHOT 31 May 2023

NAV per unit	\$1.3237
No. of Units on issue	31,564,087
Market Price (ASX)	\$1.20 / unit
Estimated NAV	\$41.8m
FY 22 Distribution	11.57cents per unit
Market Capitalisation	\$37.9m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

LRF Portfolio Value by Project Stage
31 May 2023



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions - May 2023

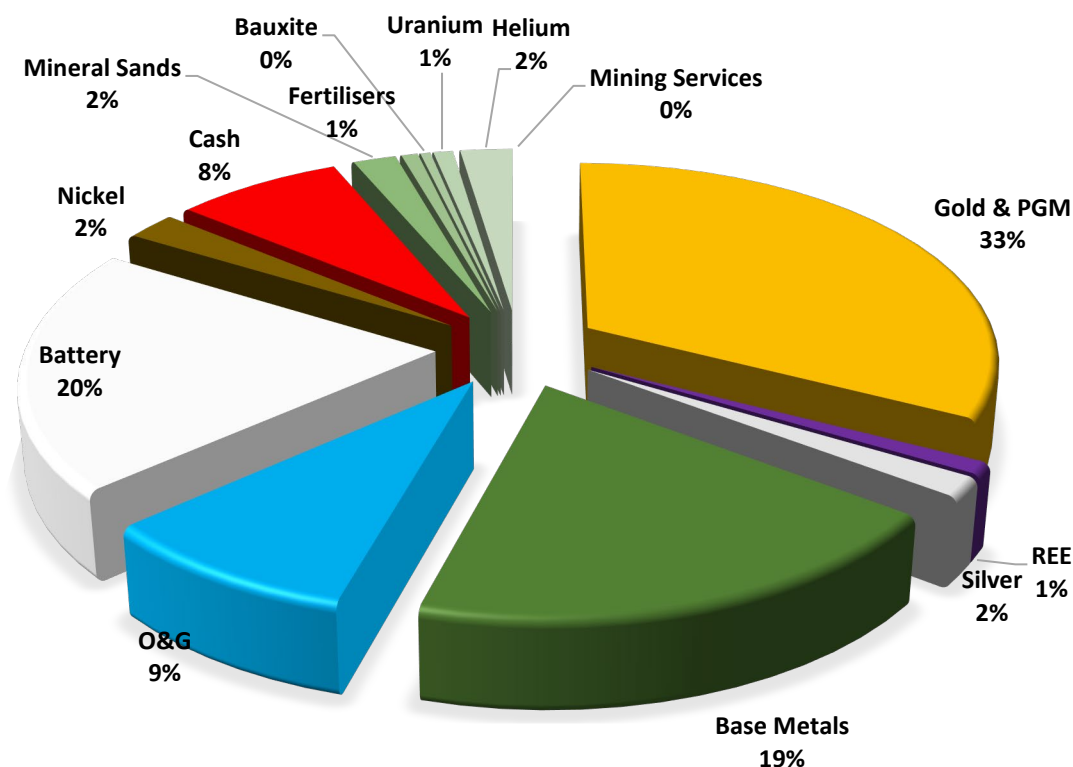
In May, as the lithium carbonate price in China rebounded strongly and lithium equities followed suit, the Fund made a number of moves in the lithium space. Some profits were realized in Delta Lithium, while a new investment was made in the recapitalization of US-focused Iris Metals. The Fund also participated in Westar Resources' rights issue and shortfall allotment.

In copper, the Fund added to its positions in LSE-listed Great Southern Copper, and in TSX-listed QC Copper & Gold.

In the precious metals sector, the Fund participated in equity raisings by existing portfolio companies Saturn Metals, Hamelin Gold, Mako Gold and Marvel Gold.

In energy services, the Fund took up its rights in an entitlement issue by Hydrocarbon Dynamics

LRF COMMODITY EXPOSURE 31 MAY 2023



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Azure Minerals (Market Cap A\$211m

AZS.ASX) announced the commencement of a 40km RC drill program, together with an ongoing diamond drilling program, at its 60% owned Andover nickel-lithium project in WA. Surface sampling of pegmatites on the project has returned numerous grades of 2-4% Li₂O. Drilling is currently testing the 1,500m strike length of two major outcropping pegmatites.

Musgrave Minerals (Market Cap A\$130m

MGV.ASX) announced high grade drilling results from the Leviticus deposit at its 100% owned Cue gold project in Western Australia. A new high grade mineralized position was discovered returning 3m at 7.3 g/t Au. Subsequent to the end of the month, MGV received an unsolicited scrip bid from Cue neighbour Westgold Resources at a 30% premium to MGV's previous traded price.

Predictive Discovery (Market Cap A\$278m

PDI.ASX) completed an IP geophysics survey at its regional Argo prospect which confirmed multiple high priority drill targets. The Argo area is 15-20km north of PDI's 4.2 Moz gold resource at Bankan in Guinea, West Africa. During the month, PDI announced it had raised \$40m in an equity placement to fund further exploration.

Comet Ridge (Market Cap A\$152m COI.ASX)

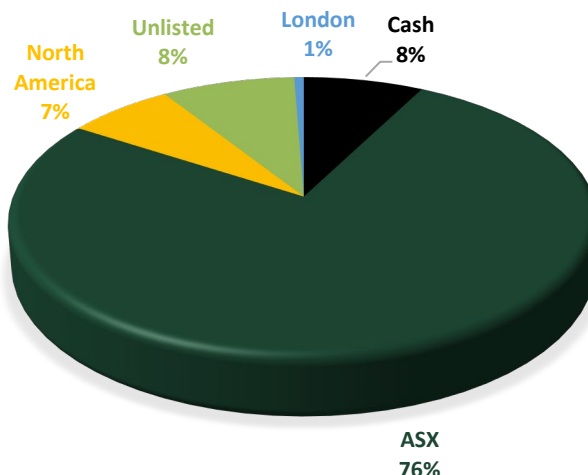
announced it had executed an MOU with Orica in relation to a long-term gas offtake for COI's Mahalo North gas project in Queensland. Mahalo North is to supply gas to Orica's Yarwun facility at Gladstone. COI had previously signed an MOU with Jemena regarding the construction of pipeline to join the project to the Queensland Gas Pipeline which in turn connects to Gladstone.

Fund Top Performer

Westar Resources (Market Cap A\$14m

WSR.ASX) share price jumped by 188% during May 2023. Westar announced that a maiden RC program testing for lithium and gold had drilled intersections of pegmatites up to 44m thick at the Olga Rocks project in the Southern Cross area of WA.

INVESTMENTS BY LISTING 31 MAY 2023



Company	Commodity	% of Gross Investments
Cash	Cash	7.6%
Azure Minerals	Li-Ni	6.4%
Musgrave Minerals	Gold	5.8%
Predictive Discovery	Gold	4.7%
Caravel Minerals	Copper	4.5%
Comet Ridge	O&G	3.0%
Delta Lithium	Lithium	2.6%
Talon Metals	Nickel	2.3%
Saturn Metals	Gold	2.3%
Leeuwin	Li-Ni	2.3%
Westar Resources	Li-Au	2.2%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – May 2023

Over the past 3 years, the Lowell Resources Fund's change in underlying estimated net asset value per unit (inclusive of distributions and after fees and expenses) was 18.5%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 three, five and ten years.

Total Portfolio Performance to 31 May 2023	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	-26.2%	-18.1%	4.0%	2.9%
3 years p.a.	18.5% pa	10.3% pa	16.9% pa	11.4% pa
5 years p.a.	14.0% pa	2.9% pa	11.6% pa	7.5% pa
10 years p.a.	12.2% pa	3.5% pa	8.5% pa	8.1% pa

The LRT.ASX traded unit price at the end of May was \$1.20/unit, compared to \$1.22/unit at the end of April 2023.

Market Notes

Economics

- The US Federal Reserve and the Australian Reserve Bank both raised **interest rates** by 25bp in early May. Federal Reserve chair Jerome Powell said at the time that the Fed is "much closer to the end of this [rate hike cycle] than to the beginning." His comments sent the US\$ gold price to all time highs. However, towards the end of May, US yields and the US dollar were supported by more hawkish Fed commentary, with several Fed members raising the prospect of additional hikes.
- US inflation** fell to 5.0% pa in April.

Metals

- The **gold** price hit all-time highs of US\$2,046/oz or A\$3,068/oz on 3 May before falling back below US\$2,000/oz at the end of the month.
- Chinese **lithium** carbonate price continued to rise, over 50% off its lows, after a 6 month downtrend. In the past two years, Chinese companies have spent \$4.5 billion acquiring stakes in nearly 20 lithium mines, most of them in Latin America and Africa, according to data compiled by Rystad and Benchmark.
- Ford announced two deals with Albemarle and SQM in Chile for **lithium** supply to support its ambitions to produce 2m EVs by 2026. Ford previously signed deals with Nemaska Lithium,

Lowell Resources Fund. (ASX: LRT)

ENergySource Minerals and Compass Minerals, pre-production companies with projects in California and Utah. Ford also signed a deal with Liontown Resources last year for an off-take agreement. The carmaker is looking to boost EV production 16x over the next few years.

- Chile's state copper research organisation, Cochilco (Copper Commission) presented its estimates for the world **lithium** market from now to 2035. It expects tight conditions through 2024, then surpluses over the period 2025-29, and a series of growing supply shortfalls starting in 2030 – based on surging demand for electric vehicles.
- Right wing Chilean parties won a strong majority in the vote for members of the Constitutional Council that will draft a new constitution, with 33 of the 51 seats – a U-turn from the majority won by progressive members on the Council that produced the first draft. Meanwhile the Chilean lower house passed a new **copper** royalty bill which makes the tax burden for copper producers in Chile, although watered-down from the government's initial proposal, higher than those of competing jurisdictions, including Peru
- Chinese **copper** demand remained weak with easing manufacturing growth, property market stagnation and more consistent concentrate supply from Peru following disruptions earlier this year. The International Copper Study Group estimated a Q1 refined surplus of 332,000t representing about 1.2% of global annual output, resulting in more copper available on the LME. However, the ICSG update forecasts a deficit of 114,000t for this year versus their previous prediction of a 155,000t surplus in 2023.
- **Iron ore** prices fell 20% from the end of March to below US\$100/t. China's peak construction season disappointed, causing the steelmaking ingredient to give back the gains made at the start of the year.
- Indonesia became the world's second-largest **cobalt** supplier in 2023, behind the Democratic Republic of Congo, as it accounted for almost 5% of global production, according to data from UK-based Cobalt Institute. The Institute said "Indonesia has the potential to increase cobalt production by 10 times by 2030."
- LME **zinc** inventories climbed more than 300% since early February. Zinc prices hit a two-and-a-half year low of \$2,517.50 per tonne, as China's post-lockdown bounce-back continued to disappoint. Zinc is also being weighed down by expectations for a strong rebound in supply this year after a protracted smelter bottleneck in 2022. The International Lead and Zinc Study Group (ILZSG) still thinks the global refined zinc market will be in supply shortfall this year but cut its deficit forecast to a modest 45,000 tonnes from 150,000 tonnes at the time of its last update in October.
- The World Platinum Investment Council (WPIC) said a surge in **platinum** demand, especially from the industrial sector, will exacerbate the global platinum supply deficit in 2023. According to the WPIC, global platinum demand will rise by 28% this year compared with 2022, while supply will fall by 1% year-on-year. The WPIC estimates that industrial demand for platinum, particularly from chemical and glass production in China, is on track to reach its highest level on record. Demand from the automotive industry also continues to be strong.
- Australian PM Albanese and US President Biden made a joint announcement titled "Climate, Critical Minerals and Clean Energy Transformation Compact" committing to enhancing their bilateral cooperation. However, while the Biden administration has announced hundreds of billions of dollars of subsidies for clean energy and **critical minerals** associated with its Inflation Reduction Act, its uncertain how the Australia-US "Compact" will work in practice.

Lowell Resources Fund. (ASX: LRT)

Energy

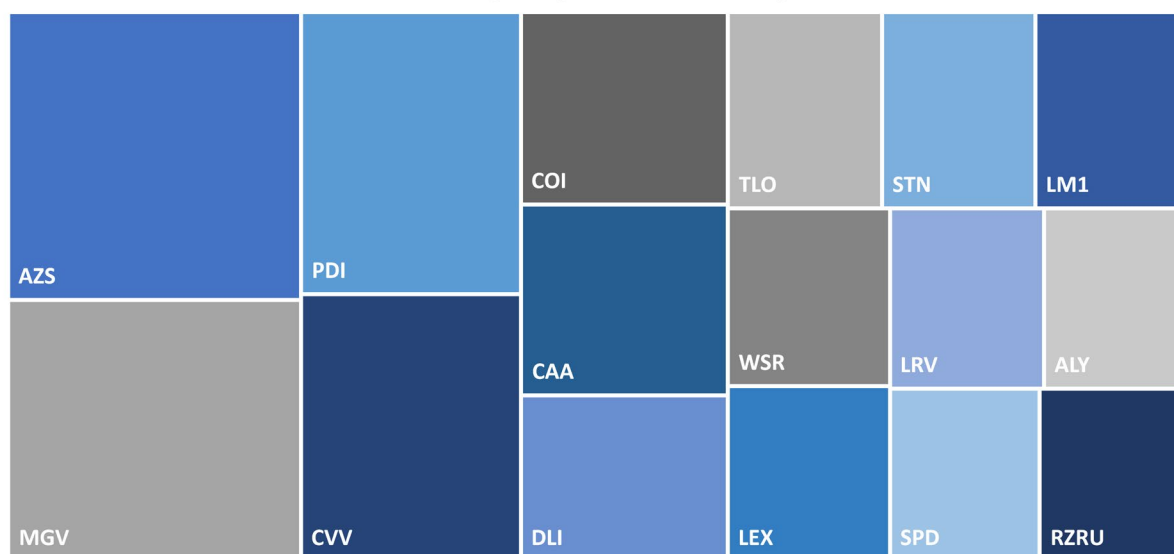
- The US Baker Hughes O&G drilling rig count was down 9 units to 711 rigs at the end of May (-16 yoy), the lowest level for two years, with **oil** rigs down 5 to 570 and **gas** rigs down 4 to 137 units.
- Crude **oil** prices have dropped about 13% this year amid China's lacklustre recovery from its Covid Zero policy and concerns about aggressive monetary tightening in the US.
- March total Chinese **crude oil** products demand averaged 14.6mmbbl/d (latest available data), up 10% y/y, and 21% above the five-year average.
- The Northern Territory government said it will allow a full-scale onshore gas industry to go ahead in the gas-rich Beetaloo Basin, five years after a moratorium on fracking was lifted. The Beetaloo sub-basin, 500km south east of Darwin, is estimated to contain 500 Tcf of gas.
- Total **uranium** term contracting volumes increased by 33 million pounds in April to 88.4 million pounds, the most contracted volume to the end of April, based on records dating back to 2010. In 2011, 87.9 million pounds was contracted to the end of April. Uxc noted that "Offer levels remain firm, but given ongoing concerns over future supply availability and mid-term supply tightness, the market continues to anticipate continued upward price pressure."
- A US House subcommittee voted to clear legislation that would limit the import of Russian **uranium** to the US. The bill would bar the import of enriched Russian uranium. The legislation would also grant a temporary waiver until January 2028 to allow the importation of decreasing amounts of Russian uranium, on which the US's fleet of more than 90 nuclear reactors largely still depends. US reliance on enriched uranium from Russia has received renewed attention since Moscow's invasion of Ukraine with the Biden administration considering sanctions on imports of the reactor fuel. Russia accounted for 16.5% of the uranium imported into the US in 2020 and 23% of the enriched uranium needed to power America's fleet of commercial nuclear reactors.
- Newcastle **coal** futures, the benchmark for Asia's largest coal-consuming region, fell to \$140 per tonne, the lowest level since July 2021, down almost 70% from a record high of \$457.8/t in September last year. The fall was attributed to the subdued economic recovery in China, particularly in manufacturing and construction. At the same time, the domestic inventory of coal in China has reached historical high levels due to low demand and significant imports.

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-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 May 2023



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 78

Unlisted Investments by value: 8.5%

Average Market Capitalisation of Investee Companies: AUD\$42 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD\$84 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