



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

March 2024

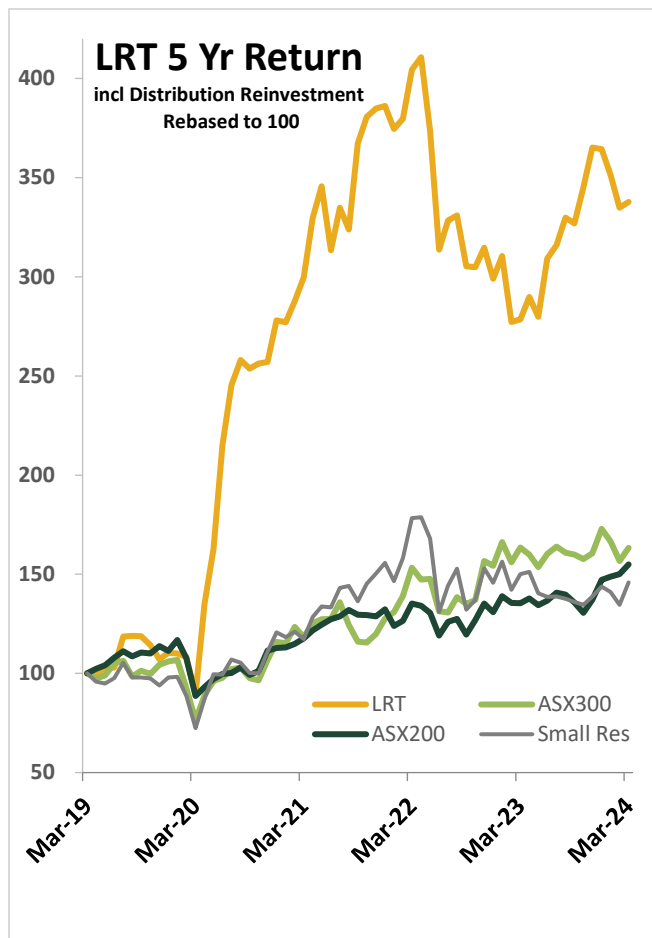
March 2024 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of March 2024 was approximately AUD\$49.7m, compared to AUD\$49.3m at the end of February 2024.

The NAV per unit finished the month of March at \$1.5324 (vs \$1.5194/unit at 29 February 2024), a increase of 0.8% over the month. The last traded unit price of the ASX listed LRT units at month end was \$1.315/unit.

FUND SNAPSHOT 31 March 2024

NAV per unit	\$1.5324
No. of Units on issue	32,451,402
Market Price (ASX)	\$1.315 / unit
Estimated NAV	AUD \$49.7m
FY 23 Distribution	7.0777 cents per unit
Market Capitalisation	AUD \$42.7m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd



Lowell Resources Fund. (ASX: LRT)

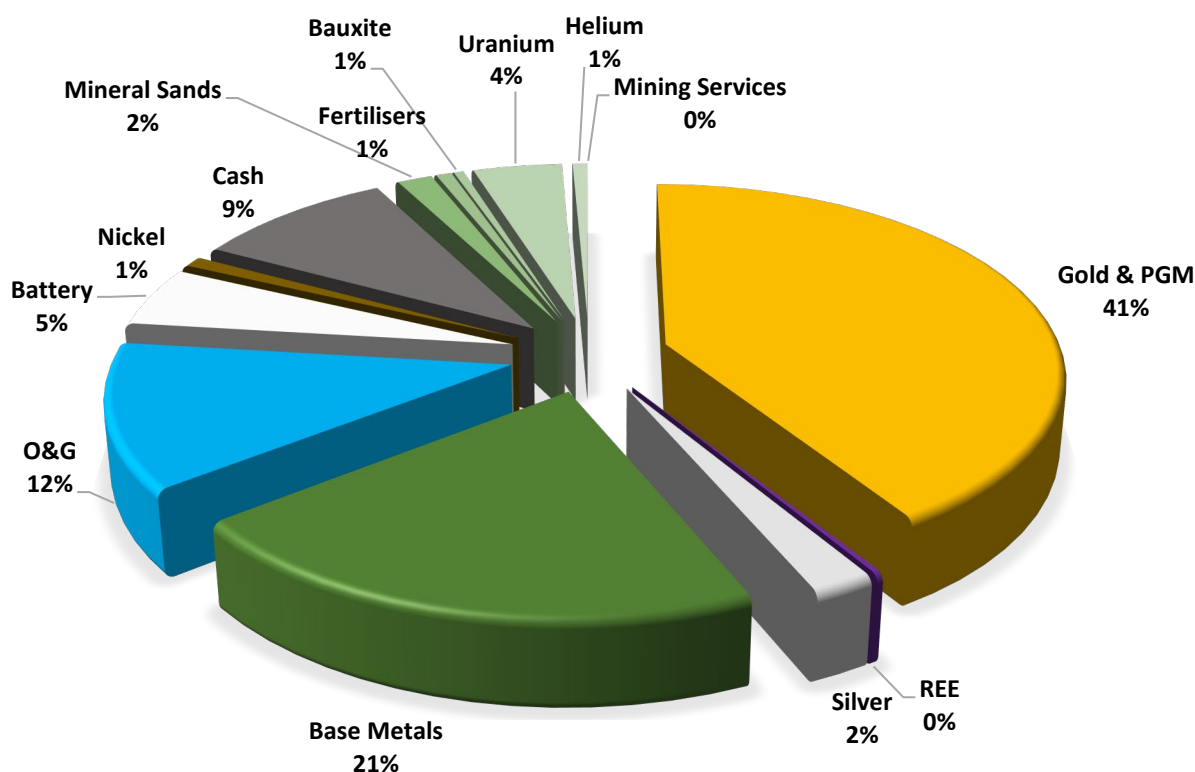
Fund Investment Actions – March 2024

In March 2024, the Fund made an initial investment in TSX.V listed uranium explorer Aero Energy, which is exploring the northern Athabasca Basin in Saskatchewan.

In precious metals, the Fund added to positions in ASX listed juniors Astral Resources and Asara Resources, as well as participating in a convertible note issue for unlisted Japan-focused gold explorer Kin-Gin Exploration. The Fund also invested in Borealis Mining, a new Canadian company which owns the Borealis gold mine in Nevada. The Fund participated in a placement by TSX-listed Freegold Ventures which holds one of North America's largest undeveloped gold deposits in Alaska.

The Fund added to its holding in West Africa iron ore explorer Arrow Minerals, and sold its position in Blue Star Helium.

LRF COMMODITY EXPOSURE 31 MARCH 2024



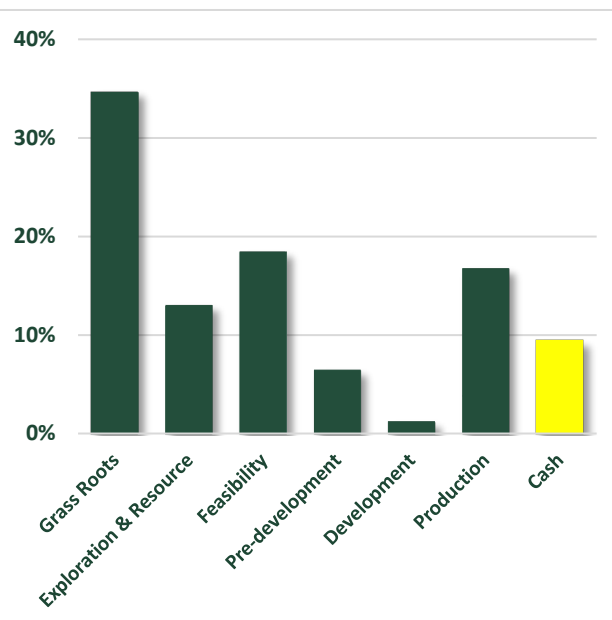
Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Ramelius Resources (Market Cap \$2,124m RMS.ASX) produced a record 87koz of gold in the first quarter of 2024, generating record free cashflow of \$125.3m. The AISC for the quarter was expected to be in the range of A\$1,375 – 1,475/oz.

Southern Cross Gold (Market Cap A\$340m SXG.ASX) announced an intersection of 2,318 g/t Au over 1.0 m in the best hole ever drilled at its Sunday Creek project in Victoria. The hit was contained within a broader Interval of 455m @ 7.2 g/t Au (uncut) which traversed 12 high-grade vein sets.

Astral Resources (Market Cap A\$47.6m AAR.ASX) announced an intersection of 35m at 3.8g/t Au from 86m at its Kamperman Prospect. Kamperman is located around 50km from AAR's 1.3Moz Mandilla gold project, highlighting the potential for Kamperman to contribute high-grade satellite ore feed to a development at Mandilla.



Fund Top Performer

Sanu Gold (Market Cap CAD\$11.1m SANU.CN) share price rose 125% after announcing trench sampling of 80m at 1.46 g/t Au and rock chip sampling up to 20.2g/t Au at its flagship Bantabaye gold permit in Guinea, West Africa. Separately, results from the Daina permit included 9m at 8.0g/t Au in trench sampling and rock chips up to 61g/t Au.

Hannan Metals (Market Cap CAD\$39.3m HAN.TSXV) share price also rose 125% in March, after announcing a new thick style of sediment hosted copper returned 5.8 metres at 3.1% copper and 65 g/t silver from surface at its San Martin project in northern Peru. The mineralization is outcropping and has been mapped over 2.3 km of strike. It is located in a new area.

Company	Commodity	% of Gross Investments
Cash	Cash	9.4%
Ramelius Resources	Gold	6.1%
Predictive Discovery	Gold	5.2%
Karoon Energy	O&G	4.3%
Southern Cross Gold	Gold	3.9%
Newmont Corp	Gold	3.6%
Comet Ridge	Gas	3.4%
CAA Mining	Lithium	2.7%
Caravel Minerals	Copper	2.6%
Rugby Resources	Copper	2.5%
Astral Resources	Gold	2.3%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – March 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 27.6%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 March 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	22.2%	-2.8%	-0.1%	14.5%
3 years p.a.	4.2% pa	7.6% pa	11.3% pa	9.6% pa
5 years p.a.	27.6% pa	7.9% pa	10.3% pa	9.2% pa
10 years p.a.	12.8% pa	6.5% pa	8.5% pa	8.3% pa

The LRT ASX traded unit price at the end of March was \$1.315/unit, compared to \$1.275/unit at the end of February 2023.

Market Notes

Economics

- Federal Reserve Chair Jerome Powell said it will probably be appropriate to start lowering **interest rates** this year, though the central bank is in no rush to do so yet.
- The **Swiss** central bank announced a quarter-point cut to 1.5%, while **Japan** raised its overnight cash rate for the first time in 15 years, from negative to zero. **Taiwan** also raised rates to 2% from 1.875%.
- Nikki Haley exited the **US presidential** nominee race, clearing the way for Donald Trump to face Joe Biden at the upcoming November US elections.
- US inflation** unexpectedly increased to 3.2% in February (from an expected unchanged level of 3.1% in January)

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Metals

- **Gold** closed the month at an all-time high of US\$2,233/oz, and made all time highs in all other currencies. China's central bank added gold to its reserves for a 16th straight month in February, extending a long buying spree that's helped to support the surge to a record high. Bullion held by the People's Bank of China rose by about 390,000 troy ounces. In the Chinese domestic market, buyers have been showing strong ongoing demand for gold, undeterred by high prices, as concerns over the nation's patchy economic recovery spur a flight to haven assets. On the other hand, India's **gold** imports were set to plunge by more than 90% in March from the previous month, to hit their lowest level since the COVID pandemic, as banks cut imports after record-high prices hit demand, a government official and two bank dealers said.
- **Australian mineral exploration** expenditure decreased by 3.1% to \$1,124m in the December 2023 quarter, quarter on quarter. However 2023 was a record year overall for mineral exploration spend.
- BHP signed non-binding sales agreements for all **potash** production from both phases of the Canadian mine it is building. The company expects to begin production at Jansen, Saskatchewan in late 2026, ramping up to 4.35 Mtpa. The company's entry may initially be "quite destructive" to prices, said Humphrey Knight, principal analyst of potash and phosphates at consultancy CRU.
- **Zinc** smelters have reduced the processing fees they charge to turn mined ore into finished metal, and analysts say there could be more cuts to come as miners struggle to boost output. "Metal market participants have held perennially bearish views on zinc on expectations that mine supply increases would push the market into surplus," Bank of America commodity strategist Michael Widmer said in a note this week. "But the anticipated glut has so far not materialized, because mined and refined production have consistently underperformed."
- Peru's **copper** production should reach 3 million metric tons this year after hitting 2.76 million tons in 2023, energy and mining minister Romulo Mucho said. The Democratic Republic of the Congo overtook Peru as the world's second largest copper producer in 2023. Congo produced about 2.84 million tons of copper last year, the country's central bank reported.
- China Nonferrous Metal Mining Corp's Chambishi **Copper** Smelter in Zambia cut 20% of its production due to power shortages in the country, according to Reuters. The plant, which produces about 250,000 metric tons of copper per year, is one of the biggest processing facilities in Africa's second-largest copper producer. Zambia generates about 87% of its electricity from hydropower, and lower water levels are due to its current drought.
- China saw a 2.6% rise in unwrought **copper** imports in the first two months of 2024, alongside a 0.6% increase in copper concentrate imports, setting a new record high for the period. Copper futures surged to over US\$4.10 per pound.
- SolGold announced a US\$3.2 billion investment from **Ecuador's** government in its flagship Cascabel copper-gold project. The deal is the largest mining investment in Ecuador's history, according to SolGold, and it is separate from the government's already committed US\$311 million for the project.
- China **Copper**, one of the country's leading producers of the metal, wants to acquire overseas mineral resources amid tight mined copper supply and rising demand, the company's chairman told Reuters. The company will step up cooperation on "risky projects with a low exploration rate". China Copper holds the Toromocho Copper mine in central Peru, via its parent company Aluminum Corporation of China (Chalco), the state-owned metal major.
- SMM **copper** inventories in mainstream regions across China increased to 395,400 mt, reaching the highest level in the past five years.

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- Chilean miner Antofagasta secured a US\$2.5 billion loan facility to finance a second concentrator at its Centinela **copper** mine in the country's north, which will add 144,000 tonnes a year to the company's copper production.
- Spot **copper** treatment charges (TCs) in China collapsed to near zero due to tight concentrate availability. China's biggest copper smelters met in Beijing, to discuss a cut in loss-making production. It was reported that Chinese smelters, which produce around half the world's supply of refined copper, are considering a 5-10% cut to production in 2024. There are around 1.7 million tons per year of new ex-China smelter projects that are expected to come online in the second half, "which will put more pressure on global concentrate supply," according to consultancy CRU.
- Fund managers made the heaviest cumulative bet on higher **copper** prices since the LME started publishing its Commitment of Traders Report in 2018.
- Indonesia will impose an export ban on **copper** concentrate from June, a policy meant to force miners to invest in smelting facilities at home. Similar export bans have been imposed by the Indonesian government for tin, nickel and bauxite. The copper export ban was originally set to enter into force in June 2023, but the government allowed Freeport and PT Amman Mineral Internasional more time to comply to help them fund smelter construction.
- Prior to Easter, the price of **cocoa** surged past \$10,000/t, well above the price of copper for the first time. Euroz Hartleys speculated that a short squeeze in the chocolate market was being implemented by the Easter Bunny.
- The US government has signalled its desire to lend a further A\$1.28 billion to ASX-listed **rare earths** companies in a bid to break China's stranglehold on the metals needed for decarbonisation and defence applications. The US Export Import Bank (US EXIM) has given early stage "letters of interest" to Meteoric Resources and Australian Strategic Materials (ASM), which suggest it may lend them money at concessional rates in future. ASM was given a non-binding pledge of US\$600 million (\$909 million) to help advance plans for a mine near Dubbo in NSW, while Meteoric was given a non-binding pledge for US\$250 million (\$379 million) to help it develop a rare earths project in Brazil.
- Dennis van Schie, the chief supply chain officer at Northvolt, said that **critical raw materials** constitute half the bill of materials for a battery and that a "revolution" was needed in materials, not just batteries
- **Iron ore** slumped to finish the month at around the \$100/t a ton mark after disappointing demand in China left the market lumbered with swelling inventories. Iron ore has tumbled by around a quarter from a peak in early January as China's real estate and manufacturing activity remained under pressure. The annual National People's Congress in Beijing in early March offered few prospects of a demand boost, and iron ore stockpiles at ports have ballooned to the highest in a year. Iron ore stockpiles jumped to their highest levels in a year.
- Consultancy Benchmark Mineral Intelligence announced it was launching "green" **nickel** prices after some producers called for metals exchanges to start new contracts based on sustainability measures such as carbon emissions.
- The **bauxite** market continued to tighten post the Indonesian export ban and delivery constraints in Guinea and China. There were reports of a number of alumina refineries in Shanxi and Shandong provinces in China closing due to lack of supply of bauxite. Metro Mining reported that contract prices for 2Q24 are up approximately 20% on 4Q23.

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- Spot prices for **spodumene** have steadily increased since late February amid improved demand and higher offers, with the latest assessment up by 23.5% from February 2023. Restocking is expected for Chinese cathode makers following the Lunar New Year holiday. Various production cuts from lepidolite producers and Australian spodumene producers have been working to balance the market.
- SQM chief executive Ricardo Ramos described Australia as the next “global **lithium** bowl”, and flagged “aggressive” ongoing investment in the country over coming years at the opening for the Mt Holland Mine in WA.
- Bloomberg reported Bolivia is eying a bond issuance of up to \$1bn for **lithium** extraction.
- US imports of **lithium** materials and critical minerals, key inputs for electric vehicle batteries, decreased in 2023 compared to a year earlier amid subdued EV demand. Imports of processed and refined lithium declined 2.4% and 20.5% respectively compared to 2022, Market Intelligence data showed.
- Zijin Mining Group Co., China's most valuable producer, said it's planning acquisitions of “ultra-large mines or mining companies with global influence” to boost business in **lithium** and other metals. Tsingshan Holding Group Co., the world's top nickel producer, is also pushing ahead with expansion.

Energy

- A recent analysis by the International Energy Agency calculated **electricity** consumption from data centres, cryptocurrencies and AI could double over the next two years. The sector was responsible for around 2% of global electricity demand in 2022, according to the IEA. The analysis predicted demand from AI will grow exponentially, increasing at least 10 times between 2023 and 2026. In part, demand is being driven by a surge in data centres. Data centre electricity consumption is expected to triple by 2030, equivalent to the amount needed to power around 40 million US homes, according to a Boston Consulting Group analysis.
- **Oil** traded at 5 month highs after Ukraine's state security service, the SBU, carried out a series of drone strikes on oil refineries deep inside Russia, inflicting “quite significant” damage. The US urged Ukraine to halt strikes on Russian oil refineries. Washington told Kyiv that drone attacks risk driving up crude prices and provoking retaliation.
- Limited refining capacity and low product inventories have created a volatile global refining market where minor outages can spike fuel prices. Estimates were that ~900kbd of distillate production is off line in Russia due to the Ukrainian drone strikes. Russia is now selling part of that previously domestically needed **oil** at their Western ports into the international market.
- The **OPEC+** producer group agreed to extend voluntary output cuts until the end of June, with Russia agreeing to cut production by an extra 471kb/d in 2Q24.
- The US Baker Hughes rig count was up 3 units to 629 rigs in the last week of February (-120 or 16% y/y), with **oil rigs** up 3 to 506 units (-86 y/y) and gas rigs down 1 to 119 units (-35 y/y) as 2 rigs were removed from the Haynesville Basin.
- The US Strategic Petroleum Reserve ('SPR') has been buying back **oil** at a pace of ~125kbd/day for ~6 months.
- EQT, the largest **US gas** producer with ~5.5bcf/d of current production, announced a strategic decision to curtail ~1bcf/d of gross production beginning in late February through March in response to the prevailing low natural gas price environment resulting from warm winter weather and consequent elevated storage inventories.

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Energy

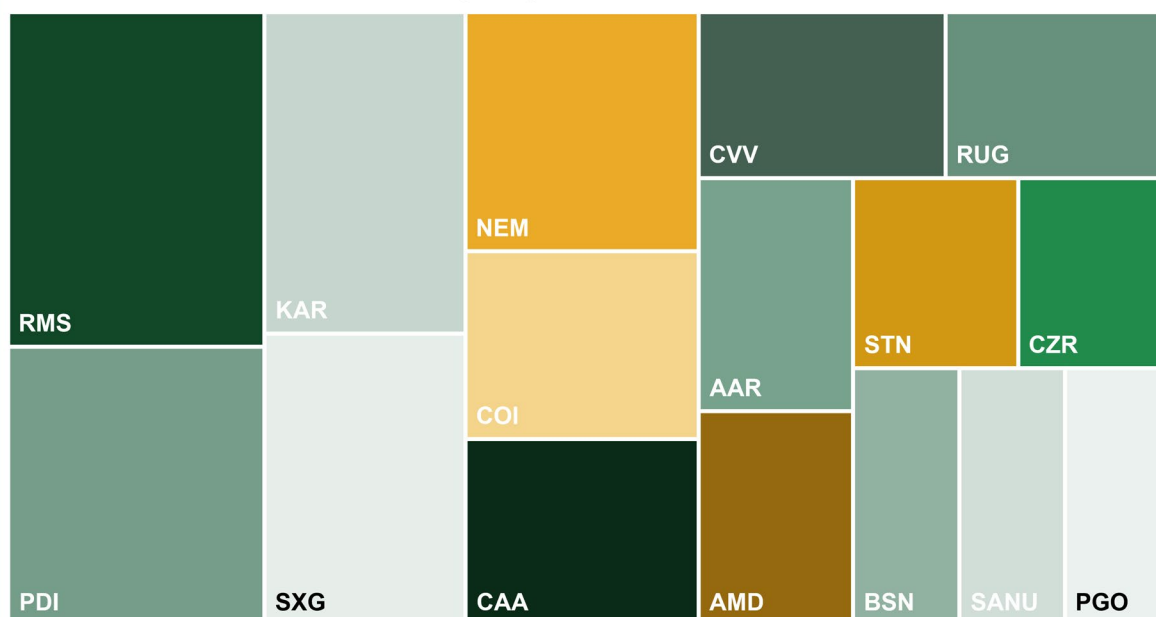
- The Australian Energy Market Operator warned **gas** generators may need to run off diesel during periods of high demand as soon as 2025, “because governments have stifled new gas projects with approval delays and compounding interventions” Samantha McCulloch, chief executive of the Australian Energy Producers, said. Victoria is the state which is the most at risk. Victoria has a moratorium on gas exploration, despite having untapped resources.
- U.S. energy secretary Jennifer Granholm encouraged Congress to ban **uranium** supplies from Russia.
- The most recent cutting-edge **nuclear reactors** to be built around the (non-China) world, known as Generation III+ reactors, have all run between seven and 15 years behind schedule and cost between two and four times the original budget. Ai Group director, climate change and energy, Tennant Reed said, “I don’t think anybody believes that a nuclear power plant could make money in the marketplace in Australia,” he said. “Full stop, they just would not make money. They would not be able to recover their costs, because the cost of generation, including the cost of building, would put them somewhere in a range of \$150 to \$250 per megawatt hour.”
- Kazatomprom foresees global **uranium** output won’t be sufficient to cover demand post-2030 amid current geopolitical uncertainties, inflationary pressures and supply chain challenges worldwide. “In the current pricing environment another Kazatomprom-sized supply source will be needed to cover future market needs,” it said.
- The spot price of **uranium** declined 22% over six weeks, after surging to over US\$100/lb.
- Glencore announced it would abandon its carbon-driven cap on **coal** production. This comes after its acquisition of a 77% interest in Teck’s EVR steelmaking coal business to add an estimated 20Mt of annual capacity.

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 Funds 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 March 2024



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 86

Unlisted Investments by value: 12.6%

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