



# LOWELL RESOURCES FUNDS MANAGEMENT



## MONTHLY UPDATE

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

July 2024

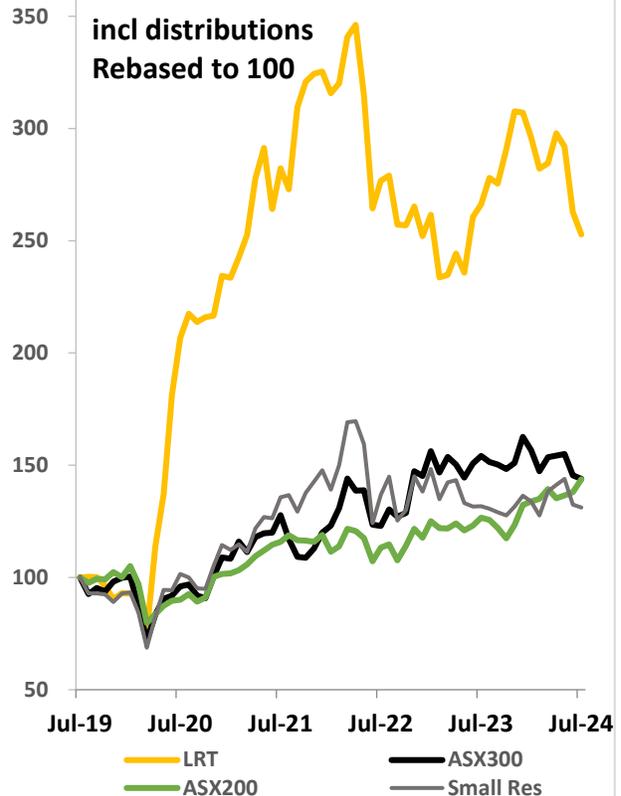
### July 2024 Performance Summary: Lowell Resources Fund (ASX: LRT)

June 30 2024 LRT NAV /unit	\$1.43/unit
Distribution per unit paid 31 July 2023	\$0.152/unit
July 31 2024 NAV per unit	\$1.24/unit
June 30 2024 Net Asset Value	\$46.6m
Total Distribution on 31 July 2024	\$4.9m
Current Net Asset Value	\$42.8m

#### FUND SNAPSHOT 31 July 2024

NAV per unit Post-distribution	\$1.2436
No. of Units on issue	34,446,301
Market Price (ASX)	\$1.26 / unit
Estimated NAV Post-distribution	AUD \$42.8m
FY 24 Distribution	15.2 cents per unit
Market Capitalisation	AUD \$43.4m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd

#### LRT 5 Year Total Return



Lowell Resources Fund. (ASX: LRT)

## Fund Investment Actions – July 2024

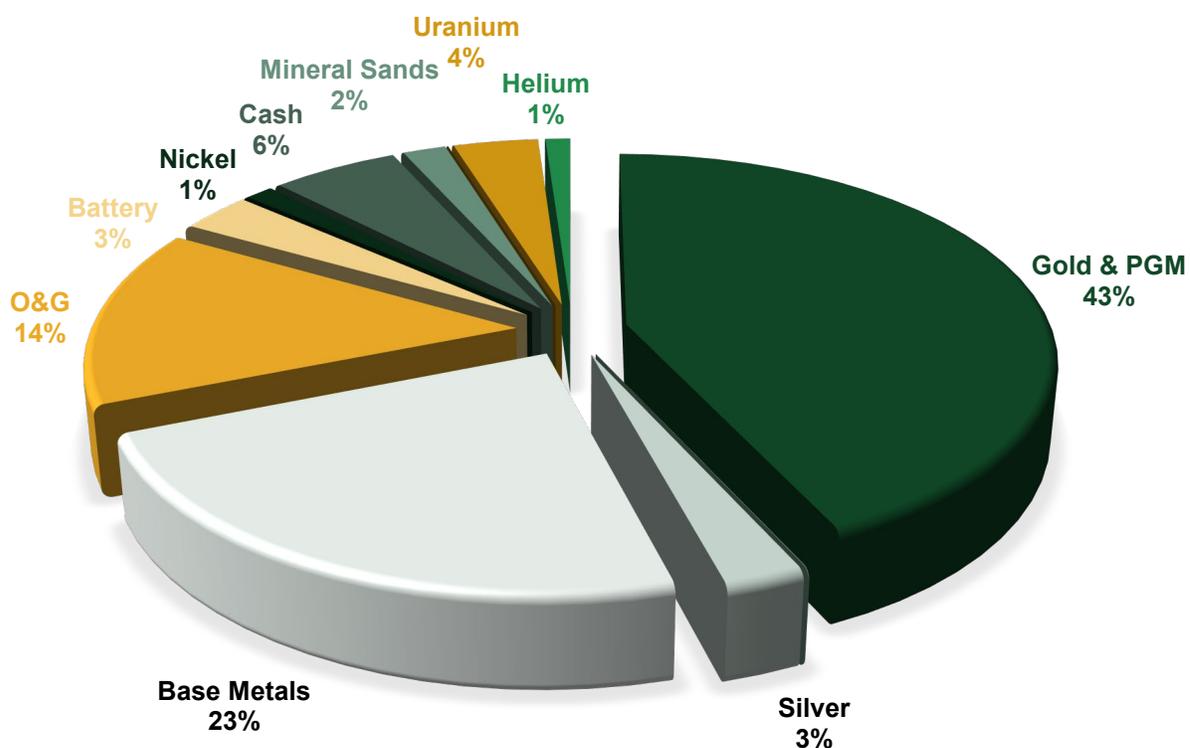
In July, the Fund added to its holding in Western Australian oil and gas developer Buru Energy.

Precious metals exposure was boosted through additions to holdings in AuMega Metals (formerly Matador Mining) and Saturn Metals.

In base and other metals, holdings were increased in new listing Asian Battery Minerals (Mongolia focused), Black Canyon Resources (manganese developer in Western Australia) and in unlisted Serbian explorer Konstantin Resources. A new position was taken in NSW explorer Strategic Energy Resources. The holdings in Canyon Resources and ZRX Ltd (Betoota Holdings) were sold.

The cash position was 6% after payment of the distribution and the consequent DRP.

### LRF COMMODITY EXPOSURE 31 JULY 2024



Lowell Resources Fund. (ASX: LRT)

## Fund Top Holdings

**Ramelius Resources (Market Cap \$2,220m RMS.ASX)** announced production guidance forecast for 2024/25 of 270,000 – 300,000 oz Au from Mt Magnet and Edna May gold mines in WA, at an All-in Sustaining Cost of A\$1,500-\$1,700/oz. Forward gold sales (hedging) consists of 155,000 ounces of gold at an average price of A\$3,081/oz. RMS invested \$185m to acquire 18% of neighbour Spartan Resources Ltd.

**Predictive Discovery (Market Cap A\$423m PDI.ASX)** announced drill results from Guinea, West Africa, below the Bankan Creek pit outline of 43m at 5.6 g/t Au. The Bankan ore reserve is 57.7Mt @ 1.64g/t for 3.05Moz of contained gold, based on the 2024 PFS. Review of the company’s ESIA was begun as part of the process of obtaining an Exploitation Permit.

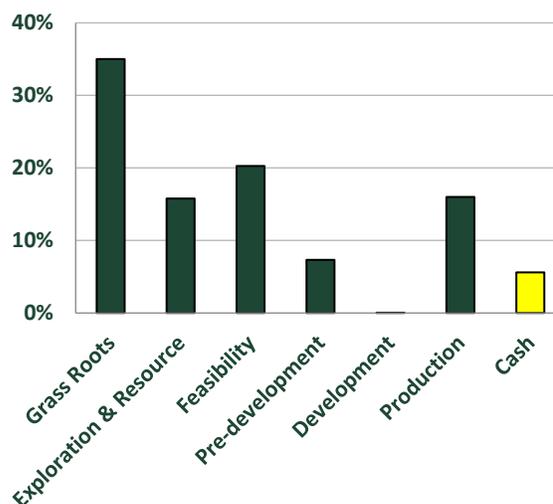
**Karoon Energy (Market Cap A\$1,496m KAR.ASX)** announced 2024 second quarter production of 2.14 MMboe on a Net Revenue Interest basis, 27% lower than the prior quarter, largely due to the three week maintenance outage at the Baúna field offshore Brazil.

**Hannan Metals (Market Cap CAD\$66m HSN.TSXV)** announced it had increased the size of the copper-gold porphyry exploration target to 10km by 5km at its 100% owned Valiente project in Peru. Soil samples commonly exceed 0.1 g/t Au and 0.025% Cu. The Previsto discovery is the eighth porphyry and/or epithermal target identified within an area of 25 km by 10 km at the project.

## Fund Top Performer

**African Gold (Market Cap A\$8.1m A1G.ASX)** share price rose 62% during July. The company announced a maiden gold resource of 450,000 oz at 2.9 g/t Au on the Didievi Project, Cote d’Ivoire. African Gold is currently earning up to 80% of the Project

LRF Portfolio Value by Project Stage  
31 July 2024



Company	Commodity	% of Gross Investments
Cash	Cash	5.6%
Ramelius Resources	Gold	7.3%
Predictive Discovery	Gold	4.8%
Karoon Energy	O&G	4.4%
Comet Ridge	Gas	3.7%
Astral Resources	Gold	3.3%
Saturn Metals	Gold	2.9%
Hannan Metals	Copper	2.6%
Caravel Minerals	Copper	2.3%
ADX Energy	Gas	2.2%
Rugby Resources	Copper	2.1%

Lowell Resources Fund. (ASX: LRT)

## Performance Comparison – July 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 20.4%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 July 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	-3.1%	-0.4%	-6.7%	13.5%
3 years p.a.	-2.9% pa	-2.1% pa	4.1% pa	7.4% pa
5 years p.a.	20.4% pa	5.6% pa	7.6% pa	7.5% pa
10 years p.a.	10.1% pa	4.9% pa	7.1% pa	8.0% pa

The LRT ASX traded unit price at the end of July was \$1.26/unit, compared to \$1.30/unit at the end of June 2024.

## Market Notes

### Economics

- **US inflation** fell faster than forecast to 3% in June. The data showed a 0.1% monthly decline in consumer prices, marking the first negative reading in more than four years. Chairman Jerome Powell commented that the Fed doesn't need to see inflation below 2% to cut rates, and said the first interest rate cuts could come in September.
- The **US economy** grew at a 2.8% annualised rate in the second quarter, which surpassed economists' expectation of 2% GDP growth and marked a jump from the first quarter's 1.4% rate.
- New all-time highs were reached in both the **U.S.** equity markets and the **ASX**.
- June's **US ISM Manufacturing PMI** reading of 48.5 marked the 19th out of 20 months of contraction in the manufacturing economy. Historically a PMI figure below 50 for 19 out of 20 months has always preceded a recession, as seen in 1981-83 and 1989-91.
- In **Australia** "trimmed inflation" – the RBA's preferred measure of inflation – on an annual basis cooled to 3.9% in the June quarter from 4%. For the quarter, core inflation came in at 0.8%, down from 1%.

Lowell Resources Fund. (ASX: LRT)

- **China** reported its weakest economic growth in five quarters. Chinese officials failed to provide concrete policy support for the embattled property sector in the five-yearly Plenum meeting, although the PBoC followed the meeting with a surprise rate cut.
- Presidential candidate Donald **Trump** survived a shooting. US President Joe **Biden** abandoned his re-election bid. Biden endorsed Vice President Kamala **Harris**, 59, to take his place as the Democratic nominee.
- Tensions in the **Middle East** were stoked by the assassination of Hamas' top leader, Ismail Hanyeh in Tehran. Iran's leader Ayatollah Ali Khamenei reportedly ordered a direct strike on Israel in retaliation.

### Metals

- **Gold** prices jumped more than 2%, breaking back above the \$2,400 per ounce level, after hitting a new all time high of \$2,467/oz on 16th July. China's Central Bank opted not to buy any **gold** for the second month in a row in June, after 18 months of continuous buying. The World Gold Council reported that global mine production hit record highs at 930t for the quarter to June 30<sup>th</sup>.
- Global **gold** Exchange Traded Funds ('ETF's') have sold a net 20 million ounces of gold back into the spot market since July 2022. However, in June not only did Asia add 4.2% to their gold ETF holdings, but Europe added 1.39%, while US only shed 0.5% - overall that equals net demand in ETF's, which represents a major turnaround.
- The MD of biggest ASX-listed **gold** miner Northern Star forecast potential for production costs to plateau or even fall on the back of the demise of the nickel industry in Western Australia, the slump in lithium prices, and the shutdown of high-cost iron ore mines.
- First Quantum shares sharply rebounded on the news that President Jose Raul Mulino of Panama said he'd hire international experts to undertake an environmental review of FQM's Cobre Panama **copper** mine which would determine if the mine could be reopened. However, Mulino later said the government will not address issues around the mine until early 2025. The mine, one of the world's top sources of copper, was shut down in November after the country's Supreme Court declared its contract unconstitutional.
- Rising **copper** inventories continued to weigh on prices, , due to lagging recovery in copper demand, especially in China.
- **Copper** stockpiles jumped to the highest since May 2020 with global exchange warehouse stocks exceeding 540,000 metric tons, underscoring soft spot demand in the Chinese market and beyond. China is typically a massive *importer* of refined copper, but exports have jumped to record levels this year due to an unusual mismatch between supply from China's smelters and demand from its manufacturing and construction sectors. China's refined copper exports surged to a record in June.
- The world's single biggest buyer of copper, State Grid Corp of China, has slowed its purchases of **copper** wire this year, while at the same time ramping up purchases of **aluminium** wire, a cheaper substitute. However, State Grid Corp, as China's main grid operator, will raise spending to a record to ease transmission bottlenecks. It will increase spending by 13% to US\$83bn this year. State Grid plans to beef up the network of ultra-high voltage lines that carry power from China's renewable bases, mostly located in remote desert regions.
- A seasonal trend over the last few years has seen **copper** pricing peaking around late April-early May and trending down through August. In 2021 there was a -15% decline during the period, in 2022 -33% and in 2023 -16%. In 2024 there has been a -17% decline from the peak of \$4.90/lb in mid-May to around US\$4.10/lb at the end of July.

Lowell Resources Fund. (ASX: LRT)

- Nornickel is in talks with China **Copper** (Chinalco) to move its smelting base to China following the West's ban on Russian metal in exchange warehouses. The new arrangement appears designed to simply move the smelting location and is not promoted as producing anymore copper. Nornickel produced 425,400tpa of copper in Russia last year.
- Freeport McMoran plans to invest around US\$7.5 billion to expand its El Abra **copper** mine in Chile, a project expected to take seven to eight years to develop due to permitting requirements. Freeport owns 51% of El Abra, which produced 98,400 metric tons of copper last year. They aim to produce 340ktpa Cu after the expansion.
- Teck lowered its 2024 **copper** production guidance by 30-40 ktpa at its Quebrada Blanca 2 mine and raised costs to reflect mine access issues related to pit-dewatering and localized geotechnical issues.
- After announcing the shuttering of its nickel division in WA, BHP is also reviewing the development of the West Musgrave nickel-**copper** project, which is reported to be 21% complete.
- BHP and Canada's Lundin teamed up to acquire South America-focused Filo Corp, in a US\$3 billion (C\$4.1bn) deal that hands them key **copper** assets in Chile and Argentina. The deal includes ownership of the Filo del Sol copper deposit and a JV on the Josemaria project. A feasibility study into Josemaria in 2020 indicated US\$3.1 billion would need to be spent to turn the deposit into a mine that would produce 131,000 tonnes of copper a year, plus gold and silver byproducts.
- Serbia's constitutional court overturned a government decree that in 2022 blocked Rio Tinto Group's \$2.4 billion Jadar **lithium** project in the country amid political controversy and protests by environmental activists. The Belgrade-based court said the block was unconstitutional and the "government exceeded its authority." Rio Tinto then welcomed the Serbian government's reinstatement of its licence to develop Europe's biggest lithium mine.
- Adding to the current glut of **lithium** is the surge in artisanal mining in Africa, particularly in Nigeria and Zimbabwe. Research house CRU estimates that artisanal miners accounted for almost two-thirds of African lithium supply in 2023 with volumes nearly equivalent to the global market surplus last year. Lithium hydroxide prices plummeted from \$85,000 to \$12,000 per tonne since 2022.
- Chile's government said that strong interest from private firms in **lithium** deals meant it could exceed its goal of three to four new projects in development by the end of 2026.
- The U.S. has approached **Indonesia** about joining a multinational partnership to boost the Southeast Asian nation's environmental standards as the two countries discuss a critical minerals deal.
- Indonesia plans to review its **bauxite** export ban policy following a request from lawmakers to reopen shipments of the raw material for aluminum, to help revive the economies of areas that rely on bauxite mining activities. Indonesia banned exports of bauxite in mid 2023 to encourage domestic processing of the minerals, a move that a miners' group said could harm them due to the limited processing capacity available.
- South32 said that the future of its Western Australian Worsley **Alumina** business was in question due to new environmental permit requirements as it flagged a \$554 million charge on the business.
- The Canadian government will only approve foreign takeovers of large **Canadian mining** companies involved in critical minerals production "in the most exceptional of circumstances," according to the latest guidelines from Industry Minister Francois- Philippe Champagne. Canada has previously forced Chinese entities to sell down stakes in lithium companies on the TSX.

Lowell Resources Fund. (ASX: LRT)

- BHP will suspend **nickel** mining from October 2024 after massive losses in a move that cast doubt over thousands of jobs in Western Australia. The mining giant foreshadowed an underlying full-year loss on nickel of \$450 million. It blamed a global oversupply of nickel that has stemmed from Chinese-backed producers mining in Indonesia. Global nickel prices averaged more than \$US25,000 a tonne in the 18 months from the start of 2022 but hit a 3 year low of about \$US15,800 a tonne at the end of July. The suspension of WA Nickel, as BHP's business is known, spans the physical mines, the smelter at Kalgoorlie, and the refinery at Kwinana, south of Perth. A suspension rather than a permanent shut avoids, for the time being, large rehabilitation liabilities estimated to be more than A\$1.2bn.
- **Iron ore** prices fell to below the \$100/t level for 62% Fe fines in China. The level is seen as a key point in the iron ore cost curve given OPEX levels for marginal Chinese magnetite production. Inventories of low-grade iron ore sinter fines at Chinese ports reached record highs in June, following an uptick in shipments from major producers over the past year.
- Global **EV** sales hit an all-time high in Q2 2024, with a 19% increase from Q1 and nearly 2.6m EVs sold globally since May. China continued to be a major driver of global EV sales – the country has seen petrol and diesel vehicle sales down 20% yoy in June.
- Macquarie Group's board has reversed its self-imposed harsh ban on **coking coal** deals, paving the way for its bankers to be involved in metallurgical coal-sector consolidation on Australia's east coast and coal mines globally.
- Anglo American announced on 30 June it had suspended production at its Grosvenor **coking coal** mine in Queensland, Australia, following an underground coal gas ignition incident on 29 June. According to the firm, the procedures to restart the mine are expected to take several months as a result of likely damage underground. The firm's production guidance for the steelmaking coal business for 2024 is 15-17 million tonnes, of which Grosvenor was expected to contribute about 3.5Mt.
- Coarse flake **graphite** prices continued to strengthen due to stable demand and ongoing supply disruptions from regions such as Ukraine, Russia, and China, influenced by quality concerns in Madagascar. However the US Government extended the transition period for ex-China graphite sourcing by two years to January 2027.
- BHP's Spence copper mine in Chile has celebrated three months of being the company's first fully **autonomous** operation, after converting its trucks fleet and drilling rigs. Spence, which produced 249,000 tonnes of copper last year, is BHP's second largest copper mine behind Escondida, the world's biggest copper mine.
- BHP said that the first phase of its massive Jansen **potash** mine in Saskatchewan, Canada, has passed the halfway point of completion. The world's biggest miner noted that phase two was now underway with the project on track to reach first production in 2026, with expected potash output of 4.2 million tonnes a year, about 5% of global production.

Lowell Resources Fund. (ASX: LRT)

### Energy

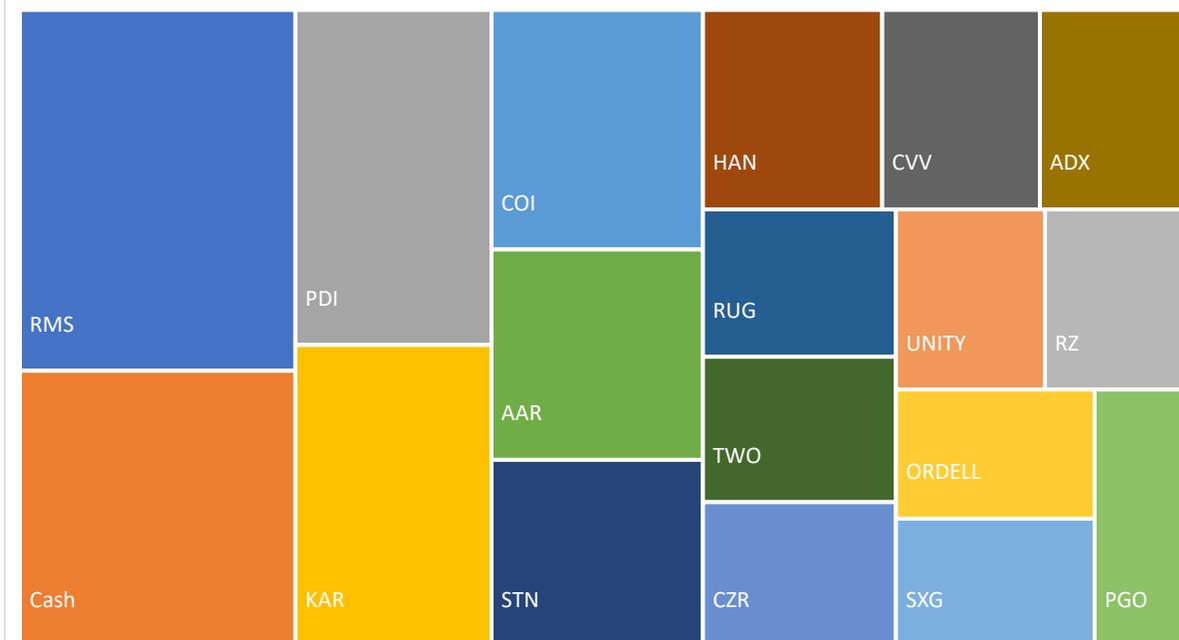
- At the end of July, the **oil price** fell to the lowest in seven weeks on doubts about the strength of global demand, while investors looked ahead to OPEC+'s meeting for guidance on supplies.
- The government in **Kazakhstan**, the world's largest **uranium** producer, introduced a new Mineral Extraction Tax ('MET') for uranium, replacing the existing 6% flat rate MET introduced in 2023. Per the new code, the new MET rate is to increase to 9% from 6% in 2025. However, the biggest change is from 2026 onwards where the government is introducing a two-tier MET, calculated based on production output and spot uranium prices, with rates as high as 18% linked to production and additional 2.5% linked to uranium prices. By way of example, if a mine produces 3,001tU in a year, the entire production will be levied at 12% as opposed to the marginal increase. This is expected to incentivise operators to stay below the various thresholds.
- The new military government in **Niger** revoked GoviEx's rights over the perimeter of the Madaouela mining permit. The company has done an enormous 650,000m of drilling to define one of the world's largest **uranium** mineral resources. Orano, a French nuclear fuel producer has also had licenses revoked on its operation of the Imouraren uranium mine on 11 June.
- **Cameco** noted in its quarterly report that permitting delays, the situation in Niger, higher costs in Kazakhstan (including the new MET tax), etc all point to the challenges facing current and new primary **uranium** supply, with the industry "very susceptible to any interruptions".
- **Uranium** term pricing is sitting just under \$80 per pound and according to Cameco "With a stronger market environment, we're currently locking in ceilings of about \$125-130/lb and floors at about \$70-75/lb in market-related contracts."
- A report by Bank of America recently stated that improvements in the **South African electricity** grid resulted in there being no load shedding for 80 days, since April. The Kusile Power Station's # 5 Unit has recently been brought on stream, adding 800 MW to the national grid.
- Italy's Prime Minister Giorgia Meloni's right-wing government is planning to reintroduce **nuclear** energy 35 years after Italy shut down its last atomic plant, in a bid to lower the country's carbon emissions.
- Florida is set to introduce in-road **charging for EVs** on 4 miles of road on State Road 516 in Lake and Orange Counties.
- Global consumption of **coal** is forecast to remain largely stable this year and the next as surging electricity demand in key economies will probably offset the rapid expansion of renewables such as solar and wind, the International Energy Agency (IEA) said. In 2023, the world's use of coal rose by 2.6% to set a new all-time high of 8.70 billion tonnes, driven by strong growth in China and India, the two largest consumers globally.

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 July 2024**



Lowell Resources Fund. (ASX: LRT)

## Characteristics of the Fund

Number of Investments: 82

Unlisted Investments by value: 10.2%

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