



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

January 2023

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

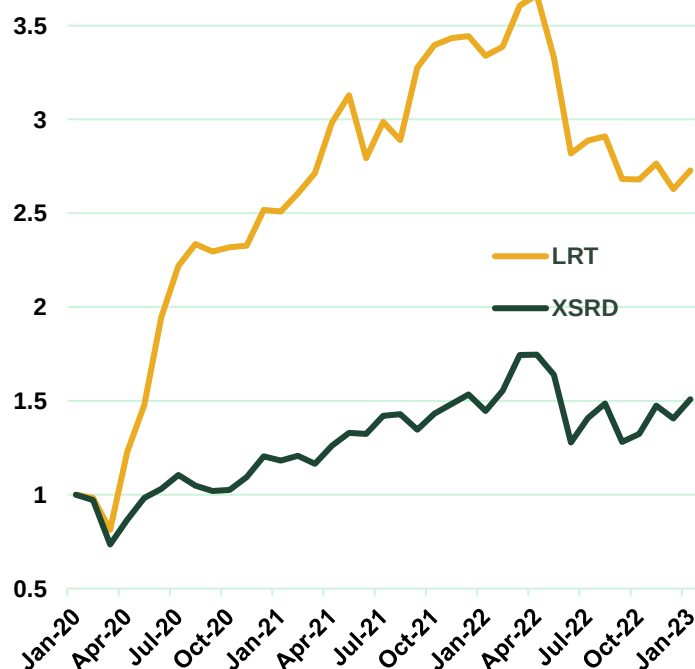
The Lowell Resources Fund's estimated net asset value ('NAV') at the end of January 2023 was approximately \$46.3m, compared to \$44.6m at the end of December 2022.

The NAV per unit finished the month of January at \$1.4684/unit (vs \$1.4148/unit at 31 December 2022), an increase of 5.4% over the month. The traded unit price of the ASX listed LRT units at month end was \$1.225/unit.

FUND SNAPSHOT 31 January 2023

NAV per unit	\$1.4148
No. of Units on issue	31,549,933
Market Price (ASX)	\$1.225 / unit
Estimated NAV	\$46.3m
FY 22 Distribution	\$0.1157/unit
Market Capitalisation	\$38.6m

Lowell Resources Fund NAV vs
ASX Junior Resources Index
(rebased to 1 at January 2020, incl DRP)



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions - January 2023

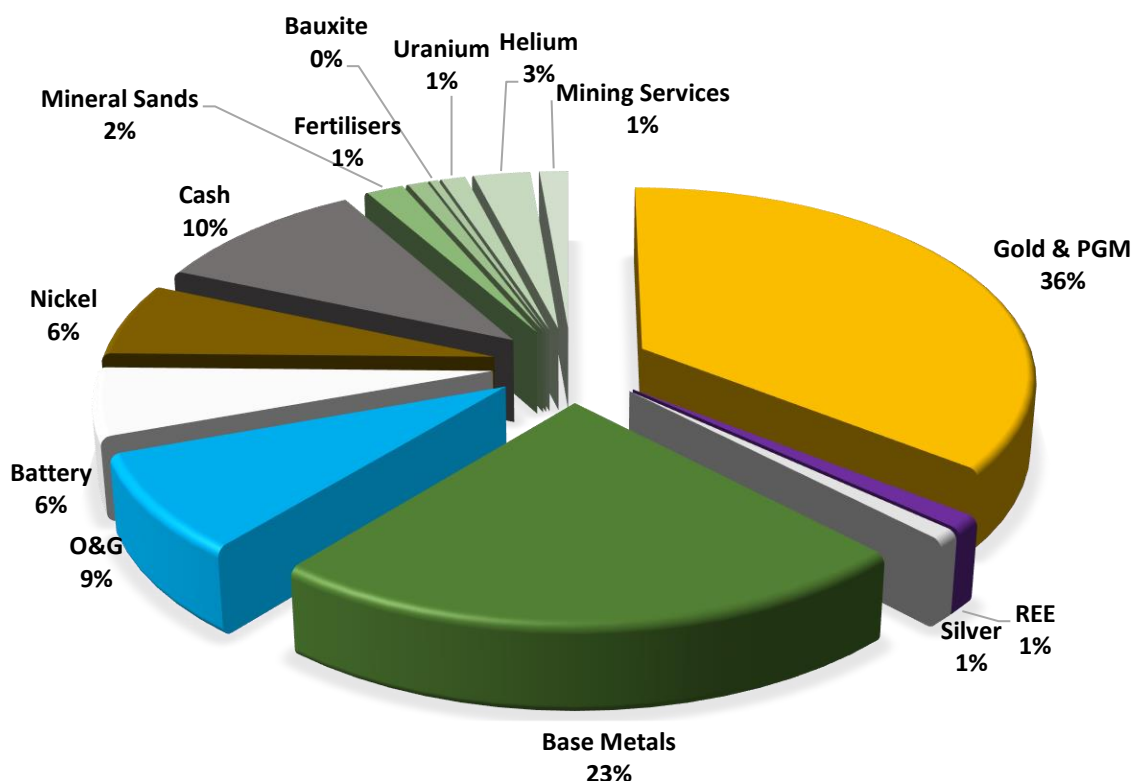
In January, the Fund took advantage of strength in the gold price to boost its cash holdings.

In gold, the Fund continued to reduce its shareholdings in ASX listed gold companies De Grey Mining, Predictive Discovery and Genesis Minerals. The Fund's gold exposure decreased to 36%.

The Fund's strategic purpose is to invest in highly prospective early stage exploration and pre-development companies. As companies move past this stage, profits are taken and then allocated to the next generation of early stage companies. The Investment Manager has identified attractive opportunities in these emerging companies for the next leg of the investment cycle, while more mature investments are achieving investment targets (and more in some cases).

In base metals, the Fund added further to holdings in Brazil focused Cu-Zn-Pb explorer Alvo Minerals and TSXV listed copper explorer T2 Metals Corp (formerly named Aguila Copper Corp). The Fund's base metals exposure (including iron ore) increased to 23%.

LRF COMMODITY EXPOSURE 31 JANUARY 2023



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Predictive Discovery (Market Cap A\$330m PDI.ASX) announced an intercept below the optimised resource pit shell of 13m @ 5.9g/t from 697m, at PDI's 3.9Moz NE Bankan deposit in Guinea.

Musgrave Minerals (Market Cap A\$124m MGV.ASX) announced intercepts including 11.5m @ 8.7g/t Au from 235m downhole at the Cue JV with Evolution Mining. Evolution has recently earned a 75% interest in the JV by spending \$18m.

Azure Minerals (Market Cap A\$105m AZS.ASX) announced Chilean lithium producer SQM would invest up to \$20m in AZS, including an initial \$4.2m tranche, for a 19.9% stake in the company. Surface sampling of spodumene pegmatites at the Andover nickel project in WA returned 20 samples with lithium grades of over 3% Li₂O. Several hundred pegmatites have been mapped at the project.

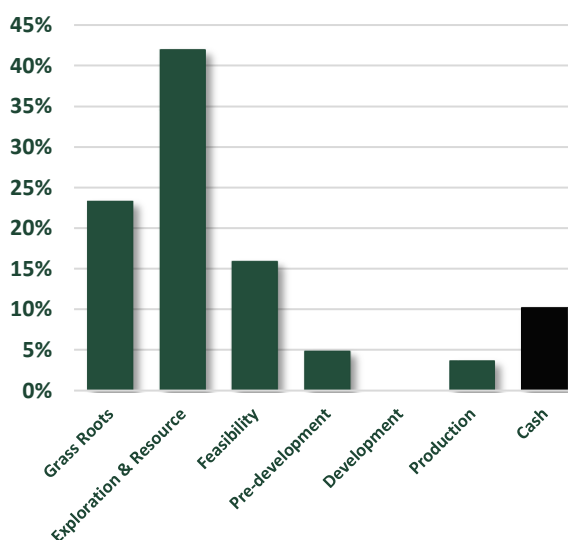
Southern Palladium (Market Cap A\$70m SPD.ASX) announced that an internal scoping study at its 70% owned Bengwenyama project indicated stand-alone UG2 project has the best potential economics, with a PFS now proposed.

Rugby Resources Limited (Market Cap C\$21m RUG.TSXV) announced that the second hole at its Cobrasco copper-molybdenum discovery in western Colombia intersected 172m of 0.78% CuEq within a broader interval of 754m of 0.50% CuEq from a downhole depth of 152m.

Fund Top Performer

Arrow Minerals Ltd (Market Cap A\$16m AMD.ASX) share price rose by 100% over January 2023. Arrow Minerals holds 33% of the Simandou North iron ore project in Guinea, West Africa, and has the right to acquire a further 27%. Five high priority iron ore targets have been identified for drilling in 2023. The project is adjacent to the open-access Simandou iron ore rail corridor being built by Rio Tinto and the Winning Consortium (3.8Bt at 65% Fe).

LRF Portfolio Value by Project Stage
31 January 2023



Company	Commodity	% of Gross Investments
Cash	Cash	10.2%
Predictive Discovery	Gold	5.1%
Musgrave Minerals	Gold	5.0%
Caravel Minerals	Copper	4.7%
Genesis Minerals	Gold	3.5%
Azure Minerals	Nickel	3.4%
Southern Palladium	PGM	3.1%
Talon Metals	Nickel	2.8%
Comet Ridge	O&G	2.8%
Rugby Resources	Copper	2.7%
Southern Cross Gold	Gold	2.4%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – January 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 39.7%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 and ten years.

Total Portfolio Performance to 31 January 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	-18.3%	-1.8%	27.1%	12.2%
3 years p.a.	39.7% pa	14.9% pa	15.9% pa	10.8% pa
10 years p.a.	10.0% pa	-0.1% pa	8.2% pa	8.8% pa

The LRT.ASX traded unit price at the end of January was \$1.225/unit, compared to \$1.17/unit at the end of December 2022.

Market Notes

Economics

- **US inflation** in the form of CPI was 0.1% lower (seasonally adjusted) in December at 6.5% (7.1% in November), driven by a sharp drop in energy prices.
- **US GDP** increased 2.9%pa, from September to December 2022, down from 3.2%pa in the previous quarter, after the Federal Reserve raised rates 50 basis points in December.
- **Australian CPI** was up 7.8% in the December quarter, a 3-decade high, increasing by 1.9% in quarterly terms, driven by fresh spikes in electricity and food and drink prices.
- **US equity** indices bounced in January with the S&P 500 up over 6%.
- The **US dollar** index fell further in January to 102.1, after falling from 106 to 103.9 in December.
- **China's** population officially fell in 2022, the first time in 60 years, while births in **Japan** plunged to a new record low. Japan has a population of 125 million and researchers have predicted that could fall to 53 million by the end of the century.
- **China's** 2022 GDP fell to 3% (vs 8.1% in 2021).
- Tokyo inflation hit 4% in December - the first time since 1982. The Bank of **Japan** decided to leave its yield curve controls unchanged. It is now the only major central bank yet to start a major tightening program.

Lowell Resources Fund. (ASX: LRT)

Metals

- The People's Bank of China increased its **gold** holdings by 30 tons in December, after buying 32 tons in November, according to data on its website. That brought its total to 2,010 tons, the sixth-biggest central bank bullion holding in the world.
- **Gold** bar & coin investment in Germany jumped to an all-time high of 196 tonnes in 2022, driven by the highest inflation in 70 years, while global central banks bought the most gold since 1967 in 2022, the World Gold Council reported.
- The US dollar **gold** price rose to over US\$1,860/oz on 9 January. AUD gold's close for 2022 was a fifth consecutive record annual close.
- **Copper** rallied to over US\$9,250/t (US\$4.20/lb) for the first time since June 2022. Panama's dispute with First Quantum over the Cobre Panama **copper** mine continued. The mine produces nearly 1.5% of global copper supply at full capacity.
- Chilean **copper** production fell 6.9% in November to 449kt, with Codelco's production falling 11.7% in November yoy to 135.8kt. Glencore and Anglo's Collahuasi mine produced 7.9% less in November.
- Up to 2% of global **copper** supply was threatened by unrest in Peru. Glencore suspended its Antapaccay copper mine. MMG said it would again put Las Bambas on Care & Maintenance effective 1st Feb. This mine produces 290kt copper/yr, effectively 1.3% of the global production.
- China's Tsingshan (of March 2022 nickel short squeeze fame) said it is looking to target refined **nickel** output for delivery on LME and SHFE exchanges. Tsingshan currently supplies an intermediate form of nickel to the battery supply chain. The new process has reportedly been trialed successfully on a small scale in China. Analysts suggested this has the potential to double Chinese refined nickel production, adding c.20% to global refined output.
- Indonesia announced plans to limit the construction of **nickel** smelters. The Minister of Mines is planning to prioritise utilising Indonesia's ore reserves for EV nickel battery production over pig iron or ferronickel.
- Bloomberg reported that Chinese companies are investing in lepidolite to reduce reliance on Australian spodumene as prices keep rising. BloombergNEF tracks 50 mills that are under construction, which will produce about 330,000 metric tons of **lithium** carbonate equivalent (LCE) of lithium from lepidolite in Jiangxi, China.
- General Motors announced it was investing US\$650 million in Lithium Americas to develop the Thacker Pass **lithium** deposit in Nevada. Thacker Pass should provide all the lithium GM needs to meet its goal of selling 1 million EVs in North America by mid-decade.
- **Tin** traded above \$30,000 per tonne due to concerns about supply tightness in Indonesia and Peru. The suspension of the San Raphael mine in Peru due to social unrest has cut available supply. Indonesia is proposing to ban the export of tin ingots to encourage the development of manufacturing in country.
- China has set up a government-controlled entity to reportedly be a centralised **iron ore** purchasing arm for all of China's steel mills. The iron ore prices (after climbing to over to US\$119/t in December)
- **Saudi Arabia** announced it would establish a US\$3.2bn corporate fund to invest in mining assets globally, as the kingdom seeks to diversify its economy from oil and secure access to strategic minerals. The fund will be focused on iron ore, copper, nickel and lithium with minority equity holdings and offtake.

Lowell Resources Fund. (ASX: LRT)

Energy

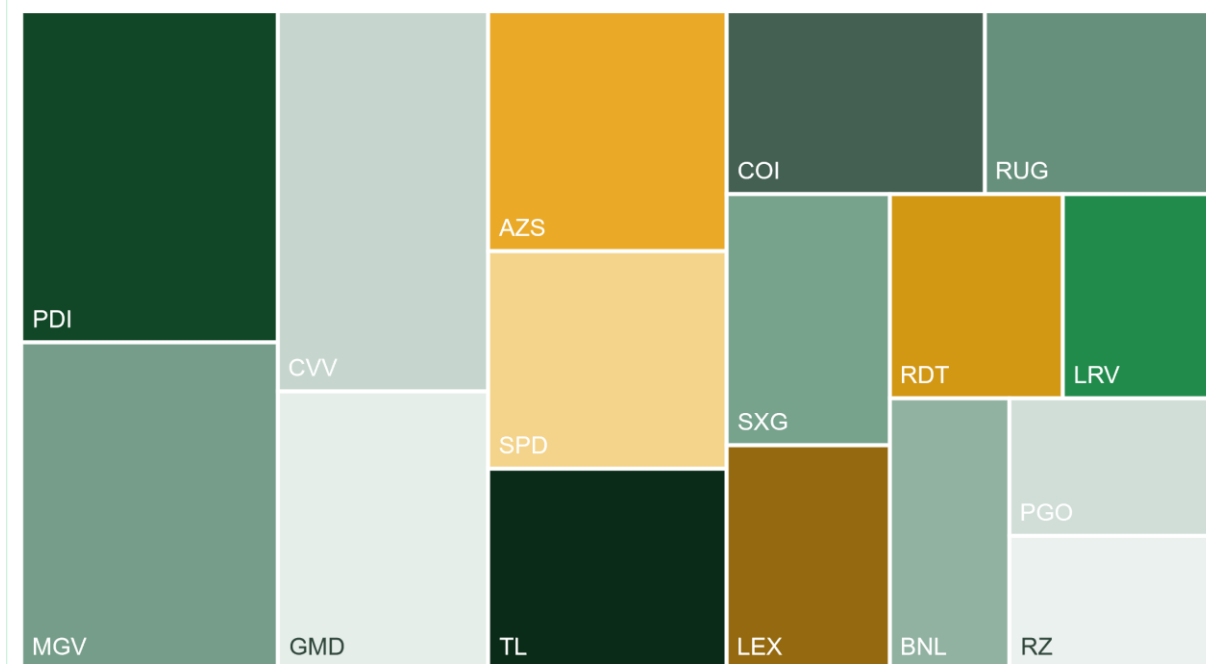
- High levels of **European gas** storage continued to have a dampening effect on energy prices in light of mild temperatures. Germany has reduced its imports of Russian gas to zero.
- Western price caps on the price of **Russian oil** took effect, with the flagship product Urals crude selling for a 50-60% discount to Brent.
- China Energy Investment Corp ordered the first official **Australian coal** shipment since 2020 following an import ban initiated by Beijing. China approved 65GW of new coal power projects in the first 11 months of 2022, more than three times the capacity approved in 2021.
- The EIA reported that China is expected to drive nearly half of global demand growth for **oil** this year to a new record high. The International Energy Agency's (IEA) January 2023 publication highlighted China's lifting of COVID-19 restrictions and EU/G7 sanctions on Russia as major factors affecting oil markets in 2023. A 1.9MMbbl/d increase in global consumption is forecast to underpin record demand of 101.7MMbbl/d in 2023.
- Media reports that the NSW government will impose a 10% reservation policy for **coal** mines to supply local power stations. This comes on top of A\$125/t cap on coal sold to the domestic market, for existing producers supplying to the domestic market. High quality coal was being exported for as much as A\$525/t during January. Coal supplies 60% of NSW power.
- The Australian Competition and Consumer Commission's (ACCC) latest report on the Australian east coast **gas** market said current sources of domestic supply were running out and shortages would hit by at least 2027, and potentially sooner, unless new gas fields were opened up.

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 19-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 January 2023



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 77

Unlisted Investments by value: 6%

Average Market Capitalisation of Investee Companies: AUD\$85 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD\$138 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