



# LOWELL RESOURCES FUNDS MANAGEMENT



## MONTHLY UPDATE

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

June 2024

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

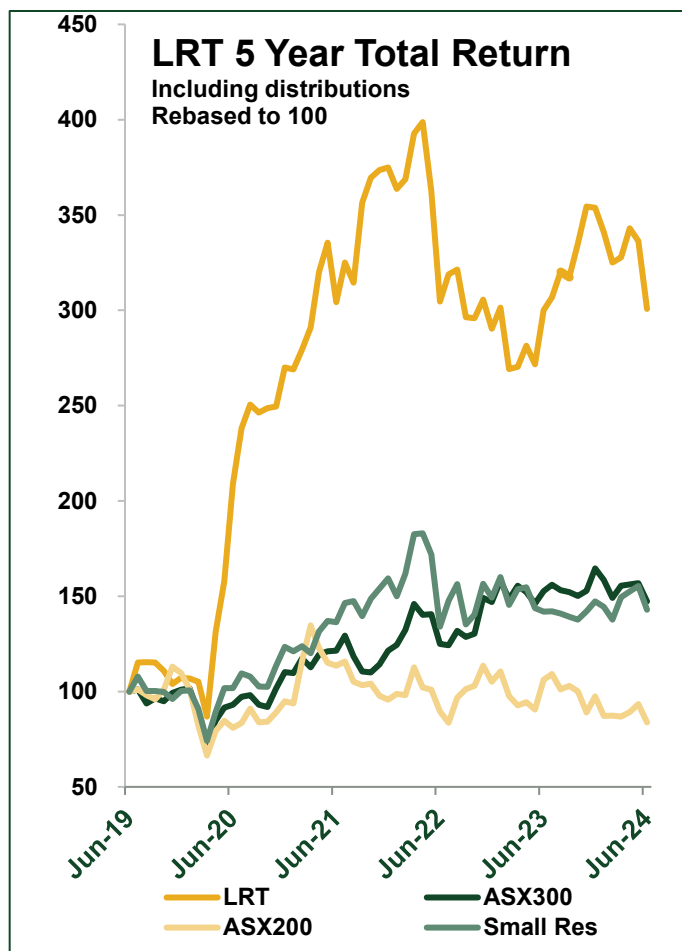
The Lowell Resources Fund's estimated net asset value ('NAV') at the end of June 2024 was approximately AUD\$46.6m (pre-distribution), compared to AUD\$51.0m at the end of May 2024.

The NAV per unit finished the month of June at \$1.4344 pre-distribution (vs \$1.5719/unit at 31 May 2024), a decrease of 8.7% over the month. The last traded unit price of the ASX listed LRT units at month end was \$1.30/unit.

An estimated distribution of 15.2 cents per unit was announced during June.

#### FUND SNAPSHOT 30 June 2024

|                                |                                       |
|--------------------------------|---------------------------------------|
| NAV per unit Pre-distribution  | \$1.4344                              |
| No. of Units on issue          | 32,451,402                            |
| Market Price (ASX)             | \$1.30 / unit                         |
| Estimated NAV Pre-distribution | AUD \$46.6m                           |
| Est. FY 24 Distribution        | 15.2 cents per unit                   |
| Market Capitalisation          | AUD \$42.2m                           |
| Responsible Entity             | Cremorne Capital Limited              |
| Fund Manager                   | Lowell Resources Funds Management Ltd |



Lowell Resources Fund. (ASX: LRT)

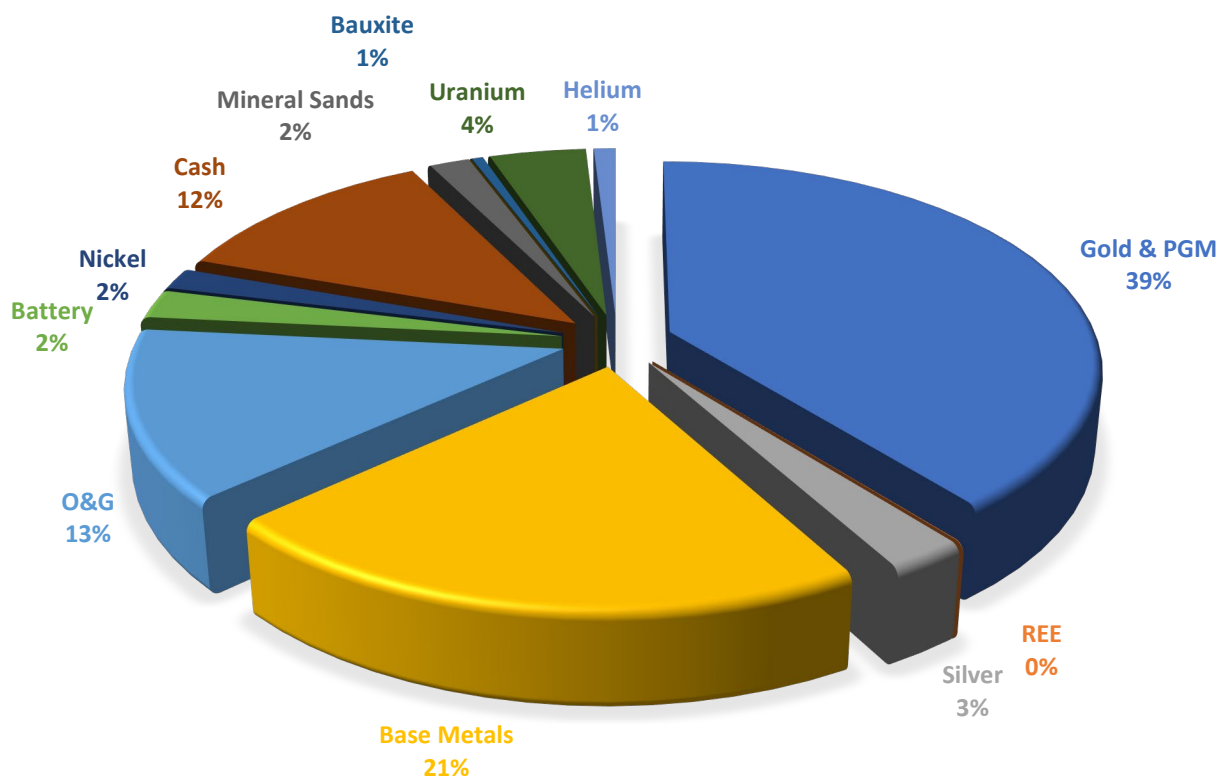
## Fund Investment Actions – June 2024

In June, the Fund invested in the upcoming IPO of Ordell Minerals, a WA focused gold explorer led by the former MD of Genesis Minerals Michael Fowler. The Fund had previously invested in Ordell's seed equity round. The Fund also added to its holdings in the relisting of silver-gold explorer Mithril Resources, which is focused on the 530koz Aueq Copalquin resource in Mexico.

Copper exposure was increased through additional investments in LSE-listed Great Southern Copper, TSXV-listed Hannan Metals and Rugby Resources, and ASX-listed developer Anax Metals. Copper-nickel explorers Asian Battery Minerals (a new ASX IPO) and Terra Metals were other base metal investments during the month. The Fund exited Taruga Minerals.

Lowell Resources Funds Management will be attending the Noosa Mining Investment Conference from 17-19 July in Queensland. Unitholders who would like to meet the Chief Investment Officer while in Noosa, please contact the manager on [contactus@lowell.net.au](mailto:contactus@lowell.net.au)

### LRF COMMODITY EXPOSURE 30 JUNE 2024



Lowell Resources Fund. (ASX: LRT)

## Fund Top Holdings

**Ramelius Resources (Market Cap \$2,196m RMS.ASX)** announced a strategic investment in its Murchison WA neighbour Spartan Resources, which has a high grade discovery at Dalgara. RMS also announced project approval for the development of the Cue project, acquired as part of the takeover of Musgrave Minerals.

**Predictive Discovery (Market Cap A\$411m PDI.ASX)** announced it had commenced transitioning two regional targets into resource definition drilling programs at its Bankan gold project in Guinea, West Africa. The Bankan ore reserve is 57.7Mt @ 1.64g/t for 3.05Moz of contained gold, based on the 2024 PFS.

**Karoon Energy (Market Cap A\$1,466m KAR.ASX)** announced the 100% owned Baúna Project in Brazil restarted production on 11 June as scheduled, projected to stabilize around 25,000 barrels of oil equivalent per day. Meanwhile the Who Dat JV production in the Gulf of Mexico was averaging over 40,000 bopd on a gross basis.

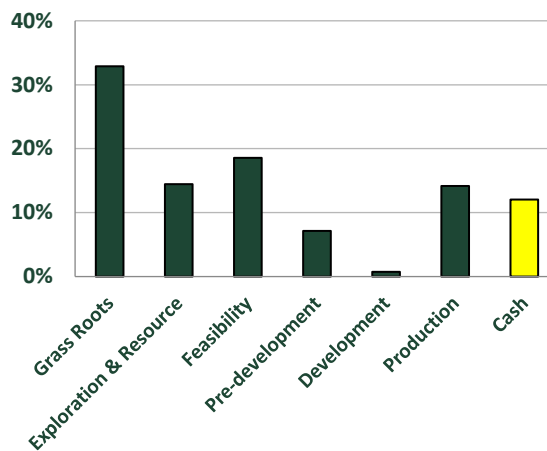
**Astral Resources (Market Cap A\$78m AAR.ASX)** announced more drilling from the Kamperman prospect at Feysville WA with results including 28m at 1.99g/t Au from 68m and 17m at 1.60g/t Au from 32m. The prospect has a strike of 450m, open to the north.

**Saturn Metals (Market Cap A\$44m STN.ASX)** announced it had received approval for greenfields exploration drilling on salt lakes immediately along strike to the north, and south of its 1.84Moz Apollo Hill gold deposit in WA.

## Fund Top Performer

**T2 Metals (Market Cap C\$12.7m TWO.TSXV)** share price rose 19% in June as it announced grant funding from the Manitoba Mineral Development Fund to support ongoing exploration of the company's Sherridon copper-gold-zinc project in west-central Manitoba. Drill intersections in 2024 have included 23.5 m at 6.8 g/t Au.

LRF Portfolio Value by Project Stage  
30 June 2024



| Company              | Commodity | % of Gross Investments |
|----------------------|-----------|------------------------|
| Cash                 | Cash      | 11.0%                  |
| Ramelius Resources   | Gold      | 6.1%                   |
| Predictive Discovery | Gold      | 3.9%                   |
| Karoon Energy        | O&G       | 3.6%                   |
| Comet Ridge          | Gas       | 3.3%                   |
| Astral Resources     | Gold      | 3.1%                   |
| Caravel Minerals     | Copper    | 2.2%                   |
| Saturn Metals        | Gold      | 2.1%                   |
| CZR Resources        | Iron Ore  | 1.9%                   |
| Southern Cross Gold  | Gold      | 1.8%                   |
| ADX Energy           | Gas       | 1.8%                   |

Lowell Resources Fund. (ASX: LRT)

## Performance Comparison – June 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 24.6%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 five and ten years.

| Total Portfolio Performance to 30 June 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                                   | 2.3%                                          | 0.7%                                               | -3.5%                                  | 12.1%                        |
| 3 years p.a.                                | 0.3% pa                                       | 1.6% pa                                            | 6.6% pa                                | 6.4% pa                      |
| 5 years p.a.                                | 24.6% pa                                      | 7.4% pa                                            | 8.0% pa                                | 7.3% pa                      |
| 10 years p.a.                               | 11.7% pa                                      | 5.9% pa                                            | 8.0% pa                                | 8.1% pa                      |

The LRT ASX traded unit price at the end of June was \$1.30/unit, compared to \$1.43/unit at the end of May 2024.

## Market Notes

### Economics

- **US inflation** was lower than expected for the month of May at just 0.2%. The annual number was still outside the Fed's target range at 3.3% year on year but the May number annualised out to the 2% to 3% range which the US Federal Reserve says it is targeting.
- The "core" **US Personal Consumption Expenditure** index, which ignores changes in food and fuel prices, was 2.6% in May, in line with expectations of economists. This represented a 0.2% point drop from 2.8% in April. PCE is the US Federal Reserve's preferred inflation metric, and the May reading was the lowest since March 2021.
- The Australian Bureau of Statistics measure of consumer prices for May showed a rise in annual headline **inflation** from 3.6% back to 4.0%.
- **China housing** completions have plunged 20% or more every month this year, compared with double-digit growth for most of 2023.
- **India** manufacturing PMI rose to 58.3 with the fastest rate of hiring in more than 19 years.

Lowell Resources Fund. (ASX: LRT)

### Metals

- China's central bank was reported to have paused **gold** buying in May, ending an 18-month buying spree that helped drive gold to new all-time highs. The People's Bank of China added around 8 million ounces of **gold** to its reserves since January 2023. Meanwhile, the Chinese central bank has divested \$102 billion in U.S. Treasuries in the past year.
- The Reserve Bank of India's gold reserves are estimated to have risen by almost 4 tonnes in May - the fifth consecutive month of buying. This helped to lift the RBI's YTD net purchases to nearly 28 tonnes, and its total gold holdings to 831 tonnes.
- Indonesian smelters imported **nickel** ore from the Philippines at record volumes, hitting 500kt in April. Producer of ~1.8Mt of refined nickel last year, Indonesian mines have been impacted by heavy rains and are limited by mining quotas. With more refining capacity than ore delivered in the short term, ore is being imported from the Philippines to fill the gap.
- The Indonesian government is conducting a comprehensive evaluation regarding the termination of permits for the RKEF smelter used to produce ferronickel and NPI. Indonesia is experiencing a rapid depletion of **nickel** ore after a surge in downstream investment, prompting the government to seek ways to reserve stocks for higher value-added products. NPI production currently accounts for +90% of Indonesia's nickel output, and ~35% of global nickel supply.
- The Japanese government will increase the limit on the stake it is allowed to hold in **copper** mines. Japan's interests in copper mines are mainly in South America and Australia. Under current rules, the state-run Japan Organization for Metals and Energy Security, or JOGMEC, can cover up to 50% of a public-private investment in a copper project. The Ministry of Economy, Trade and Industry, which oversees JOGMEC, will raise that limit to around 75%.
- **Copper** production from Chile's state-run miner Codelco, the world's largest producer of the metal, dropped 6.1% in April compared to the same month last year to total 95,100 metric tons. Codelco attributed the sharp drop in production at its top mine to the effects of a rock collapse last year. El Teniente's first-half production is tracking lower than the same period last year as it repairs areas of the underground operation. Production fell by 32% from over a year ago, according to data compiled by Chile's state copper commission Cochilco.
- **Copper** output fell more sharply at the BHP-controlled Escondida mine, with production during the month shrinking 6.8% to settle at 98,000 tons. At the Collahuasi mine, which is jointly run by Glencore and Anglo American, the data showed copper production inched up 1.9% to a reach 42,300 tons. Overall, the country's copper output slipped 1.7% from a year earlier to total 405,600 tons, according to Cochilco.
- Chilean miner Antofagasta Plc and at least one Chinese **copper** smelter agreed to record-low processing fees for concentrate supplies starting in the second half of the year. The parties agreed to semi-annual treatment charges of \$23.25 a ton and 2.325 cents a pound, according to people with knowledge of the talks.
- Stocks of **copper** in Shanghai Futures Exchange warehouses grew to their highest level since 2020 at about 330,000 tonnes, according to Bloomberg data. Before then, the last time they hit this level was in 2015. Spot **copper** prices again traded at a steep premium to later-dated futures in New York, in a condition known as backwardation that typically signals a supply shortage. The spread traded in an unprecedented 29.25-cent backwardation, putting pressure on commodity traders and investors with short positions in the July contract. The global copper market is comfortably supplied overall, and equivalent spot contracts in Shanghai and London are trading at deep discounts to futures.

Lowell Resources Fund. (ASX: LRT)

- China imports of **zinc** concentrates in the first four months of this year were down 24% compared to last year. Spot treatment terms for imported mine concentrates are currently trading at levels that are uneconomic for many Chinese smelters, forcing them to rely more on domestic mine supply. This year's annual benchmark terms, set by Teck Resources and Korea Zinc in the first quarter, came in at \$165 per ton discount from the 2023 benchmark of \$274.
- Gold producer **dehedging** included Capricorn Metals announced the delivery of 52koz of gold at A\$2,327/oz. At the spot gold price of A\$3,515/oz, this cost CMM an estimated ~A\$60m.
- By the end of 2025, the global **battery** industry will be able to produce more than five times as many cells as the world will need that year, BloombergNEF forecasted in its latest Electric Vehicle Outlook. China is the centre of lithium-ion cell manufacturing (86% market share in 2023), but its share of global manufacturing is expected to fall to ~ 76% in 2025 given lithium-ion cell manufacturing plans outside China - especially in the US, Japan and Europe. The resultant fall in LFP battery cell production margins has effectively enabled electric vehicle costs to fall further in China in the last few months. This de-linkage between lithium chemical prices and EV costs increases the likelihood of higher EV uptake in coming years due to the increasing cost competitive of EVs to Internal Combustion Engines.
- TSX listed global **driller** MDI announced that 4Q24 revenue and EBITDA were down 9% and 32% respectively on the same period last financial year. It notes mineral exploration efforts are less than 60% of the 2012 peak.
- **Lithium** carbonate and cobalt prices hit multi-year lows due to oversupply and reduced battery sector demand in June. Combined plug-in electric vehicle (PEV) sales increased by 25.9% year over year, primarily driven by China, despite declines in Europe and the US. The lithium price drop accelerated during June, with the seaborne lithium carbonate CIF Asia price falling to a 35-month low of \$12,900/t since June 18. Spodumene prices also dropped sharply by 9.5% to \$1,050/lb on a FoB-Australia basis.
- **Iron ore** inventories at Chinese ports hit the highest levels in more than two years, Bloomberg reported. Exports from Australia's Port Hedland - the main maritime gateway in the top shipper - hit a record of almost 52Mt in May. June is also a typically strong month.

**Energy**

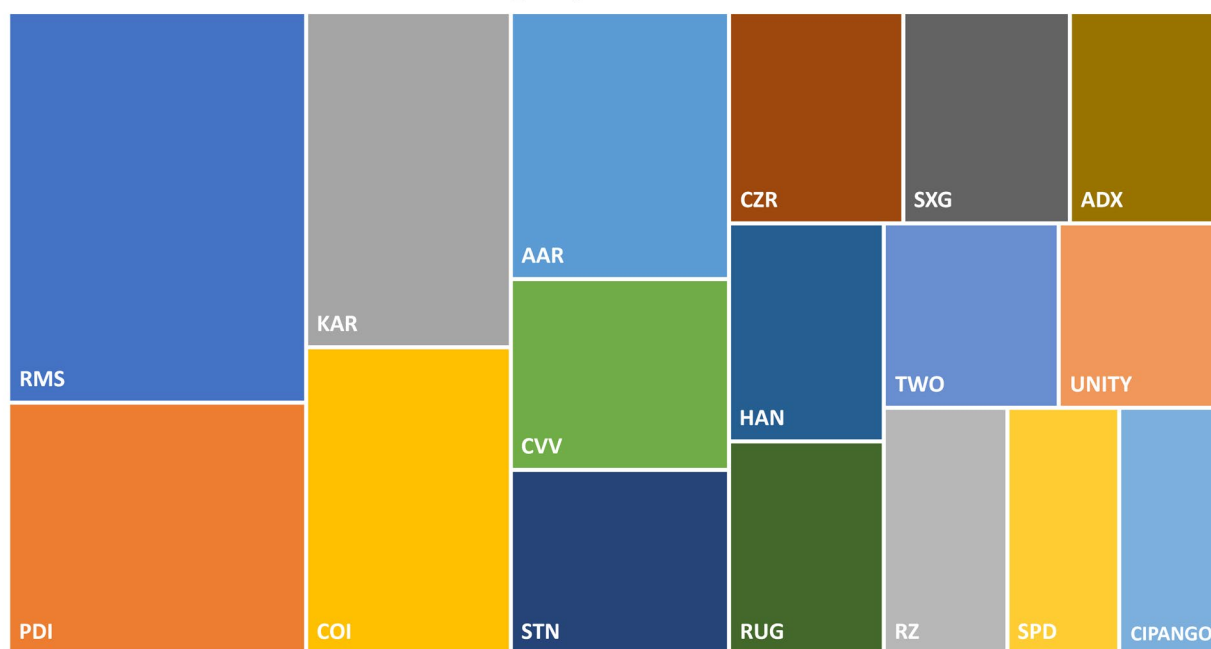
- Led by Saudi Arabia, **OPEC+** announced plans to start restoring roughly 2 million barrels a day of shuttered **oil** production from October. Prices initially slumped on the decision. However OPEC+ maintained forecasts for strengthening oil demand in the second half of the year. World oil consumption will see a year-on-year increase of 2.3 million barrels a day in the second half, about 150,000 a day more than during the first, amid continued economic growth in China and other emerging economies, OPEC said in a monthly report.
- A lack of renewable power generation, at the same time as an east coast cold snap, created a possible shortfall in **Australian east coast gas supplies**, the energy market operator warned. The industry was told to maximise production to prevent a major crisis. The Australian Energy Market Operator issued a “threat notice” warning of the potential for gas supplies to run short.
- The **Victorian** government approved a plan by Beach Energy Enterprise to supply **gas** from an offshore field near Port Campbell, on the Great Ocean Road. The approval was the first in Victoria for new gas extraction since 2014.
- **New Zealand** also announced planned legislation to revoke its ban on offshore **oil and gas** exploration in the 2H of CY24, the ban was introduced in 2018 under Jacinda Ardern.
- Niger revoked the operating licence of French nuclear fuel producer Orano at one of the world’s biggest uranium deposits Imouraren in northern Niger. Imouraren hosts an estimated 200,000t of contained **uranium**. Mining was meant to have begun at Imouraren in 2015 but production was been suspended since that time, initially due to low prices.
- As part of President Biden’s ‘Investing in America’ agenda, the U.S. Department of Energy issued a Notice of Intent to fund up to \$900 million to support the initial U.S. deployments of Generation III+ Small Modular Reactor (‘SMR’) **nuclear** energy technologies.
- The Biden administration also invited proposals from suppliers so it can purchase US\$2.7bn in domestically **enriched uranium**. The **US** Energy Department is buying low enriched uranium used as nuclear reactor fuel from new US sources as part of a US\$3.4bn effort to develop domestic uranium enrichment capabilities.
- **India** will add more new **coal** power capacity than it has in almost a decade this year, as the country rushes to deploy generation to cope with surging electricity demand. The world’s most populous nation expects to add 15.4 gigawatts in the year through March 2025, the most in nine years. Coal still generates about three-quarters of India’s electricity, and the government sees it remaining the mainstay fuel for at least another decade.

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 June 2024



Lowell Resources Fund. (ASX: LRT)

## Characteristics of the Fund

Number of Investments: 81

Unlisted Investments by value: 11.7%

|                     |                                                                                  |
|---------------------|----------------------------------------------------------------------------------|
| 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