



LOWELL RESOURCES FUNDS MANAGEMENT



MONTHLY UPDATE

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

December 2022

December 2022 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of December 2022 was approximately \$44.6m, compared to \$46.8m at the end of November 2022.

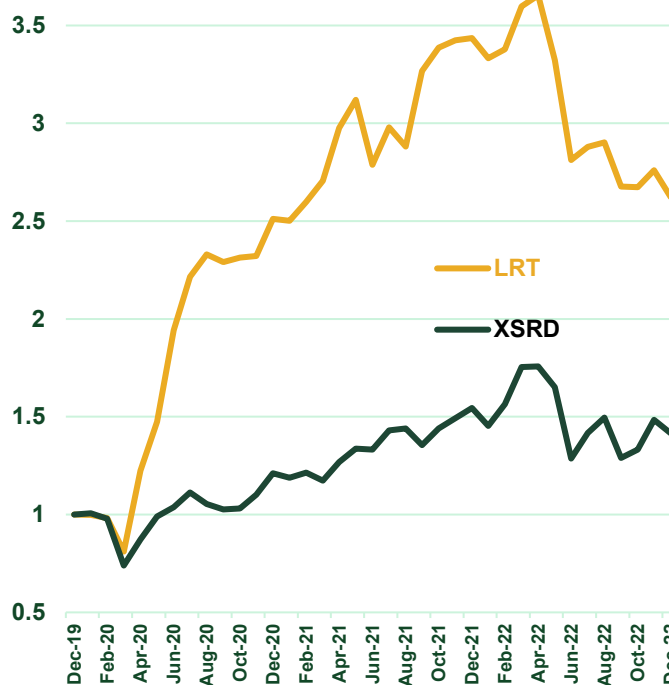
The NAV per unit finished the month of December at \$1.4148/unit (vs \$1.4888/unit at 30 November 2022), a decrease of 5.0% over the month. The traded unit price of the ASX listed LRT units at month end was \$1.17/unit.

FUND SNAPSHOT 31 December 2022

NAV per unit	\$1.4148
No. of Units on issue	31,549,933
Market Price (ASX)	\$1.17 / unit
Estimated NAV	\$44.6m
FY 22 Distribution	\$0.1157/unit
Market Capitalisation	\$36.9m

Lowell Resources Fund NAV vs ASX Junior Resources Index

(rebased to 1 at December 2019, incl DRP)



Lowell Resources Fund. (ASX: LRT)

Fund Investment Actions - December 2022

In December, the Fund’s final tranche of performance shares in Mongolia-focused coal seam gas company TMK Energy was issued.

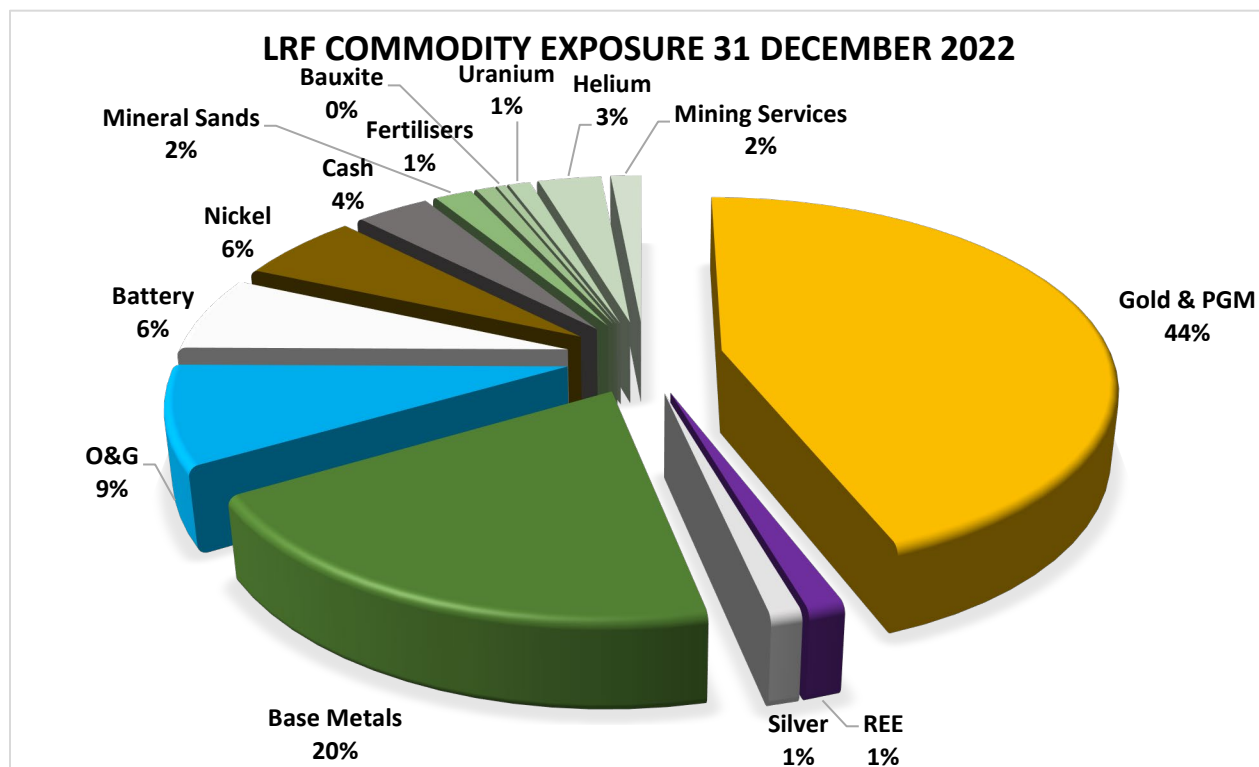
In gold, the Fund trimmed its shareholdings in ASX listed gold companies De Grey Mining, Predictive Discovery, Genesis Minerals and Southern Cross Gold, while adding to its positions in Flynn Gold, Golden Rim Resources, Mithril Resources and Saturn Metals.

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 generally 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 participated in a placement by Arizona-focused copper-zinc company New World Resources, and added to existing holdings in Alvo Minerals, Eagle Mountain Mining, and Lefroy Exploration.

In lithium, holdings in Cygnus Gold, Larvotto Resources and Red Dirt Metals were augmented.

New seed investments were made in unlisted Mongolia-focused battery metals explorer Asian Battery Minerals and in unlisted Australian gold explorer Plutonic Limited.



Lowell Resources Fund. (ASX: LRT)

Fund Top Holdings

Genesis Minerals (Market Cap A\$514m (pre merger) GMD.ASX) announced a merger between GMD and St Barbara Limited. The merged company named Hoover House Limited will hold 14.7Moz of gold resources and 3.2 Moz of ore reserves, focused on the Leonora district in WA. Genesis raised \$275m in new equity at \$1.20/sh.

Musgrave Minerals (Market Cap A\$118m MGV.ASX) raised \$10m through an equity placement and SPP at \$0.20/sh. MGV announced mining lease grant over the Big Sky and White Heat deposits, where conventional gravity and cyanide leach tests indicated 93-99% recoverable gold.

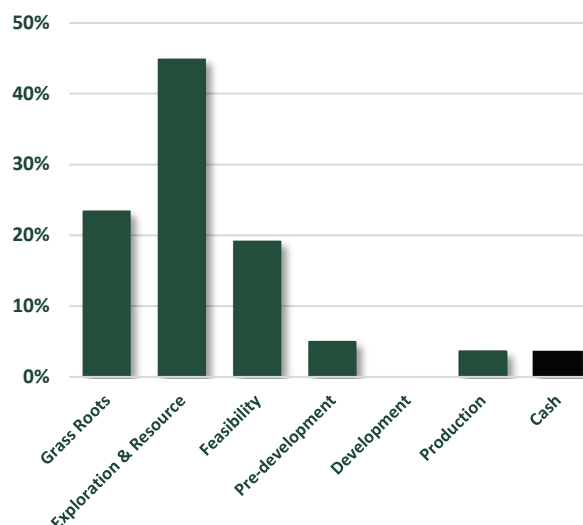
Southern Palladium (Market Cap A\$73m SPD.ASX) announced its first 6PGE+Au g/t assay results at its 70% owned Bengwenyama project. Five UG2 intercepts graded 10.9g/t 6E+Au over reef widths averaging 71cm. In addition three drillholes confirmed the potential of the Far East Resource Block, an area which was originally thought not to host the UG2 reef.

Comet Ridge (Market Cap A\$157m COI.ASX) announced independent certification of 122 Petajoules of 3C Contingent Resources at its 100% held Mahalo East project in Qld.

Fund Top Performer

DeSoto Resources Ltd (Market Cap A\$16m DES.ASX) share price rose by 80% over LRT's seed investment upon the company's listing on the ASX. DeSoto's chairman is Paul Roberts who led the 4.2Moz Bankan gold discovery by PDI. DeSoto's IPO was cornerstoned by the founder of Jiangxi Chilith Co, a Chinese manufacturer of cathode materials for lithium-ion batteries.

LRF Portfolio Value by Project Stage
31 December 2022



Company	Commodity	% of Gross Investments
Cash	Cash	3.6%
Predictive Discovery	Gold	6.7%
Genesis Minerals	Gold	5.6%
Musgrave Minerals	Gold	5.2%
De Grey Mining	Gold	4.1%
Talon Metals	Nickel	3.5%
Caravel Minerals	Copper	3.3%
Southern Palladium	PGM	3.3%
Southern Cross Gold	Gold	3.2%
Comet Ridge	O&G	2.9%
Lefroy Exploration	Copper-Gold	2.5%

Lowell Resources Fund. (ASX: LRT)

Performance Comparison – December 2022

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 37.9%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 December 2022	LRT Change in NAV per unit incl distributions	S&P/ASX Small Resources Index (XSRD)	ASX Resources 300 Index	ASX 200 Index
12 months	-23.8%	-8.4%	20.9%	-1.1%
3 years p.a.	37.9% pa	12.3% pa	13.3% pa	5.6% pa
10 years p.a.	9.9% pa	-0.8% pa	7.6% pa	8.6% pa

The LRT.ASX traded unit price at the end of December was \$1.17/unit, compared to \$1.15/unit at the end of November 2022.

Market Notes

Economics

- **US inflation** was 7.1% in November (down from 7.7% in Oct).
- In response to the November inflation data, the US **Federal Reserve** raised rates by 50 basis points (after increasing rates by 75 basis points for the fourth time in a row to 3.75-4% range in November).
- **US equity indices** fell in December with the S&P 500 down around 6%.
- As the market anticipated further slowing of US Fed rate rises, the **US dollar** index continued to fall in December, to 103.9 (after falling from 111.5 to 106 in November).
- **China** recorded major rises in Covid infections, after relaxation of social restrictions. Experts predicted over 1 million people could die, due to low vaccination levels and effectiveness.
- The **Chinese real estate** sector continued to lag, with new house demand down for the 14th consecutive month, pending the potential effect of new business friendly policies.

Lowell Resources Fund. (ASX: LRT)

Metals

- The People's Bank of China increased its **gold** holdings by 32 tons in November from the month before, according to data on its website. That brought its total to 1,980 tons, the sixth-biggest central bank bullion hoard in the world.
- The Bank of **Japan** left rates at -0.1% but allowed the upper limit of bond yields to rise to 0.5% from 0.25%. The US dollar fell as a result, and the gold price rose to over US\$1,820/oz.
- The **gold** price was effectively square (+US\$1.35/oz) for the 2022 calendar year, but it traded in a range from US\$1629/oz (Nov 3) due to strong US dollar, to US\$2,039 (March 8) pre-US Fed rate rises.
- Panama said it would close First Quantum's Cobre Panama **copper** mine, after tax negotiations broke down. The mine produces nearly 1.5% of global copper supply at full capacity.
- Cochilco estimated Chilean **copper** output will fall to a 16-year low. For the 2022 calendar year, copper traded up to US\$4.90/lb (in March, coincident with the gold price 2022 high) and as low as US\$3.20/lb in July, before finishing December at US\$3.80/lb (down around 15% on the year).
- MMC Norilsk **Nickel** PJSC said it was considering cutting nickel output by about 10% next year as some European buyers shun Russian supplies and amid a potential surplus of the metal. The miner controls roughly 10% of the global nickel market.
- **Lithium** carbonate and lithium hydroxide prices in China came off their all time peaks in December (down ~2% and ~7% in yuan terms), with spodumene prices also slightly softer. Explanations for the softer prices included seasonal factors, COVID outbreaks in China and the fact that new supply has started to hit the market.
- China **iron ore** prices climbed to US\$119/t, following news that property company China Evergrande had resumed work on mothballed development projects.
- Indonesia's President Jokowi confirmed that an export ban on **bauxite** will begin in June 2023, in order to boost the country's domestic processing and downstream industries. In recent years longer term export bans have been initiated for unrefined tin and nickel from Indonesian mines. Similar bans are expected for copper going forward.

Energy

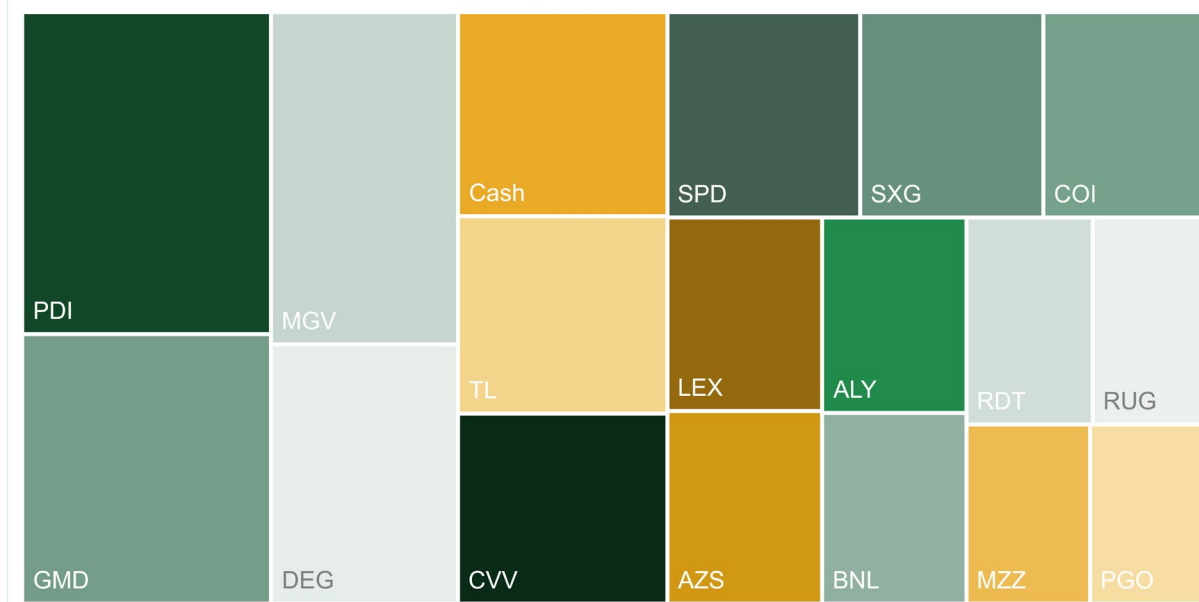
- The Albanese government legislated a 12-month emergency price cap of \$12/GJ on uncontracted **gas** sales from Australian east coast producers, along with imposing a mandatory code of conduct that incorporates a 'reasonable pricing' provision. A cap of \$125 a tonne on coal in the east coast market has also been imposed.
- The EU, G7 and Australian price cap on Russian **oil** came into effect. Russia's seaborne oil shipments collapsed in the first week of these sanctions. Like gold, oil was little changed over the calendar year, with WTI finishing December at US\$80/bbl. WTI started the year at US\$76/bbl, and peaked in March at US\$120/bbl.
- The largest US **oil** company, Exxon Mobil Corp., surpassed electric-vehicle giant Tesla Inc. in market value for the first time since 2020 as investors sold high-growth stocks and sought out value stocks in the energy sector. Warren Buffett has been adding to his holdings in Chevron and Occidental Petroleum in 2022.

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 December 2022



Lowell Resources Fund. (ASX: LRT)

Characteristics of the Fund

Number of Investments: 76

Unlisted Investments by value: 6%

Average Market Capitalisation of Investee Companies: AUD\$80 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD\$200 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