LOWELL RESOURCES FUNDS MANAGEMENT

MONTHLY UPDATE

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

August 2023

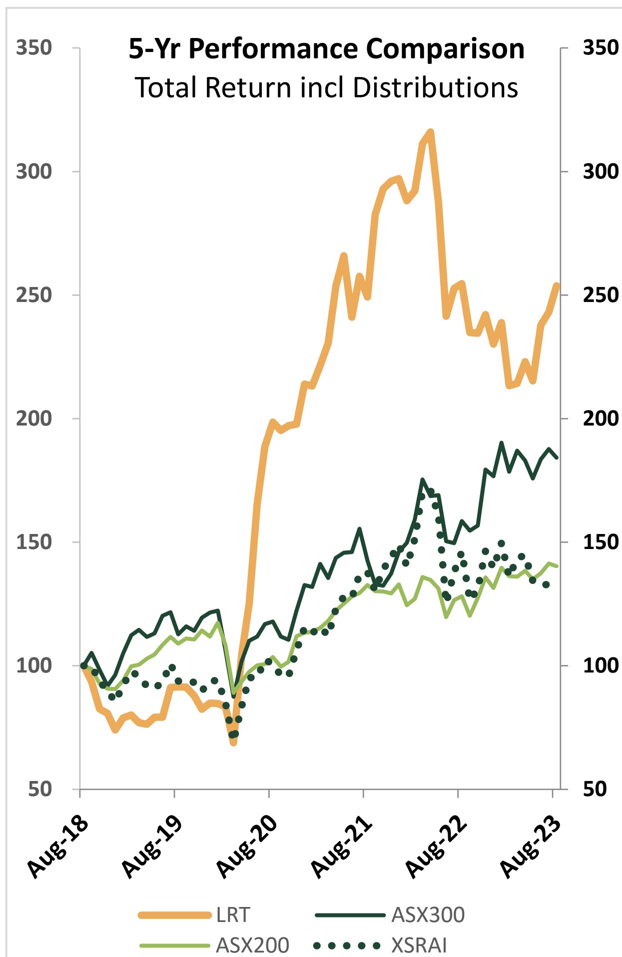
August 2023 Performance Summary: Lowell Resources Fund (ASX: LRT)

The Lowell Resources Fund's estimated net asset value ('NAV') at the end of August 2023 was approximately $48.5m, compared to $46.5m (post distribution) at the end of July 2023.

The NAV per unit finished the month of August at $1.4968 (vs $1.4339/unit at 31 July 2023), an increase of 4.3% over the month. The traded unit price of the ASX listed LRT units at month end was $1.32/unit.

FUND SNAPSHOT 31 August 2023

NAV per unit	$1.4968
No. of Units on issue	32,402,879 post DRP
Market Price (ASX)	$1.32 / unit
Estimated NAV	$48.5m
FY 23 Distribution	7.0777 cents per unit
Market Capitalisation	$42.8m
Responsible Entity	Cremorne Capital Limited
Fund Manager	Lowell Resources Funds Management Ltd



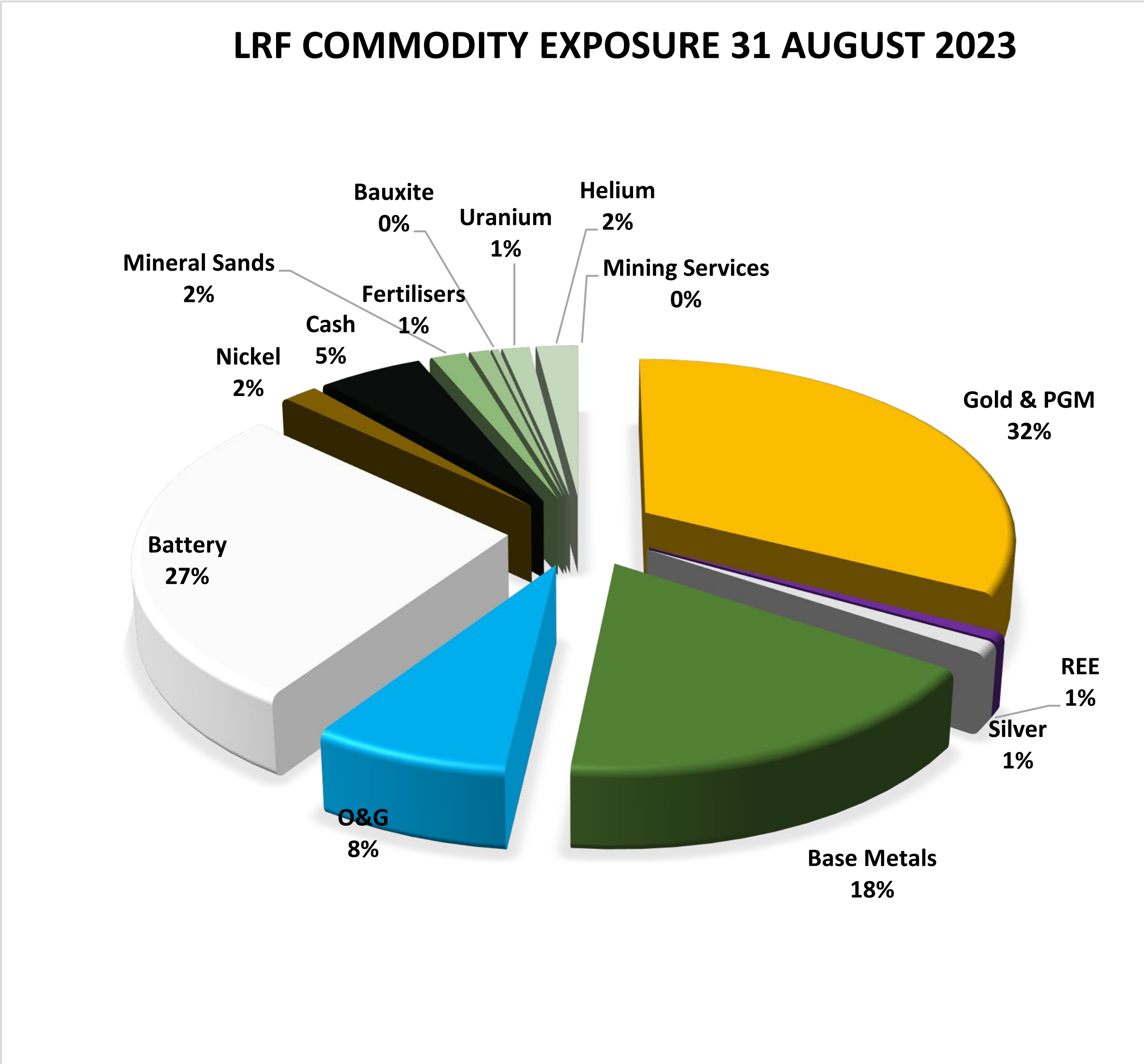
Fund Investment Actions - August 2023

In energy, the Fund's holding in Central Petroleum was sold.

In precious metals, a portion of the Fund's holding in Musgrave Minerals was sold, as Ramelius Resources increased its shareholding in Musgrave to over 50% as part of its takeover offer.

In copper, the Fund took up equity placements by existing holdings Anax Metals and Cooper Metals, as well as in potash developer South Harz Potash.

In lithium, The Fund trimmed 10% of its holding in Azure Minerals. The Fund also exited its position in Delta Lithium by selling the shares issued as a result of option conversion.



Fund Top Holdings

Azure Minerals (Market Cap A$1,110m AZS.ASX) confirmed that it had received an indicative, non-binding, conditional cash offer of $2.31/sh from shareholder SQM. AZS rejected the bid and its share price has since traded above the offer price. The company is targeting a maiden mineral resource at its 60% owned Andover Project in 1Q 2024. AZS raised $120m at $2.40/sh during August. 19.99% shareholder SQM and 40% JV partner Mark Creasy participated pro-rata in the raising. AZS also released infill and extensional drill results from its Andover Lithium Project with some of the better intersections including: 167.7m at 1.31% Li2O, and 100m at 1.52% Li2O.

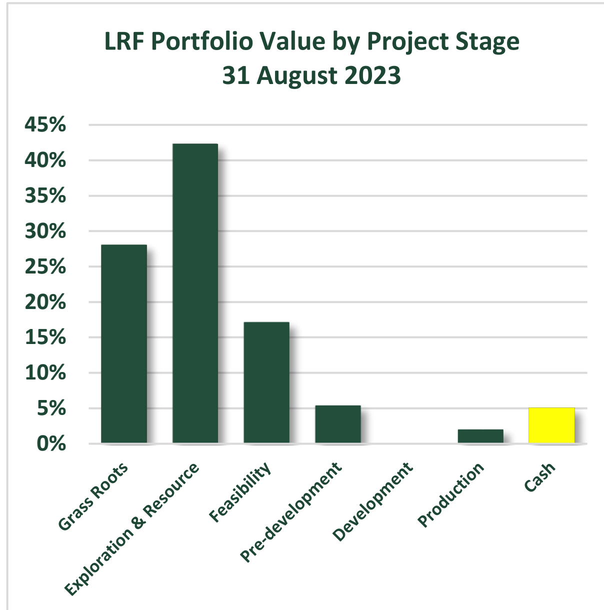
Predictive Discovery (Market Cap A$444m PDI.ASX) announced it had increased the resource at its Bankan gold project in Guinea, West Africa to 5.4 Moz at 1.66g/t Au. The company also released initial RC drilling results from its regional Argo prospect. Best results from a number of targets at Argo included 12m at 6.75 g/t Au and 14m at 1.97 g/t Au.

Comet Ridge (Market Cap A$172m COI.ASX) announced that the long-term Gas Sales Agreement with CleanCo Queensland Limited for offtake from COI's Mahalo Gas Hub is expected to be executed in mid-September 2023.

Carnavale Resources (Market Cap A$27m CAV.ASX) commenced RC drilling targeting infill and down dip extensions of the high-grade plunging shoots at the McTavish East Prospect at Kookynie in WA. The previous program returned hits up to 6m at 79.2 g/t Au.

Fund Top Performer

Elevate Uranium (Market Cap A$125m EL8.ASX) share price rose 50% in August. The company holds 81m lb U3O8 in resource at is Koppies and Marenica projects in Namibia. The uranium price continued to steadily increase in August, up around 5% to US$58.50/lb.



Company	Commodity	% of Gross Investments
Cash	Cash	5.1%
Azure Minerals	Lithium	19.1%
Predictive Discovery	Gold	5.6%
Musgrave Minerals	Gold	5.0%
CAA Mining	Lithium	3.2%
Caravel Minerals	Copper	3.0%
Comet Ridge	Gas	2.9%
PacGold	Gold	2.5%
Carnavale Resources	Gold	1.9%
Lefroy Exploration	Gold	1.8%
Saturn Metals	Gold	1.8%

Performance Comparison – August 2023

The Fund's total return (incl distributions & reinvestment) has outperformed a benchmark S&P/ASX Small Resources Accumulation Index (XSRAI) over each of the past 1, 5 and 10 year periods. Notably, over the past 5 years, the Lowell Resources Fund's change in underlying estimated net asset value per unit (inclusive of distributions and after fees and expenses) was 20.5%pa. The Fund has also outperformed the ASX Resources 300 Index and the ASX 200 Index over five and ten years.

Performance to 31 August 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	**0.4%**	-9.9%	16.2%	9.6%
3 years p.a.	**8.6% pa**	9.3% pa	16.3% pa	10.7% pa
5 years p.a.	**20.5% pa**	5.7% pa	13.0% pa	7.0% pa
10 years p.a.	**13.5% pa**	4.2% pa	8.6% pa	8.0% pa

The LRT.ASX traded unit price at the end of August was $1.32/unit, compared to $1.34/unit at the end of July 2023.

Market Notes

Economics

- The **US Federal Reserve** chairman Jerome Powell said at the Jackson Hole, conference in Wyoming "Although inflation has moved down from its peak - a welcome development - it remains too high…We are prepared to raise rates further if appropriate, and intend to hold policy at a restrictive level until we are confident that inflation is moving sustainably down toward our objective." The **US dollar** index continued to strengthen as a result.
- The **US CPI** month on month rose 0.2% in July versus 0.2% in June, and CPI year on year rose 3.2% in July versus 3.0% in June
- **Australia's CPI** indicator came in at 4.9% for July, which was down on the previous month's 5.4% reading. Fuel prices fell 7.6 % in July (but rose about 10% in August, suggesting upwards pressure on next month's reading)
- Activity in **China's manufacturing** sector contracted for a fifth straight month in August.
- **Chinese bank** lending collapsed 89% in July to a 14 year low, to CNY346bn (US$48bn) of new yuan loans from CNY3.05tn in June (Reuters). The People's Bank of China lowered its medium term loan rate by 15 basis points to 2.5% following the recent 10 basis point cut. Two of China's largest cities, Shenzhen and Guangzhou, lowered mortgage requirements for some homebuyers, fueling speculation that other major cities such as Shanghai and Beijing would follow suit.

- Key **Chinese property** investment trust Zhongrong International Trust Co missed several payments on investment products in July. New home prices in smaller Chinese cities fell for the 17th straight month y/y. China's largest private property developer Country Garden, once China's largest developer by sales, was at risk of default on interest obligations on US$ bonds due in August for US$22.5 billion and have total liabilities of US$195 billion. The company revealed a record Rmb48.9bn ($6.7bn) loss for the first half of the year.
- China installed 101.4GW of **wind and solar** power capacity in H1, with solar overtaking hydro as China's largest renewable power source. Grid investment rose 7.8% yoy consuming around 18% of Chinese copper demand (according to BHP).
- China ceased publishing youth unemployment statistics which in June soared to an all-time high of 21%.

Metals

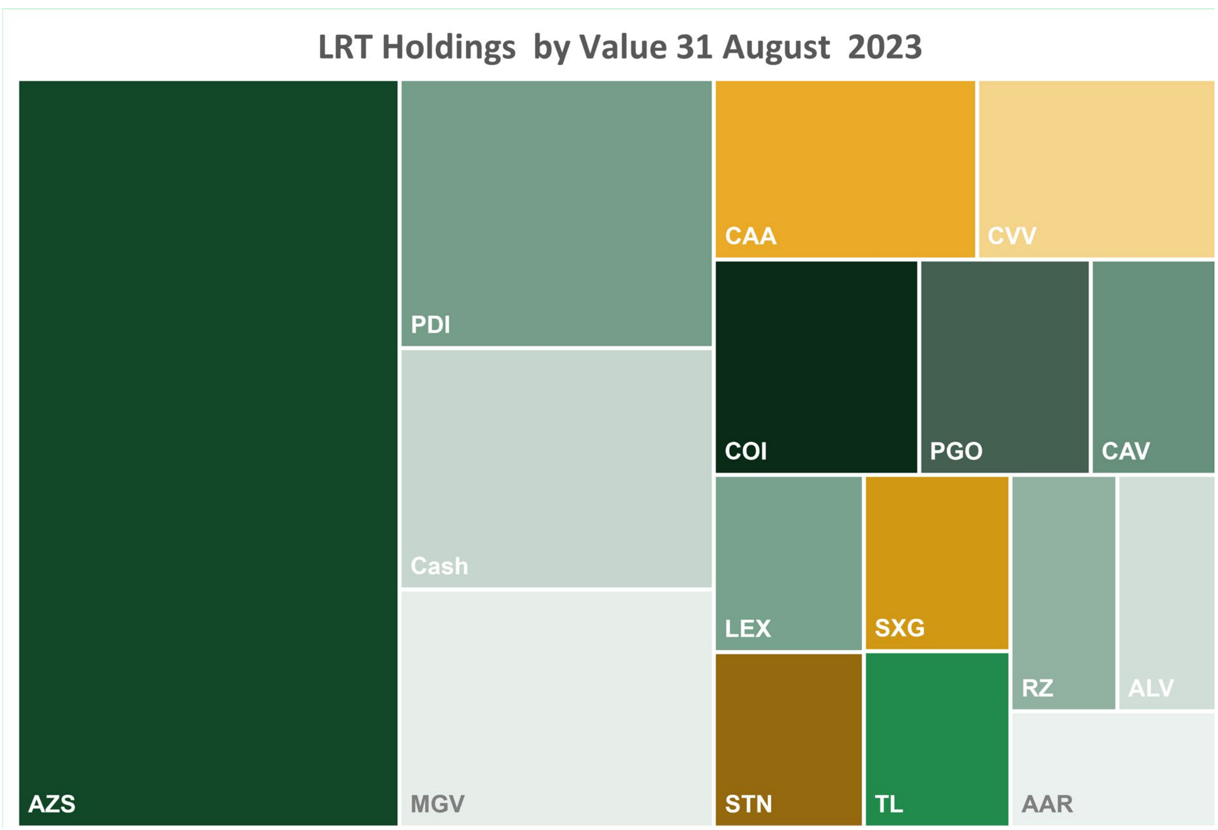
- Spot prices for **Iron ore** jumped more than 15% for 62% Fe fines (CFR China) to US$118/t. Iron ore inventories across Chinese steel mills are sitting at 85Mt, down 13.5% yoy and Chinese iron ore port inventories are down 15.5% at 118.6Mt yoy. The world's second biggest iron ore producer BHP said it was seeing "solid demand from infrastructure, power machinery, autos and shipping, offsetting weakness in new housing starts and construction machinery [in China]." While Chinese property investment, which normally makes up around 40% of China's steel demand, contracted 7.1% in the first seven months of the year, central government investment on infrastructure is growing. Spending growth on railways is running at 25% y-o-y in the first seven months of 2023. Machinery manufacturing has risen 15% and auto output has grown 12%.
- Exchange warehouse **copper** stocks increased but still remain around decade lows, with seasonal end of year destocking ahead. Europe's top copper producer Aurubis AG warned it may face losses in the hundreds of millions of euros after being hit by a massive metal theft.
- Reuters reported a story that CESCO (Chile Centre for **Copper** and Mining Studies) released a report saying that Codelco's debt could approach US$30bn by 2030 (from the current $18bn today) due to cost overruns at five of its projects. CESCO was quoted as saying "Debt levels could reach such high levels that they could drag the company into insolvency." However analysts believe it's more likely the Codelco will slow down expenditure than breach any covenants on its debt. Codelco has been struggling with production which is currently at a 25year low. Codelco produces about 6% of world primary **copper** (1.5Mt of 25Mt).
- Cash costs at mines in **Chile**, the top-producing copper nation, jumped 29% in the first three months of the year compared with the same period of 2022, according to a report released Monday by government agency Cochilco. Inflationary pressure is coming from lower ore quality, which means more rock has to be crushed to extract the same amount of metal. Other factors include pricier wages, energy and refinery fees.
- **Aluminium** production in China, accounting for 60% of global production estimated at around 70 Mt this year, has picked up alongside improving hydropower supplies in Yunnan province. A surplus of aluminium due to weak demand in China and elsewhere and rising supplies is forecast to undermine prices of the metal, possibly until end-2023.
- Chinese **lithium** prices continued falling in August. There has been ongoing commentary from China around lepidolite (a lithium-bearing mica mineral which is more costly to process than spodumene) being the marginal cost producer in the low US$20,000's. In July 2023, China's spodumene concentrate imports were about 371,979 mt in physical content (equivalent to about 38,000 mt in LCE equivalent), an increase of 6% MoM and 27% YoY. The average import price is about $4,083/mt. The increase in imports in July came mainly from Australia and Brazil, major exporters of lithium ore.

Energy

- Workers on offshore gas platforms owned by Woodside Energy and Chevron, which together represent 10% of global **LNG** supply, voted to go on strike over pay and conditions, potentially the first such strike in 30 years. LNG prices spiked by up to 35%, but 2 weeks later it was reported that Woodside had agreed with unions on worker pay for its North West Shelf offshore platforms. However, production at Chevron's Gorgon and Wheatstone plants, representing 7% of global LNG shipments, is still at risk as workers voted in favour of industrial action if talks with unions fail to resolve its pay dispute.
- **Gas** developers in the Perth Basin will be banned from exporting LNG in a bid to keep enough supplies for domestic use, the Western Australian state government said. In an update to its domestic gas policy, the WA state Labor government said it would not issue any exceptions for the new markets in a bid to ensure local energy security. "To ensure domestic energy security, the WA government will not consider exemptions from the WA Domestic Gas Policy for onshore gas developments on the existing pipeline network to export LNG, including those in the Perth Basin," the state government said.
- West Texas Intermediate posted a third monthly rise after news that Russia had agreed on further OPEC+ cuts. The IEA said global **oil** consumption hit an all-time high in June of 103mm bbls/day. This represents around 2% growth y-o-y, 70% of which has been attributed to China. The IEA reported that global oil supply fell by 910 kb/d to 100.9 mb/d in July. A sharp reduction in Saudi production saw output from the OPEC+ bloc fall 1.2 mb/d to 50.7 mb/d in July.
- **Oil** demand in the US topped pre-pandemic levels in May and June, according to the most recent data revisions from the US Energy Information Administration. June consumption rose to 20.7 million barrels a day, a five-year seasonal high, driven by record summer consumption of natural gas liquids used in petrochemical processes. The US Baker Hughes rig count is down 17% y/y.
- Energy-related **carbon dioxide emissions** will be 25 billion tonnes by 2050, more than twice the 11 billion tonnes needed to meet the Intergovernmental Panel on Climate Change's 2-degree scenario, Exxon said in its annual Energy Outlook. While that represents a drop of more than 25% from the 34 billion tonne peak expected this decade, it's a long way from what's required to meet the goals of the 2016 Paris Agreement.
- AEMO, the Australian electricity grid operator, warned that Victoria and South Australia face an increased risk of rolling **power blackouts** this summer, as the return of an El Niño weather pattern is forecast to bring a hot, dry summer with more wind-less days. The failure to replace ageing coal plants with clean power fast enough combined with potential shortages of coal and gas have significantly raised the risk of blackouts.
- Kazatomprom, the world's largest producer of **uranium** (about 22% of global supply), has increased its sales guidance for the year from 15,400-15,900t to 17,500-18,000t. The company commented that customers are flexing up their annual delivery quantities with the frame of existing contracts. Most contracts have volume flex ability – and customers are asking for the flex-up amount. Term contract activity is already up in CY23 (over 100mlbs contracted already) on a strong CY22 (~120Mlbs contracted). Kazatomprom said that sanctions on Russia are having no impact on its business. However, a significant portion of its production is exported through Russia and entities of the Rosatom State Corporation group are partners in six of KAP's uranium mining entities.

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-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.



Characteristics of the Fund

Number of Investments: 80

Unlisted Investments by value: 8.1%

Average Market Capitalisation of Investee Companies: AUD$50 million

Weighted Average Market Capitalisation of Investee Companies in Portfolio: AUD$270 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

DISCLAIMER

This release has been approved by the Responsible Entity's Board of Directors