Tribeca Global Natural Resources

07 April 2025

ASX Market Announcements
ASX Limited
20 Bridge Street
Sydney NSW 2000

BY ELECTRONIC LODGEMENT

Tribeca Global Natural Resources Limited (ASX: TGF) – Estimated NTA Backing Per Share as of 04 April 2025

Please refer to below TGF's estimated net tangible assets backing of its quoted securities as at 04 April 2025.

Estimated NTA Backing Per Ordinary Share[1]	
Estimated NTA pre-tax	$1.61
Estimated NTA post-tax	$1.81

1. The estimated NTA per share is indicative based on previous reported monthly NTA and the estimated performance of equities components. It is not possible to accurately estimate the performance of TGF's private credit and other unlisted assets on a weekly basis as those assets are not valued on a weekly cycle. These unaudited estimates are not intended to provide an estimate of the overall performance of the Company's portfolio. This will be made available after month-end in the form of the Monthly NTA Statement which will be released after month-end.

Commentary

What has happened?

The trade tariffs announced by the Trump Administration were clearly worse than expected, with the seeming haphazard approach to how these have been set also creating uncertainty. The follow up announcement from China of reciprocal tariffs further enhanced market fears of a global economic slowdown and resulted in wholesale selling, with commodities and mining and energy stocks coming in for particularly harsh treatment. Key economic activity exposed commodities like copper and oil were down over 10%. Core large cap copper holdings in the portfolio such as Anglo American, Freeport McMoran, Teck, Glencore, and Capstone are all down more than 20% from their March highs and in some instances more than 30%.

The selling across the market over the last two days has drawn parallels with the capitulation and panic last seen during the Global Financial Crisis of 2008, and the depths of the Covid-19 sell off in 2020. Friday saw the highest volumes on record, along with breadth of selling across all sectors only seen in the GFC. Even recent winners such as gold came under pressure on Friday, indicating forced selling. This slump has seen the market very quickly move to price in a global economic recession with the resources sector particularly hard hit, given its sensitivity to global growth.

Why are we saying all of this? Because the market collapses of 2008 and 2020 were, respectively, driven by structural financial system risk and a sudden and complete shutdown of the global economy. We have neither of those backdrops today, and yet markets are reacting as if we do.

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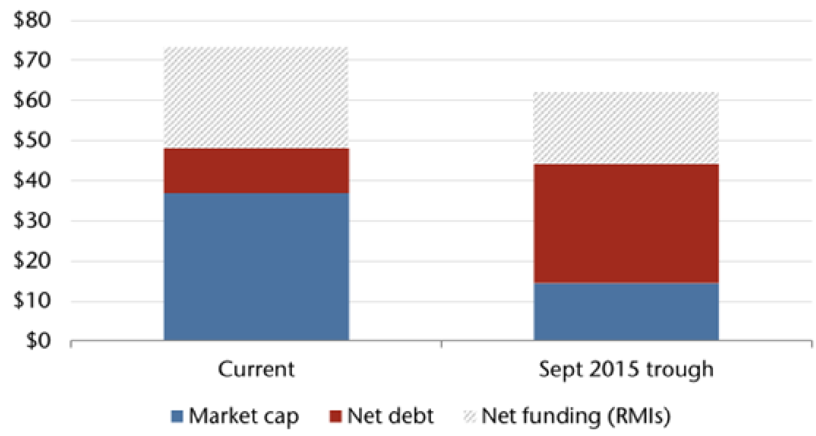
What do valuations look like now?

In an attempt to put recent moves and current valuations into perspective, we have looked at two core large-cap mining stocks in the portfolio, Glencore and Freeport. Glencore's enterprise value is now almost as low as it was in September 2015 when there were serious doubts regarding its status as a going concern. (See the below chart from Jefferies)

Chart of the Week #2: Glencore Enterprise Value (US$ billions)

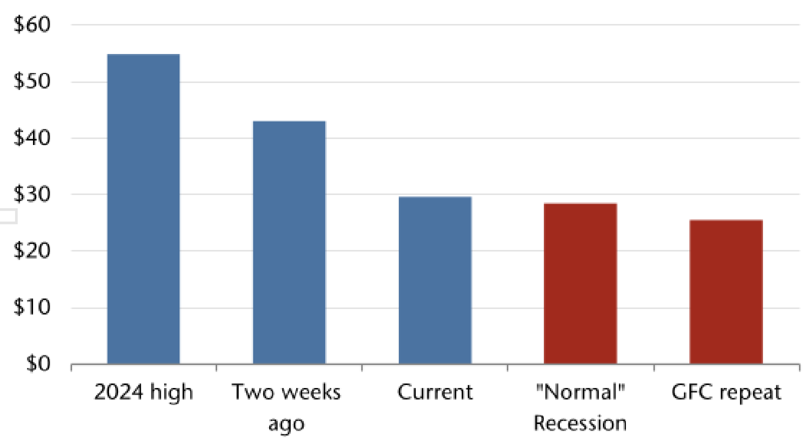


Source: Company filings, Jefferies

Their balance sheet was significantly overgeared, the Chinese economy was going through a hard landing, and commodity prices were in free fall. Today, Glencore has a third as much net debt and will generate a more than 5% free cash yield this year, at current depressed spot commodity prices. Anyone who bought Glencore at its lows of 2015, or indeed 2020 during the Covid slump, went on to make multiples of their money.

With regard to Freeport, again utilising some analysis from Jefferies, it would appear that Freeport is already pricing in a recession scenario, and not far from pricing in a complete GFC meltdown. However, Freeport is a dramatically different company today to that of 2008 or 2015. It has a far healthier balance sheet, is generating 3x as much EBITDA, and has potential for substantial capital returns via a buyback (especially if the share price remains at these depressed levels).

Chart of the Week #1: Freeport Scenario Analysis (FCX, US$/share)



Source: Company filings, Bloomberg, Jefferies' estimates

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Where to from here?

As we have consistently communicated, we have had the portfolio positioned for strength in metals for over 18 months. This has consisted of net long positions of ~40% in Base Metals (primarily copper), 40% in Precious Metals, and 10% in Battery Metals. With the dramatic drop in the world's equity markets, this positioning has unsurprisingly resulted in a meaningful negative performance impact in the short term. We have actively traded our oil and gas positions and strategically went short US oil and gas names most recently which has generated positive returns month-to-date.

In light of the downward moves we have already seen, the asymmetric potential of the trade in Mining stocks appears significant. If history is a guide, buying the best quality copper stocks after previous market corrections has proved a highly profitable strategy. For example, in the 12 months following the lows of the GFC, Freeport appreciated 375%. The recovery following Covid was even stronger, up over 500%. Importantly, each of these periods of market recovery saw Freeport outperform the broader S&P500 off the bottom. While we don't know when the market will turn this time around, it is clear that mining stocks get hit hard when economic growth concerns permeate the market, but the bounce in mining stocks also tends to be larger than the rest of the market. The below table clearly shows this.

Correction	Period	Magnitude of S&P Correction	Magnitude of FCX Correction	S&P % rebound 12 months post low	FCX % rebound 12 months from S&P low
Tech Crash	2000 to 2003	-49%	-68%	34%	433%
GFC	2008 to 2009	-53%	-87%	69%	375%
Covid	2020	-34%	-61%	75%	506%
Recession Scare	2022	-25%	-52%	22%	44%

GFC correction measured from start of 2008 even though peak was in Oct 2007, where S&P500 was slightly higher

Fundamentally, the slide in the copper price brings it firmly back into cost curve support that has held in recent years, and a clear level at which we have seen Chinese buying pick up meaningfully. It is also important to point out some key facts:

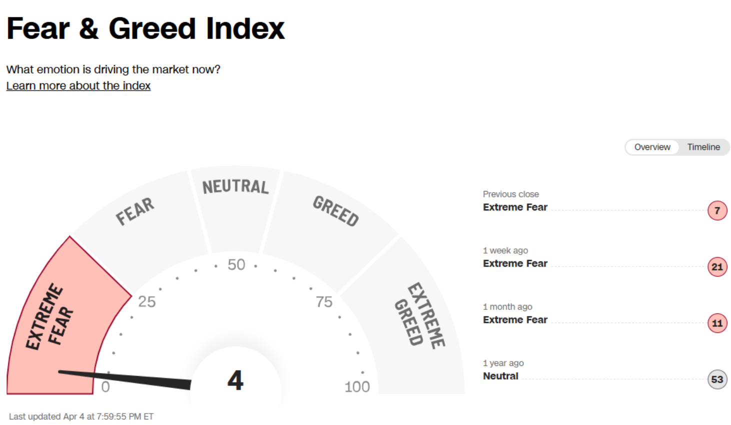
- China remains the largest consumer of copper in the world, consuming over 50% of the world's copper. By comparison, Europe is second at 15%. Despite assumptions that China's demand is driven by the property market, the largest component of that consumption is their investment in their power grid where their year-to-date spend is up 33.5% over the same period last year.
- Copper supply expectations for 2025 have already been revised down by more than 3% since the start of the year, eroding expectations of a market surplus.
- There has been a massive shift in global copper inventories to the US, with market participants looking to get ahead of the imposition of tariffs. The end result is that the rest of the world now has very little in the way of copper stockpiles.
- China has just begun significant fiscal and monetary stimulus, with recent tariff announcements expected to drive further and more assertive expansionary moves.
- In the EU, Germany have recently announced €500bn of fiscal stimulus for infrastructure and defence spending. We expect other European countries to follow suit.

With regard to the future of new mine supply, much has been made of the "drill baby drill" and "mine baby mine" stance of the Trump Administration. That said, corporations in the US still have the events of Trump 1.0 very fresh in their memories. At that time, changes were made to permitting regimes with the intention of fast-tracking mining and energy activity, only for the Biden Administration to promptly reverse them upon taking office. On top of this, many corporates cite the likelihood of being mired in legal objections as another reason for the difficulties in developing new mines in the US. Once you add new concerns regarding an economic slow-down, it would appear very unlikely to see corporates raise their capital investment plans. If anything, the inverse is more likely.

In conclusion, we acknowledge the very clear risks to global economic growth in the near term, and the immediate future will no doubt see ongoing market volatility. However, the violent downward moves we have already experienced seem more reflective of extreme structural market events of the past, rather than recession. On top of that, the health of the resources sector is dramatically different to previous downturns. Balance sheets are in rude health, with companies buying back their stock and/or paying consistent dividends. Across our portfolio, we can point to Anglo American, Teck, Freeport, Glencore, Perseus, Vault, and Karoon all undertaking or about to commence some form of capital management. Given the recent sell-off, we would expect buyback activity to accelerate.

This has been a particularly sharp and painful correction, but the portfolio is positioned in high quality companies that we expect, given their history, will bounce hard as and when the positive catalysts of trade deals and/or policy stimulus are announced. The old adage that it is darkest before dawn seems particularly apt right now. Yes, it feels especially dark out there, and the geo-political landscape is likely to remain unpredictable at best, but we suspect deals will get done and the current price action will not last.

The below chart references the market fear today as measured by the CNN Business Fear & Greed Index.



'Be greedy only when others are fearful' – Warren Buffett

For any enquiries please contact TGF at TGFinvestors@tribecaip.com.au or by calling +61 2 9640 2600.

Authorised for release by the Board of Tribeca Global Natural Resources Limited.

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