

# 44cps / 65.3cps

Share price at 31 July 2022

NTA at 31 July 2022

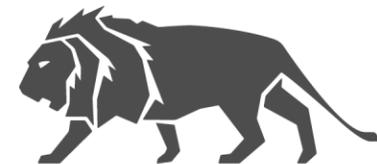
Expecting *at least* 54cps CASH backing by Feb 23<sup>1</sup>

## Lion Selection Group

**Update**

**Quarter Ended 31 July 2022**

[www.lionselection.com.au](http://www.lionselection.com.au)



**Lion Selection Group**

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# Disclaimer



# NTA – to become majority CASH

**65.3cps**

Net Asset Backing  
(after tax)

VS

**44cps**

Share Price

(as at 31 July 2022)

## 1. Net Tangible Asset (NTA) Backing 65.3cps

- 27.2cps CASH
- 29.7cps Merdeka shareholding + Deferred Cash (will be converted to CASH by Feb 2023)
- 8.4cps Investments

## 2. VS 44cps share price

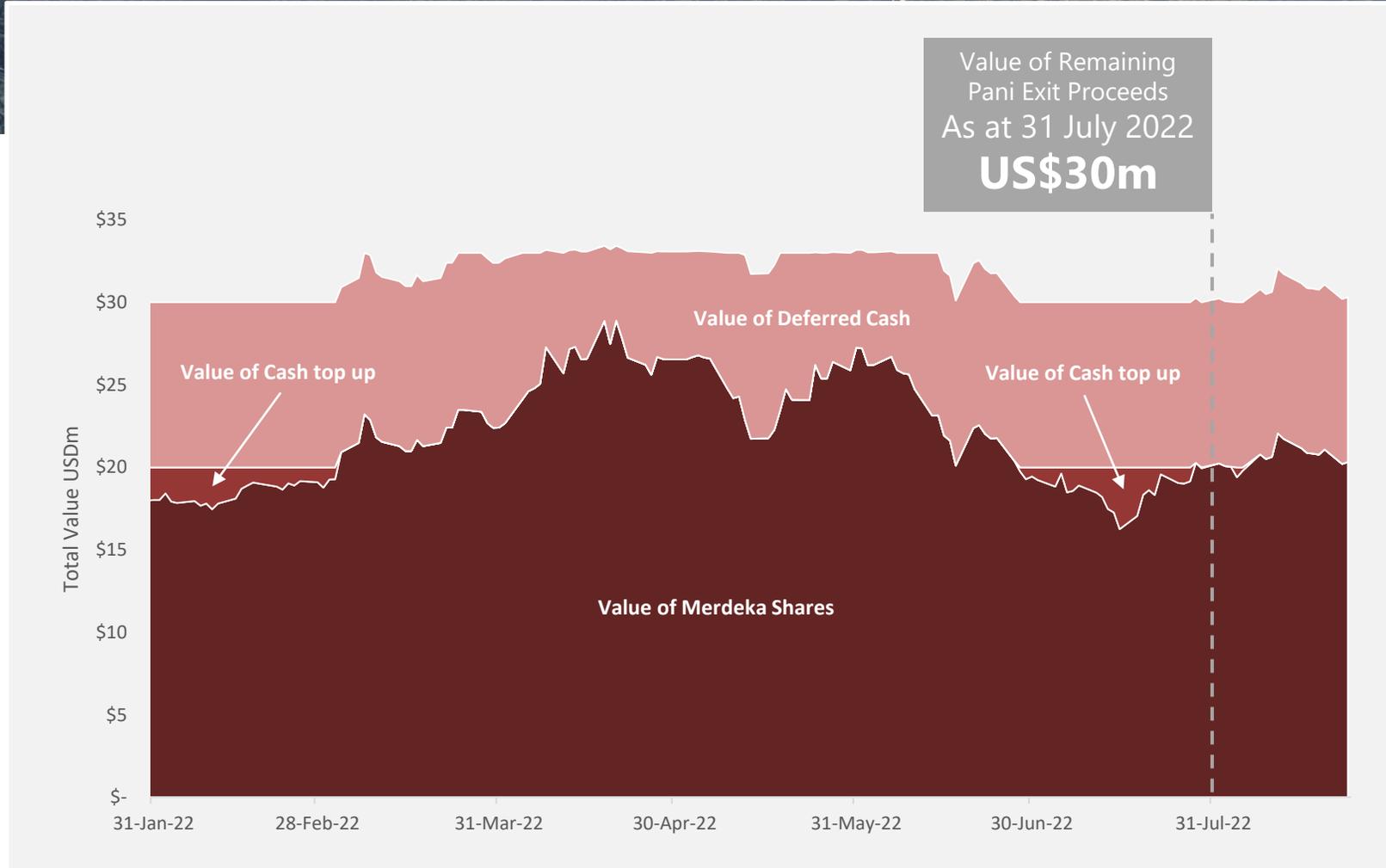
- 33% discount to NTA
- 23% discount to cash + Merdeka shareholding + deferred cash

## 3. Dividends Re-Established

- Further 1.5cps annual dividend to be paid circa November 2022
- Takes CY2022 dividends to 5cps
- Further special dividend to be determined H1 2023

# Merdeka Copper Gold TBK & Deferred Cash Payment

19.2cps + 10.5cps



**Value to Lion:**  
*No less than*  
**US\$30m**  
combined

# Lion Investing Focus



Australia focus  
for new investments

✓ Global mining investment  
destination of choice

## Precious Metals



✓ Low to moderate  
processing risks

## Base Metals & Battery Materials



✓ No ex-site infrastructure  
capital requirements



✓ Future facing / excellent  
ESG credentials



✓ Outright best demand  
growth projections

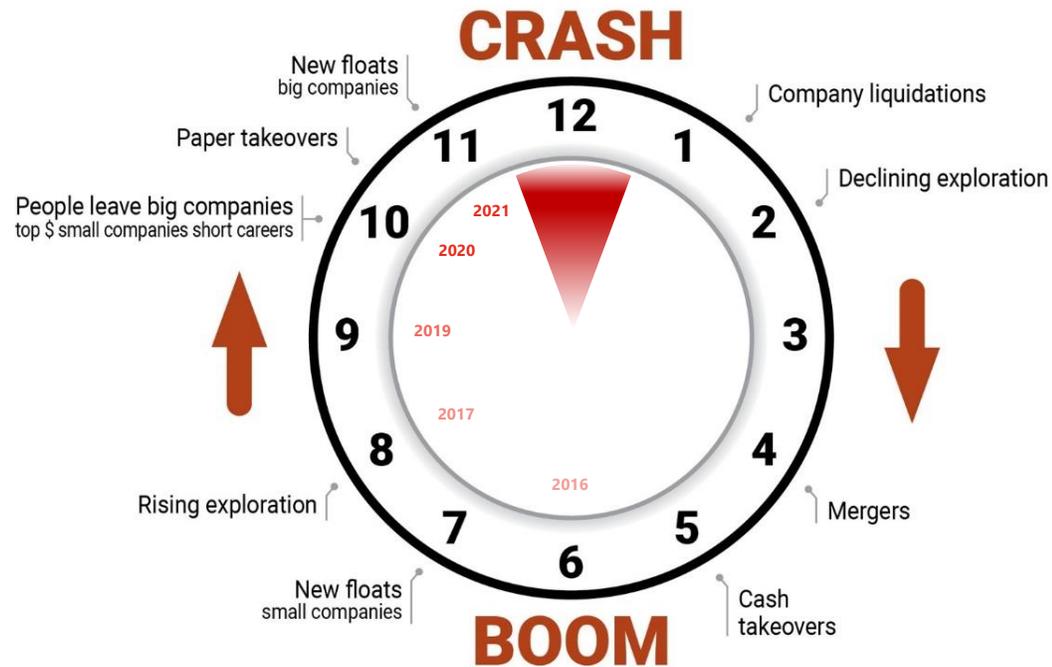


# Lion Investment Targets: Junior Miners and Explorers

- Extremely leveraged to liquidity / sensitive to equity market weakness
- Lion has strong investment funding capacity: massive opportunity value

*"Periods of extreme volatility have historically provided some of the most lucrative investment opportunities in companies that depend on market funding... which is precisely what Lion is prepared for."*

# Mining Market Outlook



Many qualities of a mining cycle peak are in place:

- Equity market has weakened substantially (in response to increasing interest rates)
- Equity market weakness reduced liquidity to the mining sector, **dramatically for junior mining and exploration companies** (reliant on equity market funding)
- Substantial reduction of liquidity = definition of a mining cycle collapse (with expectation that liquidity then remains depressed for a period of recovery)
- Inflation (underlying driver) has not disappeared / outlook **remains uncertain and extremely challenging to dismiss**

# Current Investments & Cash <sup>2</sup>

Name	Value		Per Share
Net Cash	\$40.3M	(Lion to crystallise no less than US\$30m) (at least A\$80M cash by Feb 2023*)	27.2c
PT Merdeka Copper & Gold	\$28.5M		19.2c
Lion holds 72.8M Merdeka shares (MDKA:IDX) which are value protected (a top up payment will be provided if the shares are worth less than US\$20M at 28 January 2023)			
Pani Def. Consideration	\$15.6M		10.5c
Up to US\$10M cash, subject to performance of Merdeka. Due 28 January 2023			
Other	\$12.5M		8.4c
<b>Total</b>	<b>\$96.9M</b>		<b>65.3c</b> (post tax)

**\$65.3M**  
 Market Cap at \$0.44/Share  
**19% Owned**  
 by Board & Management  
**148.4M Shares on Issue**

**65.3c**      **44c**  
 Net Tangible Asset      Share Price

## Dividends

3.5cps PAID April 2022

1.5cps approx. Nov 2022

**337cps Historic Distributions to Shareholders <sup>3</sup>**

\* Assuming: Merdeka shares sold and deferred cash received using values (share price and exchange rate) as at 31 July 2022, further expenditure on on-market buy-back, and dividend payment of 1.5cps

- Well funded (A\$40.3m cash + sale of Merdeka / Deferred cash payment by Feb 2023)
- Targeting pre-production mining investments the equity market can't
- High certainty NTA in a volatile market
- With dividends



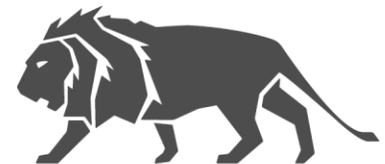
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**Lion Selection Group**

# Lion Selection Group – Established 1997

*Large discount to highly certain underlying value*

## Well Funded

Strong cash position following large asset divestment

## Proven Approach

25 years experience / strong deal flow / exceptional people networks

## Target Investments

Pre-production mining: companies and projects

## Country & Commodity

Australia / Precious Metals / Base Metals / Battery Materials

## Live Distributions

2022 Dividends: 3.5cps (Apr - PAID) / 1.5cps (Nov) / On-market buy-back

## Sustainability

Follows World Bank's sustainability policies for exploration and mining

# Board & Management

## Strong Foundation

### BOARD



**Barry Sullivan**  
Chairman

Barry is a mining engineer with over 40 years experience. Barry has held numerous Non-Executive Directorships and was previously Chairman of EganStreet Resources.



**Peter Maloney**  
Non-Executive Director

Peter has commercial background developed through various roles at WMC Resources, Santos and FH Faulding. Peter was Chairman at Catalpa Resources when it merged into Evolution Mining Limited.



**Chris Melloy**  
Non-Executive Director

Chris is a mining engineer with 40+ years experience in mining operations, securities analysis and investment. He has worked with Lion since inception, and held directorships of several Lion investee companies.



**Robin Widdup**  
Managing Director

Robin's mining experience spans Africa, UK and Australia. Robin led the mining analyst team at JB Were and was the founder of Lion Selection Group.



**Craig Smyth**  
Executive Director

15 years mining investment experience. Craig is a member of the Institute of Chartered Accountants of Australia with experience working for Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank.



**Hedley Widdup**  
Executive Director

13 years mining investment experience. Hedley has extensive experience as a mine geologist covering the Mt Keith nickel mine, Olympic Dam, Mt Isa and the St Ives gold mine.

### MANAGEMENT TEAM

# Proven Lion Investing Process

25 years of junior mining investing success

*Lion invests across the capital structure, seeking to balance capital protection with attractive returns*

## Access to deal flow

- Large, broad range of investing opportunities
- Over 1,000 opportunities per year
- Projects and companies, variety of structures

## Experienced investment team

- In-house technical assessment
- Unparalleled networks – access to people / critical to investment appraisal
- Mining strategy development, fund raising, mergers and acquisitions

## Lion target investments

### Seek

- Lowest possible jurisdiction risk
- Strong company and project fundamentals
- Deep value investing thesis – multiples upside

### Avoid

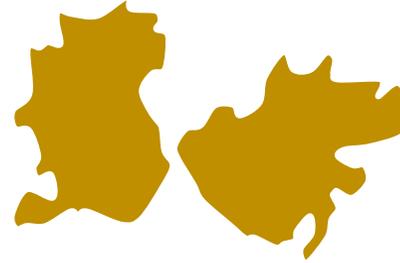
- Overheated stocks at strong premium to underlying value
- Cyclical price downside risks

*Targeting pre-production mining investments the equity market can't*

# History

Long-term investments  
Active Exit Management  
Profitable Outcomes

Experience: Funding / Strategic Development / M&A



## Pani JV Interest

- Gold / Indonesia
- \$21m invested
- \$74m exit\*



\$5.9m invested  
\$9.5m exit



C\$16.8m invested  
C\$25.4m exit



\$33.8m invested  
\$88m exit



\$23.4m invested  
\$113.5m exit



\$9.8m invested  
\$99.9m exit



\$31.7m invested  
\$90.3m exit



Foundation assets:  
Evolution Mining



\$9.4m invested  
\$43.2m exit



\$11.8m invested  
\$42.5m exit



\$6.1m invested  
\$48.3m exit

\*Based on the value of cash, Merdeka shares, and deferred cash at the time of sale announcement (31 January 2022)

# Footnotes

1. Assuming Merdeka shares sold and deferred cash received using values (share price and exchange rate) as at 31 July 2022, further expenditure on on-market buy-back, and dividend payment of 1.5cps. Refer to Lion Selection Group ASX announcement on 24 August 2022, *Quarterly Report for 3 Months Ended 31 July 2022*
2. Lion Selection Group ASX announcement on 4 August 2022, *Net Tangible Asset Backing*
3. Distributions by Lion Selection (ASX:LSG, ASX:LST, NSX:LGP, ASX:LSX) 1997-2022, includes dividends, cash returns, off-market buy-back and distribution of listed equities