

6 October 2021

PANI COMBINATION UPDATE

REPORTED J RESOURCES PANI TRANSACTION

On 5 October 2021, J Resources announced that it had entered a Conditional Sale and Purchase Agreement with a subsidiary of Provident Capital for all the shares in PT Gorontalo Sejahtera Mining ('GSM'), the company that holds the Pani Contract of Work. Details of this acquisition are awaited, but conditions include approval of the J Resources' bondholders and/or creditors of the company's subsidiaries. As this agreement is subject to similar conditions to the 2019 J Resources Agreement, no change is proposed at this point in the carrying value for Lion's investment in Pani.

Pani currently consists of two Resources [2.37 Moz¹ (33.3% Lion/ 66.7% Merdeka) and 2.30Moz² (100% J Resources)] on two licenses which historically have been separately held. In addition, the new information from the link zone is expected to have an important bearing for the geological interpretation of Pani. As announced on 11 February 2021, observations and preliminary results from the link zone confirm that the region is strongly mineralised including higher grade intercepts, exceeding previous expectations. If this transaction is completed, it is seen as a positive in unlocking joint development of the Pani Project to generate maximum value for all participants. If completed, the combination of the two tenements and Pani link zone drilling results announced previously are anticipated to improve the valuation of Lion's investment in the Pani Joint Venture.

Background

In December 2019 Lion and Merdeka announced that its Pani Joint Venture had reached conditional agreement with PT J Resources Asia Pasifik Tbk (J Resources) to combine the two neighbouring Pani tenements into one ownership group. The resultant structure will see J Resources transfer its interests in GSM in exchange for a 40% ownership interest in the combined entity, including the Pani IUP tenement, diluting Lion's ownership to 20% in the larger combined entity.

The J Resources agreement remains subject to regulatory approvals and approval from J Resources' secured lenders. As announced on 4 February 2021, the Pani Joint Venture (Lion 33%, Merdeka Copper Gold 67%) earlier this year initiated arbitration action against J Resources in relation to a claim of non-compliance with the terms of the 2019 J Resources agreement to combine the two Pani tenements into one ownership group seeking compensation in the range of US\$500 – US\$600 million or specific performance to complete the transaction.



Lion is working to understand what the consequence for the arbitration action is likely to be, noting that assuming that the above transaction completes and the original J deal completes as originally anticipated, it is likely that this arbitration action will be withdrawn.

About Provident Capital

Since 2004, the founding partners have been responsible for the establishment of Tower Bersama, JD.ID, and Merdeka Copper Gold, creating three wholly separate businesses with a combined value in excess of US\$12.5 billion. Provident continues to actively manage these businesses.

Provident Capital was One Asia's original joint venture partner at Pani before the introduction of Merdeka Copper Gold.

Pani Mineral Resource Estimates

Category	Pani IUP (Lion 33.3%/Merdeka 66.7%) 0.2g/t cut off ¹			Contract of Work (J Resources 100%) 0.4g/t cut off ²		
	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Moz)	Tonnage (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Measured	10.8	1.13	0.39	15.5	1.03	0.51
Indicated	62.4	0.81	1.63	41.3	0.98	1.31
Inferred	16.2	0.67	0.35	15.9	0.93	0.48
Total	89.5	0.82	2.37	72.7	0.98	2.30