

4 May 2022

Net Tangible Asset Backing

(for the month ended 30 April 2022)

Lion Selection Group Limited (Lion) advises that the unaudited net tangible asset backing of Lion as at 30 April 2022 is 69.1 cents per share (before tax) and 68.8 cents per share (after tax). This excludes \$2.9M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3 (see note 2 below).

Lion paid a dividend of 3.5¢ps on 29 April 2022 which reduced NTA by approximately \$5.25m.

Portfolio	Commodity	March 2022	April 2022	
		A\$M	A\$M	¢ps
Erdene Resources	Gold	6.0	5.2	3.5
Kasbah Resources	Tin	2.0	2.0	1.3
Merdeka Copper Gold ¹	Gold/Copper/Nickel	30.7	37.6	25.1
Pani Deferred Consideration ¹		12.2	9.8	6.5
PhosCo Ltd	Phosphate	5.2	5.8	3.9
Other		0.8	0.8	0.5
Net Cash		47.9	42.4	28.3
Net Tangible Assets – Pre-Tax		A\$104.8m	A\$103.6m	69.1¢ps
Deferred tax liability on theoretical disposal of Lion's portfolio		(A\$0.1m)	(A\$0.6m)	(0.3¢ps)
Net Tangible Assets – Post-Tax		A\$104.7m	A\$103.0m	68.8¢ps

Capital Structure

Shares on Issue:	149,830,458 ¹	
Share Price:	48¢ps	30 April 2022

¹ Excluding 310,813 shares following on-market buy-back



Note 1. Deferred Consideration

On 1 March 2022 Lion sold its Pani Joint Venture interest to PT Merdeka Copper Gold TBK (Merdeka, Lion's Pani joint venture partner) and Andalan International Pte Ltd (Andalan, an entity controlled by Provident Capital) for US\$52M.

Lion has received US\$22M cash (less Indonesian withholding tax of US\$2.6M), 72.8M Merdeka shares (IDX:MDKA), with the remaining deferred consideration (US\$10M, subject to adjustment) due on 28 January 2023. Lion's Merdeka shares have downside protection providing Lion with continued upside exposure to Merdeka's expected strong growth at Pani and other Tier 1 mining projects in Indonesia. Notably, since the announcement of the Pani deal closure on 2 March 2022, the MDKA share price has increased approximately 14% on the Indonesian Stock Exchange.

The deferred consideration is subject to adjustment, being reduced if the Merdeka share price outperforms a 15% benchmark as at 28 January 2023, and subject to a cash top up on the Merdeka shares Lion holds at 28 January 2023 if market value is less than US\$20M. Accordingly, the deferred consideration in Lion's NTA is valued based on the current Merdeka share price.

The total deal value, adjusted for a range of performance scenarios of Merdeka shares is shown below:

Cash*	US\$22M	US\$22M	US\$22M	US\$22M	US\$22M	US\$22M
72,753,729 Merdeka shares **	US\$20M	US\$23M	US\$26M	US\$30M	US\$34M	US\$38M
(According to MDKA between Signing Price and 28 Jan 2023)	0%	15%	30%	50%	70%	90%
Deferred cash ***	US\$10.0M	US\$10.0M	US\$7.0M	US\$3.6M	US\$0.2M	US\$0M
Total deal value to Lion	US\$52.0M	US\$55.0M	US\$55.0M	US\$55.6M	US\$56.2M	US\$60.0M

* US\$22M cash received 1 March 2022 less US\$2.6M Indonesian withholding tax.

** 72,753,729 Merdeka shares transferred to Lion on 1 March 2022. Lion is entitled to a top up payment should the value of its Merdeka shares be less than US\$20M at 28 January 2023.

*** Deferred cash is subject to adjustment according to the performance of Merdeka shares between signing and 28 January 2023.

Note 2. Contingent Consideration

Lion's NTA excludes potential contingent consideration that may be payable if Lion sells its investment in either PhosCo or Kasbah.

This obligation arises following Lion agreeing to purchase the shares it did not own in African Lion 3 Ltd (AFL3) to consolidate ownership (with the exception of Lion Manager Pty Ltd who opted to hold its investment). The transaction involved Lion agreeing to pay contingent consideration to be paid in certain circumstances for up to 5 years. The value of the contingent consideration depends on the ultimate exit price for PhosCo and/or Kasbah, how long Lion holds the investments, and how much additional investment is required.