

2 November 2022

Weekly Net Tangible Asset Backing 28 October 2022

Lion Selection Group Limited (Lion) is providing regular weekly announcements for its NTA in parallel with its on-market buy-back announced on 15 March 2022. These updates are provided in addition to the monthly NTA announcements.

Lion advises that the unaudited weekly net tangible asset backing of Lion as at 28 October 2022 is 67.0 cents per share (before tax) and 66.8 cents per share (after tax). This excludes \$2.5M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3 (see Note 2). The NTA also excludes the payment of the dividend of 1.5¢ps paid on 31 October 2022, reducing the cash by approximately \$2.2m.

	Unaudited NTA A\$M
Net Cash	39.5
Cash by 28 January 2023	
Share Sale Proceeds*	28.1
Pani Deferred Consideration	<u>19.1</u>
Sub Total	86.7
Portfolio	12.0
Less Tax	<u>(0.3)</u>
NTA Post Tax	<u>\$98.4M</u>
NTA per share (post tax)	<u>66.8¢ps</u>

* Assuming sale of Merdeka shares based as at valuation date



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.

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.

Lion has also purchased currency options to protect against large movements in the USD/AUD exchange rate until the time the deferred consideration is payable.

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 in certain circumstances for up to 5 years ending 3 March 2026. 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.