

4 November 2022

## Net Tangible Asset Backing

(for the month ended 31 October 2022)

Lion Selection Group Limited (Lion) advises that the unaudited net tangible asset backing of Lion as at 31 November 2022 is 65.8 cents per share (before tax) and 65.6 cents per share (after tax). This excludes \$2.6M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3 (see note 2 below).

Lion paid a dividend of 1.5¢ps on 31 October 2022 which reduced NTA by approximately \$2.2m.

| Portfolio  | Commodity          | September 2022 | October 2022    |                |
|--|--------------------|----------------|-----------------|----------------|
|  |                    | A\$M           | A\$M            | ¢ps            |
| Erdene Resources   | Gold               | 4.0            | 4.1             | 2.8            |
| Kasbah Resources   | Tin                | 2.0            | 2.0             | 1.4            |
| Merdeka Copper Gold <sup>1</sup>                                   | Gold/Copper/Nickel | 29.3           | 27.4            | 18.6           |
| Pani Deferred Consideration <sup>1</sup>                           |                    | 18.3           | 19.7            | 13.4           |
| PhosCo Ltd   | Phosphate          | 5.9            | 5.5             | 3.7            |
| Other  |                    | 0.8            | 0.8             | 0.5            |
| <b>Net Cash</b>  |                    | 39.8           | 37.4            | 25.4           |
| <b>Net Tangible Assets – Pre-Tax</b>                               |                    | A\$100.1m      | <b>A\$96.9m</b> | <b>65.8¢ps</b> |
| Deferred tax liability on theoretical disposal of Lion's portfolio |                    | (A\$0.4m)      | (A\$0.3m)       | (0.2¢ps)       |
| <b>Net Tangible Assets – Post-Tax</b>                              |                    | A\$99.7m       | <b>A\$96.6m</b> | <b>65.6¢ps</b> |

### Capital Structure

|                         |                          |                 |
|-------------------------|--------------------------|-----------------|
| <b>Shares on Issue:</b> | 147,174,026 <sup>#</sup> |                 |
| <b>Share Price:</b>     | 43.5¢ps                  | 31 October 2022 |

<sup>#</sup> Excluding 2,967,245 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.

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<br>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 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.