Lion Selection Group

ASX Release
LSX

Lion Selection Group

3 January 2023

Monthly net tangible asset (NTA) backing per share as at 31 December 2022

	31 December 2022
Before Tax	64.0 cps
After Tax*	64.0 cps
Share Price	49.0 cps

*The after-tax number relates to the provision for deferred tax on the unrealised gains in the Company's investment portfolio. The Company is a long-term investor and does not intend disposing of its total long term investment portfolio. Under current Accounting Standards, the Company is required to provide for tax on any gains that may arise on such a theoretical disposal, after the utilisation of brought forward losses.

Lion Selection Group

A simple way to invest in high growth mineral companies.

Investment Objectives: Lion Selection Group provides a patient, portfolio-oriented approach to investing in the high growth early-stage mining development space where specialist knowledge is essential.

Well funded to invest: Cash $34.4M at 31 December 2022.

History of dividends: Over Lion's 25+ years, it has made distributions in excess of 338cps.[3]

5cps dividends were paid in 2022.

Lion aims to pay sustainable dividends from surplus investment proceeds, whilst balancing the investment requirements of the Company with market conditions and capital growth.

Size of Portfolio: $91.9M as at 31 December 2022.

Investment style: Lion carefully selects a small number of opportunities that have excellent prospects for development and offer deep value.

Lion investment horizon: 3-5 years.

Net asset backing: released every month and weekly during buyback period.

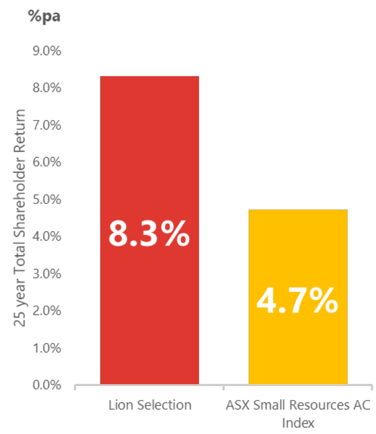
Listed on ASX: code LSX.

Key benefits

Specialist mining investment provides Lion shareholders with exposure to the early stage resources sector, with a portfolio that balances risks and is managed by a professional mining investment team.

Market beating historic performance since 1997

Total Shareholder Return (TSR) as at 31 December 2022 since inception (July 1997)[1-7]



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Authorised for release by

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Net Tangible Asset Backing

Lion advises that the unaudited net tangible asset backing of Lion as 31 December 2022 is 64.0 cents per share (before tax) and 64.0 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).

	Unaudited NTA A$M
Net Cash	34.4
Cash by 28 January 2023	
Share Sale Proceeds*	28.3
Pani Deferred Consideration	16.4
Sub Total	**79.1**
Portfolio**	12.8
Less Tax	(0.0)
NTA Post Tax	**$91.9M**
NTA per share (post tax)	**64.0cps**

* Assuming sale of Merdeka shares based as at valuation date.
** Lion notes that shares in PhosCo were suspended as at 31 December 2022 ($5.3m valuation at 13 cps, being the last trade prior to the suspension).

Note 1. Deferred Consideration and Top Up

On 1 March 2022 Lion sold its Pani joint venture interest for:

	US$M	
Cash	22.0	March 2022
72.8M Merdeka shares	20.0	Provided immediately and still unsold
Deferred Cash	10.0	Payable 28 January 2023
	52.0	US$2.6M Indonesian tax paid March 2022

At 31 December 2022 the Merdeka shares were worth $28.3M (US$19.3M). A top-up clause provides a guarantee minimum US$20M for these shares when sold. The Deferred Cash is subject to adjustment if the Merdeka share price exceeds 15% gain on US$0.2749 Merdeka price 28 January 2022.

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 made.

1. Investment performance figures reflect the historic performance of Lion Selection Group Limited (ASX:LSG, 1997–2007), Lion Selection Limited (ASX:LST, 2007-2009), Lion Selection Group Limited (NSX:LGP, 2009-2013) and Lion Selection Group Limited (ASX:LSX, 2013-present).
2. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions.
3. Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off-market buyback conducted in December2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in December 2009. Lion assume all distributions are reinvested, with all non-cash distributions sold and the proceeds reinvested on the distribution pay date.
4. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
5. Past performance is not a guide to future performance.
6. Indices used for comparison are accumulation indices, which assume reinvestment of dividends.
7. Source: IRESS, Lion Manager