

Quarterly Report for the 3 months ended 31 January 2025



ASX:LSX

Lion has invested \$30.8M in its Australian focussed strategy since January 2022. Those investments had a market value of \$46.6M at 31 January 2025, providing an investment return to date of 52%. This has been achieved against the backdrop of an exceptionally weak market, with an anticipated mining boom yet to come.

As at 31 January 2025 Lion held \$46.4M of net cash and \$61.3M of equity investments with a combined aggregate value of \$105.4M (after tax), against a market capitalisation of \$77.6M.

Lion is building a portfolio of strategic investments in selected micro-capitalisation resources companies with strong growth outlook. The return profile from micro-capitalisation resources companies can be outstanding, especially through the duration of a mining boom. Lion is gathering investments in a weak market and has had strong investment performance despite this, with confidence of a cyclical return to boom conditions.

Quarter Highlights:

- Follow-on investments:
 - **Brightstar** – \$1.8M invested maintaining Lion's 6% shareholding in the enlarged Brightstar following completion of its Scheme of Arrangement with Alto.
 - **Antipa** – \$1M invested increasing Lion's shareholding to 4.4%.
 - **Koonenberry** – \$0.4M invested maintaining Lion's shareholding at 6%.
 - **Great Boulder** – previously advised commitment of \$250K completed.
- New investment of \$1M in **Medallion Metals (ASX:MM8)** making a well-positioned entry into the Lion portfolio of a short term gold production proposition.
- Sale of **Alto Metals** holding into takeover via scheme of arrangement by Brightstar – Lion's \$1M investment made into Alto in July 2023 is now approximately \$1.6M of Brightstar shares.
- Lion continues to receive meaningful interest on cash finishing the quarter with \$46.4M net cash and term deposits, equipped for further portfolio deployment.
- Hedley Widdup appointed Managing Director.
- Superb attendance (audience >70) and shareholder engagement at Lion's inaugural Strategy Day.
- Record gold prices continued during the quarter, and micro-capitalisation gold companies are beginning to show signs of a broadening investor interest.

Hedley Widdup, Lion Managing Director said:

"Lion's investment portfolio is generating strong returns driven by record gold prices. The takeover of Alto by Brightstar not only grew our Brightstar interest, but also validated our thesis for Alto, of a very attractive project that could be the subject of consolidation interest. We have added Medallion which looks to have a near term path way to gold production having executed a smart option deal to obtain production capability. Brightstar and Medallion are now poised to be able to make the transition from developer to producer and potentially earn the reward of being in cash flow."

Australia
focus

Precious, base and
strategic materials

Pre-development
stage

**Underpins greatest value
growth potential**

ASX : LSX
Share price

55¢ps

as at 31 January 2025

NTA

Pre-Tax **76.3¢ps**
Post-Tax **74.7¢ps**

as at 31 January 2025

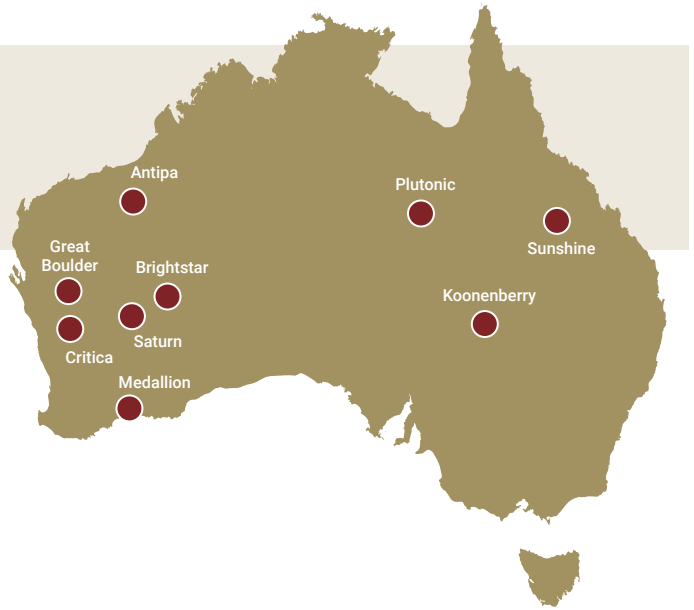
Portfolio Overview

Portfolio development

Lion sold several large investments in 2021 and 2022 at the top of the last boom, to move to a high cash holding.

The companies that Lion targets for investment have fallen heavily in price since 2021/2022, creating attractive investing conditions for Lion with its cash. Lion has deployed \$30.8M into this once-in-a-cycle opportunity, and these holdings had a market value of \$46.6M (inclusive of in-the-money options) which is a performance of +52% as at 31 January 2025.

Australia focus | Precious, base and strategic materials | Pre-development stage
Underpins greatest value growth potential



Quarter portfolio movements:

- Alto Metals holding SOLD delivered into takeover by Brightstar Resources (December 2024).
- Investment in Brightstar Resources (1.8M/December 2024).
- Investment in Antipa Minerals (\$1.0M/December 2024).
- Investment in Great Boulder Resources (0.25M/October 2024 – advised in previous quarter).
- Investment in Koonenberry Gold (\$0.4M/November 2024).
- New investment in Medallion Metals (\$1.0M/January 2025).

Lion continues to invest time in detailed opportunity assessment including due diligence site visits.

Stage and location of Lion's Australian investment portfolio

Note that legacy investments in Erdene, Atlantic Tin, Kin Gin and PhosCo are not shown

	Pre-discovery	Definition	Assessment	Development	Production	\$ Invested	\$ value	Performance
Brightstar Resources (ASX:BTR)	Low capex, cash flow funds growth, strategically sized gold inventory					\$10.6M	\$14.4M	+36% *
Medallion Metals (ASX:MM8)	Low capex, rapid pathway to cash flow					\$1.0M	\$1.1M	+5% *
Saturn Metals (ASX:STN)	Low-cost heap leach economics x large gold inventory					\$8.0M	\$12.5M	+56%
Antipa Minerals (ASX:AZY)	Telfer region strategic resource					\$3.0M	\$10.2M	+241% *
Sunshine Metals (ASX:SHN)						\$0.8M	\$0.5M	-31%
Alto Metals (ASX:AME)	ACQUIRED BY BRIGHTSTAR RESOURCES							
Great Boulder (ASX:GBR)						\$1.0M	\$0.8M	-21% *
Critica (ASX:CR1)						\$1.0M	\$0.9M	-5%
Koonenberry Gold (ASX:KNB)						\$0.6M	\$1.4M	+138% *
Plutonic (unlisted)						\$4.8M	\$4.8M	0%
Commodity legend: ● Precious metals ● Base metals ● Strategic materials						\$31.8M	\$46.6M	+52%

* Denotes a company that Lion invested in during the quarter

Lion investment process

Since January 2022 Lion has made ten new additions to its portfolio, one of which has recently been sold into a takeover. These companies are all focussed on Australian projects, span the spectrum from greenfields exploration through to production and contain a strong flavour of gold.



A variety of factors stand behind the investments that Lion has selected from the large number of opportunities assessed.

- The key components of Lion's assessment are the quality of people involved, the valuation and likelihood of a high investment return, and assessment of risks.
- Our primary focus in valuing projects and companies is to seek opportunities where there is high potential to add tonnes/metal/life to a project. This is the biggest potential variant to a project valuation and transcends the sensitivity of metal prices and costs.
- Some of the opportunities Lion has invested in are 'cents in the dollar' type situations, where Lion seeks to benefit from a catalyst for change and the considerable sums have been invested in the past and now underpin a well understood project that could be invested in for much less than the historic cost of all the data.
- Lion has favoured situations where there is more than one pathway to asset commercialisation in the near to medium term and alternatives to a full-scale greenfields project development, which might result in enhanced takeover attraction, opportunities for ore sales, or strategic mergers to create derisked companies.
- Lion's sweet spot for investment is where a project is becoming defined, which typically means having a mineral resource estimate in place or enough data to generate our own understanding. The risk associated with exploration outcomes often results in explorers being de-prioritised as opportunities, especially in situations where they already command a market capitalisation that implies a discovery is valid. Where Lion has invested in exploration it requires two crucial factors:
 - 1 a genuine and highly attractive set of targets – numerous and ideally multiple opportunities to make a discovery on ground that hasn't already had the best targets eliminated by drilling;
 - 2 an attractive, very low valuation that enables Lion to establish a percentage position cheaply.
- Lion's relatively low current exposure to the critical minerals area and heavier weighting to gold has been beneficial, especially considering heavy falls in nickel and lithium prices. The determining factor here is our ability to understand and have confidence in the markets for critical minerals which are frequently small and dominated by China with the added complexity of western governments' political statements and funding initiatives.



Deal Flow

Listed and unlisted companies
1,000+ to assess and filter



People

Competence
Integrity



Valuation

Funding / dilution
Geological upside



Risk Assessment

Identify and avoid
existential risks

Lion investment process

The portfolio that Lion has now established spans a share of an aggregate Resource of over 10M oz of gold plus selected base metals credits, a new and large-scale Rare Earth Element (REE) Resource, and two exploration plays that offer multi-opportunities for discovery.

Lion has targeted opportunities where our assessment of value, risk and relevant market conditions provides an opportunity for in excess of a 10x return on the initial entry price of each investment. We know from experience that these won't all work out as expected, however such a high hurdle for expected value is required to target investments we expect to hold for the years we expect it will take for them to be derisked and become exposed to the anticipated mining boom.

Lion's portfolio investees all provide ongoing disclosure which are available via company websites or ASX.

Legacy Investments

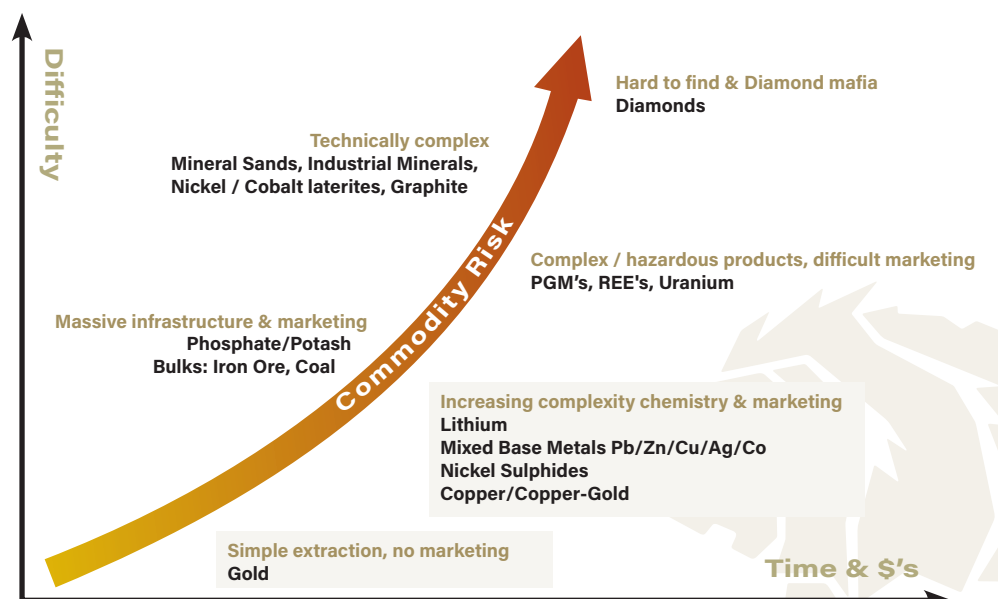
Lion holds several legacy investments, which do not fit within the strategy of focussing on Australia yet are awaiting realisation of their contained value and are not yet at the stage that Lion considers sale is warranted. Lion considers that modest follow-on investment may be required in some legacy investments, but ultimately is focused on pathways to value realisation.

The total value of the Legacy portfolio was \$14.7M on 31 January 2025. This compares favourably with the aggregate amount invested in these holdings of \$7.1M.

Commodities Degrees of difficulty

- Process risk
- Off-site capex requirements for transport infrastructure
- Transparency / liquidity of the commodity market

Lion targets low risk commodities:
Precious and base metals, strategic materials



Net Tangible Asset Backing as at 31 January 2025

Lion held \$46.4M of net cash and \$61.3M of equity investments with a combined aggregate value of \$105.4M (after tax), against a market capitalisation of \$77.6M

Lion advises that the unaudited net tangible asset backing of Lion at 31 January 2025 is 76.3 cents per share (before tax) and 74.7 cents per share (after tax).

	A\$M	cps
Cash	46.4	32.8
Legacy Investments	14.7	43.4
New Investments *	46.6	
Tax	-2.3	
Total Value	105.4	74.7
Market Capitalisation	77.6	55.0

Notes to the NTA

- The NTA laid out above excludes \$1.1M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3. The contingent liabilities reduce over time and will become zero by 3 March 2026 if not crystallised by the sale of PhosCo or Atlantic Tin prior.
- The NTA contains the value of the component parts of Lion's assets as at the NTA date, which is a snapshot in time. The majority of this includes the value of cash at bank, and value of investments at their closing price on NTA date. The NTA is not an expression of the ultimate, realisable value of the investments, which in many cases may far exceed the value contained in the NTA.

Cash Flow and Cash Management

The principal movements in Lion's cash balance between 1 November 2024 and 31 January 2025 are described below.

Cash flow

- Opening Balance (1 November 2024): \$50.4M.
- Lion received interest income of \$0.6M during the quarter.
- Investment \$4.2M comprising:
 - \$1.8M invested into Brightstar.
 - \$1M invested into Antipa.
 - \$1M invested into Medallion.
 - \$0.35M invested into Koonenberry.
 - \$0.25M invested into Great Boulder advised in the previous quarter was settled.
- As at 31 January 2025 Lion held \$46.4M net cash (closing balance) available for investing.

Cash management

- Lion's net cash is held between an on-call account and term deposits which roll off on a regular basis.
- This arrangement provides a higher interest income than call accounts over a majority of the cash, but ensures Lion has sufficient access to liquidity to fund investment opportunities as they arise.
- Note that the interest on term deposits that Lion had in place as at 31 January 2025 ranges between 4.74% pa and 5.05%pa.



Market Review

First Swallow of Summer?



“One swallow does not a summer make” is an expression¹ of discouragement about judging a situation on a single piece of evidence and contains an essential warning for anyone who looks for turning points in markets. Be careful making conclusions on one encouraging factor! Anyone pinning for warmer weather or a friendlier market need not be totally discouraged – keep watching for more swallows...

A mood of optimism has emerged in the lowest capitalisation end of the gold sector which is undoubtedly connected to the strong gold price. It's just taken almost two years for positivity generated by gold to seep through to gold explorers and developers. Share price performance of micro-cap gold players began to trend positively in the second half of 2024, and this has led to generally more welcoming conditions for raising money. For now, at least.

A quick recap on just where gold has come from: gold achieved a milestone price of US\$2,000/oz in August 2020, before a period of over two years of weakness to bottom out at US\$1,640/oz in September 2022. Since then, gold has been one of the strongest mineral commodities, currently at all-time highs, sitting just shy of US\$3,000/oz – a price performance that has seen it almost double in just over two years.

Most gold producing companies have lived out an exaggeration of the gold price trend. Many went into a funk in 2020 and traded downwards whilst gold was weak through to September 2022. The gold price performance from September 2022 to present has fed through to gold producers who are now making strong cash profits and also benefiting from a general lack of growth across the rest of the mineral resource space which is helping to contain cost inflation, which has been a common feature of previous strong price environments.

The gold price excitement has been wasted on non-producing gold companies – they didn't break out in September 2022 with the producers, they continued

to trade downwards resulting in a substantial disconnect between the two groups. Since September 2022 gold producers, as measured by the Australian Gold Index (ASX:XGD)² have gone up 2.4x. There could not be a starker contrast with gold micro-caps, which are down -34% in the same period.³

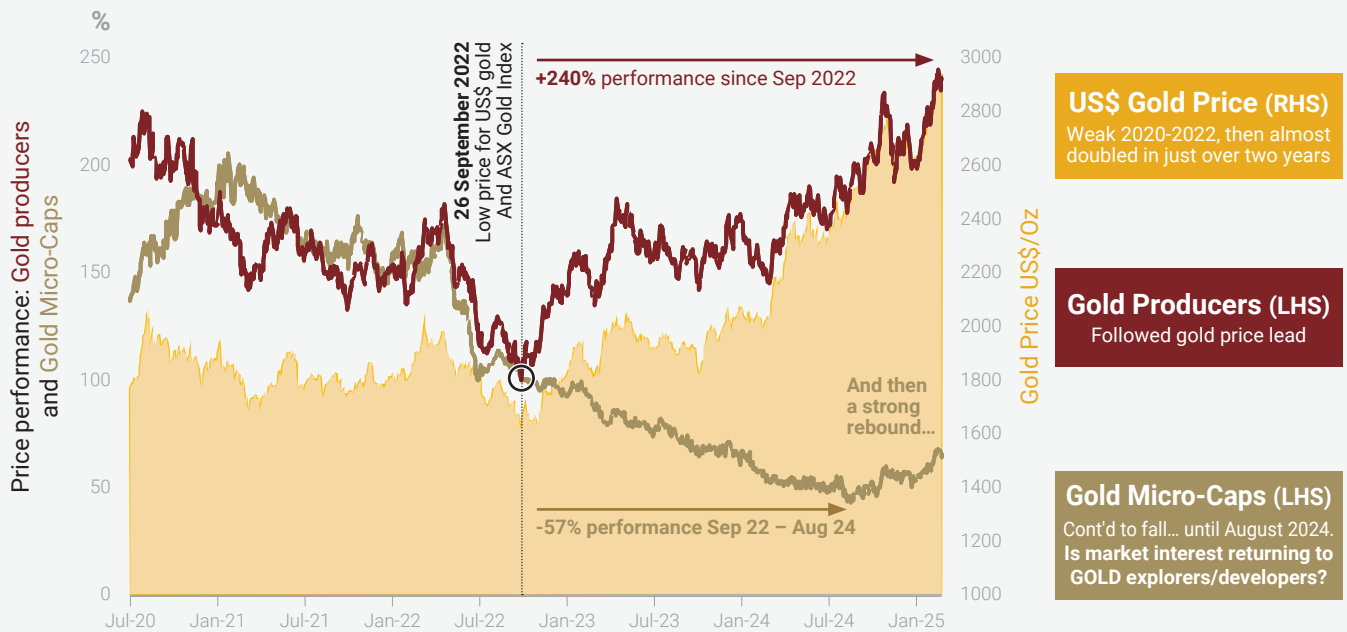
Companies that are exploring for gold or developing gold projects are often discounted for fairly obvious, risk related reasons. Historically however they have tended to experience a fairly positive market treatment when the gold price has been running, and this has not been the case in this recent bull run. The question, for several years now, has been when investor interest in gold companies would filter down to non-producers, especially as the apparent value difference became so great.

The swallow – one piece of evidence that should serve at least to say “watch this space” – is what has transpired in the last six months. The micro-cap group used in this comparison **bottomed out in August 2024 at -57% below the level of September 2022** when the rest of the gold market turned around. Since August 2024 the micro-cap gold group has rallied 14%, which represents a remarkable recovery in that time! This has been the first period of any duration since 2022, within a roaring market for gold, that the group of juniors has experienced a positive price performance. In the same period of time, capital raising for gold hopefuls has become less restricted (albeit not across the board) providing the appearance of the market beginning to recognise the opportunity.

One swallow might not a summer make, but it puts us on the lookout for other evidence that supports the first signal of optimism.

1. Generally attributed to Aristotle.
2. The index stocks aren't all producers. But most of them are.
3. There is no index for micro-cap gold companies. This estimate is the median performance of 138 gold focused companies (with GICS classification gold) listed on ASX and capitalized at less than \$400M on 20 February 2025.
4. These gold micro-caps are up by a median measure of 14% since August 2024.

US\$ Gold price (RHS) versus price performance (LHS) of the Australian Gold Index (ASX:XGD) and Micro-Cap Gold Companies, July 2020 to date.



The group of Micro-Cap Gold companies is defined by GICS classified 'gold' companies (sub-classification to 'Metals and Mining') capitalized at under \$400M on 20 February 2025 – this was a group of 138 stocks. The price of Gold Micro-Caps is expressed as a median of price performance across the group. Both the Australian Gold Index and Micro-Cap Gold companies performances are rebased to 26 September 2022, being the low price of gold (in US\$ terms) and the Australian Gold Index before the 2022-present gold rally.

Careful what you wish for...

Gold performance has been led by purchasing behaviours of Central Banks, especially those within the 'BRIC' nation group and notably China. This pattern may only be a few years old but is linked to a theme of diversifying foreign currency reserves away from US dollars. Some commentators⁵ have noted a new attraction for gold in relation to sanctions that were imposed in the aftermath of the invasion of Ukraine by Russia in early 2022 – as a direct result of these, gold became a more secure (non-confiscatable) form of wealth or liquidity than US dollars. This latter theme would be doubtful to attract Central Banks but highlights a parallel motivation that is related to diversification away from US dollars.

Donald Trump is renowned for change. Having been elected to the US presidency in late 2024, this change has been broad and fast and brought about a diverse array of geopolitical and market turning points⁶. Some of these appear to lend support to gold, but the combination is confounding market commentators across the board, and it puts us in a position where all we really know is what has happened so far.

5. For example <https://ingoldwetrust.report/in-gold-we-trust-report/?lang=en>

6. <https://evergreengavekal.com/blog/the-narrative-shifts-so-far-in-2025/>

Recent media

During the quarter, Lion featured in numerous articles, interviews and podcasts. A selection is highlighted below, which can be accessed via the links.

Recordings

It was a busy quarter for Lion's Managing Director Hedley Widdup who sat down to talk mining, commodities and Lion across several platforms.

Hedley's interview with Mining.com.au's Shae Russell gives a deep dive into why Lion invests in the highest growth potential sector of the market – microcap resources companies.

Media articles published

Stockhead

<https://stockhead.com.au/resources/gold-demand-hits-record-high-in-2024-setting-the-stage-for-bull-market-to-continue/>

<https://stockhead.com.au/resources/open-the-gates-hedley-widdup-says-exploration-ipo-market-could-revive-in-2025/>

<https://stockhead.com.au/resources/gold-digger-the-gold-ma-deals-on-the-experts-chess-boards/>

LiveWire

<https://www.livewiremarkets.com/wires/from-commodities-lull-to-what-will-the-next-mining-boom-look-like>



Lion Selection Group – Why we love explorers
<https://www.youtube.com/watch?v=Yqilq7ynpFc>



Fundies' Predictions for Commodities in 2025
Part 2 – <https://lnkd.in/gibB9zA6>



Bell Direct Market Insights: Commodities Quarterly Outlook with Hedley Widdup
https://www.youtube.com/watch?v=OWX99H-_tcA



Critica: From rare earths to Jupiter with Hedley Widdup
https://www.youtube.com/watch?v=QsNwLi_bRqE

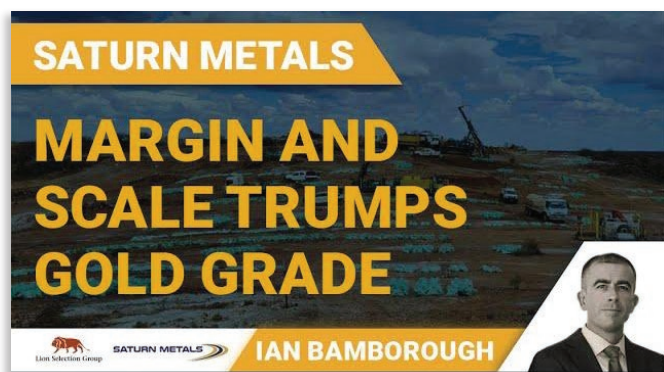
Recent media



Brightstar Resources
Three Million Ounces of Gold
https://www.youtube.com/watch?v=ePnOie_hJZc



Plutonic Limited
Chasing Super Giants
<https://www.youtube.com/watch?v=aPy7pJNNQsM>



Saturn Metals
Margin & Scale Trumps Gold Grade
https://www.youtube.com/watch?v=XI_uf5UfIUQ

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