

25 August 2025

Lion Exits Erdene Resource Development Corp

- **A\$12.3M proceeds to Lion**
- **Lion to pay 2cps fully franked special dividend**

Lion Selection Group Limited (ASX:LSX, **Lion**) is pleased to announce the successful sale of its shareholding of Erdene Resource Development Corp (TSX:ERD, **Erdene**) locking in a strong return. The funds generated by the sale of Erdene will bolster Lion's investing capacity and, to the extent that franking credits are available, enable a return of some of the surplus to shareholders via a 2cps fully franked special dividend.

Lion Managing Director Hedley Widdup said: *"Erdene has been a tremendously rewarding investment for Lion. We have enjoyed a close relationship with the company via a first-class board and management team. They have exemplified the behaviours of founders and custodians of shareholder wealth, and succeeded as explorers and project developers in Mongolia through a blend of professionalism and empathy. We will be sad to see Erdene leave our portfolio but are thrilled with the outcome.*

Much of the funds returned to Lion will bolster our investing capacity with many opportunities on watch in a weak market and the next mining boom within sight. We have now accumulated enough franking credits to pay the first fully franked dividend from Lion for many years."

Sale of Erdene Shareholding

Lion has sold its shareholding of Erdene for a total consideration of approximately A\$12.3M. Erdene has been a long-term holding for Lion, dating back to a first investment in 2012. The total cost of the Erdene holding was A\$2.8M, so this outcome crystallises a strong return to Lion and also substantially reduces the size of Lion's legacy portfolio (investments which pre-date Lion's focus on Australian opportunities).

Lion invested in Erdene to back a small team of geologists with excellent in-country relationships to explore for base and precious metals deposits in Mongolia, a country with geology that is regarded as highly fertile and that is also under explored. The investment in Erdene matches Lion's investment model well – Erdene presented with a low cost / high prospectivity thesis at entry, and this played out with two mineral discoveries (Altan Nar in 2013, Bayan Khundii in 2015) and a new mine development at Bayan Khundii expected to produce first gold in coming months. Lion is exiting at a point where Erdene has become a mature investment (with respect to Lion's expected holding period) and liquidity has emerged that Lion has been able to take advantage of to crystallise this return.



With the sale of Lion's Erdene holding, and the recent receipt of cash proceeds for the sale of Atlantic Tin, the only material holding remaining in Lion's legacy portfolio is PhosCo Limited. Lion's NTA now comprises overwhelmingly Australian focused investments in developing mineral resources companies, and cash.

Lion to pay 2cps fully franked special dividend

The addition of Erdene sale proceeds to Lion's existing net cash (which was A\$40.9M at 31 July 2025) positions Lion strongly to follow its existing holdings as opportunity arises and add new holdings to the portfolio. Lion's proforma cash position at 31 July 2025, after the Erdene proceeds and payment of dividend is A\$50.3M.

Lion aims to pay sustainable dividends, from surplus investment proceeds, whilst balancing the investment requirements of the Company with market conditions and capital growth. Lion will consider supplementary special dividends, if a windfall that provides a cash surplus over and above supporting a sustainable dividend occurs. The funds generated by the sale of Erdene enable a return of some of the surplus to shareholders via a 2cps fully franked special dividend.

The special dividend will be paid to shareholders on the register as at the Record Date of 2 September 2025 and paid 17 September 2025.