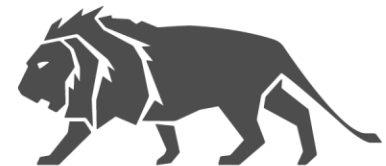


# Lion Selection Group

**AGM**

**7 December 2022**

[www.lionselection.com.au](http://www.lionselection.com.au)



**Lion Selection Group**

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# Disclaimer



# Lion Selection Group

ASX : LSX

47cps (share price 30 Nov 2022)

63.6cps (NTA 30 Nov 2022) <sup>1</sup>

5cps (Dividends paid in 2022)

Lion Selection Group (Lion) is an ASX listed mining investor (ASX:LSX), with a strong balance sheet and ability to invest in a weakening junior resources market.

Lion currently has exposures to gold, copper, nickel and phosphate, but the main asset is cash.

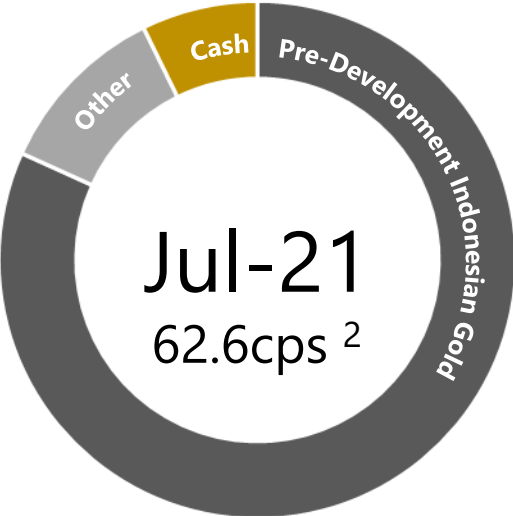
Lion provides a simple way to invest in high growth mineral companies, with a track record of value creation and dividends.

NTA: Will become *predominantly cash* in 2023

Lion is extremely strongly positioned to invest  
*in a weakening market*

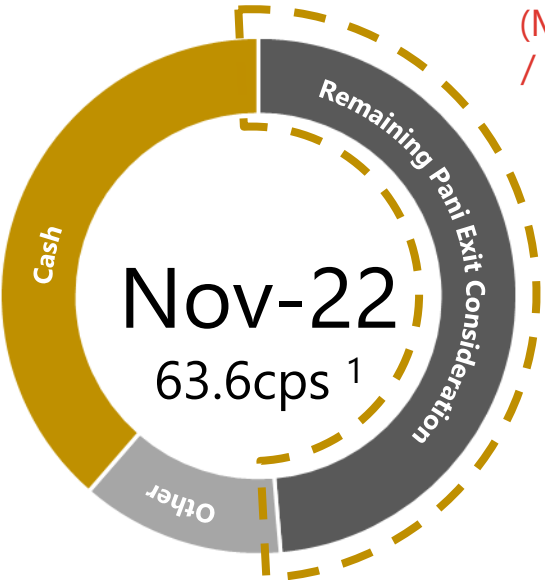
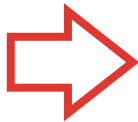


# Net Tangible Assets



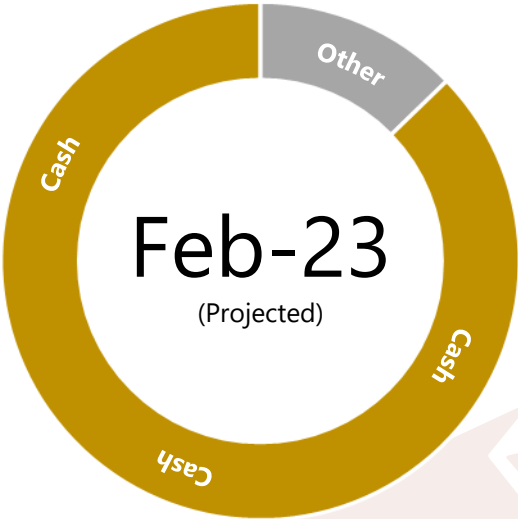
Nusantara **SOLD**  
Pani **SOLD**

**5cps Dividends**  
3.5cps PAID (Apr 22)  
1.5cps PAID (Oct 22)



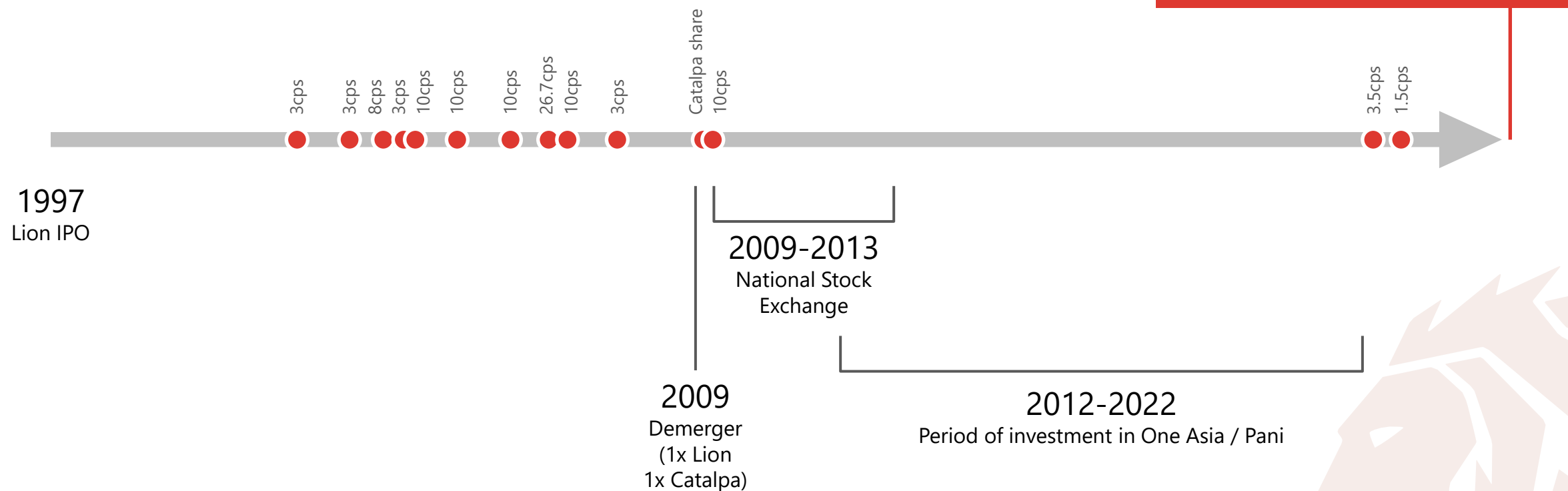
**US\$30M**  
(Merdeka Shares / Deferred Cash)  
**To become cash**

**Further Special Dividend:**  
April 2023



Share Price	44cps	47cps
Discount to NTA	30%	26%

# Dividends



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

# Pani Exit

- [at least] **US\$52M** total value <sup>3</sup>
- **17%** above NTA
- **3.5x** return on investment
- Exit at logical point of asset cycle  
***Prior to substantial capex***
- Lion recommenced **dividends**
- Return to **investing**



# Pani Exit Consideration [at least] US\$52M

US\$22m

Banked

US\$10m

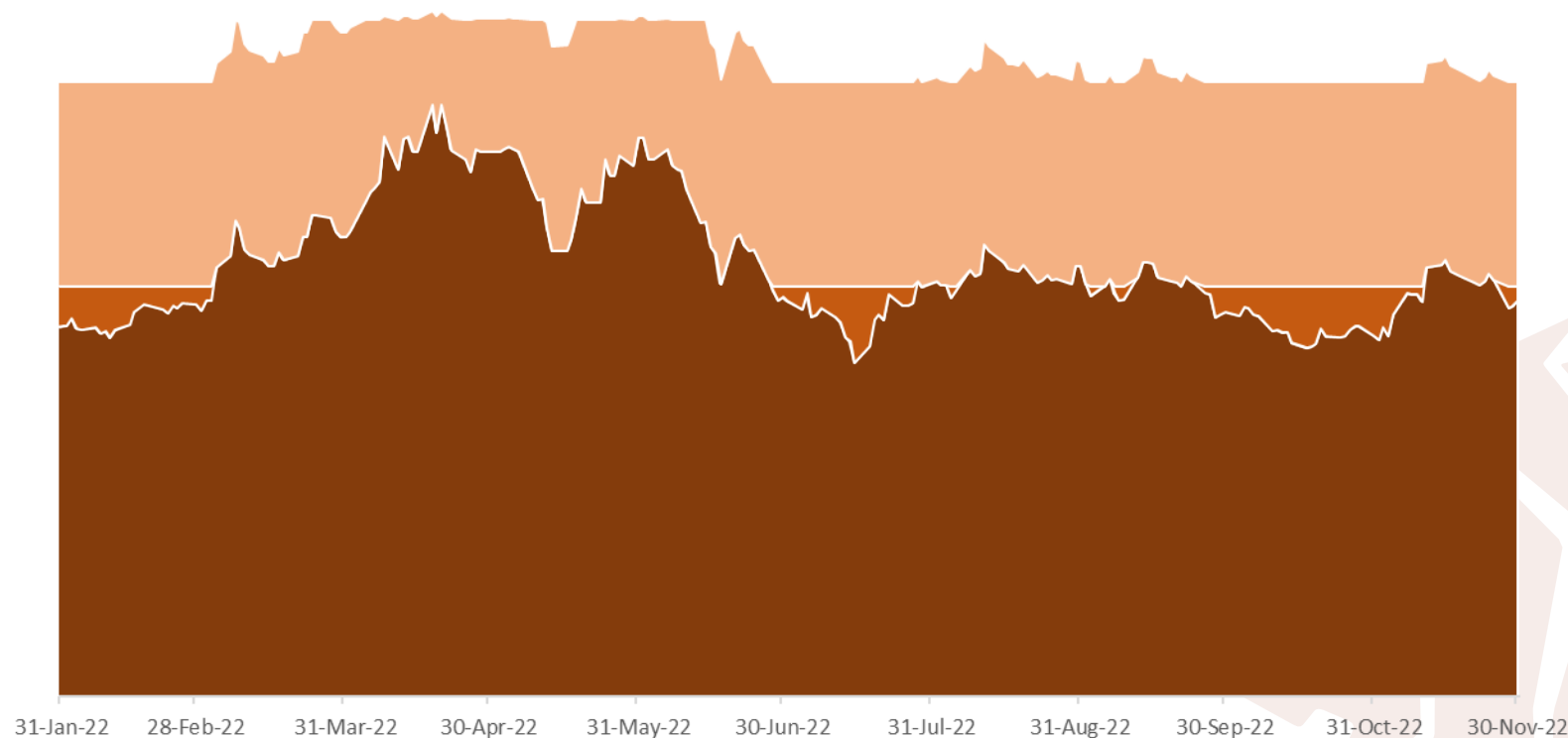
Deferred Cash

Value Protection

Cash top up

US\$20m

Merdeka Stock





# Pani Exit Consideration [at least] US\$52M

Pani sale completion  
Early 2023:

- Sale of Merdeka stock
- Receipt of deferred cash



# PhosCo Limited

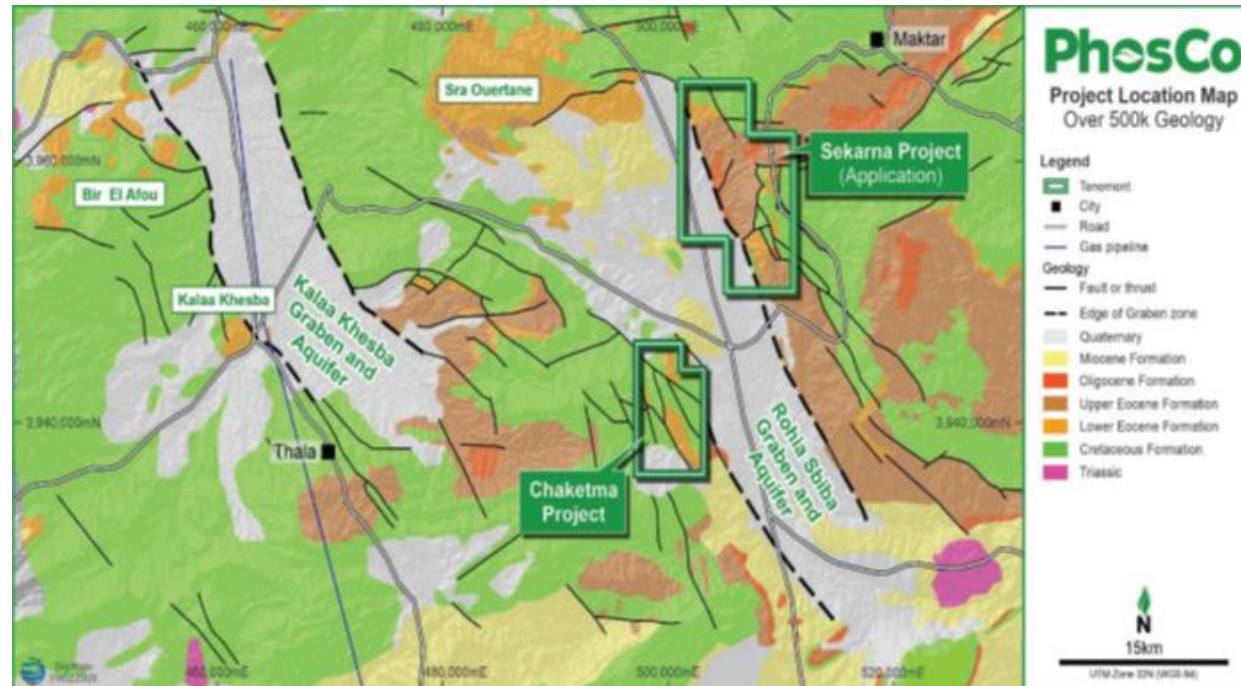
ASX : PHO (A\$3.2M *invested* / A\$5.5M *market value*)

Tunisia / Rock Phosphate

## Chaketma Phosphate Project

Potential Tier-1, long life mine with downstream fertiliser production optionality

- Global JORC 2012 Resource: **146.4Mt @ 20.6%  $P_2O_5$** <sup>4</sup>
- Tier-1 resource companies active in-country including BP, Shell, Anglo Oil & Gas



## Sekarna Phosphate Project

100% PhosCo

- Large scale, outcropping phosphate target
- Reported high grade rock chip samples grading **between 19.7% and 27.8%  $P_2O_5$**
- Located 10km northeast of Chaketma

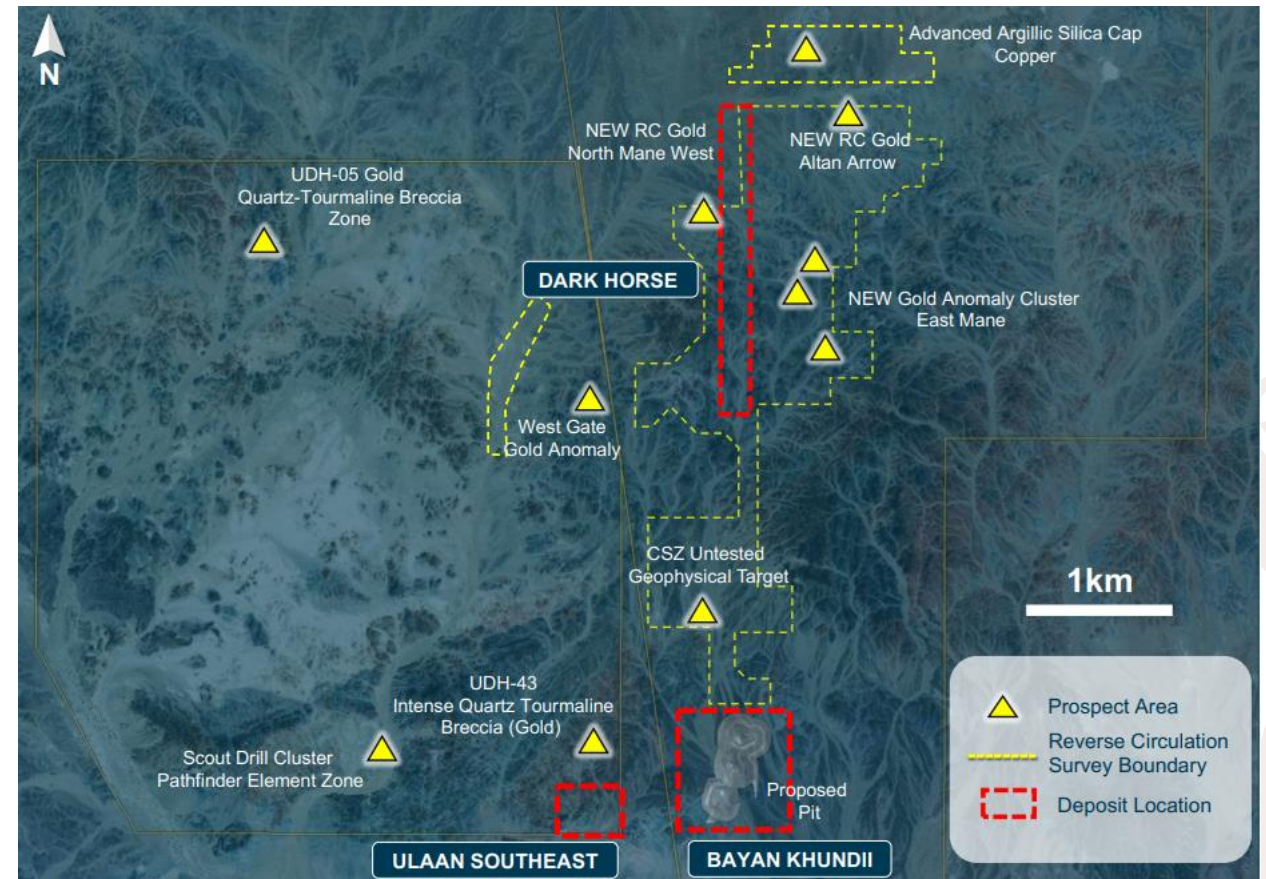
# Erdene Resource Devt Corp

TSX : ERD (A\$2.9M invested / A\$4.1M market value)

Mongolia / Gold

Shovel-ready gold project,  
expanding into a district

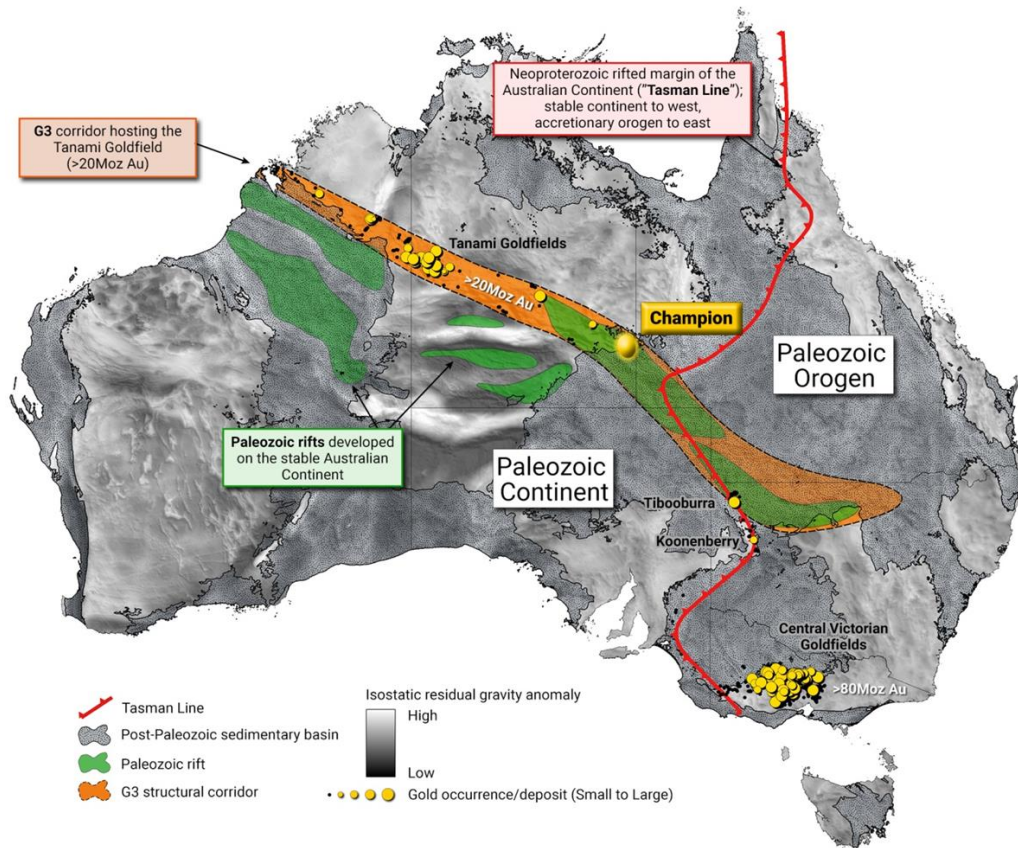
- Dec 2015: *Bayan Khundii high grade gold discovery* (7m at 27.5g/t gold) <sup>5</sup>
- Sep 2018: *Bayan Khundii Maiden Resource*
- Jul 2020: *Bayan Khundii BFS*
- Jan 2021: *Dark Horse high grade gold discovery* (45m at 6g/t gold) <sup>6</sup>
- Aug 2021: *Ulaan gold discovery* (258m at 0.98g/t gold) <sup>7</sup>





# Plutonic Limited

UNLISTED (A\$1.0M invested / A\$1.0M market value)  
Australia / Gold



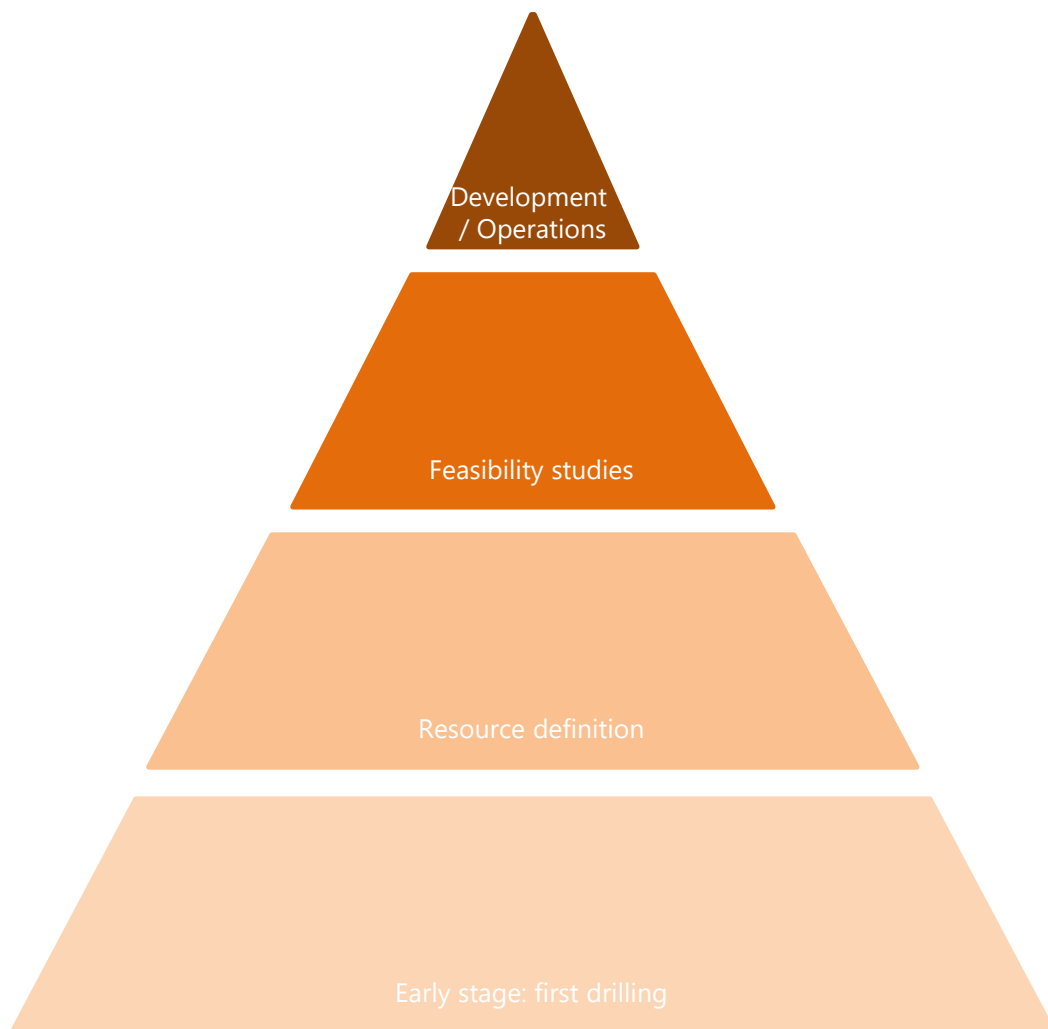
- Association with G3 structural corridor: Hosts multiple large deposits (e.g. Tanami)
- Reactivated as a rift zone at same time as formation of Victorian Gold fields
- Rift-zones at right angles to orogenic belts are commonly particularly well-mineralised
- Epizonal quartz - strong colloform, infill and crustiform textures. Very strong ex-sulphides bands and pits throughout.
- Anomalous gold (0.59 and 0.33 g/t Au fire assays from Plutonic collected rock chips).

Source: Plutonic Limited <sup>8</sup>



# Portfolio

Industry project maturity profile – typically a pyramid



- Merdeka

**To be sold: early 2023**

*In compliance with the Pani sale agreement*

- Erdene
- PhosCo
- Kasbah

**Legacy investments**

- Very well understood
- Lion intends to be opportunistic, without committing significant extra capital

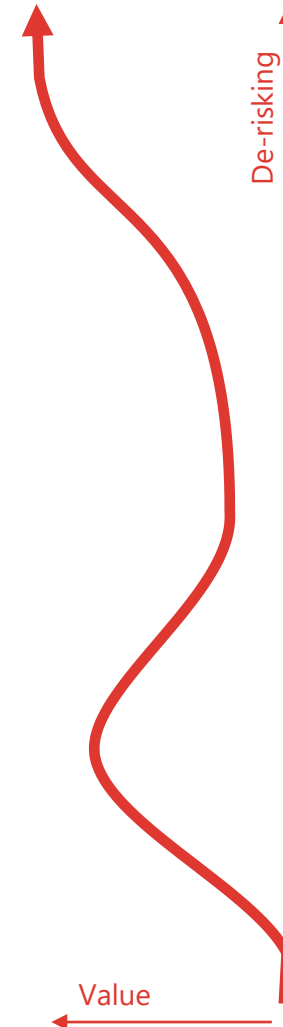
- Great Boulder

- Kin Gin
- Plutonic

**Invested 2020 - 2022**

# Investment Approach

Investment proportionally targeted



Cautious investor whilst market weakens

**Balance sheet provides huge optionality**

Target portfolio:

- Diverse commodity mix (precious / base / strategic)
- Australia focus
- Targeted to project stages with greatest value growth potential
- Driven by deep conviction value

*To be built up during weak market*

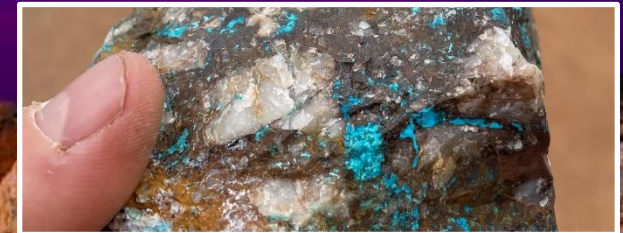
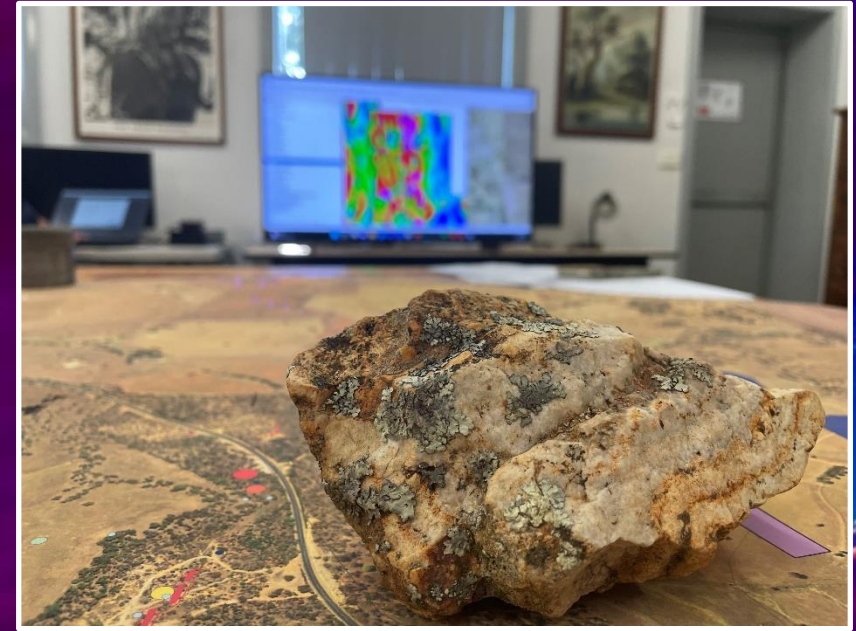
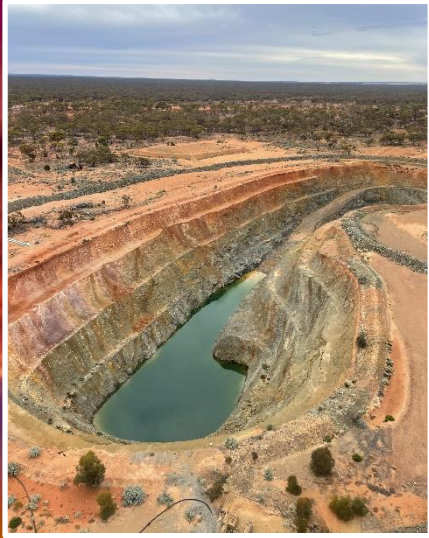
## Investment Approach

*“Periods of extreme volatility have historically provided some of the most lucrative investment opportunities in companies that depend on market funding”*





# New Investment Opportunities



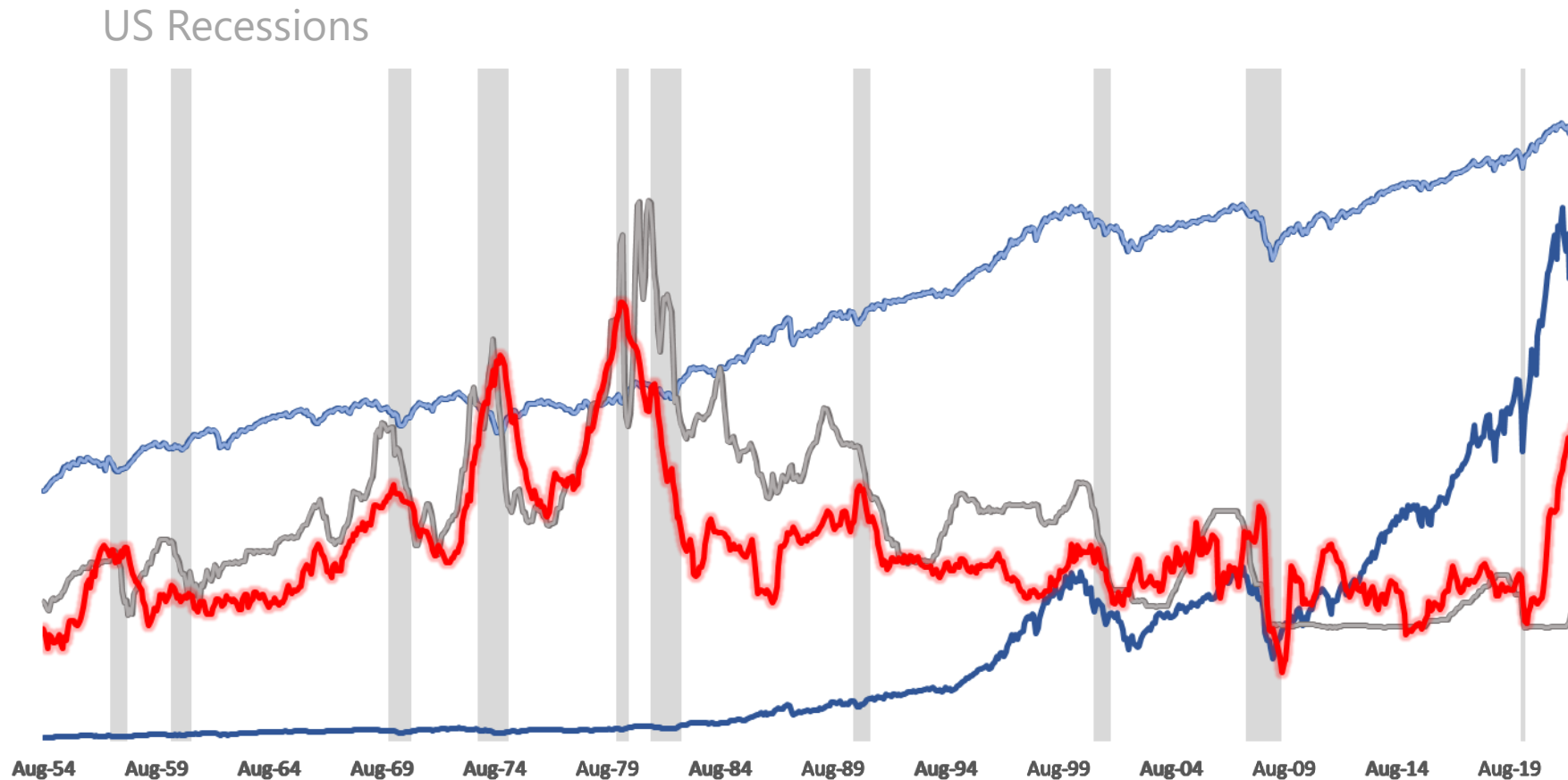


Equity market – sensitive to inflation / rates  
outlook and *volatile*

Junior resources companies are the *biggest  
victims of liquidity collapse*



# Equities, Rates and Inflation



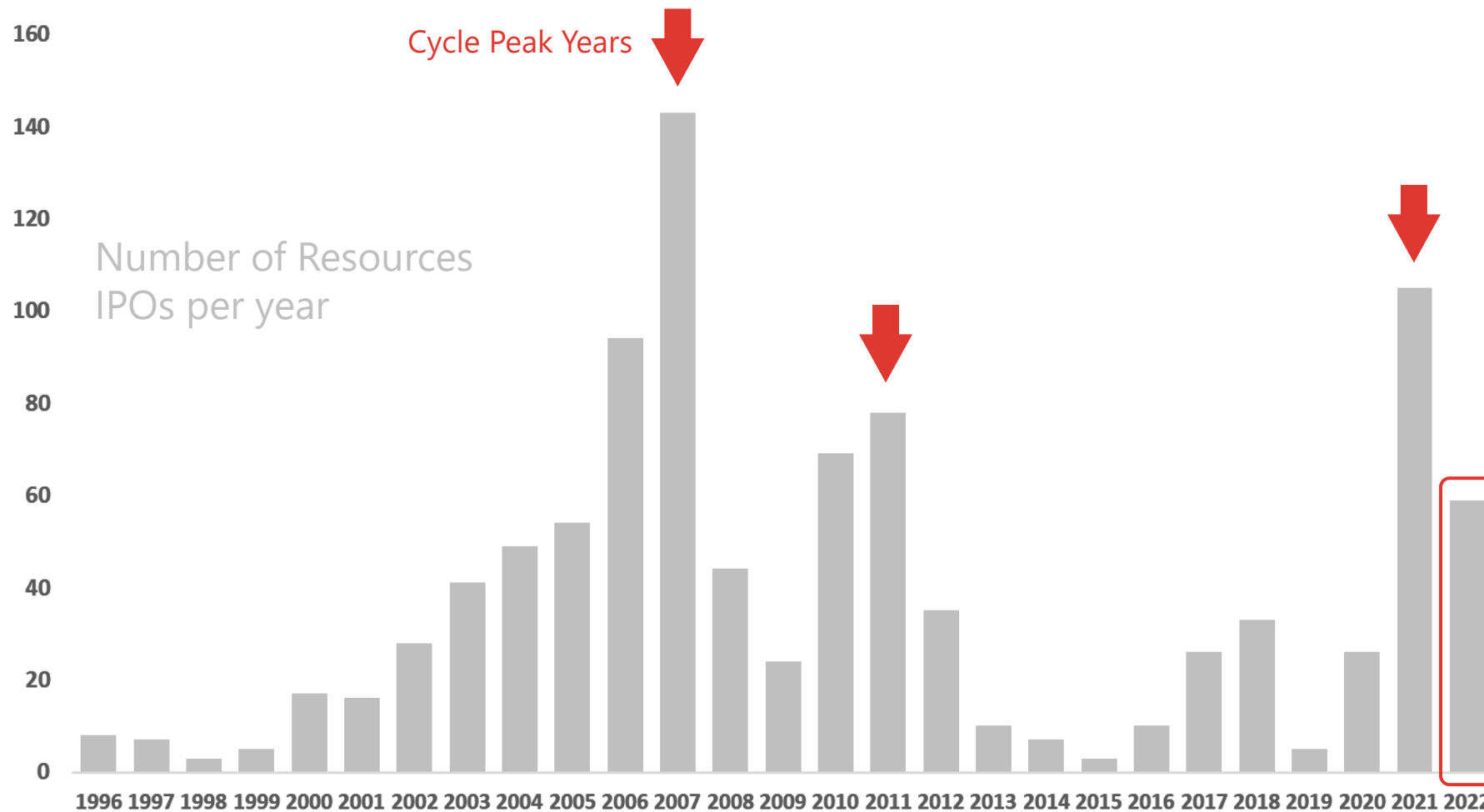
S&P500  
US Equity index

Rates  
US Fed Funds Rate

Inflation  
US CPI 12mo %

Source: IRESS data, US Federal Reserve

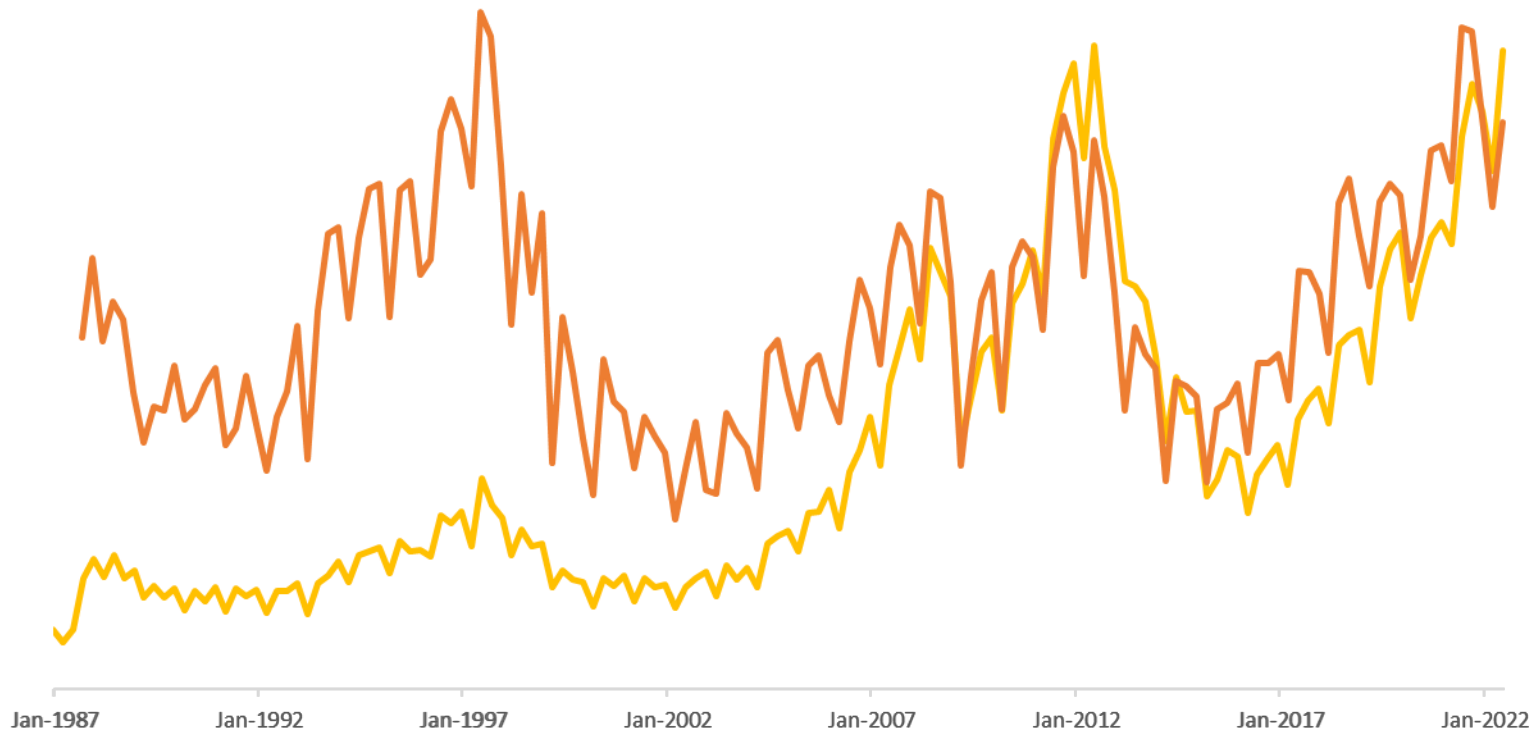
# Liquidity – ASX Resources IPOs



*Liquidity  
has  
dropped...*

Source: ASX Announcements, Lion Manager

# Liquidity – Exploration Expenditure (Australia)



A\$ Millions Per Quarter

Meters Drilled

*...Activity not yet impacted*

Source: Australian Bureau of Statistics



## Liquidity – 2023 test

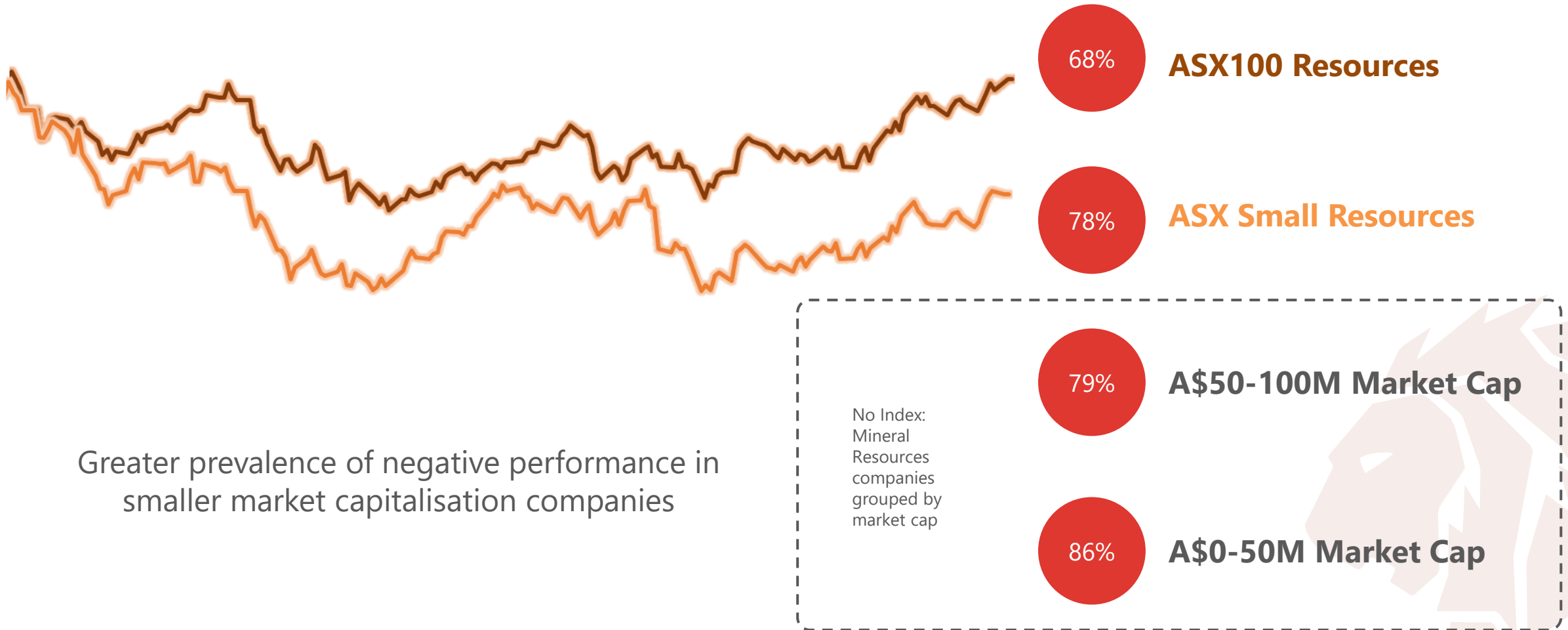
*“It is easier for a camel to pass through the eye of a needle, than for a cum-issue explorer to enter the kingdom of fund raising in February”*



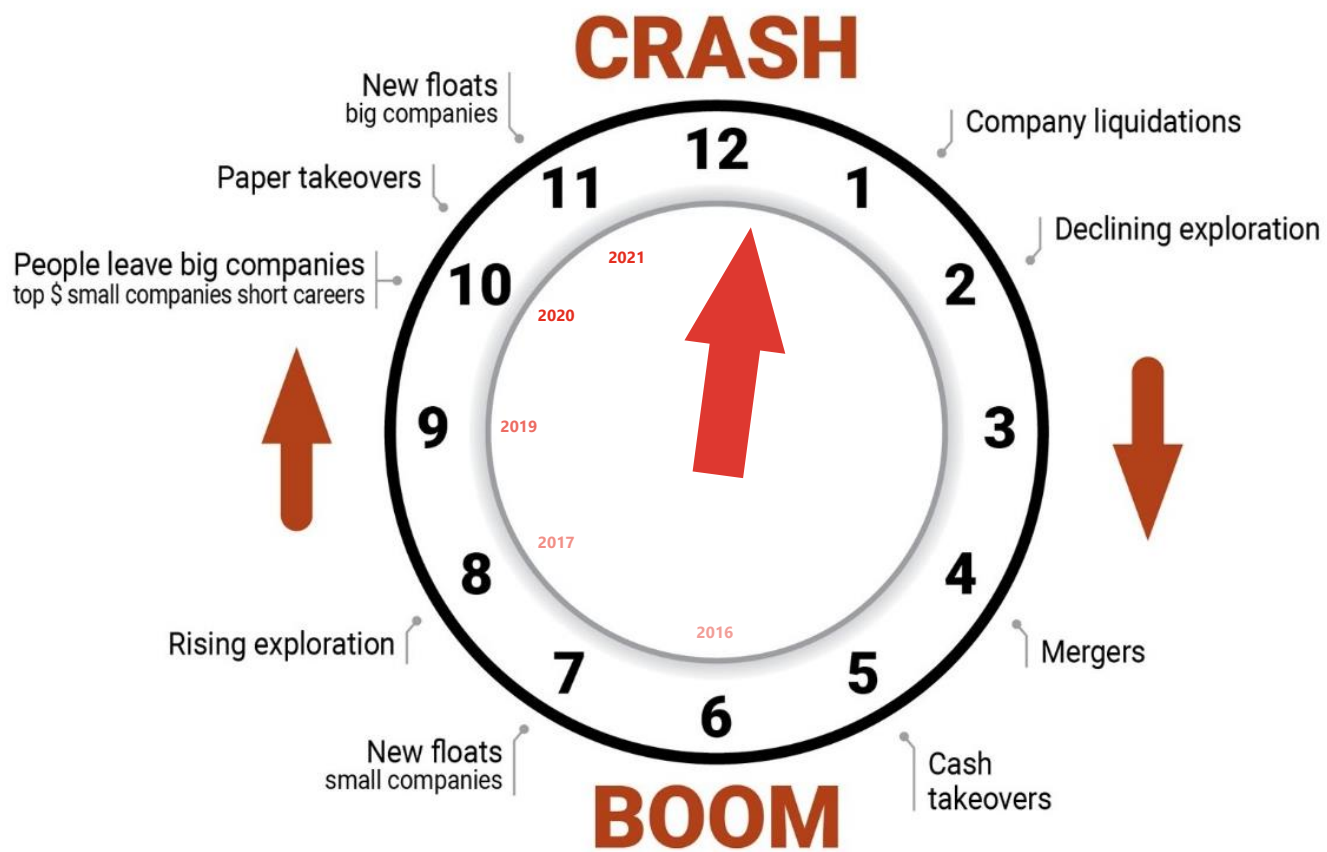
# 19 April 2022 - Present

## Resources Equities: Volatility & Weakness

% of co's in group with negative performance



# The Lion Clock



## Conclusions

*Just past 12.*

*This is the time when junior resources stocks are most at risk – funding challenges lead to equity price weakness*

1

### Equities

Tech led weakness  
Miners resilient  
Junior miners –  
liquidity removed

2

2023

Many junior  
resources  
companies need to  
raise funds

3

### Liquidity

NOW is a great time  
to hold CASH

4

### Mining

Strong outlook  
beyond the horizon  
of inflation

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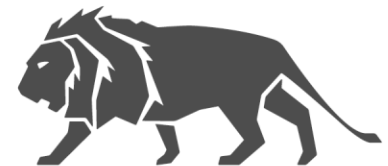
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**Lion Selection Group**



# APPENDICES



# Lion Selection Group – Established 1997

*Strongly positioned to invest in a weakening market*

## Well Funded

Strong cash position following large asset divestment

## Proven Approach

25 years experience / strong deal flow / exceptional people networks

## Target Investments

Pre-production mining: companies and projects

## Country & Commodity

Australia / Precious Metals / Base Metals / Strategic Materials

## Live Distributions

Dividends re-commenced / On-market buy-back

## Sustainability

Follows World Bank's sustainability policies for exploration and mining

# Lion Investing Focus

## Australia Focus

for new investments



- ✓ Global mining investment destination of choice
- ✓ Efficient and accessible
- ✓ Geologically rich and diverse

*Lion is well funded: by February 2023 will have Net Tangible Assets comprising predominantly cash – Very strongly positioned to invest in a weakening market*

## Commodity Diversity

Precious, Base and Strategic materials

### Precious Metals



### Base Metals & Strategic Materials



- ✓ Low to moderate processing risks
- ✓ No ex-site infrastructure capital requirements
- ✓ Future facing / excellent ESG credentials
- ✓ Outright best demand growth projections



# Board & Management

## Strong Foundation

### BOARD



**Barry Sullivan**  
Chairman

Barry is a mining engineer with over 40 years experience. Barry has held numerous Non-Executive Directorships and was previously Chairman of EganStreet Resources.



**Peter Maloney**  
Non-Executive Director

Peter has commercial background developed through various roles at WMC Resources, Santos and FH Faulding. Peter was Chairman at Catalpa Resources when it merged into Evolution Mining Limited.



**Chris Melloy**  
Non-Executive Director

Chris is a mining engineer with 40+ years experience in mining operations, securities analysis and investment. He has worked with Lion since inception, and held directorships of several Lion investee companies.



**Robin Widdup**  
Managing Director

Robin's mining experience spans Africa, UK and Australia. Robin led the mining analyst team at JB Were and was the founder of Lion Selection Group.



**Craig Smyth**  
Executive Director

15 years mining investment experience. Craig is a member of the Institute of Chartered Accountants of Australia with experience working for Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank.



**Hedley Widdup**  
Executive Director

13 years mining investment experience. Hedley has extensive experience as a mine geologist covering the Mt Keith nickel mine, Olympic Dam, Mt Isa and the St Ives gold mine.

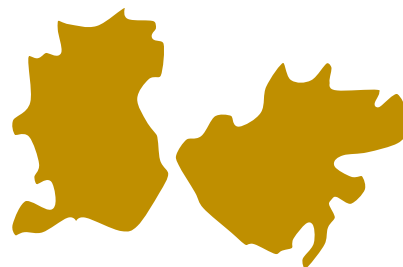
### MANAGEMENT TEAM



# History

Long-term investments  
Active Exit Management  
Profitable Outcomes

Experience: *Funding / Strategic Development / M&A*



## Pani JV Interest

- Gold / Indonesia
- \$21m invested
- \$74m exit <sup>3</sup>



\$5.9m invested  
\$9.5m exit



C\$16.8m invested  
C\$25.4m exit



\$33.8m invested  
\$88m exit



\$23.4m invested  
\$113.5m exit



\$9.8m invested  
\$99.9m exit



\$31.7m invested  
\$90.3m exit



Foundation assets:  
Evolution Mining



\$9.4m invested  
\$43.2m exit



\$11.8m invested  
\$42.5m exit



\$6.1m invested  
\$48.3m exit



# Footnotes

1. Lion Selection Group ASX announcement dated 6 December 2022, *Net Tangible Asset Backing*
2. Lion Selection Group ASX announcement dated 13 August 2021, *Net Tangible Asset Backing*
3. Lion Selection Group ASX announcement dated 31 January 2022, *Sale of Pani JV interest for A\$74M plus upside*
4. PhosCo Limited ASX announcement dated 22 November 2022, *Australian Potash & Phosphate Conference Presentation*
5. Erdene Resource Devt Corp press release dated 9 December 2015, *Erdene Intersects Multiple High-Grade Gold-Bearing Structures at Bayan Khundii*
6. Erdene Resource Devt Corp press release dated 6 January 2021, *Erdene Announces New Gold Discovery 3.5km North of the Bayan Khundii Gold Deposit*
7. Erdene Resource Devt Corp press release dated 11 August 2021, *Erdene Reports New Discovery at Ulaan – Intersects 3.77g/t Gold over 40m within 258m of 0.98g/t gold*
8. <https://www.plutoniclimited.com/>