

# Quarterly Report for the 3 months ended 31 October 2024

## ASX:LSX

As at 31 October 2024 Lion held \$50.4M of net cash and \$56.0M of equity investments with a combined aggregate value of \$104.2M (after tax), against a market capitalisation of \$82.6M.

Lion is making strategic investments in selected micro-capitalisation resources companies with strong growth outlook, getting set to capture the benefits of project de-risking, a cyclical recovery and return of investor risk appetite to the sector. These are the most downtrodden group of companies in the market at present, but in boom times stocks in this space are capable of high multiples returns.

### Quarter Highlights:

- Significant portfolio performance experienced during the quarter. NTA at 31 October was 73.8cps, versus 62.3cps at 31 July, which has been strongly influenced by the performance of gold development companies during the quarter.
- Lion is well funded for further portfolio deployment and continues to receive meaningful interest on cash finishing the quarter with \$50.4M net cash and term deposits.
- Record gold prices drove gold producer equities during the quarter, with the market also rerating selected pre-production gold companies with established projects.

Hedley Widdup, Lion CEO said:

*“Lion has made the most of its opportunities over the last two years, investing into companies with a gold exposure and taking advantage of well-established projects at low prices. The market has begun to recognise the embedded value in companies that have established gold projects, which has provided a material performance into Lion’s NTA in the past quarter. This is a great endorsement of Lion’s investing strategy. In the same time that gold has risen to prominence, the market seems to have lost its faith in many of the critical minerals, which are now a great place to be looking as a contrarian investor.”*

Australia  
focus

Precious, base and  
strategic materials

Pre-development  
stage

**Underpins greatest value  
growth potential**

ASX : LSX  
Share price

**58.5¢ps**

as at 31 October 2024

NTA

Pre-Tax **75.4¢ps**  
Post-Tax **73.8¢ps**

as at 31 October 2024

# Preparation Meets Opportunity

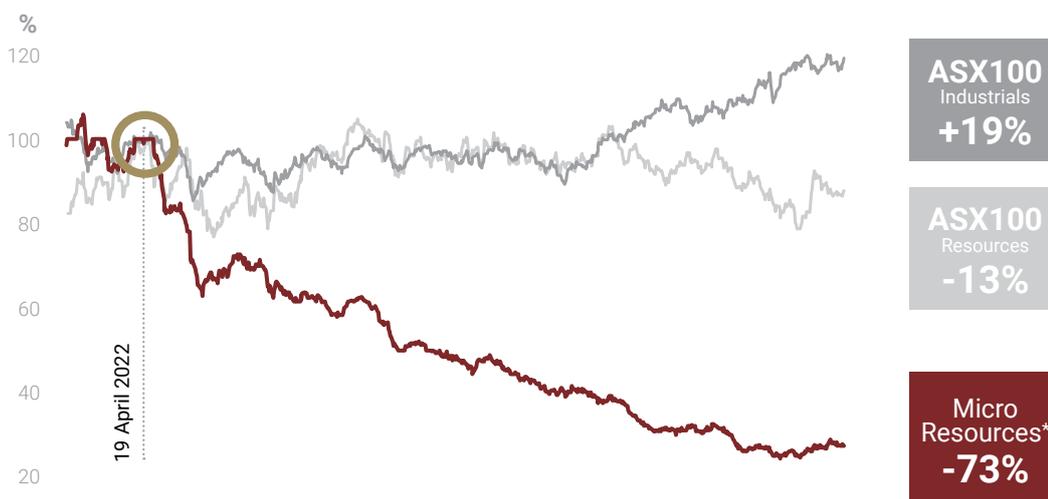
Well funded Lion is capitalising on carefully selected micro-capitalisation mineral resources stocks in a cyclically depressed market

# 1.

## Opportunity: Once-in-a-cycle discounts

Lion targets micro-capitalisation investment opportunities in the mineral resources sector.

- Resources stocks have underperformed the rest of the market in 2024, and micro-capitalisation companies have been the hardest hit – presenting a double whammy for micro-capitalisation resources companies.
- The trend of share price performance for micro-capitalisation resources can't be measured by indices because there isn't one. The median of share price performance of this group shows a fall of 73% since early 2022.
- Lion is well funded to invest, and the purchasing power of Lion's cash has increased four-fold since early 2022 following such a strong collapse in share prices of micro-capitalisation resources companies.



Source: IRESS, Lion

**Comparative performance of ASX100 indices (Resources versus Industrials) compared with the median price performance of Micro-Capitalisation Resources companies January 2022 – Present, rebased to 19 April 2022.**

\* The proxy for Micro-capitalisation Resources companies is the Median Performance of a group of 608 ASX listed companies with GICS classification Metals & Mining, that were capitalised at less than A\$100M on 1 December 2023

# 2.

## Strong medium to long term sector outlook

The mining industry is collectively extremely under-invested in future supply and new projects are needed to catch up.

- Rather than finding or developing, major miners are tending to prefer buying existing production.
- This fundamental is expected to be amplified by new demand from the energy transition.
- Chinese investors have replaced western ETFs as the marginal buyer of gold: a new, large source of demand.
- Across the equity market, a small-cap recovery is broadly expected as risk-taking investment appetite returns.

### 3.

#### Lion is taking advantage of the opportunity

Lion is positioning itself for the next mining and commodity boom, building a portfolio of precious metal, base metal and strategic material investments whilst the market is weak.

- The combination of well-situated projects and highly credentialled teams provide the best leverage to the next boom phase of the cycle.
- Micro-capitalisation resources is one of the highest growth sectors where multiples can be realised through project derisking and cyclical uplift.
- Volatility and uncertainty are dissuading generalist investors... for now.

### 4.

#### Deal flow and detailed assessment

To invest in this space, it is hard to know what the most attractive opportunities are – **HUGE** number of companies, of which most investors only ever see a small sub-set.

- Lion experiences a very high volume of listed and unlisted opportunities, the most attractive of which are tracked via a watchlist. Much of this deal flow is inaccessible to most investors.
- Under this strategy, it is not necessary for Lion to invest unless the value / risk settings are considered attractive.

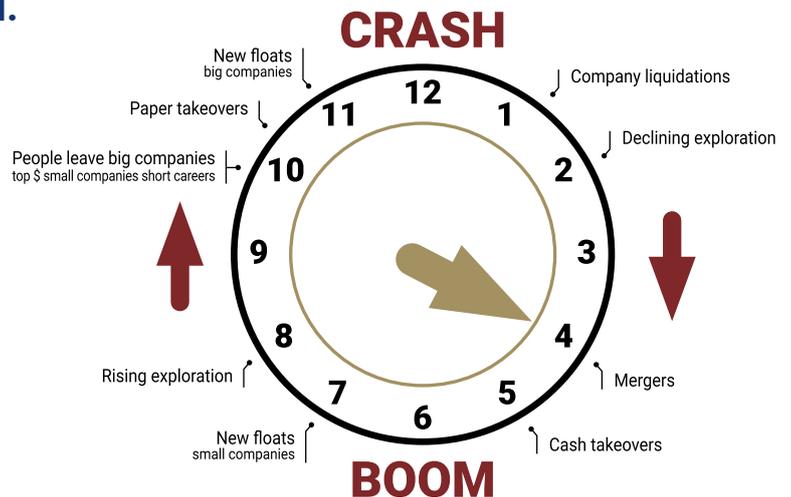
Lion targets high value outcomes (multiples) that are accompanied by manageable (and avoiding unnecessary) risks.

### 5.

#### Lion closely monitors the mining cycle via the Lion Mining Clock and aims to align investments and exits with mining busts and booms to take best advantage of weak markets to invest and strong markets to sell.

Opportunities are well priced at 4 o'clock in the cycle, against a backdrop of low investor interest.

This is an ideal time for Lion to be building its investment portfolio.



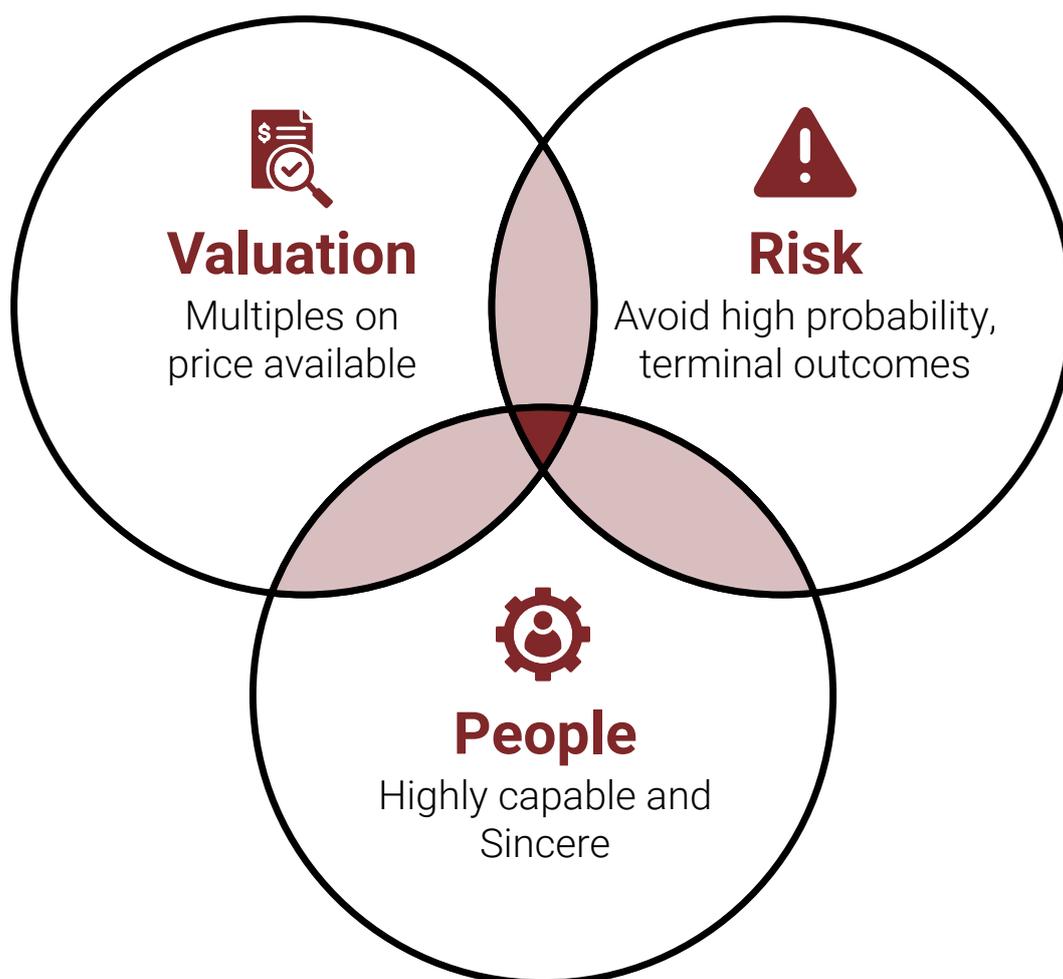
### 6.

#### This makes Lion an ideal exposure to the high growth potential part of the resources sector

- Professionally managed portfolio focussed on high growth opportunities.
- Track record of investing / exiting aligned with the mining cycle.
- Access to the full spectrum of deal flow in a large investment universe that is difficult for most investors to tackle, because of complex technical information and lack of visibility.

# Investment Selection Objectives

Investors who are interested to understand more about Lion's investment strategy and process are invited to attend Lion's AGM and Annual Strategy Presentation taking place on 28 November 2024 in Melbourne (see page 16).



## Leverage to most attractive commodities

Essential to be able to produce and sell a product

## High capability, growth-oriented teams

Oriented toward long-term relationships

## Cents in the dollar pricing

Developing portfolio at cyclical lows

## Strategically located assets

Multiple pathways to development and exit

# Portfolio Overview

Australia focus

Precious, base and strategic materials

Pre-development stage

Underpins greatest value growth potential

## 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, and Lion has selected nine Australian focussed companies and deployed (including commitments and investments as at 31 October 2024) \$27.0M into this once-in-a-cycle opportunity.

Lion was busy investing during the July quarter with activity rolling into the current period. The October quarter has seen the portfolio perform, including recent investments, resulting in uplift to the Net Tangible Asset backing (NTA). At 31 October 2024, the value of Lion's new Australian investment portfolio

(invested and committed) was \$43.3M (inclusive of in-the-money options) which is up 61% on cost.

During the quarter Lion has invested time in detailed opportunity assessment including site due diligence visits.

Key contributors to the strong NTA growth that occurred over Lion's investment portfolio during the quarter include:

	Share Price Performance 31 July to 31 October 2024	A\$ Value to Lion at 31 October 2024
Saturn Metals	+51%	\$15.2M
Brightstar Resources	+60%	\$12.7M
Erdene Resource	+52%	\$9.0M
Antipa Minerals	+145%	\$6.1M (including the value of in-the-money options)

### 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
<b>Brightstar Resources</b> (ASX:BTR)	Low capex, cash flow funds growth, strategically sized gold inventory				●
<b>Saturn Metals</b> (ASX:STN)	Low-cost heap leach economics x large gold inventory		●		
<b>Antipa Minerals</b> (ASX:AZY)	Telfer region strategic resource		●		
<b>Sunshine Metals</b> (ASX:SHN)		●	●	High grade Gold / Copper / Zinc VMS field	
<b>Alto Metals</b> (ASX:AME)		●	Strategic ground package, 0.8Moz in shallow drilling		
<b>Great Boulder</b> (ASX:GBR)		●	Defining the Eastern limb of the Meekatharra Gold Field		
<b>Critica</b> (ASX:CRI)		●	Large, shallow, high grade REE discovery close to proposed upgrade facilities		
<b>Koonenberry Gold</b> (ASX:KNB)	●	●	Portfolio of copper and gold exploration assets across NSW		
<b>Plutonic</b> (unlisted)	●	●	Large, undrilled hydrothermal system with gold / copper pregnancy		

Commodity legend: ● Precious metals ● Base metals ● Strategic materials

## Antipa Minerals (ASX:AZY)

Established strategic gold resources in the Paterson province where consolidation and corporate activity has commenced.

Lion invested \$2M in Antipa Minerals as part of a \$6.75M fundraising announced by Antipa in June<sup>1</sup>. In this funding deal, Lion acquired 200M Antipa shares at 1cps as well as 100M attaching options (1 option for every 2 shares purchased) that are exercisable at 2c expiring in August 2026. Lion currently holds 4.14% of Antipa.

Lion invested in Antipa for the large, strategic predominantly gold resource at Minyari in the Paterson province of Western Australia which is located 35km north of Telfer, which is an operating gold mine with a 22Mtpa process facility. Lion's thesis is that Antipa has two clear pathways to crystallising the value of Minyari, either by development of a purpose-built process facility at Minyari (which has been the subject of a scoping study released by Antipa during the quarter<sup>2</sup>) or by trucking and processing ore to Telfer. Ore processing at Telfer could be the result of corporate activity.

During the quarter Greatland Gold (LSE:GGP) announced it has agreed to acquire Telfer from Newmont for up to US\$475M<sup>3</sup>. The acquisition includes Newmont's 8.5% shareholding in Antipa and Newmont's joint venture interests with Antipa in the region (subject to Antipa's approval).

This transaction has generated substantial market interest in Antipa, which is viewed to hold resources that are likely to be important to Greatland Gold in establishing a long term mine plan at Telfer<sup>4</sup>. Antipa was strongly re-rated during the quarter, with high trading volumes and price movement following the announcement of the Greatland Telfer proposed acquisition.

During the quarter, Antipa agreed to sell its non-controlling interest in the Citadel Project to partner Rio Tinto for \$17M cash. The receipt of \$17M cash in

October boosted Antipa's cash reserves to in excess of \$23M<sup>5</sup> leaving the company well-funded.

Antipa also holds a substantial ground position between its 100% Minyari project and the remaining large scale Wilki and Paterson JV's where Newmont and IGO are farming in respectively. There are multiple occurrences of mineralisation across this ground, and between Antipa's strong cash backing and partnerships we expect to see resource growth, adding to the strategic attraction of the ground.

Antipa closed the quarter at 2.7cps (having peaked at 3.6cps on 21 October), providing a strong uplift on Lion's Antipa shareholding and an intrinsic value for in-the-money (2c exercise price) options. This investment was worth \$6.1M to Lion at 31 October closing prices (inclusive of the value of in-the-money options). Lion will watch with interest as Greatland completes the acquisition of Telfer and provides more detail about its proposed operating plan for Telfer and its greater interests in the region.

### Lion was attracted to a number of facets of Antipa, which have already begun to play out delivering value but remain strongly in place:

1. Minyari has clear upside potential. Antipa announced a new Resource for Minyari during the quarter that grew by 573koz<sup>6</sup> as a result of drilling success during 2023 and 2024, and there remains ample further upside in Lion's view;
2. Upside potential is boosted by the exploration programs underway within the two regional JV's. The \$17M cash sale of the Citadel project interest is a great example of value returned via these JV's; and
3. Strategic value in the Paterson region from the size of the Minyari Resource and proximity to operations at Telfer. Market speculation has begun over potential corporate activity now that Greatland has announced the acquisition of Telfer, underscoring this strategic value perception.

1. Refer to Antipa Minerals announcement to ASX on 20 June 2024: \$6.75M Funding Secured to Advance the Minyari Dome Project.

2. Refer to Antipa Minerals announcement to ASX on 24 October 2024: Minyari Scoping Study Update Confirms Development Potential.

3. Refer to Greatland Gold announcement to LSE on 10 September 2024: Transformational Acquisition of Havieron and Telfer.

4. For example, Refer to research article on Antipa Minerals published by Euroz Hartleys on 17 October 2024: Greatland Gold (Telfer) needed this ore yesterday.

5. Refer to Antipa Minerals announcement to ASX on 25 October 2024: Citadel Joint Venture Interest Sale Completes.

6. Refer to Antipa Minerals announcement to ASX on 17 September 2024: 100% Owned Minyari Dome Project Grows by 573,000 Oz of Gold.

## Brightstar Resources (ASX:BTR)

Short pathway to production and strategy to apply cash flow to fund growth, acquiring a major growth project by consolidating the Sandstone/Gidgee region of WA.



Brightstar has traded strongly during the quarter as the market recognised Brightstar's near term production story and consolidation of the Sandstone region. Alto Metals is under a scheme of arrangement to be acquired by Brightstar, and this has uplifted both the value of Lion's Brightstar and Alto shareholdings.

Lion initially invested \$2M in Brightstar in March 2024, committing to invest a further \$4.3M (which has subsequently been increased to \$5.8M<sup>1</sup>) on 2 August 2024 funding Brightstar's strategic consolidation of gold assets. Lion's total investment in Brightstar is now \$7.8M, and after the completion of the Alto acquisition (whereby Lion plans to accept Brightstar shares in exchange for its Alto shareholding), Lion expects to hold a 6.1% shareholding.

Pending the completion of the scheme of arrangement to acquire Alto Metals (expected December 2024) Brightstar will own 3.0M ounces in gold resources<sup>2</sup> between three project areas in the Western Australian gold fields. Brightstar plans to become a gold producer in the near term and begin to capitalise on record gold prices by toll processing or ore sales with existing nearby processing infrastructure, with a strong pipeline of development projects to apply cash flows to. This is expected to see Brightstar:

1. Become an owner operator gold producer via the redevelopment of 100% owned Laverton process infrastructure; and
2. Fast-track growth and development of the established Sandstone gold project that has been acquired via the Gateway and Alto transactions.

1. Refer to Lion Selection Group announcement to ASX on 13 September 2024: *Increased Lion participation in Brightstar placement.*

2. Refer to Brightstar Resources announcement to ASX on 1 August 2024: *BTR and AME Sandstone Merger and Acquisition Presentation.*

Brightstar captured some of the investor interest that emerged around gold companies with well-established gold projects during the quarter, closing the quarter at 2.4cps up strongly from Lion's average entry price of just under 1.5cps. Lion's Brightstar holding was worth \$12.7M at 31 October closing prices.

Brightstar offers a far shorter timeframe to production and cash flow than most Lion investments and has an attractive risk profile given likelihood of cash flow funding to support growth to their ultimate production scale. The use of cash flow to fund aggressive exploration and development of a large new gold project in the Sandstone region has the potential to catapult Brightstar into the ranks of being a significant gold producer. This combination of people, strategy and assets makes Brightstar a wonderful cornerstone to Lion's portfolio.

### For Lion the investment in Brightstar provides:

1. Leverage to the gold price via near term gold production: the most mature investment Lion has in Australia;
2. Ability to achieve and expand production for a modest capital amount, which is attractive in a market where capital is rationed; and
3. Large undeveloped gold inventory with serious exploration upside and the funding to pursue that in the near term.

## Koonenberry Gold (ASX:KNB)

High capacity to generate discovery news flow with a new portfolio of highly prospective ground with established targets across New South Wales.



Lion originally invested \$250,000 in Koonenberry in March 2024 and has committed to invest a further \$350,000 in a placement announced on 17 October to hold 6.1%.

Koonenberry is an early-stage explorer that was an early mover applying for a large-scale tenement package in the Koonenberry belt of north-western NSW. The company has recently agreed to acquire a portfolio of advanced exploration projects spread across NSW in a deal that transforms Koonenberry's ability to generate news flow and potentially create discoveries.

This portfolio features the Enmore project located 20km from the 1.7Moz Hillgrove gold and antimony project in Northeastern NSW. Previous work at Enmore has identified broad intervals of gold mineralisation as well as high grade gold and presents a short-term, walk-up target for Koonenberry. Amongst the other project highlights are joint ventures with Newmont (being managed by Newmont) and a selection of well-credentialed exploration projects targeting epithermal gold, porphyry copper-gold or orogenic gold in areas that have world class prospectivity by virtue of mineral deposits identified to date.

Koonenberry has now established a broad, prospective exploration footprint in NSW, which provides the flexibility to progress a portfolio of targets with a highly credentialed team who now join with Koonenberry to progress them. Koonenberry has traded strongly following the announcement of the funding and acquisition in early October, to close the quarter at 1.6cps, which is well above Lion's average entry price of just over 1.1 cps.

### **The attraction of Koonenberry to Lion has broadened with the recent acquisition. For Lion this investment offers:**

- 1.** Continued exposure to the prospectivity of the Koonenberry field;
- 2.** A new, advanced focus project at Enmore with proven high grade and broad gold mineralisation that are walk up drill targets;
- 3.** A much broader project portfolio with multiple options to create discoveries, news flow, crystallise value or commercialise.

## Great Boulder (ASX:GBR)

Developing a strategic gold resource base on the eastern repetition of Meekatharra geology.



Lion has invested \$750,000 between three historic fund raisings, and committed to invest a further \$250,000 at 4.2cps in a placement announced by Great Boulder on 31 October. Completion of this fund raising will take the total invested by Lion to \$1M, taking Lion's interest to approximately 2.1%.

Great Boulder's focus is the Side Well gold project, immediately east of Meekatharra in WA over geology which mirrors the well mineralised and historically mined gold fields around Paddy's Flat and Meekatharra, being the folded eastern limb of the same stratigraphy.

Great Boulder has identified numerous areas of mineralisation at Side Well:

- Mulga Bill is an unusual style of gold mineralisation for the Western Australian gold fields and contains numerous high tenor gold intersections. The existing Resource of 568koz<sup>1</sup> covers 1.1km of strike, and Great Boulder has shown mineralisation is extensive along strike for over 2.6km<sup>2</sup>.
- A 100koz Resource has been established at Iron Bark which is hosted by mafic and ultramafic rocks on the approximate stratigraphic equivalent as the Paddy's Flat mineralisation on the Meekatharra field.
- Key heritage clearances now enable drill testing of a number of prospects along the same geological trend as Iron Bark, to test the concept that the eastern limb of the fold is as well mineralised as the western limb. Great Boulder holds over 18km of strike of this prospective stratigraphic position. So far, the number of prospects with geochemical anomalism or high-grade gold intersections demonstrate that prospectivity is well supported.



**Lion invested in Great Boulder for its prospective land holding, highly credentialed team, and proximity to established gold process facilities, leveraging Great Boulder to potential future consolidation in the WA gold sector and providing commercialisation opportunities in addition to stand alone development.**

1. Refer to Great Boulder announcement to ASX on 16 November 2023: *Side Well Mineral Resource Increases to 668koz Au.*  
 2. Refer to Great Boulder announcement to ASX on 31 October 2024: *Investor presentation – October 2024.*

# 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.

The total value of the Legacy portfolio was \$12.9M on 31 October 2024. This compares favourably with the aggregate amount invested in these holdings of \$6.8M, the value uplift in the quarter has largely been due to performance by Erdene Resource Development Corp.

- **Erdene Resource Development Corp (TSX:ERD)**

Gold, base metals and Molybdenum in Mongolia. At quarter end Erdene accounted for almost 70% of the total value of the legacy portfolio. Project development is in full swing at the Khundii gold project funded by a loan from project partner Mongolian Mining Corporation, which positions Erdene strongly to take advantage of record high gold prices. Erdene is approaching maturity within Lion's portfolio and is expected to improve trading liquidity as it moves towards gold production in early 2025. It is one of few companies listed in Canada that are on the cusp of gold production and has traded strongly during the quarter, from a price of CAD 43.5cps on 31 July 2024 to CAD 67cps on 31 October 2024 (peaking at CAD 78cps on 7 October), to value Lion's Erdene holding at A\$9.0M at 31 October 2024.

- **PhosCo Limited (ASX:PHO)**

Rock Phosphate in Tunisia. Awaiting key licences. Lion invested \$250K in the quarter by way of a convertible loan alongside PhosCo directors.

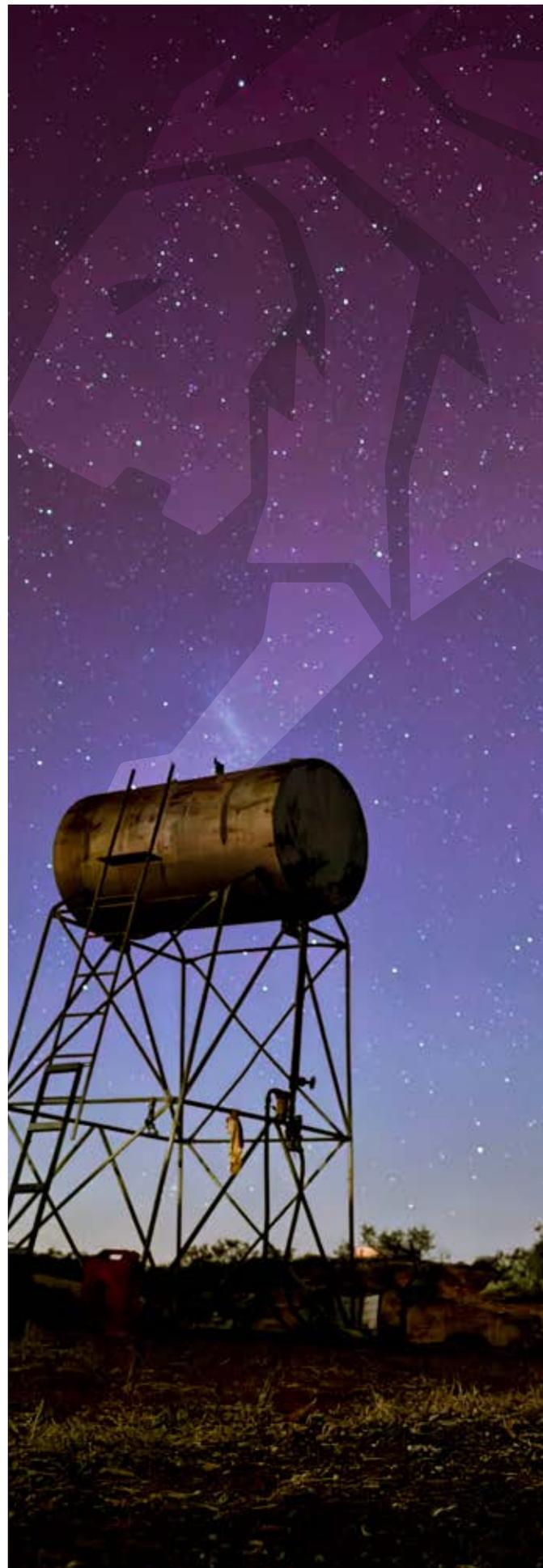
- **Atlantic Tin (unlisted)**

Tin in Morocco. Company is actively advancing its Achmmach Tin Project, acquiring a neighbouring processing plant and infrastructure and releasing an updated scoping study in the quarter. On 22 November 2024 the company announced a capital raising at a price of 20 cents per share (compared with Lion's 31 October 2024 valuation of 15 cents per share). Lion's NTA will reflect the latest raising price in November 2024. Lion is awaiting a commercial pathway to liquidity which is expected once the project is developed.

- **Kin Gin (unlisted)**

Gold in Japan. A licence portfolio containing defined epithermal gold deposits and historic mines has been assembled for very low cost. The first project approvals have now been granted, and systematic on-groundwork is anticipated to follow.

Lion considers that modest follow-on investment may be required in some legacy investments, but ultimately is focused on pathways to value realisation.



## Net Tangible Asset Backing as at 31 October 2024

Lion held \$50.4M of net cash and \$56.0M of equity investments with a combined aggregate value of \$104.2M (after tax), against a market capitalisation of \$82.6M

Lion advises that the unaudited net tangible asset backing of Lion as 31 July 2024 is 75.4 cents per share (before tax) and 73.8 cents per share (after tax).

	Unaudited NTA A\$M
<b>Net Cash</b>	50.4
<b>Portfolio</b>	56.0
<b>Less Tax</b>	(2.2)
<b>NTA Post Tax</b>	<b>\$104.2M</b>
<b>NTA per share (post tax)</b>	<b>73.8cps</b>

### 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 August 2024 and 31 October 2024 are described below.

### Cash flow

- Opening Balance (1 August 2024): \$56.6M.
- Lion received interest income of \$0.9M during the quarter.
- Investment \$6.4M comprising:
  - \$5.8M invested into Brightstar
  - \$0.25M into Great Boulder
  - \$0.25M invested in PhosCo
  - \$0.1M invested into Critica
  - The commitment to invest \$0.35M in Koonenberry remains subject to shareholder approval on 29 November 2024 subsequent to the quarter end.
- As at 31 October 2024 Lion held \$50.4M net cash (closing balance), which will reduce as the commitments highlighted above are settled. The balance is available for investing.

### Cash management

- Lion's 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 October 2024 ranges between 4.85% pa and 5.15%pa.



# Market Review



**The period from July to October (which spanned just longer than the whole of last quarter) has seen significant performance in the *junior* gold sector. This has been much awaited – gold price has been a strong performer for over 12 months, but much of the equity market performance has been restricted to gold producers. Having deployed a large portion of its investments to date into gold opportunities, Lion’s portfolio has been strongly leveraged to this recent uplift.**

## Price action

The A\$ dollar gold price has been trending up since the start of 2021, however this was initially created from a flat US\$ gold price and a weakening Australian dollar. The US\$ gold price broke out of a sideways trend to perform strongly since late 2022 and has gone on to set all-time highs in most currencies.

Gold equities have followed, although not as strongly as might have been expected. The Australian Gold Index (ASX:XGD) has reached approximately the same level as it traded up to in mid 2020 when the A\$ gold price was 33% lower and US\$ gold price 28% lower than it is now. If gold is at all-time highs, why aren’t gold equities?

There are probably a range of factors:

- Investor concerns about cost inflation
- The Chinese Central Bank, which alongside many BRIC central banks has been a significant buyer of gold, doesn’t buy gold equities.
- Tempered expectations for longer term gold prices from Western markets which are the largest investor base for gold equities haven’t yet joined the queue of buyers for gold.

Gold producers might not benefit from investors taking an optimistic view for gold deep into the future, but they are experiencing far stronger earnings due to record prices. Companies with established projects (drilled to a resource, studies in place, etc) that are

not producers are unable to capture revenue at record gold prices but face the prospects of raising capital in order to get to production. These companies were overlooked in the first half of 2024 against a backdrop of general lack of risk appetite that has depressed market interest for micro-cap companies.

When gold producers perform but gold developers do not it sets up an arbitrage opportunity for producers to make opportunistic paper-based acquisitions and investors generally wake up to this potential sooner or later. In addition, the second half of 2024 has seen a number of gold developers breakdown the funding into more manageable bite size staged development of their gold projects – in a variety of ways, moving toward production and cash flow but without a large scale dilutionary raising. Both factors have appeared to play a part in the companies that have been re-rated, but have confined this new market interest to companies with established or defined gold projects – typically within the market capitalisation range of \$25M-\$250M. Many of the gold companies capitalised less than \$25M are still exploring for a gold project, and this group has seen very little price re-rating so far.

The Australian Gold Index has just over doubled in price since September 2022, when the US\$ gold run began. In the same time, Australian gold companies capitalised at \$25M-\$250M are up 5% (having weakened through 2022 and 2023, and performed strongly in the second half of 2024). Gold explorers capitalised at less than \$25M are down 66%.

# Equity prices and Bid-Ask Spreads of Gold Companies

**ASX Gold Index (ASX:XGD)**  
mostly gold producers

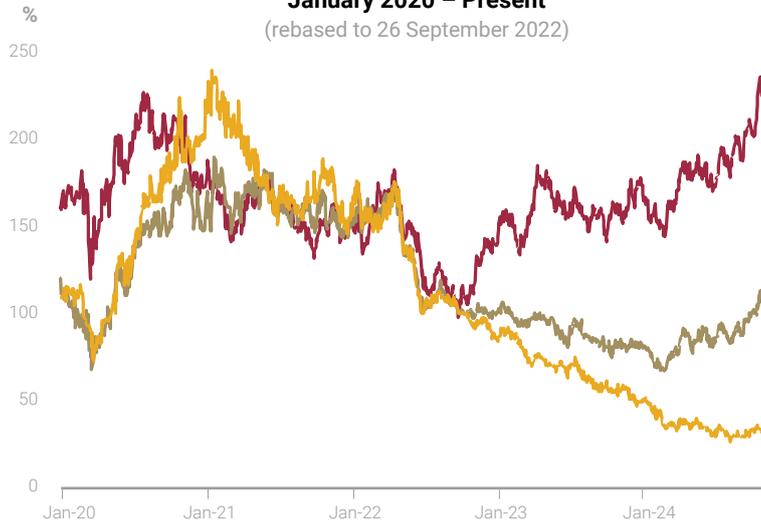
**\$25M-\$250M Market Cap**  
companies with reasonably established gold projects

**<\$25M Market Cap**  
mostly exploring for gold

## Equity price performance

January 2020 – Present

(rebased to 26 September 2022)



**+109%**

Gold producers have been lifted by the rising price of gold since mid 2022. It appears that companies with reasonably established gold projects (in the \$25M-\$250M market cap range) have only just begun to catch this bid. More speculative explorers (less than \$25M market cap) are still waiting.

**+5%**

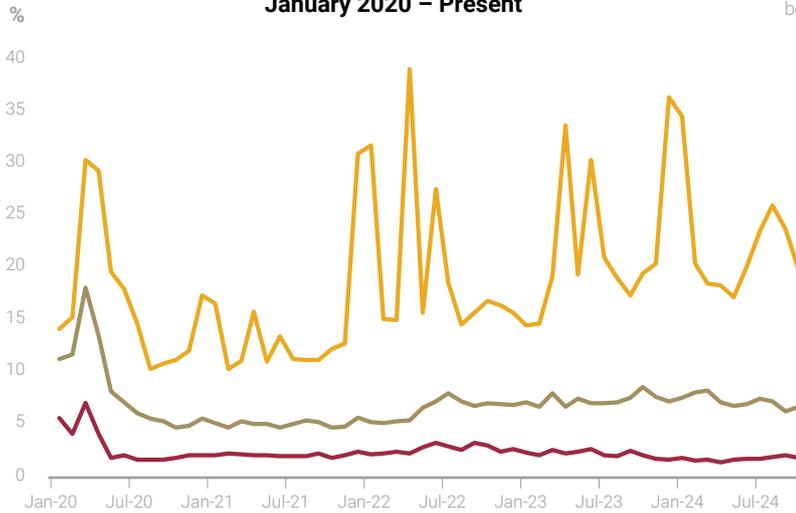
The XGD index price is per IRESS. The price trends for the \$25M-\$250M market cap and <\$25M market cap groups of companies are the MEDIAN price change calculated with daily prices.

**-66%**

Performance since September 2022 (low point for the XGD, beginning of the US\$ gold rally)

## Monthly Average Bid-Ask Spread

January 2020 – Present



Low liquidity

The monthly average bid-ask spread for gold companies supports the trends seen in equity prices, with narrowing monthly average bid-ask spreads for the producers since mid 2022 and more recently for companies with established gold projects. The bid-ask spread for the ultra-micro cap explorers may still be widening.

High liquidity

Bid-ask spread is a proxy for liquidity, measuring the cost (by way of settling for a lower/higher price) of an aggressive trade. Daily closing bid and ask prices are averaged over calendar months for each group of companies.

## Liquidity

Liquidity is the net effect of investor interest – money moving in to or out of a sector. When liquidity is improving, not only will equity prices trend upward, but capital raisings are also enabled and tend to be larger in size.

The best indicator of liquidity arriving at the micro-capitalisation end of the resources market is when the IPO market opens up. The tally of the number of IPO's of resources companies onto ASX is a terrific depiction of the mining cycle, with a high number of IPO's in peak/boom years and very low number in bust years. There has been a much lower number of IPO's of Resources companies onto ASX in 2024 so far compared with 2023 (12 in 2024 YTD, 25 in 2023) so looks set to define another weak year for liquidity. This measure is oriented very much to the ultra-micro-capitalisation end of the market, as most of the companies that conduct an IPO are very low market cap and tend to be exploration oriented.

There has been an undeniable surge of liquidity as evidenced by the size and volume of gold fund raising during the second half of 2024.

Bid-ask spread provides a measure of buyer interest over time, unlike lumpy capital raising data. These tell the same story as equity prices for gold producers, gold companies with reasonably established projects and explorers. This shows an improvement in liquidity for gold companies that have projects, but are not producers, with a narrowing of the monthly average end of day bid-ask spread from 8.6% in late 2023 to 6.2% currently, an improvement of 27%.

The trends of investor interest extending to development stage gold companies, led by gold price performance, expressed by price and liquidity bode well for liquidity beginning to creep back to the exploration sector.

## 4 o'clock or 6 o'clock? *that is the question*

The Lion Clock was set to 4 o'clock in May 2024, when equity prices for resources stocks, especially the micro-cap's, looked to have levelled. There has been a leg down since then, which has been far more significant for the large cap miners as the micro-caps have more or less bumped along the bottom. The "last risk standing", as far as judging the time on the clock goes as flagged in May was the potential for equity volatility tied to inflation and interest rates, which remains a factor that can't be ruled out but is far from certain.

The gold equity market has provided the first signal of improving liquidity with an undeniable rise in fund raising activity. This liquidity might not match, but certainly seems to rhyme, with similar gold led cycle turning points in history. There tends to always be a lot more companies with gold projects than any other commodity, so a rise in the gold price has the potential to brighten the future for a large portion of the resources sector.

Just post quarter end the US Presidential election delivered a second term to Donald Trump. The dust of market volatility is still settling on this – although gold price has softened, and it looks as if capital raising conditions have deteriorated for now. It will take time to show how this outcome could affect investor risk appetite, and to determine whether the improving trend of liquidity, led by gold in the resources space will carry on.

It's still 4 o'clock. Most resources micro-capitalisation companies continue to struggle to raise funds. In the time that gold has become a strong performer, many other commodity areas have weakened or fallen well out of market favour and are well behind gold on investor sentiment. Lion takes a contrarian approach and is well positioned to add to its portfolio.



# Recent media



## Media articles published

### MiningNew.net:

<https://www.miningnews.net/capital-markets/news-analysis/4354002/dawn-breaking-trodden-junior-miners-hedley-widdup>

### Mining.com.au:

<https://mining.com.au/lion-investment-clock-at-mergers-phase-ticking-towards-boom/>

During the quarter, Lion was featured in a number of conferences, interviews and podcasts. A selection is highlighted below, which can be accessed via the links.

## Recordings

The **Australian Gold Conference** gathers an audience that invests in gold and equities and is well attended by companies promoting gold projects, held in Sydney in August. This year, Lion CEO Hedley Widdup teamed up with Sean Russo, Principal and Managing Director of Market Risk and Debt advisory Noah's Rule to talk about the gold market. Watch the recording on Youtube: <https://www.youtube.com/watch?v=yjVjmqJqJK8>



On the Sidelines of the Annual **Resources Rising Stars Gold Coast**, Australia's largest retail investment forum for mining and exploration companies, held in September, Hedley sat down with Bell Direct Market Analyst and Financial Journalist Grady Wulff to discuss the commodity cycle, outlook for resources and metrics that go into analysing a miner in the Australian resources market.

Watch the recording: [https://www.linkedin.com/posts/bell-direct\\_bell-direct-market-analyst-grady-wulff-ugcPost-7236865265366351872-8qtW/?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/bell-direct_bell-direct-market-analyst-grady-wulff-ugcPost-7236865265366351872-8qtW/?utm_source=share&utm_medium=member_desktop)

Hedley, RRS Gold Coast next week. The Lion Clock is at 4 o'clock - are we at the bottom?

Paul, we've spoken before about people who pick bottoms...

Righto. In your neatest speech bubble handwriting - what's there to be optimistic about?

GSCI / S&P500

Oil embargo, Gulf War, 2008 Chinese induced Commodity price, 2012 Party City, 2017, Gulf Crisis, 2009 Chinese induced Commodity price, ?

Hedley's market review presentation to the **Resources Rising Stars Gold Coast** is available via the Lion website.

## Coming up...

The main event for Lion investor relations for the rest of 2024 will be the **Lion Strategy Day and AGM** to be held at 3.30pm on Thursday 28 November 2024 at The Cluster, Level 20, 31 Queen Street.

Registrations via **Trybooking**



**Lion Selection Group**

# 2024 Strategy Day and Annual General Meeting

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

## 2024 Strategy Day AGENDA

- **Hedley Widdup, CEO**  
**Lion Selection Group [ASX:LSX]**  
Lion investment strategy  
Portfolio overview and outlook for 2025  
Market review – commodities, equities and the mining cycle
- **Ian Bamborough, MD**  
**Saturn Metals [ASX:STN]**  
Low-cost heap leach economics  
x large gold inventory
- **Alex Rovira, MD**  
**Brightstar Resources [ASX:BTR]**  
Low capex pathway to gold production  
Cash flow funds growth and development of strategically sized gold inventory
- **Kris Butera, MD**  
**Plutonic Limited [UNLISTED]**  
Huge, undrilled hydrothermal system  
Gold and copper anomalism, newly defined IP anomalies

## Thursday 28 November 3.30–6.00pm

Please join the team from Lion Selection Group at **The Cluster, Level 20 31 Queen Street, Melbourne**

**RSVP essential**  
[www.trybooking.com/CVUAM](http://www.trybooking.com/CVUAM)  
Refreshments will be provided throughout the afternoon

### FEATURING

- Lion investment strategy
- Portfolio overview
- Market review
- Presentations from Lion's three largest investees, Saturn Metals, Brightstar Resources and Plutonic Limited
- Q&A with Lion and the presenting companies

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