

# Interim Report for the half year ended 31 January 2022

## KEY POINTS

- Lion agreed to sell its 33.3% interest in the Pani JV for US\$52M, with the deal completing on 1 March 2022.  
Lion's interest acquired by its JV partner Merdeka, and Andalan International. Consideration is cash (US\$22M upfront, US\$10M deferred) and Merdeka shares (US\$20M upfront with 12 months downside protection) providing Lion with immediate crystallisation of value as well as continued upside exposure to Merdeka. Refer to Lion's announcement<sup>1</sup> for further details.
- Lion sold its investment in Nusantara to its joint venture partner Indika Energy by way of Scheme of Arrangement for \$0.35 per share cash, generating proceeds of \$17.5M.
- Lion's result for the half year reflects a mark to market gain of \$11.2M:
  - Pani (+\$10.3M) following Lion's agreement to sell;
  - PhosCo Ltd (formerly Celamin Holdings) (+\$1.1M) benefiting from regaining control of the Chaketma Phosphate Project and improving fertilizer prices.
- Lion is financially secure and maintains its strong balance sheet position with no debt and \$22.4M cash.
- On 15 March 2022 Lion announced dividends of 5¢ps, comprising a 3.5¢ps special dividend with a record date of 12 April 2022 and a dividend of 1.5¢ps to be paid as an annual dividend in approximately November 2022. Lion also announced plans to commence an on-market buy-back for up to 10% of Lion's shares over the 12 months following the buy-back start date.

Half-Year ended 31 January	2022 \$000's	2021 \$000's
<b>Investments</b>		
Gain/(Loss) attributable to movement in fair value	11,207	(6,247)
<i>Cash Inflows/Outflows</i>		
Proceeds from sale of investments	17,732	199
Payments for Investments	(1,389)	(903)

## Appendix 4D Interim Report

### 1. Company Details

<b>LION SELECTION GROUP LIMITED</b>		
ABN or equivalent company reference	Half Year ended (‘current period’)	Half Year ended (‘previous period’)
<b>26 077 729 572</b>	<b>31 January 2022</b>	<b>31 January 2021</b>

### 2. Results for announcement to the market

A\$’000

2.1	Revenue	Up 105%	to	45
2.2	Profit (loss) for the half year	Up 225%	to	9,348
2.3	Profit (loss) for the half year attributable to members of the parent	Up 225%	to	9,348
	<b>Dividends</b>	<b>Current Period</b>	<b>Previous Corresponding Period</b>	
2.4	Franking Rate Applicable	N/A	N/A	
	<b>Interim Dividend</b>			
2.5	Amount per security	Nil	Nil	
	Franked amount per security	Nil	Nil	

#### 2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:

Refer to attached Interim Financial Report for Half Year ended 31 January 2022.

### 3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 January 2022 was \$0.688. This NTA is based on the valuation of investments at fair value after tax, as disclosed in the attached accounts. The NTA per security for the comparative period (31 July 2021) was \$0.626.

### 4. Controlled Entities

During the period the Company held a 100% ownership interest in Asian Lion Limited (wound up in the period) and Lion Selection Asia Limited, a 99% ownership interest in African Lion 3 Limited, and controls these companies.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities is effective for annual periods beginning on or after 1 August 2014, exempting “Investment entities” from consolidating controlled investees. Investment entities are entities that:

- (a) obtain funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) commit to their investor(s) that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and
- (c) measure and evaluate the performance of substantially all of their investments on a fair value basis.

Lion meets the qualifying criteria under AASB 10 of an “investment entity”, and neither Lion Selection Asia Limited or African Lion 3 Limited provides investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Lion Selection Asia Limited and African Lion 3 Limited which continue to carry these investments at fair value.

**5. Dividends**

Lion did not declare or pay any dividends during the period.

After the end of the period on 15 March 2022 the Company announced that the board has determined to pay a 3.5¢ps special dividend for payment to shareholders on the register as at the Record Date of 12 April 2022. This dividend will be unfranked.

The board also determined to pay a dividend of 1.5¢ps, to be paid as an annual dividend following final accounts, in approximately November 2022. The finalisation of accounts and tax payable by Lion will determine the extent to which this dividend can be franked.

**6. Dividend/distribution reinvestment plan**

Lion does not currently operate a dividend/distribution reinvestment plan.

**7. Associates**

	<b>Current Period % Held</b>	<b>Previous Corresponding Period % Held</b>
<b>Company</b>		
African Lion 3 Ltd (being wound up)	99	99
Asian Lion Ltd (wound up)	-	100
One Asia Resources Ltd	35.0	35.0
Nusantara Resources Limited	-	23.6
Lion Selection Asia Ltd	100	100
Pani Joint Venture	33.3	33.3

Lion holds more than 20% of the above entities, hence each is considered as an investment in associates. The equity accounting method is not applicable for the above investments as Lion is a venture capital organisation that accounts for investments at fair value through profit or loss in accordance with AASB128 paragraph 1 and AASB139.

**8. Foreign Accounting Standards**

Not Applicable

**9. Audit**

This report is based on financial statements which have been reviewed by its auditor, PricewaterhouseCoopers, and it continues as an auditor of the Company.

**Notes**

1. Refer to Lion Selection Group announcement 31 January 2022, (<https://www.investi.com.au/api/announcements/lx/5f4b4907-c6e.pdf>).

**For more information please refer to the attached Interim Report.**



Lion Selection Group

# **Lion Selection Group Limited**

**ABN: 26 077 729 572**

## **Interim Report for the Half Year Ended 31 January 2022**

**LION SELECTION GROUP LIMITED**

**Interim Report for the  
Half Year Ended 31 January 2022**

<b>CONTENTS</b>	<b>Page</b>
Directors' Report .....	1
Auditor's Independence Declaration.....	3
Statement of Comprehensive Income for the Half Year ended 31 January 2022.....	4
Statement of Financial Position as at 31 January 2022.....	5
Statement of Cash Flows for the Half Year ended 31 January 2022 .....	6
Statement of Changes in Equity for the Half Year ended 31 January 2022 .....	7
Notes to the Financial Statements for the Half Year ended 31 January 2022 .....	8
Directors' Declaration.....	14
Auditor's Review Report.....	15

## LION SELECTION GROUP LIMITED

### Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the half year ended 31 January 2022.

At the date of this report, Lion had 150,141,271 fully paid ordinary shares on issue.

#### Directors

The names of the Company's directors in office during the half year and until the date of this report are as below:

- Barry Sullivan (Non-Executive Chairman)
- Peter Maloney (Non-Executive Director)
- Robin Widdup (Director)
- Chris Melloy (Non-Executive Director)

#### Principal Activities

During the half year the principal continuing activities of the Company were investment in mining and exploration companies.

#### Results and Review of Operations

The Company's profit before tax for the half year was \$10.4 million (2021: loss \$7.5 million).

The result for the half year reflects a mark to market gain of \$11.2 million with respect to investments.

Key movements in the portfolio include increases in the value of Lion's holdings in the Pani Joint Venture (\$10.3 million) following Lion agreeing to sell its interest in the project, and PhosCo Ltd (formerly Celamin Holdings) (\$1.1 million) with the investee benefiting from regaining control of the Chaketma Phosphate Project and improving fertilizer prices.

During the period Lion sold its investment in Nusantara Resources to its joint venture partner PT Indika Energy TBK by way of Scheme of Arrangement for \$0.35 per share cash, generating proceeds of \$17.5M.

At 31 January 2022 the Company held investments valued at \$85.1 million (31 July 2021: \$90.0 million), and cash of \$22.4 million (31 July 2021: \$6.9 million).

#### Pani Joint Venture

Lion directors advise that the fair value of Lion's interest in the Pani Joint Venture has increased to A\$73.6M at 31 January 2022 based on the agreed transaction value of US\$52M for Lion's Pani interest. The valuation was A\$62.5M at 31 July 2021, with further investment of A\$0.8M during the half-year.

On 31 January 2022 Lion announced that Lion's Pani interest is being acquired by PT Merdeka Copper Gold TBK (Merdeka, Lion's Pani joint venture partner) and Andalan International Pte Ltd (Andalan, an entity controlled by Provident Capital) (the Buyers) for US\$52M comprising:

- US\$22M cash (less Indonesian withholding tax of US\$2.6M),
- US\$20M (72.8M) Merdeka shares (IDX:MDKA)
- Deferred consideration of US\$10M (subject to adjustment) due on 28 January 2023.



## Lion Selection Group

Lion's Merdeka shares have downside protection providing Lion with continued upside exposure to Merdeka's expected strong growth at Pani and other Tier 1 mining projects in Indonesia.

The deferred consideration is subject to adjustment, being reduced if the Merdeka share price outperforms a 15% benchmark as at 28 January 2023, and subject to a cash top up on the Merdeka shares Lion holds at 28 January 2023 if market value is less than US\$20M.

The transaction completed on 1 March 2022.

### Dividends

No dividend was declared or paid in the half year.

### Likely Developments and Future Results

The Company's future operating results will depend on the results of its investments. The Company's ability to sustain profits is dependent on future sales of investments which in turn are dependent on market opportunities and the performance of the Company's various investments, which are difficult to predict.

There are a wide variety of risks associated with the mining and exploration industry including market conditions, exploration, operational and political risk, tenure of tenements, liquidity and native title issues. Because of the vagaries of the mining and exploration industry and the long term nature of most of Lion's investments, the directors are unable to predict future results.

### Auditor Independence

We have obtained an independence declaration from our auditors, PricewaterhouseCoopers, as required under section 307 of the Corporations Act 2001. A copy can be found on page 3 of this financial report.

### Rounding of Amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report and Directors' report. Amounts in the financial report and Directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the directors.

**P Maloney**  
Director

**R Widdup**  
Director

Melbourne  
23 March 2022



## Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2022, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink that reads "Graeme McKenna".

Graeme McKenna  
Partner  
PricewaterhouseCoopers

Melbourne  
23 March 2022



**LION SELECTION GROUP LIMITED****Statement of Comprehensive Income for the Half Year ended 31 January 2022**

	NOTES	January 2022 \$'000	January 2021 \$'000
Gain/(loss) attributable to movement in fair value	2	11,207	(6,247)
Foreign exchange gain/(loss)		136	(347)
Other income	3	45	22
Management fees		(548)	(549)
Employee benefits		(110)	(107)
Other expenses		(349)	(270)
<b>Profit/(loss) before income tax</b>		<b>10,381</b>	<b>(7,498)</b>
Income tax (expense)/benefit		(1,033)	-
<b>Net profit/ (loss) after tax</b>		<b>9,348</b>	<b>(7,498)</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the half year</b>		<b>9,348</b>	<b>(7,498)</b>
Attributable to:			
<i>Members</i>		<b>9,348</b>	<b>(7,498)</b>
		<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings/(loss) per share		<b>6.2</b>	<b>(5.0)</b>
Diluted earnings/(loss) per share		<b>6.2</b>	<b>(5.0)</b>

*The above statement of comprehensive income should be read in conjunction with the accompanying notes.*

**LION SELECTION GROUP LIMITED****Statement of Financial Position as at 31 January 2022**

	NOTES	January 2022 \$'000	July 2021 \$'000
<b>Current Assets</b>			
Cash and cash equivalents		22,401	6,938
Trade receivables and other assets		107	274
Financial asset – current	2	73,612	16,968
<i>Total current assets</i>		<i>96,120</i>	<i>24,180</i>
<b>Non-Current Assets</b>			
Financial assets	2	11,521	73,037
Property, plant and equipment		440	13
<i>Total non-current assets</i>		<i>11,961</i>	<i>73,050</i>
<b>Total assets</b>		<b>108,081</b>	<b>97,230</b>
<b>Current liabilities</b>			
Trade and other payables		147	104
Lease Liability		77	-
<i>Total current liabilities</i>		<i>224</i>	<i>104</i>
<b>Non-Current Liabilities</b>			
Lease liabilities		350	-
Deferred tax liabilities		4,191	3,158
<i>Total non-current liabilities</i>		<i>4,541</i>	<i>3,158</i>
<b>Total liabilities</b>		<b>4,765</b>	<b>3,262</b>
<b>Net assets</b>		<b>103,316</b>	<b>93,968</b>
<b>Equity</b>			
Contributed equity	5	126,214	126,214
Reserves	5	1,341	1,341
Accumulated losses		(24,239)	(33,587)
<b>Total equity</b>		<b>103,316</b>	<b>93,968</b>

*The above statement of financial position should be read in conjunction with the accompanying notes.*

**LION SELECTION GROUP LIMITED****Statement of Cash Flows for the Half Year ended 31 January 2022**

	January 2022 \$'000	January 2021 \$'000
<b>Cash flows from operating activities</b>		
Other income received	45	22
Payments to suppliers and employees (including GST)	(1,061)	(961)
<i>Net cash inflow/(outflow) from operating activities</i>	<i>(1,016)</i>	<i>(939)</i>
<b>Cash flows from investing activities</b>		
Payments for investments	(1,389)	(903)
Proceeds from investment sales	17,732	199
<i>Net cash inflow/(outflow) from investing activities</i>	<i>16,343</i>	<i>(704)</i>
<b>Cash flows from financing activities</b>		
<i>Net cash inflow/(outflow) from financing activities</i>	<i>-</i>	<i>-</i>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>15,327</b>	<b>(1,643)</b>
Cash and cash equivalents at beginning of financial period	6,938	10,837
Effects of exchange rate changes on foreign currency denominated cash and cash equivalents	136	(347)
<b>Cash and cash equivalents at end of financial period</b>	<b>22,401</b>	<b>8,847</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes.*

**LION SELECTION GROUP LIMITED****Statement of Changes in Equity for the Half Year ended 31 January 2022**

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	OPTION RESERVE \$'000	TOTAL \$'000
<b>At 1 August 2021</b>	<b>126,214</b>	<b>(33,587)</b>	<b>1,341</b>	<b>93,968</b>
Total comprehensive income/ (loss)	-	9,348	-	9,348
<b>At 31 January 2022</b>	<b>126,214</b>	<b>(24,239)</b>	<b>1,341</b>	<b>103,316</b>

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	OPTION RESERVE \$'000	TOTAL \$'000
<b>At 1 August 2020</b>	<b>126,214</b>	<b>(27,722)</b>	<b>1,341</b>	<b>99,833</b>
Total comprehensive income/ (loss)	-	(7,498)	-	(7,498)
<b>At 31 January 2021</b>	<b>126,214</b>	<b>(35,220)</b>	<b>1,341</b>	<b>92,335</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes.*

## LION SELECTION GROUP LIMITED

### Notes to the Financial Statements for the Half Year ended 31 January 2022

#### NOTE 1. BASIS OF PREPARATION

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual financial report of Lion Selection Group Limited as at 31 July 2021, which was prepared based on Australian Accounting Standards. The half year financial report has been prepared with the same accounting policies and methods of computation as used in the most recent annual financial report, except for a new accounting policy in relation to leases and the impact of the Standards and Interpretations as described below.

It is also recommended that the half year financial report be considered together with any public announcements made by the Company during the half year ended 31 January 2022 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001* and ASX Listing Rules.

#### (a) Basis of accounting

The half year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for financial assets measured at fair value through profit or loss.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and neither African Lion 3 Limited nor Lion Selection Asia Limited provides investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating African Lion 3 Limited and Lion Selection Asia Limited and continues to carry these investments at fair value.

#### (b) New or Revised Australian Accounting Standards and Interpretations that are first effective in the current reporting period

##### New Standards

There are no new standards that apply from 1 August 2021 that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

##### Accounting Standards Issued But Not Yet Effective

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

#### (c) Summary of significant revised accounting policies

Other than the matters discussed above and the lease accounting policy added below, the Company's accounting policies are consistent with those of the comparative periods. The full disclosure of accounting policies is available in the annual financial report of Lion Selection Group Limited as at 31 July 2021.

##### Right of Use Assets and Lease Liabilities.

Right of use assets and lease liabilities are established on the balance sheet for leases with an expected term greater than one year. The lease term is equal to the base contractual term and, where material, is adjusted for renewal or termination options that are reasonably certain to be exercised. Leases are recognised when the leased asset is available for use by the Company. Assets and liabilities arising from a lease are initially measured on a present value basis.

**NOTE 1. BASIS OF PREPARATION - CONTINUED**

Lease liabilities include the net present value of the outstanding lease payment, which mainly comprise fixed payments (including in-substance fixed payments) and variable lease payments that are based on an index or rate, plus if applicable any residual value guarantees, purchase options and termination payments less any lease incentive receivable. When material adjustments to variable lease payment based on an index or rate take effect, the lease liability is reassessed and adjusted against the right of use asset. The portion of fixed payments related to service costs is included in the calculation of lease liabilities. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the Company's incremental borrowing rate is used, being the rate that the entity would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar environment with similar terms, security and conditions. The lease liability is subsequently measured at amortised cost using the effective interest method. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right of use assets are measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date and any lease incentive received. Initial direct costs incurred are not considered to be significant and have been excluded from measurement of the right of use asset. The right of use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight line basis.

Payment associated with short term leases (i.e. lease with a term of 12 months or less) and leases of low value assets are charged to expenditure as incurred over the duration of the lease. Variable payments under these lease agreements are not significant.

**NOTE 2. FAIR VALUE MEASUREMENTS**

The Company carries its investments at fair value with changes in value recognised in profit or loss.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted priced (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

*Recognised fair value measurements*

The following tables present the Company's assets measured and recognised at fair value for the periods ended 31 January 2022 and 31 July 2021.

<b>At 31 January 2022</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
Investments	9,118	75,980	-	<b>85,098</b>
<b>Total</b>	<b>9,118</b>	<b>75,980</b>	<b>-</b>	<b>85,098</b>
<b>At 31 July 2021</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
Investments	25,064	2,339	62,602	<b>90,005</b>
<b>Total</b>	<b>25,064</b>	<b>2,339</b>	<b>62,602</b>	<b>90,005</b>

**NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED**

During the period the Level 3 balance relating to Lion's investment in the Pani Joint Venture was transferred to Level 2 due to Lion agreeing to sell its interest in the project.

*Fair value measurements using significant unobservable inputs (level 3).*

The following table presents the changes in level 3 items for the periods ended 31 January 2022 and 31 July 2021.

	<b>Unlisted Investments \$'000</b>	<b>Total \$'000</b>
<b>At 31 January 2022</b>		
Opening Balance 1 August 2021	<b>62,602</b>	<b>62,602</b>
Transfers to Level 2	(62,513)	<b>(62,513)</b>
Other increases (purchases)	-	-
Gain /(loss) recognised in profit or loss	(89)	<b>(89)</b>
<b>Closing Balance 31 January 2022</b>	<b>-</b>	<b>-</b>
<b>At 31 July 2021</b>		
Opening Balance 1 August 2020	<b>60,857</b>	<b>60,857</b>
Transfers to Level 2	-	-
Other increases (purchases)	<b>1,784</b>	1,784
Gain /(loss) recognised in profit or loss	<b>(39)</b>	<b>(39)</b>
<b>Closing Balance 31 July 2021</b>	<b>62,602</b>	<b>62,602</b>

*Valuation techniques used to derive level 2 and level 3 fair values.*

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are applied in accordance with the 2018 Edition of the International Private Equity and Venture Capital Valuation Guidelines (PE Guidelines) and the VALMIN Code (2015 Edition). Relevant techniques include:

- Net assets, looking through to the underlying assets held through interposed investment vehicles.
- The fair value of unlisted option contracts is determined using a Black Scholes valuation at the reporting date.
- The use of quoted market prices or dealer quotes for similar instruments where available.
- Other techniques, such as discounted cash flow analysis and Monte Carlo analysis, are used to determine fair value for the remaining financial instruments.



## NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

The PE Guidelines set out that the price of a recent investment conducted in an orderly transaction between market participants generally represents fair value as of the transaction date. This price of a recent investment should be used to calibrate observable inputs to the valuation model.

These observable inputs are then monitored, along with the individual facts and circumstances of an investment to estimate fair value at each measurement date. The valuation should consider changes in market conditions or changes in the performance of the investee company that would impact a market participant's perspective of fair value.

### Valuation Processes

The Lion Manager includes a team that performs monthly valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Lion Board. Discussions of valuation processes and results are held between the Lion Manager and the Lion Board at least once every six months in line with Lion's half yearly reporting dates, including changes in level 2 and 3 fair values.

### Pani Joint Venture

As noted above, Lion valued its 33.3% interest in the Pani Joint Venture at \$73.6M as at 31 January 2022, based on the transaction price for Lion's stake in the project. This investment was transferred to Level 2 during the period. The transfer out of Level 3 is presented as if the investment had been transferred at its original value at the date of the change in circumstance, and then subsequently revalued as a Level 2 investment.

## NOTE 3. PROFIT OR LOSS ITEMS

	January 2022 \$'000	January 2021 \$'000
<b>Other Income</b>		
Interest received	23	13
Other income	22	9
<b>Other income</b>	<b>45</b>	<b>22</b>

## NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES

	January 2022 \$'000	January 2021 \$'000
Dividends declared and paid during the half year	-	-
<i>Total dividends paid or provided</i>	-	-

## NOTE 5. CONTRIBUTED EQUITY

	January 2022 \$'000	July 2021 \$'000
Issued and paid up capital (fully paid)		
Opening balance	126,214	126,214
<b>Issued and paid up capital (fully paid)</b>	<b>126,214</b>	<b>126,214</b>
<b>Share Capital</b>	<b>January 2022 Shares</b>	<b>July 2021 Shares</b>
Issued and paid up capital (fully paid)		
Opening balance	150,141,271	150,141,271
<b>Issued and paid up capital (fully paid)</b>	<b>150,141,271</b>	<b>150,141,271</b>





**NOTE 5. CONTRIBUTED EQUITY - CONTINUED**

**Capital Risk Management**

Lion's objective when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders. In order to maintain or adjust the capital structure, Lion may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

	January 2022 \$'000	July 2021 \$'000
<b>Options</b>		
Opening balance	1,341	1,341
Options issued	-	-
Options expired	-	-
<b>Option reserve</b>	<b>1,341</b>	<b>1,341</b>

	2022 OPTIONS	2021 OPTIONS
<b>Options</b>		
Opening balance	-	-
Options issued	-	-
Options expired	-	-
<b>Options on issue</b>	<b>-</b>	<b>-</b>

**NOTE 6. SEGMENT INFORMATION**

Management has determined the Company's segments based on the internal reporting reviewed by the Board to make strategic decisions. The Company provides patient equity capital to carefully selected small and medium mining enterprises. Investments have similar characteristics and so segments are determined on a geographical basis. Lion invests only in mining and exploration companies and projects with gold and base metal activities in Australia, Africa, Asia and the Americas. Information with respect to Geographical Segments is set out below.

Half Year Ended 31 January 2022	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	CORPORATE \$'000	TOTAL \$'000
Segment income	-	-	-	-	181	181
Mark to market adjustment	-	1,143	10,064	-	-	11,207
<b>Segment income</b>	<b>-</b>	<b>1,143</b>	<b>10,064</b>	<b>-</b>	<b>181</b>	<b>11,388</b>
Segment expense	-	-	-	-	(1,007)	(1,007)
<b>Segment result before tax</b>	<b>-</b>	<b>1,143</b>	<b>10,064</b>	<b>-</b>	<b>(826)</b>	<b>10,381</b>
Segment assets	-	5,562	79,536	-	22,983	108,081
Segment liabilities	-	-	-	-	4,765	4,765
<b>Other segment information</b>						
Assets acquired during the period	-	450	939	-	8	1,397
<b>Cash flow information</b>						
Net cash flow from operating activities	-	-	-	-	(1,016)	(1,016)
Net cash flow from investing activities	-	(415)	16,528	230	-	16,343
Net cash flow from financing activities	-	-	-	-	-	-



**NOTE 6. SEGMENT INFORMATION - CONTINUED**

Half Year Ended 31 January 2021	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	CORPORATE \$'000	TOTAL \$'000
Segment income	-	-	-	-	22	22
Mark to market adjustment	199	122	(6,610)	42	-	(6,247)
<b>Segment income</b>	<b>199</b>	<b>122</b>	<b>(6,610)</b>	<b>42</b>	<b>22</b>	<b>(6,225)</b>
Segment expense	-	-	-	-	(1,273)	(1,273)
<b>Segment result before tax</b>	<b>199</b>	<b>122</b>	<b>(6,610)</b>	<b>42</b>	<b>(1,251)</b>	<b>(7,498)</b>
Segment assets	-	1,372	81,912	221	8,916	92,421
Segment liabilities	-	-	-	-	86	86
<b>Other segment information</b>						
Assets acquired during the period	-	-	903	-	-	903
<b>Cash flow information</b>						
Net cash flow from operating activities	-	-	-	-	(939)	(939)
Net cash flow from investing activities	199	-	(903)	-	-	(704)
Net cash flow from financing activities	-	-	-	-	-	-

**NOTE 7. CONTINGENT LIABILITIES**

Lion has a potential liability for contingent consideration that may be payable if Lion sells its investment in either Celamin 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 up until March 2026. The value of the contingent consideration depends on the ultimate exit price for Celamin and/or Kasbah, how long Lion holds the investments, and how much additional investment is required.

The decision to sell the investments in Celamin and Kasbah is entirely at Lion's discretion.

Based on a theoretical sale at the carrying value for both investments at 31 January 2022, contingent consideration of \$2,416,000 would arise.

**NOTE 8. COMMITMENTS**

Lion does not have any material commitments.

**NOTE 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

On 1 March 2022 the sale of Lion's interest in the Pani Joint Venture was completed. Lion received US\$22M cash (less Indonesian withholding tax of US\$2.6M), 72.8M Merdeka shares (IDX:MDKA), with the remaining deferred consideration (US\$10M, subject to adjustment<sup>1</sup>) due on 28 January 2023.

On 15 March 2022 the Company announced the Lion board had determined to pay a 3.5cps special dividend for payment to shareholders on the register as at the Record Date of 12 April 2022. The board also determined to pay a dividend of 1.5cps, to be paid as an annual dividend following final accounts, in approximately November 2022. Lion also announced plans to commence an on-market buy-back for up to 10% of Lion's shares over the 12 months following the buy-back start date.

Other than the items above, there has not arisen in the interval between the end of the period and the date of this report, any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.

<sup>1</sup> Refer to ASX release by Lion 31 January 2022

## **LION SELECTION GROUP LIMITED**

### **Directors' Declaration**

In accordance with a resolution of the directors of Lion Selection Group Limited, we declare that:

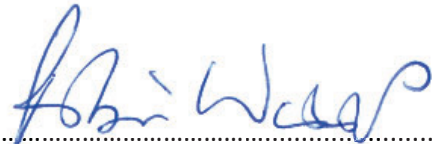
In the opinion of the directors:

- (a) the financial statements and notes set out on pages 4 to 13 of the Company are in accordance with the Corporations Act 2001, including:
  - (i) giving a true and fair view of the financial position of the Company at 31 January 2022 and its performance for the half year ended on that date; and
  - (ii) complying with Australian Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board



**P Maloney**  
Director



**R Widdup**  
Director

Melbourne  
Date: 23 March 2022



## Independent auditor's review report to the members of Lion Selection Group Limited

### Report on the half-year financial report

#### Conclusion

We have reviewed the half-year financial report of Lion Selection Group Limited (the Company) which comprises the statement of financial position as at 31 January 2022, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Lion Selection Group Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 January 2022 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

#### Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

#### Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

#### Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true



and fair view of the Company's financial position as at 31 January 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

*PricewaterhouseCoopers*

PricewaterhouseCoopers

*Graeme McKenna*

Graeme McKenna  
Partner

Melbourne  
23 March 2022