
Lion Selection Group
Annual
Report
2022

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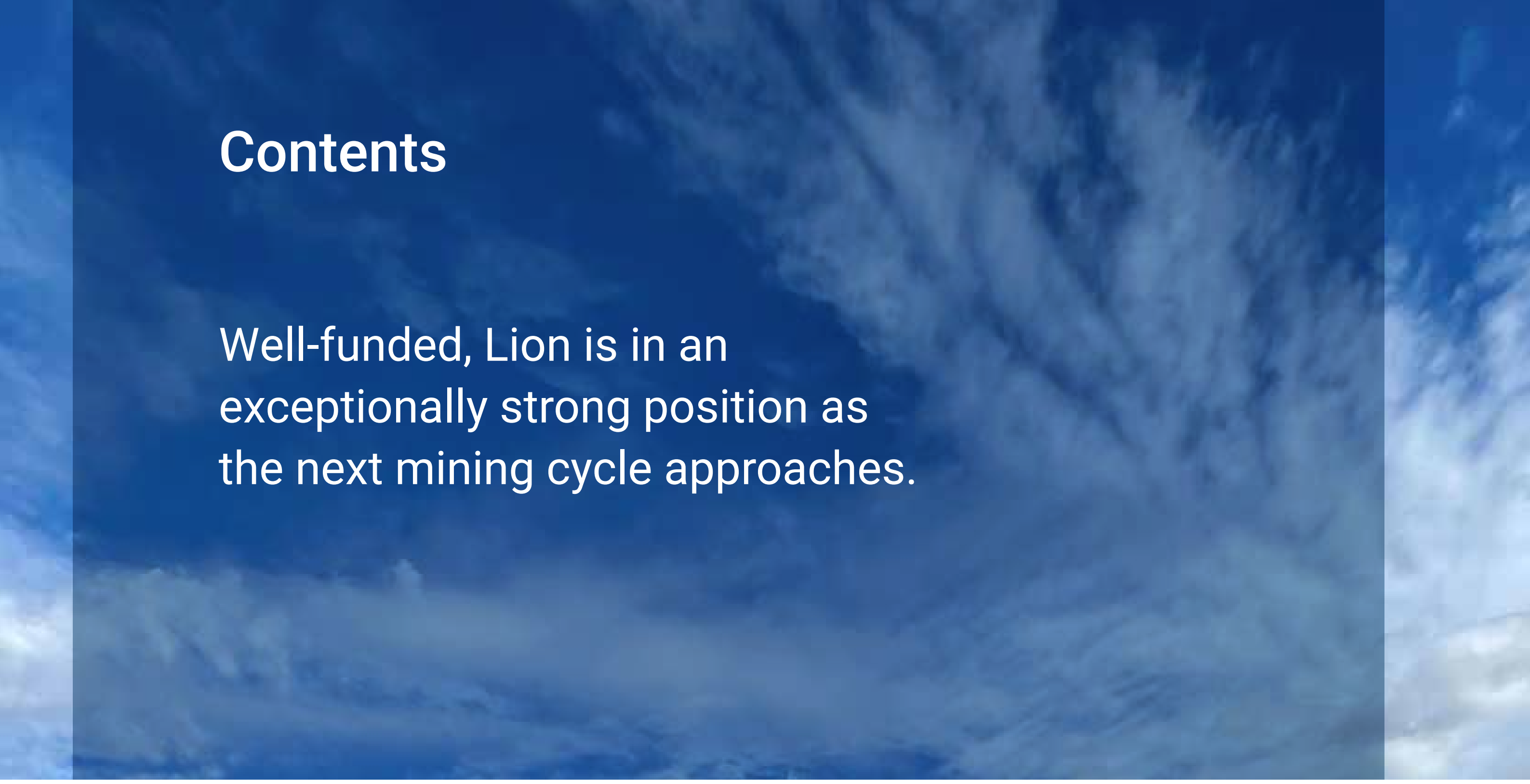


Contents

Well-funded, Lion is in an exceptionally strong position as the next mining cycle approaches.

Chairman's Letter to Shareholders

Your directors are pleased to present the Lion Selection Group Annual Report for the year ended 31 July 2022, which has been a transformative period for Lion.

During the year Lion has sold out of two substantial, long-term investments. The takeover of Nusantara by Indika Energy was announced prior to the year in review but completed in October 2021, and Lion's Joint Venture interest in Pani was sold to Merdeka and Andalan in early 2022.

These investments between them had accounted for over 80% of Lion's Net Tangible Assets and were individually embarking on periods of major expenditure so these exits bring about a transformation of Lion's portfolio and investment outlook. The previous concentrated investment exposure to pre-development gold in Indonesia became cash and liquid investments, and Lion now has considerable flexibility to contemplate investment in new opportunities.

These exits have been achieved against the backdrop of huge volatility in global equity markets, which have weakened in response to the most significant global inflation spike since the 1980's. Mining equities have been caught up in this volatility as most mineral commodities have also weakened during 2022.

The sudden and aggressive appearance of inflation has brought about a shift in markets' appetite for risk and affected not only share prices but also the ability to raise funds. The exploration / pre-development stage companies that Lion targets within the Resources sector are especially sensitive to this and we expect further weakness in the sector, and attractive investing opportunities, as time goes on and existing cash balances are wound down.

During the year Lion moved the Lion Clock to 'the vicinity of 12 o'clock'. This doesn't reflect any uncertainty about the stage of the cycle as there is little doubt that inflation has brought about a turning point. Share prices have weakened substantially but so far there is little evidence of funding anxiety – exploration companies continue to explore whilst they have cash, so activity measures have not yet recorded a decline. Notably, pockets of liquidity do remain for selected performers, including some exciting new discoveries and Lithium focussed companies.

Lion's recent exits have provided for dividends for the first time since 2009, with a special dividend paid in April 2022 and an annual dividend to be paid in late October 2022. The board intends to consider a further special dividend in the first half of calendar year 2023, following the receipt of the final payment consideration and determination of the value of Lion's Merdeka shareholding. Lion has always held the aim of becoming a regular dividend payer, and so it is with great pleasure that Lion has been able to pay a total of 5cps of dividends in calendar year 2022 with an outlook of more to come.

Having significantly bolstered its available funding, Lion has been able to re-assess its investing focus. Lion's focus has always been to provide its shareholders with a portfolio approach to the junior resources sector and this remains unchanged. Lion's new opportunity assessment and investment efforts will be concentrated into Australia, with a primary focus on precious metals, base metals and battery materials situations.

Lion retains two investment positions that fall outside its Australian focus. PhosCo is progressing a world class rock phosphate project in Tunisia, having recovered its project interest via a protracted legal process during the year and has had strong share price performance as a result. Erdene Resource Development Corp is ready to develop a new high-grade gold project in Mongolia, pending greater confidence of logistics and pricing environments, mainly the ability to obtain key project infrastructure via COVID-19-affected China. Erdene has made two new gold discoveries near its planned mine and despite the slow development progress has performed strongly against its peer group. These companies both have a strong upside outlook and only modest investment requirements are expected to remain for Lion.

Looking ahead, the fundamentals for commodities beyond the impact of current inflation are firm especially where demand from battery and electrification themes are concerned. Lion is extremely well positioned to benefit from the turnover of the mining cycle. Lion is well-funded, its main asset is cash or liquid investments, buffering it from equity volatility, and it has a clear focus with the ability to be opportunistic just as markets have begun to weaken.

Barry Sullivan – Chairman

Lion Selection Group Overview

A simple way to invest in high growth minerals companies

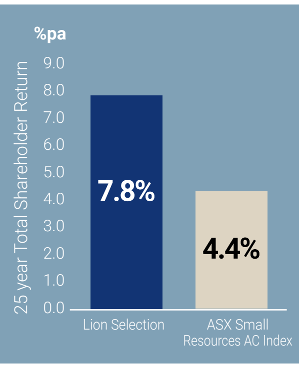
Lion Selection Group is a listed, specialist mining investment company, providing a patient, portfolio-oriented approach to investing in the high growth early-stage mining development space where specialist knowledge is essential.

Lion Selection Group was established in 1997 to invest in the extremely broad but poorly researched sub-sector of mining – junior resources companies. On the Australian Stock Exchange alone, there are over 600 companies that operate in this sector – globally the universe of listed companies expands to over 2,000, and many more that operate in the less transparent unlisted space. Investment selection in a sector so large can be daunting.

The name Lion Selection Group was chosen as a name to reflect the culture and philosophy of the organisation – watchful and aggressive whilst carefully picking a small number of opportunities that have excellent prospects for development and offer deep value. Lion shareholders are provided with an exposure to the early stage resources sector, with a portfolio that balances risks and is managed by a professional mining investment team.

Market beating historic performance since 1997

Total Shareholder Return (TSR) as at 30 September 2022 since inception (July 1997)[1-7].



History of dividends

Over Lion's 25+ years, it has made distributions in excess of 337cps[3].

In 2022, Lion re-established dividends, with a 3.5cps special dividend (unfranked) paid in April 2022. A further 1.5cps dividend will be paid in October 2022, and the Lion board intends to consider a further special dividend in the first half of calendar year 2023, following the receipt of the final payment consideration and determination of the value of Lion's Merdeka shareholding.

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

Well-funded to invest in a weakening market

The junior resources sector has seen share prices fall, and is seeing funding dry up, as the equity market has weakened during 2022.

Lion's cash balance was A$40.6M at 31 July 2022, with an additional circa A$44M expected to become cash by February 2023 as the last settlement from the Pani divestment is received. Cash and projected cash make up over 85% of Lion's NTA and is available for investment.

This represents a golden opportunity for Lion – recent divestments provide a strong cash balance and have been well synchronised to the market cycle.

Currently trading below NTA and cash backing

Lion NTA	Cash and expected cash by Feb 2023	Share Price
31 July 2022	Using values as at 31 July 2022	31 July 2022
A$96.9m	A$84.4m	44cps
65.3cps	56.8cps	

1 Investment performance figures reflect the historic performance of Lion Selection Group Limited (ASX:LSG, 1997–2007), Lion Selection Limited (ASX:LST, 2007-2009), Lion Selection Group Limited (NSX:LGP, 2009-2013) and Lion Selection Group Limited (ASX:LSX, 2013-present).
2. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions.
3. Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off-market buyback conducted in December 2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in December 2009. Lion assume all distributions are reinvested, with all non-cash distributions sold and the proceeds reinvested on the distribution pay date.
4. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
5. Past performance is not a guide to future performance.
6. Indices used for comparison are accumulation indices, which assume reinvestment of dividends.
7. Source: IRESS, Lion Manager.

Lion Selection Group Investment Summary

July 21		July 22		September 22
$94.0M Post-tax NTA		**$96.9M** Post-tax NTA		**$99.7M** Post-tax NTA
150,414,271 Shares on issue	Pani Sale **+6.8cps**	148,406,526 Shares on issue	Remaining Pani consideration value **+3.5cps**	147,679,026 Shares on issue
62.6cps	Dividend paid **-3.5cps**	**65.3cps**		**67.5cps**
NTA as at the balance date for 2021 Annual Repot		NTA as at the balance date for 2022 Annual Repot		Latest NTA announced to ASX

+8.4cps NTA appreciation (July 21 – September 22)

As at 30 September 2022	COMMODITY	MARKET VALUE A$M
Erdene Resources	Gold	**4.0**
Kasbah Resources	Tin	**2.0**
Merdeka Copper Gold[1]	Gold/Copper/Nickel	**29.3**
Pani Deferred Consideration[1]		**18.3**
PhosCo Ltd	Phosphate	**5.9**
Other		**0.8**
Net Cash		**39.8**
Net Tangible Assets – Pre-tax[2]		**A$100.1M**
NTA per share – Pre-tax[2]		**67.8cps**
Deferred tax liability on theoretical disposal of Lion's portfolio		(A$0.4m)
Net Tangible Assets – Post-tax[2]		**A$99.7M**
NTA per share – Post-tax[2]		**67.5cps**

Capital Structure

Shares on Issue:	**147,679,026#**	
Share Price:	**44¢ps**	**30 September 2022**

Excluding 2,462,245 shares following on-market buy-back.

Note 1. Deferred Consideration

On 1 March 2022 Lion sold its Pani Joint Venture interest to PT Merdeka Copper Gold TBK (Merdeka, Lion's Pani joint venture partner) and Andalan International Pte Ltd (Andalan, an entity controlled by Provident Capital) for US$52M.

Lion has 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) due on 28 January 2023. 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. Accordingly, the deferred consideration in Lion's NTA is valued based on the current Merdeka share price.

Lion has also purchased currency options to protect against large movements in the USD/AUD exchange rate until the time the deferred consideration is payable.

The total deal value, adjusted for a range of performance scenarios of Merdeka shares is shown below:

Cash*	US$22M	US$22M	US$22M	US$22M	US$22M	US$22M
72,753,729 Merdeka shares **	US$20M	US$23M	US$26M	US$30M	US$34M	US$38M
According to MDKA between Signing Price and 28 Jan 2023	0%	15%	30%	50%	70%	90%
Deferred cash ***	US$10.0M	US$10.0M	US$7.0M	US$3.6M	US$0.2M	US$0M
Total deal value to Lion	**US$52.0M**	**US$55.0M**	**US$55.0M**	**US$55.6M**	**US$56.2M**	**US$60.0M**

* US$22M cash received 1 March 2022 less US$2.6M Indonesian withholding tax.

** 72,753,729 Merdeka shares transferred to Lion on 1 March 2022. Lion is entitled to a top up payment should the value of its Merdeka shares be less than US$20M at 28 January 2023.

*** Deferred cash is subject to adjustment according to the performance of Merdeka shares between signing and 28 January 2023.

Note 2. Contingent Consideration

Lion's NTA excludes potential contingent consideration that may be payable if Lion sells its investment in either PhosCo or Kasbah. Based on a theoretical sale of both investments at the date of the NTA, contingent consideration of $2.7M would arise (September 2022, $2.7M).

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 to be paid in certain circumstances for up to 5 years ending 3 March 2026. The value of the contingent consideration depends on the ultimate exit price for PhosCo and/or Kasbah, how long Lion holds the investments, and how much additional investment is required.

The key sales by Lion (Nusantara and Pani) have been well-timed and transformative – providing for Lion to re-commence dividend payments for the first time since 2009, and positioning Lion as a well-funded investor just as the equity market has begun to weaken.

FY2022: a turning point for Lion

- Portfolio de-risked via two major divestments
- Dividend stream re-established
- Lion positioned to invest, just as markets weaken

Lion's portfolio has evolved considerably during the year with two substantial divestments, firstly the completion of the takeover of Nusantara Resources by Indika Energy (which was announced prior to the year commencing[1]) and then the acquisition of Lion's Pani interest by Andalan and Merdeka[2]. Prior to these divestments, these were Lion's two largest investments and had been in the portfolio for over a decade.

Once complete[3] these exit transactions will have resulted in material uplift of Lion's NTA, completely removed Lion's Indonesian exposure and transformed Lion's portfolio to predominantly cash. Both assets were at the stage of requiring substantial follow-on funding by Lion, and Lion is now able to direct the resultant cash toward new opportunities as described below.

These key sales have been well-timed and transformative – providing for Lion to re-commence dividend payments for the first time since 2009, and positioning Lion as a well-funded investor just as the equity market has begun to weaken. The broader equity market and especially junior miners and explorer stocks (which are Lion's target investment area) have been tumultuous during 2022. Lion's NTA has been sheltered from such volatility due to the high proportion of cash, downside protected shares and deferred cash.

Lion shares have traded ex Pani sale at a discount to their NTA per share backing. The reason for this ongoing discount is not clear, although Lion expects that presenting a simplified NTA, following the sale of the Merdeka shares and receipt of all deferred cash components of the Pani sale, could catalyse a clearer investor understanding. Even at a discounted level, Lion's share price performance has also been far less volatile than the market in this period.

The sale of Nusantara and Pani leaves Lion with three key equity investments. Merdeka is a holding which results from the sale of Pani and expected to be sold in early 2023. PhosCo and Erdene have been long term components of the portfolio, and Lion considers these to have tremendous remaining upside and only minor investment requirements remaining for Lion.

1. Refer to Lion announcement 6 October 2021.
2. Refer to Lion announcement 31 January 2022.
3. The Pani transaction will be finally complete in February 2023.

Market Review

Equity market turning point engineered by resurgent inflation

The year has seen a confluence of economic and geo-political factors and substantial swing in equity market sentiment. After decades of declining interest rates, and the last 13 years of stimulus and near zero rates, there has been the first globally experienced breakout of inflation since the early 1980s. Central banks have engaged in the most aggressive tightening of monetary policy in history, executing multiple, consecutive, and large official rate increases.

Equity markets and inflation

The resurgence of inflation has caused a roller coaster ride of emotions for global equity and debt markets mostly during 2022. Pre-2022 markets had grown accustomed to ultra-low yields and robust asset price growth to which inflation is a major threat. As evidence of inflation began to show in 2021 it was widely disregarded as transitory – linked to the global recovery from COVID-19, and therefore expected to have a limited duration. During the first half of 2022, investor expectations swung from inflation being transitory to cyclical and central bank reference rates have surged as a monetary policy response. Bond yields have recorded similar sharp increases. Equity markets have weakened in response, although notably sentiment continues to waver dramatically – whilst overall equity market performance has been negative during 2022, there have been notable episodes of strong positive equity performance that for short periods appear to defy the overall trend, adding huge volatility to the overall decline. Generally speaking, these periods of optimism have coincided with the sentiment that perhaps central banks are approaching a peak to the tightening cycle implying rates may normalise or indeed fall again soon.

Recent equity market rallies are probably not a direct bet against inflation persistency. They are more likely a bet that interest rates are nearing a peak, which implies either that inflation may be nearly tamed or that central banks are considering letting inflation run. Any flattening (or reduction) in interest rates would be highly stimulatory to the equity market. This sentiment seems less a reflection of genuine economic projection than pure hope. Inflation has certainly proven to be far more serious than equity markets originally thought and is showing few signs of abating.

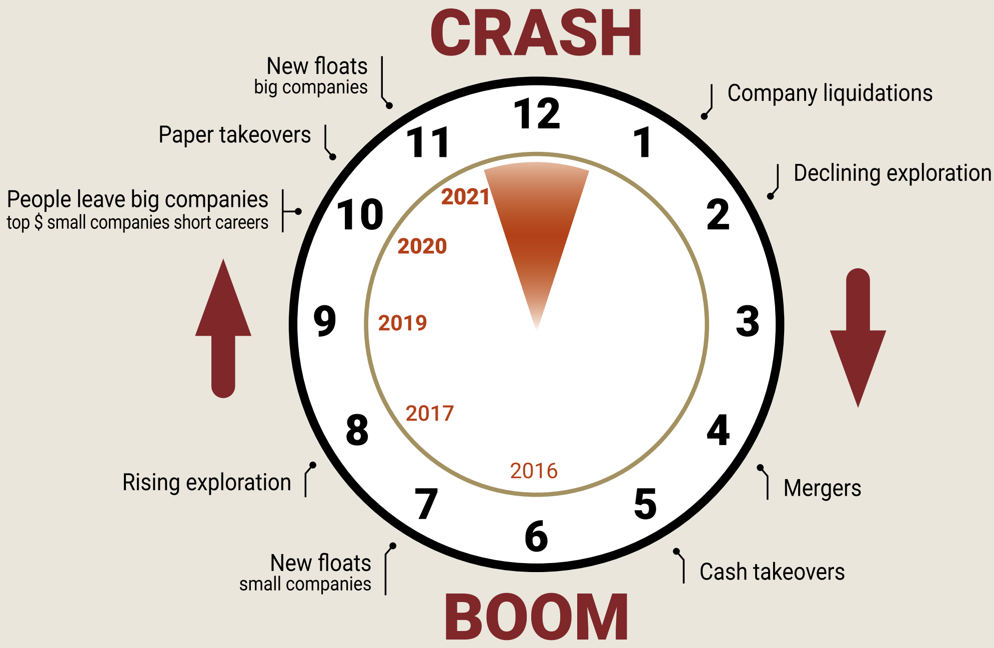
Serious equity market declines that have been linked to economic events from the past have displayed similar patterns of strongly wavering sentiment as we see today. We also know that such economic events tend to have lasting, rather than momentary effects, and equity market sentiment tends to adjust from hope to despondency and capitulation before an eventual recovery. Markets at present seem very much to be hoping for a rapid return to a low and steady interest rate environment. For now, inflation remains a significant risk to equity markets, especially the riskiest sectors that depend on investor funding. A reversal of the inflation trend and commensurate relaxation of monetary policy would likely provide a huge stimulus to the equity market but appears extremely unlikely. At this stage, it would be reckless to bet against inflation.

Liquidity

The junior mining and exploration sector, the area in which Lion invests, is extremely leveraged to liquidity. Liquidity is a market phenomenon; it is best thought of as money moving into or out of the market and responds to investor sentiment. The exploration sector completely depends on the market for funding, so when liquidity is removed not only are explorer share prices damaged, the coincident removal of funding also reduces their capacity to work and produce newsflow which further affects investor sentiment – the effect is compounding. The impact of a period of equity market volatility and uncertainty is huge on the exploration and junior mining sector.

Liquidity in the equity market has reduced during 2022. This has been felt most acutely in the riskier equities such as junior mining and exploration companies, where it has generally become more and more challenging to raise money. The exception to this trend so far has been battery metal companies, especially lithium explorers and producers which benefit from strong commodity price and demand projections.

The drop in liquidity has impacted share prices but key activity measures (such as exploration expenditure) across the sector are yet to record as much of a change. Expenditure only tends to decrease when funding needs to



be replaced, and the junior mining and exploration sector had a reasonably healthy collective cash balance in early 2022 which would be expected to sustain activity for much of the calendar year. It appears that the impact of removing liquidity from the sector is yet to be fully felt.

Foreign Exchange Rates: Unexpected Bonus

As central banks have tightened their respective monetary policies, rates in some jurisdictions have risen faster than others. Australian inflation has not been so severe as in the United States, and rates in the US have increased by a greater amount than in Australia, affecting the flow of currency seeking yield and as a result the Australian dollar has weakened.

This has provided a buffer to Australian focussed mining companies, whose costs are predominantly denominated in A$ but their commodity products are sold in US$, so even whilst experiencing cost inflation they have seen revenues creep up to absorb some of the pain. From a Lion perspective, the A$ value of Lion's Merdeka shares and associated US$ cash receivables has been strongly boosted.

Lion Clock

The Lion Clock has been adjusted during 2022. During late 2021 / early 2022, the time on the Lion Clock was 11 o'clock. Since then, the equity market has weakened substantially in response to increasing interest rates that have been driven up to combat inflation. Equity market weakness reduced liquidity to the mining sector, dramatically for the junior mining and exploration companies, who are reliant on market liquidity to fund their endeavours.

The mining cycle depends on liquidity and its removal puts the Lion Clock at the very peak of the cycle, somewhere between 11.30 and 12.30. This time setting acknowledges:

- Broad share price weakening and first signs of funding challenges (but not yet outright distress).
- Lingering liquidity for battery materials explorers and producers, especially lithium.
- Yet to see industry activity measures decline (such as exploration activity).

Liquidity is expected to remain depressed for a period, as it has done in previous cycles. The mining cycle is likely to evolve and experience key turning points that are closely aligned to inflation and the broader equity market:

- Whilst equity market weakness persists, liquidity will remain depressed.
- Equity market sentiment is still wavering between optimism and pessimism. Historic equity market cycle defining corrections have all featured final stages of despondency and capitulation, which gives way to the new green shoots of optimism. There has been no sign of this so far.

Despite this short-term expectation, in view of commodity fundamentals and the broader sector financial condition, the sector appears very strongly positioned for the next cycle:

- Over the past decade the mining industry has under-invested in future ore sources, which has been well recognised but not rectified and is likely to mean a shortness of supply is the driving force behind many commodities in years to come.
- This is overlain by the global trend toward electrification and energy storage, which creates additional demand for many mineral commodities.
- At present the world's largest miners are, in a collective sense, in the best financial health they have been in at a cycle peak for decades, so the risk of large-scale distressed recapitalisation appears limited. Indeed, many large miners appear well placed to take advantage of junior companies with weaker share prices.

This positions the mining sector strongly to capture its share and more of investor interest in the next boom and is expected to facilitate a far less severe mining cycle bust than the most recent equivalent (2011-2015).

Investing Plan

- Exit from Indonesia and financial reset of Lion has enabled a reconsideration of Lion's investing objectives and targets
- Extremely well financed to capitalise on existing and ongoing market weakness
- Lion invests according to its investment philosophy and stock-selection criteria

Lion's cash balance was A$40.6M at 31 July 2022, with an additional circa A$44M[1] expected to become cash by February 2023 as the last settlement from the Pani divestment is received. The opportunities Lion is watching and assessing are becoming cheaper, and the equity market is expected to weaken further as the current inflation episode plays out. This is expected to be felt most acutely by the junior miners and explorers as liquidity is withheld by the market.

With these factors combined, Lion feels it is in an exceptionally strong position as the next mining cycle approaches.

Lion's investment focus has been reconsidered and adjusted following the exit from Indonesia:

- Jurisdiction – Australia
- Commodities – Precious metals, base metals, battery minerals
- Company equity, quasi equity, project interest – anywhere within the capital structure that the best opportunity can be structured
- Typically, three year plus holding period

Lion's investment process is driven by assessments of value and risk and intends to align its investing activities with the mining cycle. Present conditions might not warrant absolute cessation of investing activities – indeed now is a wonderful time to be assessing an abundant number of opportunities. Some situations have already started to show signs of funding related distress, so Lion is a careful investor under current circumstances and is taking precautions to manage the likelihood of further ongoing market weakness. There has been a noticeable uptick in deal flow as potential investees have become more focused on where the next tranche of equity will come from. Periods of extreme volatility have historically provided some of the most lucrative investment opportunities, these conditions are expected to lead to very attractive opportunities which is precisely what Lion is prepared for.

Opportunity flow and assessment has been aided by the ability (post COVID-19 restrictions) to travel to investment conferences and make site visits for assessment or diligence. Narrowing Lion's focus to Australian opportunities has simplified travel arrangements substantially which has made a high volume of site visits and more detailed investment assessments possible.

At present, Lion is placing the highest priority on considering modest investments that have short-term catalysts for rapid and substantial value growth, as well as unlisted companies or projects that would be less affected by share market movements.

1. Comprising A$28.5M of Merdeka shares, and A$15.5M of deferred cash consideration per Lion's NTA at 31 July 2022.

Review of Lion Portfolio Holdings

Lion's key remaining investments are profiled in the following pages:

- Merdeka – holding resulted from the Pani exit, and is intended to only be held through to January 2023.
- PhosCo and Erdene – residual portfolio holdings.

Compared with equity market indices and considering the recent volatility, the key remaining investments in Lion's portfolio have performed strongly through 2022, which has been an otherwise challenging time for equities.

Merdeka Copper Gold TBK

(MDKA:IDX) & US$10m Deferred Cash Payment

Value increased strongly due to structure: downside protected and US$ denominated

	Merdeka shares (MDKA:IDX)	Deferred Consideration
Lion holding (shares)	**72,753,801**	• Downside protection cash top up – activated if Merdeka shares are sold for less than US$20M • Deferred cash payment
Value received[1]	US$19.2M / A$26.5M	US$11.2M / A$15.4M
Value at 31 July 2022	US$19.9M / A$28.5M	US$10.8M / A$15.5M

As a part of the sale of Lion's Pani interest, Lion received consideration which is to be finally reconciled and completed in late January 2023. The final composition of the consideration includes shares and deferred cash payments, which are interconnected and so they are described here together:

72.8M Merdeka shares
these are freely tradable and downside protected by a possible cash top up payment

Downside protection
If Lion sells its Merdeka holding (in compliance with the Pani sale agreement) for less than US$20M, it will be entitled to a cash top up making up the difference to US$20M. Lion intends to sell its Merdeka holding in compliance with the Pani sale agreement

Remaining cash payment
A deferred cash payment of up to US$10M is to be paid to Lion in late January 2023, at the same time as the potential top up payment is assessed. The final value of the deferred cash payment will be calculated with respect to the value of the Merdeka shares (whether Lion has sold them or not) and be reduced if the performance of Merdeka exceeds a 15% threshold

Lion expects to hold the Merdeka shares until January 2023 when they will be sold in compliance with the Pani sale agreement (which provides for an orderly on-market exit). The potential downside protection cash top up and deferred cash payments will be assessed and finalised in the same period. Lion therefore expects to fully finalise the Pani exit by February 2023, with the receipt of the proceeds of share sales and remaining payments, and repatriating these in full to Australian dollars.

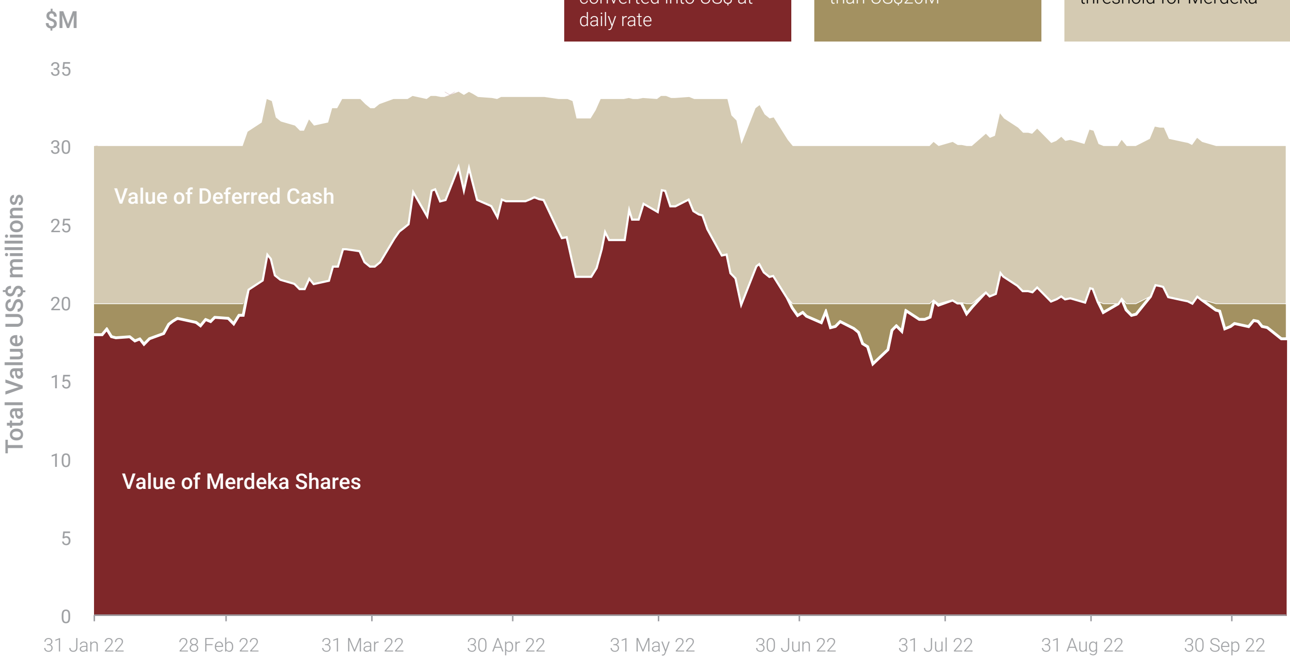
Merdeka performance

The Merdeka share price (in IDR and US$ terms) has performed similarly to much of the mining sector during 2022. However, the Australian dollar value of the combined holding (Merdeka shareholding, downside protection cash top up and US$10M deferred cash payment) has performed very strongly. At the time of writing the IDR share price of Merdeka was the lowest it has been since Lion received these shares, yet the combined Australian dollar value of the shares, top up and deferred cash was close to its highest. This is because of the effect of the downside protection top up payment that effectively provides a minimum US$20M exit from Merdeka and the performance of the Australian dollar which has weakened significantly since Lion obtained these US$ denominated assets.

The estimated value of the remaining Pani exit proceeds from the time that Lion agreed to sell its Pani interest (January 2022) to present is shown in the charts in the following pages.

1. As at 31 January 2022 – refer to Lion announcement 31 January 2022.

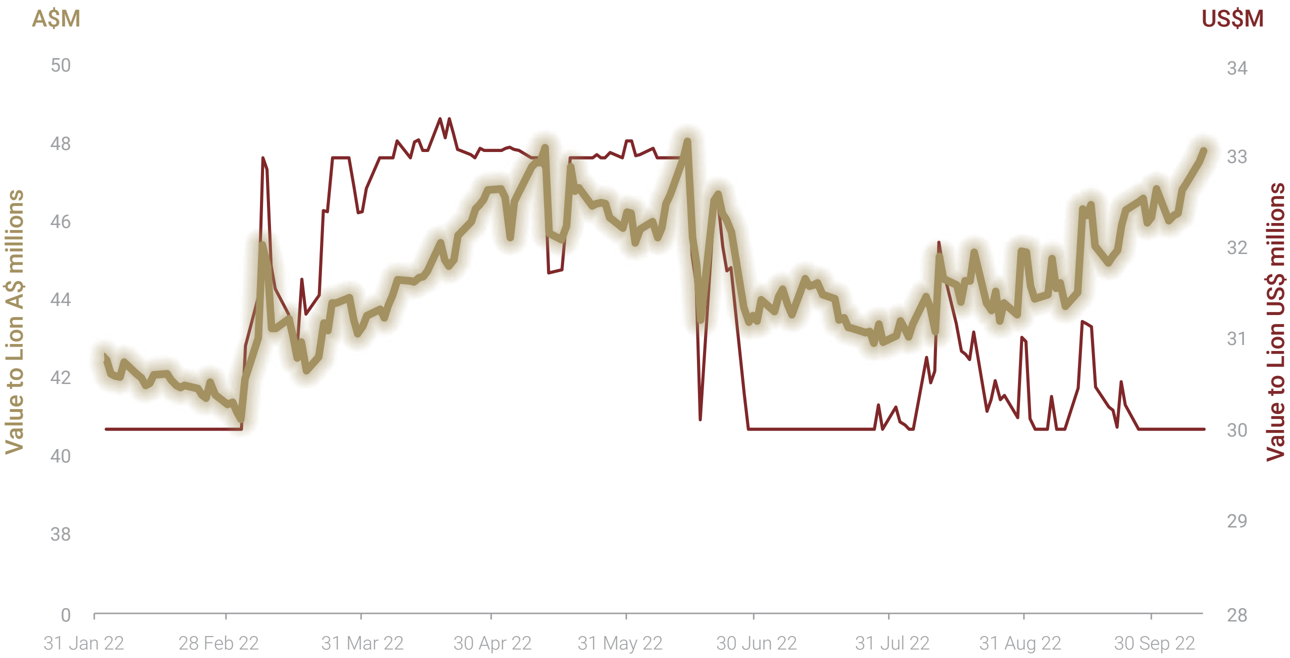
Value of remaining Pani exit to Lion denominated in US$



US$ value of Merdeka shares, downside protection cash top up, and deferred cash – for the period since Lion agreed to exit Pani (31 January 2022 – 10 October 2022).

Value of remaining Pani exit to Lion

- Combined Merdeka shareholding, downside projection cash top up and deferred cash payment
- Denominated in US$ and A$ (using daily rate)



Value of combined Merdeka shareholding, downside protection cash top up and deferred cash payment, for the period since Lion agreed to exit Pani (31 January 2022 – 10 October 2022). Shown in A$ (LHS) compared with US$(RHS).

Merdeka Business

Merdeka is an Indonesian focused, multi-asset mid-tier producer of gold and copper, listed on the Indonesian Stock Exchange (IDX:MDKA) and capitalised at US$6.7 billion[1].

Key assets[2]:

- Tujuh Bukit: Open pit/heap leach gold production, East Java. Guidance for 100-120koz gold production in 2022.
- Wetar: Open pit/heap leach copper production, Wetar Island. Guidance for 18-22kt copper production in 2022.
- Merdeka Battery Materials: open pit/RKEF smelter production of nickel, East Sulawesi.
- Pani: Drilling and Feasibility underway for open pit development, North Sulawesi.
- Tujuh Bukit Copper Project: PFS ongoing for underground development, East Java
- Acid Iron Metal Project: construction underway to process spent heap leach ore from Wetar, to produce acid, copper, gold, silver, and iron ore pellets.

Lion trading profit from Merdeka rights issue (April 2022)

- No overall change in shareholding – only rights issue shares taken up were sold.
- A$1,018k outlay, A$860k profit on exit.

On 21 December 2021 Merdeka announced that it intended to conduct an entitlement issue of 1,206,000,000 new shares for a price of IDR 2,830 per share. This was prior to the announcement of the sale of Lion's Pani interest, and at the time that Lion received its Pani consideration shares, it was unclear if Lion would be eligible to participate in the entitlement issue. Having determined that the shares were eligible and that the rights were not tradable it became clear that the issue was deeply discounted (market price on 20 April 2022 was IDR 5,700 per share, vs IDR 2,830 per share rights price). Lion took up its full entitlement and sold the entitlement shares as soon as they were tradable. Lion invested approximately A$1,018k and extracted A$1,878k, for a trading profit of A$860k over a time frame of less than one week (before transaction costs).

It has not been Lion's intention to invest further in Merdeka, however the deeply discounted pricing and very high trading liquidity presented a very low risk profit proposition.

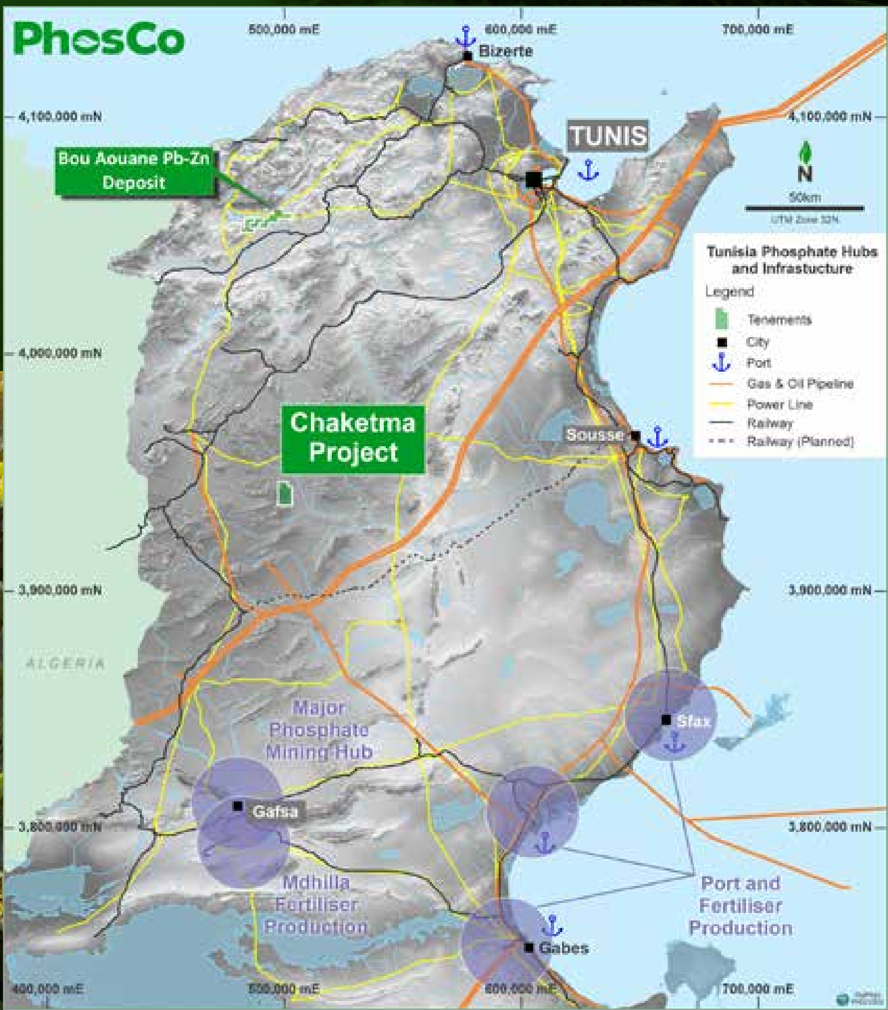
1. As at 30 September 2022 – refer to Merdeka Investor Presentation
2. Refer to Merdeka Investor Presentation 30 September 2022

PhosCo Limited

(PHO:ASX)

Lion holding (shares)	**40.6M**
Price at 31 July / holding value	**14cps / A$5.68M***

Lion holds a 15% equity interest in PhosCo, a Tunisian focussed phosphate developer listed on the ASX.



Chaketma general location

PhosCo's core project is a 50.99% interest in the 56km^2 Chaketma Phosphate Project located in Tunisia. Chaketma is a potential large scale, world class phosphate development asset which comprises six prospects of which two account for a JORC compliant resource of 148.5Mt at 20.6% P_2O_5, with access by road and proximal to rail, grid, power and gas pipelines.

The phosphate Resource at KEL[1] (55.5Mt @ 21.2% P_2O_5) is a large, shallow and high confidence phosphate resource that features simple geology exposed on all sides. Drilling results have produced consistent wide, high-grade phosphate mineralisation close to surface.

PhosCo's GK Resource will be updated shortly to incorporate additional drilling to support a new, simplified interpretation comprising a thick, higher-grade zone.

PhosCo's existing Mineral Resource Estimate is below:

Chaketma	JORC 2012	Mt	% P_2O_5
KEL (March 2022)[1]	Measured	49.1	21.3
	Indicated	6.4	20.3
	M&I	**55.5**	**21.2**
GK (18 June 2013)	Inferred	93	20.3
Global Resources	**M&I & Inferred**	**148.5**	**20.6**

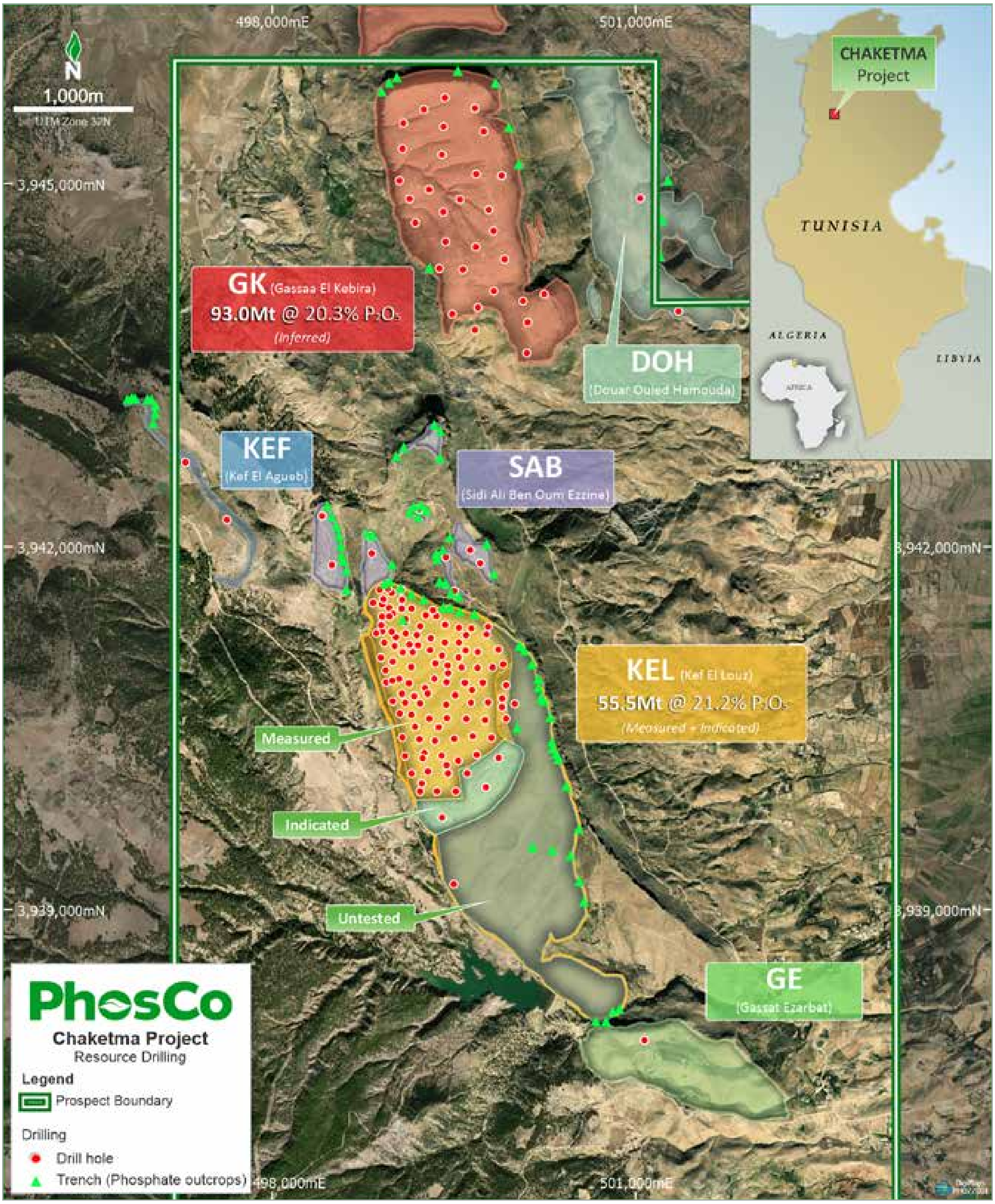
1. Refer to ASX announcement dated 15/3/22: *Phosphate Resource Update Delivers 50% Increase at KEL.*

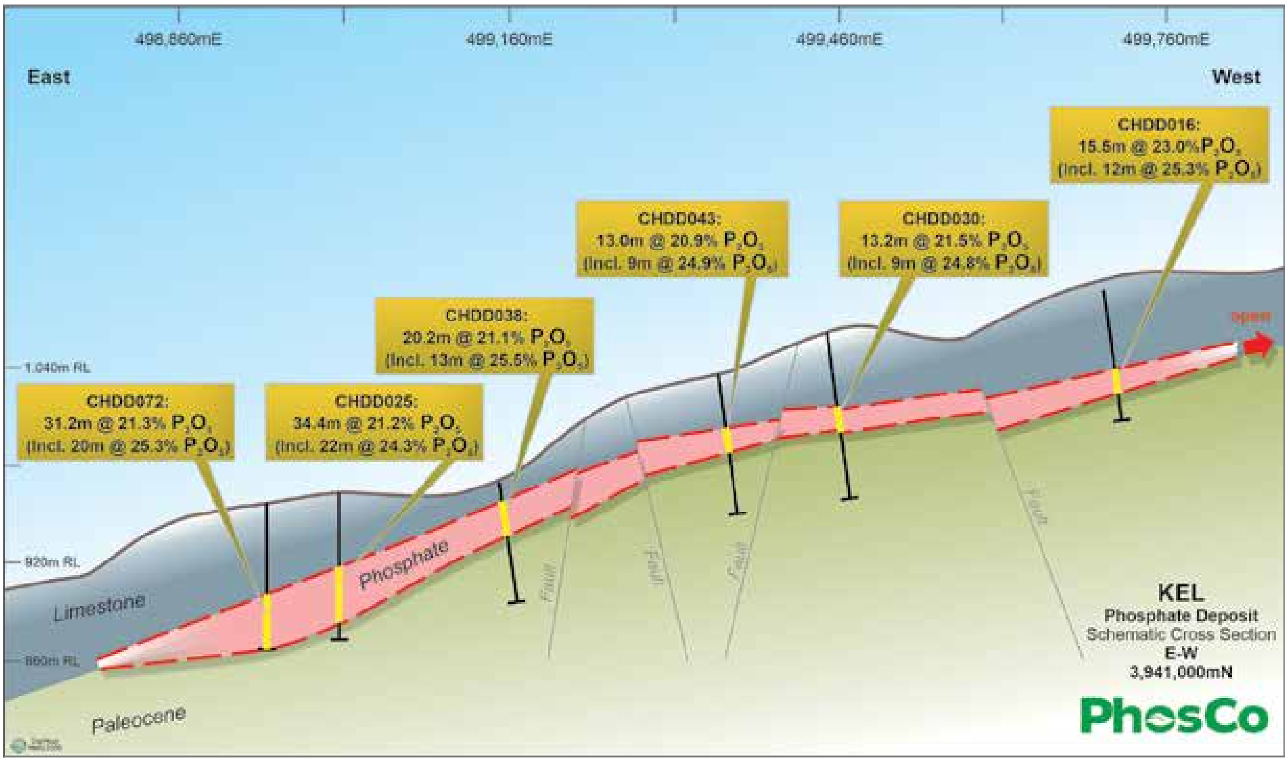
* A contingent liability of $1.63M would be payable if these shares had been sold at the report date 31 July 2022 and relates to a 3 March 2021 transaction when Lion closed the African Lion Fund and bought out 17.3M shares. This liability decreases by 10% on each transaction anniversary date and by 15% for each $1M invested by Lion with total removal of the liability on 3 March 2026. Lion has invested $955k since the deal was struck.

PhosCo regained technical control over Chaketma in October 2021 and recruited a team to reassemble historic technical work since the initial scoping study was completed in 2012.

Half of the KEL deposit remains undrilled and offers expansion potential as do the four poorly drilled prospects not yet defined on resources.

Chaketma Phosphate Resources locations





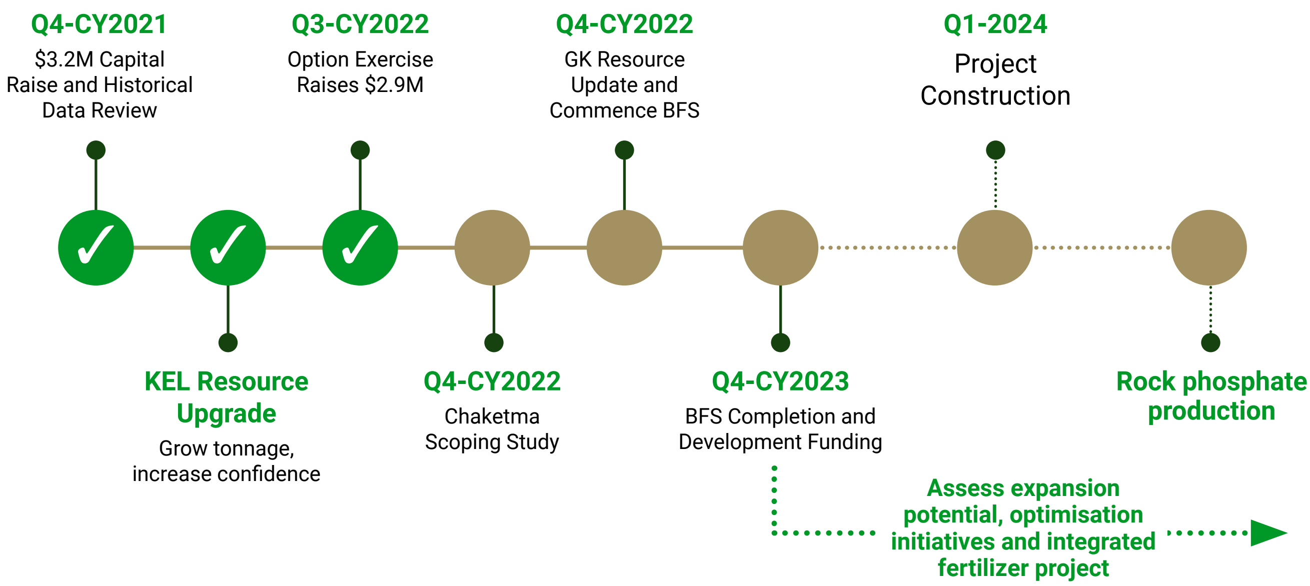
Following completion of the updated Scoping Study, Phosco will commence a BFS which will contemplate the development of Chaketma in two stages:

Stage 1 - Rock Phosphate Mine

- Multi-decade mine life;
- Simple, low cost, open pit operation with low strip ratio;
- Conventional processing using flotation to produce 30% P2O5 concentrate and 80% recovery.

Stage 2 – Integrated Fertiliser Project

- Value-add phosphoric acid plant;
- Road, rail, power, oil and gas pipelines with port capacity infrastructure available.

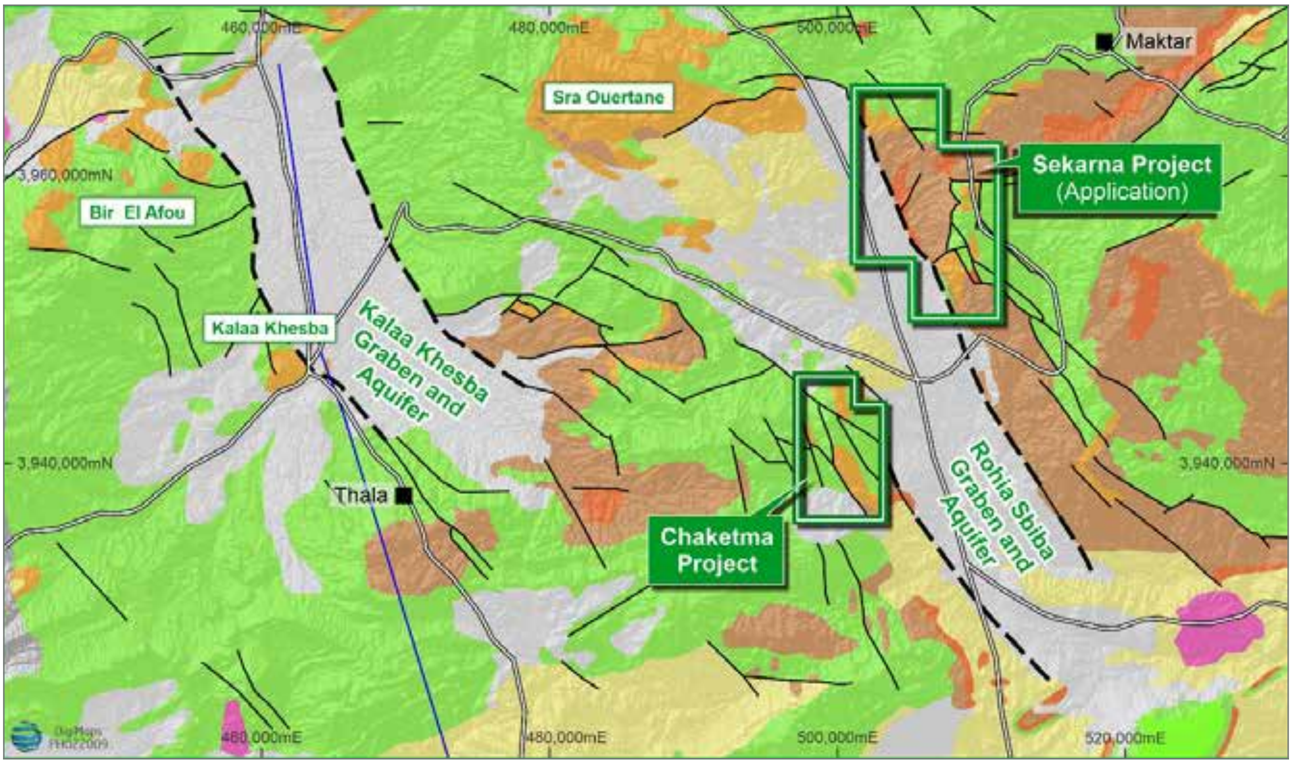


Sekarna Phosphate Project

An exploration permit (100% PHO) was lodged in July 2022 on the 128 km^2 Sekarna Phosphate Project located 10 kms northeast of Chaketma, with reported high grade rock chip samples grading between 19.7% and 27.8% P_2O_5.

PhosCo's Tunisian exploration team has been working in the area since 2012 and were aware of outcropping phosphate below a limestone cap in the Sekarna Mesa. Mapping of the phosphate unit identified a thickness of between 5m and more than 20m for a 2.7km outcrop.

PhosCo Project location map



Sekarna – Western side viewed from Rohia Graben.

Approximate position of phosphate unit shown in pink.

Erdene Resource Development Corp

(ERD:TSX)

Lion holding (shares)	**12,185,116**
Lion entry price / sum invested	**22.6 cps / A$2.88M**
Price at 31 July / holding value	**33.0cps / A$4.07M**

Lion holds approximately 4% equity interest in Erdene, alongside a strongly aligned board and management team (who collectively hold approximately 8%), the European Bank for Reconstruction and Development (EBRD: 10%), and well known gold and mining investor Eric Sprott (15%).

Erdene is a Mongolia focussed gold explorer and developer, listed on the Toronto stock exchange (ERD:TSX) and Mongolian Stock Exchange (ERDN:MSE). Impressively, Erdene has over 7,000 Mongolian shareholders via its MSE listing.

Erdene has made significant progress at its Bayan Khundii gold project during 2022, located in Southern Mongolia, despite the challenges presented by first the travel and work restrictions connected with COVID-19 and then mining industry cost inflation.

Lion is very pleased to maintain its support for Erdene, which has a clear value case in the development of its proposed Khundii gold mine. This development proposition has wonderful prospects for growth demonstrated by stunning gold intercepts at two nearby new discoveries, and a team of clever, honest and hard-working people driving it forward.

Lion has made two small, follow-on investments in Erdene during the year.

- October 2021: exercised 300,000 options at C$0.30 per share (A$99,461 invested)
- July 2022: Erdene completed an equity fund-raising totalling C$7.2M, led by a $2M investment from prominent mining investor Eric Sprott who is now the largest shareholder in Erdene. Lion followed its interest in Erdene, taking part approximately pro-rata with an investment of C$268,468 (A$302,670).

Continuing high grade gold discovery

A string of high-grade gold discoveries made in the last two years demonstrate the highly productive geology of the Khundii region. Drilling continues, and in all cases mineralisation remains open. These discoveries position Erdene strongly, with the strong likelihood of extending established inventories, and increasing the scale or life of the designed gold project or both.

Dark Horse

the Dark Horse prospect is located on the Khundii licence less than three kilometres north of the proposed Bayan Khundii gold mine development. Erdene announced a discovery of high-grade gold in January 2021 and has returned intersections of gold mineralisation from within an alteration trend striking for 1.5km since. The discovery hole returned 45m at 6g/t gold from 10m[1], highlights throughout 2021 and 2022 drilling have included 15m at 42.8g/t, 17m at 16.7g/t and 23m at 11.4g/t[2]. These remarkably high-grade gold intersections are all from Dark Horse Mane.

Ulaan
the Ulaan licence is located immediately west and contiguous with the Khundii licence. A new discovery was announced by Erdene on 11 August 2021, only 300m west of the planned Khundii open pit with the discovery intersection returning 258m at 0.98g/t gold (from 92m), including 40m at 3.77g/t gold from 99m[3]. Erdene has gone on to return further thick and/or high grade intercepts from Ulaan including 41m at 8.1g/t gold from 187m (inc 3m at 68.3g/t gold from 208m)[4], 27m at 3.47g/t gold from 248m (inc 2m at 24.9g/t gold from 248m)[5] and 335m at 1.1g/t gold from 115m[6]. The high-grade results from Ulaan are interpreted by the company as a potential feeder zone to broader gold mineralisation that has been intersected in the area.

Khundii Region
Erdene has gone on to detect additional targets from regional prospecting, mapping and recent shallow RC drilling.

Project development

Erdene discovered the Bayan Khundii gold deposit in 2015, and this has evolved into a high grade and near to surface gold inventory with a robust development case demonstrated by the Bankable Feasibility Study released in 2020. Erdene has progressed permitting during the global turmoil of COVID-19, and Bayan Khundii is now ‘shovel ready’ with key permits in place and full construction is ready to commence once there is confidence that the logistics and pricing environments have stabilized (including anticipating full re-opening of the land border crossings between China and Mongolia later this year).

Lion would also like to acknowledge the sad passing of Chris Cowan, co-founder and former Chairman of Erdene, during the quarter on 28 April 2022. Chris made a significant contribution to Erdene as well as the international and Mongolian mining and exploration industries and was an integral member of the team Lion backed in making its original investment. Lion extends its sincere condolences to Chris’ family.

1. Refer to Erdene press release dated 6 January 2021.
2. Refer to Erdene presentation October 2022 https://erdene.com/site/assets/files/4343/erd_q4_2022.pdf
3. Refer to Erdene press release dated 11 August 2021.
4. Refer to Erdene press release dated 6 June 2022.
5. Refer to Erdene press release dated 26 July 2022.
6. Refer to Erdene press release dated 26 July 2022.

Periods of extreme volatility have historically provided some of the most lucrative investment opportunities, these conditions are expected to lead to very attractive opportunities which is precisely what Lion is prepared for.

Principal Risks and Uncertainties

The activities of Lion are subject to risks that can adversely impact its business and financial condition. The risks and uncertainties described below are not the only ones that Lion may face. There may be additional risks unknown to Lion and other risks, currently believed to be immaterial, which could turn out to become material.

<table>
<tr><th>Risk Factor</th><th>Nature</th></tr>
<tr><td>Investment in resource companies</td><td>Lion has investments in a range of resource companies whose exploration, development and mining activities are at varying stages. Lion’s investees are subject to operating risks that are inherent to mining and exploration activities, and may influence the financial performance and share price of the investees. The value of Lion’s investments in these companies, and in turn the financial performance of Lion itself, will continue to be influenced by a variety of factors including:
• general investment, economic and market conditions as outlined above, which can affect the investee’s performance and share price;
• exploration is a speculative endeavour which may not result in investees finding economic deposits capable of being successfully exploited;
• mining operations may be affected by a variety of factors which may or may not be within the control of the investee. Whether or not income will result from exploration and development programs depends on the successful establishment of mining operations. Factors including costs, integrity of mineralisation, consistency and reliability of ore grades, metallurgical recoveries, and commodity prices affect successful project development and mining operations;
• depending on the location of its exploration and/or mining activities, an investee may be subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, regulatory changes (including environmental, social, taxation and royalties) and renegotiation or nullification of existing contracts, mining licences and permits or other agreements;
• reliance on the performance of key management of Lion, investees and Lion Manager;
• investees may enter into hedging transactions to fix the commodity price for a portion of production and there is a risk that the investee may not be able to deliver into these hedges if, for example, there is a production shortage at their mining operations, which could adversely affect the investee’s operating performance if the commodity price moves unfavourably;
• investees that borrow money are potentially exposed to adverse interest rate movements that may affect their cost of borrowing, which in turn would impact on their earnings and increase the financial risk inherent in their businesses. In this situation there is also risk that an investee may not be able to repay its debts and may be at risk of bankruptcy;
• resource nationalisation, politicial unrest, war or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region, which could impact adversely on the business, financial condition and financial performance of the investee;
• there is a risk that investees may lose title to mining tenements if conditions attached to licences are changed or not complied with. Further, it is possible that tenements in which Lion’s investees have an interest may be subject to misappropriation or legal challenge in jurisdictions without well-established legal systems.
• a form of native title reflecting the rights and entitlements of indigenous inhabitants to traditional lands may exist on investee’s tenements, such that exploration and/or mining restrictions may be imposed or claims for compensation forthcoming; and
• the high initial funding requirements of emerging exploration and mining companies can result in delays in developing projects and a lack of liquidity, which may affect Lion’s ability to invest or divest.</td></tr>
<tr><td>Market Movements</td><td>The performance of Lion and the prices at which its shares may trade on ASX can be expected to fluctuate depending on a range of factors including movements in inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities and acts of terrorism. Certain of these factors could affect the trading price of Lion’s shares, regardless of operating performance. Lion attempts to mitigate these factors by implementing appropriate safeguards and commercial actions but these factors are largely beyond Lion’s control. The underlying value of Lion’s investments in its investees also may not be fully reflected in Lion’s share price.</td></tr>
</table>

Principal Risks and Uncertainties

Risk Factor	Nature
Reliance on key personnel	A number of key management and personnel is important to attaining the respective business goals of Lion. One or more of Lion's or Lion Manager's respective key employees could leave their employment, and this may adversely affect the ability of Lion to conduct its business and, accordingly, affect the financial performance and share price of Lion. Further, the success of Lion in part depends on the ability of Lion and Lion Manager to attract and retain additional highly qualified management and personnel.
Counterparty Risk	On 1 March 2022 Lion's interest in Pani was acquired by 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); and Deferred Consideration of US$10M (subject to adjustment) due on 28 January 2023. Lion is exposed to counterparty risk with respect to the Deferred Consideration and downside protection on Lion's Merdeka shares. One or more of the Buyers could default on its contractual obligations under the Pani Sale & Purchase Agreement.
Impact of COVID-19	COVID-19 has caused a significant amount of uncertainty worldwide and has had a substantial impact on global financial markets. Market conditions are likely to remain challenging given the evolving nature of the COVID-19 pandemic and the global response. As such, the following risks exist for Lion and its investees, which could in turn affect Lion's financial performance: • disruption to work practices and access to operations; • interruption to exploration and development activities; • inability to raise finance to progress projects; • decreasing share price and valuation for exploration and development companies.

Corporate Governance Statement

As a professional investor in junior miners, Lion is particularly focussed on the corporate governance of its investee companies. Lion's approach is based on experience through multiple resource cycles and reflects its view that in corporate governance one size does not fit all and careful consideration must be given for smaller mining companies, notably a material sub-set of ASX listed companies. Three key departures are relevant, in particular for pre-production mining companies:

(1)

Because the mineral resource/ore reserve usually has both greater value and risk than purely financial assets, a company's internal controls and processes surrounding establishing and announcing these are one of the most material aspects for pre-production mining companies. This extends to studies that seek to establish parameters around how a mining operation might operate. This area continues to be overlooked in the ASX guidelines and consideration should be given for how mining companies approve such releases, and having geological and mining expertise at board level to understand the issues and provide formal approval. Regulatory debate in 2016 focussed on scoping study disclosure and restricting release of this information which is vital to investor comprehension and proper functioning of the ASX as a funding mechanism. Lion continues to oppose any restriction on disclosure of feasibility work.

(2)

The ASX Corporate Governance Council requires listed firms to adopt a majority of 'independent' board members without links to management or substantial shareholders (ie 5% or greater shareholding), or explain 'if not, why not'. The concept is that such directors should be more dispassionate and less biased in favour of either management or significant shareholders. We note that there is limited empirical research supporting that such boards add value to a company, and in Lion's experience this structure can be detrimental for junior mining companies. Lion concurs that it is essential that a board operates as an effective check on management, however a non-executive director with a significant shareholding is often better placed to fulfil this role, and has interests closely aligned with the general shareholder register.

Junior mining companies often have many challenges to be overcome to develop their projects, and need the necessary entrepreneurial drive to achieve this. In a crisis, an ASX-defined independent director risks being disinterested, overly conservative, or may lack the fortitude to see the task through when their personal incentives are limited to on-going director's fees.

(3)

The ASX guidelines provide that non-executive directors should not receive options with performance hurdles or performance rights as part of their remuneration which may lead to bias in their decision making and compromise their objectivity. Lion notes that pre-production mining companies almost all have limited cash, and issuing appropriately structured options both reduces the cash burden on the company and provides greater alignment with the interests of shareholders.

Corporate Governance Statement

Introduction

The Board of Directors of Lion Selection Group Limited (Lion or the Company) is committed to high standards of corporate governance. The Company recognises that it has responsibilities to its shareholders and personnel, as well as to the communities in which it invests.

As required by the ASX Listing Rules, this statement discloses the extent to which the Company follows the 4th Edition of the ASX Corporate Governance Principles and Recommendations released in February 2019 by the ASX Corporate Governance Council (ASX Recommendations). Except where otherwise explained, the Company follows all of the ASX Recommendations.

This Corporate Governance Statement has been approved by the Board of Directors of Lion Selection Group Limited.

PRINCIPLE 1: Lay solid foundations for management and oversight

Recommendation 1.1

A listed entity should have and disclose a board charter setting out:

(a) the respective roles and responsibilities of its board and management; and
(b) those matters expressly reserved to the board and those delegated to management.

The Board

The Company has adopted a Board Charter that sets out the role and functions of the Board, the Chair and management and includes a description of those matters expressly reserved to the Board and those delegated to management. A copy of the Company's Board Charter is available on the Company's website.

The Board of directors monitors the progress and performance of Lion on behalf of its shareholders, by whom it is elected and to whom it is accountable. The Board Charter seeks to ensure that the Board discharges its responsibilities in an effective and capable manner.

The Board's primary responsibility is to satisfy the expectations and be a custodian for the interests of its shareholders. In addition, the Board seeks to fulfil its broader ethical and statutory obligations, and ensure that Lion operates in accordance with these standards. The Board is also responsible for identifying areas of risk and opportunity, and responding appropriately.

Responsibility for the administration and functioning of Lion is delegated by the Board to the Chief Executive Officer and to Lion Manager Pty Ltd (the Manager), which provides investment management services to the Company. Through monitoring the performance of these parties at least annually by way of performance

evaluations, the Board ensures that Lion is appropriately administered and managed. Lion's investments are managed by the Manager. Lion's Board reviews the Manager's performance internally through the Manager's reports, processes and presentations. The Board monitors the Manager's staffing and processes.

In addition, the Board guides strategic planning and ensures it adheres to the interests and expectations of Lion's shareholders, manages risks and opportunities, and monitors company progress, expenditure, significant business investments and transactions, key performance indicators and financial and other reporting.

Management

The Manager has been appointed by Lion to implement its investment strategy and manage its investments. This includes all steps of the investment selection process and the making of recommendations to the Board.

A Management Agreement has been established to formalise the relationship between the Company and the Manager. The Manager, under this agreement, undertakes to act as investment manager for Lion. The Manager is at liberty to engage specialists and consultants as appropriate to assist in the investment assessment process and provides a regular flow of information to Lion's directors. Lion's Board retains the power to make the final investment decision on the basis of this information and advice. This retention of final investment decision allows the Board to effectively review the function and proficiency of the Manager and of the investment selection processes.

Recommendation 1.2

A listed entity should:

(a) undertake appropriate checks before appointing a director or senior executive or putting someone forward for election as a director; and
(b) provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.

Lion ensures that all candidates for directorship and senior executives are well known to the company. In addition, all appropriate checks and due diligence are undertaken by the Lion board prior to nominating a director for election or appointment of a senior executive.

Information about candidates who are standing for election or re-election as a director including biographical details, qualifications, experience and other directorships is provided to shareholders to enable them to make an informed decision.

Corporate Governance Statement

Recommendation 1.3

A listed entity should have a written agreement with each director and senior executive setting out the terms of their appointment.

The terms on which the directors and senior executives are appointed is set out in the written agreement between the Company or the Manager and the individual. This establishes the roles and responsibilities of each person, their duties and accountabilities.

Recommendation 1.4

The company secretary of a listed entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.

The Company Secretary is responsible for co-ordination of all Board business, including agendas, Board papers, minutes, communication with regulatory bodies and ASX and all statutory and other filings.

Through the Chairman, the Company Secretary is accountable directly to the Board on all matters to do with the proper functioning of the Board.

Recommendation 1.5

A listed entity should:

(a) have and disclose a diversity policy;

(b) through its board or a committee of the board set measurable objectives for achieving gender diversity in the composition of its board, senior executives and workforce generally; and

(c) disclose in relation to each reporting period:

1. the measurable objectives set for that period to achieve gender diversity;
2. the entity's progress towards achieving those objectives; and
3. either:
   - (A) the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for these purposes); or
   - (B) if the entity is a 'relevant employer' under the Workplace Gender Equality Act, the entity's most recent 'Gender Equality Indicators', as defined in and published under that Act.16

Recommendation 1.5 continued

If the entity was in the S&P/ASX 300 Index at the commencement of the reporting period, the measurable objective for achieving gender diversity in the composition of its board should be to have not less than 30% of its directors of each gender within a specified period.

The Company has adopted a Diversity Policy which provides a framework for the Company to establish and achieve measurable diversity objectives.

In accordance with all matters set out in the Diversity Policy, given the size of the Company, Lion has formed the view that it would not, at this time, be appropriate or practical to establish measurable objectives for achieving gender diversity.

The Board did not set measurable gender diversity objectives for the past financial year with respect to recommendation 1.5(c). Lion does not at this time intend to comply with this recommendation. However, this position will be reviewed annually by the Board.

Recommendation 1.6

A listed entity should:

(a) have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors; and

(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that reporting period.

Recommendation 1.7

A listed entity should:

(a) have and disclose a process for evaluating the performance of its senior executives at least once every reporting period; and

(b) disclose for each reporting period whether a performance evaluation has been undertaken in accordance with that process during or in respect of that period.

The small scale of the Board and the nature of the Company's activities make the formal establishment of a performance evaluation strategy unnecessary. Performance evaluation is managed by the Chairman. The Chairman assesses each Board member's performance and the performance of management (including the Chief Executive Officer), the Board as a whole and its committees on an annual basis. This process includes one-on-one and collective meetings.

Corporate Governance Statement

PRINCIPLE 2: Structure the board to be effective and add value

Recommendation 2.1

The board of a listed entity should:

(a) have a nomination committee which:
1. has at least three members, a majority of whom are independent directors; and
2. is chaired by an independent director,

and disclose:

3. the charter of the committee;
4. the members of the committee; and
5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a nomination committee, disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.

Lion recognises that Recommendation 2.1 of the Principles and Recommendations of the ASX Corporate Governance Council suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of Lion's Board, the Board in its entirety, acts effectively as Nomination Committee and there is no need to further subdivide it. As such, a Nomination Committee is an unnecessary measure for Lion.

The Lion Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development.

Recommendation 2.2

A listed entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.

It is a policy of Lion that the Board comprises individuals with a range of knowledge, skills and experience which are appropriate to its objectives.

Recommendation 2.3

A listed entity should disclose:

(a) the names of the directors considered by the board to be independent directors;

(b) if a director has an interest, position, association or relationship of the type described in Box 2.3 but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion; and

(c) the length of service of each director.

A summary of the Lion directors' skills and experience is set out below:

Skills and Experience	No. of Lion Directors
Leadership and Governance	
Leadership	4
Corporate Governance	4
Strategy	4
Operations	
Geology & Exploration	1
Infrastructure	2
Engineering	2
Project Delivery	4
Finance & Risk	
Accounting	2
Finance	3
Acquisitions	4
Risk Management	4
Mining Investment	**4**

Lion's Constitution provides that the number of directors is to be determined by the Board shall not be less than three. As a matter of policy, the Board is comprised of a majority of independent non-executive directors.

At present, the Company has four directors – three independent non-executive directors, being Barry Sullivan (who is also the Chairman), Chris Melloy and Peter Maloney, and an executive director, Robin Widdup. The relevant skills, experience and expertise of each director as well as the period of office held by each director are described in the Company's Annual Report.

Recommendation 2.4

A majority of the board of a listed entity should be independent directors.

Corporate Governance Statement

The independent and objective judgment of Lion's directors is of paramount importance to the effective operation of the Board. Independence is defined for the purposes of the director as he/she being independent of any business relations, whether managerial or otherwise, with Lion or its actual or potential investments which might interfere with their ability to make sound, unfettered, objective judgments, and act in the best interest of Lion and its shareholders.

The directors' independence is regularly assessed by the Board.

The majority of the Board of Lion are independent non-executive directors.

The executive director, Robin Widdup, is a director of the Manager, which manages Lion's portfolio. To avoid any conflict of interest and in keeping with the Corporations Act, Mr Widdup is not present during any deliberations concerning Lion's relationship with the Manager, nor does he vote in relation to such matters.

Recommendation 2.5

The chair of the board of a listed entity should be an independent director and, in particular, should not be the same person as the CEO of the entity.

To accord with good corporate governance practices and in step with our objective of diversification of Board representatives, the roles of Chairman and Chief Executive Officer have been segregated.

Recommendation 2.6

A listed entity should have a program for inducting new directors and for periodically reviewing whether there is a need for existing directors to undertake professional development to maintain the skills and knowledge needed to perform their role as directors effectively.

The directors of the Board are specifically and individually selected for their diverse skills and knowledge already acquired through their education, professions, experience, positions held and ongoing exposure to industry.

In accordance with the Company's Board Charter:

- new Board appointees will undertake an induction program to ensure effective and active participation at the earliest opportunity;
- the Board is responsible for procuring appropriate professional development opportunities for Directors to develop and maintain the skills and knowledge needed to effectively perform their role as Directors.

PRINCIPLE 3: Instil a culture of acting lawfully, ethically and responsibly

Recommendation 3.1

A listed entity should have and disclose its values.

The Company is committed to conducting all of its business activities fairly, honestly, with the highest level of integrity and professionalism and in compliance with all applicable laws, rules and regulations. The Board is dedicated to the highest ethical standards and recognizes and supports the Company's commitment to compliance with these standards.

A statement of the Company's core values is available on its website.

Recommendation 3.2

A listed entity should:

(a) have and disclose a code of conduct for its directors, senior executives and employees; and
(b) ensure that the board or a committee of the board is informed of any material breaches of that code.

The Company's Code of Conduct applies to the directors, senior executives and employees of the Company and the Manager.

The Company's Code of Conduct is available on the Company's website. Any material breach of the Code of Conduct is reported to the Board.

All directors and employees of the Company must, and the directors must ensure that the Manager and its employees, preserve the highest standards of integrity, accountability and honesty in their dealings, operating in strict adherence to statutory and ethical obligations. All such individuals are to be mindful and respectful of relevant policies and responsibilities, must avoid all conflicts of interest or, where a conflict is able to be managed, must speak with the Chairman about how the conflict should be managed (who will consult with the board of directors if necessary). Where there is uncertainty about whether a conflict exists, all directors and employees are encouraged to discuss the relevant circumstances with the Chairman. All concerns about a breach of the Code of Conduct are to be reported to the Chairman (who will in turn consult with the board).

The Company's practices are to be stringently monitored by the Board, while the Board itself must adhere to the principles of its charter and uphold a high standard of independence, objectivity and openness in its dealings and relationship with shareholders and the management team.

Corporate Governance Statement

In addition to its Code of Conduct, the Company's Shareholder Communications Policy, Securities Trading Policy and Continuous Disclosure Policy, collectively form a solid ethical foundation for company practices and must be complied with at all times.

Ethical Policies

Lion's policies on indigenous communities, the environment and social governance are as follows:

Local Indigenous Communities

Lion's policy is that developments of investees are not exploitative of local and indigenous communities and must assist local communities such through symbiotic project development. Investees are to have a focus on health, education and employment of indigenous people near to investee companies' development projects.

Environment

Lion's policy is that the environmental impact of developments be in line with country/international standards and not adversely impact local communities' geology/economy.

Statement of Social Governance

It is the Company's objective to achieve sustainable economic and social benefits to the communities in which mineral activity takes place by:

- recognising local realities and concerns;
- promoting dialogue and participation;
- building social and economic capital; and
- integrating activities locally and regionally.

To achieve its social governance objectives, the Company considers the following areas of activity:

- Exploration/access to land and resources.
- Project development and governance of mining and processing activity.
- Rent (royalty, tax etc) capture and distribution.
- Stewardship of water, biodiversity and energy use.
- Waste management.
- Social and environmental aspects of mine closure.

Subsequent stages of metals trade, smelting and refining may often be beyond the influence of the Company.

Recommendation 3.3

A listed entity should:

(a) have and disclose a whistleblower policy; and
(b) ensure that the board or a committee of the board is informed of any material incidents reported under that policy.

Disclosures of wrongdoing are of importance to the Company's risk management and corporate governance framework.

The Company encourages a culture of 'speaking up' to raise concerns about possible unlawful, unethical or socially irresponsible behaviour or other improprieties without fear of retaliation or otherwise being disadvantaged.

The Company's Whistleblower Policy is available on the Company's website. Under the Whistleblower policy, all Disclosable Matters are reported to the Board or a committee of the Board.

Recommendation 3.4

A listed entity should:

(a) have and disclose an anti-bribery and corruption policy; and
(b) ensure that the board or a committee of the board is informed of any material breaches of that policy.

(a) The Company's Anti-Bribery and Corruption Policy is available on the Company's website.
(b) Any material breaches of the Anti-Bribery and Corruption Policy are to be reported to the Board or a committee of the Board

Corporate Governance Statement

PRINCIPLE 4: Safeguard the integrity of corporate reports

Recommendation 4.1

The board of a listed entity should:

(a) have an audit committee which:
   1. has at least three members, all of whom are non-executive directors and a majority of whom are independent directors; and
   2. is chaired by an independent director, who is not the chair of the board,
   and disclose:
   3. the charter of the committee;
   4. the relevant qualifications and experience of the members of the committee; and
   5. in relation to each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have an audit committee, disclose that fact and the processes it employs that independently verify and safeguard the integrity of its corporate reporting, including the processes for the appointment and removal of the external auditor and the rotation of the audit engagement partner.

The Company has an Audit Committee all of whom are independent non-executive directors. The Audit Committee is chaired by an independent director who is not chair of the Board.

The Charter of the Lion Audit Committee and the relevant qualifications of the committee's members is available on the Company's website.

Recommendation 4.2

The board of a listed entity should, before it approves the entity's financial statements for a financial period, receive from its CEO and CFO a declaration that, in their opinion, the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.

Prior to approval of any financial statement for a financial period, the Chief Executive Officer of Lion (who is also responsible for the financial reports of the company) provides to the Lion Board a declaration in accordance with Section 286 of the Corporations Act which also accords with Recommendation 4.2.

Recommendation 4.3

A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.

The Company undertakes significant review of any information to verify its integrity prior to its release to the market. This includes separate reviews by the Company's Chief Financial Officer, Company Secretary and Directors as necessary. Where a release is to include matter of substance, the Company will seek additional input and guidance from its Auditors prior to the information being released to the market.

PRINCIPLE 5: Make timely and balanced disclosure

Recommendation 5.1

A listed entity should have and disclose a written policy for complying with its continuous disclosure obligations under listing rule 3.1.

The Company's Continuous Disclosure Policy provides details of the Company's policies and procedures for compliance with its continuous disclosure obligations.

The Continuous Disclosure Policy is available on the Company's website.

Recommendation 5.2

A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.

The Board reviews and considers each material market announcement and provides it approval for release prior to any information being released to the market.

Recommendation 5.3

A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.

All substantive investor or analyst presentations are released to the ASX Markets Announcements Platform ahead of any such presentations. Once released, the presentations are also published on the Company's website.

Corporate Governance Statement

PRINCIPLE 6: Respect the rights of security holders

Recommendation 6.1

A listed entity should provide information about itself and its governance to investors via its website.

ASX announcements, quarterly reports, presentations, notices of meetings and explanatory material are posted to Lion's website regularly. Other information on the site includes details of Lion's investment portfolio, Lion's share price, information about the Company and its directors and management and also the Company's governance and policies. Information from the Annual General Meetings and regular updates to investors as well as links to the share registry and other sites of interest are also available on the Company's website.

Lion's website contains a specific corporate governance landing page where information regarding the Company's policies is easily accessible by shareholders.

Recommendation 6.2

A listed entity should have an investor relations program that facilitates effective two-way communication with investors.

In addition to the management and investment services the Manager provides to Lion, the Manager also provides comprehensive investor relations services which are reviewed annually by the Lion board. Both the Lion Board and the Manager are mindful of the importance of not only providing information, but also encouraging and enabling two-way communication between the Company and its shareholders.

The Company has adopted a Shareholder Communications Policy which outlines a range of ways information is communicated to shareholders. A copy of the Shareholder Communications Policy is available on the Company's website.

Recommendation 6.3

A listed entity should disclose how it facilitates and encourages participation at meetings of security holders.

Lion places great importance on the communication of accurate and timely information to its shareholders and market participants. Lion recognises that efficient and continuous contact between the Company and the interested public, and particularly with shareholders and their representatives, is an essential part of earning the trust and loyalty of shareholders, building shareholder value and allowing shareholders to make informed decisions regarding their investment in Lion. Lion encourages shareholder participation at general meetings and welcomes regular contact with its shareholders.

Recommendation 6.4

A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than a show of hands.

The Company will continue to comply with Recommendation 6.4 and ensure all substantive resolutions at a meeting of security holders will be decided on a poll rather than a show of hands.

Recommendation 6.5

A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.

Lion's register of security holders is maintained by Computershare Investor Services Pty Limited.

Lion actively encourages security holders to communicate electronically with the company and Computershare. Security holders can elect to receive electronic communications from the Company via the Computershare Investor Centre. Lion has implemented online voting for general meetings via the Computershare Investor Centre to encourage higher voting participation from its security holders.

Corporate Governance Statement

PRINCIPLE 7: Recognise and manage risk

Recommendation 7.1

The board of a listed entity should:

(a) have a committee or committees to oversee risk, each of which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director, and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a risk committee or committees that satisfy (a) above, disclose that fact and the processes it employs for overseeing the entity's risk management framework.

Recommendation 7.2

The board or a committee of the board should:

(a) review the entity's risk management framework at least annually to satisfy itself that it continues to be sound and that the entity is operating with due regard to the risk appetite set by the board; and

(b) disclose, in relation to each reporting period, whether such a review has taken place.

In view of the small size of Lion's Board, the Board in its entirety acts, effectively, as a committee to oversee risk and there is no need to further subdivide it.

Lion is a specialist investor in listed and unlisted mining and exploration companies and assets and its major business risk is the performance of these companies and assets. Risks associated with the exploration and mining industry include geological, technical, political, title and commodity pricing risks.

The main areas of business risk to the Company arise from:

- failure of an investee company due to one or a number of the above causes;
- downturn in the stock market; and
- changes to the law – corporations/taxation legislation.

Individual investments each have their own risks which relate to the mining industry generally. Under the guidance of the Lion board, the Manager has established procedures relating to investment and divestment decisions, and management of investments with emphasis on risk assessment. The Manager reports through monthly reports and at Board meetings on Lion's investments and related risk.

The Board aims to reduce investment risk through diversifying investments geographically and avoid over-dependence on a single commodity, investee company or country. In certain circumstances the Board may elect to have higher concentrations of the Company's portfolio in a particular commodity, investee company or country if the anticipated rewards merit this approach.

Recommendation 7.3

A listed entity should disclose:

(a) if it has an internal audit function, how the function is structured and what role it performs; or

(b) if it does not have an internal audit function, that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.

Lion has no internal audit function. The Lion Board and Audit Committee are responsible for establishing and maintaining an internal control structure. This structure is documented and periodically reviewed with the CEO.

Recommendation 7.4

A listed entity should disclose whether it has any material exposure to environmental and social risks and, if it does, how it manages or intends to manage those risks.

The activities of Lion are subject to risks that can adversely impact its business and financial condition. Risks and uncertainties are described in the Company's Annual Report.

Corporate Governance Statement

PRINCIPLE 8: Remunerate fairly and responsibly

Recommendation 8.1

The board of a listed entity should:

(a) have a remuneration committee which:
  1. has at least three members, a majority of whom are independent directors; and
  2. is chaired by an independent director, and disclose:
  3. the charter of the committee;
  4. the members of the committee; and
  5. as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings; or

(b) if it does not have a remuneration committee, disclose that fact and the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.

Recommendation 8.2

A listed entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.

Compensation Arrangements and Remuneration Committee

Due to the small size of the Lion Board and the fact that remuneration matters are monitored by the Board in its entirety, the Board believes a separate Remuneration Committee is unnecessary and inappropriate.

Neither the Executive Director nor Chief Executive Officer receives any remuneration from the Company, but are paid by the Manager, which receives fees from the Company as per the Management Agreement. Additionally, remuneration matters for the Company predominantly relate to the remuneration paid to the Manager, something which is addressed by a set formula in the Management Agreement.

Lion's Constitution stipulates that the aggregate remuneration available for division amongst the non-executive directors is determined by the shareholders in general meeting. With shareholder approval, the aggregate was increased to $200,000 per annum commencing 1 August 2011. This amount, or some part of it, is divided among the non-executive directors as determined by the Board. At present the aggregate annual remuneration paid to non-executive directors is $132,000.

D&O Insurance and Indemnity

The Company maintains a Directors and Officers and Company Reimbursement Insurance Policy.

An indemnity agreement has been entered into between Lion and each of the directors of the Company and with the Chief Executive Officer and the Company Secretary. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Performance Evaluation

The small scale of the Board and the nature of the Company's activities make the formal establishment of a performance evaluation strategy unnecessary. Performance evaluation is managed by the Chairman. The Chairman assesses each Board member's performance and the performance of management (including the Chief Executive Officer), the Board as a whole and its committees on an annual basis. This process includes one-on-one and collective meetings.

Recommendation 8.3

A listed entity which has an equity-based remuneration scheme should:

(a) have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and

(b) disclose that policy or a summary of it.

Lion does not have an equity based remuneration scheme.

Corporate Governance Statement

PRINCIPAL 9: Additional Recommendations that only apply in certain cases

Recommendation 9.1

A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.

Not applicable.

Recommendation 9.2

A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.

Not applicable.

Recommendation 9.3

A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.

Not applicable.

Director's Report

The Directors of Lion Selection Group Limited ('Lion' or 'the Company') submit their report on the operations of the Company for the financial year ended 31 July 2022.

At the date of this report Lion had 148,406,526 fully paid ordinary shares on issue.

Directors

The following persons were directors of Lion during the financial year and up to the date of this report:

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

Principal Activities

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

Operating and Financial Review

This financial report is prepared in accordance with Australian Accounting Standards and therefore includes the result of the 'mark to market' of the Company's investment portfolio in both the Statement of Comprehensive Income and the Statement of Financial Position.

The Company's profit after tax for the year was $9.0 million (2021: loss of $5.9 million).

Economic and operating conditions during 2021 and 2022 have been extremely challenging for many businesses as the fallout from the COVID-19 outbreak continues to impact the world. Equity markets have been very volatile, as governments and central banks try and respond to difficult conditions and control inflation. Despite this difficulty in business operations for Lion and its investees, Lion's portfolio has performed relatively well with Lion exiting two key investments during the year placing it in a strong position to take advantage of new opportunities with a renewed focus on Australian opportunities.

The result for the year reflects a mark to market gain of $8.1 million with respect to investments, with key movements in the portfolio value outlined below:

- A mark to market increase of $4.7 million on Lion's investment in the Pani Joint Venture that was realised during the period,
- A mark to market increase of $2.9 million on Lion's investment in PT Merdeka Copper Gold TBK (Merdeka) shares received as consideration for the Pani sale, including $0.9 million realised gain for taking up its rights in Merdeka's deeply discounted rights issue and immediately selling these shares.
- Increase in the value of Lion's investments in PhosCo (formerly Celamin) of $2.8 million following the company regaining operational control of the Chaketma Phosphate Project.
- A mark to market decrease of $1.7 million in the valuation of Lion's investment in Erdene Development Corporation, with delays in permitting and financing its Bayan Khundii Gold Project in Mongolia.

At 31 July 2022 the Company held investments valued at $56.6 million (2021: $90.0 million), and cash and term deposits of $40.6 million (2021: $6.9 million).

Pani Joint Venture

On 31 January 2022 Lion announced that Lion's Pani interest was being acquired by 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); and
- Deferred consideration of US$10M (subject to adjustment) due on 28 January 2023.

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.

During the year Lion also 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.

Dividends

On 15 March 2022[1] Lion Selection Group Limited declared a 3.5¢ps special unfranked dividend to shareholders (totalling $5.3 million) which was paid on 29 April 2022 (2021: Nil). The Board has determined to pay a dividend of 1.5¢ps to be paid as an annual dividend following the 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.

Compliance with Environmental Regulations

Lion has a policy that environmental impacts of developments of investees are in line with country/international standards and do not adversely impact local communities.

Lion has not been notified by any investee of any environmental breach by any government or other agency, and is not aware of any such breach.

1. See ASX Announcement dated 15 March 2022, Lion to pay 5¢ps dividends in CY2022

Director's Report

Significant Changes in the State of Affairs

There were no significant changes in the state of affairs of the Company.

Significant Events after Balance Date

There has not arisen in the interval between the end of the financial year 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.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

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.

In relation to the COVID-19 pandemic, the outlook remains unclear as companies face an extremely difficult operating environment.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lion support the applicable principles of good corporate governance. The Company's corporate governance statement can be found in the About Lion section of our website www.lionselection.com.au.

Employees

At 31 July 2022 there was 1 full time equivalent employee of the Company (2021: 1 FTE).

Remuneration Report

All disclosures in this remuneration report have been audited. This remuneration report outlines the director and executive remuneration arrangements of the Company as required by section 308 (3C) of the Corporations Act 2001. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director, and includes the executive employed by the Company considered to meet the definition of key management personnel.

Key Management Personnel Remuneration Framework

Emoluments of individual Board members and other key management personnel are determined on the basis of market conditions and the level of responsibility associated with their position. The emoluments are not specifically related to company performance and there are no long-term or short-term performance-related incentives provided to key management personnel. Remuneration and other terms of employment for key management personnel are formalised in either service agreements or employment contracts.

The remuneration policy in relation to directors is determined by the full Board. Remuneration of other key management personnel is determined by the directors of the Company. Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. As approved by shareholders at the Annual General Meeting held on 1 December 2011, the maximum aggregate amount, including superannuation contribution, that may be paid to directors of the Company as remuneration for their services is $200,000 for any financial year.

Other key management personnel receive a base salary and superannuation contributions in accordance with Australian superannuation guarantee legislation.

Lion's only contracted executive, Ms Jane Rose, is employed under an employment contract with no fixed duration. The contractual notice period under this agreement is 3 months with no termination benefit specified in the agreement. The other key management personnel are not subject to any notice period or termination benefit with respect to their positions with the Company.

The remuneration policy of the Company with respect to directors and other key management personnel provides for Director's & Officer's (D&O) Insurance cover, but does not provide options, shares, loans or any other non-monetary benefits.

Voting and Comments at the Company's 2021 Annual General Meeting

The Company received more than 96% of 'yes' votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2021 Annual General Meeting on its remuneration practices.

Details of Remuneration

Details of remuneration paid/payable to directors and the other key management personnel of the Company are detailed in the table below. The benefits provided to key management personnel are fixed with no at-risk components of remuneration.

Key Management Personnel of the Company – Remuneration for year to 31 July 2022

2022		SHORT TERM BENEFITS SALARIES/ FEES	CASH BONUS	TERMINATION BENEFITS	POST-EMPLOYMENT SUPERANNUATION	TOTAL
NAME	NOTES	$	$	$	$	$
Directors						
B J K Sullivan		47,255	-	-	4,745	**52,000**
P J Maloney		12,500	-	-	27,500	**40,000**
C Melloy		12,500	-	-	27,500	**40,000**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		91,041	-	-	9,151	**100,192**
Total		**163,296**	**-**	**-**	**68,896**	**232,192**

2021		SHORT TERM BENEFITS SALARIES/ FEES	CASH BONUS	TERMINATION BENEFITS	POST-EMPLOYMENT SUPERANNUATION	TOTAL
NAME	NOTES	$	$	$	$	$
Directors						
B J K Sullivan		47,458	-	-	4,542	**52,000**
P J Maloney		14,792	-	-	25,208	**40,000**
C Melloy		14,792	-	-	25,208	**40,000**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		68,789	-	-	6,563	**75,352**
Total		**145,831**	**-**	**-**	**61,521**	**207,352**

(a) R A Widdup and C K Smyth are employed by Lion Manager Pty Ltd, and do not receive any remuneration from the Company

Both Mr R A Widdup and Mr C K Smyth are executive directors and beneficial owners of Lion Manager Pty Ltd and have the capacity to significantly influence decision making of that company. Lion Manager provides management and investment services to Lion. These arrangements were approved by shareholders at Lion’s AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management. During the year in accordance with clause 8.2 of the Management Agreement and the closure of the Pani transaction, the invested capital increased from $63.3M to $100.5M. This has resulted in an increase in fees from 1 March 2022. Management fees of $1,268,552 were paid in the current year. There is an incentive applicable which would apply where Lion’s performance outperforms a benchmark. In addition, up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion’s website. As at the date of this report no incentive fee had accrued with respect to the Lion Manager contract.

In addition, Lion Manager has been providing comprehensive Investor Relations services associated with Lion’s ASX listing for $12,500+ GST per month. This Investor Relations services monthly fee was terminated without fee on 1 March 2022.

Director's Report

Key Management Personnel Shareholdings

At the date of this report the direct and indirect interests of the directors and other key management personnel in the ordinary shares and options of Lion are detailed below. No shares or options were issued as remuneration.

Shareholdings of Key Management Personnel of the Company

NAME	BALANCE 1 AUGUST 2021	SHARES ISSUED AS REMUNERATION	ON-MARKET PURCHASE OF SHARES	CLOSING BALANCE 31 JULY 2022
Directors				
P J Maloney	2,190,389	-	-	2,190,389
C Melloy	5,751,509	-	48,491	5,800,000
R A Widdup	16,717,277*	-	-	16,717,277
B J Sullivan	813,074	-	-	813,074
Other Key Management Personnel				
C K Smyth	1,431,137		74,000	1,505,137
J M Rose	-	-	-	-
Total	**26,903,386***	**-**	**122,491**	**27,025,877**

NAME	BALANCE 1 AUGUST 2020	SHARES ISSUED AS REMUNERATION	ON-MARKET PURCHASE OF SHARES	CLOSING BALANCE 31 JULY 2021
Directors				
P J Maloney	2,190,389	-	-	2,190,389
C Melloy	5,718,077	-	33,432	5,751,509
R A Widdup	16,167,277	-	550,000*	16,717,277*
B J Sullivan	813,074	-	-	813,074
Other Key Management Personnel				
C K Smyth	1,411,137		20,000	1,431,137
J M Rose	-	-	-	-
Total	**26,299,954**	**-**	**603,432***	**26,903,386***

* The opening number of shares has been updated to reflect historical shares omitted in the prior year.

Options on issue

There were no options on issue during 2022.

Director’s Report

Information on Directors

Barry Sullivan
BSc (Min), ARSM, FAusIMM, MAICD
Chairman

Barry Sullivan is an experienced and successful mining engineer with a career spanning over 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines. In the final five years of his tenure with MIM, Barry was Executive General Manager responsible for the extensive Mount Isa and Hilton operations.

Barry was previously Non-Executive Chairman for EganStreet Resources, non-executive Director and Chairman of Exco Resources and a non-executive Director of Catalpa Resources, Sedimentary Holdings, Bass Metals and Allegiance Mining. He was also a non-executive director of Lion’s predecessor company, Lion Selection Limited.

Barry has been a non-executive director of Lion since December 2011, becoming Chairman from 25 February 2016.

Peter Maloney
BComm, MBA (Roch)
Non-Executive Director

Peter Maloney has broad commercial, financial and management expertise and experience. He has been Chief Financial Officer of Lion and an executive director of Lion Manager. Prior to that he held senior executive positions with WMC Resources and a number of other companies.

Peter holds a Bachelor of Commerce from the University of Melbourne and an MBA from University of Rochester. He has also completed the Advanced Management Program at Harvard Business School.

Peter has been a non-executive director of Lion since December 2010, including serving as Chairman between 1 January 2012 and 24 February 2016.

Chris Melloy
BE (Mining) (Hons), MEngSc, MAusIMM, F Fin
Non-Executive Director

Chris Melloy is a mining engineer with some 40 years’ experience in the mining industry in operations, securities analysis and investment. He held senior positions in MIM and JB Were & Son prior to joining Lion.

Chris was an Executive Director of Lion Manager from its inception in 1997 through to 2011, becoming a non-executive director of Lion on 1 November 2012.

Robin Widdup
BSc (Hons), MAusIMM
Director

Robin has over 40 years of industry experience. He graduated from Leeds University in 1975 with an Honours Degree in Geology. From 1986 to 1997 Robin worked as an Analyst and Manager for J B Were & Sons – Resource Research team. Robin founded Lion Selection Group and Lion Manager in 1997.

Robin is a director of Lion Manager Pty Ltd, Chairman of PhosCo Ltd and a non-executive director One Asia Resources Limited both Lion investees.

Other Key Management Personnel

Craig Smyth
BCA (Acctg), M App Fin, CA
Chief Executive Officer

Craig Smyth graduated from the Victoria University of Wellington with a Bachelor of Commerce and Administration, and has completed his Master of Applied Finance at the University of Melbourne. Craig’s financial background includes Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. He is currently the CEO of Lion and Executive Director of Lion Manager Pty Limited. Craig is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Jane Rose
Investor Relations Manager & Company Secretary

Jane Rose commenced work in 1983 as a legal administrative assistant. During the following 12 years, Jane held senior administrative positions with Phillips Fox and Corrs Chambers Westgarth in Melbourne and Nabarro Nathanson in London.

On returning to Australia, Jane worked as Executive Assistant to the Managing Director of Acacia Resources Limited and AngloGold Ashanti Limited where she was also responsible for the management of various corporate initiatives, including marketing and co-ordination of investor relations activities. From 2002 to 2006, Jane worked for several Lion investees, including MPI Mines Ltd, Leviathan Resources and Indophil Resources. Jane worked with Lion in early 2007 to assist with the merger, and she subsequently joined the company in July 2007 as Corporate Relations Manager.

In November 2008 Jane was appointed Company Secretary.

Director's Report

Directors' Meetings

During the year and up until the date of this report, the Company held 16 directors' meetings. The table below reflects attendances of the directors at meetings of Lion's Board.

BOARD OF DIRECTORS	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	16	16
R A Widdup	16	16
B J K Sullivan	16	16
C P Melloy	15	16

Audit Committee Meeting

During the year and up until the date of this report, the Company held two Audit Committee meetings.

The table below reflects attendances of the Audit Committee meetings.

AUDIT COMMITTEE	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	2	2
B J K Sullivan	2	2
C P Melloy	1	2

Directors' Benefits

Since the end of the preceding financial year, no director has received or become entitled to receive a benefit, other than benefits disclosed in this report as emoluments or the fixed salary of a full time employee of the Company or a related body corporate, by reason of a contract made by the Company or related body corporate with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Indemnification of Directors and Officers

An indemnity agreement has been entered into between Lion and each of the Company's directors named earlier in this report and with the Company Secretary. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Lion has paid an insurance premium of $84,218 in respect of a contract insuring each of the directors, previous directors of the Company, and other key management personnel, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

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 41.

Non-Audit Services

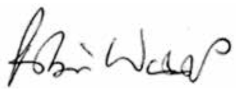
No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2022. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Rounding of Amounts

The Company is of a kind referred to in ASIC Instrument 2016/191 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.

B J K Sullivan
Chairman



R A Widdup
Director
Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of Lion Selection Group Limited for the year ended 31 July 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 audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Graeme McKenna

Graeme McKenna
Partner
PricewaterhouseCoopers

Melbourne
8 September 2022

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Lion Selection Group Limited
Directors' Declaration

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

1. In the opinion of the directors:
   - (a) the financial statements, notes set out on pages 43 to 65 are in accordance with the *Corporations Act 2001* and other mandatory reporting requirements, including:
     - (i) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
     - (ii) giving a true and fair view of the financial position of the Company's position as at 31 July 2022 and its performance for the year ended on that date; 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.
2. Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 July 2022.
4. The directors have been given the declaration by the chief executive officer required by section 295A of the *Corporations Act 2001*.

On behalf of the Board

B J K Sullivan
Chairman

R A Widdup
Director

Melbourne
Date: 8 September 2022

Financial Statements

Statement of Comprehensive Income for the Year ended 31 July 2022

	NOTES	2022 $'000	2021 $'000
Gain/(loss) attributable to movement in fair value	4	**8,127**	(786)
Interest income		**120**	22
Other income		**55**	9
Foreign exchange gain/(loss)		**80**	(182)
Management fees		**(1,269)**	(1,096)
Employee benefits		**(243)**	(210)
Other expenses	4	**(718)**	(464)
Profit/(loss) before income tax		**6,152**	(2,707)
Income tax (expense)/benefit	5	**2,879**	(3,158)
Net profit/(loss) after tax		**9,031**	(5,865)
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**9,031**	(5,865)
Attributable to:			
Members		**9,031**	(5,865)
		Cents per share	**Cents per share**
Basic earnings/(loss) per share		**6.0**	(3.9)
Diluted earnings/(loss) per share		**6.0**	(3.9)

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

Financial Statements

Statement of Financial Position as at 31 July 2022

	NOTES	2022 $'000	2021 $'000
Current Assets			
Cash and cash equivalents	13	**20,619**	6,938
Term deposits	3	**20,000**	-
Trade receivables and other assets	6	**102**	274
Financial assets	7	**44,106**	16,968
Total current assets		**84,827**	24,180
Non-Current Assets			
Financial assets	7	**12,534**	73,037
Property, plant and equipment	8	**392**	13
Total non-current assets		**12,926**	73,050
Total Assets		**97,753**	97,230
Current Liabilities			
Trade and other payables	9	**150**	104
Tax payable	5	**237**	-
Lease liabilities		**81**	-
Total current liabilities		**468**	104
Non-Current Liabilities			
Lease liabilities		**308**	-
Deferred tax liabilities	5 (b)	**43**	3,158
Total non-current liabilities		**351**	3,158
Total Liabilities		**819**	3,262
Net Assets		**96,934**	93,968
Equity			
Contributed equity	11	**125,404**	126,214
Reserves	12	**1,341**	1,341
Accumulated losses	10	**(29,811)**	(33,587)
Total Equity		**96,934**	93,968

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

Financial Statements

Statement of Cash Flows for the Year ended 31 July 2022

	NOTES	2022 $'000	2021 $'000
Cash flows from operating activities			
Interest received		**105**	22
Other income received		**55**	9
Payments to suppliers and employees (including GST)		**(2,170)**	(1,800)
Interest paid		**(17)**	-
Net cash inflow/(outflow) from operating activities	13(b)	**(2,027)**	(1,769)
Cash flows from investing activities			
Payments for investments		**(4,084)**	(2,338)
Funds placed on term deposit		**(20,000)**	-
Proceeds from investments		**45,807**	390
Net cash inflow/(outflow) from investing activities		**21,723**	(1,948)
Cash flows from financing activities			
Dividends paid		**(5,255)**	-
On-market share buy-back		**(778)**	-
Payments for lease liability		**(62)**	-
Net cash inflow/(outflow) from investing activities		**(6,095)**	-
Net increase/(decrease) in cash and cash equivalents		**13,601**	(3,717)
Effects of exchange rate changes on foreign currency denominated cash and cash equivalents		**80**	(182)
Cash and cash equivalents at beginning of financial year		**6,938**	10,837
Cash and cash equivalents at end of financial year		**20,619**	6,938

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

Financial Statements

Statement of Changes in Equity for the Year ended 31 July 2022

	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 August 2021	**126,214**	**1,341**	**(33,587)**	**93,968**
Total comprehensive income/(loss)	**-**	**-**	**9,031**	**9,031**
Transactions with owners in their capacity as owners				
Dividends paid	-	-	(5,255)	(5,255)
Share buy-back	(810)	-	-	(810)
Balance at 31 July 2022	**125,404**	**1,341**	**(29,811)**	**96,934**
Balance at 1 August 2020	**126,214**	**1,341**	**(27,722)**	**99,833**
Total comprehensive income/(loss)	**-**	**-**	**(5,865)**	**(5,865)**
Transactions with owners in their capacity as owners	-	-	-	**-**
Balance at 31 July 2021	**126,214**	**1,341**	**(33,587)**	**93,968**

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

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ('Lion' or 'the Company') for the year ended 31 July 2022 was authorised for issue in accordance with a resolution of the directors on 8 September 2022. The directors have the power to amend and reissue the financial report.

Lion is a company limited by shares incorporated in Australia. The nature of the operations and principal activities of the Company are described in the Directors' Report. The registered address of Lion is Level 2, 175 Flinders Lane, Melbourne.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Lion is a for-profit entity for the purpose of preparing the financial statements.

The financial report complies with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for certain financial assets and financial liabilities that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to Lion under ASIC Instrument 2016/191. Lion is an entity to which the class order applies.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and entities controlled by Lion (Asian Lion Limited (wound up in 2022), African Lion 3 Limited and Lion Selection Asia Limited) do not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating these entities and continues to carry these investments at fair value.

(b) New accounting standards and interpretations

New standards

The Company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have an impact on the carrying amounts of certain assets and liabilities are:

(i) Fair value of investments and other financial assets

The Company carries its investments at fair value with changes in the fair values recognised in profit or loss. The fair value of investments and other financial assets that are not traded in an active market is determined based on either a recent sale price, or where not available, the market value of underlying investments. Determination of market value involves the Company's judgment to select a variety of methods and in making assumptions that are mainly based on market conditions existing at each balance sheet date. The key assumptions used in this determination are set out in note 2(j).

(ii) Income taxes

Lion is subject to income taxes in Australia. Judgment is required in determining the provision for income taxes and deferred taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Lion recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that sufficient future taxable amounts will be available to utilise those temporary differences and losses. This involves judgment regarding the future financial performance and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in the period in which the change occurs.

(d) Other Income

Other income is recognised to the extent that it is probable that the economic benefits will flow to Lion and the other income can be reliably measured. The following specific recognition criteria must also be met before other income is recognised:

(i) Interest

Income is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the fair value of the financial asset.

(ii) Dividends

Dividend income is recognised when the shareholders' right to receive the payment is established.

(e) Cash, cash equivalents and term deposits

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet. Other short-term, highly liquid investments with original maturities of more than three months are shown within term deposits on the balance sheet.

(f) Trade and other receivables

Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company recognises a provision based on historical default rates, debtor analysis and the Company's monitoring of credit risk. Trade and other receivables are written off when there is no reasonable expectation of recovery.

(g) Foreign currency translation

Both the functional and presentation currency of Lion is Australian dollars (AUD).

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and

Transations and Balances (continued)

liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity as part of other comprehensive income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

Tax Consolidated Group

The Company and its wholly-owned entities have implemented the tax consolidation legislation. The head entity, Lion Selection Group Limited, and the wholly-owned entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand-alone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the Company also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from wholly-owned entities in the tax consolidated group.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(j) Investments, other financial assets and Investments in associates

The Company classifies its financial assets into the following categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be held at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Lion is a venture capital organisation, and designates its investments as being fair value through profit or loss. The scope of AASB 128 Investments in Associates allows the Company to elect to measure that investment at fair value through profit or loss in accordance with AASB 9. After initial recognition, investments are measured at fair value, with gains or losses on fair value of investments being recognised in the Statement of Comprehensive Income. The fair value of assets is re-measured at each reporting date. This recognition is more relevant to shareholders and consistent with internal investment evaluation.

The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial assets that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

All regular purchases and sales of financial assets are recognised on the trade date (i.e. the date that the Company commits to purchase the asset). Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

Investments in controlled entities

During the period the Company held a 100% ownership interest in Asian Lion Limited (wound up in 2022) and Lion Selection Asia Limited, a 99% ownership interest in African Lion 3 Limited, and controls these companies. Lion is an investment entity for the purposes of AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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:

Investments in controlled entities (continued)

(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.

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(ii) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Leases

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.

Lease liabilities include the net present value of the outstanding lease payments, 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 payments 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.

Payments 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.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Notes to the Financial Statements for the Year ended 31 July 2022

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless Lion has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Payables

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions and contingencies

Provisions are recognised when Lion has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

When Lion expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as an interest expense.

A contingent liability is disclosed when the Company has a:

(i) possible obligation arising from past events where it has yet to be confirmed whether the entity has a present obligation that could lead to an outflow of resources embodying economic benefits; or

(ii) present obligation that does not meet the recognition criteria of a provision (because either it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or a sufficiently reliable estimate of the amount of the obligation cannot be made).

(q) Employee leave benefits – Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave that are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave for which Lion has an unconditional right to defer settlement for at least 12 months after the balance sheet date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(s) Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

(t) Earnings per share

Basic earnings per share is calculated as net after tax, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(u) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the segments, has been identified as the Board.

Investments have similar characteristics and so segments are determined on a geographical basis. Lion invests only in small and medium mining and exploration companies with gold and base metal activities in Australia, Africa and Asia.

NOTE 3. FINANCIAL RISK MANAGEMENT

Lion's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Lion's overall risk management program is carried out under policies approved by the Board of Directors, focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Board provides written principles for overall risk management, as well as policies covering specific areas. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Lion also monitors the market price risk arising from all financial instruments.

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

Lion holds the following financial instruments:

	2022 $'000	2021 $'000
Financial assets		
Cash and cash equivalents	**20,619**	6,938
Term deposits	**20,000**	-
Investments in securities	**56,640**	90,005
Trade receivables and other assets	**68**	14
	97,327	96,957
Financial liabilities		
Trade and other payables	**150**	104
	150	104

(a) Market risk

(i) Foreign currency risk

Lion operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. To mitigate the Company's exposure to foreign exchange risk, Lion has purchased currency options to protect against large movements in the USD/AUD exchange rate until the time the deferred consideration with respect to the Pani Joint Venture sale is payable.

Based on the US dollar investments at the end of the period, if the value of USD/AUD exchange rate had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $4,909,000 higher/lower as a result of foreign exchange gains/losses (2021: $393,000 higher/lower).

(ii) Price risk

Lion is exposed to equity securities price risk, with many of the Company's equity investments being publicly traded. This arises from investments held by Lion and classified on the balance sheet as fair value through profit or loss.

To manage its price risk, including exposure to changes in commodity prices arising from investments in equity securities, the Company diversifies its portfolio. Diversification by way of different commodities and locations of the portfolio is done in accordance with the limits set by the Company, however from time to time the Company may seek to increase exposure to particular investments. Lion does not hedge its equities securities price risk. Based on the financial instruments held at the end of the period, if the value of equity securities had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $5,656,000 higher/lower (2021: $9,000,500 higher/lower) as a result of gains/losses on equity securities classified as fair value through profit or loss.

(iii) Interest rate risk exposures

Lion is exposed to interest rate risk through its primary financial assets. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised below. Most assets and liabilities are current, maturing within one year, with the exception of investments in securities, the value of which will be realised at the discretion of the Company.

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

2022	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON INTEREST BEARING $'000	TOTAL $'000	AVERAGE INTEREST RATE FLOATING %	AVERAGE INTEREST RATE FIXED %
Financial assets						
Cash – AUD	10,607	10,000	-	20,607	0.4	2.3
Cash – USD	12	-	-	12	-	-
Term deposits	-	20,000	-	20,000	-	3.3
Investments in securities	-	-	56,640	56,640	-	-
Financial liabilities:						
Trade and other payables	-	-	150	150	-	-
2021						
Financial assets						
Cash – AUD	3,004	-	-	3,004	0.5	-
Cash – USD	3,934	-	-	3,934	-	-
Bank bills and deposits receivable	-	-	246	246	-	-
Investments in securities	-	-	90,005	90,005	-	-
Financial liabilities:						
Trade and other payables	-	-	104	104	-	-

(b) Credit risk

Lion is exposed to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to counterparties, including outstanding receivables and committed transactions. Lion has a policy of maintaining its cash and cash equivalents with the 'top 4' Australian Banks. For other counterparties, if there is no independent rating, management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk approximates the carrying values as disclosed above.

Based on historical default rates, debtor analysis and the Group's monitoring of credit risk, no impairment allowance is considered necessary in respect of trade receivables not past due.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Lion manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

(d) 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) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2: 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); and

(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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.

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

Recognised fair value measurements

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

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2022				
Assets				
Financial assets at fair value through profit or loss	10,133	46,507	-	**56,640**
Total Assets	**10,133**	**46,507**	**-**	**56,640**
At 31 July 2021				
Assets				
Financial assets at fair value through profit or loss	25,064	2,339	62,602	**90,005**
Total Assets	**25,064**	**2,339**	**62,602**	**90,005**

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 unobservable inputs. 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 International Private Equity and Venture Capital Valuation Guidelines, including:

- 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 Monte Carlo option-pricing models and discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

The price of a recent investment conducted in an orderly transaction between market participants generally represents fair value as of the transaction date. At subsequent measurement dates, the price of a recent investment may be an appropriate reference point for estimating fair value subject to the current facts and circumstances including 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.

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

The following table presents the changes in level 3 instruments for the years ended 31 July 2021 and 31 July 2022.

Investments – Level 3	2022 $'000	2021 $'000
Opening balance	**62,602**	60,857
Other increases (purchases)	**-**	1,784
Gain/(losses) recognised in profit or loss	**(89)**	(39)
Transfers out of Level 3 (to level 1)	**-**	-
Transfers out of Level 3 (to level 2)	**(62,513)**	-
Closing balance	**-**	**62,602**

The Level 3 balance in 2021 primarily relates to Lion's investment in the Pani Joint Venture.

Pani Joint Venture

As noted above, on 1 March 2022 Lion sold its Pani interest to 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'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.

Lion valued its interest in the Merdeka shares and the deferred consideration for the Pani Joint Venture at $44.6M as at 31 July 2022, comprising $28.5M with respect to the Merdeka shares held and $15.5M with respect to the deferred consideration.

Lion's accounting policy for determining the fair value of unlisted investments aims to maximise the use of observable market data where it is available and rely as little as possible on unobservable inputs. Lion estimates the fair value of the Pani deferred consideration using a Monte Carlo option-pricing model calculating numerous scenarios of the performance of the underlying Merdeka shares over time, and what deferred consideration and top up consideration would be payable under each scenario. The Monte Carlo option-pricing model at each reporting date uses the following inputs:

- the risk-free interest rate;
- the remaining expected life of the deferred consideration arrangements; and
- the expected volatility of the price of the underlying Merdeka shares.

The Merdeka shares and deferred consideration are treated as a Level 2 investment for Lion as the valuation is based on inputs other than quoted prices for identical assets that are observable for the asset. Note that the Merdeka shares and rights to the deferred consideration are held by Lion's 100% owned holding company, Lion Selection Asia Limited.

For the comparative period, the valuation for the Pani joint venture was a Level 3 investment, based both on observable and unobservable inputs. 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 selling its interest in the project.

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 4. INCOME AND EXPENSES

	2022 $'000	2021 $'000
Gain/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**405**	244
Mark to Market adjustment for year – investments held at end of year	**7,722**	(1,030)
Gain/(loss) attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**8,127**	(786)

Lion is a long term investor and investment performance generally spans a number of financial periods. Measured on historic cost, gross profit/(loss) on investments realised during the year includes mark to market adjustments realised in the current year as well as mark to market adjustments recognised in the Statement of Comprehensive Income in prior years as set out in the table below. This analysis excludes the sale of the interest in Pani Joint Venture by Lion Selection Asia Limited. Lion Selection Asia Limited is owned 100% by Lion.

Results of investments realised during year		
Proceeds from sale of shares	**17,502**	451
Historical cost of investment sales	**(27,198)**	(731)
Gross profit/(loss) measured at historical cost on investments realised	**(9,696)**	(280)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(10,101)**	(524)
Mark to Market recognised in current year	**405**	244
	(9,696)	(280)

The total profit/(loss) is after charging the following other expenses		
Investor relations	**111**	99
Directors and Officers insurance	**87**	57
Legal expenses	**143**	28
Depreciation	**81**	3
Corporate overheads	**296**	277
Total other expenses	**718**	464

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 5. INCOME TAX EXPENSE

	2022 $'000	2021 $'000
(a) Statement of Comprehensive Income		
Current income tax expense	**237**	-
Deferred income tax expense/(benefit)	**(3,116)**	3,158
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**(2,879)**	3,158
Reconciliation of income tax expense		
Profit/(loss) from ordinary activities before income tax	**6,152**	(2,707)
Prima facie tax thereon at 30%	**1,846**	(812)
Tax effect of permanent and temporary differences:		
Other non-deductible or non-assessable amounts	**(3)**	(13)
Add back tax benefit not recognised for accounting purposes	**-**	825
Assessable income brought to revenue account	**193**	9,877
Tax losses utilised – revenue account	**(1,329)**	(6,719)
Foreign tax credit available	**(3,586)**	-
Total income tax (benefit)/expense	**(2,879)**	**3,158**

(b) Deferred tax liabilities		
The balance compromises temporary differences attributable to:		
Unrealised investments – revenue account	**124**	9,738
Unrealised foreign exchange gain	**-**	139
	124	9,877
Set-off of deferred tax assets pursuant to set-off provisions		
Tax losses available – revenue account	**(81)**	(6,719)
Net deferred tax liabilities	**43**	3,158

(c) Unrecognised temporary differences

A deferred tax asset has not been recognised in the Statement of Financial Position as the benefits will only be realised if the conditions for deductibility and/or recognition set out in Note 2(h) occur.

Unrecognised temporary differences at 31 July relate to the following:		
Tax losses available – revenue account	**57,053**	61,283
Tax losses available – capital account	**-**	-
Temporary difference – unrealised investments (capital account)	**26,567**	26,567
Accrued expenses/Other temporary differences	**34**	100
Unrecognised tax losses and temporary differences at 31 July	**83,654**	87,950
Potential tax benefit @ 30%	**25,096**	26,385

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 6. TRADE RECEIVABLES AND OTHER ASSETS

	2022 $'000	2021 $'000
Share sales receivable	-	232
Prepayments	34	28
Security deposits	35	
Sundry debtors	33	14
Total trade receivables and other assets, net	**102**	274

NOTE 7. FINANCIAL ASSETS

	2022 $'000	2021 $'000
Listed investments (at fair value) – Current	-	16,968
Unlisted investments (at fair value) - Current	44,106	-
Listed investments (at fair value) – Non-current	10,134	8,096
Unlisted investments (at fair value) – Non-current	2,400	64,941
Total financial assets	**56,640**	90,005

Listed shares are readily saleable with no fixed terms.

NOTE 8. PROPERTY, PLANT AND EQUIPMENT

	2022 $'000	2021 $'000
Plant, property and equipment – Cost	506	46
Accumulated depreciation	(114)	(33)
Total property, plant and equipment	**392**	**13**

NOTE 9. TRADE AND OTHER PAYABLES

	2022 $'000	2021 $'000
Sundry creditors and accruals	150	104
Total trade and other payables	**150**	**104**

NOTE 10. ACCUMULATED LOSSES

	2022 $'000	2021 $'000
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the financial year	(33,587)	(27,722)
Net profit/(loss) for period	9,031	(5,865)
Dividends paid	(5,255)	-
Accumulated losses at the end of the financial year	**(29,811)**	(33,587)

NOTE 11. CONTRIBUTED EQUITY

	2022 $'000	2021 $'000
Issued and paid up capital (fully paid)		
Opening balance	126,214	126,214
Share buy-back	(810)	-
Issued and paid up capital (fully paid)	**125,404**	126,214

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 11. CONTRIBUTED EQUITY (continued)

Share capital	**2022 SHARES**	**2021 SHARES**
Issued and paid up capital (fully paid)		
Opening balance	**150,141,271**	150,141,271
Share buy-back	**(1,734,745)**	-
Issued and paid up capital (fully paid)	**148,406,526**	150,141,271

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.

NOTE 12. OPTION RESERVE	**2022 $'000**	**2021 $'000**
Opening balance	**1,341**	1,341
Option Reserve	**1,341**	1,341

The option reserve relates to historical options that were issued under the terms of Lion's acquisition of One Asia Resources Limited's interest in the Pani gold project. These options expired on 12 April 2020.

NOTE 13. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, term deposits, cash managed by third parties and other bank securities which can be liquidated at short notice (less than three months), net of outstanding bank overdrafts if applicable.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

Cash on hand and at bank	**20,619**	6,938

(b) Reconciliation of net profit/(loss) after income tax to net cash provided by operating activities		
Net profit/(loss) after income tax	**9,031**	(5,865)
Adjustments for non-cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**(8,127)**	786
Other non-cash (income)/expenses	**(7)**	185
Decrease/(increase) in assets:		
Other receivables	**(59)**	(31)
(Decrease)/increase in liabilities:		
Current income tax liabilities	**237**	-
Deferred tax liabilities	**(3,116)**	3,158
Payables	**14**	(2)
Net cash inflow/(outflow) from operating activities	**(2,027)**	(1,769)

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 13. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(c) Non-Cash Transactions

In March 2021, Lion agreed 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 the payment of $392,000 in cash consideration to the other AFL3 Shareholders, with all AFL3 assets to be distributed in specie to Lion and Lion Manager and for the AFL3 fund to be closed. Lion also agreed for contingent consideration to be paid in certain circumstances for up to 5 years. Refer to Note 15 Commitments and Contingent Liabilities for further details.

NOTE 14. EARNINGS PER SHARE

	2022 $'000	2021 $'000
(a) Profit/(loss) used in calculating earnings per share – basic	**9,031**	(5,865)
	2022 NUMBER	**2021 NUMBER**
(b) Weighted average number of ordinary shares for basic earnings per share	**149,860,260**	150,141,271

The calculation of weighted average number for the basic earnings per share does not include any potential ordinary shares with respect to options as there are no options on issue (2021: Nil).

NOTE 15. COMMITMENTS AND CONTINGENT LIABILITIES

Superannuation Commitments

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At balance date, the Company was contributing to various approved superannuation funds at the choice of employees at a minimum rate of 10.5% of salaries paid. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

Contingent Liabilities

Lion has a potential liability for contingent consideration that may be payable if Lion sells its investment in either PhosCo (formerly 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 part cash consideration and Lion agreeing to pay contingent consideration to be paid in certain circumstances for up to 5 years. The value of the contingent consideration depends on the ultimate exit price for PhosCo and/or Kasbah, how long Lion holds the investments, and how much additional investment is required. The decision to sell the investments in PhosCo and Kasbah is entirely at Lion's discretion.

Based on a theoretical sale at the carrying value for both investments at 31 July 2022, contingent consideration of $2.7M would arise.

NOTE 16. REMUNERATION OF AUDITORS

	2022 $	2021 $
(a) Audit services		
Audit and review of financial reports	**142,290**	135,048
Total remuneration for audit services	**142,290**	135,048

(b) Non-audit services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2022 (2021: Nil).

NOTE 17. RELATED PARTY DISCLOSURES

(a) Directors and Key Management Personnel

The directors and key management personnel in office during the financial year and up until the date of this report are as follows:

Barry Sullivan	(Non-Executive Chairman)
Peter Maloney	(Non-Executive Director)
Chris Melloy	(Non-Executive Director)
Robin Widdup	(Director)
Craig Smyth	(Chief Executive Officer)
Jane Rose	(Company Secretary)

(b) Subsidiaries and Associates

Lion meets the qualifying criteria under AASB 10 of an 'investment entity', and entities controlled by Lion (Asian Lion Limited (wound up in 2022), African Lion 3 Limited and Lion Selection Asia Limited) do not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating these entities and continues to carry these investments at fair value. Similarly, the scope of AASB 128 Investments in Associates allows the Company to elect to measure that investment at fair value through profit or loss in accordance with AASB 9.

Transactions with controlled entities:

Lion Selection Asia Limited (100% ownership interest)

During the year, the Company received net funds in USD from Lion Selection Asia Limited of US$19,384,383 (A$26,676,879) (2021: advanced funds of US$1,334,507 (A$1,788,364)), with a loan liability balance of US$4,118,650 (A$5,893,890) (2021: loan asset US$15,265,733 (A$21,097,419)). The amount payable to Lion Selection Asia Limited was interest free and payable at call.

African Lion 3 Limited (99% ownership interest)

In March 2021, Lion agreed 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 the payment of $392,000 in cash consideration to the other AFL3 Shareholders, with all AFL3 investments distributed in specie to Lion and Lion Manager on a pro rata basis. Lion also agreed for contingent consideration to be paid in certain circumstances for up to 5 years. Refer to Note 15 Commitments and Contingent Liabilities for further details.

(c) Key Management Personnel Remuneration

	2022 $	2021 $
Short term employee benefits	**163,296**	145,831
Post-employment benefits	**68,896**	61,521
	232,192	207,352

(d) Lion Manager Pty Ltd Contract

Lion entered into a Management Agreement with Lion Manager Pty Ltd (Lion Manager), under which Lion Manager provides the Company with management and investment services. These arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management. During the year in accordance with clause 8.2 of the Management Agreement and the closure of the Pani transaction, the invested capital increased from $63.3M to $100.5M. This has resulted in an increase in fees from 1 March 2022. Management fees of $1,268,552 were paid in the current year. There is an incentive applicable which would apply where Lion's performance outperforms a benchmark. In addition, up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion's website. As at the date of this report, no incentive fee had accrued with respect to the Lion Manager contract.

In addition, Lion Manager has been providing comprehensive Investor Relations services associated with Lion's ASX listing for $12,500+ GST per month. This Investor Relations services monthly fee was terminated without fee on 1 March 2022.

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 18. MATERIAL INVESTMENTS

The Company had direct and indirect ownership of the following material investments at year end:	CARRYING AMOUNT 2022 $'000	CARRYING AMOUNT 2021 $'000	ENTITY OWNERSHIP 2022 %	ENTITY OWNERSHIP 2021 %
African Lion 3	**-**	-	**99**	99
Asian Lion (wound up during 2022)	**-**	-	**-**	100
Lion Selection Asia	**8**	28	**100**	100
Merdeka	**28,515**	-	**0.3**	-
Deferred Pani Consideration	**15,514**	-	**-**	-
PhosCo Ltd (formerly Celamin Holdings)	**5,684**	1,949	**15**	15
Erdene Resource Development	**4,071**	5,350	**4**	5
Kasbah Resources	**2,013**	2,013	**4**	4
Nusantara Resources (sold during 2022)	**-**	16,967	**-**	22
Pani Joint Venture (sold during 2022)	**-**	62,485	**-**	33

Each of the above companies is involved in the mining and exploration industry.

NOTE 19. 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, and Asia. Information with respect to geographical segments is set out below.

2022	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	CORPORATE $'000	TOTAL $'000
Mark to Market adjustment	(45)	2,780	5,392	-	8,127
Segment Income	**(45)**	**2,780**	**5,392**	**255**	**8,382**
Segment Expense	-	-	-	(2,230)	(2,230)
Segment Result Before Tax	**(45)**	**2,780**	**5,392**	**(1,975)**	**6,152**
Segment assets	205	7,698	48,738	41,112	97,753
Segment liabilities	-	-	-	819	819
Other Segment Information					
Assets acquired during the period	250	955	2,349	530	4,084
Cash Flow Information					
Net cash flow from operating activities	-	-	-	(2,027)	(2,027)
Net cash flow from investing activities	(250)	(915)	43,189	(20,301)	21,723
Net cash inflow from financing activities	-	-	-	(6,095)	(6,095)

Notes to the Financial Statements for the Year ended 31 July 2022

NOTE 19. SEGMENT INFORMATION (continued)

2021	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	CORPORATE $'000	TOTAL $'000
Mark to Market adjustment	199	2,501	(3,486)	-	(786)
Segment Income	**199**	**2,501**	**(3,486)**	**31**	**(755)**
Segment Expense	-	-	-	(1,952)	(1,952)
Segment Result Before Tax	**199**	**2,501**	**(3,486)**	**(1,921)**	**(2,707)**
Segment assets	-	4,004	86,001	7,225	97,230
Segment liabilities	-	-	-	3,262	3,262
Other Segment Information					
Assets Acquired during the period	-	392	1,946	-	2,338
Cash Flow Information					
Net cash flow from operating activities	-	-	-	(1,769)	(1,769)
Net cash flow from investing activities	199	(235)	(1,912)	-	(1,948)
Net cash inflow from financing activities	-	-	-	-	-

NOTE 20. EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the financial year 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.

Independent auditor's report

To the members of Lion Selection Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Lion Selection Group Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 July 2022 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 July 2022
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

The principal activities of the Company involve investing in mining and exploration companies and projects through a number of listed and unlisted investments.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates

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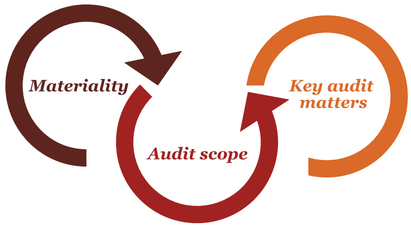


Materiality

- For the purpose of our audit we used overall materiality of $969,000, which represents approximately 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets because, in our view, it is the benchmark against which the performance of the Company is most commonly measured, and it is a commonly accepted benchmark.
- We utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit scope

- Our audit focused on where the Company made subjective judgements, for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Company's finance function and corporate office is based in Melbourne, where we predominantly perform our audit procedures.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit Committee.

Key audit matter	How our audit addressed the key audit matter
Sale of the interest in the Pani project Refer to note 3(d) On 1 March 2022, the Company sold its interest in the Pani project to PT Merdeka Copper Gold Tbk (Merdeka) and Andalan International Pte Ltd (Andalan) for US$52 million comprising: • US$22 million of cash (less withholding tax) • US$20 million (72.8 million) of Merdeka shares (listed on the Indonesia Stock Exchange) • Deferred consideration of US$10 million (subject to adjustment depending on future Merdeka share price performance). As at 31 July 2022, the Company valued its interest in the Merdeka shares and the deferred consideration at A$28.5 million and A$15.5 million respectively. The sale of the interest in the Pani project was a key audit matter given its financial significance to the Company's financial statements, and the complexity associated with estimating the fair value of the deferred consideration component.	We performed the following procedures, amongst others, in relation to this key audit matter: • Obtained and read the Sale and Purchase Agreement to develop an understanding of the contractual terms of the transaction • Compared the amount of cash received (net of withholding tax) and the number of Merdeka shares received to the relevant bank statement and trade confirmation respectively • For the Merdeka shares, we compared the number of shares held at year end to supporting evidence such as holding statements, and together with PwC internal valuation experts, we assessed the fair value with reference to quoted market prices • Together with PwC internal valuation experts, we evaluated the appropriateness of the methodology and significant assumptions used by the Company to develop the fair value estimate for the deferred consideration • Considered the reasonableness of the related disclosures in line with the requirements of Australian Accounting Standards.

Key audit matter	How our audit addressed the key audit matter
Fair value of other Level 1 and Level 2 investments Refer to note 3(d) The total fair value of other investments (excluding Pani) comprises two levels in accordance with Australian Accounting Standards: • Level 1 - A$10.1 million • Level 2 - A$2.4 million • Total - A$12.5 million. The fair value applied by the Company to these listed and unlisted investments was a key audit matter due to the significant impact that any movement in the fair value could have on the net assets as at 31 July 2022.	We obtained the Company's investment schedule as at 31 July 2022, which includes a listing of each investment held, and details the number of shares and options held and value per share or option. We compared the total of the investment schedule to the amount recorded in the financial statements. We assessed whether the listed and unlisted investment valuation techniques used by the Company were in accordance with Australian Accounting Standards. We performed the following procedures, amongst others, on the fair value of these investments: • For a sample of listed and unlisted equity investments, we compared the number of shares held to supporting evidence such as holding statements • For a sample of Level 1 listed investments, together with PwC internal valuation experts, we assessed the fair value with reference to quoted market prices • For a sample of Level 2 unlisted investments, together with PwC internal valuation experts, we assessed the fair value with reference to market observable data, if available. Where that information was unavailable, we considered other available financial information in assessing the fair value.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 July 2022, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the directors' report. We expect the remaining other information to be made available to us after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express an opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included on pages 36 to 38 of the directors' report for the year ended 31 July 2022.

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2022 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Graeme McKenna

Graeme McKenna
Partner

Melbourne
8 September 2022

Shareholder Information

Top 20 holders of ordinary fully paid shares – 30 September 2022

RANK	NAME	NO. OF SHARES	% OF UNITS
1	Rojana Hero Pty Ltd	7,483,653	5.07
2	Mr Robin Anthony Widdup + Mrs Janet Widdup <Widdup Super Fund A/C>	7,319,369	4.96
3	BNP Paribas Noms Pty Ltd <DRP>	6,923,270	4.69
4	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	6,050,000	4.10
5	Inconsultare Pty Ltd <Morrison Family S/F A/C>	6,000,000	4.06
6	Mr Mark Gareth Creasy	4,448,976	3.01
7	Invia Custodian Pty Limited <Md & Jl Brook Super Fund A/C>	3,791,841	2.57
8	Mrs Pamela Julian Sargood	3,500,000	2.37
9	Cpac Melloy Super Pty Ltd <Melloy Super Fund A/C>	3,382,259	2.29
10	HSBC Custody Nominees (Australia) Limited	3,175,605	2.15
11	J P Morgan Nominees Australia Pty Limited	2,639,312	1.79
12	Mr Dominic Paul Mccormick	2,101,609	1.42
13	Pasias Holdings Pty Ltd	1,900,000	1.29
14	Mr Richard Thomas Hayward Daly + Mrs Sarah Kay Daly <The Daly Family S/F Rth A/C>	1,350,000	0.91
15	Mr John Joseph Ryan	1,321,463	0.89
16	WAL Assets Pty Ltd <The L A Wilson Property A/C>	1,207,802	0.82
17	Invia Custodian Pty Limited <Majoli Pty Ltd A/C>	1,195,651	0.81
18	Branjee Farm Pty Ltd	1,181,642	0.80
19	Mr Thomas James Hudson + Mrs Carol Ann Hudson	1,170,000	0.79
20	DPM SMSF Pty Ltd <D P M SF A/C>	1,150,000	0.78
Total Top 20 holders of ORDINARY FULLY PAID SHARES		**67,292,452**	**45.57**
Total Remaining Holders Balance		**80,386,574**	**54.43**

Distribution of Shareholdings as at 30 September 2022

SIZE OF HOLDING (ORDINARY FULLY PAID SHARES)	NO. OF SHAREHOLDERS
1 – 1,000	354
1,001 – 5,000	874
5,001 –10,000	258
10,001 – 100,000	552
100,001 Over	191
Total Shareholders	**2,229**
Number of ordinary shareholders with less than a marketable parcel	431

Shareholder Information

Voting Rights

All ordinary shares issued by Lion Selection Group Limited carry one vote per share without restriction.

Substantial Shareholders as at 30 September 2022

The following information is extracted from notices received by the company.

NAME	No. OF ORDINARY SHARES
Robin Anthony Widdup	16,717,277
Chris Retzos	9,147,942

Lion Directors and Lion Manager Holdings

As at 30 September 2022, the members of the Lion Board and Lion Manager held shares directly and/or indirectly in Lion Selection Group Limited as follows:

NAME	No. OF ORDINARY SHARES
Peter Maloney	2,190,389
Chris Melloy	5,800,000
Barry Sullivan	813,074
Robin Widdup	16,717,277
Craig Smyth	1,505,137
Hedley Widdup	1,102,093
Total	**28,127,970**

Lion Selection Group Limited Registry

You can gain access to your security holding information in a number of ways. The details are managed via our registrar, Computershare Investor Services, and can be accessed as outlined below.

Computershare Investor Services Pty Limited

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact

INVESTORPHONE

InvestorPhone provides telephone access 24 hours a day 7 days a week.

STEP 1 Call **1300 850 505** (within Australia) or **61 3 9415 4000** (outside Australia)

STEP 2 Say **'Lion Selection Group Limited'**

STEP 3 Follow the prompts to gain secure, immediate access to your holding details, registration details and payment information.

INTERNET ACCOUNT ACCESS VIA INVESTOR CENTRE

Securityholders can view their details online via Investor Centre:

STEP 1 Go to **www-au.computershare.com/Investor/**

STEP 2 Select 'Single Holding'.

STEP 3 Enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), postcode or country if outside Australia.

STEP 4 Enter **LSX** or **Lion Selection Group Limited.**

STEP 5 Type in the characters shown and click the 'Agree and Continue' button to accept the Terms and Conditons.

Alternatively, update your details or manage your portfolio by registering as a member of Investor Centre:

STEP 1 Go to **www-au.computershare.com/Investor/**

STEP 2 Click on 'Login' and enter your **User ID** and **follow the prompts** to login, or for new users click on the 'Register Now' link and follow the prompts to register.

Corporate Directory

Registered and Principal Office

Level 2
175 Flinders Lane
Melbourne Vic 3000

Tel: +61 3 9614 8008
Fax: +61 3 9614 8009
Email: info@lsg.com.au
Website: www.lionselection.com.au

Directors

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

Share Registry

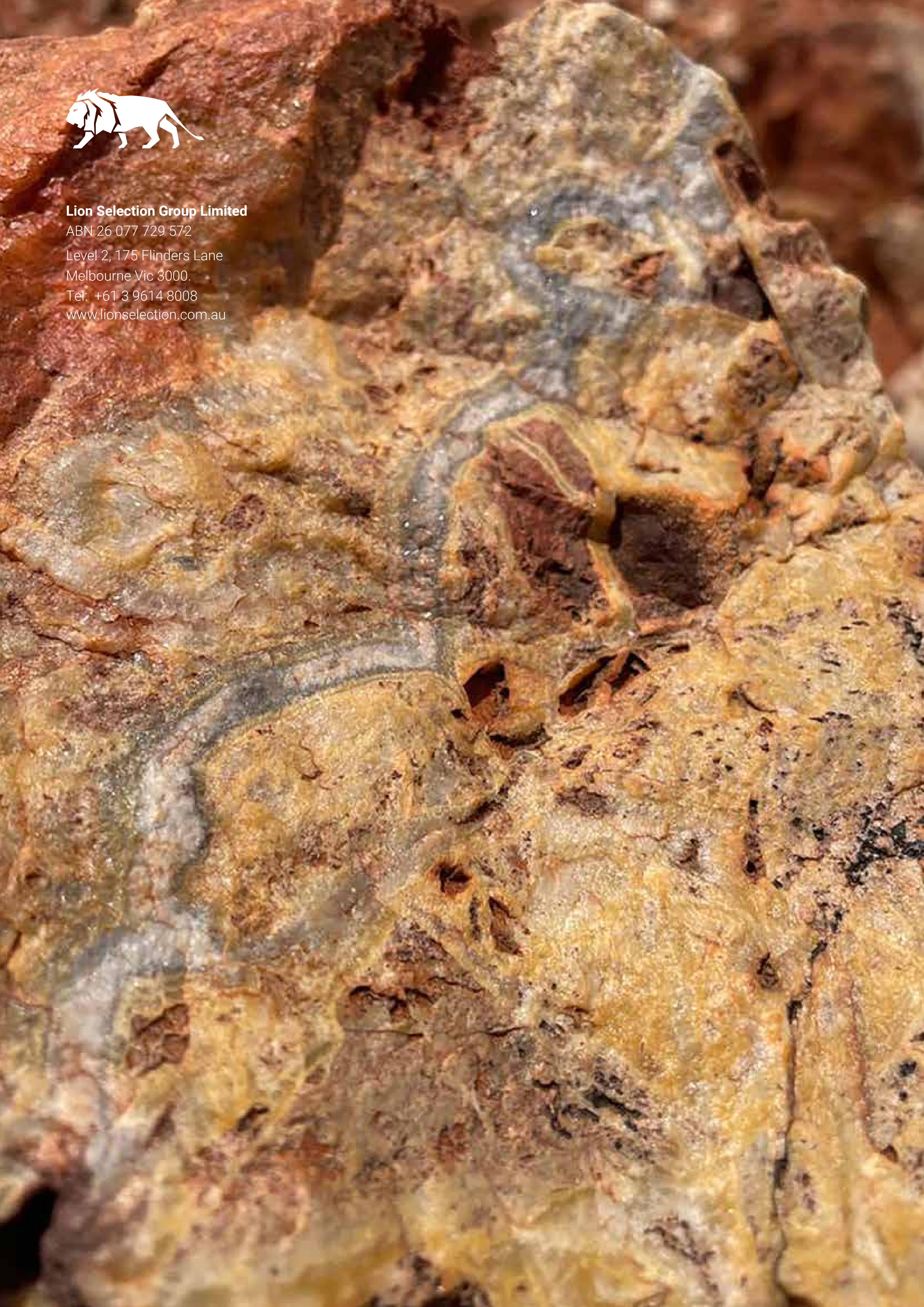
Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067
Postal Address – GPO Box 2975 Melbourne Vic 3001

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact
Website:	www.computershare.com

Chief Executive Officer
Craig Smyth

Company Secretary
Jane Rose

Auditors
PricewaterhouseCoopers



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