Lion Selection Group

Annual Report 2023

Lion Selection Group Limited
ABN 26 077 729 572
Level 2, 175 Flinders Lane
Melbourne Vic 3000
Tel: +61 3 9614 8008
www.lionselection.com.au

Contents

Lion is well-funded and has a clear focus, with the ability to be opportunistic as markets weaken.

Chairman’s Letter to Shareholders

Your directors are pleased to present the Lion Selection Group Annual Report for the year ended 31 July 2023. I am pleased to report that the state of your company is strong and the outlook positive.

Weakening equity market conditions are reducing the price of micro-capitalisation resources companies at a time where Lion is very well funded, creating a once-in-a-cycle investing opportunity.

Having profitably exited large investments in Indonesia in 2022 and carefully navigated the falling markets of the last 18 months, Lion has now begun to make more substantial investments. Lion is targeting a commodity diversified, Australian focussed portfolio of pre-development mineral resource investments in both projects and companies. Investments will be selected for value proposition, risk profile and strategic considerations with the objective of obtaining multiples of capital growth through the mining cycle.

Lion has $76.1M[#] net cash which is earning a strong return of interest while its purchasing power (for investing in micro-cap resources companies) has increased strongly over the past 18 months as the market (especially for micro-cap resources companies) has weakened.

Across the global equity market, risk appetite has diminished and is yet to return despite some indications that inflation has plateaued, impacting share prices and the ability to raise funds. Lion has seen a material uptick in deal flow, and pricing has become more attractive.

The market continues to fall away as companies find it increasingly challenging to raise funds with budgets being cut to match what is achievable. Within this general market trend there are exceptions, including the continued remarkable success of the Australian lithium sector which has grown to a material capitalisation from a ‘standing start’ only a few short years ago. A notable disparity has emerged between strongly performing lithium equities and the underlying commodity pricing, as compared with the inverse for gold where equities are weak compared with a resilient gold price. The outlook for such metals and M&A activity in each sector is possibly an explanation for the divergent performance.

Since exiting Pani, Lion has returned $14.6M to shareholders through a series of dividends and an on-market buy-back. Lion continues to balance its investment requirements with market conditions and capital growth.

Lion’s main asset at present is cash, which sets us aside of most other investors that are focussed on the micro-capitalisation resources sector. Periods of extreme volatility have historically provided some of the most lucrative investment opportunities in companies that depend on market funding, and Lion is absolutely focussed on putting in place the building blocks of a portfolio whilst the market is weak and there are very few other investors targeting, or able to follow their interests in this space. This makes Lion a a simple way to invest in high growth mineral companies. Lion is extremely well positioned to benefit from the eventual recovery in the mining cycle. We are well-funded and have a clear focus, with the ability to be opportunistic as markets weaken.

Barry Sullivan
Chairman

as at 30 September 2023

Net Tangible Asset Backing
as at 30 September 2023

The unaudited net tangible asset backing of Lion as at 30 September 2023 is 61.6 cents per share (before tax) and 61.5 cents per share (after tax). This excludes $1.6M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3.*

	UNAUDITED NTA A$M
Net Cash	76.1
Portfolio	10.9
Less Tax	(0.1)
Net Tangible Assets – Post-tax	**A$86.9M**
NTA per share – Post-tax	**61.5cps**

*** Contingent Consideration**

Lion's NTA excludes potential contingent consideration that may be payable if Lion sells its investment in either PhosCo or Atlantic Tin.This obligation arises following Lion agreeing to purchase the shares it did not own in African Lion 3 Ltd to consolidate ownership (with the exception of Lion Manager Pty Ltd who opted to hold its investment). The transaction involved Lion agreeing to pay contingent consideration in certain circumstances 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 Atlantic Tin, how long Lion holds the investments, and how much additional investment is made.

Lion Manager's Report

Since exiting long-held Indonesian gold investments between 2021 and 2022, Lion has begun to develop a new portfolio, taking advantage of the weakening of the equity market for micro-capitalisation resources companies.

Lion Selection Group ASX:LSX provides a simple way to invest in high growth mineral companies, with a track record of value creation and dividends

Lion Investment Focus

Targeting
Pre-Development Stage
Greatest value growth potential

Selection
Driven by deep conviction value
Suitable risk level versus entry/upside valuations

New Opportunities

$76.1M cash to invest*

Australian Focus

For new investments

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

Commodity Diversity

Strategic materials, Precious and Base metals

- ✓ Low to moderate processing risks
- ✓ Simple logistics
- ✓ Future facing/excellent ESG credentials
- ✓ Outright best demand growth projections

Investing in a falling market

Pre-development resources companies – smashed

Investment target group has fallen over 50% in price since the last peak in the resources equity market

Equity Portfolio

12.5% of NTA*

Development Ready

Erdene: Gold/Mongolia
[TSX:ERD]

Atlantic Tin: Tin/Morocco
[unlisted]

Saturn Metals: Gold/Australia
[ASX:STN]

PhosCo: Phosphate/Tunisia
[ASX:PHO]

Sunshine Metals:
Base metals/Australia
[ASX:SHN]

Alto Metals: Gold/Australia
[ASX:AME]

Great Boulder: Gold/Australia
[ASX:GBR]

Kin-Gin: Gold/Japan
[unlisted]

Plutonic: Gold & Copper/Australia
[unlisted]

Pre-discovery

legacy investments shown in pale grey

* as at 30 September 2023

Track Record

Total Shareholder Return as at 31 July 2023 (since inception July 1997)[1-7]

7.8% pa

Distributed via dividends and buyback during 2022 and 2023

$14.6M

Notes

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 December2008, 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's Target Investment Market

pre-development/micro capitalisation resources companies. *WEAKENING*

Exploration companies rely on fundraising from the equity market to sponsor ongoing work. Liquidity has been drying up since equity markets began to falter in early 2022, and it has not improved in 2023.

This is demonstrated by the patterns of listings of resources companies and capital raising by already listed explorers, which now frequently features steep discounts and attaching options. Such incentives to investors are not required in stronger markets and harbingers of funding stress.

The decline in liquidity is not limited to the resources sector. Liquidity is likely to remain low for micro-capitalisation companies, especially explorers in the resource sector, so long as sentiment in the equity market is afflicted by high interest rates.

The departure of liquidity has a compounding effect on share prices. As well as a general lack of buyers, the absence of new investors to support equity fundraisings places the onus back onto existing shareholders. Inevitably, some shareholders sell shares to follow their interests, which further depresses share price.

Great opportunities are presenting but it's not the bottom

Lion's target investment group has fallen in price – down by a median measure of over 50% since the start of 2022, which has multiplied the purchasing power of Lion's available cash. Of 511 metals and mining companies listed on ASX with a market capitalisation of less than $50M, 86% have performed negatively since the start of 2022. Lion reviewed many of these companies in 2021, preferring to wait on the sidelines. Since then some have made significant progress with their project but share price has declined materially.

The market is beginning to present attractive opportunities for Lion investment, but we don't think it is the bottom.

Historically cyclical lows have been marked by capitulation events which have not presented so far. The precarious nature of equity market sentiment makes it even more challenging to forecast whether liquidity is likely to surge or dry up completely. Given the persistency of inflation and elevated interest rates that have overshadowed the general equity market downturn, the lowest risk forecast is the status quo, and it is premature to say that liquidity is near to the bottom. The additional challenge for resources companies is a weakening Chinese economic growth pattern, and lower commodity prices leading mining equities lower.

Lion remains alert to the investment risks posed by the current market and our expectation of normal cyclical evolution that takes place as liquidity falls away before another mining boom cycle begins:

- **Commodity price weakening**
  Many mineral commodities have retreated from highs achieved in early 2022. Long term fundamentals remain attractive but the short term is likely to be influenced by global economic factors which are faltering.
- **Equity sentiment defying commodity lead**
  Lithium is a great example of where equity market sentiment has defied a weakening in commodity prices. For now, it appears that the market is prepared to speculate on a return to higher lithium prices. But there are other examples of proposed project developments premised on forecast higher prices for strategic metals.
- **High profile collapse**
  Nothing compounds negative sentiment like the share price collapse of a company that had many institutional investors' hopes pinned to it.
- **An extended period of poor liquidity**
  We can say with great confidence that liquidity will return to the market, but we have no idea when. In the meantime, the biggest risk to investors is remaining liquid enough to follow their investments. Even great stories suffer in weak markets and when they need to raise money an investor can be severely diluted holding a company they deeply believe in but can't follow their investment.

The market has brought many opportunities to attractive prices, so Lion is happy to begin making investments.

Portfolio Development

Lion is targeting a commodity diversified, Australian focussed portfolio of pre-development mineral resource investments. Investments will be selected for value proposition, risk profile and strategic considerations with the objective of obtaining multiples of capital growth through the mining cycle.

Lion's investment focus of pre-development stage mineral resource companies and projects exposes Lion's shareholders to one of the highest growth sectors of the equity market. This investment approach carries the strong potential for value creation, but it also requires a specialist approach to investment selection and monitoring of risks.

Lion is targeting a commodity diversified, Australian focussed portfolio of pre-development mineral resource investments. Investments will be selected for value proposition, risk profile and strategic considerations with the objective of obtaining multiples of capital growth through the mining cycle.

Lion has experienced a high volume of new opportunity flow through 2022 which has increased during 2023. High volumes of assessment work typically result in far fewer investments than opportunities reviewed. This work has begun to deliver carefully chosen investments to cornerstone the targeted project development-oriented portfolio and a watchlist of opportunities at an advanced stage of assessment to be carefully monitored as the market continues to weaken.

A combination of factors have produced a once-in-a-cycle investing opportunity for Lion:

1. Strong and persistent share price deterioration in the junior resource market since early 2022. Funding stress is setting in for the early stage/micro capitalisation companies that Lion targets for investment.
2. Lion is strongly funded with a cash balance of $76.1M.

Lion considers new opportunities from a variety of perspectives, some of which have been exposed by current market conditions. For example:

- **Cents in the dollar opportunities**
  Defined and attractive projects are now becoming available at capitalisations below their 'replacement cost' (the investment that has historically been made to achieve the level of definition and derisking).
- **Leverage to consolidation**
  Gold in Western Australia is a great example, where there are many established process facilities with dwindling ore reserves, and independently owned gold resources that are cheaper and lower risk to acquire via M&A than to replace by exploration.
- **Exposure to strong projected demand growth for commodities required for the transition to renewable power**
  This theme is well promoted, but contains new uncertainties and whilst existing resources are likely to become far more valuable, this is a long game where the unknown variable is 'when ?'.
- **Contrarian investing**
  Either targeting pre-development companies that are struggling to raise capital, or specific parts of the sector (such as gold developers) that are underperforming their mining peers.
- **Exploiting a technical development un-recognised by the market**
  When investors turn away from the sector, good news goes un-rewarded and developments that might be turning points in a strong market are ignored. This is an opportunity to invest after de-risking, but without the price uplift.

In all cases, a long-term view is essential to being able to realise contained value.

Investment Deployment in 2022 and 2023

The main asset in Lion's Net Tangible Assets is cash, which is available for investing and will see the portfolio of Australian focussed investments added to, across a number of commodity exposures.

Lion has added five new names to the portfolio since exiting Pani, making $5.75M of new investments in 2022 and 2023. This activity has seen a heavy weighting toward pre-development gold companies, which are amongst the most contrarian opportunities in the market at present.

Lion has assessed a large number of strategic materials situations across a broad suite of the relevant commodities that are considered within that category. The transition to renewable power and battery storage favours Australia, which is endowed with geology rich in critical and strategic minerals and tier-one mining-commercial jurisdiction. The opportunities assessed for investment in strategic minerals situations have so far been overlooked for investment because of the respective levels of risk versus the opportunity pricing. This has resulted in a strong watchlist of opportunities which may well come into range again soon as commodity prices weaken.

Lion invested in Great Boulder Resources (ASX:GBR) in April 2022 and followed this investment in March 2023, then invested in Alto Metals (ASX:AME) in July 2023. These companies share similar characteristics in their investment thesis. Both are strongly exposed to the theme of consolidation in the Western Australian gold sector and contain relatively shallow established gold Resources. Both have delivered growth in Resources during 2022 and 2023 and have attractive targets to test to potentially add to their respective mineral inventories, within large areas of historically under- (or un-) explored greenstone geology under their control. Lion has always been attracted to gold investments for their low risk profile, as gold is typically far easier to separate and sell than other commodities and both of these investments have the potential for multiple commercialisation scenarios.

In November 2022 Lion announced an investment into unlisted company Plutonic Limited, which has two early-stage exploration projects in Northern Australia, with a focus on the Champion project in the Northern Territory. Plutonic is an unusual investment for Lion, having only rarely and hence very selectively made investments at such an early stage historically. Exploration stage investments can produce excellent investment returns but carry the risk of total investment loss due to the uncertainties of exploration. The attraction of Plutonic to Lion, which makes it a virtually unique opportunity, is the very large scale of geological potential that exists at Champion where previously unrecognised epithermal textures have been identified in quartz veins and are extensive over a very large area. Success at Champion would mean the discovery of a new district which could hold immense value. Lion has been able to invest in Plutonic for a very attractive price and offers Lion shareholders exposure to the potential of discovery driven value creation. Lion's investment in Plutonic creates a unique exposure for shareholders, as it is not possible for most investors to invest directly in Plutonic.

Lion made a small investment in Sunshine Metals (ASX:SHN) in September 2023. Sunshine holds a base metals dominated (zinc, copper, gold) Resource in North Queensland within a geological belt that contains numerous similar examples of mineralisation. As a result of investments by historic owners of the ground, Sunshine benefits from defined Resources that are open in all directions and established targets that are revealed in the data-rich ground position. There has been mining in the district for over a century and the project is well located with respect to critical infrastructure, which reduces the risk threshold for potential future project development.

Legacy Investments

Lion holds several legacy investments, which do not fit within the strategy of focussing on Australia, yet are awaiting realisation of their contained value and are not yet at the stage that Lion considers sale is warranted.

Lion's most recent investment, and largest single deployment of capital for a long while, is Saturn Metals (ASX:STN). Saturn has a large established gold Resource in Western Australia near Leonora, which is the product of numerous drilling campaigns that represent a large historic investment in the project over time. Recent metallurgical test work has shown that high recoveries of gold can be obtained by heap leach style processing, which led to the announcement of a preliminary economic assessment published in August 2023. Lion sees Saturn as an opportunity to be involved with the development of a gold asset that has the potential to be strategic in size.

The main asset in Lion's Net Tangible Assets is cash, which is available for investing and will see the portfolio of Australian focussed investments added to, across a number of commodity exposures.

PhosCo Limited
(ASX:PHO)

Rock Phosphate in Tunisia.
Awaiting licence restitution and new licence granting.

Erdene Resource Development Corp
(TSX:ERD)

Gold and Molybdenum in Mongolia.
Early development works have begun at the Khundii gold project which was discovered by Erdene in 2015.

Atlantic Tin
(unlisted)

Tin in Morocco.
Awaiting commercial pathway to liquidity.

Kin Gin
(unlisted)

Gold in Japan.
A license portfolio containing defined epithermal gold deposits and historic mines has been assembled for very low cost. Awaiting approvals to enable drilling.

Lion considers that modest follow-on investment may be required in some legacy investments.

The Implications of Climate Change

Climate change represents both a risk and an opportunity for the mining sector. Mining companies need to prepare for climate hazards from changing weather and sea levels, and emissions restrictions on an industry that consumes circa 4-7% of greenhouse gas emissions globally[1].

The transition to renewable energy and replacement of carbon-based fossil fuels will require a huge increase in global metal production for battery storage, transmission lines, automotives etc and for equipment for hotter climate (e.g. air conditioners). These major shifts in commodity demand represent a huge positive to investment in metals in Australia.

Lion welcomes transition from carbon-based energy to renewables, with Lion's focus including the metals needed for renewable energy along with gold.

Lion believes this 'once-in-a-century' shift will take decades and will be bumpy, as new technologies emerge. The western world has leapt into the unknown, decommissioning fossil fuel power plants and de-funding fossil fuel projects. Now it is up to the engineers of the world to come up with the solutions for world energy, and for the miners of the world to respond. This will take time, as factories tool up, customers decide on alternatives and mines await approval.

There needs to be a massive increase in metals exploration and development work which is currently too slow. New mines take around 15 years to develop from discovery for permitting, feasibility and financing ahead of building. This lag effect is increasingly due to hurdles imposed continuously by government and communities with new mines often not welcome. Effectively governments have their feet on both the accelerator and the brake at the same time with a disconnect between public enthusiasm to de-carbonise but hesitancy to support mining. Co-ordinated long term polices are needed by government.

Australia has become Lion's key focus, ticking all the boxes and becoming the world's 'go-to' country for commodity solutions:

- Beneficiary of the US Inflation Reduction Act focus on supply chains from free trading nations
- Geologically prospective
- Rule of law
- Capable people
- Vibrant equity and debt markets
- Reliable supply chains
- Open markets vs the imaginary allure of resource nationalism
- Stability
- Water availability, with many foreign competitors in water stressed areas
- Appropriate ESG balance
- In Lion's back yard, with the projects and people well known.

That said, Australia needs to ensure that the right policy frameworks are in place to encourage greater investment and to cut down the time to go from mine to market. If the transition to renewables progresses too slowly or worse fails, there will be large increases in power and metal prices fuelling even greater inflation and an erosion of living standards.

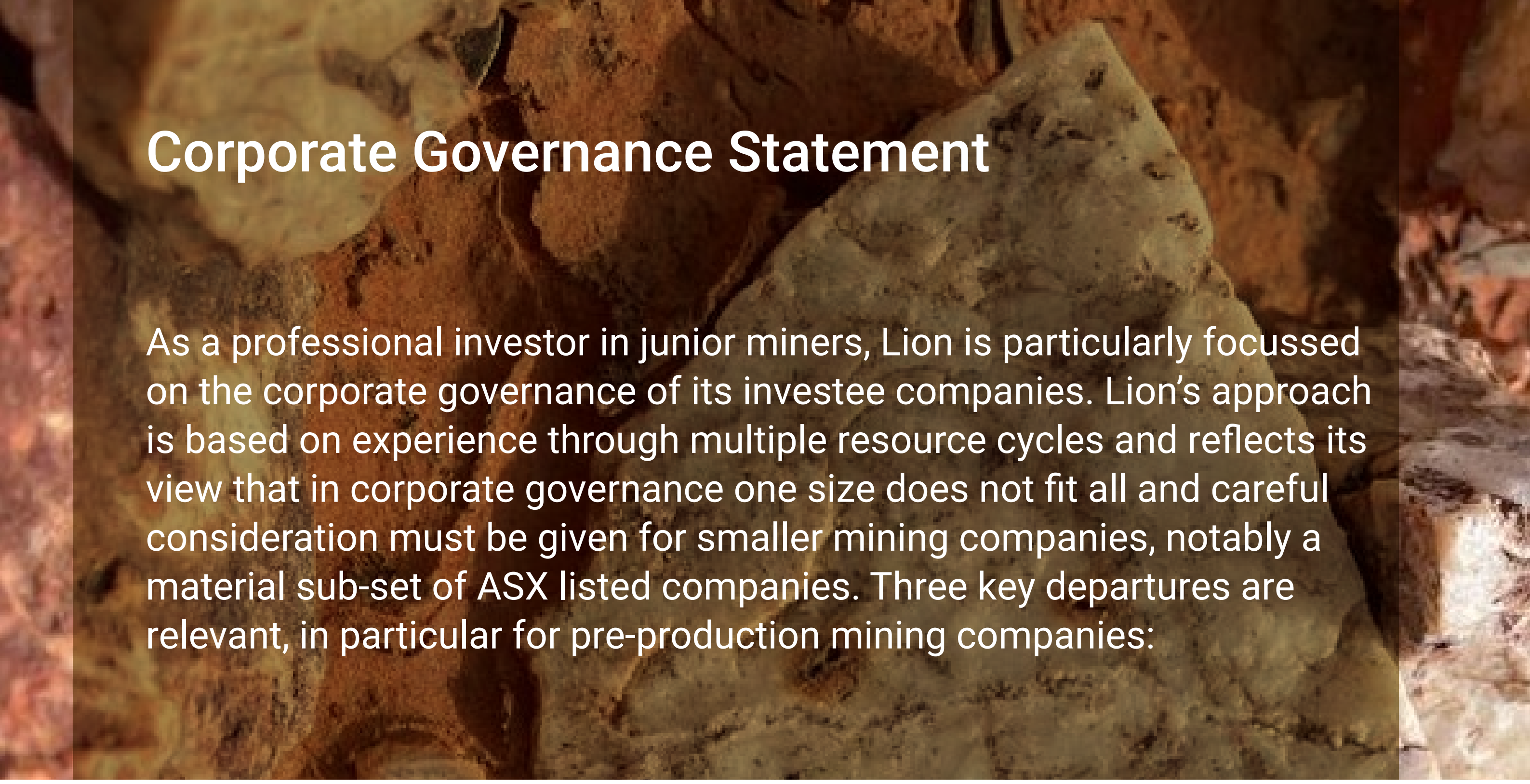
Strap in as the transition for renewable energy is likely to be very dynamic, with technological developments, political decisions and economic factors all being extremely volatile.

1. https://www.mckinsey.com/capabilities/sustainability/our-insights/sustainability-blog/here-is-how-the-mining-industry-can-respond-to-climate-change

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.

Risk Factor	Nature
Investment in resource companies	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.
Market Movements	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.
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.



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 and 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 recognises 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 295A 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 $195,000.

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 2023.

At the date of this report Lion had 141,150,775 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 $0.6 million (2022: $9.0 million).

Lion’s portfolio has performed well with Lion exiting two key investments during 2022 placing it in a strong position to take advantage of new opportunities with a renewed focus on Australian opportunities.
Lion has begun to take selective advantage of once-in-a-cycle opportunities with investments made into Great Boulder (ASX: GBR), Plutonic Limited (unlisted) and Alto Metals (ASX: AME).

The result for the year reflects a mark to market gain of $0.9 million with respect to investments, with key movements in the portfolio value outlined below:

- A mark to market increase of $2.6 million on Lion’s deferred consideration from the Pani Joint Venture that was sold during 2022, including an increase in PT Merdeka Copper Gold TBK (Merdeka) shares received as consideration for the Pani sale.
- Decrease in the value of Lion’s investment in PhosCo of $2.6 million following PhosCo having its Chaketma Phosphate Project mining concession denied and the exploration permit cancelled.
- A mark to market increase of $1.0 million in the valuation of Lion’s investment in Erdene Development Corporation, with Erdene’s completion of a joint venture agreement to finance and develop its Bayan Khundii Gold Project in Mongolia.

At 31 July 2023 the Company held investments valued at $13.1 million (2022: $56.6 million), and cash and term deposits of $75.0 million (2022: $40.6 million).

Pani Joint Venture

In 2022 Lion sold its Pani interest to Merdeka (Lion’s Pani joint venture partner) and Andalan International Pte Ltd (Andalan, an entity controlled by Provident Capital) for US$52 million comprising:

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

On 1 February 2023 Lion announced that it had received US$10 million deferred consideration for the sale of its interest in the Pani Joint Venture, with US$7.15 million received on 31 January 2023 and US$2.85 million received on 1 February 2023.

In February 2023 Lion completed the sale of its 72.8M Merdeka shares for a total of A$32.5 million, compared with A$26.5 million (US$20 million) at the time they were received.

The completion of the sale of the Merdeka shareholding and receipt of the deferred consideration concludes Lion’s exit from Pani and Indonesia.

Dividends

On 27 September 2022[1] Lion Selection Group Limited declared a 1.5¢ps annual unfranked dividend to shareholders (totalling $2.2 million) which was paid on 31 October 2022 (2022: $5.2 million). On 27 February 2023[2] the Board determined to pay a special unfranked dividend of 2¢ps which was paid on 3 April 2023 (totalling $2.8 million).

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.

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.

1. See ASX Announcement dated 27 September 2022, Lion to pay 1.5¢ps annual dividend in October 2022
2. See ASX Announcement dated 20 February 2023, Dividend/Distribution - LSX

Director's Report

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.

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 Investor Section of our website www.lionselection.com.au.

Employees

At 31 July 2023 there was 1 full time equivalent employee of the Company (2022: 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 2022 Annual General Meeting

The Company received more than 92% of 'yes' votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2022 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 following table. 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 2023

2023		FIXED REMUNERATION			VARIABLE REMUNERATION	
		SALARIES/ FEES	LEAVE ENTITLEMENTS	POST-EMPLOYMENT SUPERANNUATION	CASH BONUS	TOTAL
NAME	NOTES	$	$	$	$	$
Directors						
B J K Sullivan		59,175	-	6,242	-	**65,417**
P J Maloney		24,167	-	27,500	-	**51,667**
C Melloy		24,167	-	27,500	-	**51,667**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		113,080	(4,631)	11,920	-	**120,369**
Total		**220,589**	**(4,631)**	**73,162**	**-**	**289,120**

2022		FIXED REMUNERATION			VARIABLE REMUNERATION	
		SALARIES/ FEES	LEAVE ENTITLEMENTS	POST-EMPLOYMENT SUPERANNUATION	CASH BONUS	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	10,482	9,151	-	**110,674**
Total		**163,296**	**10,482**	**68,896**	**-**	**242,674**

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

Prior year numbers were updated to include the movement in the annual leave provision.

Both Mr R A Widdup and Mr C K Smyth are executive directors and beneficial owners of Lion Manager Pty Ltd (Lion Manager) and have the capacity to significantly influence decision making of that company. Lion Manager provides management and investment services to Lion.

Lion entered into a Management Agreement with 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. 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.

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 2022	SHARES ISSUED AS REMUNERATION	ON-MARKET PURCHASE OF SHARES	CLOSING BALANCE 31 JULY 2023
Directors				
P J Maloney	2,190,389	-	-	2,190,389
C Melloy	5,800,000	-	-	5,800,000
R A Widdup	16,717,277	-	-	16,717,277
B J K Sullivan	813,074	-	-	813,074
Other Key Management Personnel				
C K Smyth	1,505,137			1,505,137
J M Rose	-	-	-	-
Total	**27,025,877**	**-**	**-**	**27,025,877**

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 K 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**

* 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 2023.

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. Barry is also a member of the Lion Audit Committee.

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. Peter is also Chairman of the Lion Audit Committee.

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. Chris is also a member of the Lion Audit Committee.

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 of One Asia Resources Limited.

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 14 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	14	14
R A Widdup*	12	12
B J K Sullivan	14	14
C P Melloy	14	14

* R A Widdup was excluded from two meetings of Independent Directors considering a possible transaction with Lion Manager, a company in which Mr Widdup has a beneficial interest.

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	1	2
C P Melloy	2	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 29.

Non-Audit Services
No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2023. 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 2023, 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
Partner
PricewaterhouseCoopers

Melbourne
14 September 2023

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 31 to 52 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 2023 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 2023.
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: 14 September 2023

Financial Statements

Statement of Comprehensive Income for the Year ended 31 July 2023

	NOTES	2023 $'000	2022 $'000
Gain/(loss) attributable to movement in fair value	4	**904**	8,127
Interest income		**2,195**	120
Other income		**69**	55
Foreign exchange gain/(loss)		**-**	80
Management fees		**(1,521)**	(1,269)
Employee benefits		**(289)**	(243)
Other expenses	4	**(598)**	(718)
Profit/(loss) before income tax		**760**	6,152
Income tax (expense)/benefit	5	**(179)**	2,879
Net profit/(loss) after tax		**581**	9,031
Other comprehensive income		**-**	-
Total comprehensive income/(loss) for the year		**581**	9,031
Attributable to:			
Members		**581**	9,031
		Cents per share	**Cents per share**
Basic earnings/(loss) per share		**0.4**	6.0
Diluted earnings/(loss) per share		**0.4**	6.0

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 2023

	NOTES	2023 $'000	2022 $'000
Current Assets			
Cash and cash equivalents	13	**7,534**	20,619
Term deposits	3	**67,500**	20,000
Trade receivables and other assets	6	**1,169**	102
Financial assets	7	**-**	44,106
Total current assets		**76,203**	84,827
Non-Current Assets			
Financial assets	7	**13,101**	12,534
Property, plant and equipment	8	**296**	392
Total non-current assets		**13,397**	12,926
Total Assets		**89,600**	97,753
Current Liabilities			
Trade and other payables	9	**96**	150
Tax payable	5	**-**	237
Lease liabilities		**89**	81
Total current liabilities		**185**	468
Non-Current Liabilities			
Lease liabilities		**220**	308
Deferred tax liabilities	5 (b)	**220**	43
Total non-current liabilities		**440**	351
Total Liabilities		**625**	819
Net Assets		**88,975**	96,934
Equity			
Contributed equity	11	**121,900**	125,404
Reserves	12	**1,341**	1,341
Accumulated losses	10	**(34,266)**	(29,811)
Total Equity		**88,975**	96,934

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 2023

	NOTES	2023 $'000	2022 $'000
Cash flows from operating activities			
Interest received		**1,129**	105
Other income received		**69**	55
Payments to suppliers and employees (including GST)		**(2,316)**	(2,170)
Interest paid		**(17)**	(17)
Income tax paid		**(238)**	-
Net cash inflow/(outflow) from operating activities	13(b)	**(1,373)**	(2,027)
Cash flows from investing activities			
Payments for investments		**(2,263)**	(4,084)
Funds placed on term deposit		**(47,500)**	(20,000)
Proceeds from investments		**46,705**	45,807
Net cash inflow/(outflow) from investing activities		**(3,058)**	21,723
Cash flows from financing activities			
Dividends paid		**(5,036)**	(5,255)
On-market share buy-back		**(3,537)**	(778)
Payments for lease liability		**(81)**	(62)
Net cash inflow/(outflow) from financing activities		**(8,654)**	(6,095)
Net increase/(decrease) in cash and cash equivalents		**(13,085)**	13,601
Effects of exchange rate changes on foreign currency denominated cash and cash equivalents		**-**	80
Cash and cash equivalents at beginning of financial year		**20,619**	6,938
Cash and cash equivalents at end of financial year		**7,534**	20,619

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 2023

	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 August 2022	**125,404**	**1,341**	**(29,811)**	**96,934**
Total comprehensive income/(loss)	**-**	**-**	**581**	**581**
Transactions with owners in their capacity as owners				
Dividends paid	-	-	(5,036)	(5,036)
Share buy-back	(3,504)	-	-	(3,504)
Balance at 31 July 2023	**121,900**	**1,341**	**(34,266)**	**88,975**

	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**

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

Financial Statements

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ('Lion' or 'the Company') for the year ended 31 July 2023 was authorised for issue in accordance with a resolution of the directors on 14 September 2023. 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 (wound up in 2023) 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

Transactions and balances (continued)

are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and 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.

(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 (wound up in 2023), 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).

(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 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.

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

Lion holds the following financial instruments:

	2023 $'000	2022 $'000
Financial assets		
Cash and cash equivalents	**7,534**	20,619
Term deposits	**67,500**	20,000
Investments in securities	**13,101**	56,640
Trade receivables and other assets	**1,169**	68
	89,304	97,327
Financial liabilities		
Trade and other payables	**96**	150
	96	150

(a) Market risk

(i) 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 $1,310,000 higher/lower (2022: $5,656,000 higher/lower) as a result of gains/losses on equity securities classified as fair value through profit or loss.

(ii) 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.

NOTE 3. FINANCIAL RISK MANAGEMENT (continued)

2023	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	7,520	-	-	7,520	3.1	-
Cash – USD	14	-	-	14	-	-
Term deposits	-	67,500	-	67,500	-	4.1
Investments in securities	-	-	13,101	13,101	-	-
Financial liabilities						
Trade and other payables	-	-	96	96	-	-
2022						
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	-	-

(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 2023 and 31 July 2022.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2023				
Assets				
Financial assets at fair value through profit or loss	9,691	3,410	-	**13,101**
Total Assets	**9,691**	**3,410**	**-**	**13,101**
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**

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.

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 4. INCOME AND EXPENSES

	2023 $'000	2022 $'000
Gain/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**(140)**	405
Mark to Market adjustment for year – deferred consideration	**2,568**	-
Mark to Market adjustment for year – investments held at end of year	**(1,524)**	7,722
Gain/(loss) attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**904**	8,127

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	**87**	17,502
Historical cost of investment sales	**(4,049)**	(27,198)
Gross profit/(loss) measured at historical cost on investments realised	**(3,962)**	(9,696)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(3,822)**	(10,101)
Mark to Market recognised in current year	**(140)**	405
	(3,962)	(9,696)

The total profit/(loss) is after charging the following other expenses		
Investor relations	**103**	111
Directors and Officers insurance	**93**	87
Legal expenses	**38**	143
Depreciation	**96**	81
Corporate overheads	**268**	296
Total other expenses	**598**	718

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 5. INCOME TAX EXPENSE

	2023 $'000	2022 $'000
(a) Statement of Comprehensive Income		
Current income tax expense/(benefit)	**(299)**	237
Deferred income tax expense/(benefit)	**478**	(3,116)
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**179**	(2,879)
Reconciliation of income tax expense		
Profit/(loss) from ordinary activities before income tax	**760**	6,152
Prima facie tax thereon at 30%	**228**	1,846
Tax effect of permanent and temporary differences:		
Other non-deductible or non-assessable amounts	**(21)**	(3)
Assessable income brought to revenue account	**311**	193
Tax losses utilised – revenue account	**(339)**	(1,329)
Foreign tax credit available	**-**	(3,586)
Total income tax expense/(benefit)	**179**	**(2,879)**

	2023 $'000	2022 $'000
(b) Deferred tax liabilities		
The balance compromises temporary differences attributable to:		
Unrealised investments – revenue account	**634**	124
Accrued interest income	**324**	-
Other temporary differences	**7**	-
	965	124
Set-off of deferred tax assets pursuant to set-off provisions		
Tax losses available – revenue account	**(719)**	(81)
Other temporary differences	**(26)**	-
Net deferred tax liabilities	**220**	43

(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.

	2023 $'000	2022 $'000
Unrecognised temporary differences at 31 July relate to the following:		
Tax losses available – revenue account	**55,653**	57,053
Temporary difference – unrealised investments (capital account)	**-**	26,567
Accrued expenses/Other temporary differences	**-**	34
Unrecognised tax losses and temporary differences at 31 July	**55,653**	83,654
Potential tax benefit @ 30%	**16,696**	25,096

Capital losses have previously been realised in relation to foreign controlled companies which held assets which were used in an 'active business'. In the current period, Lion has opted to apply the default position under the participation exemption rule which disregards such capital losses (or gains).

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 6. TRADE RECEIVABLES AND OTHER ASSETS	2023 $'000	2022 $'000
Interest Receivable	**1,082**	15
Prepayments	**34**	34
Security deposits	**35**	35
Sundry debtors	**18**	18
Total trade receivables and other assets, net	**1,169**	102

NOTE 7. FINANCIAL ASSETS		
Unlisted investments (at fair value) - Current	**-**	44,106
Listed investments (at fair value) – Non-current	**9,691**	10,134
Unlisted investments (at fair value) – Non-current	**3,410**	2,400
Total financial assets	**13,101**	56,640

Listed shares are readily saleable with no fixed terms.

NOTE 8. PROPERTY, PLANT AND EQUIPMENT		
Plant, property and equipment – Cost	**506**	506
Accumulated depreciation	**(210)**	(114)
Total property, plant and equipment	**296**	**392**

NOTE 9. TRADE AND OTHER PAYABLES		
Sundry creditors and accruals	**96**	150
Total trade and other payables	**96**	**150**

NOTE 10. ACCUMULATED LOSSES		
Movements in accumulated losses were as follows:		
Accumulated losses at the beginning of the financial year	**(29,811)**	(33,587)
Net profit/(loss) for period	**581**	9,031
Dividends paid	**(5,036)**	(5,255)
Accumulated losses at the end of the financial year	**(34,266)**	(29,811)

NOTE 11. CONTRIBUTED EQUITY		
Issued and paid up capital (fully paid)		
Opening balance	**125,404**	126,214
Share buy-back	**(3,504)**	(810)
Issued and paid up capital (fully paid)	**121,900**	125,404

NOTE 11. CONTRIBUTED EQUITY (continued)

Share capital	2023 SHARES	2022 SHARES
Issued and paid up capital (fully paid)		
Opening balance	**148,406,526**	150,141,271
Share buy-back	**(7,255,751)**	(1,734,745)
Issued and paid up capital (fully paid)	**141,150,775**	148,406,526

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

	2023 $'000	2022 $'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:

	2023	2022
Cash on hand and at bank	**7,534**	20,619

(b) Reconciliation of net profit/(loss) after income tax to net cash inflow/(outflow) from operating activities

	2023	2022
Net profit/(loss) after income tax	**581**	9,031
Adjustments for non-cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**(904)**	(8,127)
Other non-cash (income)/expenses	**98**	(7)
Decrease/(increase) in assets:		
Other receivables	**(1,067)**	(59)
(Decrease)/increase in liabilities:		
Current income tax liabilities	**(237)**	237
Deferred tax liabilities	**178**	(3,116)
Payables	**(22)**	14
Net cash inflow/(outflow) from operating activities	**(1,373)**	(2,027)

NOTE 14. EARNINGS PER SHARE	2023 $'000	2022 $'000
(a) Profit/(loss) used in calculating earnings per share	**581**	9,031
	2023 NUMBER	**2022 NUMBER**
(b) Weighted average number of ordinary shares for basic earnings per share	**143,699,115**	149,860,260

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 (2022: 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 11% 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 Atlantic Tin (formerly 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 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 until March 2026. The value of the contingent consideration decreases annually and depends on the ultimate exit price for PhosCo and/or Atlantic Tin, how long Lion holds the investments, and how much additional investment is required. The decision to sell the investments in PhosCo and Atlantic Tin is entirely at Lion's discretion.

Based on a theoretical sale at the carrying value for both investments at 31 July 2023, contingent consideration of $1.7M would arise.

NOTE 16. REMUNERATION OF AUDITORS	2023 $	2022 $
(a) Audit services		
Audit and review of financial reports	**122,200**	142,290
Total remuneration for audit services	**122,200**	142,290

(b) Non-audit services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2023 (2022: Nil).

Notes to the Financial Statements for the Year ended 31 July 2023

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 (wound up in 2023) 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 from Lion Selection Asia Limited of US$32,622,411 (A$46,604,787) (2022: advanced funds of US$19,384,383 (A$26,676,879)), with a loan liability balance of US$nil (A$nil) (2022: loan asset US$4,118,650 (A$5,893,890)). 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 AFL3 to consolidate ownership (with the exception of Lion Manager 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. African Lion 3 Limited was wound up in 2023.

(c) Key Management Personnel Remuneration	**2023 $**	**2022 $**
Short term employee benefits	**215,958**	173,778
Post-employment benefits	**73,162**	68,896
	289,120	242,674

(d) Lion Manager Contract

Lion entered into a Management Agreement with 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. Management fees of $1,520,699 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 with the benchmark materially exceeding Lion's Market Capitalisation.

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 18. MATERIAL INVESTMENTS

The Company had direct and indirect ownership of the following material investments at year end:

	CARRYING AMOUNT		ENTITY OWNERSHIP	
	2023 $'000	2022 $'000	2023 %	2022 %
African Lion 3	**-**	-	**-**	99
Lion Selection Asia	**-**	8	**100**	100
Merdeka	**-**	28,515	**-**	0.3
Deferred Pani Consideration	**-**	15,514	**-**	-
PhosCo Ltd (formerly Celamin Holdings)	**3,126**	5,684	**15**	15
Erdene Resource Development	**5,228**	4,071	**4**	4
Atlantic Tin (formerly Kasbah Resources)	**2,013**	2,013	**4**	4

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.

2023	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	CORPORATE $'000	TOTAL $'000
Mark to Market adjustment	(47)	(2,558)	3,509	-	904
Segment Income	**(47)**	**(2,558)**	**3,509**	**2,264**	**3,168**
Segment Expense	-	-	-	(2,408)	(2,408)
Segment Result Before Tax	**(47)**	**(2,558)**	**3,509**	**(144)**	**760**
Segment assets	2,408	5,140	5,553	76,499	89,600
Segment liabilities	-	-	-	625	625
Other Segment Information					
Assets acquired during the period	2,250	-	13	-	2,263
Cash Flow Information					
Net cash flow from operating activities	-	-	-	(1,373)	(1,373)
Net cash flow from investing activities	(2,250)	-	46,692	(47,500)	(3,058)
Net cash inflow from financing activities	-	-	-	(8,654)	(8,654)

Notes to the Financial Statements for the Year ended 31 July 2023

NOTE 19. SEGMENT INFORMATION (continued)

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)

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 2023 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 2023
- 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.

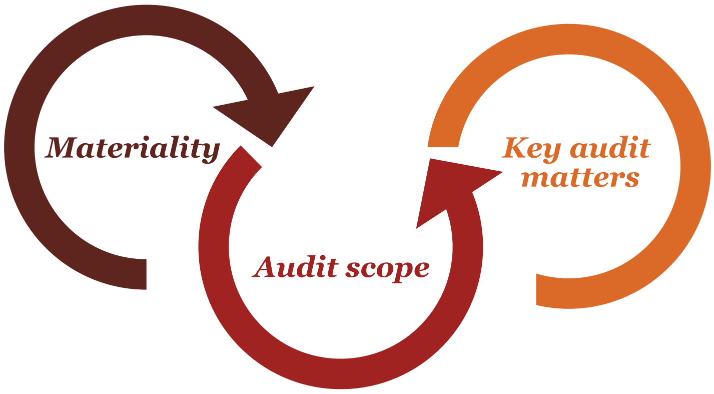
PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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.



Materiality

- For the purpose of our audit we used overall materiality of $889,700, 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
Fair value of investments Refer to note 3(d) and note 7 As at 31 July 2023, the total fair value of the Company's investments amounted to $13.1 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 2023.	We obtained the Company's investment schedule as at 31 July 2023, which includes a listing of each investment held, and compared the total of the investment schedule to the amount recorded in the financial statements. We assessed whether the 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 listed and unlisted investments, together with PwC internal valuation experts, we assessed the fair value with reference to quoted market prices or 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 2023, 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 through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

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 in pages 24 to 26 of the directors' report for the year ended 31 July 2023.

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2023 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
14 September 2023

Shareholder Information

Top 20 holders of ordinary fully paid shares – 30 September 2023

RANK	NAME	NO. OF SHARES	% OF UNITS
1	Rojana Hero Pty Ltd	7,483,653	5.30
2	Mr Robin Anthony Widdup + Mrs Janet Widdup <Widdup Super Fund A/C>	7,319,369	5.19
3	BNP Paribas Noms Pty Ltd <DRP>	6,146,295	4.35
4	Inconsultare Pty Ltd <Morrison Family S/F A/C>	6,000,000	4.25
5	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	4,500,000	3.19
6	Mr Mark Gareth Creasy	4,448,976	3.15
7	Brigstow Pty Ltd <MD & JL Brook Super Fund A/C>	3,791,841	2.69
8	Mrs Pamela Julian Sargood	3,700,000	2.62
9	Cpac Melloy Super Pty Ltd <Melloy Super Fund A/C>	3,382,259	2.40
10	J P Morgan Nominees Australia Pty Limited	2,934,352	2.08
11	HSBC Custody Nominees (Australia) Limited	2,473,196	1.75
12	Mr Thomas James Hudson + Mrs Carol Ann Hudson	2,417,319	1.71
13	Mr Dominic Paul McCormick	2,001,609	1.42
14	Mr John Joseph Ryan	1,457,000	1.03
15	Perpetual Corporate Trust Ltd <Affluence Lic Fund>	1,313,117	0.93
16	Retzos Investments Pty Ltd <Retzos Altona Property A/C>	1,270,000	0.90
17	Bnp Paribas Nominees Pty Ltd Hub24 Custodial Serv Ltd <DRP A/C>	1,251,757	0.89
18	Wal Assets Pty Ltd <The L A Wilson Property A/C>	1,207,802	0.86
19	Majoli Pty Ltd	1,195,651	0.85
20	Branjee Farm Pty Ltd	1,181,642	0.84
Total Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**65,475,838**	**46.39**
Total Remaining Holders Balance		**75,674,937**	**53.61**

Distribution of Shareholdings as at 30 September 2023

SIZE OF HOLDING (ORDINARY FULLY PAID SHARES)	NO. OF SHAREHOLDERS
1 – 1,000	330
1,001 – 5,000	867
5,001 –10,000	248
10,001 – 100,000	592
100,001 Over	179
Total Shareholders	**2,216**
Number of ordinary shareholders with less than a marketable parcel	443

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 2023

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 2023, 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

Lion Selection Group Limited
ABN 26 077 729 572
Level 2, 175 Flinders Lane
Melbourne Vic 3000.
Tel: +61 3 9614 8008
www.lionselection.com.au