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Lion Selection Group

**Annual  
Report  
2024**

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Lion is a company that provides access to the high growth sector for generalist investors and is intended to be a 'set-and-forget' exposure, where the stock selection and investing timing are managed by a specialist team.

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# Chairman's Letter to Shareholders

Lion Directors are pleased to present the Lion Selection Group Annual Report for the year ended 31 July 2024.

**As incoming Chairman I believe that the past two years have been a period of positive change which have set the foundations for future growth.**

The decision to sell Indonesian gold assets in 2022, at the peak of the mining cycle (as measured by the Lion Clock) has been rewarded by the expected slump in micro cap miners and the ability to buy at a discount. This also exchanged Indonesian risk and allowed a new business focussed solely on Australia, with what should be Australian stability. Very significantly this reset Lion to the Lion clock, selling at the peak and then able to invest into a falling market, something that had not been possible while operating African and Asian Lion fixed life funds.

Lion has ample cash for new business for the first time since 2008 and we are seeing good deal flow to deploy these funds.

The key to successful project development and investment is having good people. We knew this in 1997 at Lion's formation but we didn't have 27 years experience with many different groups. We do now, and subtle changes have been made.

Another change to people has been the replacement by a conventional management structure of the fee for service external Lion Manager in July 2024. A very happy change for all concerned, also reducing costs.

Looking to the future, two major trends are underway which will impact mining; a global energy transition from fossil fuels, and the replacement of global free trade by the competing political blocks of USA and Europe versus China, Russia and Iran.

The first is a big positive for junior Australian miners with the metals required for the energy transition appearing to be abundant in Australia. Compared to the massive iron ore, coal, oil and gas markets, the energy transition metals are tiny 'Cottage Industries' and not yet the focus of major miners.

The second however is more challenging for junior miners. These minor metal markets have limited transparency, volatile prices and are largely controlled by China. Opportunities are available in minor metals and will be taken by Lion through these changing times. Gold and base metals usually have less risk and are easier to analyse, hence will form the bulk of the portfolio. A big opportunity is available to Australia in uranium if the political blockages are removed.

Lion is well placed in these exciting times!

**Robin Widdup**  
Chairman

**Lion's view is that micro-capitalisation resources equities are at or close to their cyclical low, and accordingly we are aiming to invest through the weakest part of the market.**

# Net Tangible Asset Backing

as at 30 September 2024

As at 30 September 2024 Lion held \$50.2M of equity investments and \$50.8M of net cash and other assets, with a combined aggregate value of \$99.3M (after tax), against a market capitalisation of \$72.0M

Lion advises that the unaudited net tangible asset backing of Lion as 30 September 2024 is 71.6 cents per share (before tax) and 70.4 cents per share (after tax).

	Unaudited NTA A\$M
Net Cash and other assets	50.8
Portfolio – New Investments (Australia)	37.9
Portfolio – Legacy Investments	12.3
Less Tax	(1.7)
<b>Net Tangible Assets – Post-tax</b>	<b>\$99.3M</b>
<b>NTA per share – Post-tax</b>	<b>70.4cps</b>

## Notes to the NTA

The after-tax number relates to the provision for deferred tax on the unrealised gains in the Company's investment portfolio. The Company is a long-term investor and does not intend disposing of its total long term investment portfolio. Under current Accounting Standards, the Company is required to provide for tax on any gains that may arise on such a theoretical disposal, after the utilisation of brought forward losses.

The NTA laid out above excludes \$1.2M in contingent liabilities relating to Lion's acquisition of investments from African Lion 3. The contingent liabilities reduce over time and will become zero by 3 March 2026 if not crystallised by the sale of PhosCo or Atlantic Tin prior.

The NTA contains the value of the component parts of Lion's assets as at the NTA date, which is a snapshot in time. The majority of this includes the value of cash at bank, and value of investments at their closing price on NTA date. The NTA is not an expression of the ultimate, realisable value of the investments, which in many cases may far exceed the value contained in the NTA.

# Chief Executive Officer's Report

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

## 2024 Year in Summary

2024 has been Lion's busiest year of assessment work, due diligence and investment for many years.

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### Portfolio establishment well underway

Lion has invested \$18.0M in 2024, with a further \$4.4M invested shortly after the end of the financial year, taking the total invested in the new investment portfolio to \$24.9M. These investments are across nine companies of a targeted 10-20 company portfolio.

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### Strongly gold exposed

Gold companies have offered the best risk assessed value to Lion over the last 12 months, and so a significant proportion of the investments Lion has made are companies with gold or gold dominated projects. These companies are strongly positioned against the backdrop of record gold prices.

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### Well-funded

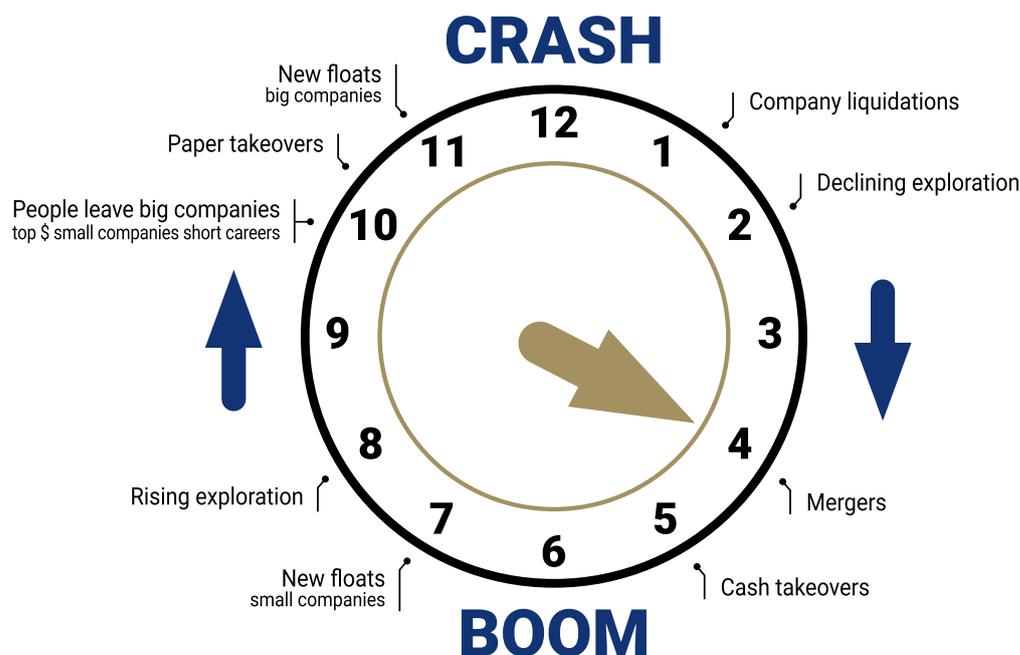
Lion's cash balance at year end was \$57.0M (including term deposits and accrued interest).

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### Business simplified

Lion management have been employed directly, terminating the long association with Lion Manager. There is no longer an external manager, all costs are contained within Lion and no longer linked to the size of funds under management.

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### Investment Focus and Process

Lion Selection Group was founded in 1997 as a mining investment company that could combine specialist mining expertise with pooled, long-term capital and take a portfolio approach to investing in the very high growth micro-capitalisation resources sector.

Since 1997, Lion has been an early shareholder and contributed to the success of a long list of successful mining companies. These include East African Gold Mines (The North Mara Mine which is now a substantial gold producer for Barrick in Tanzania), Consolidated Minerals, Independence Group (now known as IGO), Catalpa Resources (now known as Evolution Mining), MPI Mines, Redback Mining, Gallery Gold, EganStreet Resources, Indophil Resources, Platmin, Nusantara and the Pani Gold Project. Profitable exits have enabled Lion to make distributions to shareholders exceeding 341cps<sup>1</sup> which have contributed to Total Shareholder Return since 1997 well exceeding the ASX Small Resources Index<sup>2</sup>.

Many generalist investors can see the attraction of high returns that can be achieved in this space but are often put off by three key factors:

1. Jargon and lack of technical expertise stands in the way of their investment selection
2. Compounded by not knowing who to trust in a sector where there is a high concentration of versatile entrepreneurs
3. And a wariness toward the boom-bust nature of mining investment

Lion is a company that provides access to the high growth sector for generalist investors and is intended to be a 'set-and-forget' exposure, where the stock selection and investing timing are managed by a specialist team.

### Well-funded

Having executed major asset sales in 2021 and 2022 close to the top of the market which returned over \$90M cash, Lion's asset backing became almost 90% net cash as the market cycle turned over from boom to bust. This balance sheet strength means Lion has been well funded for opportunities arising in a weakening market.

The cyclical downturn in mining since 2022 has weakened equity prices for miners, with the micro-capitalisation companies that Lion targets affected the worst. Since April 2022, the median price of Lion's target sector has declined by 70%, effectively multiplying the purchasing power of Lion's cash by over three times. As the equity market has weakened, Lion's retained cash has also been available for earning a strong rate of interest.

### Investing aligned to the mining cycle

Lion closely monitors the mining cycle via the Lion Mining Clock and takes a long-term view on the investments that it makes. Generally, the best time to purchase high percentage holdings in small companies is when entries can be predominantly via share placements at discounted prices, in a weak market.

Lion's view is that micro-capitalisation resources equities are at or close to their cyclical low, and accordingly we are aiming to invest through the weakest part of the market.

1. Insert performance reference

2. State performance and include reference

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### Broad access to opportunities and deal flow

There are thousands of listed companies active globally in the micro-capitalisation resources sector, and a substantial number that are unlisted. This universe is impenetrable to many investors by its sheer size – how can an investor feel they are investing in a quality opportunity when that judgement requires measurement against such a large number of others?

The bulk of capital raising requirements for the sector are serviced by stockbrokers, and typically fund raising takes place at a discount to prevailing trading prices. The micro-capitalisation sector has a very high proportional ownership by retail investors, yet these same investors have poor access to the discounted pricing that fund raising takes place at, especially where it is structured as a placement.

Retail investors have almost no access to unlisted opportunities in the space, which are generally priced at an attractive discount to their listed peers because of the lack of liquidity. These companies generally depend on close networks for their initial funding.

Lion has been an investor in the micro-capitalisation resources space for 27 years and brings a very broad industry knowledge. This delivers Lion one of its strongest advantages, as an identified investor that is offered a high volume of opportunity deal flow both directly by companies and also through stockbrokers and with the experience to draw on to judge those opportunities against the vast universe of others.

In the lead up to making an investment, Lion has generally done assessments over the weeks, months and in some cases years that led up to the opportunity. This preparation enables Lion to get to know projects and people well, and can lead to a rapid turnaround when the opportunity arrives. This also often allows for Lion to provide a lead order providing a strong sense of confidence for the

companies to launch their raisings and enabling Lion to obtain strong allocations as a cornerstone investor.

Lion experiences high deal flow in most markets, but this has been especially high since 2022 as there have been few other sources of investor capital in the market.

### Research driven process

The investment team and board of Lion has a long collective experience in mining and capital markets which enables the full investment appraisal and due diligence process to be performed in-house. We intend only to invest in a very small proportion of the available opportunities and target investment returns that are multiples on the amount invested with a detailed understanding of risk.

Lion's investment process consists of filtering opportunities into a watchlist, then due diligence which may lead to an investment being made.

Filtering criteria:

- Jurisdiction – Australia only.
- Commodity – precious metals, base metals and critical materials. More specifically, Lion is interested in projects with saleable products that don't rely on substantial (uncertain) new forms of demand.
- People with high capability and integrity, who are invested with conviction in the company they are managing and show willingness to work alongside Lion.
- Mineral projects with growth potential and likelihood of being developed into a mine.
- Strategically located projects, which might eventually present multiple pathways to development or exit.

## New investments – Australia Only

Historically Lion has invested in a broad range of jurisdictions, mostly Australia, Africa and Asia. The reason that a mining investor would venture overseas is typically to seek 'world class' geology under the notion that the best geology will underpin the best returns. It is true that there are countries with very attractive geology that has been only lightly explored, which presents some tantalising potential discovery opportunities. The trade off is that some of the world's least explored geology is overlain by some of the worst investing regimes and typically this only becomes evident after money is invested, when something goes wrong.

In Lion's 27 years of global investing experience, several factors have resulted in our Australian-only focus for new investments:

- Excellent returns can be made on good (but not world class) geology, or even mature projects, in jurisdictions that investors flock to because there is a deeper pool of investors willing to provide liquidity along the way.
- When a project is developed, that deep pool of liquidity ensures that full value will be received on exit.
- Australian geology is world class. It has been well explored, which is only to say some areas are mature, however there are still new and exciting frontiers as well as shallowly explored projects that present great opportunities. There is no reason to need to look elsewhere, and Lion's investment in Plutonic is an ideal example of this.
- The Lion team's relationships and networks are far better in Australia than anywhere else in the world, and for that reason can make far better judgements on people. This is a strong 'home ground advantage' and we would prefer to leverage.
- With a base in Melbourne, it is far cheaper for us to investigate and manage investments in Australia than anywhere else.
- The Australian commercial and legal system is transparent, with the rule of law protecting project interests.

At present there is more than adequate deal flow from within Australia which can be addressed with a small and focussed team, so there is no need to consider broadening this jurisdiction preference in the immediate future.

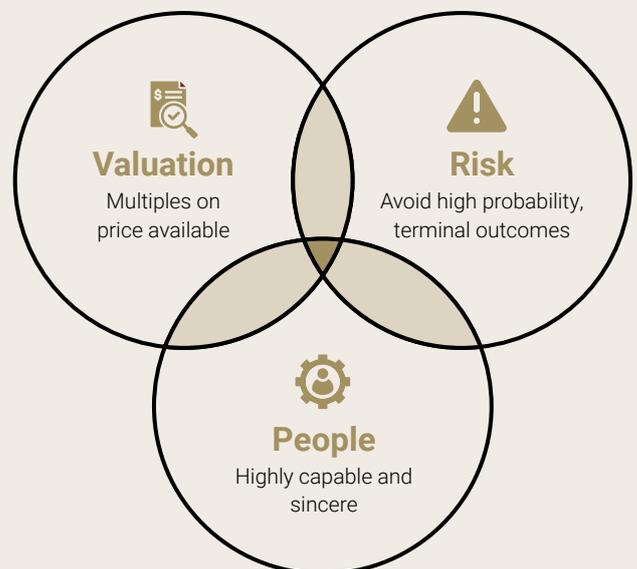
How can an investor feel they are investing in a quality opportunity when that judgment requires measurement against such a large number of others? Lion is offered a high volume of opportunity deal flow both directly by companies and also through stockbrokers.

Three key criteria must present strong cases in order for Lion to invest:

1. **People** are the crucial ingredient for generating investor returns in any company. Irresponsible management can destroy value in great assets, and likewise a high capability management team can extract returns from lesser quality assets. High integrity is as important as capability, and whether Lion's investment results in close collaboration over several years or is passive, all investments need to satisfy the criteria that Lion would comfortably view the team we are backing as part of our own.
2. **Project value** needs to be extremely compelling when investing from an early stage. And yet, this is made challenging by the lack of information to inform a valuation because of the stage of the investments Lion makes. A valuation must show fully diluted returns in excess of 10x the investing price.
3. **Risk** covers a range of factors that are often played down and likely overlooked by many investors. Some risks are worth taking with an educated view and others can be terminal. Lion seeks to avoid terminal risks and establish a portfolio that balances risk profile across it.

These qualities are frequently present individually but seldom in combination.

With so many opportunities available and a weak market, Lion can afford to be extremely selective where metrics are not suitable to support investment. Over a 27-year history Lion are very well aware of the type of people and assets that we have had most success with in the past. It is better to wait for the right combination rather than to swing at something that is unsuitable.



# Mining Market Review

With so many opportunities available and a weak market, Lion can afford to be extremely selective where metrics are not suitable to support investment.

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

The trend of share price performance for the micro-capitalisation mineral resources sector isn't measured by indices, because there isn't one. A median of share price performance of this group shows a fall of 70% since early 2022. This price weakening is far more severe than that experienced by larger capitalisation miners – this is typical of a normal cyclical downturn in mining.

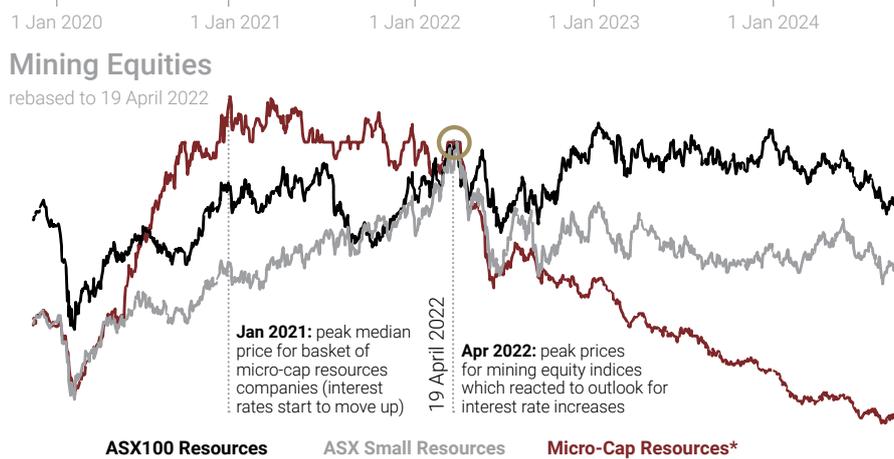
The current downturn has been driven by softening commodity prices and a decline in liquidity, but the lack of support for explorers and developers has been exacerbated by a lack of risk appetite for micro-cap companies across the market. This is linked to the imposition of rising interest rates that became a factor in 2022 and presents a double whammy to early-stage companies in the mining sector.

To Lion, this combination of circumstances has presented an opportunity. Lion has been well funded following large top of the market divestments. Gold explorers and developers, which have been a focal point of Lion's investment to date, have been especially hard hit – despite the record gold price environment. Prior to 2024, sentiment toward gold was indifferent and gold explorers were overlooked by investors with a strong preference for critical materials explorers. Of the nine companies Lion has invested in within its new investment portfolio, only one has no gold exposure. Sentiment toward critical materials has subdued significantly, with this space more attractive for investment as equity prices have pulled back and western government efforts to support the sector have become more tangible.

One of the pillars underpinning the ASX 100 Resources for the last 20 years is the export of iron ore. The iron ore price has weakened in the last twelve months as the Chinese property market and steelmaking industry declined, but still remains well above historical levels and a cash cow for the majors. Very recent Chinese stimulus has helped, but this is unlikely to revive or even stabilise the sector in the medium term and fundamentals remain weak. This is exacerbated by emerging large-scale competition from Guinea into an already saturated market. A major correction of iron ore pricing remains a distinct possibility that may delay a broader recovery of the junior space.



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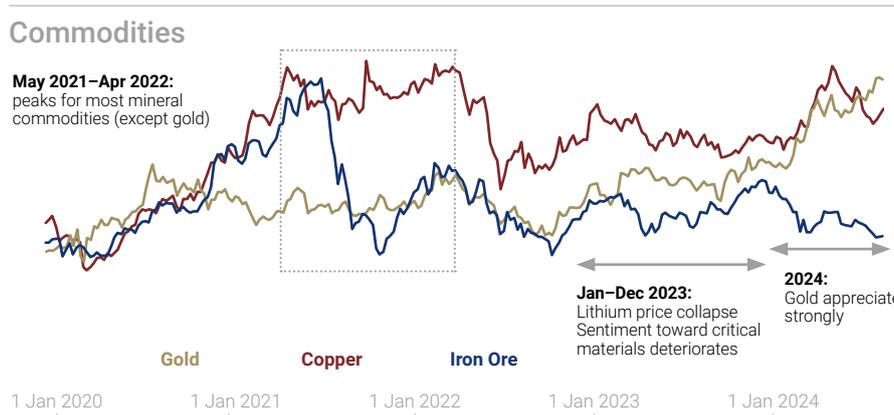
Mining equities have softened, but the cyclical downturn is amplified for smaller capitalisation stocks: (since 19 April 2024 'market peak')

- ASX100 Resources                    **-16%**
- ASX Small Resources                **-33%**
- Micro-Cap Resources stocks\*    **-70%**

\* The proxy for Micro-Capitalisation Resources is a basket of 682 companies, classified as 'Metals & Mining', capitalised at less than \$250M market cap on 30 August 2024.



Interest rates, and the market's outlook for interest rates have been the biggest influence on equity market risk appetite: as interest rates rose and the notion that inflation was sticky, risk appetite and liquidity decreased.



Most mineral commodities have weakened since their peaks in 2021 or 2022.

The examples shown here are all large market commodities, and so have a strong influence on the world's major miners equity prices.

Gold is the clear exception, which has been an especially strong performer in 2024.

Lion is positioning for a cyclical recovery and the next mining boom. The global energy transition adds substantial new demand for many commodities. The mining industry is collectively extremely under-invested in future supply.

### Expectation: Strong medium to long term sector outlook

Lion is positioning for a cyclical recovery and the next mining boom.

All mining booms are similar in their cyclical nature but can vary in magnitude and duration, and there are several coinciding factors that provide a strong outlook for the next boom:

- The mining industry is collectively extremely under-invested in future supply, so the supply response to any rejuvenation of demand is expected to be slow. This is anticipated to be a positive factor for commodity prices. New projects will be needed to catch up and rather than investing to find or develop, major miners have been mainly looking to buy into new projects. This doesn't create new supply, and this behaviour both reinforces the expectation and does nothing to alleviate it.
- Identified sources of new supply are also likely to be slow in delivery due to permitting pathways which are the longest they have ever been. Any new discovery will take a long time to commercialise.
- The global energy transition adds substantial new demand for many commodities and governments in many developed economies have begun providing incentives to support the transition.
- Some of the best returns in global equities in the past decade have been in the technology sector, which shares a risk-reward profile with mining in the willingness that investors have to taking on risks and expecting commensurate returns. The capitalisation of the global technology sector is several times larger than the global mining industry, so even a small proportion of tech capital rotating into a promising commodity sector could make a material difference in the performance of mining equities through the next boom.

The chart on page 11 shows the GSCI Index (a broad index of commodity prices) divided by the S&P500 (prominent US equity index) and is used as a comparison of the relative valuation of equities and commodities. On this measure equities are 'overvalued' in comparison with commodities, and the current valuation difference is the largest it has been since 1970 and has existed since 2016. This chart supports the cases above, that as the next mining boom unfolds there is a likelihood of investors preferentially re-rating commodities and looks like a potent mixture to set the scene for a bullish period for commodities to come – the next mining boom.

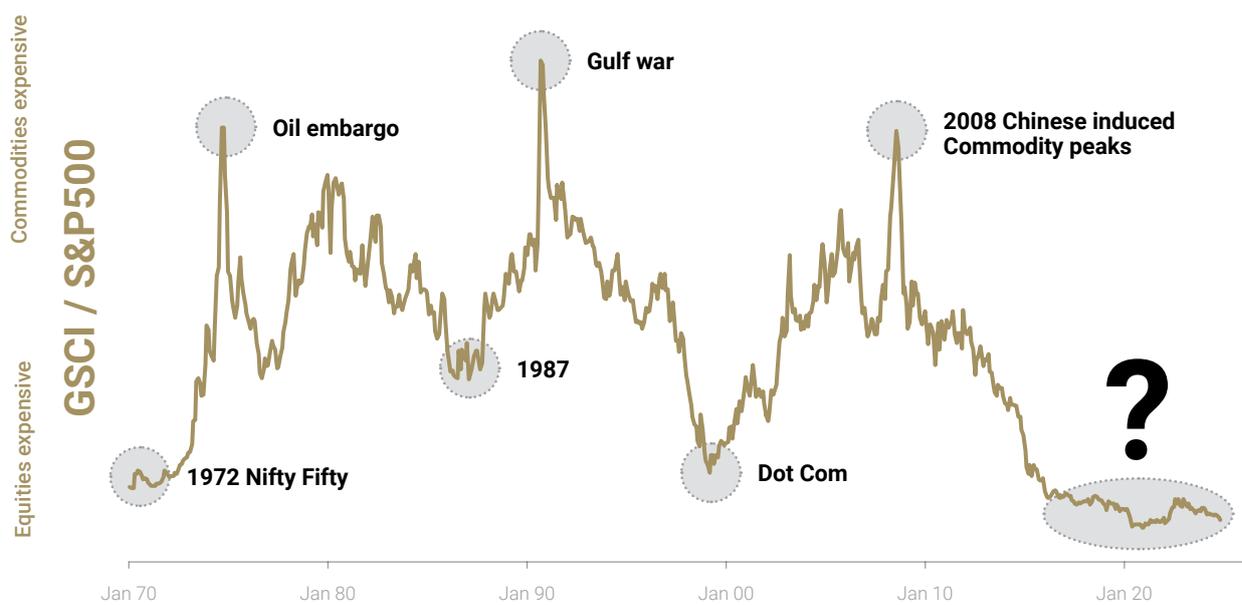
The standout of calendar year 2024 so far has been gold, which has outperformed many asset classes and counter to most other mineral commodities. In the last two years Chinese investors have replaced western ETFs as the marginal buyer of gold: a new, large source of demand. Global gold production has seen very little growth in the last four to five years, so there is little supply response that is available to meet new demand in the gold market. In the first half of 2024 there had only been a muted response of gold equities to gold price, and any investor interest seemed to be limited to miners rather than explorers. Gold prices making new record highs is a strong driver of investor interest, and a good candidate for the trigger to draw investor liquidity back to the mining space. Gold ETF's have reversed their outflows, with May, June and July 2024 having net inflows adding to the buying pressure for gold.

The main unknown about a normal cyclical recovery is when. A recovery of market interest in micro- and small caps is broadly expected as risk-taking investment appetite returns. The market for micro-capitalisation companies tends to feature a high proportion of retail investors, who's willingness and ability to invest is linked to cost of living and interest rates.

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GSCI index divided by the S&P500 index, 1970-present (monthly imprints)

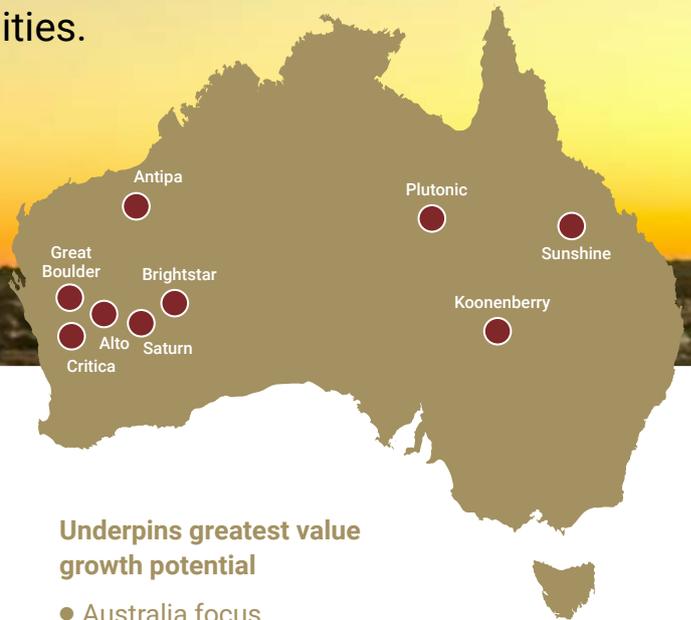


Source: Investing.com, IRESS, Lion

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 The capitalisation of the global technology sector is several times larger than the global mining industry, so even a small proportion of tech capital rotating into a promising commodity sector could make a material difference in the performance of mining equities through the next boom.

# Portfolio Development

Since executing asset sales in 2021 and 2022 that took Lion to a largely cash asset backing, Lion has assessed well over 1,000 new investment opportunities.



Lion intends to establish a portfolio of between 10 and 20 investments that provides an attractive balance of risk and high likelihood of returns and that is leveraged to the most attractive commodities. From this deal flow, Lion has selected nine Australian focussed companies and deployed \$24.9M (including commitments and investments as at 31 July 2024).

Most of that investment has been made in the 2024 financial year (\$18.0M), which corresponds with Lion's view that the prices of opportunity companies we have been assessing had levelled out or were unlikely to become materially lower.

### Underpins greatest value growth potential

- Australia focus
- Precious, base and strategic materials
- Pre-development stage

### Stage and location of Lion's Australian investment portfolio

Note that legacy investments in Erdene, Atlantic Tin, Kin Gin and PhosCo are not shown

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

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

The best opportunities that Lion saw, especially from assessments done in 2022 and 2023, were companies with gold projects which offered the best risk assessed value propositions to Lion. Lion's largest investments are in companies that each have large established gold resource positions and are strongly leveraged to the gold price and the potential for an uplifted valuation on becoming gold producers.

Lion expects to remain very active deploying investment through calendar year 2025 with a strong pipeline of

companies on the watch list and in advanced stages of assessment across a range of commodities.

If these investments progress as planned, Lion expects to follow its money in many investees. In all cases investments have been sized according to the stage of the investment, the kind of de-risking that is expected prior to the next capital raising, and the balance of risks and value assessed via our due diligence. From experience we expect that future investment will be skewed toward opportunities that reveal the best value and performance over time.

Company	Outlook	Invested \$M	Value \$M	Value \$M
<b>AUSTRALIA</b>		31/07/24	31/07/24	30/09/24
<b>Brightstar Resources</b> [ASX:BTR]	<b>Gold in WA.</b> Brightstar has a short, low-cost pathway to production and a strategy to apply cash flow to funding growth. Brightstar are currently completing the acquisition of a major growth project by consolidating the Sandstone/Gidgee region of WA, which will position them with a long-term growth pipeline. The combination of this strategy and newly consolidated large mineral resource inventory presents the potential to go on to become a large gold producer.	2.0	2.1	9.0
<b>Saturn Metals</b> [ASX:STN]	<b>Gold in WA.</b> Saturn's Apollo Hill project is a large, high-density accumulation of gold that is amenable to very low unit costs which presents strong economics. Development of Apollo Hill is expected to unlock a strategically sized gold project	8.0	10.1	15.2
<b>Antipa Minerals</b> [ASX:AZY]	<b>Gold in WA.</b> Established strategic gold resources at Minyari in the Paterson province which neighbours Telfer, Winu and Havieron. Corporate activity has begun to stir, and Antipa is well positioned to consider several potential pathways to commercialisation	2.0	2.2	5.2
<b>Sunshine Metals</b> [ASX:SHN]	<b>Base metals and gold in Qld.</b> Sunshine acquired Liontown near Charters Towers as a drilled resource and has had early success adding high grade gold mineralisation that had previously been unrecognised. Strong pipeline of near-resource targets for extension to test.	0.8	1.0	0.9
<b>Alto Metals</b> [ASX:AME]	<b>Gold in WA.</b> Progressing toward a combination via a scheme of arrangement with Brightstar Resources	1.0	0.6	1.2
<b>Great Boulder Resources</b> [ASX:GBR]	<b>Gold in WA.</b> Main focus is exploring the eastern limb of a regional scale fold, which contains the Meekatharra gold field on the western limb. In 2023 and 2024 permitting and ground acquisition has provided access to areas that have never been tested and Great Boulder work has defined a range of new targets. These are expected to lead to growth of gold Resources, in proximity to established gold process facilities.	0.8	0.5	0.6
<b>Critica Minerals</b> [ASX:CRI]	<b>REE's in WA.</b> Large, shallow, high grade REE discovery close to new upgrade facilities	0.8	0.8	0.8
<b>Koonenberry Gold</b> [ASX:KNB]	<b>Gold (+/- copper) in NSW.</b> 100% holder of large ground position in NW NSW, which contains substantial surface gold (nugget patches) but has only even been lightly explored. Appears to be a continuation of Stawell gold zone geology (well known in Western Victoria) sequestered in NSW, with a large inventory of targets to pursue	0.2	0.3	0.2
<b>Plutonic Limited</b> [unlisted]	<b>Exploring for gold and copper in NT.</b> Never-before considered mineral systems over a large area: district scale discovery potential. The Champion project contains very large targets with alteration expressions that outline large hydrothermal systems which contain low-level surface anomalism for gold (up to 1.3g/t) and copper (up to 0.31%) in rock chips	4.8	4.8	4.8

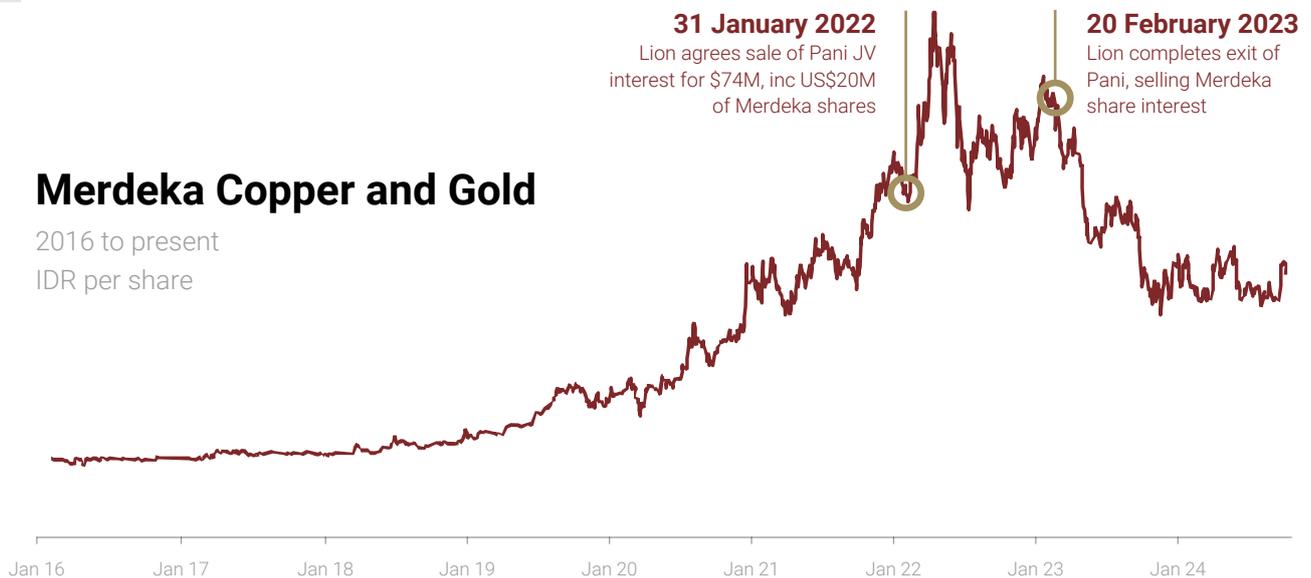


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Company	Outlook	Invested \$M	Value \$M	Value \$M
<b>LEGACY</b>		31/07/24	31/07/24	30/09/24
<b>Erdene Resource Devt Corp</b> [TSX:ERD]	<b>Gold open pit project development underway in Mongolia:</b> first gold expected 2025. Erdene is approaching maturity within Lion's portfolio and is expected to improve trading liquidity as it moves towards gold production in early 2025.	2.8	5.9	8.3
<b>PhosCo Limited</b> [ASX:PHO]	<b>Rock phosphate in Tunisia.</b> Awaiting licence restitution and new licence granting.	3.2	1.1	1.6
<b>Atlantic Tin</b> [unlisted]	<b>Tin in Morocco.</b> The Achmmach project is well understood and has a clear pathway to development, in a robust tin market. Awaiting commercial pathway to liquidity.	0.7	2.0	2.0
<b>Kin Gin</b> [unlisted]	<b>Gold in Japan.</b> A licence portfolio containing defined epithermal gold deposits and historic mines has been assembled for very low cost. First project approvals now granted, systematic on-ground work is anticipated to follow.	0.2	0.4	0.4

## Merdeka Copper and Gold

2016 to present  
IDR per share



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# Lion Board and Management

## Robin Widdup Executive Chairman

Robin Widdup was appointed Executive Chairman of Lion on 1 February 2024. Barry Sullivan stepped down as Chairman of the Company and took up a position as Non-Executive Director. Chris Melloy and Peter Maloney continue as Non-Executive Directors of Lion.

## Lion Management Arrangements

On 1 July 2024 Lion completed the internalisation of its management, shifting from investment management services being provided by an external manager (Lion Manager) to direct employment of all staff. This simplifies Lion's structure and creates alignment between each of the key individuals and Lion. Lion will also have better control of costs as the Company seeks to grow, as under the previous investment management contract fees would increase proportionately with invested capital under management.

Lion shareholders provided approval for an Employee Incentive Plan and New Long Term Incentive arrangements for Hedley Widdup (related party) at a General Meeting of shareholders on 26 June 2024, and the arrangements became effective on 1 July 2024. From this date, investment management fees will no longer be paid, and there will be no ongoing commercial relationship with Lion Manager.

Under this new arrangement Hedley Widdup has taken up the position of Chief Executive Officer and Craig Smyth retained the position of Chief Financial Officer.

Lion's investment process and team has not changed – only the job titles of Hedley and Craig. Modest cost savings are expected to be derived as a result of the removal of investment management fees.

## Vale Barry Sullivan



It is with deep sadness and sincere condolences that Lion has advised the passing of Barry Sullivan, former Lion chairman and non-executive director, who passed away in June, suddenly and unexpectedly of natural causes.

Barry was a mining engineer, qualified at the Royal School of Mines before commencing his career in South Africa. He later moved to Mt Isa, where in a tenure of more than 20 years he rose to the level of Executive General Manager responsible for the extensive Mount Isa and Hilton operations. In the era of Barry's tenure in Mt Isa, the mine was an inseparable part of the social fabric the town. Barry carried forward a strong sense of how a company of any size would work within its host community.

Barry was a thoroughly decent man, with a keen interest in people and provider of unwavering and unflappable guidance endeared him to other board members. He became a friend and mentor to many whose career pathways he crossed, he will be fondly remembered and missed.

It was a very long friendship with Barry for the Lion team, several of whom had technical careers in Mt Isa prior to finance. After his retirement from MIM he had involvements with several Lion investments as a non-executive director or chairman of Exco Resources, Allegiance Mining, Sedimentary Holdings, Catalpa Resources and EganStreet Resources. Barry joined the Lion board in 2011, he was the chairman from February 2016 to January 2024.

Following the changes to the Lion board during the year, the directors and key office holders of Lion Selection Group are as set out below.

### **Robin Widdup** Executive Chairman



Robin has almost 50 years industry experience spanning work in large mines in Africa, UK and Australia, mining analysis for stockbroker JBWere & Son and then mining investment at Lion Selection Group.

He was the founder of Lion in 1997, raising \$100M to list Lion on ASX. He has been a director and owner of Lion Manager, the purpose formed company that provided investment management services to Lion, and a director of Lion since formation.

Over the 27 year history of Lion Robin has held a number of directorships of listed and unlisted mining companies, covering a variety of commodities, where Lion has been a shareholder. Robin is currently Chairman of PhosCo Ltd.

Robin was appointed Executive Chairman of Lion on 1 February 2024 having previously been a non-executive director.

### **Chris Melloy** Non-Executive Director



Chris is mining engineer with almost 50 years experience in the mining industry in operations, securities analysis and investment. He held senior positions in MIM and JBWere & 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.

He has held a number of directorships of listed and unlisted companies where Lion has been a shareholder.

Chris is also Chairman of the Lion Remuneration Committee.

### **Peter Maloney** Non-Executive Director



Peter Maloney has broad commercial, financial and management expertise and experience. He was Chief Financial Officer of Lion and an executive director of Lion Manager until April 2010.

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. Prior to joining Lion, Peter held senior executive positions with WMC Resources and a number of other companies.

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

### **Hedley Widdup** Chief Executive Officer



Hedley is a geologist with extensive experience across base and precious metals mines in Australia. He joined the Lion Manager team in July 2007 as an analyst, and was appointed the Chief Executive Officer of Lion in July 2024.

He is a non-executive director of Erdene Resources Development Corporation (TSX:ERD), non-executive Chairman of Plutonic Limited (Unlisted), and a member of the Melbourne Mining Club volunteer Steering Committee.

### **Craig Smyth** Chief Financial Officer



Craig 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. He is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Prior to Lion, Craig's financial background includes Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank.

Craig has 19 years resources experience, joining Lion in 2005 as Financial Controller, before becoming Chief Financial Officer in 2010.

Craig is the interim Chief Financial Officer of Lion investee PhosCo Ltd.

# 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
<b>Investment in resource companies</b>	<p>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:</p> <ul style="list-style-type: none"> <li>• general investment, economic and market conditions as outlined above, which can affect the investee's performance and share price;</li> <li>• exploration is a speculative endeavour which may not result in investees finding economic deposits capable of being successfully exploited;</li> <li>• 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;</li> <li>• 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;</li> <li>• reliance on the performance of key management of Lion and investees;</li> <li>• 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;</li> <li>• 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;</li> <li>• resource nationalisation, political 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;</li> <li>• 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.</li> <li>• 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</li> <li>• 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.</li> </ul>
<b>Market Movements</b>	<p>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.</p>
<b>Reliance on key personnel</b>	<p>A number of key management and personnel is important to attaining the respective business goals of Lion. One or more of Lion's 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 to attract and retain additional highly qualified management and personnel.</p>

# 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.

## 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 the Chief Financial Officer ('Executive Management'). Through monitoring the performance of the Executive Management at least annually by way of

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

Executive Management implement the Company's investment strategy and manage its investments. This includes all steps of the investment selection process and the making of recommendations to the Board.

Executive Management are at liberty to engage specialists and consultants as appropriate to assist in the investment assessment process and provide 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 Executive Management 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.

**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 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

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 Board. The Board assesses performance of the Executive Management on an annual basis. This process includes one-on-one and collective meetings.

Senior executives are appointed by the Board and their Key Performance Indicators (KPI's) contain specific financial and non-financial objectives. These KPI's are reviewed annually by the Board. The performance of each senior executive against these objectives is evaluated annually. A senior executive review was not undertaken during the period to 31 July 2024 due to the recent employment of Executive Management on 1 July 2024. However, the company intends to conduct a senior executive review in 2025.

## 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
<b>Leadership and Governance</b>	
Leadership	3
Corporate Governance	3
Strategy	3
<b>Operations</b>	
Geology & Exploration	1
Infrastructure	2
Engineering	1
Project Delivery	3
<b>Finance &amp; Risk</b>	
Accounting	2
Finance	3
Acquisitions	3
Risk Management	3
<b>Mining Investment</b>	<b>3</b>

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 three directors – two independent non-executive directors, being Chris Melloy and Peter Maloney, and an executive director, Robin Widdup who was appointed Executive Chairman on 1 February 2024. 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.

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.

### 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.

Lion's Executive Chair is Mr Robin Widdup who is not an independent Director. The Board considers that Robin Widdup best serves the office of Chair due to his extensive industry experience.

### 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:

- have and disclose a code of conduct for its directors, senior executives and employees; and
- 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.

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 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.

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.

- (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.

### 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.

## 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 and Chief Financial Officer of Lion provide 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 Executive Management, 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 its 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.

**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.

The Company's investor relations strategy and programs are reviewed annually by the Lion Board. The Lion Board and management 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.

**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 Company's management has established procedures relating to investment and divestment decisions, and management of investments with emphasis on risk assessment. Management 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 and avoiding 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 Chief Financial Officer.

### 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.

## 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

In June 2024, the Lion Board appointed a Remuneration Committee consisting of the full Lion board and chaired by Mr Chris Melloy.

The Company's remuneration policy in relation to directors and other key management personnel will be determined by the Remuneration Committee.

The objective of the Company's remuneration structure is to reward and incentivise key management personnel and employees to ensure alignment with the interests of shareholders. The remuneration structure also seeks to reward key management personnel and employees for their contribution to the Company in a manner that is appropriate for a company at this stage of its nature and size.

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. Executives and employees receive a base remuneration which is market related, and may be entitled to performance based remuneration which is determined on an annual basis. Overall remuneration policies are subject to the discretion of the Remuneration Committee and can be changed to reflect competitive and business conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Remuneration Committee having regard to the performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligation to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company.

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 \$120,000.

### 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, the Board as a whole and its committees on an annual basis. This process includes one-on-one and collective meetings.

The Board reviews Performance of Executive Management. As the Company's Chief Executive Officer is a child of the Executive Chairman, the Executive Chairman abstains from being involved with the Performance evaluation process for the Chief Executive Officer.

#### 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.

## 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 2024.

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:

- Robin Widdup – Director  
Executive Chairman from 1 February 2024
- Barry Sullivan – Chairman  
Non-Executive Director from 1 February to 3 June 2024
- Peter Maloney – Non-Executive Director
- Chris Melloy – Non-Executive 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 Profit or Loss and Other Comprehensive Income and the Statement of Financial Position.

The Company's profit after tax for the year was \$1.1 million (2023: \$0.6 million).

Since exiting two large Indonesian investments in 2021 and 2022, Lion's focus has been on new opportunities in Australia timed to take advantage of weak markets for pre-production resource companies considered to be proximal to a cyclical trough. Lion has invested heavily during the year, with \$17.4 million invested in the portfolio including Saturn Metals (ASX:STN), Plutonic Limited (unlisted), Brightstar Resources (ASX:BTR) and Antipa Minerals (ASX:AXY), along with several smaller investments.

The result for the year reflects a mark to market gain of \$0.7 million with respect to investments, with key movements in the portfolio value outlined below:

- A mark to market increase of \$2.0 million on Lion's investment in Saturn Metals benefiting from increasing gold prices and the company's progress on plans for a pilot heap leach plant.
- Decrease in the value of Lion's investment in PhosCo of \$2.0 million following PhosCo having challenges having its Chaketma Phosphate Project lease restored.
- A mark to market increase of \$0.7 million in the valuation of Lion's investment in Erdene Development Corporation, with Erdene commencing development of its Bayan Khundii Gold Project in Mongolia.

At 31 July 2024 the Company held investments valued at \$31.8 million (2023: \$13.1 million), and cash and term deposits of \$55.9 million (2023: \$75.0 million).

## Dividends

On 18 October 2023<sup>1</sup> Lion Selection Group Limited declared a 1.5cps unfranked dividend to shareholders (totalling \$2.1 million) which was paid on 10 November 2023 (2023: \$5.0 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

During the period the Company agreed arrangements to directly employ the investment team, and terminating the Management Agreement with Lion Manager. Hedley Widdup (Chief Executive Officer) and Craig Smyth (Chief Financial Officer) became direct Lion employees on 1 July 2024.

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

## Significant Events after Balance Date

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

## Proceedings on Behalf of the Company

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

## Likely Developments and Future Results

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

There are a wide variety of risks associated with the mining and exploration industry including market conditions, exploration, operational and political risk, tenure of tenements, liquidity and native title issues.

1. See ASX Announcement dated 18 October 2023, Lion to pay 1.5cps dividend in November 2023.

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

## Employees

At 31 July 2024 there was five permanent employees of the Company (2023: 1 employee).

## 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

### Remuneration policy

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.

The objective of the Company's remuneration structure is to reward and incentivise key management personnel and employees to ensure alignment with the interests of shareholders. The remuneration structure also seeks to reward key management personnel and employees for their contribution to the Company in a manner that is appropriate for a company at this stage of its nature and size.

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. Executives and employees receive a base remuneration which is market related, and may be entitled to performance based remuneration which is determined on an annual basis. Overall remuneration policies are subject to the discretion of the Board and can be changed to reflect competitive and business

conditions where it is in the interests of the Company and shareholders to do so. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to the performance, relevant comparative information and expert advice.

The Board's remuneration policy reflects its obligation to align executive remuneration with shareholder interests and to retain appropriately qualified executive talent for the benefit of the Company.

### Elements of remuneration

#### Fixed annual remuneration

Key management personnel receive their base pay and statutory benefits structured as a total fixed remuneration package.

Base pay for key management is reviewed annually to ensure the remuneration is competitive with the market and remains appropriate for the Company and its operations.

There are no guaranteed base pay increases included in any employment contracts.

#### Variable remuneration – Short-term incentive arrangements

During the year, the Company adopted a Short-Term Incentive (STI) Scheme. The objective of the STI is to link the achievement of the Group's short-term performance objectives with the remuneration received by senior management and employees charged with achieving those measures. STI payments are dependent on the extent to which performance measures, as set by the Board are achieved and are 'at risk'.

No STI payments were made during the year.

#### Variable remuneration – Long term incentives

##### Performance Rights

The establishment of an Employee Incentive Plan (the Plan), and the issue of securities under the Plan was approved by shareholders at an extraordinary shareholder meeting on 26 June 2024. During the year, the Company adopted a Long-Term Incentive (LTI) Scheme and on 1 July 2024, 2,476,000 performance rights were awarded to key management personnel. See Note 20 and this Remuneration Report for further details.

LTI's are anticipated to be issued annually to eligible employees.

#### Contractual arrangements for executive KMP

The executive remuneration framework is summarised in the table on page 31.

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

## The executive remuneration framework

Component	Executive Chairman	Chief Executive Officer	Chief Financial Officer	Other Key Management Personnel
Fixed Remuneration	\$230,000	\$350,000	\$350,000	\$135,000 on a full time basis
Short term incentive (STI)	None	Company may invite the employee to participate at its sole discretion		
Long term incentive (LTI)	None	Company may invite the employee to participate at its sole discretion		
Contract duration	Ongoing contract	Ongoing contract	Ongoing contract	Ongoing contract
Notice by the individual/ company	6 months/ 3 months	3 months/ 12 months	3 months/ 12 months	3 months/ 3 months

## The Group's summary key performance information

	Unit	2024	2023	2022	2021	2020
Total income	\$'000	4,081	3,168	8,382	31	31,861
Profit/ (Loss) before income tax	\$'000	1,486	760	6,152	(2,707)	29,864
Profit/ (Loss) after income tax	\$'000	1,107	581	9,031	(5,865)	29,864
Share price at the start of the financial year	Cents per share	44.0	44.5	40.2	43.0	37.8
Share price at the end of the financial year	Cents per share	47.5	43.5	44.0	41.1	43.0
Basic earnings per share	Cents per share	0.8	0.4	6.0	(3.9)	19.9
Diluted earnings per share	Cents per share	0.8	0.4	6.0	(3.9)	19.9
Dividend per share	Cents per share	1.5	3.5	3.5	-	-

### Non-executive director arrangements

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 non-executive directors of the Company as remuneration for their services is \$200,000 for any financial year.

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

### Link between remuneration and performance

Remuneration of executives consists of an un-risked element (base pay), short-term incentives, and long-term incentives (performance rights) which vest upon the satisfaction of performance criteria, based on key strategic, market and non-financial measures linked to drivers of performance in future reporting periods. The Company did not pay any short-term incentives (e.g. cash bonuses) during the year (2023: nil).

The Group's summary key performance information, including earnings and movement in shareholder wealth for the five (5) years to 31 July 2024, is included above.

### Voting and Comments at the Company's 2023 Annual General Meeting

The Company received more than 99% of 'yes' votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2023 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.

## Key Management Personnel of the Company – Remuneration for year to 31 July 2024

2024		Fixed Remuneration			Variable Remuneration		
		Salaries/Fees	Leave Entitlements	Post-Employment Superannuation	Cash Bonus	Share Based Payments	Total
Name	Notes	\$	\$	\$	\$	\$	\$
<b>Directors</b>							
B J K Sullivan	(a)	56,306	-	6,194	-	-	<b>62,500</b>
P J Maloney		32,292	-	27,708	-	-	<b>60,000</b>
C Melloy		32,292	-	27,708	-	-	<b>60,000</b>
R A Widdup	(b)	102,500	32,673 <sup>#</sup>	12,500	-	-	<b>147,673</b>
<b>Other Key Management Personnel</b>							
H J Widdup	(c)	26,667	68,149 <sup>#</sup>	2,500	-	15,356	<b>112,672</b>
C K Smyth	(c)	26,667	88,347 <sup>#</sup>	2,500	-	15,356	<b>132,870</b>
J M Rose		90,513	(6,907)	9,987	-	-	<b>93,593</b>
<b>Total</b>		<b>367,237</b>	<b>182,262</b>	<b>89,097</b>	<b>-</b>	<b>30,712</b>	<b>669,308</b>

<sup>#</sup> Leave entitlements include recognition of provisions for annual and long service leave assumed by Lion in employing the employee directly.

(a) B J K Sullivan deceased 3 June 2024.

(b) R A Widdup was employed by Lion Manager Pty Ltd until 31 January 2024 and did not receive any remuneration from the Company.

On 1 February 2024 R A Widdup was appointed Executive Chairman of Lion Selection Group. Leave entitlements include recognition of provisions for annual and long service leave assumed by Lion in employing the employee directly.

(c) H J Widdup and C K Smyth were employed by Lion Manager Pty Ltd until 30 June 2024 and did not receive any remuneration from the Company.

On 1 July 2024 H J Widdup was appointed Chief Executive Officer and C K Smyth continued on in his role of Chief Financial Officer of Lion Selection Group. Leave entitlements include recognition of provisions for annual and long service leave assumed by Lion in employing each employee directly.

2023		Fixed Remuneration			Variable Remuneration	
		Salaries/Fees	Leave Entitlements	Post-Employment Superannuation	Cash Bonus	Total
Name	Notes	\$	\$	\$	\$	\$
<b>Directors</b>						
B J K Sullivan		59,175	-	6,242	-	<b>65,417</b>
P J Maloney		24,167	-	27,500	-	<b>51,667</b>
C Melloy		24,167	-	27,500	-	<b>51,667</b>
R A Widdup	(a)	-	-	-	-	-
<b>Other Key Management Personnel</b>						
C K Smyth	(a)	-	-	-	-	-
J M Rose		113,080	(4,631)	11,920	-	<b>120,369</b>
<b>Total</b>		<b>220,589</b>	<b>(4,631)</b>	<b>73,162</b>	<b>-</b>	<b>289,120</b>

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

Both Mr R A Widdup and Mr C K Smyth were 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 provided management and investment services to Lion.

Prior to 1 July 2024, Lion had a Management Agreement with Lion Manager, under which Lion Manager provided the Company with management and investment services. These arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with management fees of 1.5% p.a. based on the direct investments under management. There was also an incentive applicable which would apply where Lion's performance outperforms a benchmark (no incentive fee had accrued with respect to the Lion Manager contract during the year).

Effective 1 July 2024 the Company and Lion Manager completed an agreement under which the existing Management Agreement was terminated and the Company's investment team employed directly by Lion. Lion also acquired the plant and equipment items from Lion Manager and assumed responsibility for employee entitlement for no consideration.

## 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 2023	Shares issued as Remuneration	Ceasing to be a Director	Closing Balance 31 July 2024
<b>Directors</b>				
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)	-
<b>Other Key Management Personnel</b>				
H J Widdup	1,174,139	-	-	1,174,139
C K Smyth	1,505,137	-	-	1,505,137
J M Rose	-	-	-	-
<b>Total</b>	<b>28,200,016</b>	<b>-</b>	<b>(813,074)</b>	<b>27,386,942</b>

Name	Balance 1 August 2022	Shares issued as Remuneration	On-Market Purchase of Shares	Closing Balance 31 July 2023
<b>Directors</b>				
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
<b>Other Key Management Personnel</b>				
C K Smyth	1,505,137	-	-	1,505,137
J M Rose	-	-	-	-
<b>Total</b>	<b>27,025,877</b>	<b>-</b>	<b>-</b>	<b>27,025,877</b>

\* B J K Sullivan deceased 3 June 2024.

## Performance Shares

Lion issued performance rights to eligible Key Management Personnel under its Long-Term Incentive Plan on 1 July 2024. Each performance right will convert to one ordinary share in the Company during the performance period subject to the satisfaction of the performance conditions. The rights are not transferable.

These rights will constitute a share-based payment transaction for accounting purposes. Refer Note 20 for further detail.

Name	Balance 1 August 2023	Performance Shares issued	Closing Balance 31 July 2024
H J Widdup	-	1,238,000	1,238,000
C K Smyth	-	1,238,000	1,238,000
<b>Total</b>	<b>-</b>	<b>2,476,000</b>	<b>2,476,000</b>

For the performance rights granted during the current financial year, the key conditions and valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	1 July 2024
Total number of Performance Rights	2,476,000
Issue Price	Nil
Measurement Period	Grant Date to 31 July 2027
Exercise Price	Nil
Vesting Date	<p>Performance will be measured at the end of each 'Performance Year' during the Measurement Period, being 31 July 2025, 31 July 2026 and 31 July 2027.</p> <p>Assessment for each Performance Year will be reduced to the extent that shares have been issued in previous Performance Years under the same Performance Rights tranche.</p> <p>Performance Rights will vest upon the date upon which the relevant Vesting Condition has been satisfied, as determined by the Board, provided this occurs prior to the Expiry Date.</p>
Disposal Restrictions	Shares received upon exercise of any vested LTI Performance Rights will be subject to a two-year escrow period from the date of exercise.
Vesting Conditions	<p><b>TRANCHE 1</b></p> <p>Up to 1,000,000 Performance Rights vest based on share price performance measured based on the Company's highest 30-day volume weighted average price (VWAP) in the Performance Year.</p> <ul style="list-style-type: none"> <li>• VWAP less than 56¢ – Nil Performance Rights vest;</li> <li>• VWAP equals 56¢ – 500,000 Performance Rights vest;</li> <li>• VWAP between 56¢ and 76¢ – pro rata Performance Rights vest between 500,000 and 1,000,000 Performance Rights.</li> <li>• VWAP equals 76¢ or more – 1,000,000 Performance Rights Vest</li> </ul> <p>Any dividends paid during the Performance Year will added to the current VWAP from the point that the Company trades ex-dividend.</p> <p><b>TRANCHE 2</b></p> <p>Up to 1,000,000 Rights vest based on the Company's portfolio value per share measured based on the Company's highest month-end fair value in accordance with Australian Accounting Standards (currently referred to as Net Tangible Assets) (Portfolio Value) in the Performance Year:</p> <ul style="list-style-type: none"> <li>• Portfolio Value less than 71¢ – Nil Performance Rights vest;</li> <li>• Portfolio Value equals 71¢ – 500,000 Performance Rights vest;</li> <li>• Portfolio Value between 71¢ and 83¢ – pro rata Performance Rights vest between 500,000 and 1,000,000 Performance Rights;</li> <li>• Portfolio Value equals 83¢ or more – 1,000,000 Performance Rights vest.</li> </ul> <p>Any dividends paid during the Performance Year will added to the current Portfolio Value from the point that the Company trades ex-dividend.</p> <p><b>RETENTION TRANCHE</b></p> <p>Up to 476,000 Performance Rights vest based on continuous service with the Company measured at each Performance Year:</p> <ul style="list-style-type: none"> <li>• 95,200 Performance Rights Vest on 31 July 2025;</li> <li>• 95,200 Rights Performance Rights on 31 July 2026;</li> <li>• 285,600 Performance Rights on 31 July 2027.</li> </ul>

## Information on Directors

### **Robin Widdup**

#### **BSc (Hons) – Executive Chairman**

Robin has almost 50 years industry experience spanning work in large mines in Africa, UK and Australia, mining analysis for stockbroker JBWere and founding Lion Selection Group in 1997.

A number of directorships of listed and unlisted mining companies have been held over recent decades covering a variety of commodities.

Robin was appointed Executive Chairman of Lion on 1 February 2024 and previously was a non-executive director of Lion. Robin is Chairman of PhosCo Ltd.

### **Barry Sullivan**

#### **BSc (Min), ARSM, FAusIMM, MAICD – Non-Executive Director Deceased 3 June 2024**

Barry Sullivan was 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 served as Chairman of Lion between December 2011 and January 2024. Prior to December 2011 and from February 2024 had been a non-executive director. Barry was also a member of the Lion Audit Committee. Barry passed away on 3 June 2024.

### **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 JBWere & 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.

## Other Key Management Personnel

### **Hedley Widdup**

#### **Bsc (Hons), MAusIMM – Chief Executive Officer**

Hedley Widdup graduated as a geologist with first class honours from the University of Melbourne in 2000. Upon finishing his degree, Hedley joined WMC Resources as a geologist working at the Mt Keith Nickel Mine.

Hedley has extensive experience as a mine geologist having worked at Olympic Dam, Mt Isa (Black Star open cut mine) and the St Ives Gold Mine where he was Senior Mine Geologist of the combined open pits. Hedley joined the Lion Manager team in July 2007 as an analyst.

Hedley is a non-executive director of Erdene Resources Development Corporation (TSX.ERD), non-executive Chairman of Plutonic Limited (Unlisted), and a member of the Melbourne Mining Club Steering Committee.

### **Craig Smyth**

#### **BCA (Acctg), M App Fin, CA – Chief Financial 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. Craig is a member of the Institute of Chartered Accountants of Australia and New Zealand. Craig has 19 years resources experience since joining Lion in 2005 as Financial Controller, before becoming Chief Financial Officer in 2010.

Craig is the interim Chief Financial Officer of Lion investee PhosCo Ltd and has represented Lion on the Pani Joint Venture and within Nusantara Resources Limited.

### **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.

## Directors' Meetings

During the year and up until the date of this report, the Company held seven 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	7	7
R A Widdup	7	7
B J K Sullivan*	5	5
C P Melloy	7	7

\* B J K Sullivan deceased 3 June 2024.

## Audit Committee Meeting

During the year and up until the date of this report, the Company held two Audit Committee meetings. The table below reflects attendances of the Audit Committee meetings.

Audit Committee		
	Attended	Max. Possible Attended
P J Maloney	2	2
B J K Sullivan	2	2
C P Melloy	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 \$87,154 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, Nexia Melbourne Audit Pty Ltd, as required under section 307 of the *Corporations Act 2001*. A copy can be found on page 37 of this financial report.

## Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2024. 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.



**R A Widdup**  
Chairman



**P J Maloney**  
Director  
Melbourne

## Auditor's Independence Declaration under section 307C of the *Corporations Act 2001*

### To the Directors of Lion Selection Group Limited

As lead partner for the audit of the financial statements of Lion Selected Group Limited for the financial year ended 31 July 2024, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- a) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) any applicable code of professional conduct in relation to the audit.



**Nexia Melbourne Audit Pty Ltd  
Melbourne**



**Richard Cen  
Director**

Dated this 12<sup>th</sup> day of September 2024

## Advisory. Tax. Audit.

Registered Audit Company 291969

Nexia Melbourne Audit Pty Ltd (ABN 86 005 105 975) is a firm of Chartered Accountants. It is affiliated with, but independent from Nexia Australia Pty Ltd. Nexia Australia Pty Ltd is a member of Nexia International, a leading, global network of independent accounting and consulting firms. For more information please see [www.nexia.com.au/legal](http://www.nexia.com.au/legal). Neither Nexia International nor Nexia Australia Pty Ltd provide services to clients.

Liability limited under a scheme approved under Professional Standards Legislation.

# 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 39 to 64 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 2024 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.
  - (c) The consolidated entity disclosure statement on page 64 is true and correct.
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 2024.
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



**R A Widdup**  
Chairman



**P J Maloney**  
Director

Melbourne

Date: 12 September 2024

# Financial Statements

## Statement of Profit or Loss and Other Comprehensive Income for the Year ended 31 July 2024

	Notes	2024 \$'000	2023 \$'000
Gain/(loss) attributable to movement in fair value	4	694	904
Interest income		3,322	2,195
Other income		65	69
Management fees		(1,305)	(1,521)
Employee benefits	4	(733)	(289)
Other expenses	4	(557)	(598)
<b>Profit/(loss) before income tax</b>		<b>1,486</b>	<b>760</b>
Income tax (expense)/benefit	5	(379)	(179)
<b>Net profit/(loss) after tax</b>		<b>1,107</b>	<b>581</b>
Other comprehensive income		-	-
<b>Total comprehensive income/(loss) for the year</b>		<b>1,107</b>	<b>581</b>
Attributable to:			
Members		<b>1,107</b>	<b>581</b>
		<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings/(loss) per share		<b>0.8</b>	0.4
Diluted earnings/(loss) per share		<b>0.8</b>	0.4

The above statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

## Statement of Financial Position as at 31 July 2024

	Notes	2024 \$'000	2023 \$'000
<b>Current Assets</b>			
Cash and cash equivalents	13	11,640	7,534
Term deposits	3	44,240	67,500
Trade receivables and other assets	6	1,214	1,169
<i>Total current assets</i>		<b>57,094</b>	<b>76,203</b>
<b>Non-Current Assets</b>			
Financial assets	7	31,768	13,101
Property, plant and equipment	8	203	296
<i>Total non-current assets</i>		<b>31,971</b>	<b>13,397</b>
<b>Total Assets</b>		<b>89,065</b>	<b>89,600</b>
<b>Current Liabilities</b>			
Trade and other payables	9	95	75
Tax payable		57	-
Employee Entitlements		250	21
Lease liabilities		97	89
<i>Total current liabilities</i>		<b>499</b>	<b>185</b>
<b>Non-Current Liabilities</b>			
Lease liabilities		123	220
Deferred tax liabilities	5 (b)	447	220
<i>Total non-current liabilities</i>		<b>570</b>	<b>440</b>
<b>Total Liabilities</b>		<b>1,069</b>	<b>625</b>
<b>Net Assets</b>		<b>87,996</b>	<b>88,975</b>
<b>Equity</b>			
Contributed equity	11	121,900	121,900
Reserves	12	31	1,341
Accumulated losses	10	(33,935)	(34,266)
<b>Total Equity</b>		<b>87,996</b>	<b>88,975</b>

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

## Statement of Cash Flows for the Year ended 31 July 2024

	Notes	2024 \$'000	2023 \$'000
<b>Cash flows from operating activities</b>			
Interest received		3,261	1,129
Other income received		65	69
Payments to suppliers and employees (including GST)		(2,193)	(2,316)
Interest paid		(14)	(17)
Income tax paid		(96)	(238)
<i>Net cash inflow/(outflow) from operating activities</i>	13(b)	<b>1,023</b>	<b>(1,373)</b>
<b>Cash flows from investing activities</b>			
Payments for investments		(17,971)	(2,263)
Funds placed on term deposit		23,260	(47,500)
Proceeds from investments		-	46,705
<i>Net cash inflow/(outflow) from investing activities</i>		<b>5,289</b>	<b>(3,058)</b>
<b>Cash flows from financing activities</b>			
Dividends paid		(2,117)	(5,036)
On-market share buy-back		-	(3,537)
Payments for lease liability		(89)	(81)
<i>Net cash inflow/(outflow) from financing activities</i>		<b>(2,206)</b>	<b>(8,654)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>4,106</b>	<b>(13,085)</b>
Cash and cash equivalents at beginning of financial year		<b>7,534</b>	<b>20,619</b>
<b>Cash and cash equivalents at end of financial year</b>		<b>11,640</b>	<b>7,534</b>

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

## Statement of Changes in Equity for the Year ended 31 July 2024

	Issued Capital \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
<b>Balance at 1 August 2023</b>	<b>121,900</b>	<b>1,341</b>	<b>(34,266)</b>	<b>88,975</b>
<b>Total comprehensive income/(loss)</b>	-	-	1,107	1,107
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid	-	-	(2,117)	(2,117)
Transfer from Share Based Payments Reserve – Expiry of Options unexercised	-	(1,341)	1,341	-
Issue of performance rights	-	31	-	31
<b>Balance at 31 July 2024</b>	<b>121,900</b>	<b>31</b>	<b>(33,935)</b>	<b>87,996</b>
<b>Balance at 1 August 2022</b>	<b>125,404</b>	<b>1,341</b>	<b>(29,811)</b>	<b>96,934</b>
<b>Total comprehensive income/(loss)</b>	-	-	581	581
<b>Transactions with owners in their capacity as owners</b>				
Dividends paid	-	-	(5,036)	(5,036)
Share buy-back	(3,504)	-	-	(3,504)
<b>Balance at 31 July 2023</b>	<b>121,900</b>	<b>1,341</b>	<b>(34,266)</b>	<b>88,975</b>

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

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 1. CORPORATE INFORMATION**

The financial report of Lion Selection Group Limited ('Lion' or 'the Company') for the year ended 31 July 2024 was authorised for issue in accordance with a resolution of the directors on 11 September 2024. 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 MATERIAL ACCOUNTING POLICY INFORMATION**

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 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) Critical 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).

## Notes to the Financial Statements for the Year ended 31 July 2024

**(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.

## Notes to the Financial Statements for the Year ended 31 July 2024

**Transactions and balances (continued)**

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

## Notes to the Financial Statements for the Year ended 31 July 2024

**(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 Profit or Loss and Other 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 Lion Selection Asia Limited (deregistered on 26 July 2024). 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:

## Notes to the Financial Statements for the Year ended 31 July 2024

**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 derecognised 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 derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

**(l) Leases**

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

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

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

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

**(m) Impairment of assets**

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

## Notes to the Financial Statements for the Year ended 31 July 2024

**(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 Profit or Loss and Other 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 Profit or Loss and Other 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 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.

## Notes to the Financial Statements for the Year ended 31 July 2024

**(q) Employee benefits (continued)****Share-based payments**

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, performance rights or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is determined using the Monte Carlo, Binomial or Black-Scholes option pricing model as appropriate, taking into account the exercise price, the term of the instrument, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate, together with non-vesting conditions that do not determine whether the Company receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined using the Monte Carlo, Binomial or Black-Scholes option pricing model as appropriate, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the Company or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the Company or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

**(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.

## Notes to the Financial Statements for the Year ended 31 July 2024

**(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 profit 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.

Lion holds the following financial instruments:

	2024 \$'000	2023 \$'000
<b>Financial assets</b>		
Cash and cash equivalents	11,640	7,534
Term deposits	44,240	67,500
Financial assets	31,768	13,101
Trade receivables and other assets	1,214	1,169
	<b>88,862</b>	<b>89,304</b>
<b>Financial liabilities</b>		
Trade and other payables	95	75
	<b>95</b>	<b>75</b>

## Notes to the Financial Statements for the Year ended 31 July 2024

**(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 \$3,171,600 higher/lower (2023: \$1,310,000 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.

2024	Floating Interest Rate	Fixed Interest Rate	Non Interest Bearing	Total \$'000	Average Interest Rate	
	\$'000	\$'000	\$'000		Floating %	Fixed %
<b>Financial assets</b>						
Cash – AUD	11,625	-	-	11,625	5.0	-
Cash – USD	15	-	-	15	-	-
Term deposits	-	44,240	-	44,240	-	4.0
Investments in securities	-	-	31,716	31,716	-	-
Investments in securities	-	52	-	52	10.0	-
<b>Financial liabilities</b>						
Trade and other payables	-	-	95	95	-	-
<b>2023</b>						
<b>Financial assets</b>						
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	-	-
<b>Financial liabilities</b>						
Trade and other payables	-	-	75	75	-	-

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 3. FINANCIAL RISK MANAGEMENT (continued)****(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.

**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 2024 and 31 July 2023.

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
<b>At 31 July 2024</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Investments	24,401	7,367	-	31,768
<b>Total Assets</b>	<b>24,401</b>	<b>7,367</b>	<b>-</b>	<b>31,768</b>
<b>At 31 July 2023</b>				
<b>Assets</b>				
Financial assets at fair value through profit or loss				
Investments	9,691	3,410	-	13,101
<b>Total Assets</b>	<b>9,691</b>	<b>3,410</b>	<b>-</b>	<b>13,101</b>

## Notes to the Financial Statements for the Year ended 31 July 2024

**(d) Fair value measurements(continued)****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 management team 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 Lion management 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 2024

## NOTE 4. INCOME AND EXPENSES

	2024 \$'000	2023 \$'000
<b>Gain/(loss) attributable to movement in fair value of investments</b>		
Mark to Market adjustment for year – investments realised during year	-	(140)
Mark to Market adjustment for year – deferred consideration	-	2,568
Mark to Market adjustment for year – investments held at end of year	694	(1,524)
<b>Gain/(loss) attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income</b>	<b>694</b>	<b>904</b>

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 Profit or Loss and Other Comprehensive Income in prior years as set out in the table below.

	2024 \$'000	2023 \$'000
<b>Results of investments realised during year</b>		
Proceeds from sale of shares	-	87
Historical cost of investment sales	-	(4,049)
<b>Gross profit/(loss) measured at historical cost on investments realised</b>	<b>-</b>	<b>(3,962)</b>

Represented by:

Mark to Market recognised in prior periods (including on acquisition)	-	(3,822)
Mark to Market recognised in current year	-	(140)
	<b>-</b>	<b>(3,962)</b>

**Employment Expenses**

Salaries, Superannuation and Directors Fees	473	294
Leave provided	229	(5)
Share based shares expense	31	-
<b>Total other expenses</b>	<b>733</b>	<b>289</b>

**The total profit/(loss) is after charging the following other expenses**

Investor relations	119	103
Directors and Officers insurance	95	93
Legal expenses	23	38
Depreciation	94	96
Corporate overheads	226	268
<b>Total other expenses</b>	<b>557</b>	<b>598</b>

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 5. INCOME TAX EXPENSE**

	2024 \$'000	2023 \$'000
<b>(a) Statement of Profit or Loss and Other Comprehensive Income</b>		
Current income tax expense/(benefit)	100	(299)
Deferred income tax expense/(benefit)	226	478
Under/over tax expense/(benefit)	53	-
<b>Income tax expense/(benefit) reported in the Statement of Profit or Loss and Other Comprehensive Income</b>	<b>379</b>	<b>179</b>
<b>Reconciliation of income tax expense</b>		
Profit/(loss) from ordinary activities before income tax	1,486	760
Prima facie tax thereon at 30%	446	228
Tax effect of permanent and temporary differences:		
Other non-deductible or non-assessable amounts	2	(21)
Assessable income brought to revenue account	200	311
Tax losses utilised – revenue account	(322)	(339)
Under/Over tax expense	53	-
<b>Total income tax (expense)/(benefit)</b>	<b>379</b>	<b>179</b>
<b>(b) Deferred tax liabilities</b>		
<b>The balance comprises temporary differences attributable to:</b>		
Unrealised investments – revenue account	1,042	634
Accrued interest income	342	324
Other temporary differences	7	7
	<b>1,391</b>	<b>965</b>
<b>Set-off of deferred tax assets pursuant to set-off provisions</b>		
Tax losses available – revenue account	(852)	(719)
Other temporary differences	(92)	(26)
<b>Net deferred tax liabilities</b>	<b>447</b>	<b>220</b>
<b>(c) Unrecognised temporary differences</b>		
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.		
<i>Unrecognised temporary differences at 31 July relate to the following:</i>		
Tax losses available – revenue account	53,176	55,653
<b>Unrecognised tax losses and temporary differences at 31 July</b>	<b>53,176</b>	<b>55,653</b>
<b>Potential tax benefit at 30%</b>	<b>15,953</b>	<b>16,696</b>

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 6. TRADE RECEIVABLES AND OTHER ASSETS**

	2024 \$'000	2023 \$'000
Interest Receivable	1,140	1,082
Prepayments	35	34
Security deposits	36	35
Sundry debtors	3	18
<b>Total trade receivables and other assets, net</b>	<b>1,214</b>	<b>1,169</b>

**NOTE 7. FINANCIAL ASSETS**

Listed investments (at fair value)	24,401	9,691
Unlisted investments (at fair value)	7,367	3,410
<b>Total financial assets</b>	<b>31,768</b>	<b>13,101</b>

Listed shares are readily saleable with no fixed terms.

**NOTE 8. PROPERTY, PLANT AND EQUIPMENT**

Property, plant, and equipment – Cost	506	506
Accumulated depreciation	(303)	(210)
<b>Total property, plant and equipment</b>	<b>203</b>	<b>296</b>

**NOTE 9. TRADE AND OTHER PAYABLES**

Sundry creditors and accruals	95	75
<b>Total trade and other payables</b>	<b>95</b>	<b>75</b>

**NOTE 10. ACCUMULATED LOSSES**

<b>Movements in accumulated losses were as follows:</b>		
Accumulated losses at the beginning of the financial year	(34,266)	(29,811)
Net profit/(loss) for period	1,107	581
Transfer from Share Based Payments Reserve – Expiry of Options Unexercised	1,341	-
Dividends paid	(2,117)	(5,036)
<b>Accumulated losses at the end of the financial year</b>	<b>(33,935)</b>	<b>(34,266)</b>

**NOTE 11. CONTRIBUTED EQUITY**

Issued and paid up capital (fully paid)		
Opening balance	121,900	125,404
Share buy-back	-	(3,504)
<b>Issued and paid up capital (fully paid)</b>	<b>121,900</b>	<b>121,900</b>

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 11. CONTRIBUTED EQUITY (continued)**

	2024 Shares	2023 Shares
<b>Share capital</b>		
Issued and paid up capital (fully paid)		
Opening balance	141,150,775	148,406,526
Share buy-back	-	(7,255,751)
<b>Issued and paid up capital (fully paid)</b>	<b>141,150,775</b>	<b>141,150,775</b>

**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. SHARE BASED PAYMENT RESERVE**

	2024 \$'000	2023 \$'000
Opening balance	1,341	1,341
Transfer to Retained Earnings – Options expired unexercised <sup>#</sup>	(1,341)	-
Share based payments – Performance Rights (refer Note 20)	31	-
<b>Share Based Payment Reserve</b>	<b>31</b>	<b>1,341</b>

<sup>#</sup> The reserve balance 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:

<b>Cash on hand and at bank</b>	<b>11,640</b>	<b>7,534</b>
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## Notes to the Financial Statements for the Year ended 31 July 2024

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

	2024 \$'000	2023 \$'000
<b>(b) Reconciliation of net profit/(loss) after income tax to net cash inflow/(outflow) from operating activities</b>		
Net profit/(loss) after income tax	1,107	581
<i>Adjustments for non-cash income and expense items:</i>		
Movement in fair value of investments (increase)/decrease in assets	(694)	(904)
Other non-cash (income)/expenses	123	98
Decrease/(increase) in assets:		
Other receivables	(45)	(1,067)
(Decrease)/increase in liabilities:		
Current income tax liabilities	57	(237)
Deferred tax liabilities	226	178
Payables	249	(22)
<b>Net cash inflow/(outflow) from operating activities</b>	<b>1,023</b>	<b>(1,373)</b>

**NOTE 14. EARNINGS PER SHARE**

	2024 Number	2023 Number
<b>(a) Profit/(loss) used in calculating earnings per share</b>	<b>1,107</b>	<b>581</b>
<b>(a) Weighted average number of ordinary shares for basic earnings per share</b>	<b>141,150,775</b>	<b>143,699,115</b>
Weighted average number of ordinary shares for diluted earnings per share	<b>141,361,065</b>	<b>143,699,115</b>

The 2,476,000 Performance Rights granted on 1 July 2024 under the Employee Incentive Plan are considered to be potential ordinary shares. They have been included from the date of issue in the determination of diluted earnings per share as if the required hurdles would have been met at the reporting date. The Performance Rights have not been included in the determination of basic earnings per share as the vesting conditions have not been met. Details relating to the Performance Rights are set out in Note 20.

**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 11.5% of salaries paid. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

**Contingent Liabilities**

Lion has a potential liability for contingent consideration that may be payable if Lion sells its investment in either PhosCo (formerly Celamin) or 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 2024, contingent consideration of \$1.0M would arise.

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 16. REMUNERATION OF AUDITORS**

	2024 \$	2023 \$
<b>(a) Audit services</b>		
Audit and review of financial reports		
PricewaterhouseCoopers	5,253	122,200
Nexia Melbourne Audit Pty Ltd	64,252	-
<b>Total remuneration for audit services</b>	<b>69,505</b>	<b>122,200</b>

**(b) Non-audit services**

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2024 (2023: Nil).

**NOTE 17. RELATED PARTY DISCLOSURES****(a) Directors and Key Management Personnel**

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

Barry Sullivan	(Non-Executive Chairman until 31 January 2024, Non-Executive Director from 1 February 2024) (Deceased 3 June 2024)
Robin Widdup	(Director, Executive Chairman from 1 February 2024)
Peter Maloney	(Non-Executive Director)
Chris Melloy	(Non-Executive Director)
Hedley Widdup	(Chief Executive Officer from 1 July 2024)
Craig Smyth	(Chief Financial 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 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 2023, the Company received net funds from Lion Selection Asia Limited of US\$32,622,411 (A\$46,604,787). During the year the process to wind up Lion Selection Asia commenced, with the company deregistered on 26 July 2024.

Lion Selection Asia Limited was registered in Hong Kong, was a body corporate, and was tax resident in Australia.

**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.

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 17. RELATED PARTY DISCLOSURES (continued)**

	2024 \$	2023 \$
<b>(c) Key Management Personnel Remuneration</b>		
Short term employee benefits	367,237	220,589
Leave entitlements	182,262	(4,631)
Post-employment benefits	89,097	73,162
Share based payments	30,712	-
	<b>669,308</b>	<b>289,120</b>

**(d) Lion Manager Contract**

Prior to 1 July 2024, Lion had a Management Agreement with Lion Manager, under which Lion Manager provided the Company with management and investment services. These arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with management fees of 1.5% p.a. based on the direct investments under management. There was also an incentive applicable which would apply where Lion's performance outperforms a benchmark (no incentive fee had accrued with respect to the Lion Manager contract during the year).

Effective 1 July 2024 the Company and Lion Manager completed an agreement under which the existing Management Agreement was terminated and the Company's investment team employed directly by Lion. Lion also acquired the plant and equipment items from Lion Manager and assumed responsibility for employee entitlement for no consideration.

**NOTE 18. MATERIAL INVESTMENTS**

	Carrying Amount		Entity Ownership	
	2024 \$'000	2023 \$'000	2024 %	2023 %
The Company had direct and indirect ownership of the following material investments at year end:				
Saturn Metals	<b>10,046</b>	-	<b>19</b>	-
Plutonic Limited	<b>4,800</b>	1,000	<b>42</b>	32
Antipa Minerals	<b>2,200</b>	-	<b>4</b>	-
Brightstar Resources	<b>2,143</b>	-	<b>3</b>	-
Erdene Resource Development	<b>5,920</b>	5,228	<b>4</b>	4
Atlantic Tin	<b>2,013</b>	2,013	<b>4</b>	4
PhosCo Ltd	<b>1,096</b>	3,126	<b>15</b>	15
Lion Selection Asia (deregistered on 26 July 2024)	-	-	-	100

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

## Notes to the Financial Statements for the Year ended 31 July 2024

**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.

	Australia		Legacy Investments		Total \$'000
	Investment \$'000	Corporate \$'000	Africa \$'000	Asia \$'000	
<b>2024</b>					
Mark to Market adjustment	2,032	-	(2,030)	692	694
<b>Segment Income</b>	<b>2,032</b>	<b>3,385</b>	<b>(2,030)</b>	<b>694</b>	<b>4,081</b>
Segment Expense	-	(2,595)	-	-	(2,595)
<b>Segment Result Before Tax</b>	<b>2,032</b>	<b>790</b>	<b>(2,030)</b>	<b>694</b>	<b>1,486</b>
Segment assets	22,361	57,297	3,110	6,297	89,065
Segment liabilities	-	1,069	-	-	1,069
<b>Other Segment Information</b>					
Assets acquired during the period	17,921	-	-	50	17,971
<b>Cash Flow Information</b>					
Net cash flow from operating activities	-	1,023	-	-	1,023
Net cash flow from investing activities	(17,921)	23,260	-	(50)	5,289
Net cash inflow from financing activities	-	(2,206)	-	-	(2,206)

	Australia		Legacy Investments		Total \$'000
	Investment \$'000	Corporate \$'000	Africa \$'000	Asia \$'000	
<b>2023</b>					
Mark to Market adjustment	(47)	-	(2,558)	3,509	904
<b>Segment Income</b>	<b>(47)</b>	<b>2,264</b>	<b>(2,558)</b>	<b>3,509</b>	<b>3,168</b>
Segment Expense	-	(2,408)	-	-	(2,408)
<b>Segment Result Before Tax</b>	<b>(47)</b>	<b>(144)</b>	<b>(2,558)</b>	<b>3,509</b>	<b>760</b>
Segment assets	2,408	76,499	5,140	5,553	89,600
Segment liabilities	-	625	-	-	625
<b>Other Segment Information</b>					
Assets acquired during the period	2,250	-	-	13	2,263
<b>Cash Flow Information</b>					
Net cash flow from operating activities	-	(1,373)	-	-	(1,373)
Net cash flow from investing activities	(2,250)	(47,500)	-	46,692	(3,058)
Net cash inflow from financing activities	-	(8,654)	-	-	(8,654)

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 20. SHARE BASED PAYMENTS****(a) Performance rights**

The establishment of an Employee Incentive Plan (the Plan), and the issue of securities under the Plan was approved by shareholders at an extraordinary shareholder meeting on 26 June 2024. The Plan aims to drive long term performance for shareholders, a culture of employee share ownership in the Company and retention of executives.

The Plan allows the Board to grant performance rights as well as other equity instruments to eligible employees.

During the period ended 31 July 2024, 2,476,000 performance rights over fully paid ordinary shares in the Company were granted to employees of the Company. These performance rights have a number of performance hurdles and service conditions, the successful achievement of which enables the holder to exercise their performance rights.

For the performance rights granted during the current financial year, the key conditions and valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant Date	1 July 2024
Total number of Performance Rights	2,476,000
Issue Price	Nil
Measurement Period	Grant Date to 31 July 2027
Exercise Price	Nil
Vesting Date	<p>Performance will be measured at the end of each 'Performance Year' during the Measurement Period, being 31 July 2025, 31 July 2026 and 31 July 2027.</p> <p>Assessment for each Performance Year will be reduced to the extent that shares have been issued in previous Performance Years under the same Performance Rights tranche.</p> <p>Performance Rights will vest upon the date upon which the relevant Vesting Condition has been satisfied, as determined by the Board, provided this occurs prior to the Expiry Date.</p>
Vesting Conditions	<p><b>TRANCHE 1</b></p> <p>Up to 1,000,000 Performance Rights vest based on share price performance measured based on the Company's highest 30-day volume weighted average price (VWAP) in the Performance Year.</p> <ul style="list-style-type: none"> <li>• VWAP less than 56¢ – Nil Performance Rights vest;</li> <li>• VWAP equals 56¢ – 500,000 Performance Rights vest;</li> <li>• VWAP between 56¢ and 76¢ – pro rata Performance Rights vest between 500,000 and 1,000,000 Performance Rights.</li> <li>• VWAP equals 76¢ or more – 1,000,000 Performance Rights Vest</li> </ul> <p>Any dividends paid during the Performance Year will added to the current VWAP from the point that the Company trades ex-dividend.</p> <p><b>TRANCHE 2</b></p> <p>Up to 1,000,000 Rights vest based on the Company's portfolio value per share measured based on the Company's highest month-end fair value in accordance with Australian Accounting Standards (currently referred to as Net Tangible Assets) (Portfolio Value) in the Performance Year:</p> <ul style="list-style-type: none"> <li>• Portfolio Value less than 71¢ – Nil Performance Rights vest;</li> <li>• Portfolio Value equals 71¢ – 500,000 Performance Rights vest;</li> <li>• Portfolio Value between 71¢ and 83¢ – pro rata Performance Rights vest between 500,000 and 1,000,000 Performance Rights;</li> <li>• Portfolio Value equals 83¢ or more – 1,000,000 Performance Rights vest.</li> </ul> <p>Any dividends paid during the Performance Year will added to the current Portfolio Value from the point that the Company trades ex-dividend.</p>

## Notes to the Financial Statements for the Year ended 31 July 2024

**NOTE 20. SHARE BASED PAYMENTS (continued)**

Vesting Conditions (continued)	<b>RETENTION TRANCHE</b> Up to 476,000 Performance Rights vest based on continuous service with the Company measured at each Performance Year: <ul style="list-style-type: none"> <li>• 95,200 Performance Rights Vest on 31 July 2025;</li> <li>• 95,200 Rights Performance Rights on 31 July 2026;</li> <li>• 285,600 Performance Rights on 31 July 2027.</li> </ul>
Disposal Restrictions	Shares received upon exercise of any vested LTI Performance Rights will be subject to a two-year escrow period from the date of exercise.

<b>TRANCHE 1</b> Market based – Lion's 30-day VWAP of at least \$0.56 over a 3-year period	Monte carlo valuation of \$0.2521 per right
<b>TRANCHE 2</b> Market based – Lion's Portfolio Value of at least \$0.71 over a 3-year period	Monte carlo valuation of \$0.3074 per right
<b>RETENTION TRANCHE</b> Non-market based – continuing employment of the employee during the vesting period	Binomial valuation of between \$0.3517 to \$0.3812 per right
Underlying Company share price at measurement date	\$0.43 per share
Volatility	45.91%
Risk Free Rate	4.102%

**(a) Expenses arising from Share Based Transactions**

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2024 \$	2023 \$
<b>Share Based Payments</b>		
Short term employee benefits	30,712	-
	<b>30,712</b>	<b>-</b>

**NOTE 21. 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.

# Consolidated Entity Disclosure Statement

Lion Selection Group Limited is not required by the Australian Accounting Standards to prepare consolidated financial statements. Therefore, section 295(3A) of the *Corporations Act 2001* does not apply to the entity.

For personal use only



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## Independent Auditor's Report to the Members of Lion Selection Group Limited

### Report on the Audit of the Financial Report

#### Opinion

We have audited the financial report of Lion Selection Group Limited (the Company), which comprises the statement of financial position as at 31 July 2024, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information, the consolidated entity disclosure statement and the directors' declaration.

In our opinion, the accompanying financial report of Lion Selection Group Limited is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Company's financial position as at 31 July 2024 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

#### 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 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 and 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.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

#### 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 of the current period. These 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.

### Advisory. Tax. Audit.

Registered Audit Company 291969

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Liability limited under a scheme approved under Professional Standards Legislation.



## Key audit matter

## How our audit addressed the key audit matter

### Fair Value of Financial Assets

#### Refer to notes 3(d) and 7.

At 31 July 2024, the Company held investments in listed entities totalling \$24.4m and investments in unlisted entities totalling \$7.4m. These financial assets are classified as fair value through profit or loss in accordance with *AASB 9 Financial Instruments*. The investments in listed entities are measured using Level 1 inputs, while investments in unlisted entities are measured using Level 2 inputs, in accordance with *AASB 13 Fair Value Measurement*.

This is 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 2024 and the operating result for the year.

We obtained the Company's investment schedule as at 31 July 2024, 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 investments, we compared the number of shares held to supporting evidence such as holding statements.
- For a sample of listed and unlisted investments, 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 observable financial information in assessing the fair value.

### **Other Information**

The directors are responsible for the other information. The other information comprises the information in the Company's annual report for the year ended 31 July 2024 but does not include the financial report and the auditor's report thereon.

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

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

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

### **Responsibilities of the Directors for the Financial Report**

The directors of the Company are responsible for the preparation of:

- a) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*; and
- b) the consolidated entity disclosure statement that is true and correct in accordance with the *Corporations Act 2001*, and

for such internal control as the directors determine is necessary to enable the preparation of:

- i) the financial report (other than the consolidated entity disclosure statement) that gives a true and fair view and is free from material misstatement, whether due to fraud or error; and
- ii) the consolidated entity disclosure statement that is true and correct and is free of misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Company's ability 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial report of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on the Remuneration Report

### ***Opinion on the Remuneration Report***

We have audited the Remuneration Report included in page 2 of the Directors' Report for the year ended 31 July 2024.

In our opinion, the Remuneration Report of Lion Selection Group Limited for the year ended 31 July 2024, 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.



**Nexia Melbourne Audit Pty Ltd  
Melbourne**



**Richard Cen  
Director**

Dated this 12<sup>th</sup> day of September 2024

# Shareholder Information

## Top 20 holders of Ordinary Fully Paid Shares – 30 September 2024

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	5,446,009	3.86
4	Inconsultare Pty Ltd <Morrison Family S/F A/C>	4,750,000	3.37
5	Mr Mark Gareth Creasy	4,448,976	3.15
6	Brigstow Pty Ltd <MD & JL Brook Super Fund A/C>	3,791,841	2.69
7	Mrs Pamela Julian Sargood	3,400,000	2.41
8	CPAC Melloy Super Pty Ltd <Melloy Super Fund A/C>	3,382,259	2.40
9	Retzos Executive Pty Ltd <Retzos Executive S/Fund A/C>	3,150,000	2.23
10	Mr Thomas James Hudson + Mrs Carol Ann Hudson	2,575,206	1.82
11	HSBC Custody Nominees (Australia) Limited	2,473,196	1.75
12	Liangrove Media Pty Limited	2,280,000	1.62
13	Mr Dominic Paul McCormick	2,001,609	1.42
14	Perpetual Corporate Trust Ltd <Affluence Lic Fund>	2,000,000	1.42
15	J P Morgan Nominees Australia Pty Limited	1,619,347	1.15
16	BNP Paribas Nominees Pty Ltd <Hub24 Custodial Serv Ltd>	1,455,096	1.03
17	Mr John Joseph Ryan	1,385,000	0.98
18	Citicorp Nominees Pty Limited	1,365,519	0.97
19	WAL Assets Pty Ltd <The L A Wilson Property A/C>	1,207,802	0.86
20	Majoli Pty Ltd	1,195,651	0.85
<b>Total Top 20 holders of Ordinary Fully Paid Shares</b>		<b>62,730,533</b>	<b>44.44</b>
<b>Total Remaining Holders Balance</b>		<b>78,420,242</b>	<b>55.56</b>

## Distribution of Shareholdings as at 30 September 2024

Size of Holding (Ordinary Fully Paid Shares)	Total holders	% of Units
1 – 1,000	327	0.09
1,001 – 5,000	856	1.51
5,001 – 10,000	263	1.41
10,001 – 100,000	639	17.08
100,001 Over	177	79.91
<b>Total Shareholders</b>	<b>2,262</b>	<b>100.00</b>
Number of ordinary shareholders with less than a marketable parcel	287	

# 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 2024

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	2,330,389
Chris Melloy	5,800,000
Robin Widdup	16,717,277
Craig Smyth	1,505,137
Hedley Widdup	1,174,139
<b>Total</b>	<b>27,526,942</b>

# 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.

## 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/](http://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 Conditions.

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/](http://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.

## 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](http://www.investorcentre.com/contact)

# Corporate Directory

## Registered and Principal Office

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Melbourne Vic 3000  
Telephone +61 3 9614 8008  
Facsimile +61 3 9614 8009  
Email [info@lsg.com.au](mailto:info@lsg.com.au)  
Website [www.lionselection.com.au](http://www.lionselection.com.au)

## Directors

Robin Widdup – Executive Chairman  
Peter Maloney – Non-Executive Director  
Chris Melloy – Non-Executive Director

## Chief Executive Officer

Hedley Widdup

## Chief Financial Officer

Craig Smyth

## Company Secretary

Jane Rose

## Auditors

Nexia Melbourne Audit Pty Ltd

## 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

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## Investor Enquiries Facsimile

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## Investor Enquiries Online

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## Website

[www.computershare.com](http://www.computershare.com)



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