Lion Selection Group

Quarterly Report
for the 3 months ended 31 October 2025

Lion Selection Group

ASX:LSX

Lion has invested $43.3M in its **Australian focussed** strategy since January 2022. Those investments have created value of $96.1M (including the value of portfolio holdings as well as realised gains) at 31 October 2025, providing **an investment return to date of 122%**. Most of Lion's Australian investments were first put in place against the backdrop of an exceptionally weak market, and have benefited from the strong performance of the gold price which has flowed through strongly to the Lion NTA.

The Lion Clock is moving past 6 o'clock signifying that a new mining boom has commenced, and this has been caused by improving investor sentiment, manifested as increasing liquidity, led predominantly by the gold price. **This is seen in mining equity prices but the strongest evidence is in new IPO's for exploration companies – this marketing is opening. The dawn of the next mining boom is no longer approaching, it is here.**

As at 31 October 2025 Lion held $47.1M of net cash and $99.0M of equity investments with a combined aggregate value of $140.6M (after tax), against a market capitalisation of $132.5M. The reduction of the discount at which Lion trades compared with its NTA during 2025 is a tremendous endorsement of Lion's investing strategy and performance.

Lion is building a portfolio of strategic investments in selected micro-capitalisation resources companies with strong growth outlook. The return profile from micro-capitalisation resources companies can be outstanding, especially through the duration of a mining boom. Lion has been gathering investments in a weak market and has had strong investment performance already, with the cyclical return to boom conditions now providing a strong outlook for prospective investment returns in Lion's target market.

Quarter Highlights:

- Gold prices remain incredibly strong, underpinning strong performance across Lion's gold leveraged investment portfolio.
- Lion's discount to NTA remains low; share price approximating or at only a small discount to NTA.
- New investments:
  - **Peregrine** –$0.5M invested as part of a $3M placement at 22cps.
  - **Caspin** – $0.75M invested as part of a $4.5M placement at 7.5cps.
  - Peregrine and Caspin provide exciting iron ore (Peregrine) and tin (Caspin) growth options to the Lion portfolio.
- Follow-on investment:
  - **Sunshine** – $1.0M invested as part of a $5M placement at 1.2cps; Lion now holds 9.2% of Sunshine.
- Divestments:
  - $3.2M cash proceeds of the takeover of Atlantic Tin were received in August.
  - Lion sold out of its shareholding in Erdene Resource Development Corp in August for total consideration of A$12.3M (vs $2.8M cost).
  - These exits reduce the Legacy portfolio to just one holding (PhosCo Limited), and Lion's portfolio being overwhelmingly Australia oriented.
- A fully franked special dividend of 2cps was paid during the quarter, following the profitable exit from Erdene.
- Lion continues to receive meaningful interest on cash finishing the quarter with $47.1M net cash and term deposits, strongly equipped to follow portfolio investments and further portfolio development.

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

Underpins greatest value growth potential

ASX : LSX
Share price
92.5¢ps
as at 31 October 2025

NTA
Pre-Tax **102.0¢ps**
Post-Tax **98.2¢ps**
as at 31 October 2025

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Lion Selection Group

Micro-Cap Resources Focused Specialist

Leveraged to GOLD	• US$ Gold achieving record levels: 2.4x since September 2022. • Gold juniors only just beginning to perform. • Lion portfolio predominantly gold oriented.
Investment strategy PERFORMING	+122% performance of Lion's Australia focused Investing Strategy since January 2022.
Strongly funded	$47.1M cash to follow investments/expand portfolio at targeting high growth/contrarian discounted opportunities.
Mining boom YET TO COME	• Micro-Cap Resources strongly leveraged to the mining cycle, which can result in multiple returns. • Liquidity / activity measures showing signs of improvement.

Hedley Widdup, Lion Managing Director said:

"Lion's investment portfolio has continued to perform, with many gold focused investments capturing gold driven uplift. The gold price has pulled back after an exceptionally strong run, which is common in a gold bull market, and at these levels there is tremendous value to be unlocked as our investments are derisked.

Lion has also exited a long-term holding during the quarter, enabling a 2cps special dividend. Lion has been an investor in Erdene through discovery, assessment and development of a high-grade gold project in Southern Mongolia and the return captured by this exit has been exceptional.

The lasting result of the gold price run is that it has lifted liquidity to the mining space, particularly for gold juniors, and this is leading the way into a new mining boom. The Lion Clock has now moved past 6 o'clock, setting the scene for the boom to unfold over years and providing a strong outlook for investments in the mining sector."

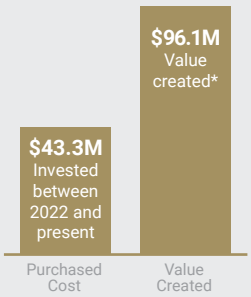
Lion Investing Objective: Targeting Multiples

2022-2025: So Far

Contrarian investing in opportunities depressed by the bust

+122%

performance on Australian Investing Strategy



Mining Boom: *To Come*

factors that drive returns in the boom

MARKET TIMING

Mining Cycle

The mining boom benefits the entire sector as investors seek mining equities

Commodity appreciation

- Outstanding supply vs demand outlook – recent overall lack of investment in growth
- New drivers: Critical Minerals, Mineral Security, Rotation from USD treasuries to Gold

MARKET TIMING

Company Specific De-risking

- Unlock project value
- Enabled by investment

Metal Addition

- Strongest long-term value driver and the real source of deep/hidden value in a resources company
- Enabled by investment

Target: Realisation at cycle peak

Expectation: Multi-Year Boom Phase

Based on duration of historic mining booms

Exit Opportunities

- Higher liquidity in successful companies
- M&A outcomes which tend to be more numerous at mature boom stages

Target Outcomes

Stocks selected for price upside that is ***multiples*** greater than entry price

Lion is well funded with $47.1M cash to fund new and follow on investments

Portfolio Overview

Portfolio development

Lion has been investing in a heavily discounted market for micro-capitalisation resources companies. Lion has so far deployed $43.3M into Australian investments during this once-in-a-cycle opportunity, which has grown to $96.1M of value (inclusive of equity holdings and realised gains) which is a performance of +122% as at 31 October 2025.

2025 has seen a strong performance from many of Lion's investments, resulting in a large increase in NTA, which has been accompanied by strong share price performance in the quarter. The best of these performances combines positive company catalysts supported by gold sentiment which is only just beginning to lift selected gold juniors, who have strongly lagged the gold price and share prices of gold producing peers.

The strongest performance for a portfolio of micro-capitalisation resources stocks would be expected to occur in a mining boom, which we believe is just beginning. The Lion Clock has been moved past 6 o'clock, recognising the thawing in market conditions and investor attitudes to early-stage resources companies.

This has been led by gold juniors, who having lagged the performance of their larger capitalisation producing peers have shown strong performances and access to capital in 2025. This trend has been continued, with several M&A transactions and successful IPOs emerging recently, which are likely to encourage investors and suggest a continued improvement in liquidity. These market conditions have enabled the mining cycle to transition from the end of the bust into a new mining boom.

Lion is strongly positioned for the mining boom, which is expected to be the most significant macro factor to drive returns from Lion's portfolio. Lion's portfolio is well developed and with $47.1M of net cash at 31 October 2025, Lion is well funded to be able to follow its investments and add new companies to its portfolio, in a market where most micro-capitalisation (including many gold explorers) remains at severely depressed prices and deal flow is strong.

Lion is targeting an Australian portfolio of 12 to 15 investments (currently 11).

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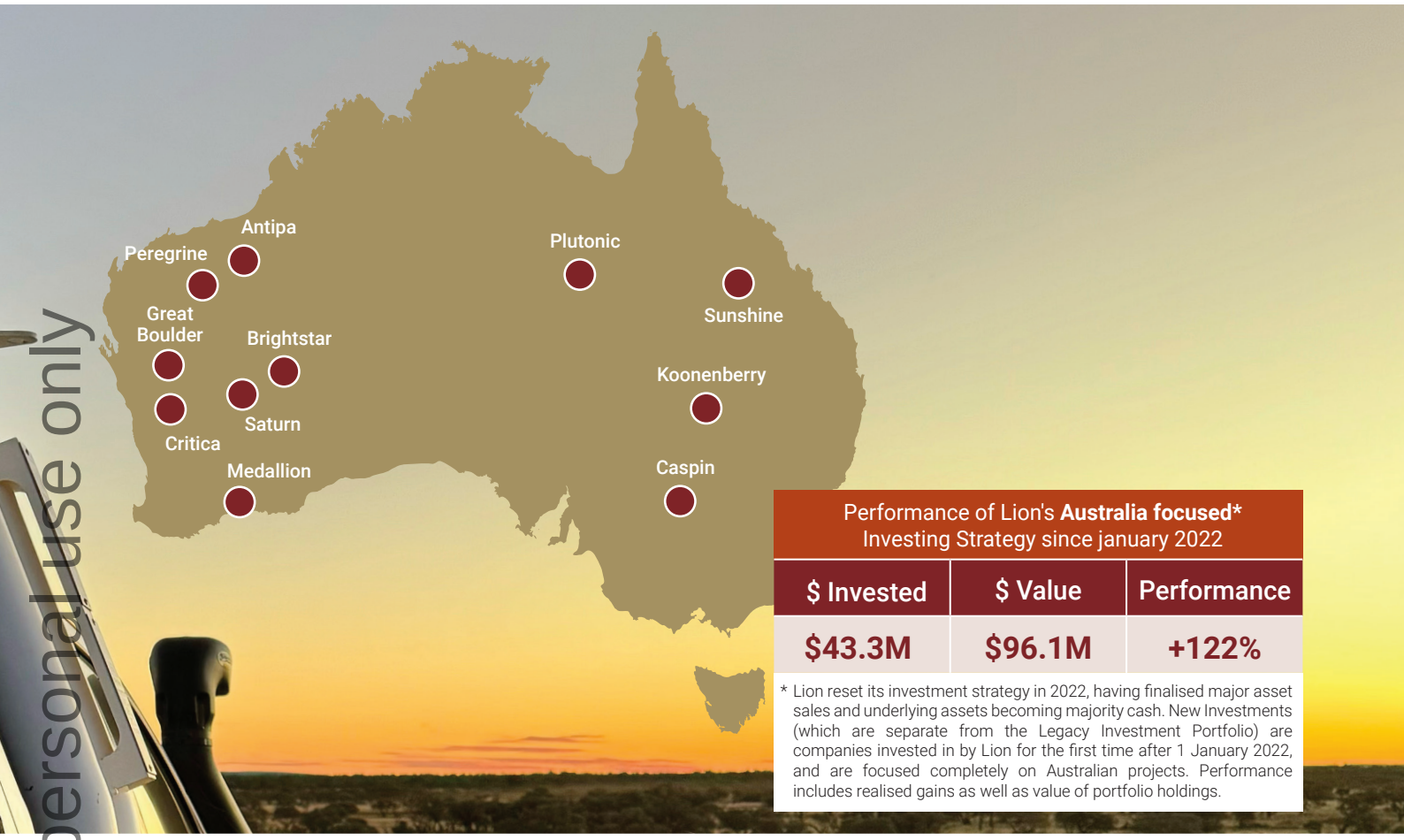
Stage and location of Lion's Australian investment portfolio

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

Underpins greatest value growth potential



Performance of Lion's **Australia focused*** Investing Strategy since january 2022		
$ Invested	$ Value	Performance
$43.3M	$96.1M	+122%

* Lion reset its investment strategy in 2022, having finalised major asset sales and underlying assets becoming majority cash. New Investments (which are separate from the Legacy Investment Portfolio) are companies invested in by Lion for the first time after 1 January 2022, and are focused completely on Australian projects. Performance includes realised gains as well as value of portfolio holdings.

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	Pre-discovery / Definition / Assessment / Development / Production	$ Invested	$ Value	Performance	
Brightstar Resources (ASX:BTR)	Consolidator of the multi-million ounce Sandstone Gold belt	$10.6M	$12.5M	+18%	
Medallion Metals (ASX:MM8)	Low capex, rapid pathway to cash flow	$3.0M	$8.9M	+196%	
Saturn Metals (ASX:STN)	Bulk economics x large (growing) gold inventory	$12.0M	$36.5M	+126%	
Antipa Minerals (ASX:AZY)	Telfer region strategic resource	$4.0M	$13.8M	+245%	
Sunshine Metals (ASX:SHN)	High grade Gold / Copper / Zinc VMS field	$2.3M	$6.2M	+176%	*
Great Boulder (ASX:GBR)	Growing inventory on the Eastern limb of the Meekatharra Gold Field	$1.0M	$1.2M	+25%	
Critica (ASX:CRI)	Large, shallow, high grade REE discovery close to proposed upgrade facilities	$1.0M	$1.8M	+55%	
Caspin (ASX:CPN)	High grade tin resource in NSW	$0.8M	$1.1M	+40%	*
Koonenberry Gold (ASX:KNB)	Gold discovery taking place in NSW	$2.4M	$4.5M	+92%	
Peregrine Gold (ASX:PGD)	Large scale Channel Iron footprint near Newman, WA	$0.5M	$0.8M	59%	*
Plutonic (unlisted)	Large, undrilled hydrothermal systems with gold and / or copper pregnancy	$4.8M	$4.8M	0%	

The only remaining non-Australia Legacy investment PhosCo is not shown.

* Denotes a company that Lion invested in during the quarter

Commodity legend: Precious metals | Base metals | Strategic materials | Bulk

Value creation in the Lion Portfolio

The Lion portfolio is strongly leveraged to gold which is trading near all-time record highs. Lion also has a strong capacity to follow on or add to its portfolio with $47.1M cash.

The quarter has seen a strong appreciation of the portfolio, led by the gold holdings which have been driven by record gold prices. Alongside this performance we have seen more liquidity enter smaller capitalisation gold companies. This signified a shifting sentiment towards risk in equity markets and more diverse pools of money beginning to flow into gold equities. With the market beginning to selectively recognise and reward value in junior gold players, the fundamentals and outlook for micro-capitalisation resources companies remain strong.

Lion's investees are at various stages, but mostly pre-production, in the process of derisking their assets. They are ideally positioned to benefit from the appreciating risk weighted value of their assets and a recovering market, and commencement of a mining boom. Given the strong performance of gold in 2025 and especially during the quarter, the value of the gold projects in Lion's portfolio has reacted strongly.

The sharp pull back in the gold price at the end of the quarter resulted in similar negative moves in gold company equities. Such a quick and negative share price fall in a company often leads to investors wondering if a problem has emerged. In this case, a large group of companies trade in strong correlation with the gold price – which has risen strongly and pulled back only a short way. It is easy for many investors to overlook the exceptional margins that exist in gold companies at present, and would exist for prospective developers even if current circumstances persist and without further gold price rises.

Lion's largest investment holdings have taken advantage of improved liquidity in the last 12 months to raise money to now be in the strongest funding positions they have been in over five years, in some cases ever. This positions them strongly to expand and accelerate their work programs, derisk their assets and deliver strong news flow to the market. In the current market conditions, they are more likely than ever to be rewarded for positive news.

Liquidity conditions indicate the next mining boom is no longer approaching – it is now in its infancy. This is a strong macro-driver for the entire sector and would be expected to underpin share price performances broadly.

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Lion made two new investments, and one follow on, within the portfolio during the quarter

Sunshine Metals
(ASX:SHN, Sunshine)

Sunshine is a North Queensland based and focused company with a defined gold and base metals project at Liontown and an exciting discovery play at Sybil, both located proximal to historic gold hub Charters Towers.

Sunshine is assessing the potential for small scale gold production from a shallow, high-grade portion of the Liontown Mineral Resource Estimate (95Koz of gold at 4.15g/t Au[1]). Sunshine has also commenced drilling at Sybil, a gold prospect which sat dormant for decades despite promising historical drill results (7m @ 10.6g/t) and rock chips (907g/t). Having acquired Sybil in June this year, Sunshine has already managed to complete a 14-hole drill campaign and return a record high intercept of 57.5 g/t[2]. This campaign was undertaken from a small, pre-disturbed area but the surface evidence of further epithermal quartz veins is extensive. Lion has been focussed on the potential for value creation from small scale gold mining which could ultimately lead to commercialisation of the broader base metals at Liontown, but Sybil has only just been acquired and has added a very attractive walk-up growth angle to Sunshine.

A key component in Lion's assessment is the quality and suitability of the people involved; the Sunshine team is no exception. Managing director, Damien Keys, is instrumental in the discovery of Penny West for Spectrum Metals, which led to a $208M takeover by Ramelius Resources. Sunshine has assembled a board of Queensland focused professionals and brought in mine development expertise, well positioning themselves for near term commercialisation of Liontown and significant discovery at Sybil.

Lion increased its investment in Sunshine during the quarter, investing $1M as a part of a $5M placement priced at 1.2cps[3]. The placement positioned Lion as a 9.2% shareholder in Sunshine.

Peregrine Gold
(ASX:PDG, Peregrine)

Peregrine is an iron ore, gold and lithium explorer with significant tenure in the Pilbara region of Western Australia. Peregrine's gold surface prospecting work has led to the identification of two large surface area iron ore occurrences interpreted to be valley type channel iron deposits, which haven't been drilled but have returned surface sampling results consistent with other channel iron deposit projects in the Pilbara. These iron ore prospects are the primary attraction for Lion – they are well located with respect to infrastructure and offer attractive new resource discovery opportunities with scale potential.

Lion invested $0.5M as part of a $3M placement priced at 22cps with one free option for every two new shares priced at 33cps expiring 11 September 2028. Lion is now a 2.3% shareholder in Peregrine[4].

1. The gold portion of the overall Liontown Resource is described in Sunshine Metals announcement to ASX on 23 July 2025 (Liontown Au Study to Optimise 95koz Au Resource).
2. Refer to Sunshine's announcement to ASX on 13th October 2025 (Record High Grade Intersection at Sybil: 4.4m @ 57.51 g/t Au).
3. Refer to Lion's announcement to ASX on 1st September 2025 (Lion invests $1.0M in Sunshine Metals).
4. Refer to Lion's announcement to ASX on 4th September 2025 (Lion Invests $0.5M in Peregrine Gold).

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Caspin Resources Limited
(ASX:CPN, Caspin)

Caspin is a tin and gold explorer operating in southwestern NSW, focused on flagship project, Bygoo, situated near the town of Ardlethan. Bygoo's tenements surround the historic Bygoo mine (excised), which produced ~48,000t Sn from 1912 until 1986.

Since acquiring Bygoo in late 2024, Capsin has completed a maiden drill program and released a maiden mineral resource estimate of 3.94MT @ 0.5%[1]. This deposit contains tin which is shallow and highly amenable to open pit mining. Such a deposit lends itself to bulk mining methods and the application of beneficiation technology such as ore sorting to materially uplift the grade before primary processing.

Caspin has been successfully following up a new exploration model that greisen-style tin mineralisation had been missed by previous exploration. This exploration model implies a large potential target area, with prospectivity driven by the scale of the Ardlethan Granite and a belt scale land holding covering 1,180km^2 hosting hundreds of historical tin workings – providing strong support for widespread tin mineralisation.

Caspin's land holding contains a substantial prospective strike extent for the discovery of new occurrences of similar mineralisation, and Lion was attracted to the shallow, extensive tin growth opportunity.

Lion invested $0.75M as part of a $4.5M placement priced at 7.5cps with Caspin directors participating for a further $0.1M. Lion is now a 4.1% shareholder in Caspin.[2]

Both Peregrine and Caspin have broadened Lion's portfolio commodity diversity, but also satisfy the requirements of an asymmetric distribution of upside versus downside risk. They are viewed by Lion as attractive alternative commodity exposures with considerable upside value, complimenting the suite of high-quality gold companies in the portfolio.

Whilst junior gold companies have begun to achieve market recognition, a great many micro-capitalisation resources stocks, especially those focussed on out of vogue commodities still present similar contrarian opportunities as existed in gold in 2023 and 2024 so are still at or close to their cyclical lows.

Lion remains extremely active on the new opportunity assessment front, adding an analyst to the team in August which has expanded Lion's assessment capabilities.

1. Refer to Caspin's announcement to ASX on 1st September 2025 (Maiden Resource Estimate with Significant Growth Potential at the Bygoo Tin Project).
2. Refer to Lion's announcement to ASX on 29th September 2025 (Lion invest $0.75M in Caspin Resources).

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Lion investment process

Lion generates value from investing in high growth companies where there is a disproportionate upside between price and value potential, and acceptable risk profile.

Lion aims to obtain a low-price entry, typically by aligning most investing with the late bust/early boom phase of the cycle and taking a sophisticated technical view, and being able to support derisking through measured follow on investment. Value realisation is expected to be driven by a combination of company/project derisking and commodity price gain / cyclical uplift as the boom progresses.

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Investing aligned to the mining cycle

The single greatest influence on investing outcomes in the resources sector, and especially when targeting micro-capitalisation stocks, is the mining cycle. The boom phase of the mining cycle provides buoyant trading conditions that enable fund raising, and rewards good news and progress (share price appreciation). Therefore, the real secret to buying low and selling high is to establish a portfolio before, or early in, the boom and aim to exit when liquidity and takeover activity peak at the mature part of the cycle.

Lion closely monitors the mining cycle via the Lion Mining Clock and takes a long-term view on the investments that it makes. Liquidity and industry activity measures have begun to show signs of improvement in 2025, and conditions now look like the early stages of a new boom. Lion is well prepared for the onset of the boom – with an established portfolio which is strongly gold exposed and beginning to perform strongly due to record high gold prices, and sufficient cash reserves to continue looking at new opportunities and make follow on investments.

Since January 2022 Lion has made twelve additions to its portfolio, one of which was consolidated into another via a takeover. These companies are all focussed on Australian projects, spaning the spectrum from greenfields exploration through to production and contain a strong exposure to gold, along with lesser (at present) exposure to base metals and strategic materials.

All of the investments that Lion has made into the Australian portfolio were in a weak market, targeting multiples on the price, and contain upside through derisking, metal inventory additions and a more welcoming market as boom conditions take over.

Lion's filtering and due diligence investment process is oriented at several key fundamentals:

- Select the best investments from the broadest opportunity deal flow. Very few other investors or groups get access to the full spectrum of listed, unlisted, transactional and seed stage opportunities in resources as Lion does.
- The key components of Lion's assessment are the quality of people involved, valuation and likelihood of a high investment return, and assessment of risks.
- Value can derive from 'cents in the dollar' type situations, as a hidden gem is favourably rerated by the market.

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Cycle Alignment

- Establish shareholdings in depressed stages of the cycle
- Aim to sell when cycle matures

Deal Flow

- Listed and unlisted companies
- 1,000+ to assess and filter

People

- Competence
- Integrity

Valuation

- Funding / dilution
- Geological upside
- Expectation: value to play out over long-term investment

Risk Assessment

- Identify and avoid existential risks

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- Another strong value creation avenue is where there is high potential to add tonnes/metal/life to a project. This is the biggest potential variant to a project valuation and transcends the sensitivity of metal prices and costs.
- Exploration discoveries can result in significant upside but are extremely speculative. Because of this, Lion only takes on exploration-oriented companies by exception and requires two factors: Multiple (10's or 100's) chances of a discovery, and very low entry cost, minimising investment downside and enabling Lion to establish a percentage position cheaply.
- Lion has favoured situations where there is more than one pathway to asset commercialisation in the near to medium-term with alternatives to a full-scale greenfields project development. Such optionality might result in enhanced takeover attraction, opportunities for ore sales, or strategic mergers to create derisked companies.
- Lion looks to minimise risk across the portfolio. A key factor for Lion is jurisdiction – many foreign jurisdictions contain world class geology, but it is more often than not a poor trade-off for the overlying political or legal-commercial framework. An Australian focused portfolio minimises jurisdiction risk as far as possible.

Commodity diversity

Because gold is a relatively simple commodity to separate from its ores and can be sold into a liquid market with high payability all around the world, gold projects often have lower assessed risk levels (under Lion's risk assessment) than other commodity projects. This results in a high proportion of gold projects advancing in Lion's assessment processes.

Lion's relatively low current exposure to the critical minerals area and heavier weighting to gold has been beneficial, especially considering heavy falls in nickel and lithium prices. The determining factor here is our ability to understand and have confidence in the markets for critical minerals which are frequently small and dominated by China with the added complexity of western governments' political statements and funding initiatives.

Lion has targeted opportunities where our assessment of value, risk and relevant market conditions provides an opportunity for in excess of a 10x return on the initial entry price of each investment. We know from experience that these won't all work out as expected. However, such a high hurdle for expected value is required to target investments we plan to hold for the years we expect it will take for them to be derisked, and be exposed to the mining boom.

The portfolio that Lion has established has strong potential for value realisation through derisking as well as strong opportunities for growth and spans:

- A share of aggregate Resources of over 10Moz of gold plus selected base metals credits.
- A new and large-scale Rare Earth Element (REE) resource.
- Tin and iron ore growth projects.
- A gold discovery in progress.
- Two exploration plays that offer multiple opportunities for discovery.

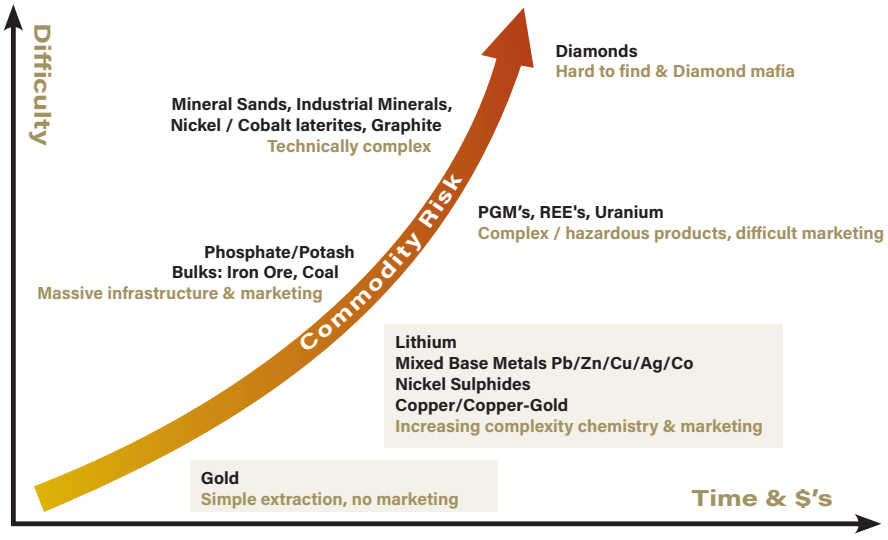
Lion's portfolio investees all provide ongoing disclosure which is available via company websites or ASX.

Commodities

Degrees of difficulty

- Process risk
- Off-site capex requirements for transport infrastructure
- Transparency/liquidity of the commodity market

Lion target:
low risk commodities
Precious and base metals, strategic materials
other commodities by exception



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Legacy Investments

PhosCo Limited (ASX:PHO, PhosCo)

Lion's PhosCo investment has been in place for many years, since a time when Lion was investing with a global mandate and a strong focus on Africa. It is Lion's last remaining legacy investment, following successful exits from Erdene and Atlantic. Lion's holding in Kin Gin has been written down. Lion will consider follow on investments in PhosCo but ultimately is focused on pathways to value realisation. PhosCo is not yet at the stage that Lion considers sale is warranted.

Previously the largest individual component of the Legacy portfolio was **Erdene Resource Development Corp (TSX:ERD, Erdene)**. Erdene announced first gold pour in September 2025 from the newly commissioned Bayan Khundii Gold Project in Southern Mongolia. Lion's shareholding, which began in 2012 and came at a cost of A$2.8M, was sold during the quarter for total consideration of A$12.3M.

The investment in Erdene matches Lion's investment model well – Erdene presented with a low cost/high prospectivity thesis at entry, and this played out with two mineral discoveries (Altan Nar in 2013, Bayan Khundii in 2015) followed by a new mine development at Bayan Khundii. Lion's exit comes at a point where Erdene had become a mature investment (with respect to Lion's expected holding period) and liquidity emerged that Lion was been able to take advantage of to crystallise this return.

On 1 May 2025 unlisted **Atlantic Tin (Atlantic)** announced a recommended takeover offer from Xingye Silver & Tin for A$0.24 per Atlantic Share[1], which valued Lion's holding in Atlantic at $3.2M. Lion received the cash proceeds in August.

These sales bolstered Lion's cash position and allowed for a special fully franked dividend of 2cps to be issued to shareholders during the quarter. The remaining cash proceeds strengthen Lion's investing capacity in Australia.

Lion's investment portfolio and NTA are now overwhelmingly Australian focused.

1. Refer to the Atlantic Tin Announcement.

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Net Tangible Asset Backing as at 31 October 2025

As at 31 October 2025 Lion held $47.1M of net cash and $99.0M of equity investments with a combined aggregate value of $140.6M (after tax), against a market capitalisation of $132.5M.

Lion advises that the unaudited net tangible asset backing of Lion at 31 October 2025 is 102.0 cents per share (before tax) and 98.2 cents per share (after tax).

	A$M	cps
Cash	47.1	32.9
Legacy Investments	7.0	69.1
New Investments Australia	92.0	
Total Value Before Tax	**146.1**	102.0
Deferred Tax Liability	(5.5)	(3.8)
Total Value	**140.6**	**98.2**
Market Capitalisation	**132.5**	**92.5**

Notes to the NTA

- The NTA laid out above excludes $0.5M 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 prior.
- The NTA contains the value of the component parts of Lion's assets as at the NTA date, which is a snapshot in time. The majority of this includes the value of cash at bank, and value of investments at their closing price on NTA date. The NTA is not an expression of the ultimate, realisable value of the investments, which in many cases may far exceed the value contained in the NTA.

Cash Management

As at 31 October 2025 Lion held $47.1M net cash available for investing.

Cash management

- Lion's net cash is held between an on-call account and term deposits which roll off on a regular basis.
- This arrangement provides a higher interest income than call accounts over a majority of the cash, but ensures Lion has sufficient access to liquidity to fund investment opportunities as they arise.
- Note that the interest on term deposits that Lion had in place as of 31 October 2025 ranges between 3.92% pa and 4.49%pa.

One of the biggest risks to investors in cyclical sectors is experiencing dilution when the market is weak. As this time, the cheapest opportunities to invest present, but they are unable to fund the opportunities that exist. Lion is extremely fortunate to have a strong cash holding, enabling patient assessment and swift action when opportunities emerge. Importantly, Lion does not need to consider asset divestments for funding purposes, rather only when the best strategic window arises.

Market Review

Summary – the new boom is no longer approaching, it has arrived. This has been brought about by a surging gold price, and provides a strong outlook for small and micro-capitalisation resources stocks.

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Gold price – decades in the making

Gold has a unique place in the investment market. In gold bull markets, it can be the best performing asset globally – and in between times is the preserve of tin foil hat conspiracists. The performance of gold in 2025 has suddenly brought it to the attention of many investors who don't ordinarily hold or invest in gold. Lion has a strong weighting toward gold which is driven by how readily gold can be separated and sold. Given how influential the gold price will be over Lion's portfolio, it is worthy of an overview of the factors that are underpinning gold's recent performance.

The gold price was 'floated' in 1971 – prior to this the gold price had been fixed in US dollar terms. Since then, the investment market's relationship with gold has been dynamic, and rocked by geopolitics and economics. Books have been written about this complex history. Gold is an unusual commodity, in that it is more hoarded than consumed, and whilst vast unused stores of gold exist, trading tends to be far more of recently produced metal than wholesale movement between vaults. Buyers tend to be motivated by ownership, rather than price – and this sets gold aside of all other commodities, where the need to pass on acquisition price of the commodity to end users creates price caps.

It is impossible to describe what motivates buyers of gold now, without recapping the way that gold fundamentals have varied as it has been freely tradable.

1970's – conflict, inflation and declining gold production, and eye watering gold performance

The Cold War extended from the end of World War II until the early 1990's. During the Cold War, global economics and trade were heavily influenced by conflict and Central Banks needed to own gold against a backdrop of currency volatility and political uncertainty. They were net buyers through much of the duration of this period of conflict that threatened, but never devolved into a global hot-war with the persistent spectre of nuclear weapons.

The 1970's saw economic turmoil with two episodes of runaway inflation, tied to dramatic oil price rises – from a long-term prevailing price of up to / around US$3/barrel, to over ten times that figure. Oil price is a commodity fluctuation the whole world feels, and in times where inflation is severe, gold becomes a hedge against the loss of purchasing power of currencies. Some people take the view that the decision to remove the gold backing of the US dollar dramatically affected the way oil sellers saw the value of the US dollars that were used to pay for their oil. Whatever the motivation, Middle Easten oil shifted from being produced and sold predominantly by western companies for low prices, to predominantly Middle Eastern agencies in a short period of time and the OPEC cartel was born.

The 1970's was also the end of South Africa as the world's dominant gold producer. Its mantle was lost not to an ascendant producer but because of a rapid decline in South Africa's production, which dramatically reduced overall global gold production.

So the factors that underpinned the gold bull market of the 1970's and into the early 80's included a steady need for gold from Central Banks, massive inflation which motivated investor gold purchases, and declining supply to feed that appetite.

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1990's – Harmony and hedging

When the Cold War ended it led to over a decade of prosperity, especially in the west. This was a period of accelerated globalisation, streamlining commodity markets and peak US dollar confidence. The need for Central Banks to hold gold diminished, and many reduced or exited their gold positions – selling hundreds of tonnes of gold, which ultimately led to a pact between Central Banks to limit their annual selling because of the extent to which it was impacting the gold price.

The gold sector had also encountered two massive new fundamentals. The advent of Carbon in Pulp/Carbon in Leach (CIP/CIL) processing enabled economic processing of much lower head grades and ushered new efficiency into gold production. Global gold production surged – increasing by 2.3 times in less than twenty years (1980-2000). Through roughly the same period, gold producers could access gold price above spot by selling forward – which employed the use of derivative products ('forwards') of varying complexity and duration, which basically applied an interest rate linked inflation on gold price. Through an era where inflation was never really under control, this provided strong forward pricing ('contango') and the industry sold forward enthusiastically – piling on gold sales that were promised from future production, on top of expanding actual production.

Expanding industry supply, aggressive selling that exceeded production by the industry on top of Central Bank selling all roughly overlapped and subdued the gold price through most of the 80's and 90's.

The 00's – one gold bull market, or two in a row?

The global industry had accumulated a hedge book of complex forward sales that accounted for over a whole year's production by the late 1990's. The global financial market's sentiment toward derivatives changed dramatically in 2001 as a result of the Enron scandal, which brought about the start of the market beginning to question gold hedge books – some being so complex the companies themselves didn't understand the range of obligations and risks. There were notable company implosions, and a need for the gold industry to neutralise its hedges. Throughout the 00's, gold companies raised money by issuing equity to buy out their hedges – leading to the perverse situation of the gold industry becoming the biggest buyer of gold in the market.

De-hedging undoubtedly underpinned the steady commencement of a gold bull market, against a backdrop of flat to weakening global gold production. The ability to expand gold production was challenged by a commodity boom in all other commodities (the rise of China) that was rapidly inflating operating costs. The gold bull market of the 00's also saw gold ownership become far more accessible with the advent of gold Exchange Traded Funds (ETFs), which became a large source of buying in the decade that followed their 2002 inauguration.

Enron was not the only turning point of 2001 for gold. The September 11 terrorist attacks on the United States changed the course of global conflict, ending the short but relatively hostility free post-Cold War period, and giving way to rising conflict that drew the US into hostilities in the Middle East.

The Global Financial Crisis looks like a blip in the gold price, roughly mid-way in a clear gold bull market that lasted until 2012, but this too was a turning point. The response of Western Governments and Central Banks to the market meltdown was stimulus – to underpin market confidence and protect institutions that were (for the first time) 'too big to fail'. This was a huge change – economic hardship in the past had meant a period of austerity, which is in many ways a market mechanism that resets the factors that caused the economic problem in the first place. But under stimulus, austerity is avoided – turns out this is also far more politically palatable for electable officials. The turning point for gold was for Central Bank buying – which suddenly took off and has been maintained at a steady annual rate since. All of a sudden, Central Banks were buyers of gold again but this time buyers were dominated by BRIC nation Central Banks (from nations where austerity is their principle management of economic crisis) – after much of the world lost confidence in the west's willingness to tolerate austerity, opting instead for stimulus. Economic stimulus results in excess currency production, which conventionally leads to inflation and currency debasement. BRIC central banks bought heavily as gold price weakened in 2011 and have carried this through, even as gold price began to rise again, as they pursued diversity for US dollars in their foreign exchange reserves.

Gold sector de-hedging is totally unrelated to BRIC nation central bank gold buying, but one powerful driver gave way to the other in driving the gold bull market of 2000-2012, almost as if two bull markets had been seamlessly joined by the Global Financial Crisis.

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2012-2018 – departure of the generalist investors

The end of the 00's gold bull market was 2012. A dramatic fall saw aggressive selling that had all the appearance of a loss of market interest in gold. In the aftermath of the Global Financial Crisis, stimulus was flowing directly into the equity market which went on to accumulate an eye watering capitalisation driven by (now) huge technology companies. Gold can flourish in the market when it is seen as having strong drivers, this entices buyers, and those buyers cause it to outperform other markets – this attracts more and more generalist holders and underpins long bull markets. Gold bull markets tend to finish when other assets become attractive to buy, financed by selling gold which has appreciated strongly, and a stimulus powered market for tech equities is where generalist money went.

Gold production was expanding rapidly by 2012 giving supply every chance of overcoming demand, which is probably an important factor. The gold price didn't meaningfully recover until gold production flattened, in 2018.

Which leads us to this bull market – de-globalisation, de-dollarisation, inflation and conflict

Conflict in the world is not global but has accumulated between several theatres in the last decade. Deglobalisation, which accelerated under the administrations of Trump presidencies, has stoked a sense of tension between the US and China, and most recently introduced the concept of 'strategic' materials. As much as these are strategic to the buyers, what this means is the west can no longer obtain these materials in the volumes they desire from China – strategic production and stockpiling will result, which is a by-product of what is taking on an appearance of a new Cold War. Middle Eastern tensions have simmered consistently since 2001, and hot wars stemming from Russia invading Ukraine and around escalating tension between Israel and its neighbours have escalated since 2022. There is an ongoing concern too around sabre rattling by China in the Pacific, in particular around its intentions toward Taiwan. Against this backdrop, it is possible once again to say "Central Banks need to hold gold", although this really is a recent development because Central Banks from BRIC nations became buyers far earlier driven by Western propensity for economic stimulus.

The result of the Russian invasion of Ukraine had key economic ramifications. This conflict led to sanctions, which interrupted already deteriorating global trade. This drew many commodity prices, which had been inflated by COVID era stimulus, to their ultimate peaks, as the impact of conflict-related tension swept through the global economy. More significantly for gold, the US imposed new restrictions on the US dollar system – in its simplest form, if you are an ally of Putin, the US can confiscate your assets and the easiest of those were US dollars in western accounts. Many allies of the US now have in the back of their minds that their foreign exchange holdings, which are US dollar/treasury dominated, have suddenly taken on a new dimension of risk especially if they were to ever come into serious disagreement with the US. The Russian invasion of Ukraine sits at an inflection point for gold, with the price accelerating in the aftermath.

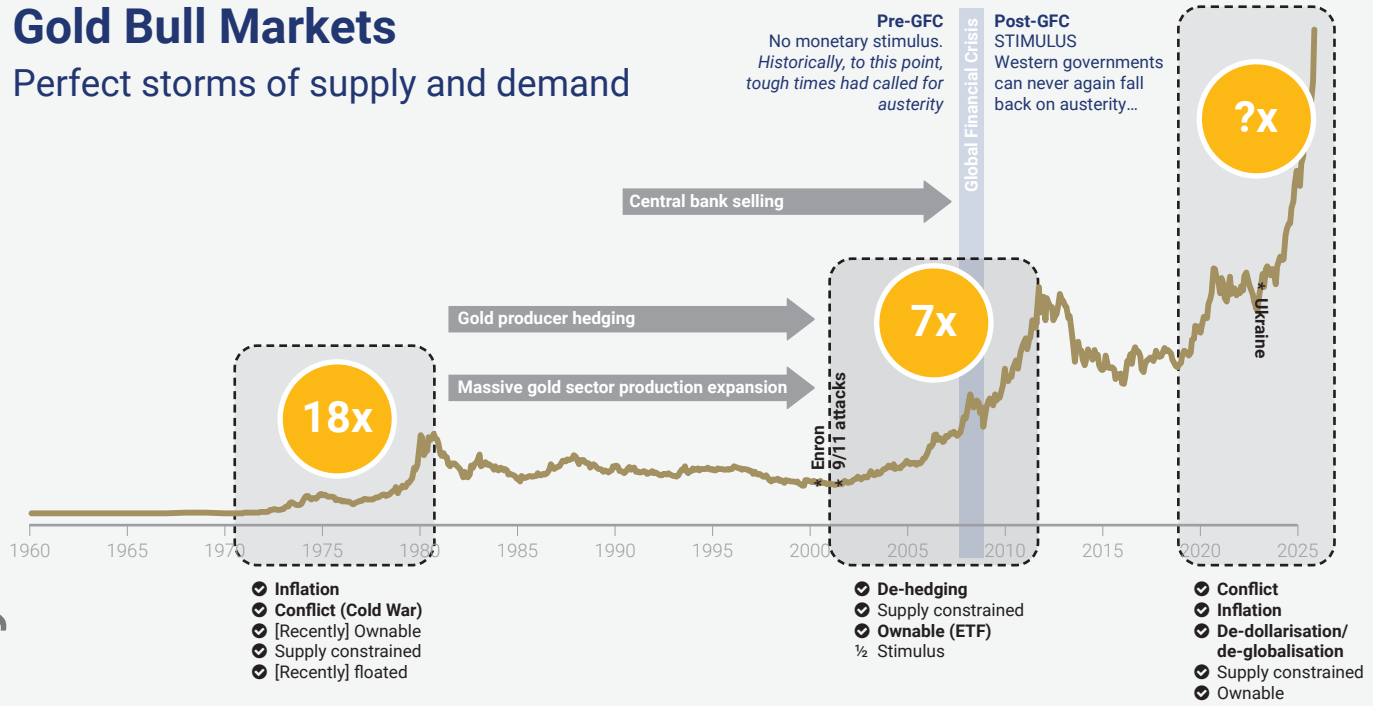
The concept that the current gold bull market is underpinned by de-dollarisation intersects many of these themes: a rapidly diminishing confidence in the US dollar system by BRIC nations, the confiscatability of US dollars under sanctions – these are new motivators even if they are really just the beginning of the reversal of US hegemony. They are amplified by conflict, which is itself partly related to deglobalisation, and part echo of the past.

Annual supply has remained flat since 2018. New supply growth remains restricted by industry discipline (which history suggests will be hard to maintain indefinitely) and reserve growth with the gold industry has been little different to other commodities, which have seen an under investment in sources of new supply.

Western market interest in the current gold bull market has been weak – limited to volatile gold ETFs – held back by the ongoing equity market fascination with technology behemoths and evidenced by the muted transmission of gold price to gold equity prices. Many gold miners still trade on undemanding earnings premia, whereas in previous gold bull markets gold equities saw far greater willingness for investors to price high future prices via equity premia to earnings. Bull markets are built by more and more participants joining over time, and only a low proportion of investors in the west are participating yet.

Gold Bull Markets

Perfect storms of supply and demand



Gold price, 1960-present comparing key drivers of gold bull markets and factors which have influenced price.

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Gold pullback

This quarter, gold price increased dramatically, reaching an all-time high close of US$4,356/oz on 20 October. This coincided with many Lion gold investments also reaching all-time highs, as a result of increasing liquidity flowing to small to micro-cap gold companies. During this upswing, gold reached 33% above its 200-day moving average. Such a significant deviation from the 200-day moving average historically has caused profit taking to occur and this time was no exception. The gold price moved back towards US$4000/oz with gold miners and explorers following the trend.

Although gold developers and explorers have been modestly sold off, they are now collectively in a much better position than they were earlier this year. Most have taken advantage of the momentum in the sector and are now more strongly funded. Due to this their activity has picked up, with it their chances of generating positive news and a resulting positive re-rating. Many gold explorers and developers are now trading at similar valuations as they were when the price was closer to US$3,500/oz.

To many investors holding diverse portfolios that include some gold juniors this was probably quite an evident pull back – and because sharp price falls often mean there has been a problem in a company, it has led many investors to question the outlook for their (especially junior) gold holdings. The current A$ gold price over A$6,000/oz provides an outstanding operating margin for most current producers, many of which have All In Sustaining Costs mostly up to circa A$3,000/oz – and strong production earnings continue to pile up inside producers. Additionally, explorers and developers have been able to raise money. They are now in an environment where they are likely to be rewarded for good news and progress, and able to spend money to produce good news and progress. So despite the pull back in the gold price and associated gold equity volatility, the gold sector is in better and better shape and on the basis of prevailing costs and gold prices current prospective economics for developers look exceptional.

The fundamentals that have underpinned the current gold bull market which commenced in 2018 but took off in earnest after 2022 all remain in place. De-dollarisation/de-globalisation appear to be long term themes and conflict an unwelcome but probable side effect. The most unpredictable factor is what the market will pay for gold. Steep rises like we have seen in 2025 are unlikely, but the case for ongoing gold robustness appears far more likely than gold pulling back. And, at anything like US$4,000/ounce, gold companies have outstanding earnings fundamentals. There is a strong case for rotation of investor capital from highly priced tech titans toward commodities generally, which is a theme that gold would be expected to continue to benefit from.

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What does this mean for the Clock?

Normally a whimper, the new boom arrives with a bang

In May this year, the Lion Clock was moved to 5 o'clock reflecting growing gold sentiment that was enabling selected performance by gold focussed micro-cap companies. By the end of June we were already wondering if we would look back at and think it was six o'clock already. In our annual report which was published on 24 October, the hand on the Lion Clock was shown as shaded between 5 and 6 o'clock, acknowledging the appearance of a change in sentiment but uncertainty as to exactly what point the cycle was at.

Many commodity prices and resources equities had their recent low in early April 2025. These lows were aligned with the controversial US Trump administration tariffs brought into existence during 'Liberation week'. These have been a major component of the de-globalisation movement and had the effect of making many commodities more expensive if imported to the United States. Whilst gold has been the standout performer of commodities (in fact, of all asset classes across global markets), most commodities have firmed since April, and many of the world's major miners are now trading healthily above their lows made earlier in the year. Mining equities have outperformed the broader market in Australia since September, the first time this has occurred for years.

The mining cycle might be evident in equity prices, but it is driven by liquidity which is money entering or leaving the mining equity sector. The best indicator of liquidity is whether or not it is possible to raise money to list a new and completely unheard-of company, and the number and pattern of funds raised for Initial Public Offerings (IPOs) is an ideal diagnostic tool.

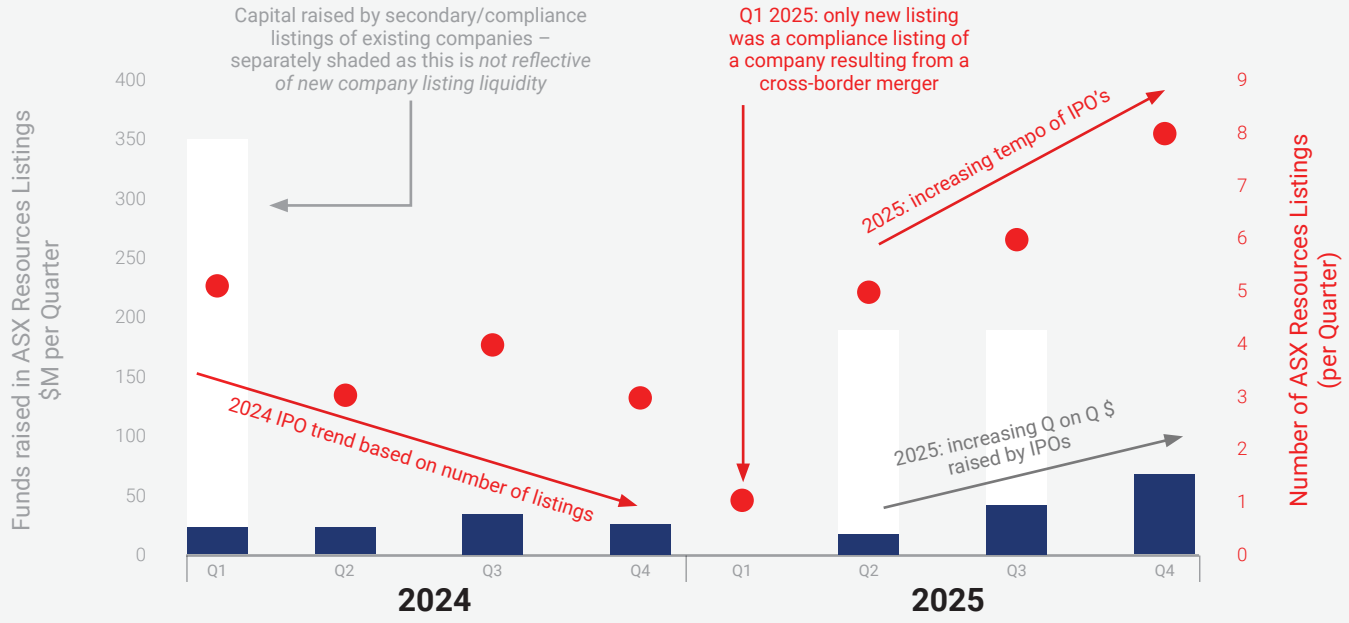
Resources IPOs onto ASX – the litmus test of liquidity

In 2025 so far there have been 20 new listings of mining or exploration entities onto ASX, which is already more than the 15 in 2024. This marks the first time since 2021 where a calendar year has seen more IPOs than the previous year – a good signal. ASX has received several listings of companies that already had primary listings in either Canada or London during 2024 and 2025 – these companies were undoubtedly chasing liquidity, and a fine endorsement of the Australian market to seek it via ASX, but being well established with disclosure and trading patterns they are not new companies so their listing distorts the underlying trend of liquidity. Stripping these from the data, ASX had 12 'genuine' resources IPOs in 2024, against 13 in 2025 up to the end of October – an improvement on 2024 even while 2025 is not yet completed. Of the genuine IPOs, 2025 has also seen a greater amount of funding raised ($132M 2025 YTD vs $116M 2024). This is especially important for the live trend because there were zero IPOs in January to May 2025, so the growth in 2025 YTD IPO capital raised has occurred in only five months. The turning around in the trend of new IPO's is extremely significant in demarking the bottom of the cycle, and in this case the April turning point shown in commodities and equities occurs during the dead patch in IPO activity.

A measure of the depth of investor interest around IPOs is how they trade on their first day – where there is a risk of investors who bid to invest but have since changed their minds and their selling overwhelms any new buyer interest. 2025 has seen a far greater proportion of the newly listed companies trade above their IPO price on the first day of trade than in 2024 (2024: 5 of 12 genuine IPOs day one close was above IPO price vs 2025: 10 of 13)

These trends represent a remarkable change from the conditions of 2024 and early 2025 and strongly support the notion of a change in sentiment.

IPOs of Resources companies onto ASX in 2024 and 2025: number of IPOs (red) versus funds raised for 'genuine' (explorer) IPOs (blue) and secondary/compliance listings (white)



Funds raised in genuine new resource company IPO's:

2024: $116M **2025: $132M**

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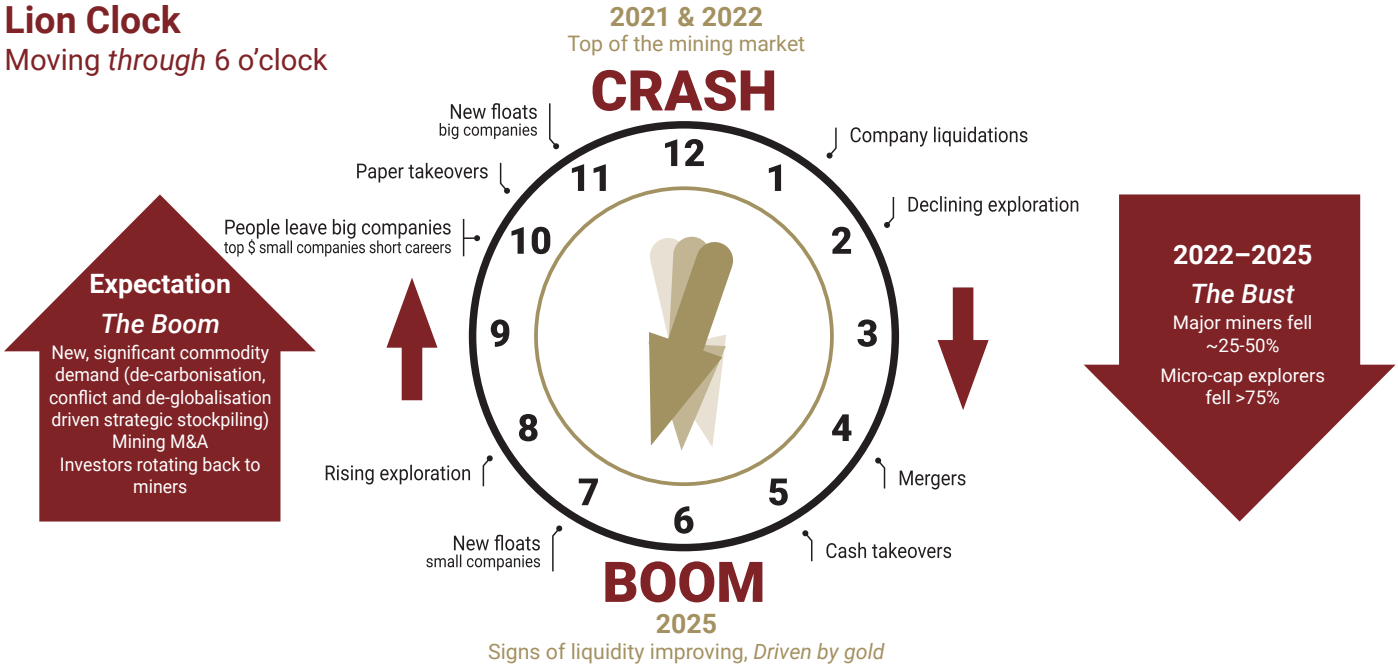
Lion Clock – Bust becoming Boom

The sentiment that is behind the remarkable rise in liquidity, mainly in the second half of 2025, is driven by gold. And, both equity prices and capital raising patterns (liquidity) have followed a sharp rise and then pull back in the gold price during October and November. Whilst it is fair enough to say that gold could undo this pattern of liquidity; by retreating from all-time record highs, we do not think this to be the case. Commodity and equity market bull markets are also volatile; however we are confident that liquidity is increasing, driven by gold, and this will drive the mining boom.

The hand on the Lion Clock is now positioned at past 6 o'clock, with shaded arrows depicting the recent movement through the bottom of the market.

Lion Clock

Moving *through* 6 o'clock



Expectation: Boom takes hold – great for mining equities

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

We are now confident the market is experiencing the transition from the end of the bust into the early stages of a new boom. Gold has been a massive driver and gold equities are generally experiencing strong investor interest and growing liquidity. The next boom has been inevitable as cyclical behaviour is as old as markets and an intrinsic feature of the mining sector. But we are no longer awaiting the new boom, it is now here.

All mining booms are similar in their cyclical nature but can vary in magnitude and duration. There are several coinciding factors that provide a strong outlook for this boom:

- **Supply constraints.** The global industry is collectively extremely under-invested in future supply, against a backdrop of longer-term diminishing discovery trend. Added to the increasing burden of new project permitting, the supply response to any rejuvenation of demand is expected to be slow.
- **M&A.** Major miners have shown an overwhelming preference to acquire rather than to find new sources of production over the past decade or more. The high likelihood of consolidation is promising for juniors, who have tended to be the companies that have most actively defined new projects, especially where they are either of a scale to offer a meaningful new production source or are strategically located with respect to established infrastructure.
- **Demand Growth.** Commodity prices are expected to be influenced by the global energy transition, artificial intelligence and conflict, on top of existing demand patterns which may also be subject to strategic stockpiling as deglobalisation affects commodity markets. This could play out over a multi-year cycle on a scale as significant as the emergence of China as a major commodity buyer was in the 00's.
- **Investors increasing weighting to mineral resources, mining and commodities.** The global market is strongly overweight equities, especially mega-cap technology companies, banks and industrials, which have acquired premium market capitalisations with respect to their earnings. History suggests that premium valuations tend to give way eventually, and this is expected to be a source of investor funding to apply to the resources space. With a strong demand theme, this could see commodity exposure move from a strongly underweight position to overweight.
- **Passive money.** An increasing trend for investors to favour equity Exchange Traded Funds and Index funds has in turn favoured large capitalisation companies. As the mining boom begins to re-rate prospective miners, more companies will move into indices and attract this passive money. This could be a feature of the market that provides surprising re-ratings through the boom for companies that achieve first time index inclusion.

Lion has successfully aligned its investing activities with the cycle, making major divestments in 2021 and 2022 at the top of the market, and establishing a new portfolio largely within the depressed market that has followed. Contrarian opportunities still present, as a result of the gold price pull back, the non-uniform appreciation shown to gold companies by the market and also companies that remain well outside of current market preferences.

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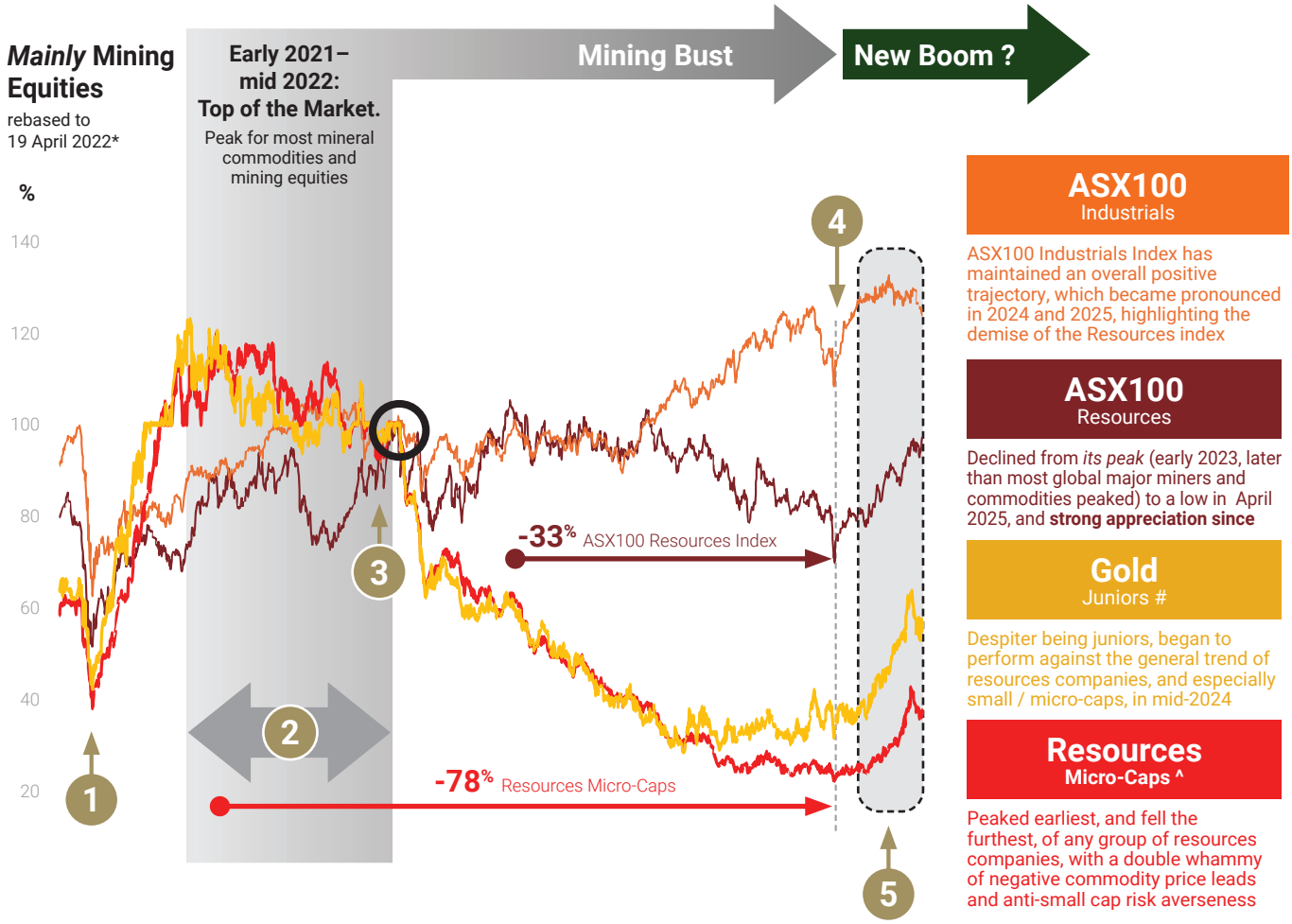
Micro-Cap Resources

Strongest share price performance for years, gold-led resurgence



1	COVID19 Pandemic strikes. Deepest and fastest equity market correction ever. Followed by stimulus, which had an inflationary effect and pushed commodities to their ultimate highs.
2	Interest rates move from sub 1%, and a mentality of 'inflation isn't sticky', above 3% and realisation 'inflation is here to stay'.
3	Russian invasion of Ukraine, leads to implementation of sanctions. USD became a confiscateable asset. Inflation spiked.
4	April 2025 – Liberation Week (major deglobalisation milestone). Flagged tariffs on broad range of materials (commodities) sold to US implemented. This week evident in many equity, commodity and bond prices as a steep gradient or turning point. **Low point for mining equities.**
5	H2 2025 – most mineral commodities level or strengthening, gold extremely strong. Mining equities begin to outperform, small cap risk appetite (across the market) returns. **Micro-cap resources catch a (strong) bid.**

* 19 April 2022 was the peak price for the ASX Small Resources Index, and occurred at approximately peak price of most mineral commodities.

\# The proxy for price of Gold Juniors is the Median Performance of a group of 138 ASX listed companies with GICS classification Gold, that were capitalised at less than A$400m on 20 February 2025.

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

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Coming up...

The main event for Lion investor relations for the rest of 2025 will be the **Lion Strategy Day and AGM** to be held at 3.00pm on Thursday 27 November 2025 at The Cluster, Level 20, 31 Queen Street.

Registrations via **Trybooking**

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