

Pani Update and Valuation Revision

- **Pani valuation increased to A\$60.7M, up from A\$40.7M.**
 - Reflects ~60% gold price increase since November 2018.
- **Further upgrade expected once J Resources deal is completed, combining two adjacent gold resources to form a single gold deposit:**

• Pani JV (66.6% Merdeka, 33.3% Lion)	2.37 Moz ¹
• Pani Contract of Work (100% J Resources)	2.30 Moz ²
- **Preliminary results from step-out drilling in 'gap' zone appear broadly consistent with mineralisation on either side:**
 - Assays awaited;
 - Further drilling paused pending deal completion;
- **Concept study underway considering large-scale project with CIL processing.**

Pani Valuation

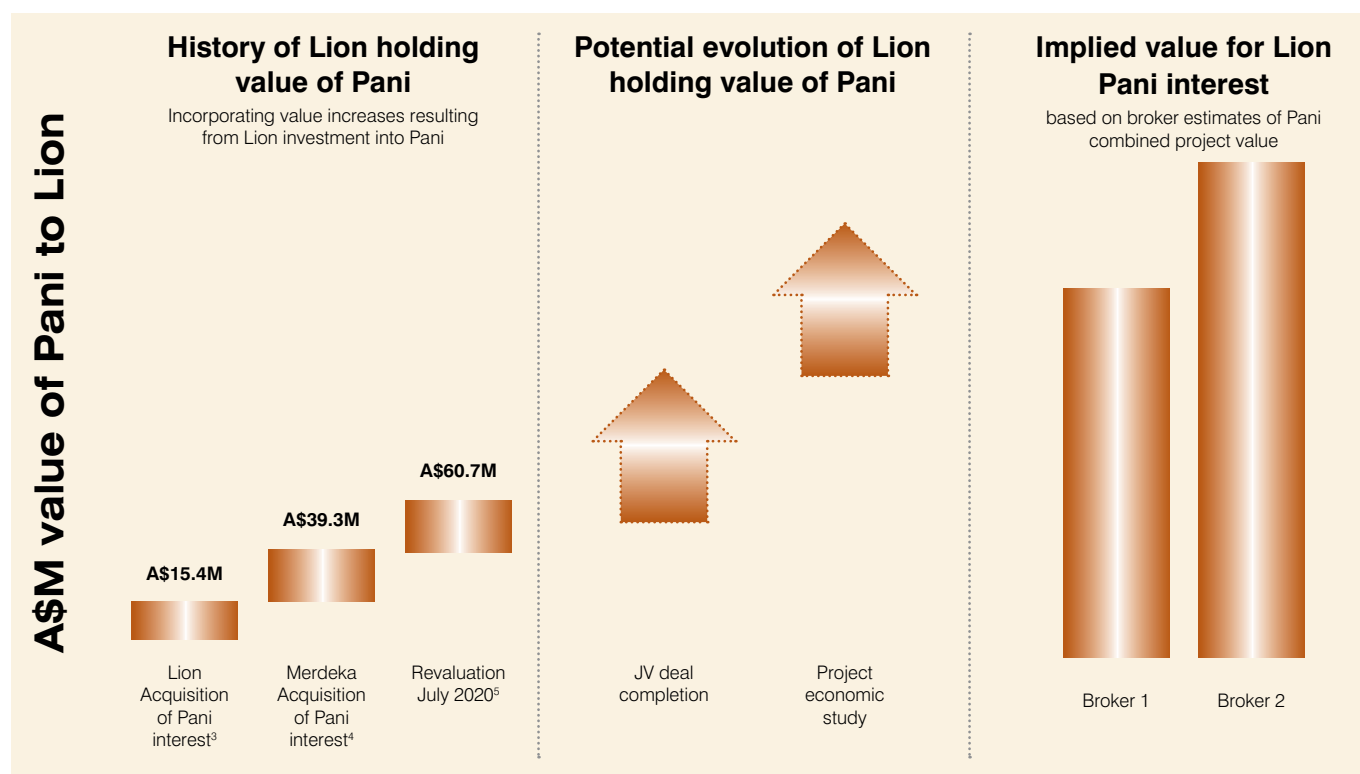
Lion directors advise that the fair value of Lion's interest in the Pani Joint Venture has increased from A\$40.7M to A\$60.7M at 31 July 2020. This increase reflects the sustained escalation in gold prices since November 2018, being the most recent arms-length transaction when Merdeka acquired its project interest in the Pani Joint Venture. This increase is most notable since mid-March 2020 with spot gold prices strengthening ~US\$500/oz, and the share prices of most peer companies selected increasing by more than 100%. Lion's Net Tangible Asset backing as at 31 July 2020 based on the above valuation is 67 cents per share, up from 53 cents per share based on the previous valuation.

This valuation assesses the sustained increase in the gold price on the Pani Joint Venture, without considering the leverage effect from improved margins for the Pani Joint Venture. Further material upside is expected for the Pani gold project once the J Resources transaction completes. This upside has not been considered in the fair value for the assessment made at 31 July as the deal has not yet been completed. Until completed, there is an ongoing risk that the conditions precedent are not met and the deal is unable to be completed. In addition to revaluation reflecting the combination of ground positions, the combined project value could improve to the extent that step out drilling on the Pani IUP between the two Resources confirms continuity.

Lion's accounting policy for determining the fair value of unlisted investments aims to maximise the use of observable market data where it is available and rely as little as possible on unobservable inputs. Generally an arms-length transaction represents fair value as of the transaction date, with the last such transaction being Merdeka's acquisition of its stake in the Pani Joint Venture in November 2018. In accordance with valuation guidelines, this valuation was used to calibrate valuation models based on observable inputs. These valuation models have then been assessed for changes in market conditions and project milestones. The two market-based valuation models used in assessing in line with industry practice are:

- Comparable Value method (Implied value per Resource Oz) as the primary valuation method.
- Yardstick (Rule of Thumb) method as an alternative method in order to provide a cross-check.

Figure 1 – Lion’s Pani Valuation History and Potential



The determination of fair value at future measurement dates will take into account developments in relation to progress of activities for Pani, commodity price movements and other comparable recent transactions along with further investment in the project. The table below summarises Lion’s assessment of the fair value of its investment in the Pani Joint Venture.

Methodology	Valuation Metric	Preferred Valuation
Comparable Value (Primary method)	Pani IUP Resource	2.31 Moz*
	US\$/ Resource Oz	US\$56/Oz
	Pani IUP Project Value (100%)	US\$130M
	Lion’s Interest Value (33.3%)	A\$60.7M
Yardstick (Secondary method)	Pani IUP Project Value (100%)	US\$133M
	Lion’s Interest Value (33.3%)	A\$62.2M

*The Pani IUP Resource has been applied based on the higher cut off of 0.3g/t.¹

Further detail is set out in the Appendix to this announcement.

Comparable Value

The comparable value method considers the implied value per Resource ounce based on a peer group of relevant companies and compared over time. The companies below were considered the most relevant, being open pit gold projects in geographies with similar country risk that are in the advanced exploration/ development stage. Notably individual market comparables are rarely identical to the relevant project area, and calibration of the Merdeka acquisition illustrates that the Pani Joint Venture is valued at a slight premium to its peers.

During the period between the Merdeka transaction and 31 July 2020 most peer companies selected had materially increased in value, with the average increase being 164%. This largely reflected the improvement in each project’s economics from higher gold prices along with advancements in each project. Since November 2018 the gold price has improved from around US\$1,220 to US\$1,950, an appreciation of 60%, with the USD/ AUD exchange rate \$0.71 at both occasions.

Lion Directors believe that the preferred value for the Pani Joint Venture of US\$56/Resource ounce is appropriate reflecting only the improvement in the gold price, without considering the leverage effect from improved margins for the Pani Joint Venture.

This valuation does not account for the material upside that is expected for the Pani combined gold project due to the risk that the conditions precedent are not met and the deal is unable to be completed. In addition, the combined project value could improve to the extent that step out drilling on the Pani IUP between the two Resources confirms continuity.

Peer Comparison – July 2020

Company	Ticker	Exch	Flagship Asset	Country	Project Interest	Mkt Cap US\$m	EV US\$m	Resource Au Koz	EV/Resource US\$/oz	% Change Since Nov 18
Azumah	AZM	ASX	Wa	Ghana	58%	22	22	2,767	14	164%
Nusantara	NUS	ASX	Awak Mas	Indonesia	75%	49	32	2,350	18	147%
Orezone Gold	ORE	TSX	Bombore	Burkina Faso	90%	217	199	6,162	36	210%
Cardinal	CDV	ASX	Namdidi	Ghana	100%	272	287	6,990	41	139%
Sihayo	SIH	ASX	Sihayo	Indonesia	75%	46	51	1,510	45	115%
Geopacific	GPR	ASX	Woodlark Island	PNG	100%	77	56	1,573	35	71%
Emerald	EMR	ASX	Okvau-Ochung	Cambodia	100%	228	194	1,141	170	334%
Lydian	LYD	TSX	Amulsar	Armenia	100%	42	393	5,010	79	11%
Belo Sun	BSX	TSX	Volta Grande	Brazil	100%	248	224	6,107	37	171%
Orecorp	ORR	ASX	Nyanzaga	Tanzania	84%	102	84	3,073	33	191%
Erdene	ERD	TSX	Bayan Khundii	Mongolia	100%	93	97	1,354	72	252%
Average								3,458	53	164%
Pani	Unlisted		Pani Standalone	Indonesia	100%	130	130	2,310	56	59%

Yardstick Method

The yardstick method is sometimes employed in pre-production projects as a reasonableness test. For this test, the current gold spot price is multiplied by a valuation factor depending on the confidence of the deposit. The commonly utilised yardstick valuation factors are below:

- Ore Reserves: 5% - 10% of spot price
- Measured Mineral Resources (excl Reserves): 2% - 5% of spot price
- Indicated Mineral Resources (excl Reserves): 1% - 2% of spot price
- Inferred Mineral Resources: 0.5% - 1% of spot price

Lion notes that the Yardstick Method is not generally considered to be a suitable primary Valuation method, but is considered an acceptable secondary Valuation method.

Calibration for the Merdeka acquisition highlighted that the Pani Joint Venture is slightly above the upper yardstick range. Since the Merdeka acquisition the spot gold price has increased from US\$1,220/oz to US\$1,950. The table below applies the commonly used yardstick valuation factors. Lion's preferred valuation of US\$133M for 100% of the standalone project is based on the calibrated yardstick valuation range.

Standalone Pani Project				\$1,950/Gold Price			
Resource or Reserve Category	Lower Yardstick	Upper Yardstick	Calibrated Yardstick	Pani Standalone (Oz Gold)	Lower Yardstick (US\$m)	Upper Yardstick (US\$)	Calibrated Yardstick (US\$)
Ore Reserves	5.0%	10.0%			-	-	-
Measured Resources	2.0%	5.0%	5.6%	390,000	15.2	38.0	42.6
Indicated Resources	1.0%	2.0%	2.6%	1,580,000	30.8	61.6	80.1
Inferred Resources	0.5%	1.0%	1.6%	340,000	3.3	6.6	10.6
				2,310,000	49.3	106.3	133.3
				Value for Lion (A\$m)	23.0	49.5	62.2

J Resources Deal

In December 2019 Lion and Merdeka announced that its Pani Joint Venture had reached conditional agreement with J Resources to combine the two Pani tenements into one ownership group.

The J Resources agreement remains subject to regulatory approvals and approval from J Resources' secured lenders. The parties continue to work towards deal completion prior to deal expiry in November 2020 (unless extended by the parties):

- Regulatory approvals have been delayed by the COVID-19 pandemic and along with changes to the Mining law enacted in May 2020.
- The parties have engaged with J Resources' secured lenders.
- The geological teams from both parties continue to work closely to share and integrate technical data in preparation for further technical work, drilling and development studies.

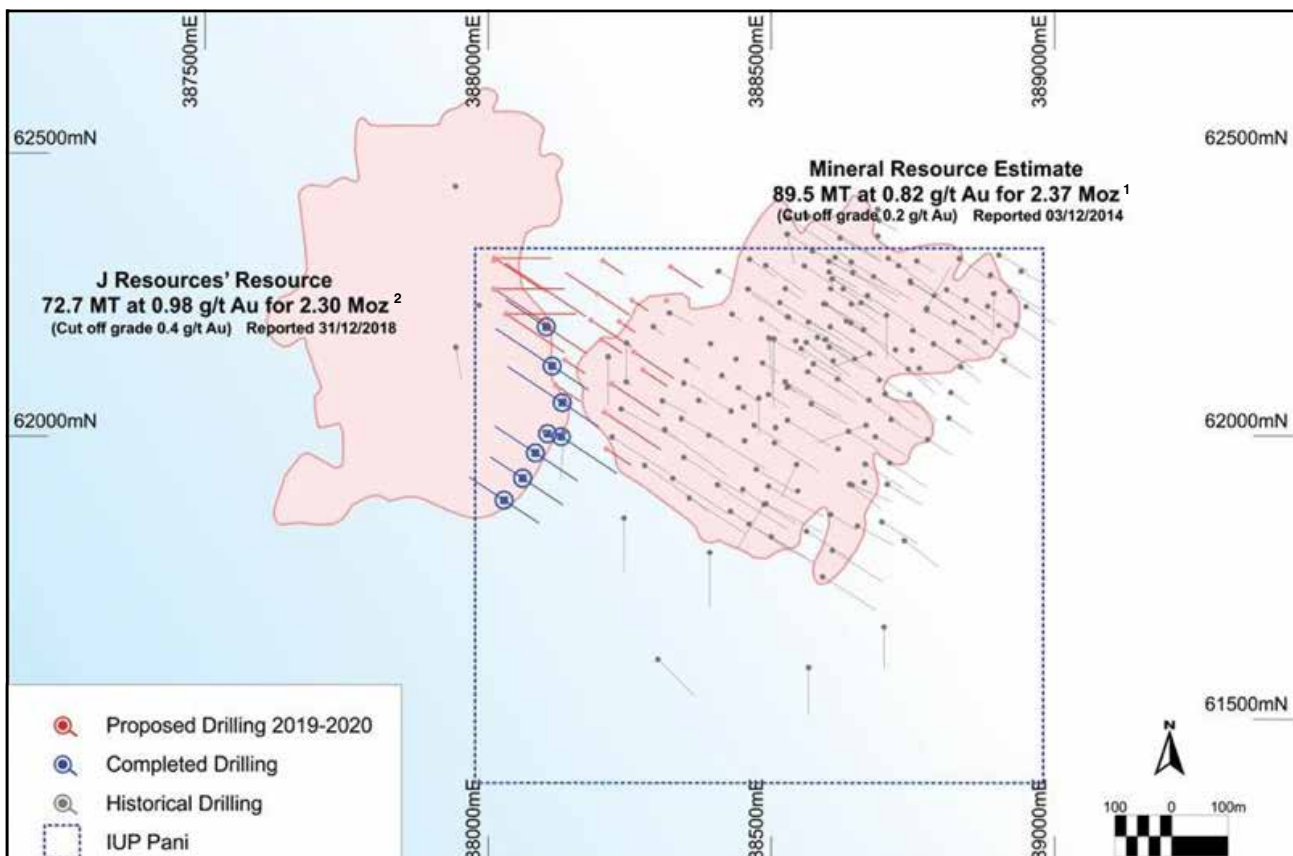
The parties expect conditions precedent to be satisfied in the second half of 2020 after which the joint venture will commence.

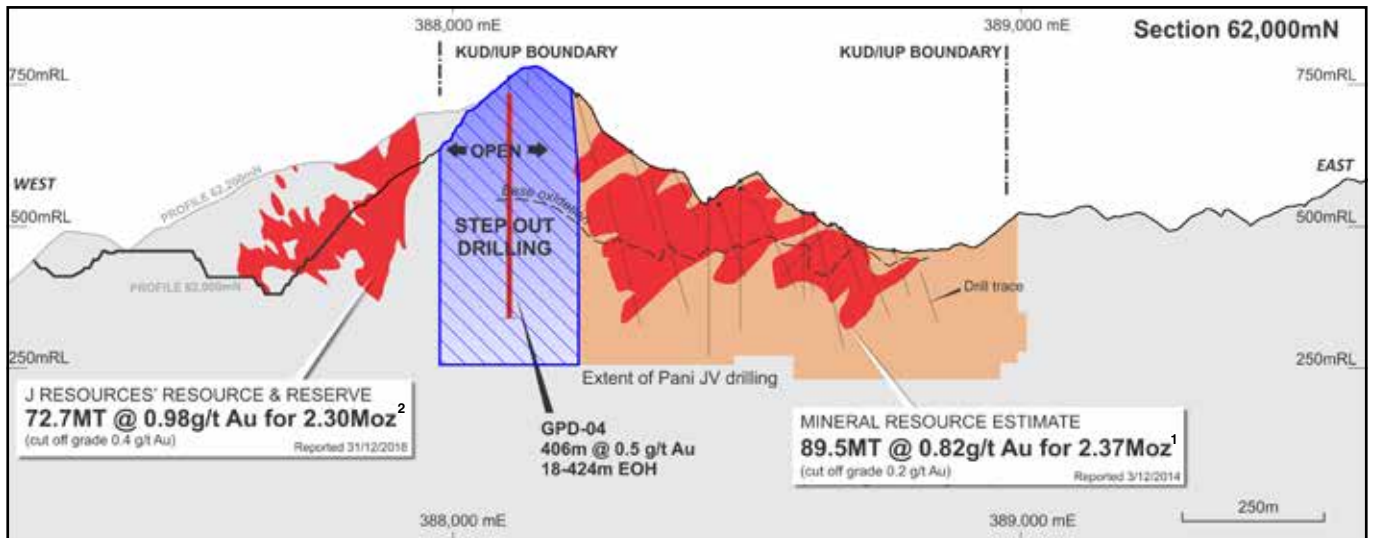
Once completed, the combination of the two tenements is anticipated to materially improve the valuation of Lion's investment in the Pani Joint Venture.

Pani Drilling Update

As reported previously, the Pani Joint Venture has been drilling a 11,000 metre drill program on the Pani IUP in the area between the Pani IUP and Pani Project where two holes drilled by Utah International in 1982, assayed 406m @ 0.5 g/t Au (GPD-04) and 154m @ 0.57 g/t Au (GPD-05). As reported in Merdeka's June 2020 quarterly report⁶, four further holes have been completed or were underway for a total of 1,578.6 metres. This brings total drilling in the current program to 13 holes completed or underway for a total of 3,407.6 metres. A second batch of 1,485 samples had been dispatched for preparation and analysis, and initial results from these samples are expected in Q3 2020.

The Pani Joint Venture will temporarily pause its on-going drilling program pending completion of the J Resources agreement. It is anticipated that assay results of holes that have been drilled will be progressed and become available after the recommencement of drilling. Preliminary assays and observations from visual geological logging are broadly consistent with mineralisation that is observed within both the Pani CoW and the Pani IUP.





It is expected that unification of technical databases, geological models and integration of new diamond drilling results will ultimately culminate in a unified Resource for the 'Pani Besar' ('Greater Pani') region which can then be used as the basis of project development studies.

Pani Besar Internal Concept Study

The Pani Joint Venture is working on an internal concept study focused on how a combined Pani Besar project might look. The purpose of the concept study is to help scope further work, understand key risks requiring further assessment, and to assess for potential fatal flaws. The study is premised on high level assumptions, including that the Pani deposit is one continuous zone of mineralisation across the two tenements.

The Internal Concept Study is being undertaken to determine the potential viability of an open pit mine with conventional milling and CIL processing. The study is a preliminary technical and economic study based on low-level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation and appropriate studies are required before any ore reserves estimate or any assurance of an economic development of the project.

The combination of the Pani IUP and Pani COW unlocks optimal development of the Pani deposit unrestricted by tenement boundaries, including:

- Favourable topography and ore geometries: low strip ratio, open pit operation amenable to large scale bulk mining.
- Metallurgical work to date suggests high recoveries are achievable, with conventional CIL assumed for the internal concept study.
- Low processing costs anticipated, with grid power available.
- Subject to appropriate assessment, initial concepts envisage 7.5 Mtpa to 15 Mtpa processing rates.



APPENDIX

1. Pani Project Valuation

This appendix provides background to Lion's valuation adopted for its unlisted investment in the Pani Joint Venture.

Lion's accounting policies set out the basis for determining the fair value of financial instruments that are not traded in an active market (for example, unlisted investments). The fair value is determined using valuation techniques that maximise the use of observable market data where it is available and rely as little as possible on unobservable inputs.

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

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

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

1.1. Valuation Approach

The VALMIN Code (2015 Edition) provides guidance on valuation for mineral assets, with three widely accepted Valuation Approaches:

- (a) Market-based, which is based primarily on the notion of substitution. In this Valuation Approach the Mineral Asset being valued is compared with the transaction value of similar Mineral Assets under similar time and circumstance on an open market. Valuation Methods include but are not limited to comparable sales transactions and joint venture terms.
- (b) Income-based, which is based on the notion of cashflow generation. In this Valuation Approach the anticipated benefits of the potential income or cash flow of a Mineral Asset are analysed. Valuation Methods include but are not limited to discounted cashflow and multiples of earnings.
- (c) Cost-based, which is based on the notion of cost contribution to Value. In this Valuation Approach the costs incurred on the Mineral Asset are the basis of analysis.

Valuation Approach	Exploration Projects	Pre-Development Projects	Development Projects	Production Projects
Market	Yes	Yes	Yes	Yes
Income	No	In some cases	Yes	Yes
Cost	Yes	In some cases	No	No

The Market approach to valuation is generally accepted as the most suitable approach for valuation of a Mineral Resource Property or a pre-development project.

An income-based method, such as a discounted cash flow model, is commonly adopted for assessing the value of a mineral tenement where an Ore Reserve has been produced following technical studies applying accepted technical guidelines such as the JORC Code (2012). However, an income-based method is not considered appropriate for deposits that are less advanced (ie. where there is not a declared Ore Reserve and supporting mining and related technical studies).

The Pani project is considered to be a pre-development project, noting that the current Pani Ore Reserve only encompasses part of the Pani deposit on the Pani CoW. Accordingly, the valuation in this paper only considers Mineral Resources, and income-based methods are not considered within the context of this valuation.

1.2. Valuation Summary

Lion's accounting policy is to apply an arms-length transaction in determining the fair value of investments where one is available. The most recent relevant arms-length transaction valuation was in November 2018 when Merdeka acquired its project interest in the Pani Joint Venture.

This valuation assesses the sustained increase in the gold price since November 2018, without considering the leverage effect from improved margins for the Pani Joint Venture. This valuation does not account for the material upside that is expected for the Pani combined gold project due to the risk that the conditions precedent are not met and the deal is unable to be completed. In addition, the combined project value could improve to the extent that step out drilling on the Pani IUP between the two Resources confirms continuity.

Accordingly, Lion has applied the Comparable Value method as the primary valuation method for its investment in the Pani Joint Venture in this paper. The comparable value inputs (being the peer group market multiples and relevant project parameters) have been calibrated to the Merdeka transaction in November 2018 and updated for movements in the relevant inputs as at the current measurement date.

An alternative method was applied to the valuation, as prescribed by VALMIN, in order to provide a cross-check. The Yardstick (Rule of Thumb) method, which is also a market-based approach, was used in this assessment.

The table below summarises Lion's assessment of the fair value of its investment in the Pani Joint Venture.

Section	Methodology	Valuation Metric	Preferred Valuation
3	Comparable Value (Primary method)	Pani IUP Resource	2.31 Moz*
		US\$/ Resource Oz	US\$56/Oz
		Pani IUP Project Value (100%)	US\$130M
		Lion's Interest Value (33.3%)	A\$60.7M
4	Yardstick (Secondary method)	Pani IUP Project Value (100%)	US\$133M
		Lion's Interest Value (33.3%)	A\$62.2M

* The Pani IUP Resource has been applied based on the higher cut off of 0.3g/t.¹

1.3. Valuation History

Valuation Event	Date	Valuation
Pani Joint Venture Interest acquire	April 2018	A\$15.4M
Merdeka Acquires 66.6%	November 2018	A\$39.3M
Project Investment (A\$2M)	November 2018 – July 2020	A\$40.7M
Gold Price improves ~60%	July 2020	A\$60.7M

2. Pani Gold Project

Lion has been involved with the Pani IUP project since 2012, when Lion made its first investment into One Asia. Since Lion acquired its 33.3% joint venture interest in the Pani gold project in April 2018 for \$15m, a number of crucial de-risking steps have been achieved:

- Following regulatory approval, in August 2018 Lion's 33.3% economic interest in the Pani Joint venture was converted into a direct ownership interest and Lion appointed a representative to the board of the Pani Joint Venture.
- In November 2018, leading Indonesian gold mining company, PT Merdeka Copper Gold Tbk (IDX:MDKA) (Merdeka) became Lion's joint venture partner in the Pani Joint Venture after paying US\$55m cash to buy the 66.6% joint venture interest from Lion's former joint venture partner. This transaction imputed a look through value of \$39m for Lion's 33.3% interest, with this valuation being adopted for NTA purposes. Merdeka's technical, financial and Indonesian operations expertise brings essential skills to the development of the Pani Gold Project.
- Lion and Merdeka completed a Joint Venture Agreement in November 2018 with respect to the Pani Joint Venture setting out the detailed arrangements with respect to the funding, operation and management of the Pani Joint Venture.
- By July 2019, key permits were obtained for the project including the new 100% owned processing and refining tenement and forestry permits to enable step out drilling to take place between the Pani IUP Resource and the Resource identified on the adjoining Contract of Work (CoW) tenement.
- In April 2020 the Pani Joint Venture received a 10-year extension for the Pani IUP licence, with the licence now due to expire in 2032. The Pani IUP licence was issued by the Government of Indonesia in November 2009 for a period of 13 years and, subject to government approval, is extendable for two 10-year periods.

2.1. Combined Pani Project

In December 2019 it was announced that a conditional agreement was reached with J Resources to combine the Pani Joint Venture with the neighbouring tenement owned by J Resources. Assuming that the conditions precedent can be completed, the combination of the Pani IUP and Pani COW unlocks optimal development of the Pani deposit unrestricted by tenement boundaries, including:

- Favourable topography: low strip ratio, open pit operation amenable to bulk mining.
- Low processing costs anticipated, with grid power available.
- Metallurgical work to date suggests high recoveries via heap leach or CIL.

The J Resources agreement remains subject to regulatory approvals and approval from J Resources' secured lenders. The parties continue to work towards deal completion prior to deal expiry in November 2020 (unless extended by the parties):

- Regulatory approvals have been delayed by the COVID-19 pandemic and changes to the Mining law enacted in May 2020. J Resources is seeking to excise two, non-contiguous, blocks that are included within the contract of work, but are excluded from the transaction. The parties remain optimistic that the deal can be completed as anticipated.
- The parties have engaged with J Resources' secured lenders. Indications to date are that the lenders are supportive of the transaction.
- The geological teams from both parties continue to work closely to share and integrate technical data in preparation for further technical work, drilling and development studies. This has culminated in the preparation of an internal 'concept study' for the combined project.

The combination of resources within the joint project has the potential to be a world class gold deposit. The sparsely drilled zone between the two resources has long been considered to be prospective, potentially linking the two deposits. Once completed, the combination of the two tenements is anticipated to materially improve the valuation of Lion's investment in the Pani Joint Venture.

Pani IUP Drilling

The Pani Joint Venture will temporarily pause its on-going drilling program pending completion of the J Resources agreement. The 10,000-metre diamond drill program on the Pani IUP was testing the north-western portion of the IUP in the area between existing resources delineated on the Pani IUP and J Resources CoW, following up historic drilling, trenching and artisanal workings. A more substantive drilling program is anticipated to commence post-deal completion aiming to link the two areas of previous drilling and resources and provide for a contiguous geological understanding.

It is anticipated that assay results of holes that have been drilled will be progressed and become available after the recommencement of drilling. Preliminary assays and observations from visual geological logging are broadly consistent with mineralisation that is observed within both the Pani CoW and the Pani IUP.

It is expected that unification of technical databases, geological models and integration of new diamond drilling results will ultimately culminate in a unified Resource for the 'Pani Besar' ('Greater Pani') region which can then be used as the basis of project development studies.

2.1.1. Pani IUP Mineral Resource Estimate

One Asia published a Mineral Resource Estimate (MRE) of 81Mt at 0.88g/t for 2.3 million ounces of gold based on a 0.3g/t cut-off.¹

Classification (0.3g/t cut off)	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)	Classification (0.2g/t cut off)	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Measured	10.3	1.17	0.39	Measured	10.8	1.13	0.39
Indicated	56.7	0.87	1.58	Indicated	62.4	0.81	1.63
Inferred	14.4	0.72	0.34	Inferred	16.2	0.67	0.35
Total	81.4	0.88	2.31	Total	89.5	0.82	2.37

2.1.2. Pani CoW Mineral Resource Estimate

J Resources published a Mineral Resource Estimate (MRE) of 73Mt at 0.98g/t for 2.3 million ounces of gold based on a 0.4g/t cut-off.²

Classification (0.4g/t cut off)	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Measured	15.5	1.03	0.51
Indicated	41.3	0.98	1.31
Inferred	15.9	0.93	0.48
Total	72.7	0.98	2.30

Note that the Resources for Pani have been prepared using different cut-off grades (0.3g/t for Pani IUP and 0.4g/t for Pani CoW).

As the geological data and interpretations from the Pani IUP and Pani CoW are integrated it is anticipated that the geological model will be refined. Accordingly, it is considered likely that the combined Resource will change as the Resources are calculated on a common set of assumptions. In addition, further data will be incorporated into the resource modelling including new drilling results as they are received, in particular for the area between the two Resources.

2.1.3. Pani COW Ore Reserve

J Resources published an Ore Reserve of 54Mt at 1.01g/t for 1.75 million ounces of gold based on a 0.4g/t cut-off.²

Classification	Tonnes (Mt)	Au Grade (g/t)	Contained Gold (Moz)
Proved	15.3	1.03	0.51
Probable	32.8	1.00	1.24
Total	53.7	1.01	1.75

2.1.4. Location

The Pani Gold Project is located in the central section of the north arm of Sulawesi, Indonesia. It is situated within the township of Hulawa, district of Buntulia, regency of Pohowatu, Province of Gorontalo.

Access to the project area is via daily flights to the provincial city of Gorontalo. From Gorontalo, it is about 130 kilometres (3 to 4-hour drive) to Marisa via the Trans-Sulawesi Highway. From Marisa, the project site can be reached via a five-kilometre asphalt/gravel road up to the town of Hele, and from thereon via a 10-kilometre dirt/gravel road to Project camp site.



2.1.5. Tenement Status

In 1994, the Government of Indonesia (GoI) issued a KP (Kuasa Pertambangan) mining licence, covering an area of one square kilometre (100 hectares), to a local cooperative KUD Dharma Tani Marisa (KUD).

In November 2009, the KP licence was reissued as an IUP operation and production licence (316/13/XI/TAHUN2009) for a period of 13 years, and, subject to government approval, is extendable for two 10-year periods. The IUP was transferred to PT Puncak Emas Tani Sejahtera, a company jointly owned by the Pani Joint Venture and the KUD.

The Pani IUP is subject to the Mining Law 4 of 2009, including applicable royalty rates and levels of local ownership and input. The Pani Joint Venture meets the required level of local ownership, and accordingly no divestment will be required. In April 2020 the Pani Joint Venture received a 10-year extension for the Pani IUP licence, with the licence now due to expire in 2032. The Pani IUP licence was issued by the Government of Indonesia in November 2009 for a period of 13 years and, subject to government approval, is extendable for two 10-year periods.

PT Gorontalo Sejahtera Mining (GSM) is a wholly owned subsidiary of J Resources, and holds the 5th generation contract of work dated 15 August 1994 (Pani CoW). The Pani CoW covers 14,570 Ha over three blocks, located in Pohuwatu Regency in Gorontalo Province (Pani Block), Buol Regency in Central Sulawesi Province (Bulagidun Block), and Bolaang Mongondow Utara Regency in North Sulawesi Province (Bolangitang Block). Only the Pani Block is part of the current deal, with J Resources retaining full economical interest, rights and obligations, including the responsibility for any associated costs, of the Bolangitang and Bulagidun blocks.

3. Pani Project Comparative Value

Individual market comparables are rarely identical to the relevant project area. In practice, a range of implied dollar values per Resource ounce will be defined as suitable for use. The comparables identified along with the Implied Value per Resource ounce of contained gold values are summarised below. The comparables below were considered the most relevant, being open pit gold projects in geographies with similar country risk that are in the advanced exploration/ development stage.

3.1. Merdeka Transaction Calibration: November 2018

The table below highlights that the Merdeka transaction implied an above average valuation multiple for Pani based on the selected comparable companies. Pani was valued in the 4th quartile based on the sample selected.

At the time of the Merdeka acquisition in November 2018, gold was trading at US\$1,220/oz and the USD/AUD exchange rate was \$0.71.

Peer Comparison – November 2018

Company	Ticker	Exch	Flagship Asset	Country	Project Interest	Mkt Cap US\$m	EV US\$m	Resource Au Koz	EV/Resource US\$/oz
Azumah	AZM	ASX	Wa	Ghana	58%	9	8	2,497	5
Nusantara	NUS	ASX	Awak Mas	Indonesia	100%	17	15	2,000	7
Orezone Gold	ORE	TSX	Bombore	Burkina Faso	90%	93	64	6,162	12
Cardinal	CDV	ASX	Namdidi	Ghana	100%	121	120	7,000	17
Geopacific	GPR	ASX	Woodlark Island	PNG	100%	37	33	1,573	21
Sihayo	SIH	ASX	Sihayo	Indonesia	75%	21	21	1,322	21
Emerald	EMR	ASX	Okvau-Ochung	Cambodia	100%	65	45	1,141	39
Belo Sun	BSX	TSX	Volta Grande	Brazil	100%	111	82	6,107	13
Lydian	LYD	TSX	Amulsar	Armenia	100%	109	337	4,780	71
OreCorp	ORR	ASX	Nyanzaga	Tanzania	84%	38	29	3,073	11
Erdene	ERD	TSX	Bayan Khundii	Mongolia	100%	28	26	1,268	20
Average								3,357	22
Pani	Unlisted		Pani Standalone	Indonesia		82	82	2,310	35

Statistics	EV/Resource US\$/oz
Lower Quartile	11
Median	17
Upper Quartile	21
Pani IUP	35

There are many factors that influence the valuation of a gold project calculated on an implied dollar value per Resource ounce. Projects with better economics are more likely to trade at or above the higher end of the range, with Pani's favourable characteristics (low strip ratio, open pit operation with anticipated high recoveries and low processing costs) arguably justifying a premium valuation compared with market norms.

3.2. Pani Project Valuation: July 2020

During the period between the Merdeka transaction and 31 July 2020 most peer companies selected had materially increased in value, with the average increase being 164%. This largely reflected the improvement in each project's economics from higher gold prices and advancements in each project. Since November 2018 the gold price has improved from around US\$1,220 to US\$1,950 with the USD/AUD exchange rate \$0.71 at both occasions.

The movements in the peer group since the Merdeka transaction represent two key aspects:

1. Improvements in the gold price since November 2018;
2. Advancement of each company's project(s).

Lion Directors believe that the preferred value for the Pani Joint Venture of US\$56/ Resource ounce is appropriate reflecting only the improvement in the gold price, without considering the leverage effect from improved margins for the Pani Joint Venture.

This valuation does not account for the material upside that is expected for the Pani combined gold project due to the risk that the conditions precedent are not met and the deal is unable to be completed. In addition, the combined project value could improve to the extent that step out drilling on the Pani IUP between the two Resources confirms continuity.

Peer Comparison – July 2020

Company	Ticker	Exch	Flagship Asset	Country	Project Interest	Mkt Cap US\$m	EV US\$m	Resource Au Koz	EV/Resource US\$/oz	% Change Since Nov 18
Azumah	AZM	ASX	Wa	Ghana	58%	22	22	2,767	14	164%
Nusantara	NUS	ASX	Awak Mas	Indonesia	75%	49	32	2,350	18	147%
Orezone Gold	ORE	TSX	Bombore	Burkina Faso	90%	217	199	6,162	36	210%
Cardinal	CDV	ASX	Namdidi	Ghana	100%	272	287	6,990	41	139%
Sihayo	SIH	ASX	Sihayo	Indonesia	75%	46	51	1,510	45	115%
Geopacific	GPR	ASX	Woodlark Island	PNG	100%	77	56	1,573	35	71%
Emerald	EMR	ASX	Okvau-Ochung	Cambodia	100%	228	194	1,141	170	334%
Lydian	LYD	TSX	Amulsar	Armenia	100%	42	393	5,010	79	11%
Belo Sun	BSX	TSX	Volta Grande	Brazil	100%	248	224	6,107	37	171%
Orecorp	ORR	ASX	Nyanzaga	Tanzania	84%	102	84	3,073	33	191%
Erdene	ERD	TSX	Bayan Khundii	Mongolia	100%	93	97	1,354	72	252%
Average								3,458	53	164%
Pani	Unlisted		Pani Standalone	Indonesia	100%	130	130	2,310	56	59%

Statistics	EV/Resource US\$/oz	Movement
Lower Quartile	31	175%
Median	39	126%
Upper Quartile	65	209%
Pani IUP	56	59%

The Pani IUP Resource has been applied based on the higher cut off of 0.3g/t. The Pani Reserve figure has not been considered in the valuation exercise, noting that this figure only represents the Ore Reserve on the Pani Contract of Work.

3.3. Comparative Valuation Range

As apparent in the peer group comparables in this section, there is a relatively broad range of value multiples for pre-development gold companies reflecting the unique features of each project.

Comparable Value US\$/ Resource Ounce	Preferred Valuation
Pani IUP Resource	2.31 Moz*
Comparable multiple (US\$/oz)	US\$56/Oz
Comparable value (100%)	US\$130M
Comparable value (33.3%)	A\$60.7M

* The Pani IUP Resource has been applied based on the higher cut off of 0.3g/t.¹

4. Pani Joint Venture Yardstick Value

The yardstick method is sometimes employed in pre-production projects as a reasonableness test. For this test, the current gold spot price is multiplied by a valuation factor depending on the confidence of the deposit. The commonly utilised yardstick valuation factors are below:

- Ore Reserves: 5% - 10% of spot price
- Measured Mineral Resources (excl Reserves): 2% - 5% of spot price
- Indicated Mineral Resources (excl Reserves): 1% - 2% of spot price
- Inferred Mineral Resources: 0.5% - 1% of spot price

Lion notes that the Yardstick Method is not generally considered to be a suitable primary Valuation method, but is considered an acceptable secondary Valuation method.

4.1. Merdeka Transaction Calibration: November 2018

At the time of the Merdeka acquisition in November 2018, gold was trading at US\$1,220/oz and the USD/AUD exchange rate was \$0.71. The table below notes that the Merdeka transaction implied a valuation above the commonly used yardstick valuation factors. Projects with better economics are more likely to trade at or above the higher end of the range, with Pani's favourable characteristics (low strip ratio, open pit operation with anticipated high recoveries and low processing costs) arguably justifying a premium valuation compared with market norms.

Resource or Reserve Category	Lower Yardstick	Upper Yardstick	Calibrated Yardstick	Pani Standalone (Oz Gold)	\$1,220/Gold Price		
					Lower Yardstick (US\$M)	Upper Yardstick (US\$)	Calibrated Yardstick (US\$)
Ore Reserves	5.0%	10.0%			-	-	-
Measured Resources	2.0%	5.0%	5.6%	390,000	9.5	23.8	26.6
Indicated Resources	1.0%	2.0%	2.6%	1,580,000	19.3	38.6	50.1
Inferred Resources	0.5%	1.0%	1.6%	340,000	2.1	4.1	6.6
				2,310,000	30.9	66.5	83.4
					Value for Lion (A\$M)		39.2

4.2. Pani Project Valuation: July 2020

Since the Merdeka acquisition the spot gold price has increased from US\$1,220/oz to US\$1,950. The table below applies the commonly used yardstick valuation factors.

Lion's preferred valuation of US\$133M for 100% of the standalone project is based on the calibrated yardstick valuation range.

Standalone Pani Project				\$1,950/Gold Price			
Resource or Reserve Category	Lower Yardstick	Upper Yardstick	Calibrated Yardstick	Pani Standalone (Oz Gold)	Lower Yardstick (US\$M)	Upper Yardstick (US\$)	Calibrated Yardstick (US\$)
Ore Reserves	5.0%	10.0%			-	-	-
Measured Resources	2.0%	5.0%	5.6%	390,000	15.2	38.0	42.6
Indicated Resources	1.0%	2.0%	2.6%	1,580,000	30.8	61.6	80.1
Inferred Resources	0.5%	1.0%	1.6%	340,000	3.3	6.6	10.6
				2,310,000	49.3	106.3	133.3
				Value for Lion (A\$M)	23.0	49.5	62.2

Endnotes

- One Asia published a Mineral Resource Estimate (MRE) of 81Mt at 0.88g/t for 2.3 million ounces of gold based on a 0.3g/t cut-off (3 December 2014, <https://www.lionselection.com.au/wp-content/uploads/2018/08/PANI%20JORC%20RESOURCE.pdf>). See Section 2.1.1. of this announcement.
- J Resources published a Mineral Resource Estimate (MRE) of 73Mt at 0.98g/t for 2.3 million ounces of gold based on a 0.4g/t cut-off (31 December 2018 Annual Report, <http://www.jresources.com/investors/article/final-resources-reserves-compilation-2017-to-2018>). See Section 2.1.2. of this announcement.
- See Lion announcement 17 April 2018.
- See Lion announcement 5 November 2018.
- Revaluation as detailed in the Appendix to this announcement.
- PT Merdeka Copper Gold Tbk Quarterly Report: June 2020. (3 August 2020, <https://www.merdekacoppergold.com/en/download/activities-report-q2-2020/>).

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This announcement has been approved by the
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