



**Lion Selection Group**

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## **PANI GOLD PROJECT UPDATE**

Lion is pleased to provide an update on progress on the Pani gold project in Sulawesi, Indonesia, having acquired the 33.3% Pani Joint Venture interest from One Asia in April 2018.

### **Direct Equity Ownership**

Regulatory approval has now been received by the Pani Joint Venture to allow for foreign investors to hold equity directly. Accordingly, Lion's 33.3% economic interest in the Pani Joint Venture is now being converted into a direct ownership interest. Lion has appointed representation to the board of the Pani Joint Venture in line with this approval and consistent with its memorandum of understanding with Provident.

The Pani Joint Venture is progressing permitting for the Pani gold project including the Pani IUP license containing the Pani gold Resource, a processing and refining area, and an access corridor.

### **KEY STEPS TOWARDS PRODUCTION**

<b>Pani Joint Venture Interest acquired</b>	<b>April 2018</b>
<b>Direct Ownership</b>	<b>August 2018</b>
<b>Permitting and Licencing:</b>	
Pani IUP Mining Area	
Road access corridor	
Processing and refining area	
<b>Scoping Study</b>	
<b>Definitive Feasibility Study</b>	

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. 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.



## Technical Work

The Pani Joint Venture is currently undertaking key work streams towards a feasibility study for the Pani Gold Project. The Pani Joint Venture has been able to access technical personnel from Merdeka Copper and Gold where Provident is a shareholder. Merdeka is a listed Indonesian company that has relevant recent experience in successfully developing the Tujuh Bukit Gold heap leach project.

Recent independent technical reviews have highlighted the presence of significant free gold associated with the mineralisation at Pani. It was therefore considered prudent to revisit certain elements of previous work programs underlying the 2014 Mineral Resource Estimate including the sampling and assay procedures, definition of geological domains, and metallurgical test-work. This technical reassurance included re-logging of all diamond drill core and some re-assays of stored material from historical drilling.

Following these reviews, the next phase of work at Pani is now firming up, with more detailed works that contribute toward an economic assessment of the project. This is expected to include a comprehensive program of re-assaying stored material, drilling, metallurgical testwork and technical studies. An updated Resource is expected as part of this process.

Lion has been involved with the Pani project since 2012 when Lion made its first investment into One Asia. One Asia published a Mineral Resource Estimate (MRE) of 90Mt at 0.82g/t for 2.4 million ounces of gold based on a 0.2g/t cut off (3 December 2014). Technical work on the project is accelerating again following settlement of a long running dispute with respect to ownership of the Pani project dating back to December 2013. Lion would like to acknowledge the outstanding contribution of its 66.6% partner in the Pani Joint Venture, Provident Capital, in resolving the ownership dispute.

In the opinion of the Lion team, Pani is shaping up as the best gold discovery that Lion has been involved with since its inception in 1997. The understanding of Pani will unfold as the project is put through the rigours of various studies, however at this early stage three key factors are apparent at Pani which point towards a large and low cost new gold mine:

- Exceptionally thick and continuous gold mineralisation;
- Minimal overburden;
- Early test work indicating very high heap leach recovery.

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