



Net Tangible Asset Backing

Lion Selection Group Limited (Lion) advises that the unaudited net tangible asset backing of Lion as at 30 June 2021 is 62.8 cents per share (before tax) and 60.9 cents per share (after tax). Portfolio holdings measured at fair value.

	Commodity	May 2021 A\$M	June 2021 A\$M ¢ps	
Pani Joint Venture	Gold	62.0	62.5	41.6
▪ The fair value of Lion's interest in the Pani Joint Venture increased to A\$60.7M at 31 July 2020. This increase reflects the sustained escalation in gold prices from the time of the most recent arm's length transaction in November 2018 ¹ . An additional \$1.8M has been invested subsequently.				
Portfolio				
Nusantara Resources	Gold	15.5	17.0	11.3
Erdene Resources	Gold	4.6	4.5	3.0
Celamin Holdings	Phosphate	1.1	1.1	0.7
Sihayo Gold	Gold	1.0	0.8	0.6
Other		1.2	1.2	0.8
Net Cash		7.6	7.2	4.8
Net Tangible Assets – Pre-Tax		A\$93.0m	A\$94.3m 62.8¢ps	
Deferred tax liability on theoretical disposal of Lion's portfolio (see further detail below)		-	(A\$2.9m) (1.9¢ps)	
Net Tangible Assets – Post-Tax		A\$93.0m	A\$91.4m 60.9¢ps	

Capital Structure

Shares on Issue:	150,141,271
Share Price:	43.5¢ps 30 June 2021

¹ Lion Selection Group ASX Announcement 4 August 2020, Pani Update and Valuation Revision

Deferred Tax Position

Lion has recently undertaken a review of its income tax affairs in light of evolving tax guidance for investment companies. The tax review has highlighted that Lion should treat its direct investments on revenue account for tax purposes as opposed to capital account as Lion has done since it first listed in 1997.

Lion has filed amended tax returns on this basis, including the re-ascertainment of its carried forward revenue losses to include historical losses on investments on revenue account. In addition, Lion has elected to enter into tax consolidation with its 100% owned investment in Lion Selection Asia Limited with effect from 1 August 2018. By entering into tax consolidation, Lion is able to ensure that transactions between these group companies are effectively neutral for income tax purposes and that group tax losses are available to offset group assessable income. In addition to normal rules around tax losses, Lion's carried forward losses that pre-date tax consolidation can only be partially utilised to offset group income. Accordingly, for the June 2021 NTA Lion has calculated that \$2.9 million income tax would need to be paid assuming that Lion realised its entire portfolio as at 30 June 2021. This deferred tax liability has been reflected in the attached NTA figures and will be updated on a monthly basis.

An actual liability to pay tax will only arise as investments are realised and, as with many tax matters, there is a degree of uncertainty about how the tax authorities will ultimately assess Lion's position.

Lion has an ambition to provide a steady dividend stream of crystallised profits on sale of investments to shareholders. Assuming that Australian tax is payable, Lion intends to frank dividends to the extent possible.