Lion Selection Group

# Quarterly Report

for the 3 months ended
30 April 2026

## ASX:LSX

Lion is a listed mining investment company that provides a portfolio exposure to the high-growth, micro-capitalisation layer of the resources sector, which is capable of generating some of the best returns across the market, subject to stock selection and market timing.

Lion has invested $53.9M in its **Australian focused** strategy since January 2022. At 30 April 2026, those investments have created value of $104.1M (including the value of portfolio holdings as well as realised gains), providing ***an investment return to date of 93%***. Lion's portfolio is strongly leveraged to gold and has benefited from the strong performance of the gold price which has flowed through to the Lion NTA.

The mining sector moved into boom in April 2025, creating an ideal market for mining equities and platform for performance of small to micro-capitalisation companies. Despite equity market volatility following conflict in the Middle East, the outlook for the boom is strong – defined by the lack of investment over the last 10-15 years, and the resultant lack of new supply across many mineral commodities.

As at 30 April 2026 Lion held $38.2M of net cash and $108.1M of equity investments with a combined aggregate value of $141.0M (after tax), against a market capitalisation of $128.9M.

Lion has established 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's investment strategy has had compelling performance already, with the cyclical return to boom conditions now providing an excellent outlook for prospective investment returns in Lion's target market.

## Quarter Highlights:

- Mining equity prices weakened amongst volatility after Middle Eastern conflict, especially for micro-capitalisation companies: many opportunities discounted back to more attractive prices
- Follow-on investments:
  - **Sunshine** – $3.0M invested as part of a $22M fund raising at 2.7cps; Lion moves to a 10.1% holding and Sunshine adopts a trajectory to becoming a high grade gold producer.
  - **Plutonic** – $1.6M committed as part of a $4M entitlement issue at 12cps. Plutonic is an unlisted company that Lion has a 41% interest in, which will be drilling the first holes to test district scale gold-copper potential at Champion in the Northern Territory in 2026.
- Divestment: sale of Lion's interest in **Great Boulder** for $2.4M (versus $1.2M total invested).
- Lion continues to receive meaningful interest on cash finishing the quarter with $38.2M net cash and term deposits, well equipped to follow portfolio investments and further portfolio development.

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

**Targeting the highest growth potential companies at the highest growth potential stage**

ASX : LSX
Share price
**90.0¢ps**
as at 30 April 2026

NTA
Pre-Tax **102.1¢ps**
Post-Tax **98.4¢ps**
as at 30 April 2026

**Hedley Widdup, Lion Managing Director said:**

> “*After a strong start to the mining boom through the second half of 2025, the Middle Eastern conflict has tempered liquidity and prices but it is clear that the market has begun to recognise the limited range of new supply across commodity markets, strong price deck across many mineral commodities and earnings deriving to miners.*
>
> *Lion’s portfolio is in great shape, now with five key gold investments that are working through project development or under advanced studies. The strong capital raising conditions in 2025 have resulted in the portfolio companies being largely well funded and with strong work programs ahead of them for 2026.*
>
> *The weakening of equity prices has been felt most acutely by the smallest capitalisation companies, which has made opportunity pricing more attractive. Our strong cash balance means Lion’s investing decisions can be driven by the quality of opportunities, and not our availability of liquidity – so we can be opportunistic and continue to grow our portfolio during a weak market.*
>
> *This is a wonderful platform for the Lion portfolio of companies for 2026 and beyond.”*

# Lion Selection Group

## Targeting Multiples via Focused Investment in Australian Resource Situations

### Micro-Cap Resources Focused Specialist Investment Company

## Why Lion Selection Group?

| | | |
|---|---|---|
| 1 | Exposure to the Micro-Cap Resource Sector | • High growth end of a high growth sector: requires specialist stock selection/portfolio management.<br>• Lion invests in mining and exploration companies with strong assets, targeting asymmetric upside (growth) versus downside risk. |
| 2 | Investing strategy | • Management team: **founders, high % owners, mining/investment experienced.**<br>• Performing: **+93%** Performance of Lion's Australia focused Investing Strategy since January 2022[1]. |
| 3 | Portfolio | • Strong exposure and leverage to **gold**.<br>• Portfolio spread from near production to exploration. Expected value realisation from project de-risking, commodity price performance, discovery and potential M&A. |
| 4 | Strongly funded | • **$38.2M cash** to follow investments/expand portfolio through weak markets. |

## Why Now?

| | | |
|---|---|---|
| 5 | Mining boom – only just begun | • Micro-Cap Resources are strongly leveraged to the mining cycles, **which is a driver of the opportunity to create multiple returns.** |

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1. Investment performance figures reflect the historic performance of Lion Selection Group Limited (ASX:LSG, 1997–2007), Lion Selection Limited (ASX:LST, 2007- 2009), Lion Selection Group Limited (NSX:LGP, 2009-2013) and Lion Selection Group Limited (ASX:LSX, 2013-present).

# Portfolio Overview

## Portfolio development

Lion established the core holdings of its portfolio in a heavily discounted market for micro-capitalisation resources companies between 2022 and 2024. Lion has so far deployed $53.9M into Australian investments, which has grown to $104.1 of value (inclusive of equity holdings and realised gains) which is a performance of +93% as at 30 April 2026. With $38.2M of cash Lion is well positioned to follow its investments, and to add selectively to the portfolio where convincing opportunities present. The strategic importance of Lion's strong cash balance becomes especially clear in periods such as the last few months, where significant equity price weakness swept through the resources sector (and broader equity market). Many investors run low levels of cash and would need to sell investments into a weak market in order to invest in cheapened opportunities – Lion is free of this disadvantage.

The overall philosophy in assembling the Lion portfolio is to have an asymmetric distribution of upside to downside risk, with strong prospects for value growth and limited risk of value erosion. This combines selection of companies with capable and dependable people and projects with sound value credentials and no fatal flaws. Lion has reduced jurisdictional risk by its focus for new investments being Australia only, and weights investment toward projects the feature commodities that have large, liquid markets and are easy to market and sell. Ultimately, after weighing value and risk Lion has been motivated where entry price provides a compelling outlook for value to be realised through share price performance.

Lion's portfolio now contains 11 Australian focussed opportunities (Lion sold its interest in Great Boulder Resources during the quarter). There is a solid exposure to gold (9 of the 11 are gold focussed or exposed), alongside a selection of base metals and critical materials exposures. The stage of individual companies in the portfolio ranges from near term production through to greenfields exploration. Geographically, these are all operating completely within Australia and spread between a number of Australia's significant mining jurisdictions.

The principal drivers of value growth in the portfolio are expected to be from company and project de-risking, particularly as projects are defined, funded and built to enable cash flow. Every company in the portfolio is also engaged in some level of exploration which has the objective of growing the projects, and whilst this is less dependable than project de-risking, there is no stronger driver of value than adding material to a project inventory so offers a substantial reward if successful. Where Lion has targeted companies that are dependent on exploration outcomes, the companies chosen have been favoured for the size, scale and number of their growth options. Both of these value growth drivers are expected to benefit from the progression of the mining boom, which usually features commodity price appreciation and a growing willingness of investors to pay larger premia for resources companies, and growing availability of investment to the sector to progress undeveloped projects.

Lion judges that only a small portion of the value inherent across its portfolio (that underpins the investment thesis of each of the investments) has been achieved. Re-rating normally occurs as project development and cyclical progression takes place.

## Portfolio Overview continued

# Key holdings: 5x developers

Lion has directed the majority of its investment to date toward five companies that are on a development trajectory. Brightstar Resources (ASX:BTR, **Brightstar**) and Medallion Metals (ASX:MM8, **Medallion**) are both in construction phase and expect first production in early 2027. Sunshine Metals (ASX:SHN, **Sunshine**) has joined the aspirant producers having announced a capital raising and transformational project acquisition, which provides a permitted processing site and pathway to production. These three companies moving toward production are designated in the diagram below with a gold star. Saturn Metals (ASX:STN, **Saturn**) and Antipa Minerals (ASX:AZY, **Antipa**) are both engaged in advanced project studies for large defined mineral resources. Most of the investment performance to date has come from these five companies – for $40.9M invested in them, they had returned a value of $89.2M at 30 April 2026 (+118%).

Lion also has positions in five earlier stage, growth oriented companies which so far represent a small portion of total invested capital. Each of these companies has an identified mineral deposit and is working either toward expanding its existing mineralisation or embarking on early-stage studies and project technical de-risking.

Lion's earliest stage investment is a 41% holding in Plutonic Limited, an unlisted explorer (**Plutonic**). Plutonic's focus project at Champion in the Northern Territory is a large-scale targeting exercise – Plutonic interpret those similar geological processes that led to the formation of large copper and gold orebodies in Eastern Australia also affected the Champion area. Gold (up to 2.23g/t) and copper (up to 0.3%) anomalism in outcropping veins covers a large area and is otherwise not expected in the host Georgina basin sediments. If Plutonic is successful, discovery would lead to a new mineral district rather than just a new deposit. This is a unique opportunity but is also something Lion has a strong exposure to via its 41% interest and close working relationship. Plutonic will be drilling the first holes into Champion to test the new district potential in 2026.

Whilst all of the companies Lion has invested in are engaged in some form of drilling, several have described targets that have the potential to become material discoveries[1] and have plans to be testing these in 2026. These companies are designated with a hot chili.

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

The volatility and weakness in equity markets that has been linked to conflict in the Middle East has impacted the resources sector during the quarter. Equity prices are down and the scale and tempo of capital raising has reduced, however both are well above the levels of early 2025. Whilst most mineral commodity prices were impacted by selling during February and March, most have recovered from those lows. There is no change in our assessment of the cycle – it remains at 7 o'clock on the Lion Clock. This market weakness has drawn opportunities that we have previously assessed down to more attractive pricing. This has tempered what had been an aggressive start to the boom to a more sustainable level.

Lion is extremely well positioned for the mining boom. All booms differ, this one is expected to be defined by the lack of investment over the last 10-15 years, and the resultant lack of new supply. This is expected to be the most significant macro factor to drive returns from Lion's portfolio.

Lion is targeting an Australian portfolio of 15 to 20 investments (currently 11).

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1. A 'Material Discovery' is a new discovery that would be expected to result in associated price uplift of 2x or greater. Whilst all of the companies in Lion's portfolio are drilling to identify new mineralisation, and any exploration has the potential to deliver an unexpected gain, the companies assigned a hot chili have described targets that have the size and scale with the potential to double the value of the company if they are realised – and these companies have assigned budgets to drill them in 2026.

# Stage and spread of Lion’s Australian investment portfolio

Note that Lion’s legacy investment in PhosCo is not shown

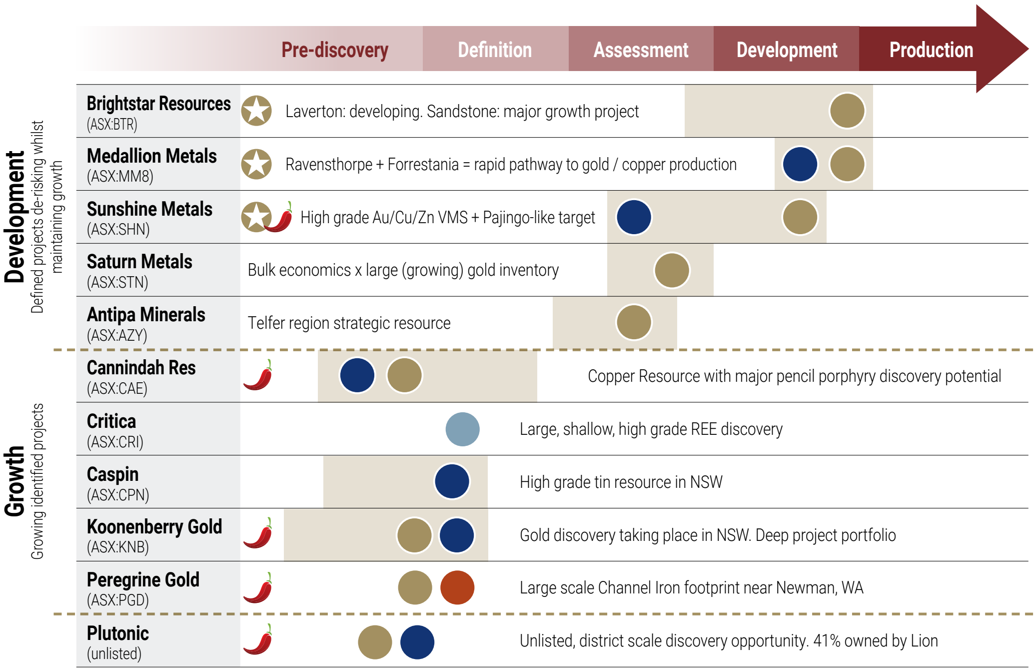
## Australia focus | Precious, base and strategic materials | Pre-development stage

## Targeting the highest growth potential companies, at the highest growth potential stage

Performance of Lion's **Australia focused*** Investing Strategy since january 2022

| $ Invested | $ Value | Performance |
|---|---|---|
| $53.9M | $104.1M | +93% |

* 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.



| | Company | Project | $ Invested | $ Value | Performance |
|---|---|---|---|---|---|
| **Development** | **Brightstar Resources** (ASX:BTR) | ★ Laverton: developing. Sandstone: major growth project | $10.6M | $10.5M | -1% |
| | **Medallion Metals** (ASX:MM8) | ★ Ravensthorpe + Forrestania = rapid pathway to gold / copper production | $8.0M | $14.2M | +78% |
| | **Sunshine Metals** (ASX:SHN) | ★ 🌶 High grade Au/Cu/Zn VMS + Pajingo-like target | $5.3M | $10.4M | +98% |
| | **Saturn Metals** (ASX:STN) | Bulk economics x large (growing) gold inventory | $12.0M | $34.3M | +186% |
| | **Antipa Minerals** (ASX:AZY) | Telfer region strategic resource | $5.0M | $19.7M | +295% |
| **Growth** | **Cannindah Res** (ASX:CAE) | 🌶 Copper Resource with major pencil porphyry discovery potential | $2.0M | $2.0M | – |
| | **Critica** (ASX:CRI) | Large, shallow, high grade REE discovery | $1.5M | $1.9M | +24% |
| | **Caspin** (ASX:CPN) | High grade tin resource in NSW | $0.8M | $1.1M | +49% |
| | **Koonenberry Gold** (ASX:KNB) | 🌶 Gold discovery taking place in NSW. Deep project portfolio | $2.4M | $2.4M | – |
| | **Peregrine Gold** (ASX:PGD) | 🌶 Large scale Channel Iron footprint near Newman, WA | $0.5M | $0.4M | -17% |
| | **Plutonic** (unlisted) | 🌶 Unlisted, district scale discovery opportunity. 41% owned by Lion | $4.8M | $4.8M | – |

○ Bubble is colour coded for commodity, and shows approximate stage of key project in each company

**Legend:** ● Precious metals ● Base metals ● Strategic materials ● Bulk ★ Moving toward production 🌶 Potential for a *material* discovery

## Portfolio changes: two follow-on investments, one divestment

### Sunshine Metals
(ASX:SHN)

**$3.0M invested to build Lion's interest to 10.1% as Sunshine moves onto a high grade gold production trajectory**

Lion invested $3M as part of a $22M equity fund raising announced by Sunshine Metals in April 2026.

Sunshine's portfolio of assets is located proximal to Charters Towers in North Queensland, with an established Mineral Resource at Liontown which includes a distinct, high-grade gold dominated portion that outcrops and was the subject of a scoping study by Sunshine in February 2026[1].

Sunshine has contemplated development of small-scale gold production based on the high-grade gold portion of Liontown and originally considered ore sales or toll treatment.

Sunshine announced the acquisition of Mt Moss, which features a permitted process plant site, comminution and site infrastructure, which is intended to be retrofitted with gold extraction infrastructure to enable Sunshine to become an owner-operator gold producer. This is a low capital pathway to production and offers strong cash flows underpinned by the high gold grade of the Liontown gold inventory[2]. The acquisition of Mt Moss is impactful on Sunshine's longer term project strategy, as establishment of a mine site at Liontown and process facility at Mt Moss would result in a potential commercialisation pathway for the greater Liontown polymetallic resource, which has not yet been the subject of project economic studies.

In addition to being on a trajectory for production, Sunshine has a strong growth portfolio that is bolstered by the Mt Moss acquisition:

- Sunshine's key growth front has been at Sybil, which was only acquired in May 2025 and has returned results for high-grade gold recently and historically[3].
- The newly acquired Mt Moss is immediately adjacent to Sybil and was formerly a magnetite operation. The geology of Mt Moss is dominated by the magnetite skarn that was mined originally, and this features copper and zinc mineralisation intersected by historic drilling (best quoted historic intercepts are 19.9m @ 4.41% Copper from 367.8m and 30.0m @ 12.04% Zn from 26.0m)[4].

It is rare for a company that is developing a project to first production to have such strong growth opportunities. Sunshine earns a hot chili designation for its potential to make a material discovery from the work it is doing at Sybil (which is only 25km form the Mt Moss process plant) and has recently been assigned a gold star on account of its announced pathway to gold production. Sunshine is the only company in the Lion portfolio with both a star and a hot chili.

Sunshine's capital raising is structured as a $19M placement followed by a $3M Share Purchase Plan (SPP) priced at 2.7¢ps. Following successful completion of the Placement and SPP, Lion will hold approximately 10.1% of Sunshine.

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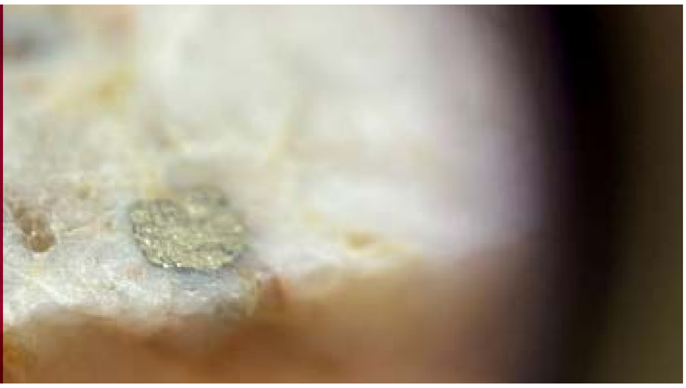
1. Sunshine's Mining Study, which contained a description of the portion of the Liontown Resource targeted for gold production, was released to ASX on 16 February 2026 *'Robust Mining Study for Liontown Gold Operation'*.
2. Sunshine ASX release on 30 April 2026 *'Mt Moss Acquisition and Successful Capital Raising'*.
3. Sunshine's most recent release of drill results from Sybil also contained highlights of previous work,and was released to ASX on 17 November 2025 *'Final diamond drill results include 4.5m at 17.23g/t Au'*.
4. Sunshine ASX release on 30 April 2026 *'Mt Moss Acquisition and Successful Capital Raising'*.

# Plutonic

(Unlisted)

## $1.6M committed to back first drilling at Champion, unrecognised and potentially large copper-gold district



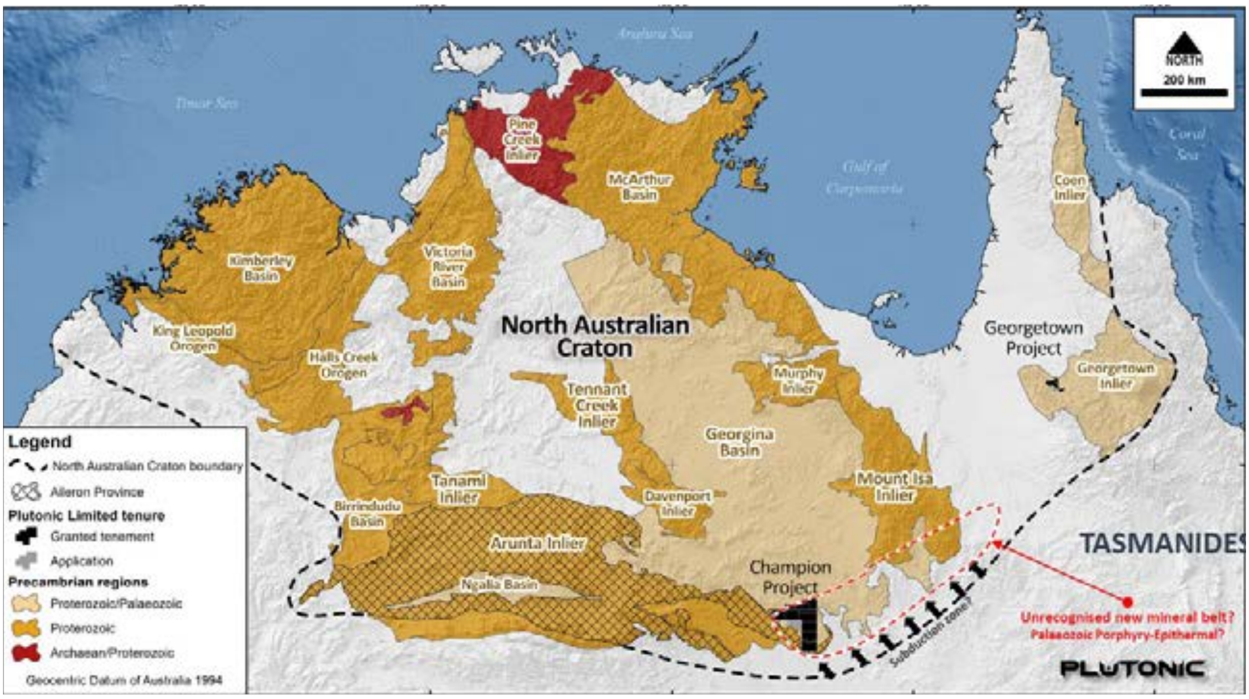
Lion has committed to invest $1.6M as part of a $4.0M entitlement issue announced by Plutonic Limited in April 2026. Lion intends to take up its full 41% of a $4M entitlement issue priced at 12c per share which has been announced by Plutonic.

Plutonic is an unlisted gold and copper exploration company holding two 100% owned district scale projects in Australia. The focal project is Champion, located in the Northern Territory and the main place that Plutonic will invest resources in 2026. Champion is situated in an area where the potential for copper-gold mineral systems had been disregarded due to the age and type of rocks at surface. Lion has been attracted by Plutonic's discovery of several types of veining containing epithermal textures and elsewhere containing copper sulphides, and has age dated alteration which overlaps the same period in geological time when large copper-gold mineral systems were forming in Eastern Australia. If this same mineralising event has taken place at Champion, it throws open a very large area and potentially a new district within which there could be multiple targets.

The outcome of a discovery could be significant both in terms of value and for mineral exploration in Australia. For Lion to have such a large exposure to Plutonic is unique for an investment company and a true point of difference for Lion shareholders.

Lion has invested $4.8M in Plutonic to date since becoming a shareholder in 2022, at a price of 10c per share. Lion holds 41% of Plutonic and has confirmed that it will take up its full entitlement of a $4M issue. The raising price of 12c per share will trigger a revaluation of Lion's Plutonic holding and will be applied in the NTA following successful completion of the raising which is planned to close on 1 June 2026. Assuming Plutonic successfully completes its $4M entitlement issue and Lion follows its 41% holding, Lion's resultant shareholding in Plutonic would be valued at approximately $7.4M (versus $6.4M invested).

Lion has been able to establish a strong collaboration with Plutonic which is unlisted, so Lion is a conduit for Plutonic's news to the broader investment market and works closely with the Plutonic team.



**Location of the Plutonic Champion Project, located within the Northern Territory adjacent to the Queensland border. Plutonic targeted the area on their interpretation of a favourable tectonic setting (shown) that has not been tested for gold-copper mineral systems previously.**

# Legacy Investment

## PhosCo Limited (ASX:PHO, PhosCo)

During 2025 Lion's legacy portfolio was reduced to only one remaining investment, following the sale of holdings in Erdene Resource Development Corp and Atlantic Tin. Profitable exits from these investments underpinned the payment of a 2cps fully franked special dividend in September 2025.

Lion's PhosCo investment has been in place for many years, since a time when Lion was investing with a global mandate that included a focus on Africa. 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.

PhosCo has performed strongly from its 2025 lows of 2.4cps to achieve recent highs of 16cps. This has followed major project ownership and technical milestones, in addition to obtaining financial support from prominent Development Bank the European Bank of Reconstruction and Development (EBRD).

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

# Great Boulder

## Divestment

**Lion divested its holding in Great Boulder during February 2026, locking in a return of 100% having invested $1.2M since 2022 and total sale proceeds of $2.4M.**

# Lion Investment Process

**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.**

Value realisation is expected to be driven by a combination of company/project de-risking and commodity price gain/cyclical uplift as the boom progresses. 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.

Sell

Buy

## 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 fatal flaws
- Plan A & B: seek multiple commercialisation pathways

## Net Tangible Asset Backing as at 30 April 2026

**As at 30 April 2026 Lion held $38.2M of net cash and $108.1M of equity investments with a combined aggregate value of $141.0M (after tax), against a market capitalisation of $128.9M.**

Lion advises that the unaudited net tangible asset backing of Lion at 30 April 2026 is 102.1 cents per share (before tax) and 98.4 cents per share (after tax).

| | A$M | cps |
|---|---|---|
| Cash | 38.2 | 26.7 |
| Legacy Investments | 10.8 | 75.4 |
| Australian Investments | 97.3 | |
| **Total Value Before Tax** | **146.3** | 102.1 |
| Deferred Tax Liability | (5.3) | (3.7) |
| **Total Value** | **141.0** | **98.4** |
| **Market Capitalisation** | **128.9** | **90.0** |

### Notes to the NTA

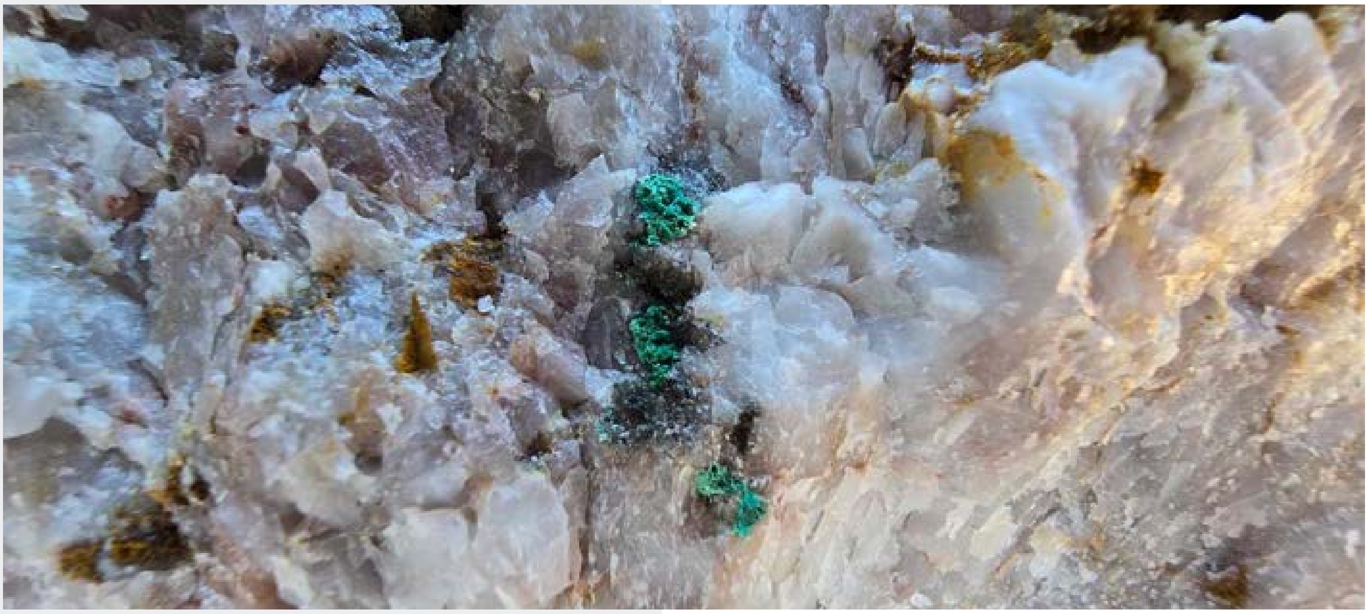
The NTA contains the value of the component parts of Lion's assets as at the NTA date, which is a snapshot in time. The majority of this includes the value of cash at bank, and value of investments at their closing price on NTA date. The NTA is not an expression of the ultimate, realisable value of the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

# Cash Management

**As at 30 April 2026 Lion held $38.2M net cash available for investing.**

- 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 30 April 2026 ranges between 3.95% pa and 5.04%pa.

One of the biggest risks to investors in cyclical sectors is experiencing dilution when the market is weak or a stock specific discounted opportunity arises. Lion is extremely fortunate to have a strong cash holding, enabling patient assessment and swift action when opportunities emerge either for new or follow-on positions. Importantly, Lion does not need to consider asset divestments for funding purposes and is funded to act when the best strategic window arises.



# Market Review

**After a turning point in April 2025, resources equities performed strongly through the rest of the year and into early 2026. Conflict in Iran and disruption to shipping through the Strait of Hormuz have caused a surge in the oil price and inflationary pressures, tempering what had been an aggressive start to the mining boom: but it hasn't prematurely ended. Commodities remain mostly strong, and fund-raising patterns are resilient – a clear change from early 2025 conditions.**

**As in many times of market weakness, the smallest stocks have pulled back the most.**

## Boom Outlook: Unchanged

**There was a clear turning point in April 2025, when most mineral commodities and mining equities dipped to price lows before adopting a positive trajectory – this was the start of the mining boom, and marks the point where the market fundamentally changed its view on resources. When investors collectively begin moving back into mining after a period of bust, they are typically moving into equities that have a positive outlook and are trading at unchallenging prices. The early stages of a boom can exhibit volatility but booms ultimately tend to last for years.**

### Commodities

The boom between 2000 and 2008 (which extended into 2011 after market stimulus) was driven by the emergence of China as the world's largest commodity consumer. Having started that boom toward the low end of their price trading ranges, many mineral commodity prices were testing all-time highs by late 2004 and went on to establish highs in 2008 and 2011 that were multiples above their previous range peaks driven by the huge increase in demand from China.

In contrast, demand in this boom is expected to be far less significant. China's growth has slowed and other large economies have mixed outlooks particularly as they struggle with a new wave of significant inflation. Electrification / energy transition themes add demand, and a growing India looms but these demand sources are minor compared with China of the early 00's. The sudden construction rush for large scale computing and data centres to support Artificial Intelligence looks like a significant source of demand but compressed into a short timeframe.

Rather than demand, this new boom will be defined by the lack of investment over the last 10-15 years, and resultant lack of new commodity supply to replace diminished production sources. Many mineral commodities are already trading toward the upper end of their price ranges, some establishing new all-time highs. This is an unusual phenomenon for early in a boom, but ultimately higher prices are required to incentivise the investment required to develop new sources of commodity supply. Commodity prices can provide a strong lead to equity markets, especially when they move to new highs, and this factor offers a strong outlook for this boom.

### Gold

Gold has been one of the strongest performers across global markets in 2024 and 2025. Gold's trading can reflect a broad confluence of factors[1], and its strong performance in this period is largely attributed to growing buyer interest supported by de-dollarisation as currency investors diversified from dominantly US$ holdings. The amount of gold purchased in a year from all sources of demand tends to be met by production in that same period; with little liquidation from large bar and coin hoards. So, when there is a material increase in buyers and demand, gold price can respond strongly. In previous gold cycles, the gold industry has eventually responded to elevated demand by expanding production significantly. So far, there is little indication of expanding gold production, with most producers focused on the record operating profit margins on offer in preference to production expansion at the expense of margins. Additionally, gold is affected by the same challenge as most other mineral commodities – a lack of looming new supply.

*continued...*

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1. Discussed previously – see https://mining.com.au/the-gazillion-dollar-mystery-gold-price/

The gold price has fallen away from all-time highs achieved in January 2026. Gold's pattern of weakness has been similar to many other markets as the conflict in Iran commenced and escalated. The pattern of buyers and sellers in the gold market has almost certainly adjusted in this time, quite possibly as many holders sought liquidity to meet liabilities they were either unable to meet due to the conflict (such as Middle Eastern nations suffering a drop in oil revenues) or brought about by the conflict (such as margin calls). Despite this volatility, the outlook for gold remains as positive as it did in late 2025.

Furthermore, new gold discoveries are emerging across Australia as the local industry is better funded than ever to invest in exploration. Their successes support Lion's belief that exploration potential remains high.

## Mining Equities

A large proportion of companies in the resources sector are gold focused or gold exposed, and this proportion increases during gold bull markets. It follows that a strong gold price provides a positive lead for a large number of companies: this was a significant factor behind mining equity performance in 2025 and into 2026. Gold's volatility following Middle Eastern conflict has similarly created volatility for a large number of companies, and as in many times of market weakness the smallest stocks have pulled back the most – a double whammy for gold explorers.

Micro-capitalisation resources stocks[1] are down 20% from this boom's peak, which occurred on 28 January 2026. The ASX Small Resources index shows a similar pattern but is only down 12% since the same date. On 28 January 2026 US President Donald Trump issued a warning to Iran: "next attack will be far worse" (referencing the previous stealth attacks on Iranian nuclear sites in June 2025). This sabre rattling appears to have been a turning point that brought about new risk averseness – it was a peak for small- and micro-caps. In contrast, large cap miners represented by the ASX100 Resources index are down 7% but from a later peak, which was on 2 March 2026. These pull backs hardly show investors abandoning the sector, rather an adjustment of capital into larger capitalisation exposures within the sector.

The trading patterns of each of these groups / indices look to have resumed a steady / positive market, having moved beyond the correction. Given the uncertain outlook for the Middle Eastern conflict, it is too early to conclude that this volatility has passed. But importantly, resources markets remain more liquid than they were in 2024 and early 2025, and there are no indications of a return to bust pricing or liquidity conditions.

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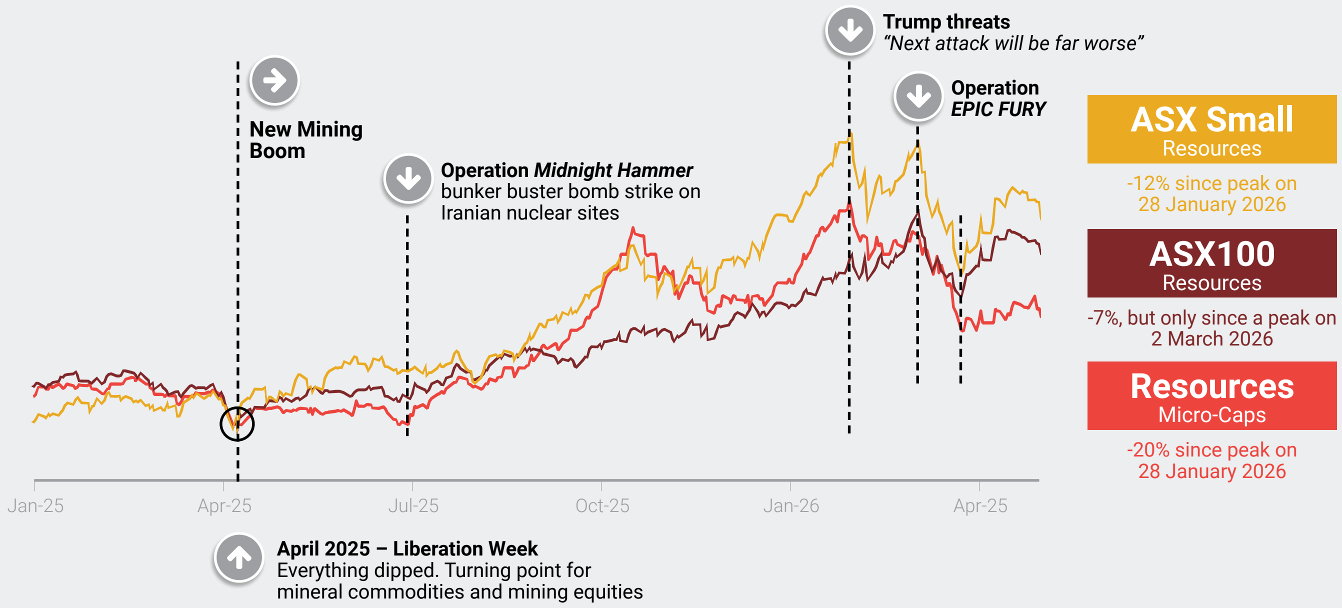
1. The median price change of 632 ASX listed companies with GICS classification Metals & Mining, that were capitalised at less than A$400M on 27 February 2026 is used as a proxy for the vast group of micro-capitalisation resources stocks (for which there is no index).

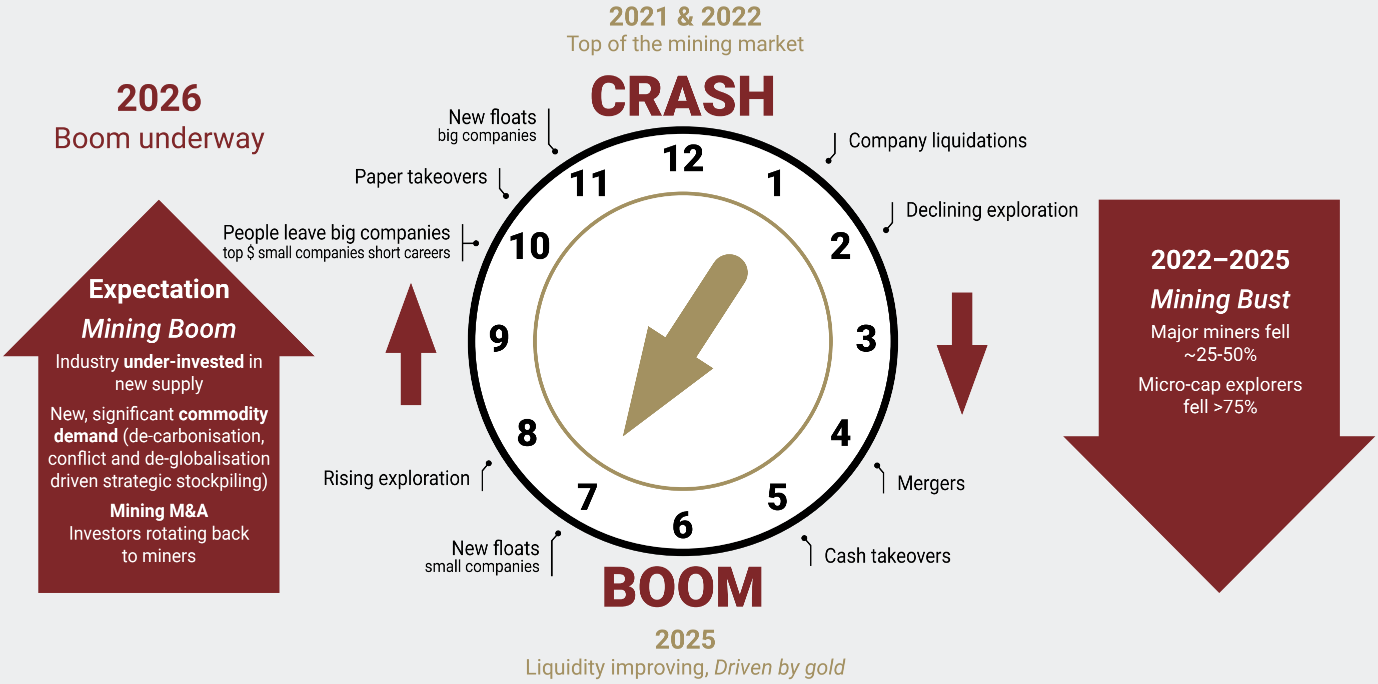
**Performance of key mining equity groups in 2025 and 2026**



**ASX100 Resources index, ASX Small Resources index, and the median price change of ASX listed micro-capitalisation resources stocks from the start of 2025 to present rebased to April 2025.**

## Lion Clock

Mining Cycle: the most material influence on resources investing outcomes.



**2021 & 2022**
Top of the mining market

**CRASH**

**2026**
Boom underway

**Expectation**
***Mining Boom***
Industry **under-invested** in new supply
New, significant **commodity demand** (de-carbonisation, conflict and de-globalisation driven strategic stockpiling)
**Mining M&A**
Investors rotating back to miners

New floats
big companies

Company liquidations

Paper takeovers

Declining exploration

People leave big companies
top $ small companies short careers

Rising exploration

Mergers

New floats
small companies

Cash takeovers

**2022–2025**
***Mining Bust***
Major miners fell ~25-50%
Micro-cap explorers fell >75%

**BOOM**

**2025**
Liquidity improving, *Driven by gold*

## Global general equities – is the market right…?

Having corrected between late January and early March 2026 like most markets, the tech heavy US market has surged aggressively to new record highs. This is amid volatility connected to the Middle Eastern conflict and the spectre of escalating oil prices which have potentially recessionary implications. Is this resilience or complacency?

US markets have been led to new highs by technology stocks – this sector holds enormous market capitalisation and represents a huge proportion of the overall US market, which now looks to be getting a second wind from the potential for Artificial Intelligence (AI) to drive massive earnings expansion. Clearly, earnings expansion would only be within AI providers – the company's whose businesses are being interrupted by AI have not taken part in the market rally. The proliferation of AI, as it is portrayed by the leaders of AI companies, implies large scale replacement of jobs by AI agents, an outcome which is inherently deflationary – and would be expected to be quite unpopular.

There may be a lot to play out here!

### What does this mean for the Clock?

Lion closely monitors the mining cycle via the Lion Mining Clock, which was moved to 7 o'clock earlier in 2026. Liquidity, which is the driver of the clock, fell dramatically during 2024 to a low in early 2025. The pattern of liquidity in the second half of 2025 and into early 2026 was aggressive and has tempered in February and March to a more sustainable level for the early stages of the boom.
**The Lion Clock remains at 7 o'clock.**

## Keeping up appearances …

Lion Selection Group attempts to maintain a vibrant interaction with the market and its shareholders. In addition to ASX disclosure, Lion provides a variety of market updates via presentations, interviews, podcasts and conference recordings which are sent to shareholders that are on the Lion mailing list.

**Scan the QR code to sign up to receive all Lion updates at www.lionselection.com.au**

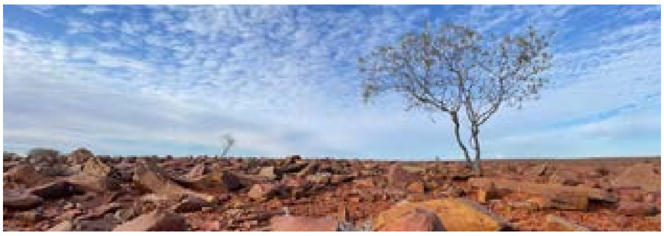
## Portfolio Features

### Near-Production to Exploration: de-risking and growth with commodity diversity

| | |
|---|---|
| **Massive Advanced Gold Resource Exposure** | Top five holdings all contain established, development scale, gold/gold dominant mineral resources.<br>**3 x** Developers (near term producers)<br>**3 x** Multi-million-ounce owners: strategic |
| **Commodity Diversity**<br>key exposures | Au **Substantial leverage** to gold<br>Cu Zn Sn Ag Mid way through a generational bull market (9 of 11)<br>Pure-play or by-product exposure (7 of 11) |
| **Jurisdiction**<br>key cost/risk management | **AUSTRALIA ONLY**<br>All investing since January 2022 has been into Australian projects only.<br>**2025** 2 x legacy *exits* (Erdene, Atlantic)<br>**2026** 1 x legacy investment *remaining* (PhosCo) |
| **Target Upside: De-risking and Growth** | Target scale and simplicity for minimal de-risking obstruction.<br>Measured exposure to growth:<br>1. Alongside a defined project<br>2. With an *abundance* of chances for success<br>Prefer multiple commercialisation options.<br>Note:<br>Little to none of the resource growth potential that premised the investment cases across the Lion portfolio has been realised to date. |
| **Aiming For Lowest Risk** | Product separation and saleability with clear market price: essential.<br>Target low price entry (follow-on selectively). |
| **CASH** | **$38.2M**<br>Investing decisions driven by quality, *not* availability of liquidity. |

## OUTLOOK – Lion

### Portfolio value realisation *leveraged* to the mining boom



### All Mining Booms are good for commodities, mining equities and M&A

**This Boom Outlook:**

- Industry under-invested in new supply
- New, significant commodity demand (de-carbonisation, de-globalization and conflict)

**Equity market only beginning to take note:**

- Rotation from tech
- Awaiting effect of index rebalancing

**Lion Portfolio**

- Strong, Australian project portfolio
- Well funded: $38.2M cash for new investments/follow-on
- Actively managed: exits in 2025 underpinned fully franked dividend

**Portfolio performance drivers:**

- Company/project de-risking
- Resource growth
- Strongly supported by improving market conditions, which underpins an ability to fund and be rewarded for progress

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