Lion Selection Group

Quarterly Report
for the 3 months ended
31 October 2026



ASX:LSX

Lion is a listed mining investment company focussed on mineral resource assets with the best prospects for growth, lowest derisking impediments, and offer the strongest return profile based on price and assessed value.

Lion has invested $66.3M in its **Australian focussed** strategy since January 2022. At 31 October 2026, those investments have created value of $106.8M (including the value of portfolio holdings as well as realised gains), providing ***an investment return to date of 61%***. Lion's portfolio value has weakened in the recent global market turmoil but has displayed resilience against the broader performance of small- and micro-capitalisation resources companies. We credit this to an underpinning of strong projects.

After an aggressive start in April 2025, this mining boom has had an unusual progression. Initially strong performance across the sector has been pared back by risk averseness associated with increasing bond yields and now overprinted by major wobbles in the artificial intelligence trade, which has been the focal point of the global market dominating tech sector in 2026.

Resources and technology are both growth sectors, yet contrasting outlooks are materialising:

- Resources: lack of new sources of supply to meet ongoing and increasing demand across many commodities, compounded by critical material siloing and stockpiling associated with de-globalisation.
- Technology: will the return on the immense investment still required for artificial intelligence match returns experienced in technology over the recent decade?

As at 31 October 2026 Lion held $28.1M of net cash and $108.5M of equity investments with a combined aggregate value of $132.3M (after tax), against a market capitalisation of $120.4M.

Lion is a vehicle that investors can utilise to gain exposure to the high growth micro-capitalisation resources sector. 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:

- Junior resources companies weakened as 'Risk Off' mentality gripped global equity markets.
- Lion has made top up investments across the portfolio taking advantage of lower prices.
- Follow-on investments:
  - **Medallion** – $2.0M invested as part of a $60M funding enabling aggressive growth drilling for near-process plant gold inventory.
  - **Brightstar** – $1.0M invested as part of an $82M raising to infill drill the huge Two-Mile Hill discovery at Sandstone and test for lookalikes.
  - **Peregrine** – $0.1M invested as part of a $2.25M deal to drill iron ore targets near Newman.
- Divestment: sale of Lion's interest in **Critica** for $1.6M, achieving a modest profit.
- Lion continues to receive meaningful interest on cash finishing the quarter with $28.1M net cash and term deposits, well equipped to follow portfolio investments and further portfolio development. Importantly, Lion is able to make investment decisions based on quality of the opportunity, not availability of liquidity.

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
84.0¢ps
as at 31 October 2026

NTA
Pre-Tax **95.3¢ps**
Post-Tax **92.3¢ps**
as at 31 October 2026

Hedley Widdup, Lion Managing Director said:

"Risk aversion has grown in equity markets in 2026, and taken a firm hold in recent weeks as the AI trade comes into question. These episodes never last indefinitely, and this one is centred on the tech sector, not resources. The strong fundamentals of the resources sector are likely to position this market for a strong recovery on the other side.

Lion's cash becomes all the more strategic in times like this.

Lion's portfolio is well set with development projects capable of substantial rerating as they progress into production and the mining cycle matures. All of our investments have active drilling programs which add the 'X factor' of exploration potential and are well funded."

Lion Selection Group

One Shareholding: High Growth Portfolio Exposure

Listed Investment Company	Lion manages all the individual investor challenges of building/managing a portfolio for exposure to a high growth sector: 1. Stock selection out of hundreds of investment options from sub-index sized companies in the listed and unlisted market. 2. Align investing decisions with cycle timing to take advantage of boom-and-bust cycles.
Dividends	Dividends totaling 10.5cps paid between 2022 and 2025. Opportunity for dividends makes Lion one of the **only yielding investment exposures** to the Micro-Cap Resources Sector.
Track Record	**+61%** Performance of Lion's Australia focused Investing Strategy since January 2022 ($66.3M deployed vs $106.8M current value). Total Shareholder Return (TSR): **9.6%pa** *(since inception 1997)* vs Benchmark 5.3% (ASX Small Resources Accumulation Index).
Team	Founder led/long-term team consistency: Lion team has executed Lion strategy successfully since 1997, and holds 21% shareholding interest. **All directly employed:** no external management business taking management and/or performance fees.



Portfolio Overview

Portfolio development

Lion is developing and managing a portfolio of investments in small- to micro-capitalisation resources companies. This style of investing requires a strong mining technical understanding to make investment assessments, alignment of investing patterns to the strongly cyclical nature of mining, and the ability to invest for the medium term to enable the full value unlocking of a target investment to be realised.

Leveraging the Lassonde Curve: Derisking and Growth

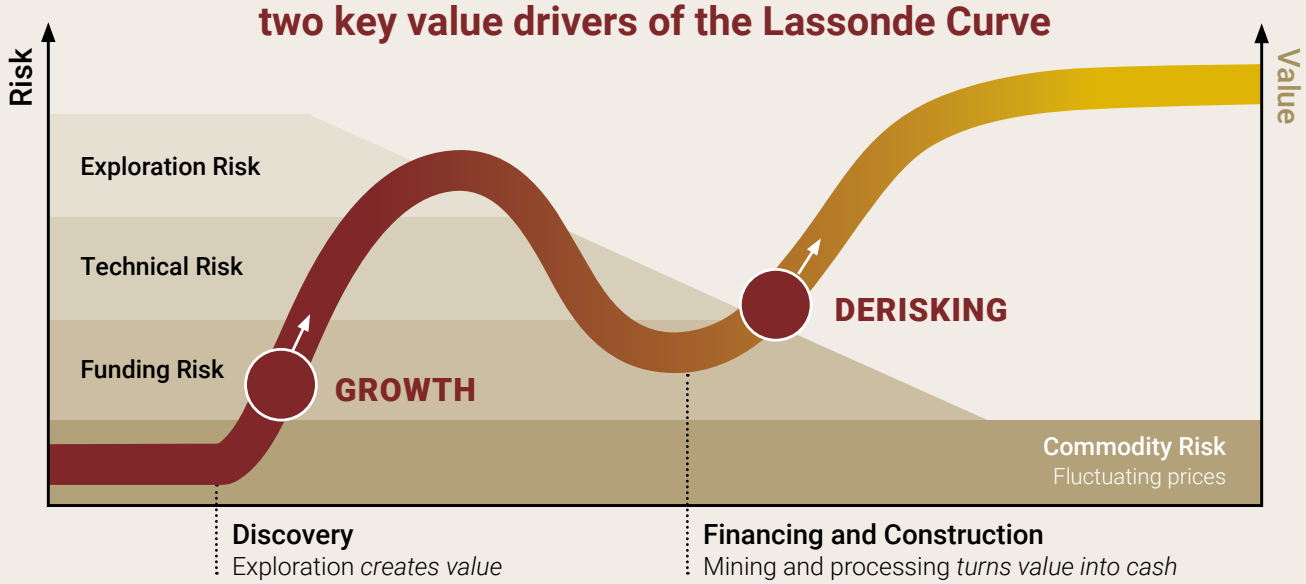
There are two stages of an exploring/developing aspirant mining company that typically feature strong potential for value and share price growth. These are characterised by the well known 'Lassonde Curve', a stylised depiction of how risk and price evolve as a company progresses from pre-discovery to miner. Lion is leveraged to both of these value growth stages.

As a company builds a new mine and comes into production, it ultimately gets valued by the market for its earnings potential. This often sees risk discounting removed as they evolve, and this can be a handsome reward. The bulk of the investment made by Lion is across five companies that are either building projects or engaged in advanced economic studies. Within this group there is the potential for eight new precious and base metal production projects that could be unlocked within the duration of the current mining cycle. Three of these companies expect to produce their first gold between late-2026 and mid-2027.

The other strong driver of value in resource investing is growth of known mineralisation – this can typically drive far greater value accretion to minerals projects than increasing commodity prices or finding a way to reduce costs. All of Lion's investments have strong growth angles. Lion holds four listed investments in addition to the unlisted Plutonic that are focused purely on growth. All have identified the existence of a mineral system with the support of strong geological data, and satisfied Lion's key growth criteria which is to have 'many shots at goal' available.

Whilst Lion has a medium to long term investment horizon, the portfolio is managed according to each holding's evolving strategic outlook. Broadly speaking, Lion will make manageable sized investments in companies that are judged to have strong growth potential, and as they progress will pay closest attention to the evolution of drilling and the company's strategy to pursue further commercialisation. Where these don't achieve the expectations initially set, Lion can exit and make room in the portfolio for other opportunities.

Lion portfolio: harnessing returns via the two key value drivers of the Lassonde Curve



GROWTH
- Driven by discovery
- Value delivery tends to be speculative (people will pay far more for something they don't understand, than something they do)

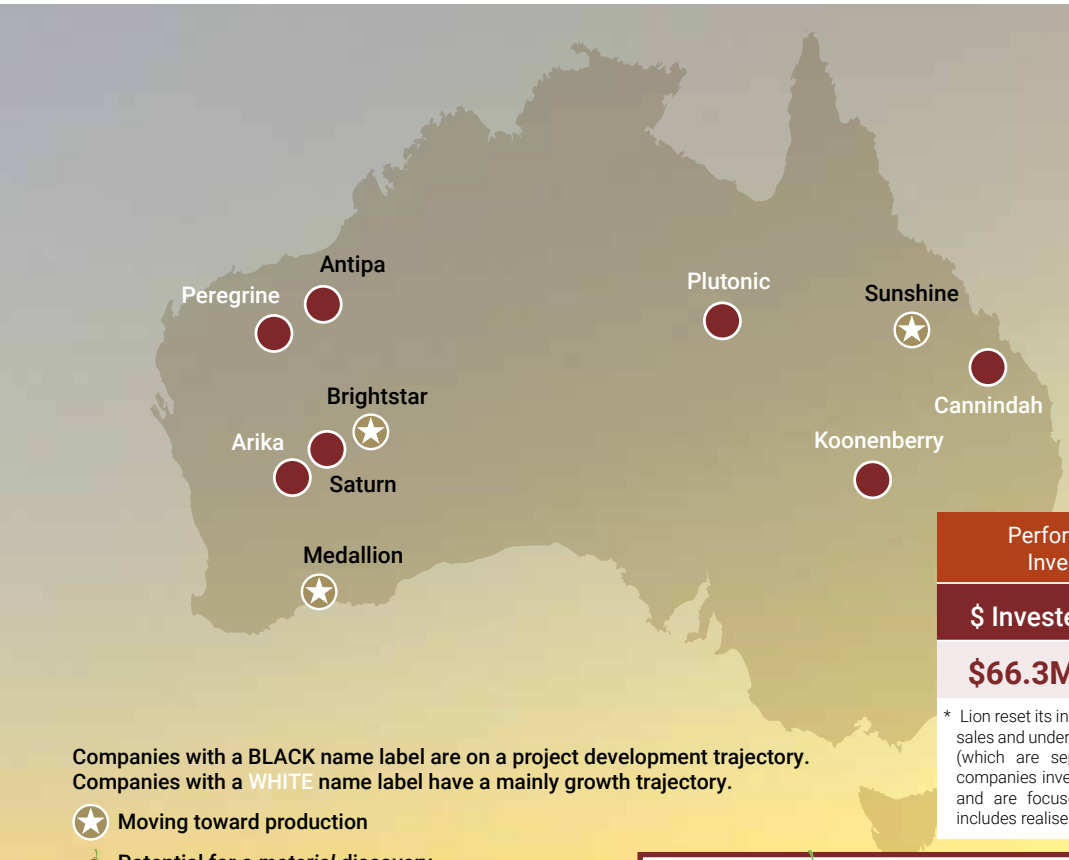
DERISKING
- Known, defined projects
- Become more valuable as they move into production and can be valued for the cash they will produce

Lion's Australian focused 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



Companies with a BLACK name label are on a project development trajectory.
Companies with a WHITE name label have a mainly growth trajectory.

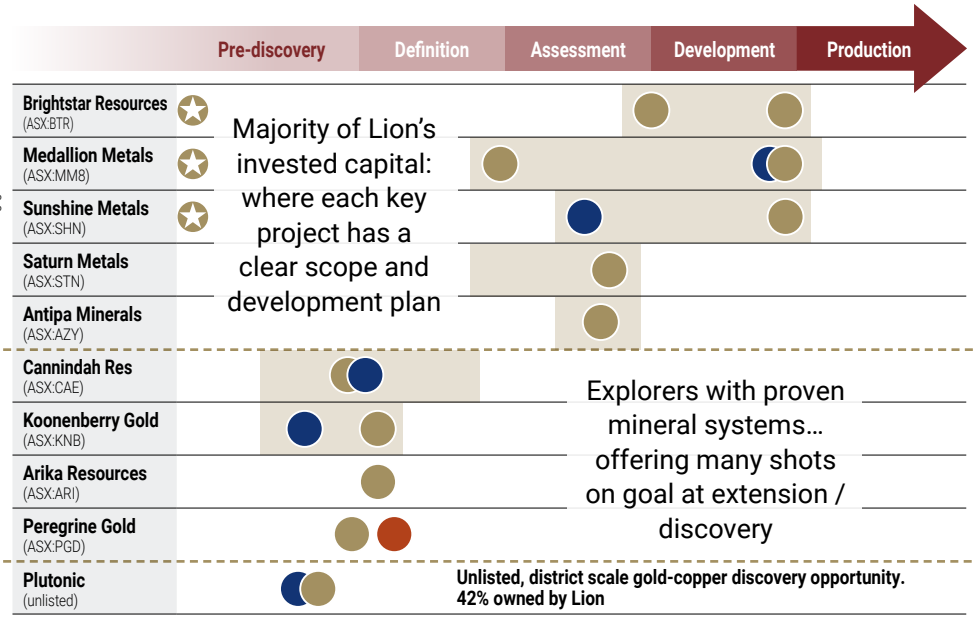
Moving toward production

Potential for a *material* discovery

Performance of Lion's **Australia focused*** Investing Strategy since january 2022		
$ Invested	**$ Value**	**Performance**
$66.3M	**$106.5M**	**+68%**

* 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.

Note: ALL ratings suspended… pending Lion Strategy Day pitches



	$ Invested	$ Value	Performance	
Brightstar Resources (ASX:BTR)	$11.6M	$16.9M	+46%	*
Medallion Metals (ASX:MM8)	$10.0M	$15.1M	+51%	*
Sunshine Metals (ASX:SHN)	$5.3M	$7.8M	+48%	
Saturn Metals (ASX:STN)	$17.0M	$32.9M	+93%	
Antipa Minerals (ASX:AZY)	$5.0M	$15.4M	+208%	
Cannindah Res (ASX:CAE)	$2.0M	$1.0M	-51%	
Koonenberry Gold (ASX:KNB)	$3.0M	$2.4M	-20%	
Arika Resources (ASX:ARI)	$2.0M	$2.6M	+32%	
Peregrine Gold (ASX:PGD)	$0.6M	$0.4M	-34%	*
Plutonic (unlisted)	$6.4M	$7.4M	+15%	

Note: ALL ratings suspended… pending Lion Strategy Day pitches

* Denotes a company that Lion invested in during the quarter

Legend: Precious metals | Base metals | Strategic materials | Bulk | Moving toward production

Listed investment company structure: stable capital meets long term value reward

Lion aims to capture value that will only be unlocked as a company completes studies and ultimately builds new mines – this takes time. Investing prior to production and typically taking large percentage positions in companies that have low trading liquidity requires stable capital.

Lion is one of few institutional investors in the mining space that can invest with its balance sheet, without having to consider its own liquidity in making investments or managing its portfolio. Many managed funds raise money by creating units for investors who wish to invest, and then redeem those units when investors wish to exit. Redeeming units requires a managed fund to sell investments, which becomes a key consideration for the fund in selecting investments it could sell at short notice. This capital structure undermines long term investing and the ability to form strong relationships with management teams – who value more than anything an investor's transparency on their ability to hold stock.

Lion investment performance



Lion expects to grow as its portfolio accretes value via the derisking of key projects, new mine development and new mineralisation discovery. When Lion is able to make profitable exits from investments, it will consider its ability to pay dividends to shareholders – providing capital growth and dividends, which is a rare combination from an investment exposure to the junior resources space.

So far Lion has deployed $66.3M into Australian investments, which has grown to $106.8M of value (inclusive of equity holdings and realised gains) which is a performance of +61% as at 31 October 2026. The value of Lion's equity portfolio has reduced as the market has weakened, yet Lion's NTA has demonstrated resiliency against the trend of many small- and micro-capitalisation companies.

With $28.1M of cash, Lion is well positioned to follow its investments, and to add selectively to the portfolio where convincing opportunities present. In 2025 as the market was performing strongly, we were questioned over our (large) cash position, which is seen by some as a drag on Lion's valuation. The strategic importance of Lion's strong cash balance becomes especially clear in softer markets such as now, 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 and dilution in our key holdings is a risk we need not fear.

Over its multi-decade history of investing in emerging mining companies, spanning multiple mining cycles, Lion has achieved strong investment performance.

Total Shareholder Return (TSR) 29+ years of market beating performance[1-7]	p.a.
Lion TSR – 3 Year	29.5%
Lion TSR – 5 Year	16.3%
Lion TSR – 10 Year	11.4%
Lion TSR since inception (1997)	9.6%
Small Resources Benchmark since inception	**5.3%**

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).
2. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions.
3. Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off-market buyback conducted in December2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in December 2009. Lion assume all distributions are reinvested, with all non-cash distributions sold and the proceeds reinvested on the distribution pay date.
4. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
5. Past performance is not a guide to future performance.
6. Indices used for comparison are accumulation indices, which assume reinvestment of dividends.
7. Source: IRESS, Lion Selection Group.

Performance of Australian listed mining equities vs Lion Selection Group



* The proxy for price of Micro-capitalisation Resources companies is the Median Performance of a group of 632 ASX listed companies with GICS classification Metals & Mining, that were capitalised at less than A$400M on 27 February 2026.

○ ASX100 Resources Index, Resources Micro-Caps and Lion share price rebased to 7 April 2025: low point for the ASX100 Resources Index.

LEGACY INVESTMENT



When Lion started the current era of focus purely in Australia, it held three legacy investments (in companies with projects outside Australia) that were not at the stage that a sale was possible or considered warranted. Two of these legacy holdings (Erdene Resource Development Corp and Atlantic Tin) were profitably exited during 2025, which underpinned a 2cps fully franked dividend. Lion's PhosCo Limited (ASX:PHO, **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. PhosCo holds large-scale rock phosphate resources in Tunisia and released an updated scoping study in November 2026. 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.

The cost of Lion's PhosCo investment is $4.8M versus current holding value $10.7M.

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

Portfolio changes

During the quarter Lion made three follow on investments – all opportunities in companies we already know well, and at attractive pricing that reflects the risk averseness we have seen sweep through the small and micro-cap end of the market.

Medallion Metals
(ASX:MM8)

$2.0M investment in Medallion Metals as part of $60M placement to fund accelerated, high impact drilling to expand known gold (+/-copper) mineralisation



Medallion Metals (ASX:MM8, Medallion) owns the Ravensthorpe Gold Project located near to the south coast of Western Australia and plans to truck high grade gold-copper ore to Forrestania where conversion of an existing nickel plant to suit gold-copper processing is nearing completion. Having completed the acquisition of Forrestania from IGO in March 2026, Medallion has identified gold mineralisation on the tenure that was included in the deal. This presents a high-priority exploration opportunity for Medallion – gold mineralisation that was known and mined 30 years ago is ripe for extension and located close to established infrastructure.

This raising by Medallion will fund accelerated, aggressive extensional drilling at both Forrestania and Ravensthorpe, which was previously not budgeted. This work is a highly attractive growth opportunity for Medallion that stands to add considerably to their outlook, drilling low-risk, known mineralisation on permitted mining licenses.

Medallion is now one of Lion's three largest investments (this investment of $2M will take Lion's overall investment in Medallion to $10M) and as a result of the fund raising, Lion's interest in Medallion has become approximately 4.2%.



Brightstar Resources
(ASX:BTR)

$1.0M investment in Brightstar Resources as part of $82M placement to fund accelerated, high impact drilling to extend newly discovered Shirvington Zone gold mineralisation



Brightstar Resources (ASX:BTR, Brightstar) is nearing completion of a new gold process facility near Laverton in Western Australia, to be fed with ore from nearby open pit and underground mines in the Laverton and Menzies regions. First production is targeted for June 2027 and this will establish Brightstar as a 75kozpa gold producer[1].

Brightstar is unlike most other gold development stage peers, in that its growth pipeline at Sandstone has become so substantive that it now is far more significant than its near-term production goldfields project. Large-scale and mostly shallow Mineral Resources at its Sandstone project, also in Western Australia, have enabled Brightstar to aspire for a gold production profile of + 200koz per annum by 2029.

Drilling at the Two-Mile Hill deposit, which is the largest individual Resource within the Sandstone project, has intersected much thicker, and higher-grade zones of gold mineralisation beneath the known deposit. The discovery hole for this expanded zone returned 305.4m at 1.82g/t gold (from 351.9m)[2].

Sandstone is already a project that could support a large-scale, long-life potential gold operation, and in our view the discovery of large-scale mineralisation at Two Mile Hill has the potential to have significant positive impact on the economics of the Sandstone project. This fund raising will enable Brightstar to take a more aggressive approach at Sandstone to extension and infill drilling of these large-scale systems, which offer potentially large-scale inventories that now need to be drilled rapidly to enable inclusion in forthcoming project studies.

Lion has already invested $11.6M in Brightstar which is Lion's second largest investment. As a result of the fund-raising Lion's interest in Brightstar will be approximately 2.7%.

1. Brightstar reaffirmed its plans for first gold from the Laverton plant in June 2027 in a release to ASX dated 13 October 2026 Goldfields Project Construction Update
2. Brightstar reported the first of the long drill intercepts into Two Mile in a release to ASX on 3 August 2026 Spectacular 305.4m @ 1.82g/t Au Intercept from Sandstone Extensional Drilling

Peregrine Gold
(ASX:PGD)

$0.1M investment in Peregrine as part of $2.25M placement to fund drill testing of two large-scale iron ore targets adjacent to BHP development projects



Peregrine Gold (ASX:PGD, Peregrine) is a company focused on exploration for gold and iron ore in the Pilbara region of Western Australia. In 2025 Peregrine identified the footprint of two large-scale targets for Channel Iron Deposit (CID) style iron ore to the west of Newman. CID deposits form when eroded iron ore fills a paleo-river system, and whilst they might not achieve the premium product grades that primary hematite deposits can, they often feature attractively low impurities.

Heritage clearance work required to enable access to these targets has been completed in late 2026, which paves the way for drilling.

Lion invested $0.5M in Peregrine in September 2025, and this small top up adjusts Lion's interest in Peregrine to 2.6%.

DIVESTMENT



Lion completed an exit of its holding in Critica Limited (ASX:CRI, **Critica**) during the quarter. Lion made a return of 9% having invested $1.5M between two investments (June 2024 and January 2026) and total sale proceeds of $1.6M. Lion retains 19,230,769 Critica options exercisable at 4.3c before January 2028 expiry.

Lion has targeted opportunities where our assessment of value, risk and relevant market conditions provides an opportunity for a return in excess of 10x on the initial entry price of each investment.

Value realisation is expected to be driven by a combination of company/project derisking, commodity price gain /cyclical uplift as the boom progresses in addition to potential value additions via mineral resource discovery or addition. We know from experience that these won't all work out as expected, and we expect price volatility which is common in cyclical sectors. Our keen focus on high expected value hurdles alongside minimal impediments to derisking requires highly targeted investment and a long term view for them to achieve their value potential.



Net Tangible Asset Backing as at 31 October 2026

As at 31 October 2026 Lion held $28.1M of net cash and $108.5M of equity investments with a combined aggregate value of $132.3M (after tax), against a market capitalisation of $120.4M.

Lion advises that the unaudited net tangible asset backing of Lion at 31 October 2026 is 95.3 cents per share (before tax) and 92.3 cents per share (after tax).

	A$M	cps
Cash	28.1	19.6
Legacy Investments	10.7	75.7
Australian Investments	97.8	
Total Value Before Tax	**136.6**	95.3
Deferred Tax Liability	(4.3)	(3.0)
Total Value	**132.3**	**92.3**
Market Capitalisation	**120.4**	**84.0**

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. This includes listed investments, unlisted investments and net cash.
- The value of listed investments are derived from their closing price on the NTA date.
- The value of Lion's Plutonic investment (which is Lion's only unlisted investment which contributes to the NTA) is derived from the last capital raising price, which is currently 12cps following the successful capital raising executed by Plutonic during May 2026
- 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 2026 Lion held $28.1M 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 31 October 2026 ranges between 5.01% pa and 5.40%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.

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






Market Review



The market for small and micro-capitalisation resources companies has weakened through 2026 and this has intensified in recent weeks. Despite this correction, large capitalisation miners are trading as we would expect for early in a boom.

The small- to micro-capitalisation resources sector has experienced the fiercest falls from heights reached in an extremely aggressive start to the cycle. The strong gains that have given way to losses bring the pricing of this group back to approximately where it might have expected to be if the gold induced fast start had not occurred, and yet the sector is extremely well funded following numerous strong quarters of capital raising.

We normally have the luxury of commentating on a market that is progressing along an established trend. The market we have seen since October necessitates a caveat – any market commentary written during periods of intense volatility ages fast.

This volatility has diminished the price of many commodities and equities. It has a combination of ingredients – US politics, conflict, energy prices/ inflation/interest rates, and a potential turning point in market sentiment toward artificial intelligence. For now, these have conspired to suddenly reverse equity market risk appetite.

We conflate what we have seen in the resources market in 2025 and 2026 fairly simply:

- The mining cycle inflection point was in April 2025: the bust ended and a new boom began. The sentimental turning point was triggered by tariffs implemented by the Trump administration in the US. This drew the attention of the market to the resources space – analogous to the market saying, "oh look at what's going on in mining: fabulous outlook, cheap prices". This is how every mining boom starts – the market begins to acknowledge value.
- The start of the boom was far more aggressive than historically precedented. This was driven by the gold price, which was instrumental in drawing investor interest to the space.
- Volatility has disrupted all markets. This doesn't end the mining boom, it will slow its advancement – and this is probably an important retardant, normalising our expected pace of boom progression and the relationship between large-cap and micro-cap performances in the resources space. The pace of much of 2025 was unsustainable (but was gratefully leveraged by many resources companies to top up their coffers).

The current rhetoric in the market appears to be leading to vastly different outlooks for the world's two major growth sectors: tech and resources (where one currently dwarfs the other). In resources the outlook is underpinned by a lack of supply to meet growing demand across a range of commodities. The tech sector is mid-way into an enormous capital investment to build out artificial intelligence, and the question arising is whether or not that capital will attract a return – against the high bar of returns in the tech sector to date.

Mining booms typically don't start aggressively. The early 00's is a great example – we all now know the 00's saw an immense mining boom driven by the economic emergence of China. In the first few years the fundamentals were beginning to show, but equity markets took several years to swing behind miners. It remained challenging to raise money for small companies long after the early signals of that boom were apparent. Many previous mining booms have started in a similar fashion.

That template has clearly not been the case this time. The turning point in mining equities that defines the start of the boom was in early April 2025, which marks a switch in sentiment: prior to that the market was disinterested in the fundamentals in the resources space. After April 2025 suddenly the equity market began to recognise value in mining equities. Many commodities also had their lower inflection point in April 2025, which drew up a broad range of miners. This encouraged investors who not only sought out the space but began to pile into fund raisings.

continued...

"Risk Off"… what is that, and why?

"Risk Off" is an expression that is used in financial markets to indicate that the market is avoiding taking risks. During these periods it is common to see 'defensive' stocks – companies with dependable earnings and low growth – rally against an otherwise weak market.

The market has shifted into a strong risk off mentality. It was teetering in early 2026, intensifying through the middle of the year as long term bond yields began to rise and risk appetite diminished. Risk off has suddenly become noticeable in recent weeks by concerns centred on artificial intelligence (AI) overprinting all the existing wariness. AI has rapidly become the biggest theme in the technology sector, and this sector is a pillar of US markets having driven outstanding economic and market growth since the Global Financial Crisis.

Mining cycles are driven by sentiment toward mining, and the factors currently affecting the market are both external, which don't change the underlying fundamental. All the same, whilst such large clouds hang over the global equity market, everything weakens.

Artificial intelligence – what is there to worry about?

There is a long list of market concerns that have rapidly arisen around AI in 2026:

- There have been two IPOs of major AI companies in 2026: Space-X (a diversified tech company with a large AI component) and Anthropic. These are the largest IPOs ever, to create some of the world's largest listed companies. Large IPOs in growth markets can only occur when market sentiment is red hot – and often mark a cyclical turning point.
- Pre-listing disclosures of Anthropic have highlighted the immense investment of capex required to build out AI. Investment into AI has already become the largest capex investment episode in economic history, so for it to be only part done comes as a shock to many investors. The magnitude of investment required leads to a question about the return this investment will provide. This draws a similarity to technology investment bubbles of the past.
- The development of data centres to provide the computational capacity ("compute") required to run AI models has hit headlines in 2026 – mainly for social objections. The rushed pace and unanswered questions about energy and water consumption fly in the face of concerns around emissions and environmental deterioration. There are many examples of neighbours and residents proximal to proposed data centres furious at the apparent stealth by which permission was gained, or legal steam rolling that has occurred where objections have been raised. Social acceptance of AI has been further challenged by claims (made in listing disclosures) that AI is likely to kill off many blue- and white-collar jobs and has a small probability of ending humanity.
- The ability to continue data centre development at pace was to some extent supported by the control over US administration held by the Trump-led Republican regime. The recent mid-term elections flipped the power dynamic, and Democrat control of both houses of US politics has led to the notion that data centre development could slow, and with it the growth of AI.
- Nvidia is a keystone of the AI space – it produces chips crucial to data centres, the classic 'picks and shovels' participant providing the only thing that every AI aspirant needs. Nvidia has experienced eyewatering returns (earnings and capitalisation) in 2025 and 2026. While CEO Jensen Huang has since been reinstated, his temporary removal over allegations relating to restricted chip sales and governance concerns has left lingering questions around regulatory compliance and growth sustainability. Nvidia's reported use of customer financing arrangements also raises questions about the durability of demand and future growth.

Despite the immense capitalisation of the tech sector, tech, and especially AI, is a 'growth' sector. Investors target it for capital growth rather than dividends, and the US market is massively overweight tech.

So what?

These AI concerns intersect the resources sector in several ways:

- AI and resources are both growth sectors. Diminishing risk appetite softens demand for mining stocks. This is mild at the large cap end, severe for micro-caps.
- The market has been correlating several key commodity themes with the AI trajectory. Copper is a major ingredient in data centres: more data centres = more copper demand. The copper price in 2026 matches the Nasdaq index. Uranium is seen as a power source that AI can harness to eliminate dependency on power grids. The price of uranium doesn't seem impacted by the AI wobble, but uranium equity and copper exposures have traded down in lockstep with tech stocks.
- Any substantial equity market downturn impacts gold, which is often sold as a source of crisis liquidity.

Interest rates have added to these worries, with the inflection point in US ten-year bond yields clearly marking a turning point for small caps (all small caps, not just resources small caps). This kicked off a rotation toward safety that manifests first as a weakening of small caps, then a rotation to defensives.

Interestingly, since the major turning point for commodities and resource companies in April 2025, the resources indices have performed neck and neck with tech indices, even claiming the performance ascendancy for periods. This is a demonstration that the outlook for resources is beginning to be acknowledged by the market.

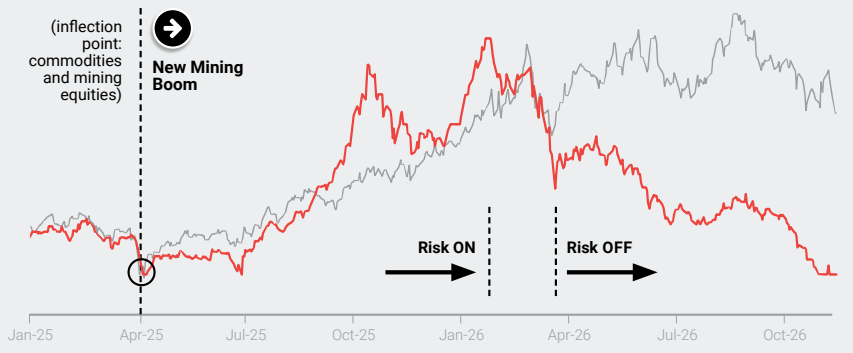
The recent market weakness has impacted growth markets across the board. The Nasdaq composite index (key market for tech in the US) is down 18% since its all-time high on 6 October. The Australian ASX 100 Resources Index (a key market for resources) is down by 23% since its all time high on 25 August.

A comparison of key stocks paints the picture slightly differently, especially getting to the dollar values of the falls. Chip maker Nvidia is down 48% from its all-time highs on 6 October 2026 and resource industry stalwart BHP is only down 24% since its all-time high on 25 August 2026.

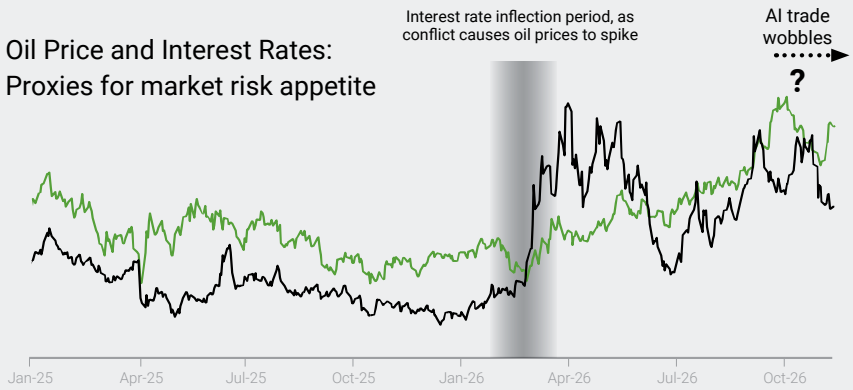
- BHP has shed **A$82.7 billion** of market capitalisation in this downturn from its peak.
- Nvidia has shed **US$2.7 *trillion*** in only seven weeks.
- The amount of capitalisation ***lost*** by Nvidia is ***12 times*** the total ***peak capitalisation of BHP***.

In a matter of weeks this remark may seem ridiculous, no matter which way the market heads. So please regard it as 'made in the moment'. If the AI trade is teetering, that is going to be the fundamental that drives the market while it washes out.

Oil, interest rates and risk appetite: hitting Resources equities, especially the smallest capitalisation companies



Oil Price and Interest Rates:
Proxies for market risk appetite



ASX100 Resources

Displays the overall cyclical trend (**Mining Boom** which commenced in April 2025). This reflects strong sector outlook fundamentals

Resources *Micro-Caps

Measure of price performance for the smallest resources companies on ASX.
Boosted strongly by gold price in 2025.
Impacted heavily by market risk averseness in 2026.

○ ASX100 Resources Index, Resources Micro-Caps and Lion share price rebased to 7 April 2025: low point for the ASX100 Resources Index.

US 10 Year Bond Rate

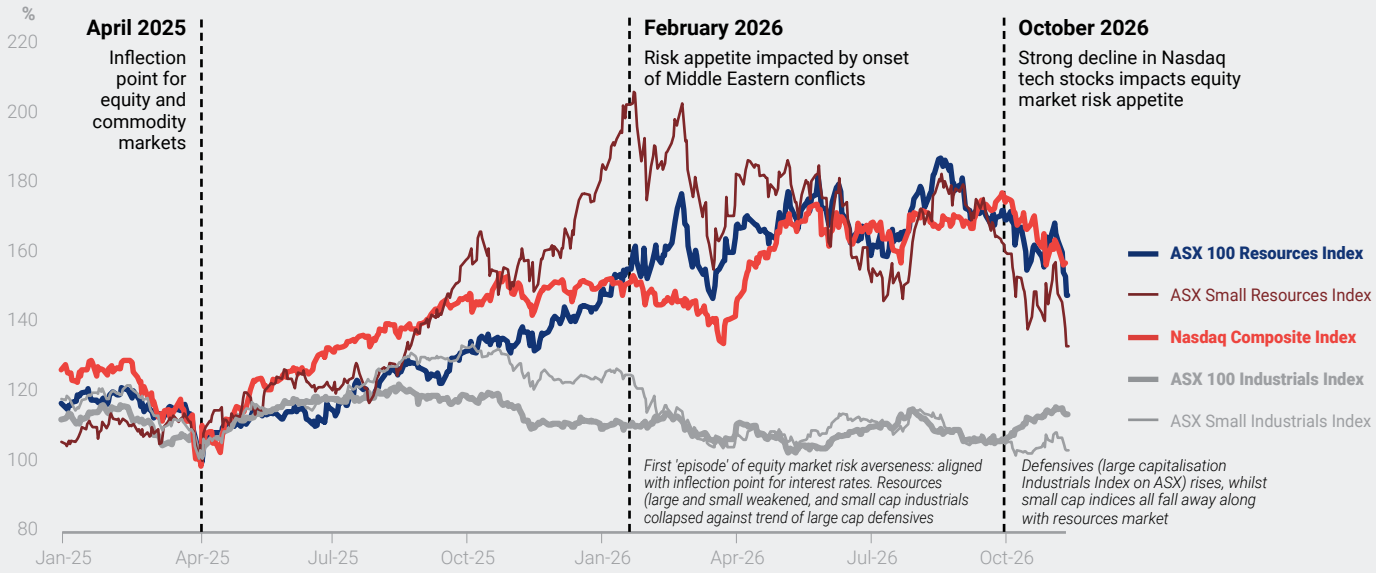
Marks turning points of Risk-on / Risk-off for equities

Oil

Barometer of conflict
Looming inflation threat

* The proxy for price of Micro-capitalisation Resources companies is the Median Performance of a group of 632 ASX listed companies with GICS classification Metals & Mining, that were capitalised at less than A$400M on 27 February 2026.

Evolution of large and small capitalisation companies in Australia, vs the roll over of the Nasdaq



Gold

Gold has been a focal point for the resources space for the last three years. In 2024 and 2025, this was because gold was a tearaway performer. In 2026 it remains a focal point, but that is because it has fallen from its record highs. To put that in perspective, at around US$3,500/oz, gold has retraced all the way back to early September 2025.

Gold has experienced three major gold bull markets in the 'modern' era (i.e. since gold was floated in 1971): 1971-1980, 2001-2011, and 2018 to today. As well as several retracements each of those bull markets has included at least one major drawdown of 20% or more:

Jun 73 – Nov 73	Down	28.3%
Dec 74 – Aug 76	Down	47.5%
May 06 – Jun 06	Down	21.7%
Mar 08 – Nov 08	Down	29.2%
Jan 26 – Present	Down	34.7%

Only time will tell if what we are experiencing is a bull market ending or just a correction within a bull market. It is important to note that gold often acts as a form of liquidity in a market crisis, which many of the large drawdowns in gold correspond with. These didn't end the bull markets for gold, gold was sold when its underlying liquidity was needed, and then the bull markets resumed. It is worth considering the factors that have been significant in the gold bull run we have experienced since 2018.

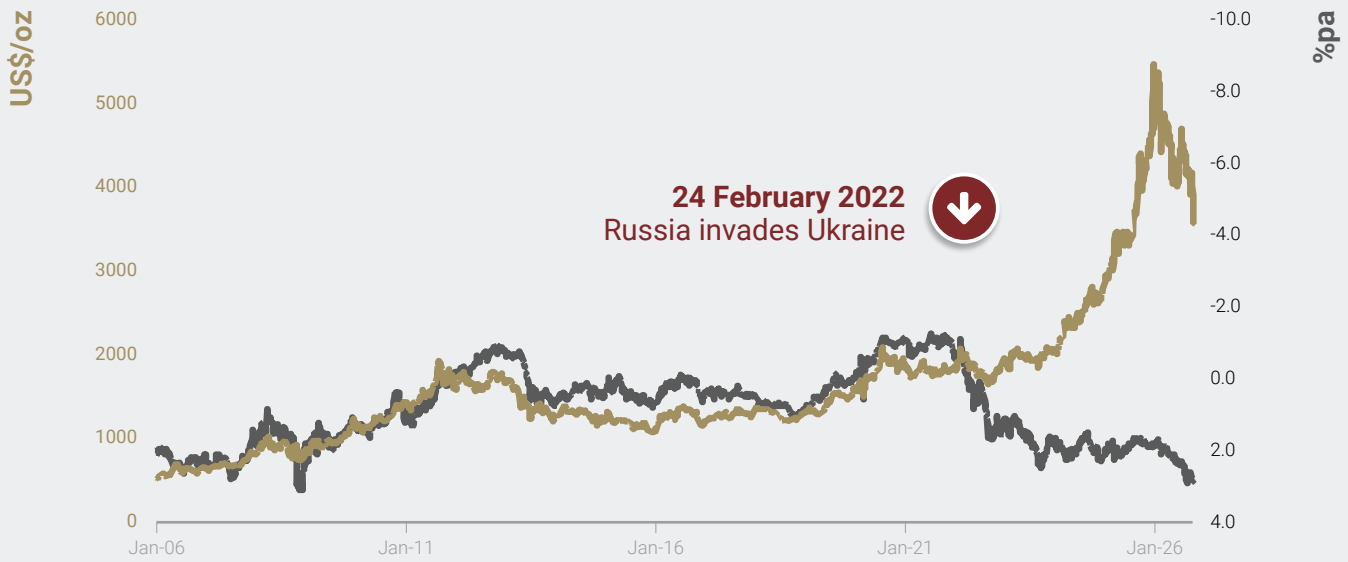
De-dollarisation and interest rates

Gold has typically (not always, but for reasonably continuous periods) traded in an inverse correlation to real long term interest rates. Gold began an aggressive rise in late 2022 against rising rates, breaking a 16-year correlation. The breakout corresponds with the Russian invasion of Ukraine, and many attribute the sanctions levelled by the US on Russia and wealthy Russian citizens as a key factor. If US dollar accounts or access to the US dollar system can be blocked or confiscated, gold becomes a liquid alternative.

This historic event compounded on existing nervousness around the riskiness of US dollar treasuries built around the massive monetary expansion in the US since the Global Financial Crisis. De-dollarisation encompasses these themes – some fleeing US dollar denominated holdings and others diversifying their reserve assets.

The gold price ascent has been disrupted by conflict in the Middle East, centred on Iran and the Strait of Hormuz. Conflict has driven up oil prices, which has fed heavily into global inflation – driving up interest rates. This has driven a surge in interest rates, which has affected all asset classes.

Gold (LHS) vs US 10 year inflation indexed treasuries (inverted RHS)



The current selling in gold has an appearance of liquidity selling – driven by holders exploiting gold's strong liquidity, selling their gold to fund other necessities. These are probably many and varied – however prominent examples might include Middle Eastern nations whose oil related revenues were reduced by the conflicts, right through to individual investors requiring liquidity to fund margin calls or to support their falling tech portfolios.

We think that de-dollarisation represents a fundamental shift in foreign reserve management that has a long way to play out. BRIC nation central banks are displaying strong interest for gold, diversifying from US dollar treasury securities. This behaviour is price neutral – it wasn't and won't be driven by the price of gold, it is driven by a desire to own more gold. We don't think this behaviour is likely to be long term impacted by the conflict interruptions of 2026, however if there is a remaining duration to this bull market – and we think there is – it is likely to be a combination of strong (ongoing) Central Bank buying matched with investor purchases once interest rates settle.

Copper

Copper has also been a focal point of the resources space recently, although its significance has been more recent than for gold. Copper is a consumable commodity – which means that when the price gets to a level that consumers can't stomach, it stalls (this leads to long periods of trading beneath a capping price).

The emergence of China as the worlds largest commodity consumer drove copper well above its historic trading range, breaking out in mid-2005 with an aggressive rise through to mid-2006. Since 2006/2007, copper has never managed to break out through a capping price level that has increased only marginally over 20 years. This is – until November 2025 – when copper again broke what had been a long term (20 year) price cap.

Roughly 75% of the copper used throughout the whole of human history has been mined since World War two. To meet the requirements of the global aspirations to decarbonise, electrify economies, and AI, copper consumption is projected to more than double by 2050.

Copper producers have long pointed to the lack of incentive pricing in the copper industry – a long-term price outlook that makes investment of capital to build new sources of copper supply rewardingly. Copper prices pushing strongly into record high territory in 2026 is significant – first of all it establishes a precedent of copper consumers paying higher prices, above the range that has lasted 20 years. But it is a signal that demand is drawing the price toward a level that will incentivise greater investment – which is required to meet the incredible demand that exists.

Copper price has been linked in 2026 to the proliferation of AI. AI requires compute, which comes from data centres – and the race for ascendancy between (predominantly) Chinese and American groups has manifest as an arms race to build compute. Data centres don't consume a large proportion of the world's annual copper demand – but when there is a rush to construct, the instantaneous demand can overwhelm supply. There has also been a degree of stockpiling of copper in the United States since April 2025 to build up a supply of copper before tariffs kick in (some of which may have been connected to derisking the cost of data centre construction). Stockpiling intersects speculation which also plays a part in pricing – copper's trading in 2026 mimics the trajectory of the Nasdaq Composite index, including the drawdown from copper record highs between August and October 2026.

If anything, data centre demand for copper has made the demand outlook for copper a mainstream concept, which means more and more investors are taking notice of it. The historic pattern of consumption is hard to ignore – this is the factor that will drive prices higher over time. This includes one very large demand driver which is the approaching urbanisation of India. These seem far more compelling than the short-term fluctuations of the AI trade.

Lion Clock – Unchanged

Lion Mining Clock was moved to 7 o'clock earlier in 2026, in response to rapidly building liquidity for the resources sector globally. 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 – yet it is 'on' rather than 'off', and the behaviours we expect to see in the sector are consistent with what we would expect early in a boom.

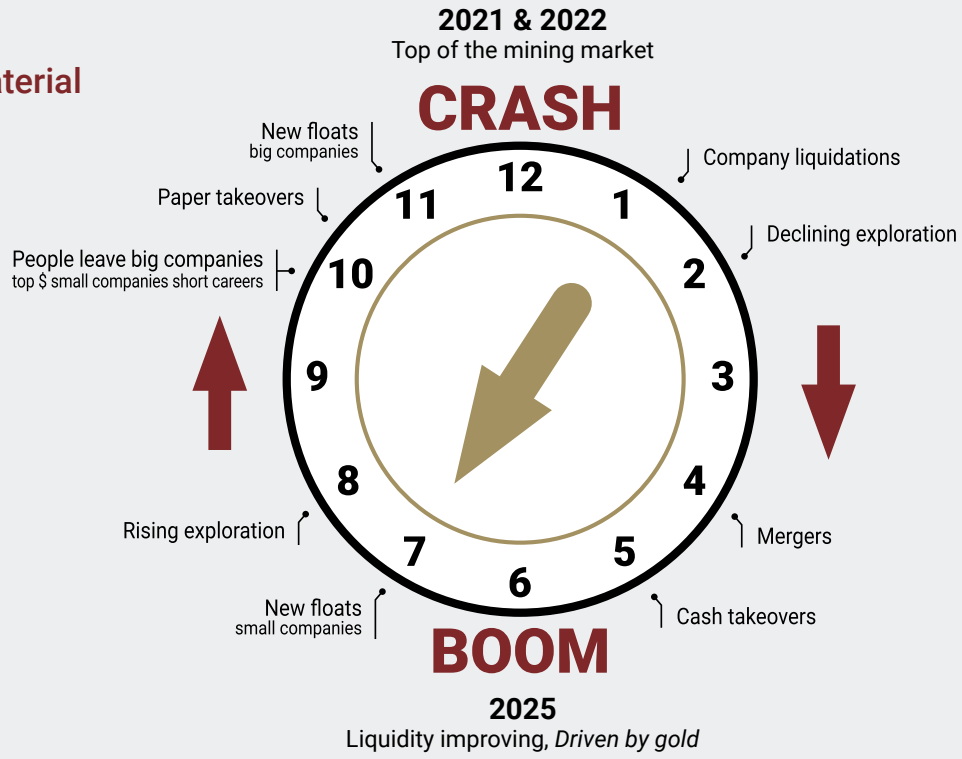
The Lion Clock remains at 7 o'clock.

Lion Clock

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

Rest of (most) of the boom:

Yet to come...



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.

3 x Developers (near term producers).

4 x Multi-million-ounce owners: strategic.

Commodity Diversity
key exposures

Au Cu Zn Sn Ag

Substantial leverage to gold.

Mid way through a generational bull market (9 of 10).

Pure-play or by-product exposure (7 of 10).

Jurisdiction
key cost/risk management

AUSTRALIA ONLY
All investing since January 2022 has been into Australian projects only.

2025 2 x legacy *exits* (Erdene, Atlantic).
2026 1 x legacy investment *remaining* (PhosCo).

Target Upside: De-risking and Growth

Target scale and simplicity for minimal de-risking obstruction.

Measured exposure to growth:

1. Alongside a defined project.
2. With an *abundance* of chances for success.

Multiple commercialisation options.

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.

Target low price entry (follow-on selectively).

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 generalist and passive flows.

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.

Funded to be opportunistic:

- $28.1M cash.
- Investing decisions driven by quality, not availability of liquidity.

Returns:

- Capital growth of Lion, driven by portfolio.
- Dividends provided by profitable exits.

Coming up next week …

The main event for Lion investor relations for the remainder of 2026 will be the **Lion Strategy Day and AGM** to be held at 2pm on Thursday 3 December 2026 at Valhalla, Basement 477 Collins Street Melbourne.

Registrations via **Trybooking**



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