



Lion Selection Group



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Indika Energy to acquire Nusantara Resources for 35cps

Highlights:

- **Via a Scheme of Arrangement, Indika to acquire all Nusantara shares it doesn't already own.**
- **Cash offer price of \$0.35 per share which represents a 19% premium to the 5 day volume weighted average price of Nusantara.**
- **Lion has given Nusantara a voting intention statement to support the Scheme of Arrangement in the absence of a superior offer and subject to the Independent Expert Report.**
- **Lion holds 49.9m shares of Nusantara, equating to 21.77% of issued shares.**

Lion Selection Group Limited (**Lion**) advises that Nusantara Resources Limited (**Nusantara**) (ASX:NUS), a company in which Lion holds a 21.77% shareholding, announced it will be entering into a Scheme of Arrangement with PT Indika Energy Tbk (**Indika**) for the acquisition by Indika of all of the issued share capital of Nusantara that it does not already own at an offer price of \$0.35 per share (**Offer**). Nusantara and Indika are joint venture partners in the Awak Mas Gold Project through their 75% and 25% respective interests in subsidiary PT Masmindo Dwi Area (**Masmindo**).

Lion holds 49,904,775 Nusantara shares and has signed a Voting Intention Statement in support of the Scheme of Arrangement. The Voting Intention Statement confirms Lion intends to vote in favour of the Scheme:

- in the absence of a superior proposal; and
- subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Nusantara shareholders.

The Offer consideration of \$0.35 per share values Nusantara at approximately \$80 million on a 100% basis.

The acquisition will be implemented by way of Scheme of Arrangement under the Australian Corporations Act 2001 (Cth). The Scheme is subject to approval of Nusantara shareholders at a general meeting expected to be held in mid to late September 2021.

Nusantara's Independent Board Committee, comprising Greg Foulis, Rob Hogarth, Robin Widdup and Neil Whitaker, unanimously recommends that all Nusantara shareholders vote in favour of the Scheme, subject to an independent expert report concluding that the transaction is in the best interests of all shareholders and in the absence of a superior proposal.

The reasons for unanimous recommendation by Nusantara's Independent Board Committee will be detailed in the Scheme Book, but include:

- \$0.35 cash per Nusantara share represents a fair premium:
 - 19% premium to the volume-weighted average price of Nusantara shares traded on the ASX over the 5 Nusantara trading days prior to the announcement;
 - 21% premium to the volume-weighted average price of Nusantara shares traded on the ASX over the 30 Nusantara trading days prior to the announcement.
- The offer provides certainty of Nusantara's shareholder value with a cash offer and without further investor risk inherent in gold price, project financing, construction/commissioning, production and jurisdiction.
- The transaction will provide shareholders with liquidity for their investment. Nusantara has typically been a very illiquid stock. The average daily liquidity for the past 3 months was \$8,170 per day.
- Nusantara shareholders (including Lion) representing 26.7% of its shares on issue have indicated their support for the proposed transaction by confirming that they intend to vote in favour of the Scheme in the absence of a superior proposal and subject to the independent expert concluding that the Scheme is in the best interests of shareholders.

When considering the merits of the proposed transaction, Nusantara Independent Board Committee had particular regard for:

- The impact of trying to fund the potentially higher capital costs for the Awak Mas project compared to the 2020 addendum to the DFS (refer Nusantara ASX announcement: FEED Progress Update dated 28 June 2021);
- The Company's potential funding obligations for FEED work incurred to date (up to US\$15 million on a 100% basis) and the corporate costs/working capital required between now and first production;
- The challenges for an ASX listed junior mining company financing a gold project in a foreign jurisdiction;
- Continued COVID disruptions; and
- The current market capitalization of the Company, the quantum of capital expenditure required and the dilutive impact, on a dollars per share basis, of funding this expenditure.

Further detail on rationale will be included in the Scheme Booklet.

Effect on Lion's NTA

- For the purposes of expressing Lion's Net Tangible Asset (NTA) backing, the value of the Nusantara holding will continue to reflect the market price for Nusantara until such a time as the Scheme consideration is received.
- Lion expects to release an update of its NTA for 30 June 2021 in due course, however notes that the NTA as at 31 May 2021 (refer to Lion announcement to ASX made on 9 June 2021) contained A\$15.5 million for the value of the Nusantara holding, with Nusantara priced at \$0.31 per share.
- Applying a notional valuation of Nusantara at \$0.35 per share values Lion's holding at \$17.5 million, which represents a positive change to Lion's NTA of \$2 million, or 1.3 cents per share.
- Lion's unaudited pro forma cash position based on the May 2021 NTA and assuming that the Indika transaction successfully completes, would be \$25.1 million, or 16.7 cents per share.

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