Preliminary Final Report
for the year ended 31 July 2017

Lion Selection Group

KEY POINTS

- July 2017 marks the 20 year anniversary of Lion as a listed investment company focused on investing in junior resources.
- Key developments over the last year included the successful Initial Public Offering's of Nusantara Resources (2 August 2017) and EganStreet Resources (9 September 2016).
- $8.7 million of new investment was made and only $0.1 million of divestment, which we believe is appropriate at this stage in the resources cycle.
- Lion's portfolio was stable during the year with modest mark to market gain of $0.2 million including:
  - An increase in the value of Lion's direct holding in Erdene Resource Development Corporation of $4.5 million reflecting on-going exploration success discovering the Bayan Khundii project in Mongolia.
  - A decrease in Lion's investment in African Lion 3 of $4.8 million, predominantly as a result of the underlying performance of Roxgold Inc, that was subject to share price weakness in line with other TSX listed gold production companies. (Both have partly recovered since mid 2017.)
  - Lion's directors believe it is important for shareholders that its financial statements and this report explain both the effect of realisation of its investments and mark to market of its investments on its results for the financial year. During the year Lion had a loss measured at historic cost on investments realised of $2.5 million largely with respect to the sale of its shares in Centaurus Metals that was unable to finance its iron ore project in Brazil.

Full-Year ended 31 July	**2017 $000's**	**2016 $000's**	**% Change**
Investments			
Mark to Market	176	11,869	(99%)
Cash Inflows/Outflows			
Proceeds from investments	133	8,318	(98%)
Payments for Investments	(8,703)	(2,225)	291%

Lion Selection Group

Appendix 4E
Preliminary Final Report

1. Company Details

LION SELECTION GROUP LIMITED

ABN or equivalent company reference	Year ended ('current period')	Year ended ('previous period')
26 077 729 572	**31 July 2017**	**31 July 2016**

2. Results for announcement to the market

				A$'000
2.1	Revenue	Up 42%	to	267
2.2	Profit (loss) for the year	Down 108%	to	(892)
2.3	Profit (loss) for the year attributable to members of the parent	Down 108%	to	(892)

	Dividends	**Current Period**	**Previous Corresponding Period**
2.4	Franking Rate Applicable	N/A	Nil
	Interim Dividend		
2.5	Amount per security	Nil	Nil
	Franked amount per security	Nil	Nil

Operating and Financial Review

This financial report is prepared in accordance with Australian Accounting Standards and therefore includes the result of the "mark-to-market" of the Company's investment portfolio in both the Statement of Comprehensive Income and the Statement of Financial Position.

The Company's loss before tax for the year was $0.9 million (2016 profit: $10.8 million). This includes a realised gain from the sale of investments and an unrealised gain from mark to market movements in its investment portfolio recognised in the Statement of Comprehensive Income as set out in the table below.

	2017 $'000	**2016 $'000**
Gain/(Loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	**(34)**	4,747
Mark to Market adjustment for period – investments held at end of period	**210**	7,122
Gain/(Loss) attributable to movement in fair value of investments	**176**	11,869

Gross profit/ (loss) on investments realised during the period includes mark to market adjustments realised in the current period as well as mark to market adjustments recognised in the Statement of Comprehensive Income in prior periods as set out in the table below.

Results of Investments Realised During Period		
Sales Proceeds	**133**	8,318
Historical Cost of sales	**(2,615)**	(6,736)
Gross profit/(loss) measured at historical cost on investments realised	**(2,482)**	1,582

	2017 $'000	2016 $'000
Represented by:		
Mark to Market recognised in prior periods	**(2,448)**	(3,165)
Mark to Market recognised in current period	**(34)**	4,747
	(2,482)	1,582

The result for the year reflects a net mark to market gain of $0.2 million with respect to investments. The mark to market gain of $0.2 million in the portfolio value to 31 July 2017 includes:

- An increase in the value of Lion's holding in Erdene Resource Development Corporation of $4.5 million reflecting on-going exploration success discovering the Bayan Khundii project in Mongolia.

- A decrease in Lion's investment in African Lion 3 of $4.8 million, predominantly as a result of the underlying performance of Roxgold Inc, a TSX-listed company that was subject to share price weakness in line with other gold production companies.

Lion's directors believe it is important for shareholders that its financial statements and this report explain both the effect of realisation of its investments and mark to market of its investments on its results for the financial year. During the year Lion had a loss measured at historic cost on investments realised of $2.5 million largely with respect to the sale of its shares in Centaurus Metals that was unable to finance its iron ore project in Brazil.

Loss after tax attributable to members was $0.9 million and earnings per share were (0.8¢).

During the year the company made new or follow-on investments totalling $8.7 million as follows:

Purchases:	**million**
➢ Nusantara Resources	$4.5
➢ Asian Lion	$1.5
➢ EganStreet Resources	$1.0
➢ One Asia Resources	$0.9
➢ African Lion 3	$0.6
➢ Other Investments	$0.2
	$8.7
Sales:	
➢ Centaurus	$0.1
	$0.1

At 31 July 2017 the Company held investments valued at $38.6 million (31 July 2016: $28.0 million), and cash of $3.5 million (31 July 2016: $13.2 million).

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 July 2017 was $0.38. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts. The NTA per security for the comparative period was $0.39.

4. Controlled Entities

During the period the Company acquired an additional ownership interest in Asian Lion Limited ("Asian Lion"), from 62.9% to 100% and now controls this company. This represents the first application of the Company's new accounting policy on Control and Consolidation, adopted from 1 August 2014 to be consistent with AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continue to carry this investment at fair value through profit and loss.

5. Dividends

No dividend was declared or paid during the year (2016: Nil).

6. Dividend/distribution reinvestment plan

Lion does not currently operate a dividend/distribution reinvestment plan.

7. Associates

Company	Current Period % Held	Previous Corresponding Period % Held
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	100	62.9
One Asia Resources Ltd	35.3	35.9
Nusantara Resources Limited	32.3	N/A

Lion holds more than 20% of the above entities, hence it is considered as investment in associates. Equity accounting method is not applicable for the above investments as Lion is a venture capital organisation that accounts for investments at fair value through profit or loss in accordance with AASB128 paragraph 1 and AASB139.

8. Foreign Accounting Standards

Not Applicable.

9. Audit

The financial statements have been audited by the auditor PricewaterhouseCoopers and it continues as an auditor of the Company.

For more information please refer to the attached Financial Statements.

Lion Selection Group

Lion Selection Group Limited

2017 Annual Financial Report

ABN: 26 077 729 572

Financial Report for the year ended 31 July 2017

Lion Selection Group

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Lion Selection Group Limited

Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the financial year ended 31 July 2017.

At the date of this report, Lion had 110,733,981 fully paid ordinary shares on issue.

Directors

The following persons were directors of Lion during the financial year and up to the date of this report:

- Barry Sullivan (Non-Executive Chairman)
- Peter Maloney (Non-Executive Director)
- Chris Melloy (Non-Executive Director)
- Robin Widdup (Director)

Principal Activities

During the financial year the principal continuing activities of the Company were investment in mining and exploration companies.

Operating and Financial Review

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➢	Centaurus	$0.1
		$0.1

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Dividends

No dividend was declared or paid during the year (2016: Nil).

Compliance with Environmental Regulations

Lion has a policy that environmental impacts of developments of investees are in line with country/international standards and do not adversely impact local communities.

Lion has not been notified by any investee of any environmental breach by any government or other agency, and is not aware of any such breach.

Significant Changes in the State of Affairs

There were no significant changes in the State of Affairs of the Company.

Significant Events after Balance Date

There has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Likely Developments and Future Results

The Company's future operating results will depend on the results of its investments. The Company's ability to sustain profits is dependent on future sales of investments which in turn are dependent on market opportunities and the performance of the Company's various investments, which are difficult to predict.

There are a wide variety of risks associated with the mining and exploration industry including market conditions, exploration, operational and political risk, tenure of tenements, liquidity and native title issues. Because of the vagaries of the mining and exploration industry and the long term nature of most of Lion's investments, the directors are unable to predict future results.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lion support the applicable principles of good corporate governance. The Company's corporate governance statement can be found in the Investor section of our website www.lionselection.com.au.

Employees

At 31 July 2017 there was 1 full time equivalent employee of the Company (2016: 1 FTE).

Remuneration Report

All disclosures in this remuneration report have been audited. This remuneration report outlines the director and executive remuneration arrangements of the Company as required by section 308 (3C) of the Corporations Act 2001. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director, and includes the executive employed by the Company considered to meet the definition of key management personnel.

Key Management Personnel Remuneration Framework

Emoluments of individual Board members and other key management personnel are determined on the basis of market conditions and the level of responsibility associated with their position. The emoluments are not specifically related to company performance and there are no long-term or short-term performance-related incentives provided to key management personnel. Remuneration and other terms of employment for key management personnel are formalised in either service agreements or employment contracts.

The remuneration policy in relation to directors is determined by the full Board. Remuneration of other key management personnel is determined by the directors of the Company. Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. As approved by shareholders at the Annual General Meeting held on 1 December 2011, the maximum aggregate amount, including superannuation contribution, that may be paid to directors of the Company as remuneration for their services is $200,000 for any financial year.

Other key management personnel receive a base salary and superannuation contributions in accordance with Australian superannuation guarantee legislation.

Lion's only contracted executive, Ms Jane Rose, is employed under an employment contract with no fixed duration. The contractual notice period under this agreement is 3 months with no termination benefit specified in the agreement. The other Key Management Personnel are not subject to any notice period or termination benefit with respect to their positions with the Company.

The remuneration policy of the Company with respect to directors and other key management personnel provides for Director's & Officer's (D&O) Insurance cover, but does not provide options, shares, loans or any other non-monetary benefits.

Voting and Comments at the Company's 2016 Annual General Meeting

The Company received more than 99% of "yes" votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2016 Annual General Meeting on its remuneration practices.

Details of Remuneration

Details of remuneration paid/payable to directors and the other key management personnel of the Company are detailed in the table below. The benefits provided to Key Management Personnel are fixed with no at-risk components of remuneration.

KEY MANAGEMENT PERSONNEL OF THE COMPANY – REMUNERATION FOR YEAR TO 31 JULY 2017

2017		**SHORT TERM BENEFITS**		**TERMINATION BENEFITS**	**POST-EMPLOYMENT SUPERANNUATION**	**TOTAL**
		SALARIES/ FEES	**CASH BONUS**			
NAME	**NOTES**	**$**	**$**	**$**	**$**	**$**
Directors						
P J Maloney		10,417	-	-	29,583	**40,000**
C Melloy		5,833	-	-	34,167	**40,000**
B J K Sullivan		44,255	-	-	7,706	**51,961**
R A Widdup	(a)					
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		86,055	-	-	8,175	**94,230**
Total		**146,560**	-	-	**79,631**	**226,191**

2016		SHORT TERM BENEFITS SALARIES/ FEES	CASH BONUS	TERMINATION BENEFITS	POST-EMPLOYMENT SUPERANNUATION	TOTAL
NAME	NOTES	$	$	$	$	$
Directors						
P J Maloney		5,083	-	-	27,917	**33,000**
C Melloy		8,000	-	-	35,000	**43,000**
B J K Sullivan		37,152	-	-	8,848	**46,000**
R A Widdup	(a)					
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		86,055	-	-	8,175	**94,230**
Total		**136,290**	-	-	**79,940**	**216,230**

(a) *R A Widdup and C K Smyth are employed by Lion Manager Pty Ltd, and do not receive any remuneration from the Company*

Both Mr R A Widdup and Mr C K Smyth are executive directors and beneficial owners of Lion Manager Pty Ltd and have the capacity to significantly influence decision making of that company. Lion Manager provides management and investment services to Lion. These arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management, currently equating to $645,000 per annum plus GST. There is an incentive applicable which would apply where Lion's performance outperforms a benchmark. In addition, up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion's website. As at the date of this report no incentive fee had accrued with respect to the Lion Manager contract.

In addition, from 1 August 2013 Lion has requested Lion Manager provide comprehensive Investor Relations services associated with Lion's ASX listing for $12,500+ GST per month for twelve months. These arrangements are reviewed annually and may be terminated without fee.

Key Management Personnel Shareholdings

At the date of this report the direct and indirect interests of the directors and other key management personnel in the ordinary shares and options of Lion are detailed below. No shares or options were issued as remuneration.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

NAME	BALANCE 1 AUGUST 2016	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2017
Directors				
P J Maloney	1,740,389	-	-	1,740,389
C Melloy	4,861,824		-	4,861,824
R A Widdup	11,698,077	-	3,822,351*	15,520,428*
B J Sullivan	727,358	-	-	727,358
Other Key Management Personnel				
C K Smyth	416,743	-	-	416,743
J M Rose	-	-	-	-
Total	**19,444,391**	**-**	**3,822,351**	**23,266,742**

* Mr Widdup's shareholding reflects his relevant interest in the Company including 3,822,351 Lion shares issued to Lion Manager on 27 July 2017 in exchange for US$1,298,644 (A$1,720,058) payable by Asian Lion Limited to Lion Manager. Lion Manager has since resolved to distribute these shares to its ultimate owners with Mr Widdup's entitlement being 1,194,658 shares.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

NAME	BALANCE 1 AUGUST 2015	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2016
Directors				
P J Maloney	1,724,847	-	15,542	1,740,389
C Melloy	4,765,169		96,655	4,861,824
R A Widdup	11,581,422	-	116,655	11,698,077
B J Sullivan	727,358	-	-	727,358
Other Key Management Personnel				
C K Smyth	375,088	-	41,655	416,743
J M Rose	-	-	-	-
Total	**19,173,884**	**-**	**270,507**	**19,444,391**

OPTIONS ON ISSUE

Lion had no options on issue during 2017.

Information on Directors

Barry Sullivan BSc (Min), ARSM, FAusIMM, MAICD (Chairman)

Barry Sullivan is an experienced and successful mining engineer with a career spanning 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines. In the final five years of his tenure with MIM, Barry was Executive General Manager responsible for the extensive Mount Isa and Hilton operations.

Barry was previously a non-executive Director and Chairman of Exco Resources and a non-executive Director of Catalpa Resources, Sedimentary Holdings, Bass Metals and Allegiance Mining. He was also a non-executive director of Lion's predecessor company, Lion Selection Limited.

Barry has been a non-executive director of Lion since December 2011, becoming Chairman from 25 February 2016.

Peter Maloney BComm, MBA (Roch) (Non-Executive Director)

Peter Maloney has broad commercial, financial and management expertise and experience. He has been Chief Financial Officer of Lion and an executive director of Lion Manager. Prior to that he held senior executive positions with WMC Resources and a number of other companies.

Peter holds a Bachelor of Commerce from the University of Melbourne and an MBA from University of Rochester. He has also completed the Advanced Management Program at Harvard Business School.

Peter has been a non-executive director of Lion since December 2010, including serving as Chairman between 1 January 2012 and 24 February 2016.

Chris Melloy BE (Mining) (Hons), MEngSc, MAusIMM, F Fin (Non-Executive Director)

Chris Melloy is a mining engineer with some 40 years' experience in the mining industry in operations, securities analysis and investment. He held senior positions in MIM and JB Were & Son prior to joining Lion.

Chris was an Executive Director of Lion Manager from its inception in 1997 through to 2011, becoming a non-executive director of Lion on 1 November 2012.

Robin Widdup BSc (Hons), MAusIMM (Director)

Robin has over 38 years of industry experience. He graduated from Leeds University in 1975 with an Honours Degree in Geology. From 1986 to 1997 Robin worked as an Analyst and Manager for J B Were & Sons – Resource Research team. Robin founded Lion Selection Group and Lion Manager in 1997.

Robin is Managing Director of Lion Manager Pty Ltd and a non-executive director of Lion investees One Asia and Asian Mineral Resources Ltd.

Other Key Management Personnel

Craig Smyth BCA (Acctg), M App Fin, CA (Chief Executive Officer)

Craig Smyth graduated from the Victoria University of Wellington with a Bachelor of Commerce and Administration, and has completed his Master of Applied Finance at the University of Melbourne. Craig's financial background includes Coopers & Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. He is currently the CEO of Lion and Executive Director of Lion Manager Pty Limited. Craig is a member of the Institute of Chartered Accountants of Australia and New Zealand.

Jane Rose (Investor Relations Manager & Company Secretary)

Jane Rose commenced work in 1983 as a legal administrative assistant. During the following 12 years, Jane held senior administrative positions with Phillips Fox and Corrs Chambers Westgarth in Melbourne and Nabarro Nathanson in London.

On returning to Australia, Jane worked as Executive Assistant to the Managing Director of Acacia Resources Limited and AngloGold Ashanti Limited where she was also responsible for the management of various corporate initiatives, including marketing and co-ordination of investor relations activities. From 2002 to 2006, Jane worked for several Lion investees, including MPI Mines Ltd, Leviathan Resources and Indophil Resources. Jane worked with Lion in early 2007 to assist with the merger, and she subsequently joined the company in July 2007 as Corporate Relations Manager.

In November 2008 Jane was appointed Company Secretary.

Directors' Meetings

During the year and up until the date of this report, the Company held nine directors' meetings. The table below reflects attendances of the directors at meetings of Lion's Board.

BOARD OF DIRECTORS		
	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	9	9
R A Widdup	9	9
B J K Sullivan	9	9
C P Melloy	9	9

Audit Committee Meeting

During the year and up until the date of this report, the Company held two audit committee meetings.

The table below reflects attendances of the audit committee meeting.

AUDIT COMMITTEE		
	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	2	2
B J K Sullivan	2	2
C P Melloy	2	2

Directors' Benefits

Since the end of the preceding financial year, no director has received or become entitled to receive a benefit, other than benefits disclosed in this report as emoluments or the fixed salary of a full time employee of the Company or a related body corporate, by reason of a contract made by the Company or related body corporate with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Indemnification of Directors and Officers

An indemnity agreement has been entered into between Lion and each of the Company's directors named earlier in this report and with the Company Secretary. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Lion has paid an insurance premium of $48,327 in respect of a contract insuring each of the directors, previous directors of the Company, and other key management personnel, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Auditor Independence

We have obtained an independence declaration from our auditors, PricewaterhouseCoopers, as required under section 307 of the Corporations Act 2001. A copy can be found on page 8 of this financial report.

Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2017. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding of Amounts

The Company is of a kind referred to in ASIC Instrument 2016/191 relating to the 'rounding off' of amounts in the financial report and Directors' report. Amounts in the financial report and Directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the directors.

....	....
B J K Sullivan	**R A Widdup**
Chairman	Director
Melbourne	

Auditor's Independence Declaration

As lead auditor for the audit of Lion Selection Group Limited for the year ended 31 July 2017, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

(b) no contraventions of any applicable code of professional conduct in relation to the audit.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
6 September 2017

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Lion Selection Group Limited

Statement of Comprehensive Income for the Year ended 31 July 2017

	NOTES	2017 $'000	2016 $'000
Gain/(loss) attributable to movement in fair value	4	**176**	11,869
Interest Income		**267**	188
Other Income		**3**	146
Management fees		**(804)**	(804)
Employee benefits		**(234)**	(231)
Other expenses	4	**(300)**	(321)
(Loss)/Profit before income tax		***(892)***	*10,847*
Income tax (expense)/benefit	5	**-**	-
Net (loss)/profit after tax		***(892)***	*10,847*
Other Comprehensive Income		**-**	-
Total Comprehensive (Loss)/Income for the year		***(892)***	*10,847*
Attributable to:			
Non-controlling interest		**-**	-
Members		***(892)***	*10,847*
		Cents per share	**Cents per share**
Basic (loss)/earnings per share		**(0.8)**	10.2
Diluted (loss)/earnings per share		**(0.8)**	10.2

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

Lion Selection Group Limited

Statement of Financial Position as at 31 July 2017

	NOTES	2017 $'000	2016 $'000
Current Assets			
Cash and cash equivalents	12	**3,523**	13,221
Trade and other Receivables	6	**21**	11
Total Current Assets		***3,544***	*13,232*
Non-Current Assets			
Financial Assets	7	**38,564**	28,030
Other Fixed Assets	8	**34**	43
Total Non-Current Assets		***38,598***	*28,073*
Total Assets		***42,142***	*41,305*
Current Liabilities			
Trade and Other Payables	9	**90**	81
Total Current Liabilities		***90***	*81*
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	-
Total Liabilities		***90***	*81*
Net Assets		***42,052***	*41,224*
Equity			
Contributed equity	11	**111,490**	109,770
(Accumulated losses)	10	**(69,438)**	(68,546)
Total Equity		***42,052***	*41,224*

The above statement of financial position should be read in conjunction with the accompanying notes.

Lion Selection Group Limited

Statement of Cash Flows for the Year ended 31 July 2017

	NOTES	2017 $'000	2016 $'000
Cash flows from operating activities			
Interest received		**202**	210
Other income received		**-**	23
Payments to suppliers and employees (including GST)		**(1,330)**	(1,297)
Net operating cash flows	*12(b)*	***(1,128)***	*(1,064)*
Cash flows from investing activities			
Payments for investments		**(8,703)**	(2,225)
Payments for property, plant & equipment		**-**	(46)
Other investment related returns		**-**	184
Proceeds from investments		**133**	8,318
Net investing cash flows		***(8,570)***	*6,231*
Cash flows from financing activities			
Net financing cash flows		***-***	*-*
Net (decrease)/increase in cash and cash equivalents held		***(9,698)***	*5,167*
Cash and cash equivalents at beginning of financial period		**13,221**	8,054
Cash and cash equivalents at end of financial period		***3,523***	*13,221*

The above statement of cash flows should be read in conjunction with the accompanying notes.

Lion Selection Group Limited

Statement of Changes in Equity for the Year ended 31 July 2017

	ISSUED CAPITAL $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 31 July 2015	**109,770**	**(79,393)**	**30,377**
Total comprehensive income	-	10,847	**10,847**
Transactions with owners in their capacity as owners	-	-	**-**
Balance at 31 July 2016	**109,770**	**(68,546)**	**41,224**
Balance at 31 July 2016	**109,770**	**(68,546)**	**41,224**
Total comprehensive income	-	(892)	**(892)**
Issue of new shares	1,720	-	**1,720**
Transactions with owners in their capacity as owners	**1,720**	-	**1,720**
Balance at 31 July 2017	**111,490**	**(69,438)**	**42,052**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

Lion Selection Group Limited

Notes to the Financial Statements for the Year ended 31 July 2017

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ("Lion" or "the Company") for the year ended 31 July 2017 was authorised for issue in accordance with a resolution of the directors on 6 September 2016. The directors have the power to amend and reissue the financial report.

Lion is a company limited by shares incorporated in Australia. The nature of the operations and principal activities of the Company are described in the Directors' Report. The registered address of Lion is Level 2, 175 Flinders Lane, Melbourne.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lion is a for-profit entity for the purpose of preparing the financial statements.

The financial report complies with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to Lion under ASIC Class Order 98/100. Lion is an entity to which the class order applies.

(b) New accounting standards and interpretations

The Company has not changed any of its accounting policies with respect to new and revised accounting standards which became effective for the annual reporting period commencing on 1 August 2016.

Investments in controlled entities

During the period the Company acquired an additional ownership interest in Asian Lion Limited and now controls this company. This represents the first application of the Company's new accounting policy on Control and Consolidation, adopted from 1 August 2014 to be consistent with AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities is effective for annual periods beginning on or after 1 August 2014. The amendments relate to AASB 23, AASB 12 and AASB 127, exempting 'Investment entities" from consolidating controlled investees. Investment entities are entities that:

(a) obtain funds from one or more investors for the purpose of providing those investors with investment management services;

(b) commit to their investor(s) that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and

(c) measure and evaluate the performance of substantially all of their investments on a fair value basis.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continue to carry this investment at fair value.

New Standards

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2018).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard must be applied for financial years commencing on or after 1 January 2018 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that assets currently held as fair value through profit and loss will continue to be carried at fair value with all fair value gains/losses being recognised in profit and loss. The Company has not yet decided when to adopt AASB 9.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have an impact on the carrying amounts of certain assets and liabilities are:

(i) Income taxes

Lion is subject to income taxes in Australia. Judgment is required in determining the provision for income taxes and deferred taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Lion recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that sufficient future taxable amounts will be available to utilise those temporary differences and losses. This involves judgment regarding the future financial performance and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in the period in which the change occurs.

(ii) Fair value of investments and other financial assets

The Company carries its investments at fair value with changes in the fair values recognised in profit or loss. The fair value of investments and other financial assets that are not traded in an active market is determined based on either the last sale price, or where not available, the market value of underlying investments. Determination of market value involves the Company's judgment to select a variety of methods and in making assumptions that are mainly based on market conditions existing at each balance sheet date. The key assumptions used in this determination are set out in note 2(j).

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Lion and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the fair value of the financial asset.

(ii) Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(e) Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(g) Foreign currency translation

Both the functional and presentation currency of Lion is Australian dollars (AUD).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity as part of Other Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(i) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Investments, Other Financial Assets and Investments in Associates

Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. Lion is a venture capital organisation, and designates its investments as being fair value through profit or loss. The scope of *AASB 128 Investments in Associates* allows this treatment for venture capital organisations even though the Company may have significant influence in an investee. After initial recognition, investments are measured at fair value, with gains or losses on fair value of investments being recognised in the Statement of Comprehensive Income. The fair value of assets is re-measured at each reporting date. This recognition is more relevant to shareholders and consistent with internal investment evaluation.

The fair value of financial assets traded in active markets is based on their quoted market prices at the end of the reporting period without any deduction for estimated future selling costs. The quoted market price used for financial assets held by the Company is the current bid price.

The fair value of financial assets that are not traded in an active market are determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless Lion has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(n) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Provisions

Provisions are recognised when Lion has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Lion expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(p) Employee leave benefits - Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave that are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave for which Lion has an unconditional right to defer settlement for at least 12 months after the balance sheet date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(q) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(r) Earnings per share

Basic earnings per share is calculated as net profit, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(s) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the segments, has been identified as the Board.

Investments have similar characteristics and so segments are determined on a geographical basis. The company invests only in small and medium mining and exploration companies with gold and base metal activities in Australia, Africa, East Asia and the Americas.

NOTE 3 FINANCIAL RISK MANAGEMENT

Lion's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Lion's overall risk management program is carried out under policies approved by the Board of Directors, and focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Board provides written principles for overall risk management, as well as policies covering specific areas. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Lion also monitors the market price risk arising from all financial instruments.

Lion holds the following financial instruments:

	2017 $'000	2016 $'000
Financial assets		
Cash	**3,523**	13,221
Investments in securities	**38,564**	28,030
Trade and other receivables	**21**	11
	42,108	41,262
Financial liabilities		
Trade and other creditors	**90**	81
	90	81

(a) Market risk

(i) Foreign Currency Risk

Lion operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar (USD), including with respect to commitments.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. To mitigate the Company's exposure to foreign exchange risk, non-AUD cash flows are closely monitored.

The Company's post-tax profit is not sensitive to movements in the AUD/USD exchange rate due to limited USD denominated asset holdings.

(ii) Price risk

Lion is exposed to equity securities price risk, with many of the Company's equity investments being publicly traded. This arises from investments held by Lion and classified on the balance sheet as fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company, however from time to time the Company may seek to increase exposure to particular investments. Lion does not hedge its equities securities price risk.

Based on the financial instruments held at the end of the period, if the value of equity securities had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $3,858,600 higher/lower (2016: $2,803,000 higher/lower) as a result of gains/losses on equity securities classified as fair value through profit or loss.

(iii) Interest Rate Risk Exposures

Lion is exposed to interest rate risk through its primary financial assets. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised below. All assets and liabilities are current, maturing within one year, with the exception of investments in securities, the value of which will be realised at the discretion of the Company. No decision has been made regarding the timing of this realisation.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

2017	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON INTEREST BEARING $'000	TOTAL $'000	AVERAGE INTEREST RATE FLOATING %	AVERAGE INTEREST RATE FIXED %
Financial Assets:						
Cash – AUD	3,523	-	-	3,523	2.0	-
Other receivables	-	-	21	21	-	-
Investment in securities	-	-	38,564	38,564	-	15
Financial Liabilities:						
Trade and other creditors	-	-	90	90	-	-
2016						
Financial Assets:						
Cash – AUD	13,221	-	-	13,221	2.0	-
Bank bills and deposits receivable	-	-	11	11	-	-
Other receivables	-	845	27,185	28,030	-	15
Investment in securities	-	-	-	-	-	-
Financial Liabilities:	-	-	66	66	-	-
Trade and other creditors	-	-	-	-	-	-

(b) Credit risk

Lion is exposed to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to counter parties, including outstanding receivables and committed transactions. Lion has a policy of maintaining its cash and cash equivalents with the "top 4" Australian Banks. For other counter parties, if there is no independent rating, management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk approximates the carrying values as disclosed above.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Lion manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(d) Fair value measurements

The Company carries its investments at fair value with changes in value recognised in profit or loss.

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted priced (unadjusted) in active markets for identical assets or liabilities (level 1);

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the reporting date.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

Recognised fair value measurements

The following tables present the Company's assets and liabilities measured and recognised at fair value for the periods ended 31 July 2017 and 31 July 2016.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2017				
Assets				
Financial assets at fair value through profit or loss				
Investments				
Total Assets	**26,896**	**9,172**	**2,496**	**38,564**
At 31 July 2016				
Assets				
Financial assets at fair value through profit or loss				
Investments	3,853	15,618	8,559	**28,030**
Total Assets	**3,853**	**15,618**	**8,559**	**28,030**

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on unobservable inputs. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are applied in accordance with the International Private Equity and Venture Capital Valuation Guidelines, including:

- Price of recent investment.
- Net assets, looking through to the underlying assets held through interposed investment vehicles.
- The fair value of unlisted option contracts is determined using a Black Scholes valuation at the reporting date.
- The use of quoted market prices or dealer quotes for similar instruments where available.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Valuation Processes

The Lion Manager includes a team that performs monthly valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Lion Board. Discussions of valuation processes and results are held between the Lion Manager and the Lion Board at least once every six months in line with Lion's half-yearly reporting dates, including changes in level 2 and 3 fair values.

The following table presents the changes in level 3 instruments for the years ended 31 July 2016 and 31 July 2017.

Investments – Level 3	**2017 $'000**	**2016 $'000**
Opening Balance	**8,559**	**9,399**
Transfers out of Level 3 (to level 1)	**(12,236)**	**-**
Transfers out of Level 3 (to level 2)	**-**	**(863)**
Other increases (purchases)	**5,095**	**-**
Gains recognised in profit or loss	**1,078**	**23**
Closing balance	**2,496**	**8,559**

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

The Level 3 balance relates to Lion's investment in One Asia, an unlisted exploration company focused on the exploration for gold resources and development of the Pani gold mine in Sulawesi. During the period Lion's investment in Nusantara Resources Limited (previously a wholly owned unlisted subsidiary of One Asia) has been transferred from level 3 to level 1 with that company undertaking an IPO and listing on the ASX on 2 August 2017. The valuation of One Asia has been reduced to $0.04/share consistent with One Asia's January 2017 placement at $0.18/share, adjusted for the in-specie distribution of $0.14/One Asia share with respect to Nusantara Resources. Lion's investment in Asian Lion has also been reclassified from level 3 to level 1 due to moving to 100% ownership of that company and the transfer of One Asia shares to Lion. The Lion Board has opted to maintain its investment in One Asia within the level 3 investment category due to the continued uncertainty in the value of the investment as discussed further below.

One Asia Resources

As noted above the valuation of One Asia has been reduced to $0.04/share consistent with One Asia's January 2017 placement at $0.18/share, adjusted for the in-specie distribution of $0.14 per One Asia share with respect to Nusantara Resources. Lion owns 36% of One Asia, an Australian unlisted public company. One Asia is focused on the development of the Pani gold mine in Sulawesi, Indonesia.

Pani Project

One Asia's interest in the Pani project tenement is under an Izin Usaha Pertambangan licence (the Pani IUP) held by a regional co-operative, KUD Dharma Tani (KUD), formed under Indonesian law. One Asia holds its economic interest in Pani through contractual arrangements with the KUD as its local joint venture partner. In December 2013 One Asia Resources received reports that the KUD signed a co-operation agreement with a subsidiary of publicly listed Indonesian company J Resources over the Pani IUP which conflicts with the contractual obligations the KUD has with One Asia. One Asia advises that all legal agreements with the KUD remain in place under Indonesian law. One Asia continues to liaise with local authorities and its advisors to ensure that those contractual obligations are honoured, and continues to work on-site at the Pani project.

One Asia has agreed to a joint venture with Provident Capital Partners Pte Limited (Provident) on its interest in the Pani project. The purpose of the arrangement is to resolve the current Pani IUP dispute dating back to December 2013, working in co-operation with the KUD and the local community to develop the Pani Project. The ultimate ownership of the joint venture is intended to be 66.6% Provident and 33.3% One Asia, with One Asia and Provident each committing U$4m cash.

One Asia's alliance with Provident established in May 2015 continues with the objective of resolving the current Pani IUP dispute, and ultimately working in co-operation with Provident, the KUD and the local community to develop the Pani Project. Progress has been slow but steady, with One Asia and Provident actively working with the KUD, the local community and regional authorities to resolve the current dispute.

The Pani IUP was issued in November 2009 for a period of 13 years, and, subject to government approval, is extendable for two 10 year periods. The IUP is subject to the Mining Law 4 of 2009, including applicable royalty rates and levels of local ownership and input.

The ultimate realised value of an investment in One Asia could be in a very wide range, reflecting the Pani tenure risk, early stage of the Pani project, resource upside, development risk, gold price, and other factors. In the event that the current Pani project ownership dispute is not satisfactorily resolved, the ultimate realised value could be less than 4 cents per One Asia share. Conversely, the ultimate realised value could be considerably more than 4 cents per One Asia share as the project is de-risked. In light of information available, the board considers that $0.04/share is the valuation within this range that is most reasonably representative of the fair value under current market conditions.

NOTE 4 INCOME AND EXPENSES

	2017 $'000	**2016 $'000**
Gain/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**(34)**	4,747
Mark to Market adjustment for year – investments held at end of year	**210**	7,122
Gain/(loss) attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**176**	11,869

Lion is a long term investor and investment performance generally spans a number of financial periods. Measured on historic cost, gross profit/(loss) on investments realised during the year includes mark to market adjustments realised in the current year as well as mark to market adjustments recognised in the Statement of Comprehensive Income in prior years as set out in the table below.

NOTE 4 INCOME AND EXPENSES (continued)

Results of investments realised during year		
Proceeds from sale of shares	**133**	8,318
Historical Cost of investment sales	**(2,615)**	(6,736)
Gross (loss)/ profit measured at historical cost on investments realised	**(2,482)**	1,582
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(2,448)**	(3,165)
Mark to Market recognised in current year	**(34)**	4,747
	(2,482)	1,582
The total comprehensive (loss)/profit is after charging the following other expenses		
Investor Relations	**84**	70
D & O Insurance	**46**	48
Legal Expenses	**17**	4
Depreciation	**9**	19
Corporate overheads	**144**	180
Total other expenses	**300**	321

NOTE 5 INCOME TAX EXPENSE

	2017 $'000	2016 $'000
(a) Statement of Comprehensive Income		
Current income tax	**-**	-
Deferred income tax	**-**	-
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**-**	-
Reconciliation of income tax expense		
Profit/(loss) from ordinary activities before income tax	**(892)**	10,847
Prima facie tax thereon at 30%	**(268)**	3,254
Tax effect of permanent and temporary differences:		
Non-deductible expenses	**17**	11
Accounting mark to market movement in the fair value of investments	**(53)**	(3,561)
Realised gain/(loss) on sale of investments	**(745)**	475
Deductible business related capital expenditure under Section 40-880	**(33)**	(33)
Utilisation of carried forward tax losses to offset gain on disposal of investment		(475)
Amount underprovided/(overprovided) in prior years		-
Tax benefit not recognised for accounting purposes	**1,082**	329
Total current income tax (benefit)/expense	**-**	-

NOTE 5 INCOME TAX EXPENSE (continued)

(b) Unrecognised temporary differences

A deferred tax asset has not been recognised in the Statement of Financial Position as the benefits will only be realised if the conditions for deductibility and/or recognition set out in Note 2(h) occur.

Unrecognised temporary differences at 31 July relate to the following:		**2017 $'000**	**2016 $'000**
Tax losses available – revenue account		**9,864**	8,746
Tax losses available – capital account		**64,797**	62,314
Temporary Difference – unrealised investments	Note (i)	**41,671**	43,117
Accrued Expenses/Other temporary differences		**68**	135
Unrecognised tax losses and temporary differences at 31 July		**116,400**	114,312
Potential Tax Benefit @ 30%		**34,920**	34,294

Note (i) Temporary difference – unrealised investments

Temporary difference – unrealised investments arises from the difference between the fair value and taxable value of the investment.

NOTE 6 RECEIVABLES (CURRENT)		
Sundry Debtors	**21**	11
Total current receivables, net	**21**	11
NOTE 7 FINANCIAL ASSETS		
Listed investments (at fair value)	**35,096**	3,853
Unlisted investments (at fair value)	**3,468**	24,177
Total non-current financial assets	**38,564**	28,030

Listed shares are readily saleable with no fixed terms.

NOTE 8 OTHER ASSETS (FIXED)		
Plant, Property & Equipment – Cost	**77**	77
Accumulated Depreciation	**(43)**	(34)
Total other assets	**34**	43

NOTE 9 PAYABLES (CURRENT)		
Sundry creditors and accruals	**90**	81
Total current payables	**90**	81

NOTE 10 RETAINED PROFITS & RESERVES		
Movements in retained earnings were as follows:		
(Accumulated losses) at the beginning of the financial year	**(68,546)**	(79,393)
Net profit/(loss) for period	**(892)**	10,847
(Accumulated losses) at the end of the financial year	**(69,438)**	(68,546)

NOTE 11 CONTRIBUTED EQUITY	2017 $'000	2016 $'000
Issued and paid up capital (fully paid)		
Opening Balance	**109,770**	109,770
Shares Issued	**1,720**	-
Issued and paid up capital (fully paid)	**111,490**	109,770

Share Capital	2017 SHARES	2016 SHARES
Issued and paid up capital (fully paid)		
Opening Balance	**106,811,630**	106,911,630
Shares Issued	**3,822,351**	-
Issued and paid up capital (fully paid)	**110,633,981**	106,911,630

Capital Risk Management

Lion's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. In order to maintain or adjust the capital structure, Lion may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

NOTE 12 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, term deposits, cash managed by third parties and other bank securities which can be liquidated at short notice, net of outstanding bank overdrafts if applicable.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2017 $'000	2016 $'000
Cash on hand and at bank	**3,523**	13,221

(b) Reconciliation of Net Profit/(Loss) after Income Tax to Net Cash Provided by Operating Activities

Net (loss)/profit after income tax	**(892)**	10,847
Adjustments for non-cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**(176)**	(11,869)
Other non-cash (income)/expense	**(59)**	(120)
(Increase)/decrease in assets:		
Other receivables	**(10)**	44
(Decrease)/increase in liabilities:		
Payables	**9**	34
Net cash flow from operating activities	**(1,128)**	(1,064)

(c) Non-cash investing and financing activities

During the year Asian Lion Limited transferred its investment in One Asia shares to Lion with an inter-group loan of $3,125,772 recognised between the parties.

In addition, during the year Lion issued 3,822,351 Lion shares in exchange for the outstanding amount payable by Asian Lion Limited to Lion Manager. Asian Lion had an existing outstanding liability owed to Lion Manager of US$1,298,644 (A$1,720,058) largely with respect to deferred management fees. Lion Manager currently provides services to Asian Lion Limited under its June 2006 management agreement. Asian Lion's management agreement was amended in 2015, with management fees no longer applicable from 1 July 2015.

NOTE 13 EARNINGS PER SHARE

		2017 $'000	2016 $'000
(a)	(Loss)/earnings used in calculating earnings per share – basic and diluted	**(892)**	10,847
		2017 NUMBER	**2016 NUMBER**
(b)	Weighted average number of ordinary shares for basic earnings per share	**106,953,519**	106,911,630

The calculation of weighted average number for the diluted earnings per share does not include any potential ordinary shares with respect to options as there were no options on issue at 31 July 2017 (2016: nil).

NOTE 14 COMMITMENTS

(a) Superannuation Commitments

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At balance date, the Company was contributing to various approved superannuation funds at the choice of employees at a minimum rate of 9.5% of salaries paid. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

(b) Investment Commitments - African Lion 3 Limited (AFL3)

Lion entered into an agreement in June 2008 to commit US$18.75 million in AFL3, of which US$0.3M remains undrawn at 31 July 2017 (Australian Dollar equivalent of $0.4 million).

NOTE 15 REMUNERATION OF AUDITORS

		2017 $	2016 $
(a)	**Audit Services**		
	Audit and review of financial reports	**84,275**	84,509
	Total remuneration for audit services	**84,275**	84,509

(b) Non-audit services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2017 (2016: Nil).

NOTE 16 RELATED PARTY DISCLOSURES

(a) Directors & Key Management Personnel

The directors in office during the financial year and up until the date of this report are as follows:

Barry Sullivan (Non-Executive Chairman)
Peter Maloney (Non-Executive Director)
Chris Melloy (Non-Executive Director)
Robin Widdup (Director)

(b) Lion Manager Pty Ltd Contract

Lion entered into a Management Agreement with Lion Manager Pty Ltd (Lion Manager), under which Lion Manager provides the company with management and investment services. The arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management, currently equating to $645,000 per annum plus GST. There is an incentive applicable which would apply where Lion's performance outperforms a benchmark. In addition, up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion's website. As at the date of this report no incentive fee had accrued with respect to the Lion Manager contract.

In addition, from 1 August 2013 Lion has requested Lion Manager provide comprehensive Investor Relations services associated with Lion's ASX listing for $12,500 + GST per month for twelve months. These arrangements are reviewed annually and may be terminated without fee.

On 27 July 2017 Lion issued 3,822,351 Lion shares in exchange for the outstanding amount payable by Asian Lion Limited to Lion Manager. Asian Lion had an existing outstanding liability owed to Lion Manager of US$1,298,644 (A$1,720,058) largely with respect to deferred management fees. Lion Manager currently provides services to Asian Lion Limited under its June 2006 management agreement. Asian Lion's management agreement was amended in 2015, with management fees no longer applicable from 1 July 2015.

NOTE 16 RELATED PARTY DISCLOSURES (continued)

(c) Key Management Personnel Remuneration	**2017 $**	**2016 $**
Short term employee benefits	153,083	136,290
Post-employment benefits	79,631	79,940
	232,714	**216,230**

NOTE 17 MATERIAL INVESTMENTS

	CARRYING AMOUNT		**ENTITY OWNERSHIP**	
The Company had direct ownership of the following material investments at year end:	**2017 $'000**	**2016 $'000**	**2017 %**	**2016 %**
African Lion 3 Ltd	**9,154**	13,553	**24**	24
Asian Lion Ltd	**4,895**	2,243	**100**	63
Egan Street Resources	**2,934**	1,111	**17**	16
Erdene Resource Development	**5,216**	-	**4**	-
Nusantara Resources	**13,179**	-	**32**	-
One Asia	**2,496**	7,161	**35**	24*

* The entity ownership of One Asia reflects Lion's direct interest in the investee as at 31 July 2016. Lion's relevant interest at 31 July 2016 including the ownership held by Asian Lion is 36%. The Asian Lion interest in One Asia was transferred to Lion during 2017.

Each of the above companies is involved in the mining and exploration industry.

NOTE 18 SEGMENT INFORMATION

Management has determined the Company's segments based on the internal reporting reviewed by the Board to make strategic decisions. The Company provides patient equity capital to carefully selected small and medium mining enterprises. Investments have similar characteristics and so segments are determined on a geographical basis. Lion invests only in mining and exploration companies and projects with gold and base metal activities in Australia, Africa, South East Asia and the Americas. Information with respect to Geographical Segments is set out below.

2017	**AUSTRALIA $'000**	**AFRICA $'000**	**ASIA $'000**	**AMERICAS $'000**	**UNALLOCATED $'000**	**TOTAL $'000**
Segment Revenue	-	-	-	-	270	270
Mark to Market adjustment	936	(5,084)	4,341	(17)	-	176
Segment Income	**936**	**(5,084)**	**4,341**	**(17)**	**270**	**446**
Segment Expense	-	-	-	-	(1,338)	(1,338)
Segment Result Before Tax	**958**	**(5,084)**	**4,341**	**(17)**	**(1,068)**	**(892)**
Segment Assets	3,468	9,348	25,748	-	3,578	42,142
Segment Liabilities	-	-	-	-	90	90
Other Segment Information						
Assets Acquired during the period	1,032	569	21,636	-	-	23,237
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(1,128)	(1,128)
Net Cash flow from investing activities	(953)	(514)	(7,102)	-	-	(8,569)
Net Cash flow from financing activities	-	-	-	-	-	-

NOTE 18 SEGMENT INFORMATION (continued)

2016	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	96	-	-	238	334
Mark to Market adjustment	4,418	6,722	657	72	0	11,869
Segment Income	**4,418**	**6,818**	**657**	**72**	**238**	**12,203**
Segment Expense	-	-	-	-	(1,356)	(1,356)
Segment Result Before Tax	**4,418**	**6,818**	**657**	**72**	**(1,118)**	**10,847**
Segment Assets	1,523	13,918	12,517	72	13,275	41,305
Segment Liabilities	-	-	-	-	81	81
Other Segment Information						
Assets Acquired during the period	392	477	1,356	-	46	2,271
Cash Flow Information						
Net Cash flow from operating activities	-	23	-	-	(1,087)	(1,064)
Net Cash flow from investing activities	7,926	(293)	(1,356)	-	(46)	6,231
Net Cash flow from financing activities	-	-	-	-	-	-

NOTE 19 EVENTS OCCURRING AFTER THE REPORTING PERIOD

There has not arisen in the interval between the end of the year and the date of this report, any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.

LION SELECTION GROUP LIMITED

Directors' Declaration

In accordance with a resolution of the directors of Lion Selection Group Limited, we declare that:

1. In the opinion of the directors:

(a) the financial statements, notes set out on pages 9 to 27 are in accordance with the Corporations Act 2001 and other mandatory reporting requirements, including:

(i) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the financial position of the Company as at 31 July 2017 and its performance for the year ended on that date; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

2. Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 July 2017.

4. The directors have been given the declaration by the chief executive officer required by section 295A of the *Corporations Act 2001.*

On behalf of the Board

....	....
B J K Sullivan	**R A Widdup**
Chairman	Director

Melbourne
Date: 6 September 2017

Independent auditor's report

To the shareholders of Lion Selection Group Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Lion Selection Group Limited (the Company) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Company's financial position as at 31 July 2017 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The financial report comprises:

- the statement of financial position as at 31 July 2017
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- the notes to the financial statements, which include a summary of significant accounting policies
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

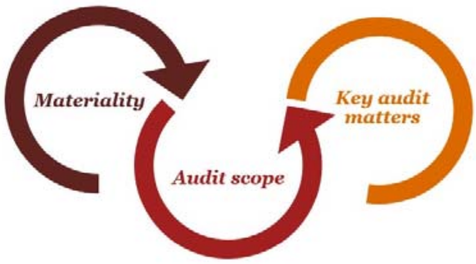
We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

The principal activities of the Company involve investing in mining and exploration companies through a number of listed and unlisted investments.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall materiality of $420,000, which represents approximately 1% of the Company's net assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose net assets, because, in our view the performance of the Company is measured against the net value of investments held and it is a commonly accepted benchmark within the investment industry.
- We used a 1% threshold based on our professional judgement, noting it is within the range of commonly accepted net asset related benchmarks.

Audit scope

- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	How our audit addressed the key audit matter
Carrying value of investments *(Refer to note 3(d), page 19)* The total carrying value of investments comprises 3 levels in line with AASB 13: • Level 1 ($26.9m) • Level 2 ($9.1m) • Level 3 ($2.5m) We focused on the fair value applied by the Company to listed and unlisted investments due to the significant impact any movement in the fair value as at 31 July 2017 could have on the net assets. We also had particular regard to the valuation technique applied by the Company to the investment in One Asia Resources Limited (One Asia) as it continues to be the Company's largest unlisted investment ($2.5m) with ongoing uncertainty around the resolution of the Pani ownership dispute. There is particular judgement involved in estimating the fair value of this investment given it is classified as Level 3 with unobservable input.	We obtained the Company's investment schedule as at 31 July 2017 which includes a listing of each investment held and details the number of shares held and value per share. We reconciled this to the amounts recorded by the Company as at 31 July 2017, identifying no significant reconciling differences. We assessed whether the listed and unlisted investment valuation techniques used by the Company are in accordance with AASB 13 *Fair Value Measurement* and other relevant accounting standards. We tested the fair values applied to investments as follows: ▪ We obtained confirmations of the number of shares held for all material listed and unlisted investments. ▪ For a sample of listed investments (Level 1: $26.9m) we compared their fair value to market quoted prices ▪ For a sample of unlisted investments (Level 2: $9.1m) we obtained and assessed observable market data, if available, such as the most recent transacted price made on arm's length basis. Where not available, we reviewed other available financial information such as the most recent annual reports, financial statements and shareholder presentations in respect of the unlisted investments held by the Company. ▪ For the investment in One Asia (Level 3: $2.5m) we challenged the Company's assumptions and methodology used to determine the fair value of this investment. We reviewed recent transacted prices with third parties, other available financial information such as the most recent annual reports, financial statements and shareholder presentations for One Asia and discussed with the Company's directors other factors taken into consideration by the Company when determining the fair value of One Asia.

Other information

The directors are responsible for the other information. The other information included in the Company's annual report for the year ended 31 July 2017 comprises the Director's Report (but does not include the financial report and our auditor's report thereon), which we obtained prior to the date of this auditor's report. We also expect other information to be made available to us after the date of this auditor's report, including the Chairman's Letter to Shareholders, Lion Selection Group Investment Summary, Lion Manager's Report, Lion Performance, Nusantara Resources, One Asia Resources, Roxgold, Erdene Resources Development Corp, EganStreet Resources, Principal Risks and Uncertainties, Corporate Governance Statement, Shareholder Information, Lion Selection Group Limited Registry and Corporate Directory.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the other information not yet received as identified above, if we conclude that there is a material misstatement therein, we are required to communicate the matter to the directors and use our professional judgement to determine the appropriate action to take.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 3 to 5 of the directors' report for the year ended 31 July 2017.

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2017 complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
6 September 2017