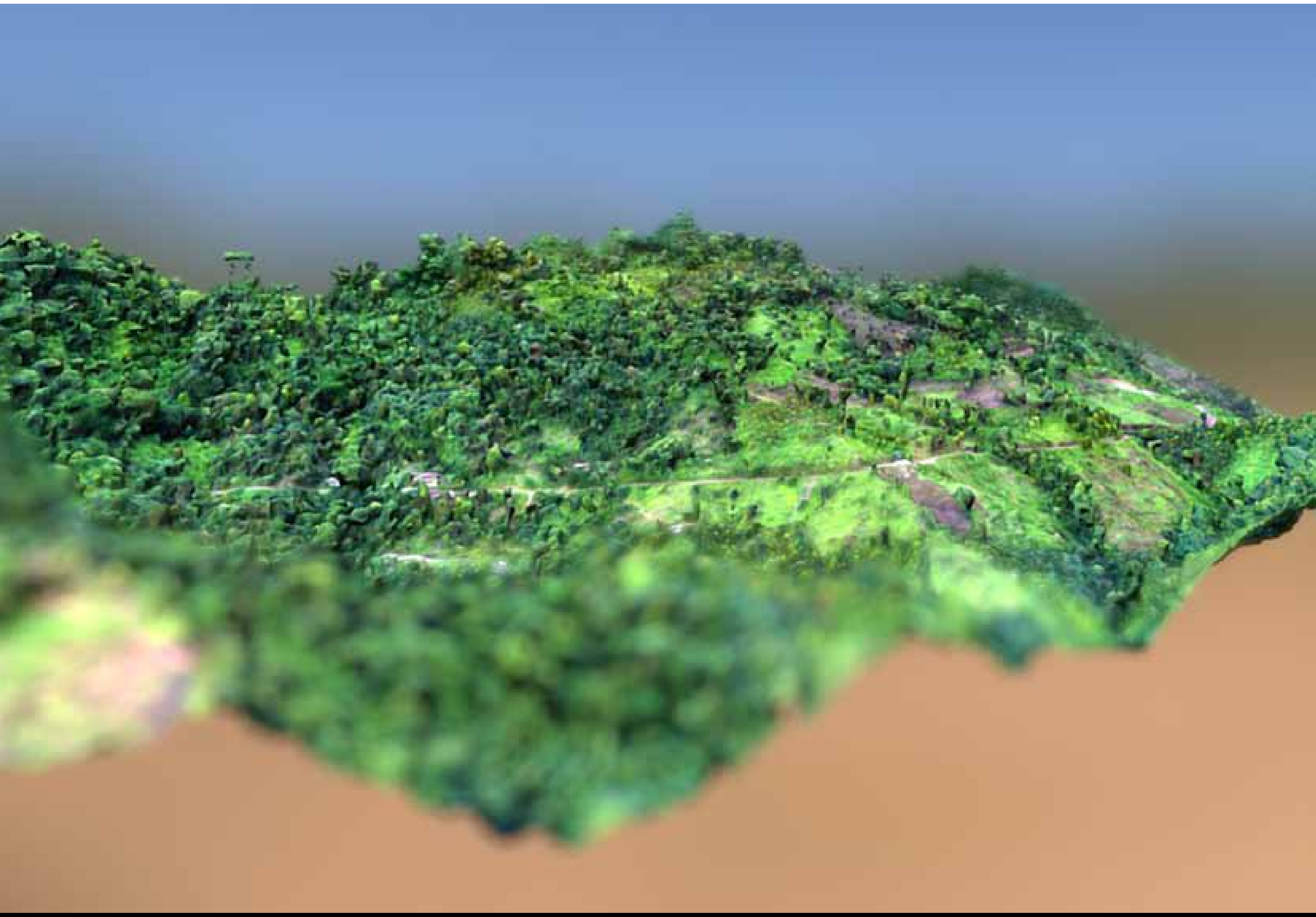
2017 ANNUAL REPORT



BUILDING EMERGING MINERS

Lion Selection Group

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PEOPLE PROJECTS OPPORTUNITIES

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Chairman's Letter to Shareholders

Your directors are pleased to provide you with the annual report for the year ended 31 July 2017. The state of your company is strong, with the current cycle beginning to gather some steam and the companies that comprise Lion's portfolio being increasingly active.

Your directors are pleased to provide you with the annual report for the year ended 31 July 2017. The state of your company is strong, with the current cycle beginning to gather some steam and the companies that comprise Lion's portfolio being increasingly active.

With one eye on the improving resources cycle, Lion sought to keenly back its portfolio, investing $8.7 million including moving to 100 percent ownership of the Asian Lion fund. Lion's financial results were flat during the year with a small increase in the value of the portfolio. Positively, Erdene Development Corporation was rewarded for outstanding exploration success at its Bayan Khundii gold discovery in Mongolia. Offsetting this was share price weakness in TSX-listed Roxgold Inc in line with other gold production companies.

Although not always reflecting in market performance, many companies in Lion's portfolio advanced materially during the year, aided by funds provided by Lion and active contributions from the Lion Manager team. One Asia Resources was successful in the demerger and IPO of its Awak Mas gold project, including a $4.5 million investment from Lion. The newly listed company has rapidly transformed the project, with drilling confirming a new geological model, securing access to low cost grid power, and a metallurgical breakthrough enhancing gold recoveries. One Asia retains its interest in the Pani gold project, where the on-going ownership dispute edges towards resolution with increasing activity in preparation for a feasibility study to be undertaken once this is resolved. One Asia is more fully discussed in Note 3(d) of the financial report and on pages 18 to 19.

Your directors would like to take the opportunity to thank shareholders who contributed to the recent placement and SPP, enabling Lion to lift its cash position. The additional funds provided a welcome boost to help leverage the exciting developments across Lion's portfolio of emerging miners towards production as seen with EganStreet Resources. The company has gone from strength to strength following its IPO in September 2016, with on-going exploration success potentially leading to a step change in the scale of its Rothsay gold project.

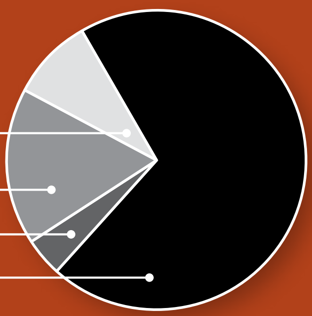
Mining equities have now experienced sustained performance since January 2016, providing confidence to investors of the upswing in the resources cycle. For both the Lion portfolio and the sector, the return of risk capital has enabled multiple IPO's and secondary equity capital raisings, that pleasingly has led to on the ground success.

I would personally and on behalf of all Lion directors like to acknowledge and thank the Lion team who have been active helping many investees take advantage of the improving conditions. Notably, the Lion team is well aligned with shareholders with many being material shareholders, including further investment in your company in recent months.

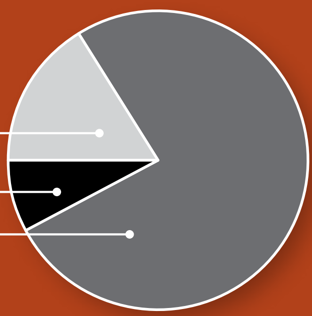
Barry Sullivan
Chairman

Lion Selection Group Investment Summary

By Region
Funds Invested



By Commodity
Funds Invested



AS AT 30 SEPTEMBER 2017	COMMODITY	MARKET VALUE A$M
Australia		
EganStreet Resources	Gold	4.0
Other Australia	Gold	0.5
Africa		
Roxgold	Gold	7.6
Toro Gold	Gold	1.0
Other Africa		1.0
Cash dedicated to Africa[1]		0.6
Asia		
Nusantara Resources	Gold	11.0
One Asia Resources[2]	Gold	2.5
Erdene Resources	Gold	6.3
Other Asia		2.8
Americas	Coal	0.8
Uncommitted Net Cash		**4.3**
Net Tangible Assets		**$42.4m**
NTA Per Share		**36c**

1 Includes committed cash of US$0.4 million to AFL3.
2 One Asia at a value of A$0.04/share, after the in specie distribution of Nusantara Resources.

Note: The above table includes investments held directly by Lion and the value to Lion of investments which are held by African and Asian Lion Funds.

Lion Manager's Report

Miners consolidating

2016 was a pivotal year for mining, featuring the turn from bust to early boom in January 2016, outstanding performance of gold stocks through the year and recovery of large capitalisation miners share prices. 2017 has been a period of consolidation for mining equities, following the impressive gains that were made during 2016, and investor interest has filtered through to junior miners as investor risk appetite increases.

Commodity prices

Mining companies and investors can neither control nor predict what price miners will receive for their product, so a positive perception of the price of commodities play an important part in the recovery of investor sentiment toward miners. Over the period of 2016 – 2017, most mineral commodities shifted from a declining price trend to either level out or begin increasing in price. Fundamentals for many metals look the most positive they have for years, with the unwinding of excess production capacity through production closure and non-development. This coupled with improving commodity consumption outlooks for major global economies, and a side line theme of new energy storage technologies present a robust backdrop for investors assessing the prospects of miners. These themes are likely to be reinforced by Chinese policy, which has resulted in some project closures for environmental reasons, as well as the new outward looking 'Belt and Road' strategy.

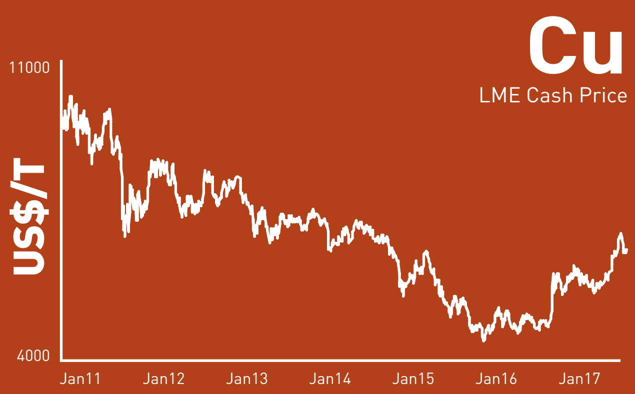
Mining equities

Mining equities maintained a strong outperformance over the rest of the market as shown by the contrast between ASX100 Resources and ASX100 Industrials indices. This was a marked reversal of the period 2011 through to 2015 when Resources underperformed industrials and provides a clear demonstration of investor interest back to Resources. From 1 January 2016 to 30 September 2017, the ASX100 Resources Index had outperformed ASX100 Industrials Index by 43.1%.

Substantial declines in mining equities from 2011 to 2015 saw indices fall below the post Global Financial Crisis lows reached in 2009. Despite recent strong positive performances by mining equities, the various mining indices only recovered back past such levels recently.

The recovery in investor sentiment toward mining equities has been strongly led by gold miners. The gold sector is of special interest to Lion given a high exposure to prospective gold mining companies. As the bust ended, the gold sector as a whole featured the healthiest balance sheets margins – so on a risk / reward basis had the most to offer prospective investors, and enjoyed a fair wind from a strengthening gold price. Since an initial strong outperformance over the rest of the mining sector (January – August 2016), gold equities have since exhibited greater volatility and an overall trend more analogous to the rest of the sector.

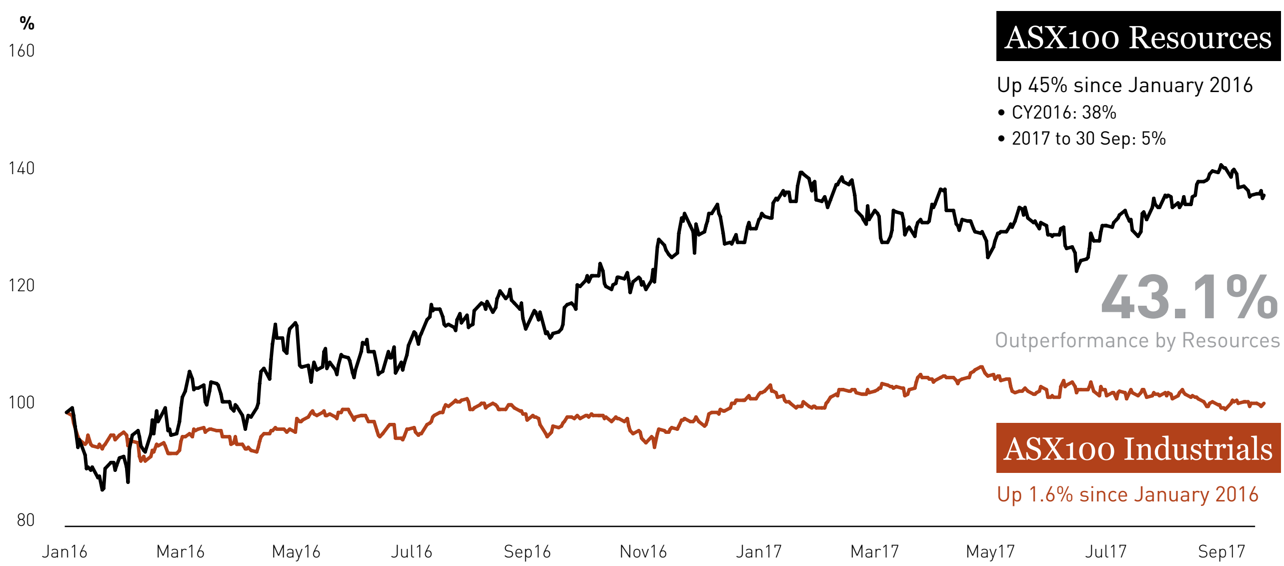
Lion Manager's Report



2016 was a pivotal year for mining, featuring the turn from bust to early boom in January 2016,

Gold equities generally exhibit a strong correlation with gold price, with key drivers being global political events and interplay with the outlook for interest rates. There was one significant exception – from roughly March to August 2017 – which resulted in gold equities significantly underperforming gold price. This occurred as a North American Exchange Traded Fund (the GDXJ) sold down a group of small to medium sized gold producers – not because of their lack of confidence in the sector or the stocks, but because the ETF had experienced such large inflows that it had bought up to takeover limits in most of the stocks it was allowed to hold. When the investable universe was expanded for the GDXJ, it had to rebalance and very publicly advertised its intent to sell a wide range of stocks. Investors reacted by avoiding gold equities to let the selling wash through.

Mining equities outperforming



Source: IRESS

Lion Manager's Report

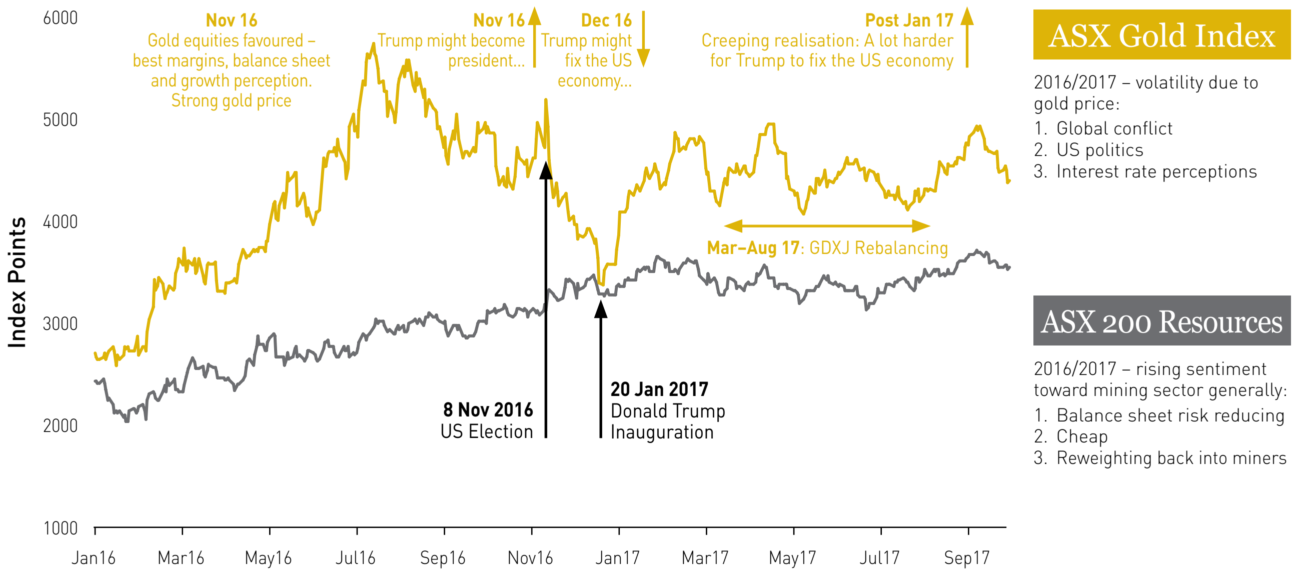
There has been an emerging market perception that increasing interest rates will provide a negative influence on gold, and gold price often trades in response to short term market perceptions on the outlook for interest rates. The focal point has been the US Federal Reserve and US political events, especially the US Presidential election which played out over 2016 and early 2017:

- It began to look apparent in late October / early November 2016 that Donald Trump may be elected as president. The initial market reaction was that Trump would be a volatile and unpredictable president – this produced a positive price reaction in gold
- When the election took place on 8 November, the swing in votes to Trump produced a strong and sharp rally in gold of some US$50/oz. However, his acceptance speech took a tone that was conciliatory and sensible – on the spot this reversed the perception the market had held, and gold fell right through to the inauguration on 20 January 2017, on the perception that Trump might actually be able to fix the US economy which would lead to a strengthening of US rates
- Since January 2017, markets have exhibited somewhat of a creeping realisation that Trump probably won't be able to fix the US economy quite so rapidly, and the outlook to rates has similarly relaxed
- Historically, gold has traded in response to real interest rates, which includes the effect of inflation. Gold has historically performed positively during periods of interest rate rises, as inflation (which prompts rate rises) tends to outrun rates, keeping real rates negative to low.

The mining cycle

The mining bust from 2011 to 2015 sets itself aside of historic busts on account of being the deepest and longest in living memory. It was also highly unusual for the condition of major miners going into the bust. Historically, the largest miners have had the benefit of industry best cost structures and free cash flow that could be used to purchase projects or peers after a fall. This liquidity from the industry was usually the first of the boom, and would provide a signal for other investors to start looking again in mining. This most recent bust however saw many major miners with unsustainable debt loads, accumulated from funding expensive top of the market acquisitions. To reduce debt, many chose or were forced to sell projects, which provided a strong signal to the equity market which followed the industry's lead. This produced an especially aggressive sell down in the largest miners in 2015 – which is fairly clear was capitulation.

Gold equity performance



Source: IRESS

Lion Manager's Report

Investors' collective attitudes toward miners reversed in early 2016: from 'risky' to 'cheap'. This precipitated the commencement of the new mining boom. Strong performance of mining equities since the beginning of 2016 clearly maps the shift in sentiment, but is also historically anomalous. Most booms have been slow to start and have been characterised in their early stages by a transition from negative performance to flat, as opposed to a rapid rebound.

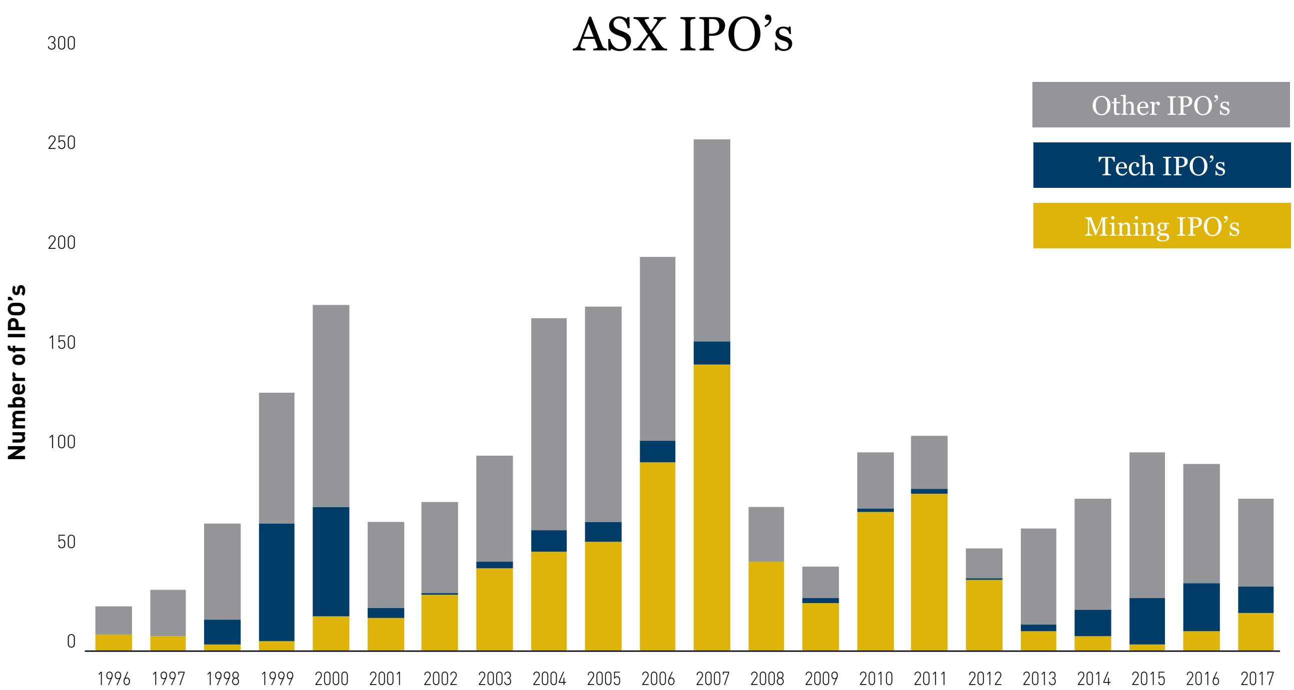
Liquidity – improving steadily

The initial public offering (IPO) market provides a strong indication of liquidity for miners – IPO's are just not possible to execute in a weak market, owing to the difficulty of raising money. The trend in IPO volumes (number of IPO's) shows a steady decline in deals from 2011 to 2015. 2016 saw the IPO market re-open, not only with an increased number of deals completed, but strongly over-subscribed capital raisings associated with many listings. 2017 year to date IPO volumes are already well above 2016 with a well-stocked pipeline. As well as an increasing volume trend, there is evidence of mining IPO's capturing a larger share of the IPO market, most significantly from tech IPO's which is a sector that competes with mining for high risk growth capital in the equity market.

Growth ambition

The whole mining industry cut costs between 2011 and 2015. This involved curtailment of investment by the industry in growth projects (greenfields exploration, project development) as well as deferral of a great deal of required sustaining investment. The end result has been a stalled industry pipeline, contrasted against investors renewed desire for growth.

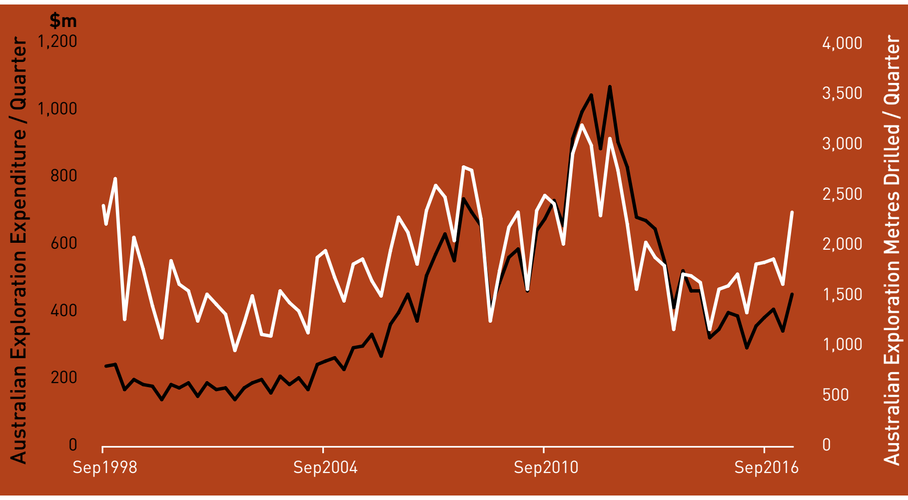
Given the long duration of the mining bust, the pause in assessments and developments has been much longer than previous busts. There are strong indications now that the industry has reinvigorated growth projects, but there are impediments that are likely to make for slow progress. Whole teams were lost and exploration ground dropped as work programs were ceased, so internal capabilities have to be rebuilt. A number of larger companies have supplemented internal growth options with investment into junior companies – a strong indication of growth via M&A to come. Whilst the 2000-2008 and through to 2011 booms were driven by emerging Chinese demand, it is quite possible that the current boom is driven by lack of supply to meet demand, with a commensurate scramble for control of growth assets.



Source: IRESS

Lion Manager's Report

Exploration spend and metres drilled in Australia



Source: Australian Bureau of Statistics

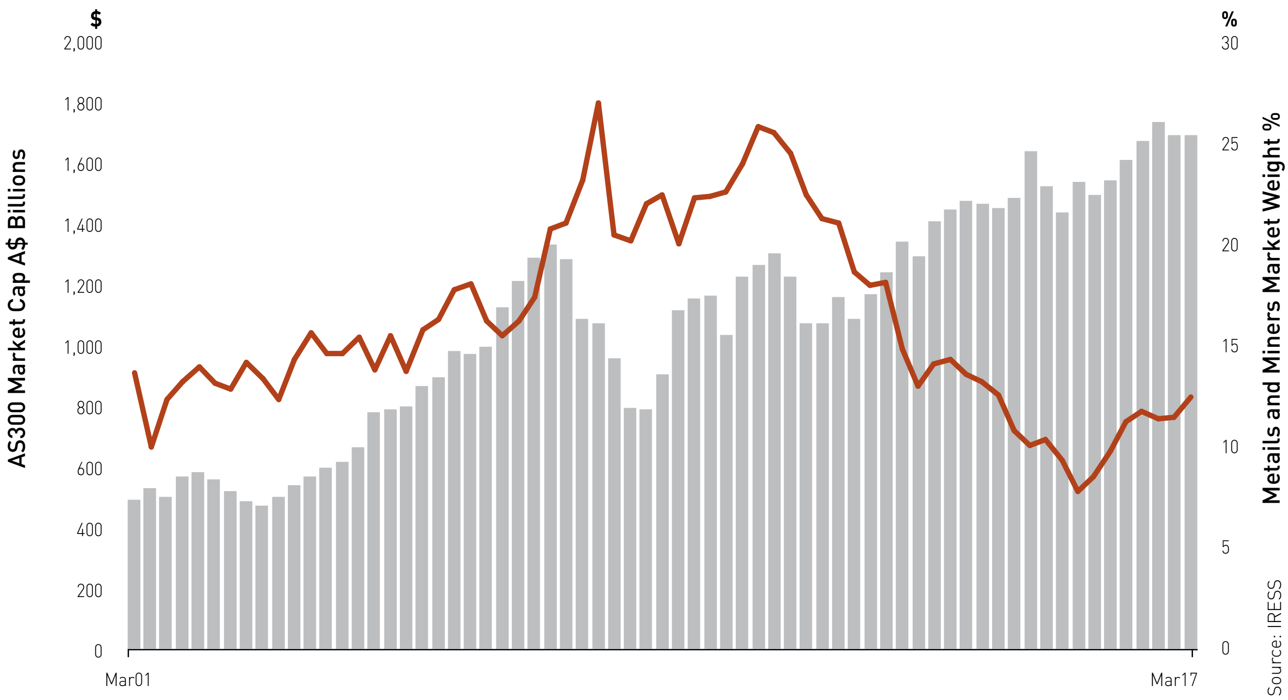
Exploration re-invigorating

Exploration expenditure has broken negative trends in expenditure and activity (meters drilled) that existed from 2012 through to March 2016, according to the Australian Bureau of Statistics. Exploration spend maps the availability of risk dollars to the industry – these budgets are first to be cut, and in many companies budgets need to be raised from the market.

Market weighting

The market weighting of miners reached a multi-cycle low in 2015 of 8% based on their representation in the ASX300. Previous busts levelled out at a market weight of 10-11%, and peak market weighting of miners in 2007 and 2011 was 25%, so the 2015 weighting looks very much like an extreme and that miners had been oversold during capitulation. At 30 September 2017, miners had a market weight of almost 13%, which is around the level that might be expected in the early stages of a boom.

Asx300 capitalisation and market weight of miners



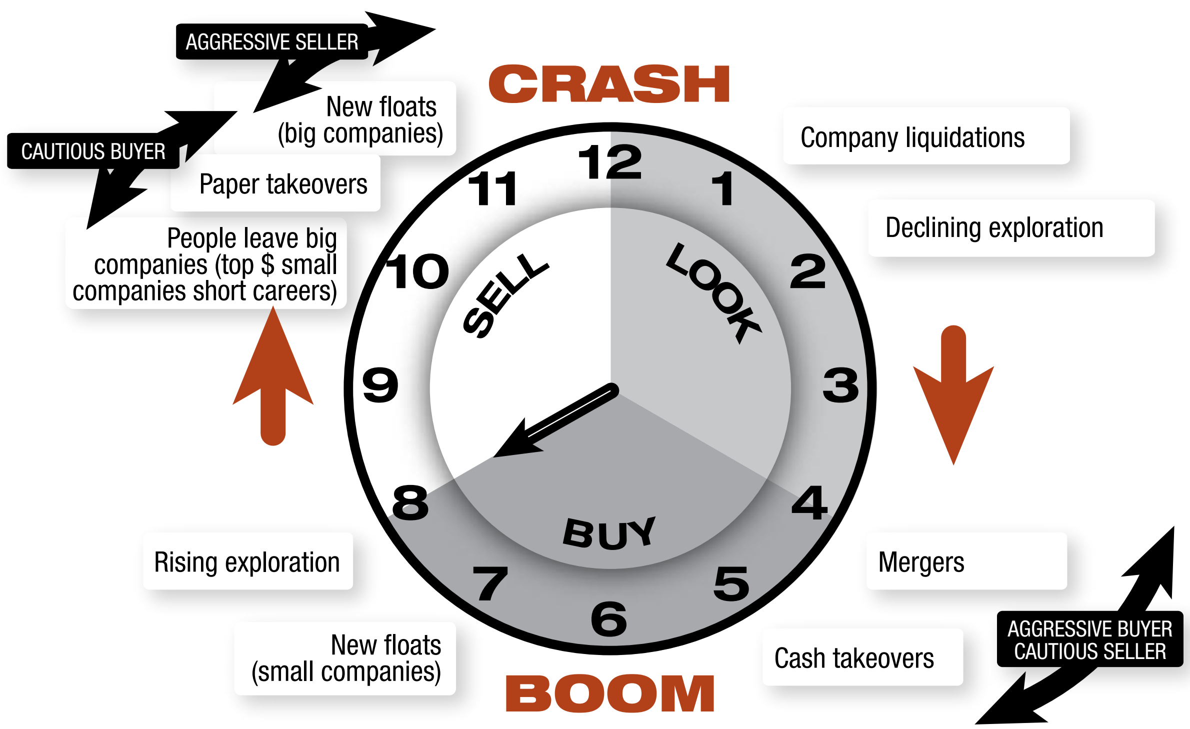
Source: IRESS

Lion Manager's Report

The Lion Clock depicts the mining cycle according to liquidity indicators that are diagnostic of the different stages of the cycle. The clock moved to 6 o'clock in early 2016, after the sense of sentiment toward miners flipped. It became 7 o'clock later in 2016 when the EganStreet Resources IPO was under preparation, as all indications were that the IPO market was opening and investor appetite had commensurately increased.

There has been a sustained increase in exploration expenditure trend over 15 months now, which is well supported by the volume of expenditure being indicated by listed junior companies in their cash flow reporting. Recent capital raising success positions the sector well to fund continued work, and furthermore, investors' response to positive exploration results indicates that the positive trend of expenditure is more likely to continue than not. This is a clear signal of progressed sentiment in the sector —

the time is now 8 o'clock



20 years of Lion

Lion Selection Group was listed on ASX in July 1997, first trading on 23 July 1997. In the same year, the Bre-X scandal broke (March 1997) and this destroyed investors' faith in speculative mining ventures. Later the East Asian Currency Crisis began to bite (July 1997), which led to a market correction and brought on a mining bust. Risk money flowed toward other speculative ventures such as rising technology plays. Lion was afforded the luxury of $100m cash and time to assess numerous opportunities on offer with few other competing sources of capital.

20 years of returns

Over 20 years, Lion has taken several guises, and made distributions via dividends, off market buyback and demerger of Catalpa Resources (which became Evolution Mining).

In this 20 year period, shareholders who bought Lion for $1/ share in the 1997 IPO have received:

- 97cps of dividends.
- 81cps via off market buyback. The opportunity to take part in an off market buy back was in December 2008, which returned $149m to shareholders. The buyback was priced at $1.47/share, against a share price of $0.79/share on the day proceeds were dispatched.
- A share in Catalpa Resources, for every share of Lion held in December 2009. Catalpa Resources became Evolution Mining, which closed at $2.21/share on 30 September 2017.

On the basis of notional reinvestment of distributions, Lion's 20 year Compound Average Growth Rate was 8.6% per annum at 30 September 2017.

Observations from 20 years investing in mining

Mining investment has evolved in 20 years. Investors still buy and sell mining stocks, but risk appetites have changed, the mining industry structure has evolved, and China has entered the market as both a buyer of commodities and investor.

Emergence of China

- China emerged as a significant consumer of commodities in the early 2000's. The urbanisation and industrialisation of such a large population and economy produced immense demand for commodities which drove a huge investment boom from 2000 through to 2011.
- China has also become a significant equity investor and debt provider. Key areas include direct investment or lending to mining projects as well as infrastructure projects. We have observed this first hand and most vigorously across Africa but also evident in many other parts of the world. This trend continues.
- This investment activity has assumed a great deal of the role previously fulfilled by development banks, albeit with different social requirements and strategic endeavours.

Shrinking mining mid-tier

- Between the 1990's and 2011, many mid-tier mining companies were taken over by larger miners acting on ambitions of growth and market dominance.
- The resulted in a tier of much larger major miners with cumbersome organisational structures.
- The large miners swallowed companies that had been leaders in growth, especially exploration. At the size many of the majors have become, they are probably too large to maintain a vibrant exploration culture: there is too large a distance between the company decision makers and the exploration champions, and it becomes increasingly difficult to 'move the needle' on value with exploration concepts (despite the known potential for exploration to create tremendous value). As a consequence of mid-tiers consolidating into the majors, many of the world's best exploration teams were lost.

Population growth of junior miners

- Since 1998, there have been 749 listings of new exploration and mining companies onto ASX via IPO. Countless more have listed by re-occupying a listed 'shell'. Peak of cycle IPO numbers of mining companies was 8 in 1996 and 7 in 1997; versus 143 in 2007 and 78 in 2011.

- Whilst many have disappeared through takeover or lack of funds, the number of small listed miners has grown, to represent a much larger portion of the market (by number). At 30 September 2017, there were 578 companies listed on ASX with GICS classification 'Metals and Mining', plus a further 57 classified as 'Coal and Consumable Fuels', with market capitalisations less than A$200m. Of the official list of entities listed on ASX, approximately 28% of the companies within the 'junior miner' space – a much larger proportion than existed in 1997.

Equity market funding exploration
- Adjusted for an offset between spending and valuation peaks, there has been a relatively constant relationship between the amount of expenditure on exploration in Australia and the value of mining indices. Whilst these are local examples, the trends in both exploration and mining indices are mimics of global trends.
- As noted earlier, the mid-tier of mining has been reduced through M&A, and their new owners (major miners) have not carried on the proportional amount of exploration. In the same time, the population of junior mining companies has expanded.
- The mantle of exploration appears to have shifted, with junior and micro-cap miners which are predominantly funded by the equity market funding a much larger portion of exploration than they used to – owing to a decreased proportion of spend from the larger capitalisation miners.

Investor risk appetite – embraced Africa and Asia
- In 1997, investor interest from Australian investors was much less global than it is today. Originally, Lion aimed to have geographical exposure of 50% Australia, 50% rest of the world, but experienced proportionally far larger deal flow from Africa than it was possible to take up under this restriction, and notably Lion experienced resistance from shareholders in looking to depart significantly from an Australian bias. At the time, there were few examples of ASX listed single asset companies with an African mine.
- The vibrancy of the market now for junior miners with an African focus is testament to market comfortability with Africa. The way has been paved by successful explorers which have found sizeable deposits, and a string of companies who have shown it is possible to find / assess / fund / build / operate a project as a single asset company in Africa.

Lessons learned from 20 years of mining investment

- **People** – never invest in someone that you don't know, like and trust.
- **Country risk** – resource nationalism has escalated over the last decade, and many countries are now No-Go.
- **Commodity** – only invest if the market for the commodity is understood.
- **Project** – resource must be near certain.
- **Clock** – be highly mindful of the time in the cycle and allow this to guide investment decisions. Associated funds with separate teams may act with a different view on time.

Lion Performance

Total shareholder return for Lion Selection Group versus ASX Small Resources Accumulation Index

at 31 July 2017	Lion	ASX Small Resources
1 Year	33.3%	-2.7%
3 Years	4.6%	-3.3%
5 Years	-5.0%	-9.7%
10 Years	6.8%	-8.8%
15 Years	12.3%	5.1%
Return since inception – 20 years	9.0%	2.7%

Lion places the greatest emphasis on long term returns, as this timeframe best matches the investment timeframe approach used by Lion.

Past performance is no guarantee of future performance, but we believe the long term performance illustrated above endorses the Lion investment model which importantly has remained unchanged. Lion takes a portfolio approach to invest in companies with quality people and projects, with the advantage of being able to take a long term investment view, elements which are essential to generating excess returns from the small resources sector.

1. Investment performance figures reflect the historic performance of Lion Selection Group Limited (ASX:LSG, 1997 – 2007), Lion Selection Limited (ASX:LST, 2007-2009), Lion Selection Group Limited (NSX:LGP, 2009-2013) and Lion Selection Group Limited (ASX:LSX, 2013-present)
2. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions
3. Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off market buyback conducted in Dec 2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in Dec 2009. Lion assume all distributions are reinvested, with all non-cash distributions sold and the proceeds reinvested on the distribution pay date.
4. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
5. Past performance is not a guide to future performance.
6. Indices used for comparison are accumulation indices, which assume reinvestment of dividends.
7. Source: IRESS, Lion Manager

Nusantara

This year has been transformational for Nusantara Resources Limited following its successful IPO and ASX listing in August 2017. The development-ready 1.74 Moz Awak Mas Gold Project in Sulawesi, Indonesia benefited from two key breakthroughs:

- **availability of low cost grid power; and**
- **improved gold recoveries using Whole of Ore CIL processing.**

Drilling to validate the geological model, expand the currently defined Mineral Resource and demonstrate potential for deeper mineralisation, is underway with positive results returned from initial holes.

The Awak Mas Gold Project was demerged from One Asia Resources and listed on ASX on 2 August 2017, raising $16.2 million at $0.42/share including $4.5 million invested from Lion (ownership: 32%). The company has rapidly progressed on multiple fronts towards a decision to mine.

Permitting of the 100% owned Awak Mas Gold Project continued, with approvals received for advancing the Contract of Work (CoW) into a three-year Construction Period ahead of a 30-year Operating Period.

During the year Nusantara announced that it had entered into a non-binding MOU with the State-owned power utility PT PLN (Persero) for the provision of grid power to the Awak Mas Gold Project. The MOU covers both interim power to existing facilities, construction work and long-term, low cost power via a high voltage connection.

Upon listing, Nusantara commenced a DFS into the proposed development of the Awak Mas Gold Project. The DFS aims to advance the study work previously completed by One Asia Resources and will be delivered in two stages. Initially, the DFS will focus on mine plan optimisation using the latest Mineral Resource estimate, revised mining costs, and process flowsheet enhancements incorporating the benefits of low cost grid power. This first stage will be delivered in late 2017 with the final DFS targeted for delivery in Q2 2018.

One of the early breakthroughs in the DFS optimisation is improved metallurgical recoveries from Whole of Ore carbon in leach ('CIL') testwork. Testwork has now been completed on samples from five of the seven ore domains, indicating gold extractions ranging from 92% to 98% within a 24-hour leach time. Pending further testwork, an overall gold recovery in the range of 90% to 94% is expected for the project across all domains using this flowsheet. This is a significant recovery breakthrough from the previously considered gold flotation and CIL flowsheet that had anticipated recoveries in the range of 85% to 91%.

The testwork also reported low to moderate consumption rates for lime and cyanide, and low levels of deleterious elements. These results combined with low-cost grid power and previous assessments of moderate grindability, support previous estimates of low processing costs in the range of US$8 to US$10/tonne.

Given the improved gold recovery, a simplified process flowsheet and low processing costs, the DFS will now focus on fully developing Whole of Ore CIL processing infrastructure.

Diamond drilling commenced at the Awak Mas Gold Project, designed to expand the current 1.74Moz Mineral Resource. Initial assay results confirm the tenor and extent of mineralisation, both within and beyond, the existing Mineral Resource. The targeted drill program aims to validate Nusantara's Exploration Target of 0.3Moz to 0.5 Moz, which is additional to the current gold Mineral Resource.

The first two drill holes RTD011 (Figure 2) and LMD004 (Figure 3) both intersected multiple mineralised zones with strong quartz veining and brecciation over significant downhole intervals.

The deeper intersection from 365m in LMD004 demonstrates potential for the gold mineralisation to extend below the current US$1,400/oz resource shell and will be the focus of later exploration drilling.

Results from Phase 1 drilling will be incorporated into a re-estimation of the Mineral Resource in advance of the Ore Reserve and DFS by mid-2018.

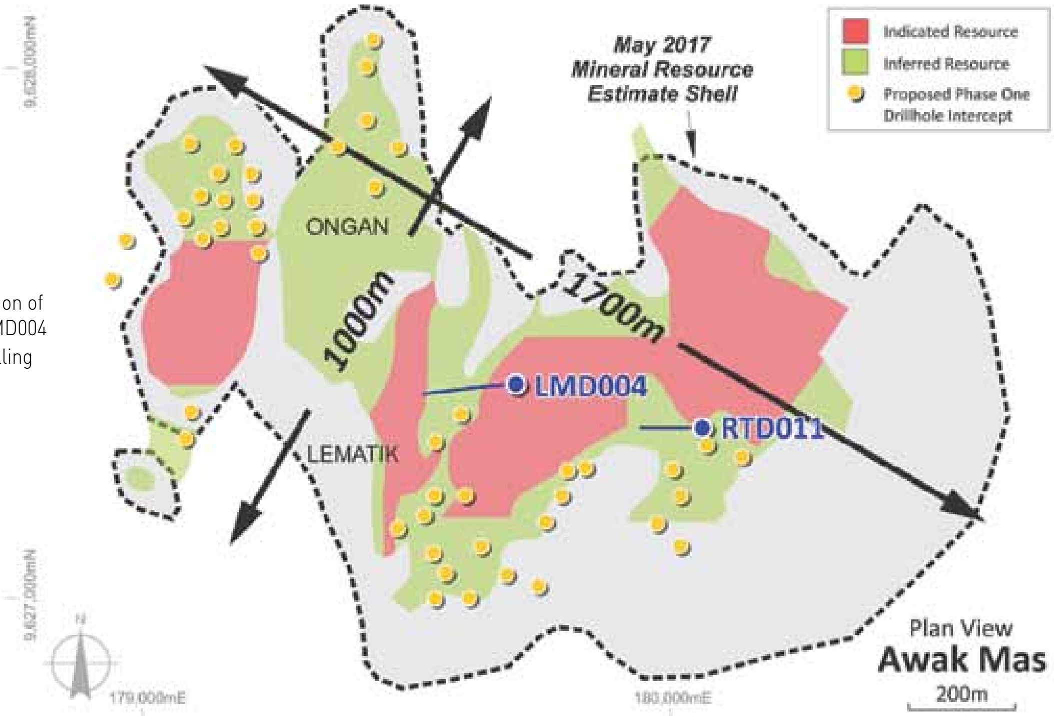


Figure 1:
Awak Mas Deposit – location of drill holes RTD011 and LMD004 and proposed Phase 1 drilling

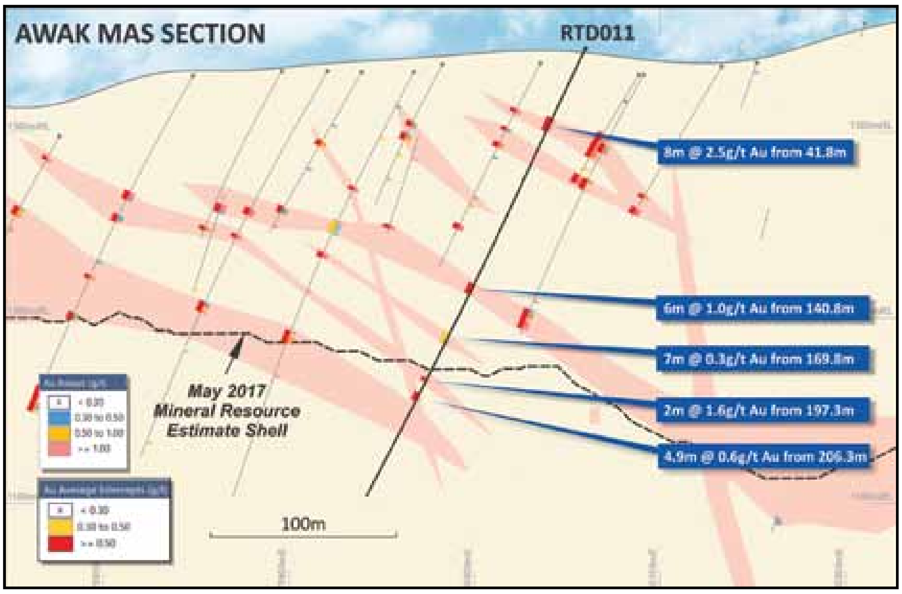


Figure 2:
Cross-section of Awak Mas Deposit showing mineralised intersections >0.3 g/t Au in RTD011

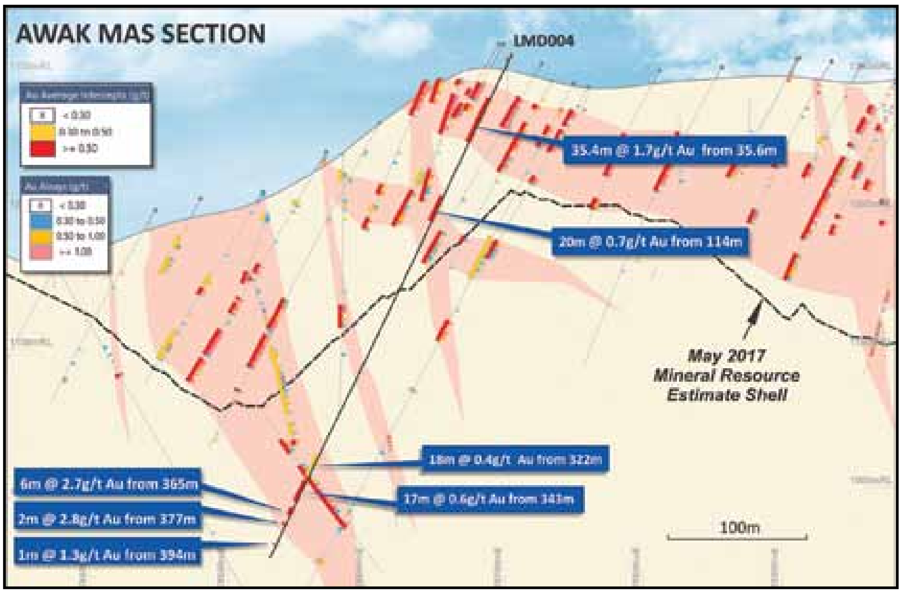


Figure 3:
Cross-section of Awak Mas Deposit showing mineralised intersections >0.3 g/t Au in LMD004.

Roxgold

Yaramoko mine inauguration

Lion holds an indirect investment in Roxgold through its African Lion 3 fund which invested US$17M between 2011 and 2013. Yaramoko's 55 Zone has subsequently evolved into one of the highest grade new gold mines globally with Resource grade of 16.8g/t gold, and Resource and exploration upside remaining to be tested.

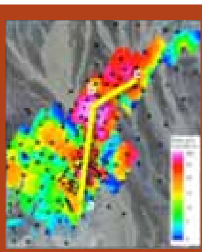
Roxgold has had a highly successful commissioning of the Yaramoko Gold Mine with first gold poured in May 2016 and the declaration of commercial production in October 2016. By 30 September 2017 Yaramoko had produced 169koz of gold at a head grade of 14.9g/t at an average recovery of 98.7%.

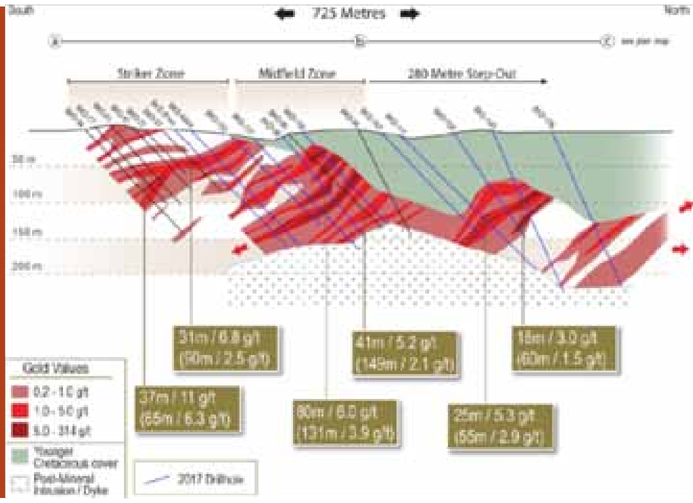
In September 2017 Roxgold increased its guidance for 2017 full year production from 105-115koz to 115-125koz. Forecast cash costs are US$445-490 per ounce and All-In-Sustaining-Costs are US$740-790 per ounce with the mine producing a strong cash flow. The mine development is well ahead of schedule as Roxgold has focused on ensuring there is maximum flexibility in the mine plan.

Upcoming catalysts for Roxgold include the results of a deep drilling program at the 55 Zone testing for high-grade extensions to the mine, as well as infill drilling at the nearby Bagassi South deposit. Roxgold has already defined a high-grade Resource of 257koz @ 16.6g/t at Bagassi South and expects to release a feasibility study on a plant expansion in Q4 2017 to increase production to 130koz per year or more. Regional exploration has also been stepped up with a comprehensive program underway to systematically explore both the second order Yaramoko Shear that hosts the 55 Zone and Bagassi South, as well as the regional Boni Shear that hosts several other gold mines in the area including Semafo's Siou deposit and Endeavour's Hounde Project.

Roxgold is in a strong position with US$50m in cash at 30 June 2017 with long term debt of US$54m.

Erdene Resources Development Corp





Bayan Khundii cross section looking west from Striker to Midfield

Lion holds an equity interest of 4.3% in Erdene.

Erdene is one of the few explorers that have remained active in Mongolia since the Government of Mongolia introduced a moratorium over issuing new exploration licenses in 2010. The Moratorium has since been lifted, in the intervening period however a high number of foreign explorers had been attracted to Mongolia's highly fertile geology, who hadn't managed to secure ground, or were unable to explore and renew positions, left. Erdene has held ground with excellent potential and persevered through this time, to now have two mineral discoveries on its 100% held project areas in South Western Mongolia.

Through a combination of 100% held tenure and a Strategic Alliance with Teck, Erdene is exposed to a substantial holding of unexplored and prospective geology in the fertile gold-copper Tian Shan Belt, which hosts several world class assets.

Bayan Khundii:

- High grade and shallow epithermal gold mineralisation was discovered at Bayan Khundii in 2015, following surface sampling and trenching. Drilling has been in progress ever since, and has now identified mineralisation over a strike of over 1.3km, with a high grade portion of more than 700m.
- Drilling highlights from 2017 include 41m of 5.2g/t gold (Jan 2017), 80m at 6.0g/t gold (May 2017), 108m at 2.8g/t gold (June 2017).
- Bayan Khundi is at the southern end of a surface geochemical trend that extends to the North East for some 5km, and there are further targets to test. Erdene is now working toward a Resource and preliminary economic assessment at Bayan Khundii alongside further drilling assessment of new targets and neighbouring Altan Nar.

Altan Nar:

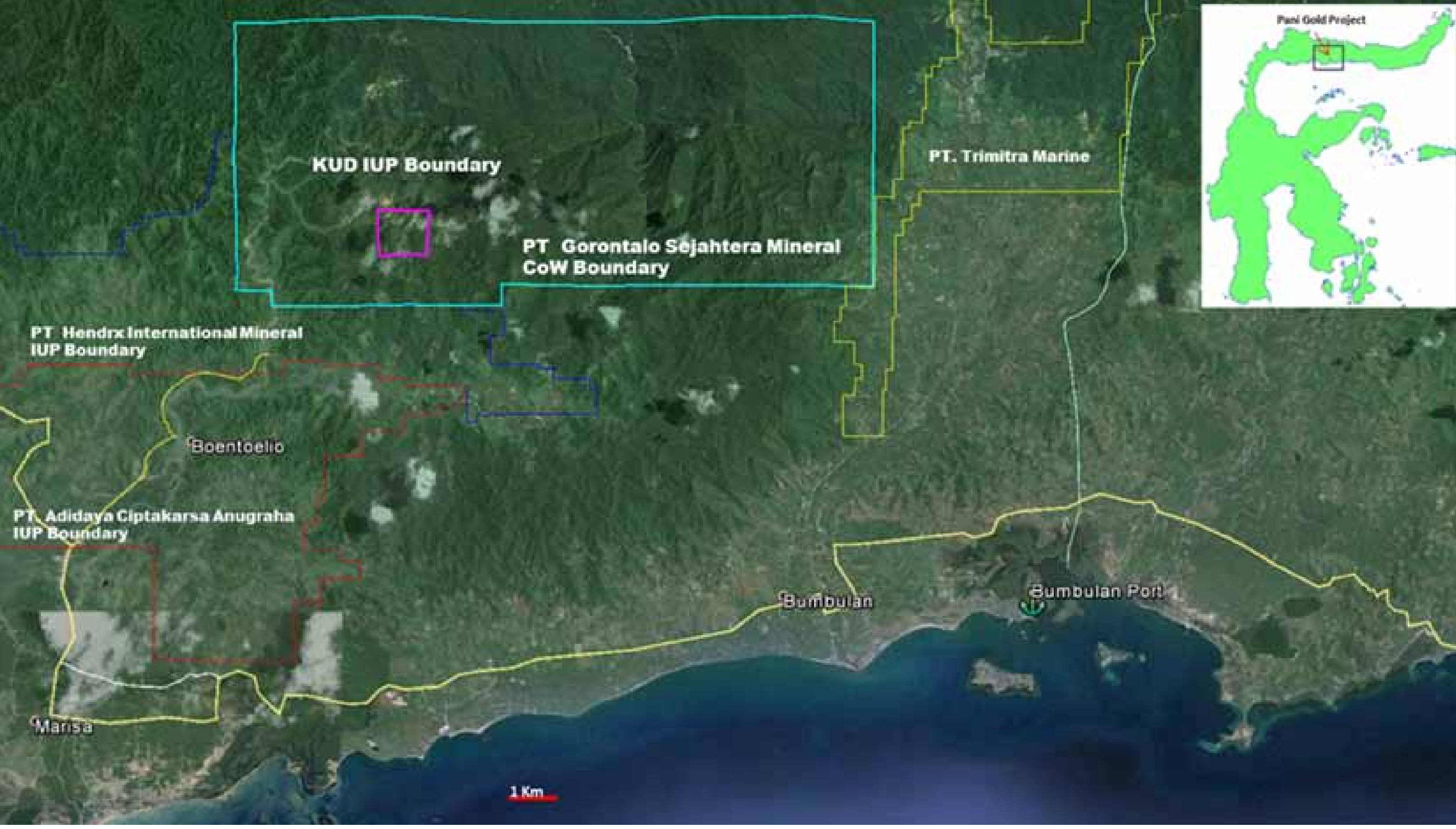
- Epithermal gold / silver / lead / zinc mineralisation was discovered in 2014, and a small Resource was established (249koz Au Eq) based on limited drilling of two of a total of eighteen discrete targets that are clustered within a 5.5km x 1.5km zone.
- More recent (2016 / 2017) drilling by Erdene has tested targets for high grade shoots, based on detailed geophysics and data review. Highlights include 110m of 9.3g/t gold (Dec 2016), 14m at 9.5g/t gold (May 2017) and 20m of 10.3g/t gold (Oct 2017).

One Asia Resources

View of Pani
looking South East

Lion holds a direct 35.3% interest in One Asia following acquisition of Asian Lion earlier in 2017. In previous years Lion held a small direct interest plus an indirect interest via Asian Lion. Lion then increased its ownership by acquiring Asian Lion.

As flagged in last years report, One Asia completed a demerger of Awak Mas to form Nusantara Resources which listed on the ASX in August 2017. Two pathways had been considered and the other was to complete an Awak Mas DFS in-house. The deciding factor was employment of expert mine builder Mike Spreadborough who quickly established an experienced team in Indonesia then completed a successful IPO, raising $16m to fund feasibility and some exploration. Demerger of Awak Mas/ Nusantara allowed One Asia to reduce management, administration and directors' costs with an office relocation and reduced team size.



Pani Project – IUP lease 100% held by local Co-Operative Council, KUD

As documented in previous reports, in May 2015 One Asia agreed a joint venture with Indonesian partner Provident, on the understanding that the Indonesian partner would work with the KUD and local community to resolve the Pani IUP dispute which began in 2013. Steady progress has been made by Provident in all areas following reunification of the KUD early in 2017. An ongoing CSR program is in place.

Provident began its US$4.0m funding commitment earlier in 2017, consequently One Asia does not anticipate further funding obligations on Pani until ownership of the IUP is resolved.

Pani Project – December 2014 JORC Resource

Classification	Tonnes (Mt)	Au Grade (G/T)	Au (Million Oz)
Measured	10.8	1.13	0.39
Indicated	62.5	0.81	1.63
Inferred	16.2	0.67	0.35
Total	**89.5**	**0.82**	**2.37**

On 3 December 2014, One Asia announced an updated JORC Resource of 2,370,000 ounces of gold at the Pani Project. A summary of the geological resources at a cut-off grade of 0.2g/t is tabulated above. The above resource estimates have been calculated from 137 diamond drill holes for 26,017m of drilling and assays on 24,996 primary samples. The mineralisation remains open to the South and West within the IUP boundary.

Technical re-evaluation work began in May 2017 to relog drill core, identify geological domains, distinguish between oxide and primary zones in the resource model, account for coarse gold and review all metallurgical testwork.

No change has been made to One Asia's valuation in Lion's NTA which has simply been reduced from $0.18/share pre Nusantara demerger to $0.04/share following the $0.14/share value attributed to Nusantara. A very large range of possible values could ultimately be realised for Pani once all risk hurdles are removed. Since formation of Lion in 1997 it has been the policy of the Lion board not to revalue investments but to use historic price or written down value. In Pani's case, this is historic price less demerger price and will remain the case until a transaction occurs.

EganStreet Resources

L Franker at
1310 level at Rothsay

EganStreet listed on ASX in September 2016, to complete an assessment for mining and processing gold at its 100% owned Rothsay project in the Southern Murchison region of Western Australia.

In December 2016, the company released a scoping study, which was updated to a Pre-Feasibility Study in May 2017 with the benefit of new drilling results, an updated Mineral Resource Estimate, and metallurgical test work results.

The existing Mineral Resource estimate is for 262,000oz at a grade of 11.6g/t gold. A multi-pronged exploration campaign commenced in July 2017, aimed at growing the resource through fresh discoveries and extensions to the known mineralisation. Early results of this effort have identified a new, high-grade zone that is parallel to the main Woodley's lode as well as two other near-mine prospects, and there remains multi-kilometres of strike of prospective geology to test.

A Definitive Feasibility Study has been progressed significantly, which will now be expanded to incorporate the newly discovered zones, which have the potential to expand the Resource base and production profile at Rothsay.

Lion participated in a placement conducted by EganStreet in September 2017, to maintain a shareholding of 16.6%. Lion also holds 7.7m options exercisable at 25c which expire 13 March 2018.

	Scoping Study Dec 2016	PFS May 2017
Gold Mined	106.2koz	210.7koz
Gold Produced	100.9koz	200.2koz
Life of Mine	3.75 years	5.5 years
Capex + Working Capital	A\$20.5m + A\$4.6m (Tot A\$25.1m)	A\$21.7m + A\$8.9m (Tot A\$30.6m)
All In Sustaining Cost	A\$1056/oz	A\$1020/oz
Life of Mine Free Cash Flow	A\$26.7m	A\$82.3m

The Board of
EganStreet at Rothsay


80 - 81
81- 82
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Principal Risks and Uncertainties

The activities of Lion are subject to risks that can adversely impact its business and financial condition. The risks and uncertainties described below are not the only ones that Lion may face. There may be additional risks unknown to Lion and other risks, currently believed to be immaterial, which could turn out to become material.

Risk Factor	Nature
Investment in resource companies	Lion has investments in a range of resource companies whose exploration, development and mining activities are at varying stages. Lion's investees are subject to operating risks that are inherent to mining and exploration activities, and may influence the financial performance and share price of the investees. The value of Lion's investments in these companies, and in turn the financial performance of Lion itself, will continue to be influenced by a variety of factors including: • general investment, economic and market conditions as outlined above, which can affect the investee's performance and share price; • exploration is a speculative endeavor which may not result in investees finding economic deposits capable of being successfully exploited; • mining operations may be affected by a variety of factors which may or may not be within the control of the investee; • depending on the location of its exploration and/or mining activities, an investee may be subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, and renegotiation or nullification of existing contracts, mining licences and permits or other agreements; • reliance on the performance of key management of Lion, investees and Lion Manager; • investees may enter into hedging transactions to fix the commodity price for a portion of production and there is a risk that the investee may not be able to deliver into these hedges if, for example, there is a production shortage at their mining operations, which could adversely affect the investee's operating performance if the commodity price moves unfavourably; • investees that borrow money are potentially exposed to adverse interest rate movements that may affect their cost of borrowing, which in turn would impact on their earnings and increase the financial risk inherent in their businesses. In this situation there is also risk that an investee may not be able to repay its debts and may be at risk of bankruptcy; • resource nationalisation, politicial unrest, war or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region, which could impact adversely on the business, financial condition and financial performance of the investee; • there is a risk that investees may lose title to mining tenements if conditions attached to licences are changed or not complied with. Further, it is possible that tenements in which Lion's investees have an interest may be subject to misappropriation or legal challenge in jurisdictions without well-established legal systems. • a form of native title reflecting the rights and entitlements of indigenous inhabitants to traditional lands may exist on investee's tenements, such that exploration and/or mining restrictions may be imposed or claims for compensation forthcoming; and • the high initial funding requirements of emerging exploration and mining companies can result in delays in developing projects and a lack of liquidity, which may affect Lion's ability to invest or divest.
Market Movements	The performance of Lion and the prices at which its shares may trade on ASX can be expected to fluctuate depending on a range of factors including movements in inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities and acts of terrorism. Certain of these factors could affect the trading price of Lion's shares, regardless of operating performance. Lion attempts to mitigate these factors by implementing appropriate safeguards and commercial actions but these factors are largely beyond Lion's control. The underlying value of Lion's investments in its investees also may not be fully reflected in Lion's share price.
Reliance on key personnel	A number of key management and personnel is important to attaining the respective business goals of Lion. One or more of Lion's or Lion Manager's respective key employees could leave their employment, and this may adversely affect the ability of Lion to conduct its business and, accordingly, affect the financial performance and share price of Lion. Further, the success of Lion in part depends on the ability of Lion and Lion Manager to attract and retain additional highly qualified management and personnel.
Growth	Lion continues to seek to grow both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Growth also brings substantial demands on management. The Lion board and the Lion Manager apply their experience to the evaluation and financing of new opportunities to determine whether the expected risks and rewards of those opportunities meet Lion's requirements and its strategies for diversification of risk and for capital and income growth. The operating results of Lion will largely depend on the ability of the Lion board to make sound investment decisions.

Corporate Governance Statement

As a professional investor in junior miners, Lion is particularly focussed on the corporate governance of its investee companies. Lion's approach is based on experience through multiple resource cycles and reflects its view that in corporate governance one size does not fit all and careful consideration must be given for smaller mining companies, notably a material sub-set of ASX listed companies. Three key departures are relevant, in particular for pre-production mining companies:

(1)

Because the mineral resource/ore reserve usually has both greater value and risk than purely financial assets, a company's internal controls and processes surrounding establishing and announcing these are one of the most material aspects for pre-production mining companies. This extends to studies that seek to establish parameters around how a mining operation might operate. This area may have been overlooked in the current ASX guidelines and consideration should be given for how mining companies approve such releases, and having geological and mining expertise at board level to understand the issues and provide formal approval. Regulatory debate in 2016 has focussed on scoping study disclosure and restricting release of this information which is vital to investor comprehension and proper functioning of the ASX as a funding mechanism. Lion opposes any restriction on disclosure of feasibility work.

(2)

The ASX Corporate Governance Council requires listed firms to adopt a majority of 'independent' board members without links to management or substantial shareholders (ie 5% or greater shareholding), or explain 'if not, why not'. The concept is that such directors should be more dispassionate and less biased in favour of either management or significant shareholders. We note that there is limited empirical research supporting that such boards add value to a company, and in Lion's experience this structure can be detrimental for junior mining companies. Lion concurs that it is essential that a board operates as an effective check on management, however a non-executive director with a significant shareholding is often better placed to fulfil this role, and has interests closely aligned with the general shareholder register. Junior mining companies often have many challenges to be overcome to develop their projects, and need the necessary entrepreneurial drive to achieve this. In a crisis, an ASX-defined independent director risks being disinterested, overly conservative, or may lack the fortitude to see the task through when their personal incentives are limited to on-going directors fees.

(3)

The ASX guidelines provide that non-executive directors should not receive options with performance hurdles or performance rights as part of their remuneration which may lead to bias in their decision making and compromise their objectivity. Lion notes that pre-production mining companies almost always have limited cash, and issuing appropriately structured options both reduces the cash burden on the company and provides greater alignment with the interests of shareholders.

Corporate Governance Statement

The Board of Directors of Lion is committed to high standards of corporate governance. This statement summarises the Company's corporate governance framework. Full documentation may be viewed on Lion's website, www.lionselection.com.au/about-lion.

The Board

The Board of directors monitors the progress and performance of Lion on behalf of its shareholders, by whom it is elected and to whom it is accountable. The Board charter seeks to ensure that the Board discharges its responsibilities in an effective and capable manner.

The Board's primary responsibility is to satisfy the expectations and be a custodian for the interests of its shareholders. In addition, the Board seeks to fulfil its broader ethical and statutory obligations, and ensure that Lion operates in accordance with these standards. The Board is also responsible for identifying areas of risk and opportunity, and responding appropriately.

Responsibility for the administration and functioning of Lion is delegated by the Board to the Chief Executive Officer and to Lion Manager Pty Ltd (the Manager), which provides investment management services to the Company. Through monitoring the performance of these parties at least annually by way of performance evaluations, the Board ensures that Lion is appropriately administered and managed. Lion's investments are managed by the Manager. Lion's Board reviews the Manager's performance internally through the Manager's reports, processes and presentations. The Board monitors the Manager's staffing and processes.

In addition, the Board guides strategic planning and ensures it adheres to the interests and expectations of Lion's shareholders, manages risks and opportunities, and monitors company progress, expenditure, significant business investments and transactions, key performance indicators and financial and other reporting.

Composition of the Board

Lion recognises that Recommendation 2.1 of the Principles and Recommendations of the ASX Corporate Governance Council suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of Lion's Board, the Board in its entirety, acts effectively as Nomination Committee and there is no need to further subdivide it. As such, a Nomination Committee is an unnecessary measure for Lion.

The Lion Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development.

It is a policy of Lion that the Board comprises individuals with a range of knowledge, skills and experience which are appropriate to its objectives.

Lion's Constitution provides that the number of directors is to be determined by the Board and shall not be less than three. As a matter of policy, the Board is comprised of a majority of independent non-executive directors. At present, the Company has four directors – three independent non-executive directors, being Barry Sullivan (who is also the Chairman), Chris Melloy and Peter Maloney, and an executive director, Robin Widdup. The relevant skills, experience and expertise of each director as well as the period of office held by each director are described on page 33 of the Director's Report.

Independence

The independent and objective judgment of Lion's directors is of paramount importance to the effective operation of the Board. Independence is defined for the purposes of the director as he/she being independent of any business relations, whether managerial or otherwise, with Lion or its actual or potential investments which might interfere with their ability to make sound, unfettered, objective judgments, and act in the best interest of Lion and its shareholders.

The directors' independence is regularly assessed by the Board.

Relationship with African Lion (AFL)

Under the terms of the Shareholder Agreement for AFL, all shareholders in certain circumstances, will refer investments contemplated under the investment policy to the fund. Shareholders have the right to co-invest with the fund in certain circumstances.

The Manager has been appointed by the shareholders of this fund to implement its investment strategy and manage its investments. This includes all steps of the investment selection process and making of recommendations to the Investment Committee of the fund.

Corporate Governance Statement

A management agreement has been established to formalise the relationship between the fund and the Manager. The Manager, under this agreement, undertakes to act as investment manager for the fund. The Manager is at liberty to engage specialists and consultants as appropriate to assist in the assessment process and provides a regular flow of information to Lion's directors.

However, the investment committee including Lion's representative retains the power to make the final investment decision on the basis of this information and advice. This retention of final investment decisions allows the investment committee to effectively review the function and proficiency of the Manager and of the investment selection processes.

Corporate Governance
The Board will at least annually review Lion's corporate governance policies and practices and seek assurance that the policies and practices are being observed, and that subject to size constraints, they are consistent with contents and format of the corporate governance statement required by the Australian Stock Exchange (ASX).

Audit Committee
The Board and the external auditors are accountable to shareholders. The Audit Committee is accountable to the Board.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing:

- the financial information that will be provided to shareholders and the public;
- the systems of internal controls that the Board and the Manager have established; and
- Lion's auditing, accounting and financial reporting process.

The Audit Committee consists only of non-executive directors, all of whom are independent. All members of the Audit Committee must have a working knowledge of basic finance and accounting practices.

The external auditor and members of the Manager and Board of Directors may be invited to attend the meetings and to provide information as necessary.

Members of the Audit Committee at the date of this report are Peter Maloney (Chairman), Chris Melloy and Barry Sullivan.

Nomination Committee
Lion recognises that Recommendation 2.1 of the Principles and Recommendations of the ASX Corporate Governance Council suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of Lion's Board, the Board in its entirety, acts effectively as Nomination Committee and there is no need to further subdivide it. As such, a Nomination Committee is an unnecessary measure for Lion.

The Lion Board as a whole reviews the size, structure and composition of the Board including competencies and diversity, in addition to reviewing Board succession plans and continuing development.

Nomination, Appointment and Retirement of Directors
The directors of the Board are specifically and individually selected for their diverse skills and knowledge already acquired through their education, professions, experience, positions held and ongoing exposure to industry.

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board selects a panel of candidates with appropriate expertise and experience and, after assessment, appoints the most suitable candidate.

Lion's Constitution requires that directors appointed by the Board submit themselves for re-election at the first meeting of shareholders following their appointment. Whilst directors are not appointed for a fixed term, under the Constitution, one-third of the directors (excluding any Managing Director) must retire by rotation each year and submit themselves for re-election by shareholders.

Directors' Access to Professional Advice
In the discharge of their duties, directors have the right to seek independent professional advice at the expense of the Company subject to the prior approval of the Chairman.

Compensation Arrangements and Remuneration Committee
Due to the small size of the Lion Board and the fact that remuneration matters are monitored by the Board in its entirety, the Board believes a separate Remuneration Committee is unnecessary and inappropriate.

Neither the Executive Director nor Chief Executive Officer receives any remuneration from the Company, but are paid by the Manager, which receives fees from the Company as per the Management Agreement. Additionally, remuneration matters for the Company predominantly relate to the remuneration paid to the Manager, something which is addressed by a set formula in the Management Agreement.

Corporate Governance Statement

Lion's Constitution stipulates that the aggregate remuneration available for division amongst the non-executive directors is determined by the shareholders in general meeting. With shareholder approval, the aggregate was increased to $200,000 per annum commencing 1 August 2011. This amount, or some part of it, is divided among the non-executive directors as determined by the Board. At present the aggregate annual remuneration paid to non-executive directors is $132,000.

Performance Evaluation

The small scale of the Board and the nature of the Company's activities make the formal establishment of a performance evaluation strategy unnecessary. Performance evaluation is managed by the Chairman. The Chairman assesses each Board member's performance and the performance of management (including the Chief Executive Officer), the Board as a whole and its committees on an annual basis. This process includes one-on-one and collective meetings.

Business Risks

The Board aims to reduce investment risk through diversifying investments geographically and avoiding over dependence on a single commodity, investee company or country. In certain circumstances the Board may elect to have higher concentrations of the Company's portfolio in a particular commodity, investee company or country if the anticipated rewards merit this approach.

Risks associated with the exploration and mining industry include geological, technical, management competence, political, title and commodity pricing risks.

The main areas of business risk to the Company arise from:

- failure of an investee company due to one or a number of the above risks;
- downturn in the stock market; and
- changes to the law – corporations/ taxation legislation.

Individual investments each have their own risks which relate to the mining industry generally. Under the guidance of the Lion board, the Manager has established procedures relating to investment and divestment decisions, and management of investments with emphasis on risk assessment. The Manager reports through monthly reports and at Board and investment meetings on Lion's investments and related risk.

The activities of Lion are subject to risks that can adversely impact its business and financial condition. Principal risks and uncertainties are described on page 22.

Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of both the Company and the Manager.

The directors of Lion, all company employees, directors and employees of the Manager, undertake to preserve the highest standards of integrity, accountability and honesty in their dealings, operating in strict adherence to statutory and ethical obligations. These individuals are mindful and respectful of relevant policies and responsibilities.

The Company's practices are stringently monitored by the Board, while the Board itself is subject to the principles of its charter and upholds a high standard of independence, objectivity and openness in its dealings and relationship with shareholders and the management team.

The Shareholder Communications Strategy, the Securities Trading Policy, and the Continuous Disclosure Policy collectively form a solid ethical foundation for company practices.

Securities Trading Policy

Lion has an established Securities Trading Policy. This policy is summarised below.

As a result of the nature of the business of Lion (together with any subsidiaries, and the Manager referred to as the Lion Group), directors, officers and other employees of the Lion Group will be in possession of information regarding a wide range of small and medium sized exploration and mineral production companies. From time to time some of this information may be classified as 'inside' information. They may also be aware of potential transactions between small and medium sized exploration companies and other companies.

Lion has adopted a policy and procedure designed to prevent the possibility of any actual or perceived conflict of interest between the interests of the Lion Group and its directors, officers and employees. They are also designed to prevent any insider trading by any director, officer or employee of Lion in the securities of Lion, investee companies and other companies where they may be in possession of insider information.

Supervisory and Compliance Procedures

Lion has procedures to ensure all directors, officers and employees of Lion are familiar with these policies, that they are reviewed on a regular basis and updated as necessary.

The trading activity of each director, officer and employee is reviewed from time to time.

Corporate Governance Statement

Compliance procedures are in place which restrict trading by directors, officers and employees in securities of small and medium sized exploration and mining companies, and companies where a potential conflict of interest may occur.

Continuous Disclosure Policy
Lion is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. The practices of Lion are fully compliant with the ASX listing rules, including in particular those regarding continuous disclosure.

Lion will immediately notify the market of any information concerning itself which is not subject to the exceptions in the ASX Listing Rules and which a reasonable person would expect to have a material effect on the price or value of Lion's securities.

The Chief Executive Officer and the Company Secretary of Lion (Management) is responsible for the regular review of Lion's affairs to ensure that any relevant information is promptly announced to the ASX. Management is well aware of its legal responsibilities regarding continuous disclosure under the ASX Listing Rules. Management ensures that the processes governing the review and release of material information ensures compliance with these obligations, and that information is released in an efficient and consistent fashion. Where there is any disagreement or ambiguity as to the release of particular information, members of management will consult the full Board. Events such as trading halts, if they occur, will be arranged by the Management.

Release of material information to the ASX is conducted by Lion's Company Secretary. Where the ASX contacts Lion, for example in the event of unusual share price fluctuations, communications are managed by the Company Secretary.

The Company expects investee companies to adopt and adhere to the same standards of continuous disclosures.

Shareholder Communication
In addition to the management and investment services the Manager provides to Lion, it also provides comprehensive investor relations services which are reviewed annually by the Lion board. Both the Lion board and the Manager are mindful of the importance of not only providing information, but also encouraging and enabling two-way communication between the Company and its shareholders.

Lion's Other Corporate Governance Policies

Local Indigenous Communities
Lion has a policy that developments of Investees are not exploitative of local and indigenous communities and to assist such communities through symbiotic project development. This assistance is likely to focus on health, education and employment of indigenous people near to Investee companies' development projects.

Environment
Lion has a policy that environmental impact of developments is in line with country/international standards and does not adversely impact local communities.

Statement of Social Governance
It is the Company's objective to achieve sustainable economic and social benefits to the communities in which mineral activity takes place by:

- recognising local realities and concerns;
- promoting dialogue and participation;
- building social and economic capital; and
- integrating activities locally and regionally.

To achieve its social governance objectives, the Company considers the following areas of activity:

- Exploration/access to land and resources.
- Project development and governance of mining and processing activity.
- Rent (royalty, tax etc) capture and distribution.
- Stewardship of water, biodiversity and energy use.
- Waste management.
- Social and environmental aspects of mine closure.

Director's 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
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 loss: $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.

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 ➔

	2017 $'000	2016 $'000
Gains/(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
Gains/(Loss) attributable to movement in fair value of investments	**176**	11,869
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
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

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 above.

Director's Report

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).

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 or 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 on page 31. The benefits provided to Key Management Personnel are fixed with no at-risk components of remuneration.

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 on page 32. No shares or options were issued as 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 P 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		TERMINATION BENEFITS	POST-EMPLOYMENT SUPERANNUATION	TOTAL
		SALARIES/ FEES	CASH BONUS			
NAME	NOTES	$	$	$	$	$
Directors						
P J Maloney		5,083	-	-	27,917	**33,000**
C P 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 2016
Directors				
P J Maloney	1,740,389	-	-	1,740,389
C P 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**

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 P 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**

* 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.

Lion had no options on issue during 2017.

Director’s Report

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.

Director's Report

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, Officers and Auditors
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 36.

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
Chairman

R A Widdup
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	Melbourne
Partner	6 September 2017
PricewaterhouseCoopers	

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

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 42 to 58 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's position 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
Chairman

R A Widdup
Director

Melbourne
Date: 6 September 2017

Financial Statements

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.

Financial Statements

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.

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 and 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

Financial Statements

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 loss	-	(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

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 2017. 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.

(b) New accounting standards and interpretations (continued)

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.

(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.

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

(h) Income tax (continued)

- 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.

(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,

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

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 derecognised 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.

(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.

(o) Provisions (continued)

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.

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	26,896	9,172	2,496	**38,564**
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.

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

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 into Level 3 (from level 2)	**(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**

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.

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

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.

Results of Investments Realised During Year		
Proceeds from sale of shares	**133**	8,318
Historical Cost of investment sales	**(2,615)**	(6,736)
Gross profit/ (loss) 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

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

NOTE 5. INCOME TAX EXPENSE

(a) Statement of Comprehensive Income		2017 $'000	2016 $'000
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 other 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		**-**	**-**

(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)

	2017 $'000	2016 $'000
Sundry Debtors	**21**	11
Total current receivables, net	**21**	11

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

NOTE 7. FINANCIAL ASSETS

	2017 $'000	2016 $'000
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)

	2017 $'000	2016 $'000
Plant, Property and Equipment – Cost	**77**	77
Accumulated Depreciation	**(43)**	(34)
Total other assets	**34**	**43**

NOTE 9. PAYABLES (CURRENT)

	2017 $'000	2016 $'000
Sundry creditors and accruals	**90**	81
Total current payables	**90**	**81**

NOTE 10. RETAINED PROFITS & RESERVES

Movements in retained earnings were as follows:

	2017 $'000	2016 $'000
(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

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

NOTE 11. CONTRIBUTED EQUITY (continued)

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.

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

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 $'000	2016 $'000
(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 and 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)

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

NOTE 16. RELATED PARTY DISCLOSURES (continued)

(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.

(c) Key Management Personnel Remuneration

	2017 $'000	2016 $'000
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	
	2017 $'000	2016 $'000	2017 %	2016 %
The Company had direct ownership of the following material investments at year end:				
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.

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

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 inflow from operating activities	-	-	-	-	(1,128)	(1,128)
Net Cash inflow from investing activities	(953)	(514)	(7,102)	-	-	(8,569)
Net Cash inflow from financing activities	-	-	-	-	-	-
2016						
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 inflow from operating activities	-	23	-	-	(1,087)	(1,064)
Net Cash inflow from investing activities	7,926	(293)	(1,356)	-	(46)	6,231
Net Cash inflow from financing activities	-	-	-	-	-	-

NOTE 19. EVENTS OCCURING 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.

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.

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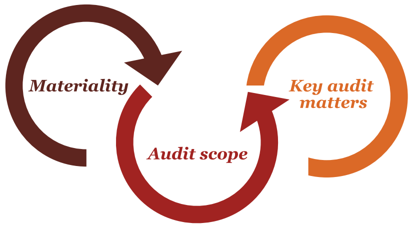
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au



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 49)* 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 29 to 32 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

Shareholder Information

Top 20 holders of ordinary fully paid shares – 30 September 2017

RANK	NAME	NO. OF SHARES	% OF UNITS
1	BNP Paribas Noms Pty Ltd ‹ Drp ›	12,196,366	10.48
2	National Nominees Limited	11,208,494	9.63
3	Rojana Hero Pty Ltd	6,219,973	5.34
4	Mr Robin Anthony Widdup + Mrs Janet Widdup ‹ Widdup Super Fund A/C ›	5,478,104	4.71
5	J P Morgan Nominees Australia Limited	4,550,139	3.91
6	Mr Mark Gareth Creasy	4,448,976	3.82
7	Mirrabooka Investments Limited	4,360,378	3.75
8	Mr Michael David Brook + Mrs Jenny Lee Brook ‹ MD & JL Brook Super Fund A/C ›	3,464,048	2.98
9	Inconsultare Pty Ltd ‹ Morrison Family S/F A/C ›	3,000,000	2.58
10	CPAC Melloy Super Pty Ltd ‹ Melloy Super Fund A/C ›	2,962,478	2.55
11	HSBC Custody Nominees (Australia) Limited	2,717,551	2.33
12	Mr Dominic Paul McCormick	1,719,718	1.48
13	Mrs Pamela Julian Sargood	1,500,000	1.29
14	Pejali Pty Ltd	1,345,579	1.16
15	WWW Management Pty Ltd ‹ Widdup Family A/C ›	1,256,742	1.08
16	Branjee Farm Pty Ltd	1,181,642	1.02
17	Majoli Pty Ltd	1,167,079	1.00
18	WAL Assets Pty Ltd ‹ The L A Wilson Property A/C ›	1,164,944	1.00
19	Melcor Investments Pty Ltd	1,116,513	0.96
20	Avanteos Investments Limited ‹ Clearview S/P A/C ›	1,012,622	0.87
Total Top 20 holders of ORDINARY FULLY PAID SHARES		**72,071,346**	**61.92**
Total Remaining Holders Balance		**44,330,298**	**38.08**

Distribution of Shareholdings as at 30 September 2017

SIZE OF HOLDING (ORDINARY FULLY PAID SHARES)	NO. OF SHAREHOLDERS
1 – 1,000	262
1,001 – 5,000	961
5,001 –10,000	327
10,001 – 100,000	498
100,001 Over	118
Total Shareholders	**2,166**
Number of ordinary shareholders with less than a marketable parcel	428

Shareholder Information

Voting Rights

All ordinary shares issued by Lion Selection Group Limited carry one vote per share without restriction.

Substantial Shareholders as at 30 September 2017

The following information is extracted from notices received by the company.

NAME	NO. OF ORDINARY SHARES
OneVue RE Services Limited (formerly Select Asset Management Limited)	12,823,816
Robin Anthony Widdup	12,954,819
Cooper Investors Pty Limited	11,320,282

Lion Directors and Lion Manager Holdings

As at 30 September 2017, the members of the Lion Board and Lion Manager held shares directly and/or indirectly in Lion Selection Group Limited as follows:

NAME	NO. OF ORDINARY SHARES
Peter Maloney	1,740,389
Chris Melloy	4,861,824
Barry Sullivan	727,358
Robin Widdup	12,954,819
Craig Smyth	416,743
Tim Markwell	40,022
Hedley Widdup	801,491
Total	21,542,646

Lion Selection Group Limited Registry

You can gain access to your security holding information in a number of ways. The details are managed via our registrar, Computershare Investor Services, and can be accessed as outlined below.

Computershare Investor Services Pty Limited

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact

INVESTORPHONE

InvestorPhone provides telephone access 24 hours a day 7 days a week.

STEP 1 Call **1300 850 505** (within Australia) or **61 3 9415 4000** (outside Australia)

STEP 2 Say **'Lion Selection Group Limited'**

STEP 3 Follow the prompts to gain secure, immediate access to your holding details, registration details and payment information.

INTERNET ACCOUNT ACCESS VIA INVESTOR CENTRE

Securityholders can view their details online via Investor Centre:

STEP 1 Go to **www.investorcentre.com**

STEP 2 Select 'Access a Single Holding'

STEP 3 Enter your Securityholder Reference Number (SRN) or Holder Identification Number (HIN), postcode or country if outside Australia

STEP 4 Enter **LSX** or **Lion Selection Group Limited**

STEP 5 Agree to the Terms and Conditions and type in the characters shown and click 'Login'.

Alternatively, update your details or manage your portfolio by registering as a member of Investor Centre:

STEP 1 Go to **www.investorcentre.com**

STEP 2 Click on 'Login' and enter your **User ID** and **follow the prompts** to login, or for new users click on the 'Create Login' link and follow the prompts to register.

Corporate Directory

Registered and Principal Office

Level 2
175 Flinders Lane
Melbourne Vic 3000

Tel: +61 3 9614 8008
Fax: +61 3 9614 8009
Email: info@lsg.com.au
Website: www.lionselection.com.au

Directors

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

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067
Postal Address – GPO Box 2975 Melbourne Vic 3001

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact
Website:	www.computershare.com

Chief Executive Officer
Craig Smyth

Company Secretary
Jane Rose

Auditors
PricewaterhouseCoopers

Roxgold camp aerial

Roxgold

Lion Selection Group

Lion Selection Group Limited
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