

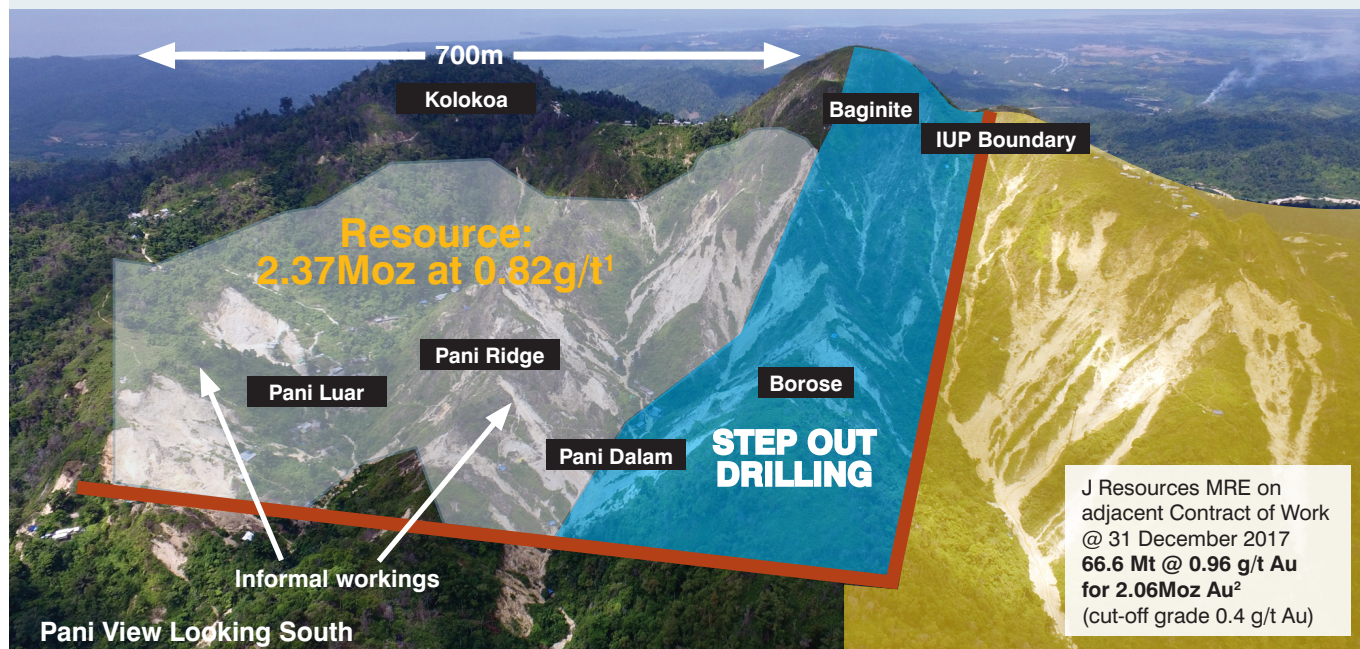
Lion Selection Group

QUARTERLY REPORT FOR THE 3 MONTHS ENDED 31 JANUARY 2019

SUMMARY – INVESTMENT HIGHLIGHTS

Pani Joint Venture

- Merdeka Copper Gold becomes Lion's joint venture partner purchasing 66.6% Pani JV for US\$55m cash, imputing a look through value of \$39m for Lion's 33.3% interest.
- Joint venture agreement entered formalising the arrangements for the Pani JV.
- Drilling planned to test continuity of mineralisation on the Pani IUP towards the adjacent Contract of Work owned by J Resources, pending necessary permits.
- Potential exists for a large tonnage, low grade disseminated gold deposit amenable to bulk mining.



Nusantara Resources

- Welcomes Indika as partner and initiates steps to finance and ultimately develop the Awak Mas gold project.
- Exploration drilling commenced at near-mine prospect adjacent to Awak Mas.

EganStreet Resources

- Mineral Resource Estimate at 100% owned Rothsay gold project updated to 454,000oz³.

Erdene Resource Development

- Preliminary Economic Assessment at the 100% owned Khundii Gold Project released.

ABOUT LION

Lion Selection Group is a mining investment company, focused on a portfolio of carefully selected and closely managed investments in listed and unlisted junior developing mining companies. Lion aims to offer diversity and a portfolio approach to the micro-cap end of mining investment, providing exposure to companies in various stages of development. Lion's investment model involves focusing investment towards the best opportunities in the portfolio, which from time to time results in concentration of Lion's portfolio towards specific investments and commodities. Lion is currently weighted towards several producing or developing gold projects, across a range of jurisdictions but in particular to the Pani gold project in Indonesia.

Lion is listed on ASX, under the ticker code LSX.

INVESTMENT HIGHLIGHTS

Pani Joint Venture (33.3%)

- **Merdeka Copper Gold purchases 66.6% of the Pani JV.**
- **Detailed Joint Venture Agreement completed.**
- **Step out drilling planned once permits are received.**

Merdeka Transaction

As announced on 5 November 2018, during the quarter PT Merdeka Copper Gold Tbk (IDX: MDKA) (Merdeka) became Lion's joint venture partner in the Pani Joint Venture (Pani JV) after agreeing to pay US\$55m cash to buy the 66.6% joint venture interest from Lion's existing joint venture partner. The purchase price paid by Merdeka imputes a look through value of \$39m for Lion's 33.3% interest. Lion has adopted this valuation for its net tangible asset (NTA) disclosure.

Merdeka is a leading Indonesian gold mining company which developed and operates the Tujuh Bukit oxide heap leach project, East Java. Merdeka's technical, financial and Indonesian operations expertise brings essential skills to the development of the Pani Gold Project. Merdeka has been providing technical, social and government relations support to the Pani Joint Venture through its Mining Services division.

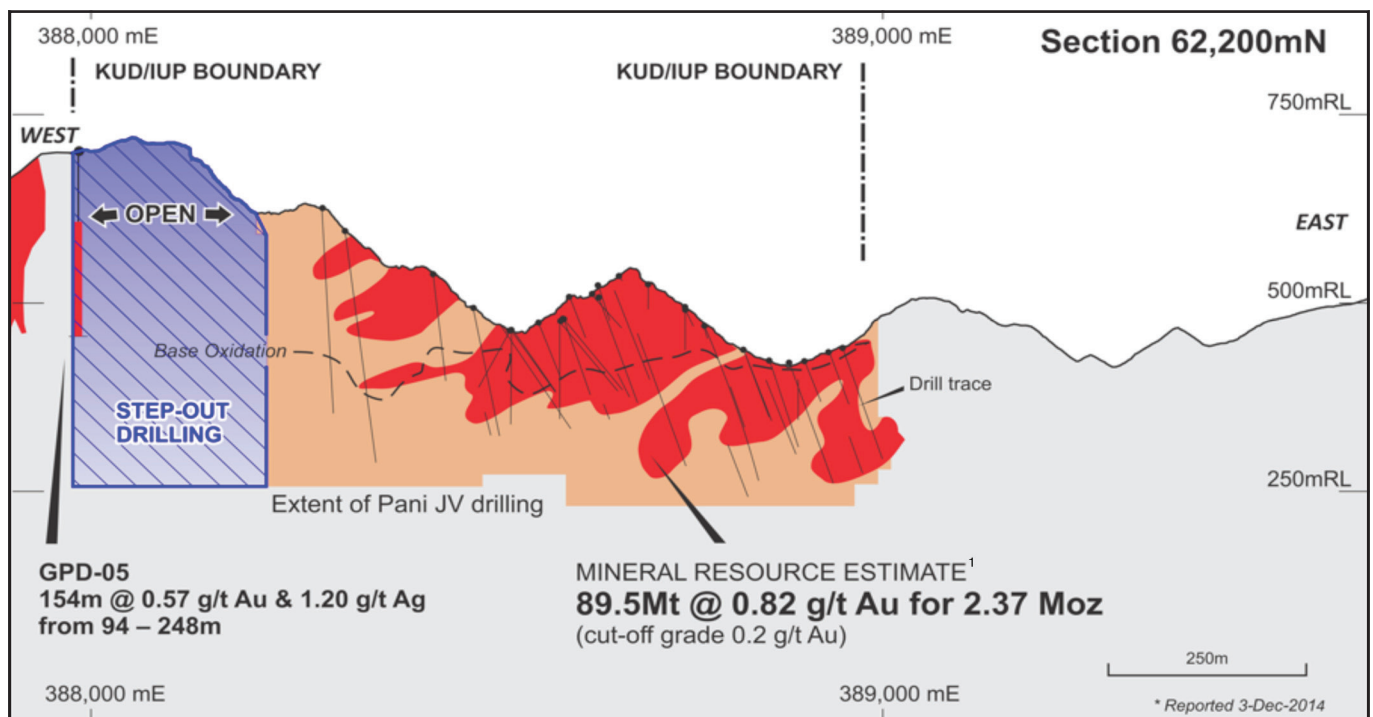
Following this transaction, Lion and Merdeka have now completed a Joint Venture Agreement with

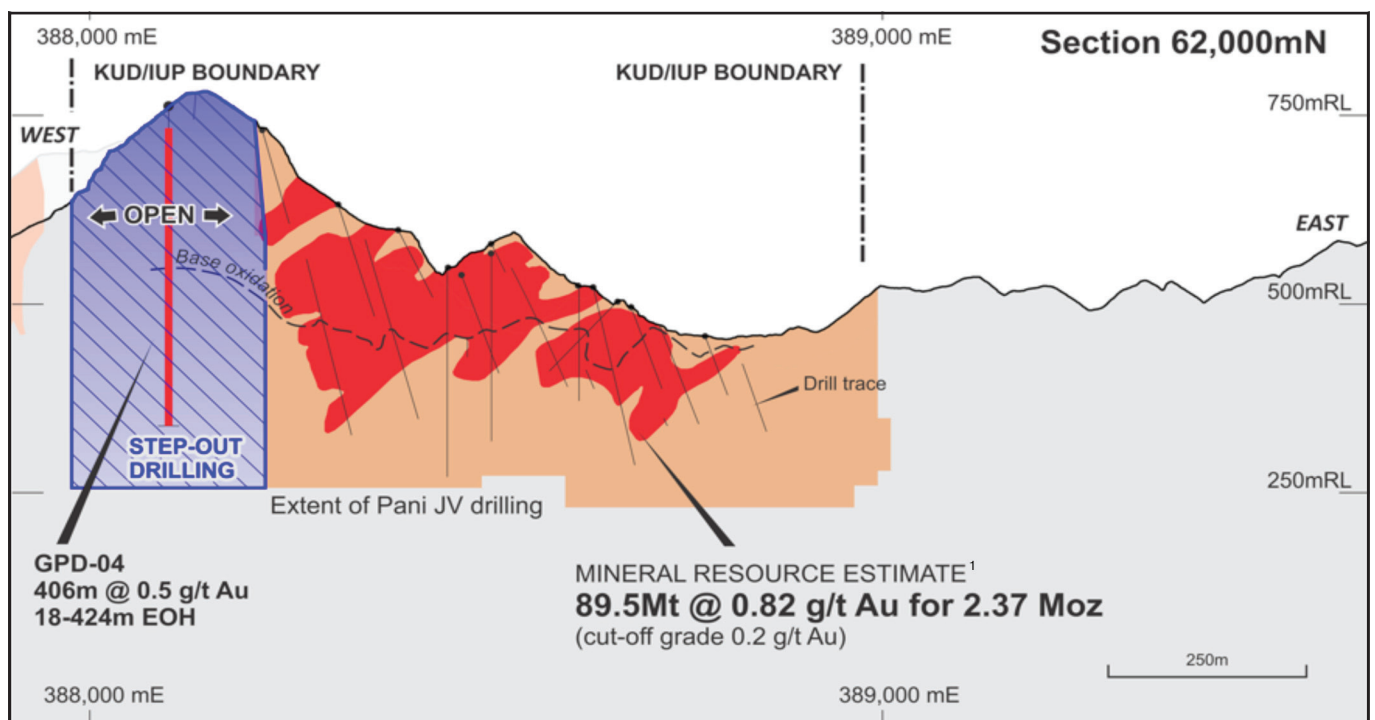
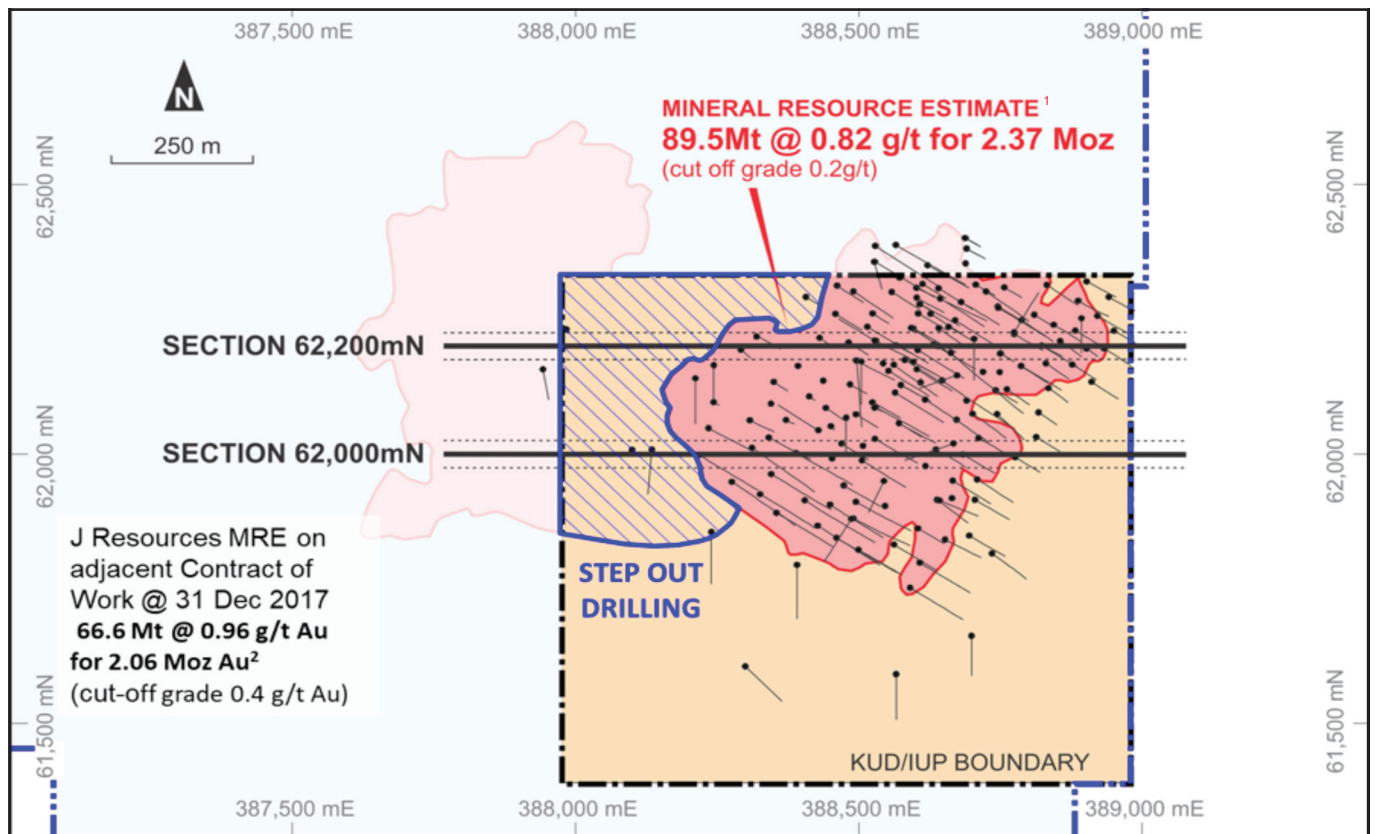
respect to the Pani Joint Venture. This agreement sets out the detailed arrangements with respect to the funding, operation and management of the Pani Joint Venture. This includes standard joint venture arrangements including board representation and pro rata rights to participate in fund raisings.

Step Out Drilling

The Pani Joint Venture is planning an extended circa 20,000m, 97-hole drilling program using three diamond drill rigs. Upon receipt of the necessary permits, the program will focus on testing the area between the existing Resource and known mineralisation on the adjacent Contract of Work owned by J Resources (66.6Mt @ 0.96g/t Au for 2.06 Moz Au²) along with in-fill drilling to increase the confidence of the existing Mineral Resource Estimate. This step out target is considered particularly prospective due to surface trenching and extensive artisanal workings, and two holes on section drilled by Utah International in 1982, assaying 406m @ 0.5g/t (GPD-04) and 154m @ 0.57g/t (GPD-05).

The Pani Joint Venture is progressing permitting for the Pani Gold Project including the Pani IUP licence containing the Pani gold Resource, a processing and refining area and an access corridor. Key permits including the AMDAL (Indonesian environmental and social approval) for the project, processing and refining area permit, and forestry approval for the mining IUP are anticipated to be received by March 2019.





1. (<https://www.lionselection.com.au/wp-content/uploads/2018/08/PANI%20JORC%20RESOURCE.pdf>)

Summary of the mineral resources at a cut-off grade of 0.2g/t is tabulated below:

Classification	Tonnes (Mt)	Au Grade (g/t)	Au (million Oz)
Measured	10.8	1.13	0.39
Indicated	62.4	0.81	1.63
Inferred	16.2	0.67	0.35
Total	89.5	0.82	2.37

INVESTMENT HIGHLIGHTS

Nusantara Resources Limited

Awak Mas Gold Project Sulawesi, Indonesia

Ore Reserves

- Maiden 1.0Moz announced April 2018.⁴
- Updated Ore Reserve expected as part of DFS and follows additional drilling and updated 2.0Moz Resource May 2018.⁵

DFS

Definitive Feasibility Study released October 2018:

- 11 years x 100,000 oz gold pa.
- Capex US\$146m, NPV₅ US\$152m.
- All in sustaining costs US\$758/oz.
- 91% recovery, 3.5/1 strip ratio.
- 2.5mtpa x 1.3g/t CIL.

Following investment by Indika Energy, Nusantara initiated steps to finance and ultimately develop the Awak Mas gold project. The company continued its outstanding progress, including delivering a comprehensive DFS, receiving key permits, and introducing Indika Energy (IDX listed, Mkt Cap A\$1B) as the Company's strategic partner. Recent improvements in the gold price make the project even more compelling and will assist on-going financing discussions. Nusantara continues its focussed exploration aiming to deliver further upside from its multiple prospective near mine targets.

Roxgold Inc

Yaramoko Gold Project, Burkina Faso Production

- Gold production of 132,656 ounces in 2018 exceeded the increased guidance of 120,000 to 130,000 ounces.
- Fourth quarter gold production of 25,845 ounces at an average mill feed grade of 10.8 g/t with 98.2% gold recovery.

Development

Bagassi South project completed under budget and on schedule with the successful practical completion of its process plant expansion.

Corporate

- In February Roxgold agreed to acquire Newcrest's Séguéla Gold Project in Côte d'Ivoire for U\$20m, with a further US\$10m payable upon first production.
- Séguéla consists of 11 exploration permits covering 3,298 km² with a Inferred Resource of 5.8mt @2.3g/t for 430koz⁶.

Exploration

Regional exploration drilling commenced on the Kaho prospect located to the South of Bagassi South. RC drilling is testing >1.5km coincident geochemical and geophysical anomalies as previously defined and which is also located in an interpreted favourable structural position.

Preparations are also underway for additional auger drilling in the first quarter of 2019 to extend the Kaho grid further south.

In addition, five drill rigs continue to drill at the 55 Zone focused on infill and extensional drilling of the deposit, with results continuing to support the model.

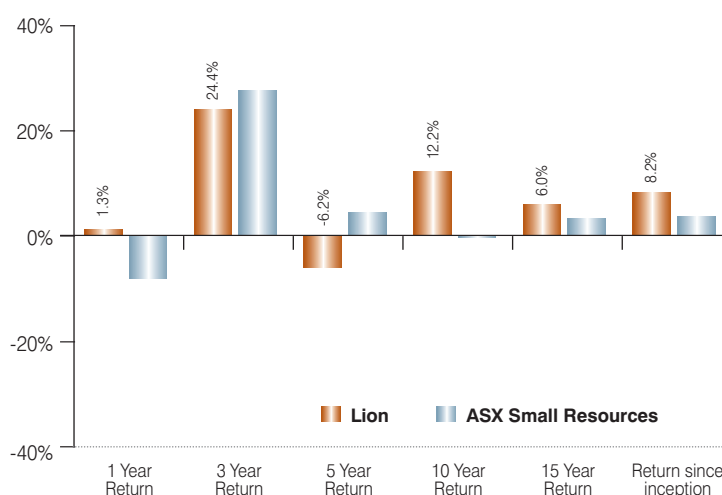
Cash

US\$60M at 31 December 2018.

LION PERFORMANCE

Annualised Total Shareholder Return 7-12

Annualised TSR to 31 January 2019	Lion	ASX Small Resources
1 Year	1.3%	-8.3%
3 Years	24.4%	27.9%
5 Years	-6.2%	4.3%
10 Years	12.2%	-0.1%
15 Years	6.0%	3.3%
Inception (21 yrs)	8.2%	3.6%



INVESTMENT HIGHLIGHTS

Egan Street Resources Limited

Rothsay Gold Project, Western Australia

Exploration

Mineral Resource Estimate (MRE) at the 100% owned Rothsay gold project updated to 454,000oz³ with a significant increase in the average grade of global Resource from 8.8g/t Au to 9.2g/t Au.

The updated Mineral Resource incorporated the exceptional high-grade results generated from a 16 hole diamond drilling program targeting southern extensions to the Woodley's and Woodley's East shears.

Of the 53,000oz increase to the MRE, 45,800oz are Indicated category, with the large majority expected to convert to Ore Reserves.

Erdene Resource Development Corp

Khundii Gold District, Mongolia

Exploration

Preliminary Economic Assessment at the 100% owned Khundii Gold Project announced 18 December 2018:

- Estimated initial capital expenditure US\$32m.
- Mine life of eight years, producing an average of 51,200ozpa of gold at AISC US\$714/oz.
- Using US\$1200/oz gold price, NPV_{5%} (pre tax) estimated as US\$135m and IRR 56% .
- The project principally consists of open pit mining of the Bayan Khundii deposit, which was only discovered in 2015. Mineralisation is shallow, outcrops, and is high grade in comparison to many open pit projects; the average production grade for the Khundii project is estimated to be 3.42g/t gold.

MINING MARKET REVIEW

Gold Price

Global macro-economic and political twists and turns have provided a very fair tailwind for gold during the final quarter of 2018 and early 2019. Concerns about a US / China trade war, likelihood of a Brexit and flow on consequences, and outlook for US interest rates all played a part, to bring gold close to five-year highs.

Australian gold producers have felt double the glow, as concurrently with an appreciating gold price, the Australian dollar has weakened against the US dollar. The combined effect has been Australian dollar gold price moving into record territory. This has been a boon for local producers, who see the difference on their profit line. Of much greater interest to us is the effect that this has on liquidity toward junior companies. Since the start of the last mining downturn, the brightest spots in the junior mining landscape have included several episodes of market enthusiasm toward battery materials themes: graphite, which was followed by lithium and then cobalt. Investor enthusiasm, which manifest as share price appreciation and ability to raise funds, was closely correlated with the price of the respective commodity, and interest peaked and then waned as the price softened. Nothing spurs investor enthusiasm toward a sector like commodity price appreciation!

The Australian gold sector is much larger than any of the battery material sectors, and producers are already highly prized by the market – so this rally in gold, but especially Australian dollar priced gold, could be a tailwind for funding many of the earlier stage gold plays in the market. The last most significant rally in Australian dollar gold (which was driven principally by the gold price) took place in the first half of 2016, and whilst this was right after the turning of the market it proved to be a buoyant period for gold company capital raisings. January to August 2016, and December 2018 to present have been the best periods for capital growth in ASX listed gold equities (based on the performance of the ASX Gold Index, XGD).

MINING MARKET REVIEW continued



Contributing factors to a strong ('record territory') A\$ gold price: weakening Australian dollar combined with a strengthening gold price. The strongest performances of ASX gold equities (measured by performance of the ASX gold index) were January to August 2016, and December 2018 to present, corresponding with strong A\$ gold performance.

Growth Oriented Merger and Acquisition Activity Has Returned

The mining industry met the top of the market in 2011 with bloated balance sheets and unsustainable costs, much of which was a result of expensive, top of the market acquisitions and funding themselves with too much debt. Through the bust which followed, the entire industry's collective attitude toward growth was put into reverse as budgets were put on hold. Especially evident in the major miners, dividends were cut, capital was raised and high cost or short life assets were sold or closed. Exploration and business development activities in many cases ground to a halt.

The financial health of the industry has certainly improved – debt levels have been reduced, dividends are back and even improving, and cost discipline has even become a buzz phrase. Over the last three years, investment by the industry has been gradually switching back on. Having declined from 2011 to 2015,

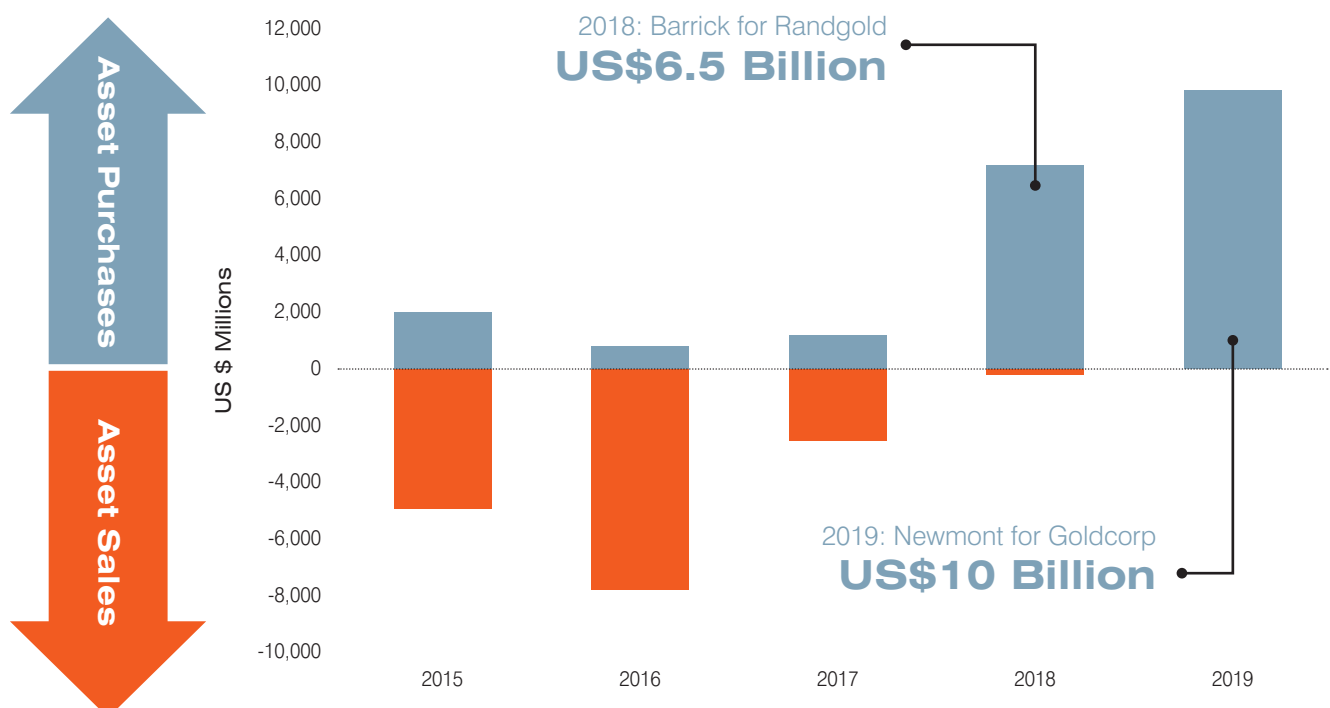
MINING MARKET REVIEW continued

exploration activity increased in 2016, 2017 and 2018. In more or less the same period of time, a feature of M&A activity has been small denomination investments by major or mid-tier miners into joint ventures or equity of junior companies. This character of M&A may have a whiff of future takeover about it, but the quantum of these deals is more or less within the ball park of the larger companies exploration budgets, and any potential change of control is long dated and requiring technical success in the meantime. Given the comparative difficulty in fund raising faced by junior companies, this behaviour is a healthy vertical connection between large and small companies to facilitate project progression.

Late 2018 and early 2019 have seen two large merger deals announced in the gold sector, which are a bold change in character of M&A. In September 2018 Barrick and Randgold announced a merger which saw Barrick acquire Randgold for US\$6.5B in a nil premium paper deal – this deal was consummated in January. Then in January 2019, Newmont announced a US\$10B acquisition of Goldcorp – also a paper deal, this time with a modest premium (although the premium shrinks for longer dated VWAP's). If this deal is consummated, it will have been the largest gold acquisition ever, to create the world's largest gold company. The market reaction to both deals was neither one of repulsion nor elation, which tells us two things: first, these sorts of deals are now OK; and second, the market doesn't yet see many more on the horizon (or other potential targets would be re-priced).

One very large gold deal followed by an even larger one certainly suggests more than one executive team have been thinking along very similar lines. These two deals have reversed the trend of deals in the gold sector, and whilst that isn't necessarily indicative of the rest of the industry, all of a sudden it certainly seems as if the big want to get bigger again – and the market approves. We have not seen multi-billion dollar acquisitions for some time in mining, so to now have two at virtually the same time is significant.

**Aggregated asset sale and purchases of the top 10 gold producers
(based on 2017 gold production) 2015 – present.**

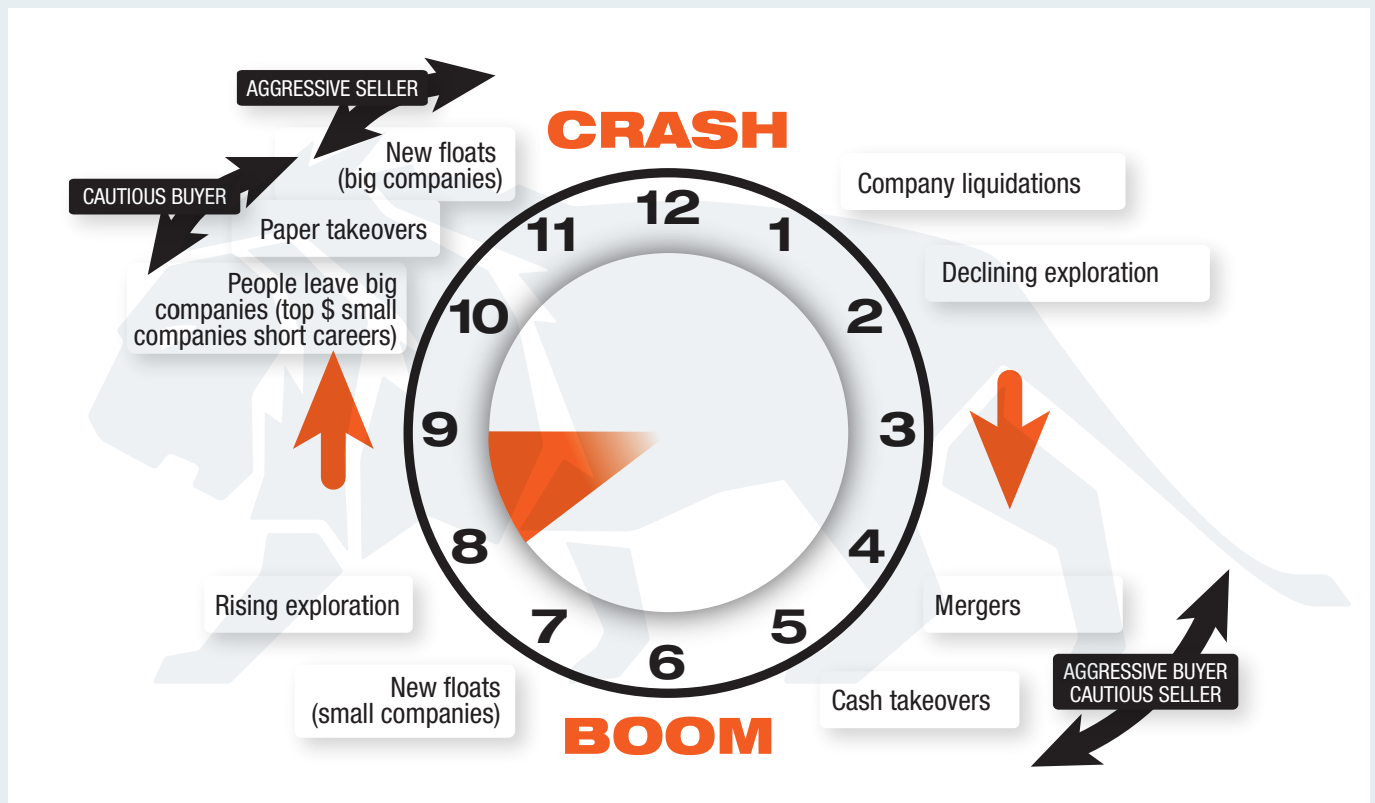


Source: Company press releases.

MINING MARKET REVIEW continued

Lion Clock

The reinvigoration of exploration, and investments by majors into juniors clearly demonstrate that interest in strategic growth has returned, even if these actions have a reasonably long fuse. The emergence of large-scale M&A in the gold sector in late 2018 is a crucial advancement of mining deal making and indicates that scale has again become important. These deals are far from top-of-the-market in character – both were low / nil premium, non-hostile and non-competitive. There is a fair way to go yet for deal making appetite to spread across the sector and become competitive. Even so, the re-emergence of large scale M&A (even if it is the first Swallows of Summer) is moving the Lion Mining Clock forward. It's premature to say it is nine o'clock yet, however it has certainly just ticked passed eight.



Competent Person's Statement – Exploration (Pani)

The information in this report which relates to Exploration works at Pani is based on, and fairly represents, information compiled by Mr. Julian Bartlett, BSc. Geol. (Hons), MSc. (Econ.Geol.). Mr. Bartlett is full-time employee of Merdeka Copper Gold and he does not hold any shares in Lion Selection, either directly or indirectly.

Mr. Bartlett is a member of the Australian Institute of Geoscientists (AIG ID: 6492) and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

Mr. Bartlett consents to the inclusion in the report of the matters based on this information in the form and context in which it appears.

NOTES

1. Refer to One Asia Resources Limited news release 3 December 2014
<https://www.lionselection.com.au/wp-content/uploads/2018/08/PANI%20JORC%20RESOURCE.pdf>

Summary of the mineral resources at a cut-off grade of 0.2g/t is tabulated below:

Classification	Tonnes (Mt)	Au Grade (g/t)	Au (million Oz)
Measured	10.8	1.13	0.39
Indicated	62.4	0.81	1.63
Inferred	16.2	0.67	0.35
Total	89.5	0.82	2.37

2. J Resources Reserve and Resources Statement 31 December 2017.
[http://www.jresources.com/assets/uploads/home/JRAP_-_2017_-_RR_table_@_20171231_\(Sanjaya\).pdf](http://www.jresources.com/assets/uploads/home/JRAP_-_2017_-_RR_table_@_20171231_(Sanjaya).pdf)

J Resources Group	Cut off grade		0.4 g/t
Resource Classification	Tonnes (Mt)	Au Grade (g/t)	Metal Koz Au
Measured	13.8	0.95	423
Indicated	38.7	0.91	1,136
Inferred	14.1	1.12	504
Total MRE	66.6	0.96	2,063

3. Refer EganStreet Resources announcement to ASX 31 January 2019.

Lode	Indicated			Inferred			Total		
	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)	Tonnes (kt)	Grade (g/t Au)	Ounces (koz)
Woodley's	750	10.6	254	230	11.9	88	80	10.9	342
Woodley's East	200	5.8	38	140	8.8	40	340	7.0	78
Woodley's East HW				180	5.3	30	180	5.3	30
Other				40	3.3	5	40	3.3	5
Total*†	950	9.6	292	590	6.8	162	1,540	9.2	454

*Note: Resources quoted above 2.5g/t Au lower cut-off.

† Not: totals may not match due to rounding.

4. Refer Nusantara Resources Limited announcement to ASX 18 April 2018.
5. Refer Nusantara Resources Limited announcement to ASX 8 May 2018.
6. Refer Roxgold announcement 11 February 2019.
7. 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)
8. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions
9. 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.
10. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
11. Past performance is not a guide to future performance.
12. Source: IRESS, Lion Manager.

SUMMARY OF INVESTMENTS AS AT 31 JANUARY 2019

Net Tangible Asset Backing

Lion Selection Group Limited (Lion) advises that the unaudited net tangible asset backing of Lion as at 31 January 2019 is \$0.44 per share (after tax).

SUMMARY OF INVESTMENTS AS AT 31 JANUARY 2019				
	Commodity	December 2018 A\$M	January 2019 A\$M	cps
Pani Joint Venture (33.3% Interest)	Gold	38.7	38.7	25.8
Fair value for Pani based on Merdeka's acquisition of 66.7% interest in the Pani JV from Lion's existing JV partner in November 2018.				
Portfolio				
Nusantara Resources	Gold	7.3	8.7	5.8
Roxgold	Gold	4.9	5.3	3.5
Egan Street Resources	Gold	4.3	4.9	3.2
Erdene Resources	Gold	2.3	1.9	1.3
Toro Gold	Gold	1.6	1.6	1.0
Other		3.4	3.6	2.6
<ul style="list-style-type: none"> Portfolio holdings measured at fair value Includes investments held directly by Lion and the value to Lion of investments held by African Lion. 				
Net Cash		1.5	1.2	0.8
Net Tangible Assets		A\$62.8m	A\$65.9m	44cps

Capital Structure

Shares on Issue:	150,134,879	
Share Price:	38.5¢ps	31 January 2019
Options on Issue:	15,720,958	\$0.50 expiry 12 April 2020