

Interim Financial Report for the half year ended 31 January 2020

KEY POINTS

- The result for the half year reflects a mark to market gain of \$6.2 million with respect to investments, including:
 - \$2.6 million increase in the valuation of Nusantara Resources. This increase reflects advances with the Awak Mas Gold Project towards financing and construction, including the introduction of Indika Energy (IDX: INDY) as strategic partner at the project level.
 - \$2.2 million increase in the value of Egan Street Resources as a result of Silverlake's takeover.
- Lion's cash position improved up to \$14.8 million, with Lion's investment in EganStreet realised during the period (\$9.5m) together with the proceeds from the sale of Toro Gold and Roxgold (\$6.8m).
- In December 2019 Lion announced that its Pani Joint Venture had reached conditional agreement with J Resources to combine the two Pani tenements into one ownership group. The combination of resources within the joint project has the potential to be a world class gold deposit. Drilling has commenced to test the area between resources, and there are numerous extension opportunities for consideration. The agreement is subject to regulatory approvals and approval from J Resources' secured lenders.
- Lion has continuously reviewed the ongoing COVID-19 Pandemic and began taking measures some weeks ago to protect the wellbeing, health and safety of shareholders, employees and investee companies. This included travel restrictions and establishment of a system for the Lion office to work remotely as required.
- Assessment was made and remains ongoing of the potential for disruption to Lion's business. The assumption has been made that COVID-19 is transitory and will eventually pass, it will not remain a permanent blockage to international travel and mining / mine building activities. There has already been a significant impact on the global equity market from COVID-19, and it remains unclear what the immediate outlook entails.
- Notwithstanding the current market, Lion is financially secure and maintains a medium to long term outlook over the equity and commodity markets and mining industry, with particular focus on the mining cycle. Lion is debt free and has A\$14.8m cash, so can support its key investments strongly and potentially capitalise on opportunity that emerges from weakened equity markets. The majority of Lion's investments are in gold, and the fundamentals for gold are excellent due to its safe haven status, negative real interest rates for the foreseeable future, and further fiscal stimulus pending.

Half-Year ended 31 January	2020 \$000's	2019 \$000's
Investments		
Gain/(Loss) attributable to movement in fair value	6,166	20,235
<i>Cash Inflows/Outflows</i>		
Proceeds from sale of investments	16,331	4,439
Payments for Investments	(3,212)	(3,994)

Appendix 4D Interim Financial Report

1. Company Details

LION SELECTION GROUP LIMITED		
ABN or equivalent company reference	Half Year ended (‘current period’)	Half Year ended (‘previous period’)
26 077 729 572	31 January 2020	31 January 2019

2. Results for announcement to the market

A\$'000

2.1	Revenue	Up 80%	to	9
2.2	Profit (loss) for the half year	Down 72%	to	5,404
2.3	Profit (loss) for the half year attributable to members of the parent	Down 72%	to	5,404

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

2.6 A brief explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:

Refer to attached Interim Financial Report for Half Year ended 31 January 2020.

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 January 2020 was \$0.50. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts. The NTA per security for the comparative period (31 July 2019) was \$0.47.

4. Controlled Entities

During the period the Company held a 100% ownership interest in Asian Lion Limited and Lion Selection Asia Limited and controls these companies. Lion is an investment entity for the purposes of 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, 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 neither Asian Lion Limited nor Lion Selection Asia Limited provides investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and Lion Selection Asia Limited which continue to carry these investments at fair value.

5. Dividends

Lion did not declare or pay any dividends during the period.

6. Dividend/distribution reinvestment plan

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

7. Associates

	Current Period % Held	Previous Corresponding Period % Held
Company		
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	100	100
One Asia Resources Ltd	35.0	35.0
Nusantara Resources Limited	23.6	23.2
Lion Selection Asia Ltd	100	100
Pani Joint Venture	33.3	33.3

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

8. Foreign Accounting Standards

Not Applicable

9. Audit

This report is based on financial statements which have been reviewed by its auditor, PricewaterhouseCoopers, and it continues as an auditor of the Company.

For more information please refer to the attached Financial Statements.



Lion Selection Group Limited

ABN: 26 077 729 572

Interim Financial Report Half Year Ended 31 January 2020

LION SELECTION GROUP LIMITED

**Financial Report for the Half Year
Ended 31 January 2020**

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LION SELECTION GROUP LIMITED

Directors' Report

The Directors of Lion Selection Group Limited (“Lion” or “the Company”) submit their report on the operations of the Company for the half year ended 31 January 2020.

At the date of this report, Lion had 150,134,879 fully paid ordinary shares on issue and 15,720,958 options on issue with an exercise price of \$0.50 per share and expiry of 12 April 2020.

Directors

The names of the Company’s directors in office during the half year and until the date of this report are as below.

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

Principal Activities

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

Results and Review of Operations

The Company’s gain before tax for the half year was \$5.4 million (2019: gain \$19.5 million).

The result for the half year reflects a mark to market gain of \$6.2 million with respect to investments, with key movements in the portfolio value outlined below:

- An increase of \$2.6 million in the valuation of Lion’s investment in Nusantara Resources reflecting advances with the Awak Mas Gold Project towards financing and construction, including the introduction of Indika Energy (IDX: INDY) as strategic partner at the project level.
- An increase in the value of Lion’s holding in Egan Street Resources of \$2.2 million as a result of Silverlake’s takeover of the company, resulting in Lion receiving \$9.5 million in cash.

At 31 January 2020 the Company held investments valued at \$60.6 million (31 July 2019: \$66.3 million), and cash of \$14.8 million (31 July 2019: \$2.5 million).



Pani Joint Venture

On 9 December 2019, Lion announced that its Pani Joint Venture had reached conditional agreement with J Resources to combine the two Pani tenements into one ownership group. The combination of resources within the joint project has the potential to be a world class gold deposit. Drilling has commenced to test the area between resources, and there are numerous extension opportunities for consideration. The agreement is subject to regulatory approvals and approval from J Resources' secured lenders.



The conditional deal combines two adjacent gold resources in Gorontalo, Sulawesi to form a single gold deposit with an approximate current footprint of 1.5km x 0.6km:

- Pani IUP JV (66.6% Merdeka, 33.3% Lion) 2.37 moz¹
- Pani Contract of Work (100% J Resources) 2.30 moz²

This deal is seen as a win-win for all parties:

- The common tenement boundary restricted individual open pit mine development.
- The larger resource offers scope for large scale open pit mining, improved logistics, and can consider a range of treatment methods.
- Exploration opportunities and extensional drilling potential including between the two existing resources.

The resultant structure will see J Resources transfer its interests in PT Gorontalo Sejahtera Mining ('GSM'), the holder of the Pani Contract of Work in exchange for a 40% ownership interest in the combined entity.

The combined entity will have its own dedicated management team comprising expatriate and local personnel, including employees seconded from Merdeka and/or J Resources.



Lion Selection Group

The transaction is anticipated to close in the first half of 2020, subject to regulatory approvals and approval from J Resources' secured lenders. In the interim, the Pani Joint Venture has access to GSM data and staff, and will undertake integration of the two datasets and teams, including a full data review and gap analysis with a view to scoping out the next steps. Drilling has commenced on the Pani IUP to test the area between existing resources delineated on the Pani IUP and J Resources CoW.

Once completed, the combination of the two tenements is anticipated to materially improve the valuation of Lion's investment in the Pani Joint Venture.

Lion's accounting policy is to apply an arms-length transaction in determining the fair value of investments where one is available. The most recent relevant arms-length transaction valuation was in November 2018 when Merdeka acquired its project interest in the Pani Joint Venture. This valuation needs to be reviewed in light of the J Resources transaction, increases in the long-term outlook for gold prices and other project milestones. Accordingly, Lion will update its carrying value for Pani as soon as the J Resources transaction completes for inclusion in its net tangible asset calculation.

Dividends

No dividend was declared or paid in the half year.

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 5 of this financial report.

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>).

² 0.4 g/t cut off; refer to J Resources 31 December 2018 Annual Report (<http://www.jresources.com/investors/article/final-resources-reserves-compilation-2017-to-2018>)

Pani IUP (Lion 33.3%/Merdeka 66.7%) 0.2g/t cut off¹			
Category	Ore (Mt)	Grade (g/t Au)	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

Pani CoW Resource (100% J Resources) (above a 0.4g/t cut off)²			
Category	Tonne (Mt)	Grade (g/t Au)	Contained Gold (Moz)
Measured	15.5	1.03	0.51
Indicated	41.3	0.98	1.31
Inferred	15.9	0.93	0.48
Total	72.7	0.98	2.30



Rounding of Amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, 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.

.....
P Maloney
Director

.....
R Widdup
Director

Melbourne
18 March 2020



Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2020, 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 review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'A. Hodge', is written over the typed name.

Anthony Hodge
Partner
PricewaterhouseCoopers

Melbourne
18 March 2020

**LION SELECTION GROUP LIMITED****Statement of Comprehensive Income for the Half Year ended 31 January 2020**

	NOTES	January 2020 \$'000	January 2019 \$'000
Gain/(Loss) attributable to movement in fair value		6,166	20,235
Other Income	3	9	5
Management fees		(523)	(402)
Employee benefits		(105)	(114)
Foreign Exchange Gain/(Loss)		103	(34)
Other expenses		(246)	(198)
<i>Profit/(Loss) before income tax</i>		5,404	19,492
Income tax (expense)/benefit		-	-
<i>Net profit/ (loss) after tax</i>		5,404	19,492
Other Comprehensive Income		-	-
<i>Total Comprehensive Income/(loss) for the half year</i>		5,404	19,492
Attributable to:			
<i>Non-controlling interest</i>		-	-
<i>Members</i>		5,404	19,492
		Cents per share	Cents per share
Basic earnings/(loss) per share		3.6	13.0
Diluted earnings/(loss) per share		3.6	13.0

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

**LION SELECTION GROUP LIMITED****Statement of Financial Position as at 31 January 2020**

	NOTES	January 2020 \$'000	July 2019 \$'000
Current Assets			
Cash and cash equivalents		14,796	2,467
Trade and other Receivables		72	1,214
<i>Total Current Assets</i>		14,868	3,681
Non-Current Assets			
Financial Assets	2	60,553	66,336
Property Plant & Equipment		18	21
<i>Total Non-Current Assets</i>		60,571	66,357
Total Assets		75,439	70,038
Current Liabilities			
Trade and Other Payables		69	72
<i>Total Current Liabilities</i>		69	72
Non-Current Liabilities			
<i>Total Non-Current Liabilities</i>		-	-
Total Liabilities		69	72
Net Assets		75,370	69,966
Equity			
Contributed equity	5	126,211	126,211
Reserves	5	1,341	1,341
Accumulated losses		(52,182)	(57,586)
Total Equity		75,370	69,966

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

**LION SELECTION GROUP LIMITED****Statement of Cash Flows for the Half Year ended 31 January 2020**

	January 2020 \$'000	January 2019 \$'000
Cash flows from operating activities		
Interest received	6	5
Payments to suppliers and employees (including GST)	(875)	(729)
<i>Net operating cash flows</i>	<i>(869)</i>	<i>(724)</i>
Cash flows from investing activities		
Payments for investments	(3,212)	(3,994)
Proceeds from investment sales	16,311	4,439
<i>Net investing cash flows</i>	<i>13,099</i>	<i>445</i>
Cash flows from financing activities		
<i>Net financing cash flows</i>	<i>-</i>	<i>-</i>
Net increase/(decrease) in cash and cash equivalents held	12,230	(279)
Cash and cash equivalents at beginning of financial period	2,467	1,512
Effects of exchange rate changes on foreign currency denominated cash balances	99	(34)
Cash and cash equivalents at end of financial period	14,796	1,199

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



LION SELECTION GROUP LIMITED

Statement of Changes in Equity for the Half Year ended 31 January 2020

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	OPTION RESERVE \$'000	TOTAL \$'000
At 1 August 2019	126,211	(57,586)	1,341	69,966
Total comprehensive income/ (loss)	-	5,404	-	5,404
Total transactions with owners in their capacity as owners	-	-	-	-
At 31 January 2020	126,211	(52,182)	1,341	75,370

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	OPTION RESERVE \$'000	TOTAL \$'000
At 1 August 2018	126,211	(81,237)	1,341	46,315
Total comprehensive income/ (loss)	-	19,492	-	19,492
Total transactions with owners in their capacity as owners	-	-	-	-
At 31 January 2019	126,211	(61,745)	1,341	65,807

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



LION SELECTION GROUP LIMITED

Notes to the Financial Statements for the Half Year ended 31 January 2020

NOTE 1. BASIS OF PREPARATION

The half year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half year financial report should be read in conjunction with the annual Financial Report of Lion Selection Group Limited as at 31 July 2019, which was prepared based on Australian equivalents to International Financial Reporting Standards. The half year financial report has been prepared with the same accounting policies and methods of computation as used in the most recent annual Financial Report, except for the impact of the Standards and Interpretations as described below.

It is also recommended that the half year financial report be considered together with any public announcements made by the Company during the half year ended 31 January 2020 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of accounting

The half year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half year financial report has been prepared on a historical cost basis, except for financial assets measured at fair value through profit and loss.

For the purpose of preparing the half year financial report, the half year has been treated as a discrete reporting period.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and neither Asian Lion Limited nor Lion Selection Asia Limited provides investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and Lion Selection Asia Limited which continue to carry these investments at fair value.

(b) New or Revised Australian Accounting Standards and Interpretations that are first effective in the current reporting period

New Standards

A number of new or amended standards have been applied from 1 August 2019, in particular AASB 16 Leases and AASB Interpretation 23 Uncertainty over Income Tax Treatments. With respect to AASB 16 there was minimal impact to accounting as Lion has nil non-cancellable operating lease commitments. In relation to interpretations on tax treatments, given the nature of the Company's income tax matters it is not expected to have an impact on amounts recognised in the financial statements of future periods.

Accounting Standards Issued But Not Yet Effective

There are no standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.



NOTE 1. BASIS OF PREPARATION - CONTINUED

(c) Summary of significant revised accounting policies

Other than the matters discussed above, the Company's accounting policies are consistent with those of the comparative periods. The full disclosure of accounting policies is available in the annual Financial Report of Lion Selection Group Limited as at 31 July 2019.

NOTE 2. 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. The quoted market price used for financial assets held by the Company is the current bid price.

Recognised fair value measurements

The following tables present the Company's assets measured and recognised at fair value for the periods ended 31 January 2020 and 31 July 2019.

At 31 January 2020	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	19,415	1,262	39,876	60,553
Total Assets	19,415	1,262	39,876	60,553
<hr/>				
At 31 July 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	21,081	6,334	38,921	66,336
Total Assets	21,081	6,334	38,921	66,336



NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

The Level 3 balance almost exclusively relates to Lion's investment in the Pani Joint Venture, an unlisted incorporated joint venture focused on the exploration for gold resources and development of the Pani gold mine in Sulawesi. The valuation of the Pani Joint Venture has been estimated based on the value imputed by PT Merdeka Copper Gold Tbk's (IDX: MDKA) (Merdeka) acquisition of the 66.6% joint venture interest from Lion's existing joint venture partner for US\$55m in November 2018. Valuation of the investment at 31 January 2020 has also considered recent project developments, external economic factors and comparable projects. The Lion Board has opted to maintain its investment in the Pani Joint Venture within the Level 3 investment category due to the uncertainty with respect to the value of the investment.

Fair value measurements using significant unobservable inputs (level 3).

The following table presents the changes in level 3 items for the periods ended 31 January 2020 and 31 July 2019.

	Unlisted Investments \$'000	Total \$'000
At 31 January 2020		
Opening Balance 1 August 2019	38,921	38,921
Transfers to Level 2	-	-
Additions/(disposals)	955	955
Gain recognised through comprehensive income	-	-
Closing Balance 31 January 2020	39,876	39,876
	Unlisted Investments \$'000	Total \$'000
At 31 July 2019		
Opening Balance 1 August 2018	16,864	16,864
Transfers to Level 2	-	-
Additions/(disposals)	-	-
Gain recognised through comprehensive income	22,057	22,057
Closing Balance 31 July 2019	38,921	38,921

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 entity specific estimates. 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 2018 Edition of the International Private Equity and Venture Capital Valuation Guidelines (PE Guidelines) and the VALMIN Code (2015 Edition). Relevant techniques include:

- 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.



NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

The PE Guidelines set out that the price of a recent investment conducted in an orderly transaction between market participants generally represents fair value as of the transaction date. This Price of a Recent Investment should be used to calibrate observable inputs to the valuation model.

These observable inputs are then monitored, along with the individual facts and circumstances of an investment to estimate Fair Value at each Measurement Date. The valuation should consider changes in market conditions or changes in the performance of the investee company that would impact a market participant’s perspective of fair value.

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.

Pani Joint Venture

As noted above, Lion valued its 33.3% interest in the Pani Joint Venture at \$39.7 million as at 31 January 2020.

The valuation of Lion’s interest in the Pani Joint Venture at 31 January 2020 has been measured with reference to the value imputed by PT Merdeka Copper Gold Tbk’s (IDX: MDKA) (Merdeka) acquisition of 66.6% of the joint venture interest from Lion’s existing joint venture partner for US\$55 million. The determination of fair value at 31 January 2020 has also taken into account current views of market comparables based on implied valuation per Resource ounce, taking into account recent developments in relation to progress of activities for Pani, perspectives on long-term commodity price movements and other relevant corporate transactions.

On 9 December 2019, Lion announced that its Pani Joint Venture had reached conditional agreement with J Resources to combine the two Pani tenements into one ownership group. The agreement is subject to regulatory approvals and approval from J Resources’ secured lenders. The resultant structure will see J Resources transfer its interests in PT Gorontalo Sejahtera Mining (‘GSM’) into the Pani Joint Venture in exchange for a 40% ownership interest in the combined entity.

Once the J Resources deal is completed, the combination of the two tenements is anticipated to materially improve the valuation of the Pani Joint Venture. As at 31 January 2020 the key conditions of this transaction were incomplete, and accordingly the valuation of the investment has not been amended. Once these conditions are met, Lion’s valuation will be reviewed in light of the J Resources transaction, increases in the long-term outlook for gold prices and other project milestones.

The Pani Joint Venture represents Lion’s largest investment. Lion’s investment model involves weighting investment towards the best opportunities in the portfolio, which from time to time results in concentration of Lion’s portfolio towards specific investments. The Lion board is conscious of the issues of portfolio balance but is of the view that the potential reward from a concentration of the portfolio in the Pani Joint Venture outweighs the risks if the challenges of developing a mine in Indonesia can be overcome.

NOTE 3. PROFIT AND LOSS ITEMS

	January 2020 \$’000	January 2019 \$’000
Other Income		
Interest Received	6	5
Other Income	3	-
Other Income	9	5

NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES

	January 2020 \$’000	January 2019 \$’000
Dividends declared and paid during the half year	-	-
<i>Total dividends paid or provided</i>	-	-



Lion Selection Group

NOTE 5. CONTRIBUTED EQUITY

	January 2020 \$'000	July 2019 \$'000
Issued and paid up capital (fully paid)		
Opening Balance	126,211	126,211
Issued and paid up capital (fully paid)	126,211	126,211
Share Capital	January 2020 Shares	July 2019 Shares
Issued and paid up capital (fully paid)		
Opening Balance	150,134,879	150,134,879
Issued and paid up capital (fully paid)	150,134,879	150,134,879

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.

	2020 \$'000	2019 \$'000
Options		
Opening Balance	1,341	1,341
Options Issued	-	-
Options Expired	-	-
Option Reserve	1,341	1,341
	2020 OPTIONS	2019 OPTIONS
Opening Balance	15,720,958	15,720,958
Options Issued	-	-
Options Expired	-	-
Options on Issue	15,720,958	15,720,958

Under the terms of Lion's purchase of One Asia Resources Limited's 33.3% Joint Venture interest in the Pani Gold Project, Lion issued to One Asia 23,833,333 Lion options at a deemed price of \$0.075 per option exercisable to acquire ordinary shares at \$0.50 per share, expiring on 12 April 2020.



NOTE 6. 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. Lion invests only in mining and exploration companies and projects with the majority of investments focused on gold and base metal activities in Australia, Africa, South East Asia and the Americas.

Six Months Ended 31 January 2020	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	UNALLOCATED \$'000	TOTAL \$'000
Segment Income	-	-	-	-	9	9
Mark to Market adjustment	2,247	922	2,824	173	-	6,166
Segment Income	2,247	922	2,824	173	9	6,175
Segment Expense	-	-	-	-	(771)	(771)
Segment Result Before Tax	2,247	922	2,824	173	(762)	5,404
Segment Assets	-	1,967	57,856	699	14,917	75,439
Segment Liabilities	-	-	-	-	69	69
Other Segment Information	-	-	-	-	-	-
Assets Acquired during the period	-	-	3,212	-	-	3,212
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(869)	(869)
Net Cash flow from investing activities	9,538	6,773	(3,212)	-	-	13,099
Net Cash flow from financing activities	-	-	-	-	-	-

Six Months Ended 31 January 2019	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	UNALLOCATED \$'000	TOTAL \$'000
Segment Income	-	-	-	-	5	5
Mark to Market adjustment	-	(1,271)	21,527	(21)	-	20,235
Segment Income	-	(1,271)	21,527	(21)	5	20,240
Segment Expense	-	-	-	-	(748)	(748)
Segment Result Before Tax	-	(1,271)	21,527	(21)	(743)	19,492
Segment Assets	4,862	7,986	51,220	555	1,254	65,877
Segment Liabilities	-	-	-	-	70	70
Other Segment Information	-	-	-	-	-	-
Assets Acquired during the period	-	69	3,925	-	-	3,994
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(724)	(724)
Net Cash flow from investing activities	-	50	395	-	-	445
Net Cash flow from financing activities	-	-	-	-	-	-

NOTE 7. CONTINGENT LIABILITIES/ASSETS

The Company has no contingent liabilities or assets as at 31 January 2020.

NOTE 8. COMMITMENTS

Lion does not have any material commitments.



NOTE 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

The COVID-19 pandemic announced by the World Health Organisation post 31 January 2020 is having a negative impact on World stock markets, currencies and business activity. Lion has developed a policy and procedures to address the health and wellbeing of employees, consultants and contractors. The timing and extent of the impact and recovery from COVID-19 is unknown but it may have an impact on Lion's investment portfolio and potentially a post balance date impact. Notwithstanding the current market, Lion is financially secure and maintains a medium to long term outlook over the equity and commodity markets and mining industry, with particular focus on the mining cycle.

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

LION SELECTION GROUP LIMITED

Directors' Declaration

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

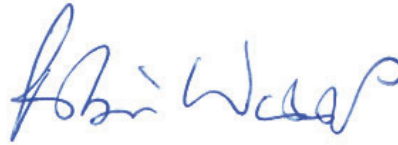
In the opinion of the directors:

- (a) the financial statements and notes set out on pages 6 to 16 of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company at 31 January 2020 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2010 and other mandatory professional reporting requirements; 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.

On behalf of the Board



P Maloney
Director



R Widdup
Director

Melbourne
Date: 18 March 2020



Independent auditor's review report to the members of Lion Selection Group Limited

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Lion Selection Group Limited (the Company) which comprises the statement of financial position as at 31 January 2020, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Company's financial position as at 31 January 2020 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lion Selection Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lion Selection Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the Company's financial position as at 31 January 2020 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers


Anthony Hodge
Partner

Melbourne
18 March 2020