Preliminary Final Report
for the year ended 31 July 2020

Lion Selection Group

KEY POINTS

- This last year has been a stand-out in Lion's 23-year history, benefiting from the on-going strength of the gold market, breaking above US$2,000/oz for the first time in history.

- Gold M&A has been a key theme over the last year, with Lion realising investments in Egan Street and Toro Gold stemming from corporate actions.

Lion's portfolio is heavily weighted towards advanced gold projects, with key developments within the portfolio including:

- Pani Joint Venture (Lion 33.3%, Merdeka 66.7%).
  - A mark-to-market increase of $20.0 million to $60.7 million at 31 July 2020 reflecting the sustained escalation in gold prices in recent months.
  - A breakthrough conditional agreement with J Resources, combining the two adjacent gold resources to create world-class gold deposit. The deal is conditional upon regulatory approvals and J Resources secured lenders, and once completed is anticipated to materially improve Lion's Pani JV investment valuation.
  - Preliminary results from step-out drilling in 'gap' zone between the two resources appear broadly consistent with mineralisation on either side.

- Nusantara Resources
  - Indonesian partner Indika Energy agreed to buy up to 40% of the Awak Mas Gold Project, providing a critical funding element as the company progresses to project finance
  - Awak Mas NPV increases 240% to US517M (@ US$1,700/oz) reflecting resource and reserve upgrades following exploration success, mine optimisation and gold price improvements.

- Erdene Resource Development
  - Completion of the Bayan Khundi DFS highlighting a near term, low capex, high return project with rapid payback and outstanding near-mine exploration.

- Lion's investment portfolio had a mark to market gain of $31.8 million including:
  - Pani Joint Venture mark-to-market increase of $20.0 million as noted above
  - An increase of $5.0 million in the valuation of Lion's investment in Erdene Development Corporation, with the market re-rating the company.
  - An increase of $3.9 million in the valuation of Lion's investment in Nusantara Resources reflecting advances with the Awak Mas Gold Project towards financing and construction.
  - 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 when Lion's holding was sold in November 2019.

- Proceeds received from investments were $16.4M with new investment of $6.1M which we believe is appropriate at this stage in the resources cycle.

Full-Year ended 31 July	**2020 $000's**	**2019 $000's**	**% Change**
Investments			
Mark to Market	31,834	24,951	28%
Cash Inflows/Outflows			
Proceeds from investments	16,413	6,456	154%
Payments for Investments	(6,104)	(4,185)	46%

Lion Selection Group

Appendix 4E
Preliminary Final Report

1. Company Details

LION SELECTION GROUP LIMITED		
ABN or equivalent company reference	Year ended ('current period')	Year ended ('previous period')
26 077 729 572	**31 July 2020**	**31 July 2019**

2. Results for announcement to the market

				A$'000
2.1	Revenue	Up 59%	to	27
2.2	Profit (loss) for the year	Up 26%	to	29,864
2.3	Profit (loss) for the year attributable to members of the parent	Up 26%	to	29,864

	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

Operating and Financial Review

The result for the year reflects a mark to market gain of $31.8 million with respect to investments, with key movements in the portfolio value outlined below:

- Lion's interest in the Pani Joint Venture had a mark-to-market increase of $20.0 million to $60.7 million at 31 July 2020. This increase reflects the sustained escalation in gold prices that has been experienced in recent months.
- An increase of $5.0 million in the valuation of Lion's investment in Erdene Development Corporation, with the market re-rating the company following release of its Bayan Khundii Gold Project feasibility study and improvements in the gold price.
- An increase of $3.9 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 when Lion's holding was sold in November 2019.

At 31 July 2020 the Company held investments valued at $89.1 million (2019: $66.3 million), and cash of $10.8 million (2019: $2.5 million).

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 July 2020 was $0.665. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts. The NTA per security for the comparative period was $0.47.

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 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, 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.

5. Dividends

No dividend was declared or paid during the year (2019: Nil).

6. Dividend/distribution reinvestment plan

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

7. Associates

Company	Current Period % Held	Previous Corresponding Period % Held
PT Pani Bersama Jaya	33.3	33.3
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	100	100
Lion Selection Asia Ltd	100	100
Nusantara Resources Limited	24.1	23.3
One Asia Resources Ltd	35.3	35.3

Lion holds more than 20% of the above entities, hence it is considered as investment in associates. Equity accounting method is not applicable for the above investments as Lion is a venture capital organisation that accounts for investments at fair value through profit or loss in accordance with AASB128 paragraph 1 and AASB9.

8. Foreign Accounting Standards

Not Applicable.

9. Audit

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

For more information please refer to the attached Financial Statements.

Lion Selection Group

Lion Selection Group Limited

ABN: 26 077 729 572

Annual Financial Report for the year ended 31 July 2020

Lion Selection Group

CONTENTS **Page**

Lion Selection Group Limited

Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the financial year ended 31 July 2020.

At the date of this report Lion had 150,141,271 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 profit before tax for the year was $29.9 million (2019: $23.7 million).

Economic and operating conditions have been extremely challenging for many businesses as the fallout from the COVID-19 outbreak impacts the world. Equity markets have been very volatile, as governments and central banks try and respond to deteriorating conditions and control of the virus remains uncertain. Despite this difficulty in business operations for Lion and its investees, Lion's portfolio has materially increased in value due to its high weighting to gold equities, one of the few beneficiaries in these times of uncertainty and extraordinary injections of liquidity into global economies.

The result for the year reflects a mark to market gain of $31.8 million with respect to investments, with key movements in the portfolio value outlined below:

- Lion's interest in the Pani Joint Venture had a mark to market increase of $20.0 million to $60.7 million at 31 July 2020. This increase reflects the sustained escalation in gold prices that has been experienced in recent months.
- A mark to market increase of $5.0 million in the valuation of Lion's investment in Erdene Development Corporation, with the market re-rating the company following release of its Bayan Khundii Gold Project feasibility study and improvements in the gold price.
- A mark to market increase of $3.9 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 when Lion's holding was sold in November 2019.

At 31 July 2020 the Company held investments valued at $89.1 million (2019: $66.3 million), and cash of $10.8 million (2019: $2.5 million).

Pani Joint Venture

In December 2019 Lion and Merdeka announced that its Pani Joint Venture had reached conditional agreement with PT J Resources Asia Pasifik Tbk (J Resources) to combine the two neighboring Pani tenements into one ownership group. The resultant structure will see J Resources transfer its interests in PT Gorontalo Sejahtera Mining ('GSM'), the holder of the Pani Contract of Work tenement in exchange for a 40% ownership interest in the combined entity, including the Pani IUP tenement, diluting Lion's ownership to 20% in the larger combined entity.

The J Resources agreement remains subject to regulatory approvals and approval from J Resources' secured lenders. The parties continue to work towards deal completion prior to deal expiry in November 2020 (unless extended by the parties):

- Regulatory approvals have been delayed by the COVID-19 pandemic along with changes to Indonesian mining laws enacted in May 2020.

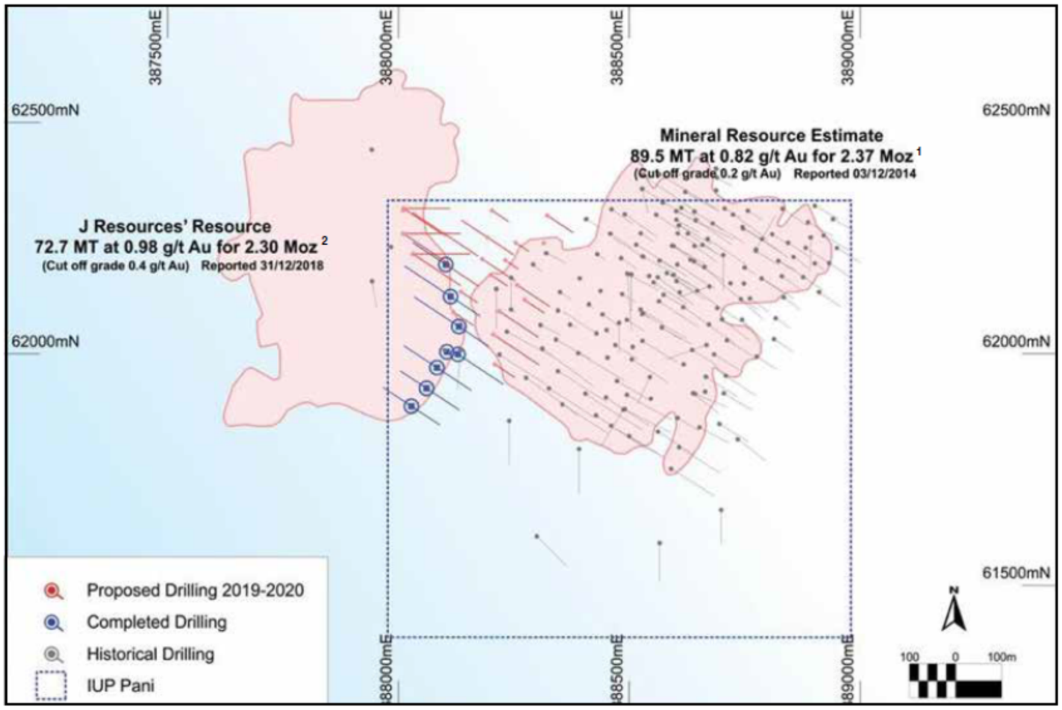
- The parties have engaged with J Resources' secured lenders.
- The geological teams from both parties continue to work closely to share and integrate technical data in preparation for further technical work, drilling and development studies.

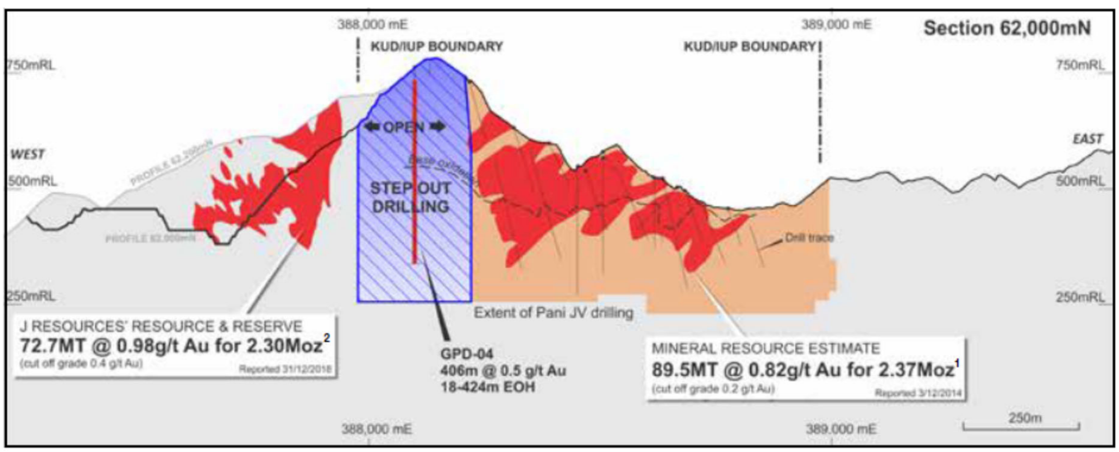
The parties expect conditions precedent to be satisfied in the second half of 2020 after which the new joint venture will commence.

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

As reported previously, the Pani Joint Venture has been drilling a 11,000 metre drill program on the Pani IUP in the area between the Pani IUP and Pani Project where two holes drilled by Utah International in 1982, assayed 406m @ 0.5 g/t Au (GPD-04) and 154m @ 0.57 g/t Au (GPD-05). As reported in Merdeka's June 2020 quarterly report, four further holes have been completed or were underway for a total of 1,578.6 metres. This brings total drilling in the current program to 13 holes completed or underway for a total of 3,407.6 metres.

The Pani Joint Venture will temporarily pause its on-going drilling program pending completion of the J Resources agreement. It is anticipated that assay results of holes that have been drilled will be progressed and become available after the recommencement of drilling. Preliminary assays and observations from visual geological logging are broadly consistent with mineralisation that is observed within both the Pani CoW and the Pani IUP.





It is expected that unification of technical databases, geological models and integration of new diamond drilling results will ultimately culminate in a unified Resource for the 'Pani Besar' ('Greater Pani') region which can then be used as the basis of project development studies.

The Pani Joint Venture is working on an internal concept study focused on how a combined Pani Besar project might look. The purpose of the concept study is to help scope further work, understand key risks requiring further assessment, and to assess for potential fatal flaws. The study is premised on high level assumptions, including that the Pani deposit is one continuous zone of mineralisation across the two tenements.

The Internal Concept Study is being undertaken to determine the potential viability of an open pit mine with conventional milling and CIL processing. The study is a preliminary technical and economic study based on low-level technical and economic assessments that are not sufficient to support the estimation of ore reserves. Further evaluation and appropriate studies are required before any ore reserves estimate or any assurance of an economic development of the project.

The combination of the Pani IUP and Pani COW unlocks optimal development of the Pani deposit unrestricted by tenement boundaries, including:

- Favourable topography and ore geometries: low strip ratio, open pit operation amenable to large scale bulk mining.
- Metallurgical work to date suggests high recoveries are achievable, with conventional CIL assumed for the internal concept study.
- Low processing costs anticipated, with grid power available.
- Subject to appropriate assessment, initial concepts envisage 7.5 Mtpa to 15 Mtpa processing rates.

Dividends

No dividend was declared or paid during the year (2019: Nil).

Compliance with Environmental Regulations

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

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

Significant Changes in the State of Affairs

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

Significant Events after Balance Date

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

Proceedings on Behalf of the Company

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

[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 off[1]

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**

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.

In relation to the COVID-19 pandemic, the outlook remains unclear as companies face an extremely difficult operating environment. Recent fiscal and monetary support has provided favourable tailwinds for gold and gold equities, however financial markets remain volatile and, in the case of the broader market, potentially over-valued relative to historical norms as earnings come under pressure.

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 2020 there was 1 full time equivalent employee of the Company (2019: 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 2019 Annual General Meeting

The Company received more than 97% of "yes" votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2019 Annual General Meeting on its remuneration practices.

Details of Remuneration

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

KEY MANAGEMENT PERSONNEL OF THE COMPANY – REMUNERATION FOR YEAR TO 31 JULY 2020

2020		**SHORT TERM BENEFITS**		**TERMINATION BENEFITS**	**POST-EMPLOYMENT SUPERANNUATION**	**TOTAL**
		SALARIES/ FEES	**CASH BONUS**			
NAME	**NOTES**	**$**	**$**	**$**	**$**	**$**
Directors						
B J K Sullivan		47,475	-	-	4,525	**52,000**
P J Maloney		15,000	-	-	25,000	**40,000**
C Melloy		15,000	-	-	25,000	**40,000**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		74,581	-	-	7,085	**81,666**
Total		**152,056**	-	-	**61,610**	**213,666**

2019		**SHORT TERM BENEFITS**		**TERMINATION BENEFITS**	**POST-EMPLOYMENT SUPERANNUATION**	**TOTAL**
		SALARIES/ FEES	**CASH BONUS**			
NAME	**NOTES**	**$**	**$**	**$**	**$**	**$**
Directors						
B J K Sullivan		47,475	-	-	4,525	**52,000**
P J Maloney		15,000	-	-	25,000	**40,000**
C Melloy		15,000	-	-	25,000	**40,000**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		86,055	-	-	8,175	**94,230**
Total		**163,530**	-	-	**62,700**	**226,230**

(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. Management fees of $915,000 plus GST were paid in the current year, which increased compared to the prior year due to a 45% increase in direct investments under management. 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. 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 2019	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2020
Directors				
P J Maloney	2,190,389	-	-	2,190,389
C Melloy	5,718,077	-	-	5,718,077
R A Widdup	16,167,277	-	-	16,167,277
B J Sullivan	813,074	-	-	813,074
Other Key Management Personnel				
C K Smyth	1,411,137		-	1,411,137
J M Rose	-	-	-	-
Total	**26,299,954**	**-**	**-**	**26,299,954**

NAME	BALANCE 1 AUGUST 2018	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2019
Directors				
P J Maloney	1,940,389	-	250,000	2,190,389
C Melloy	5,561,827	-	156,250	5,718,077
R A Widdup	14,724,732	-	1,442,545	16,167,277
B J Sullivan	813,074	-	-	813,074
Other Key Management Personnel				
C K Smyth	1,286,152	-	124,985	1,411,137
J M Rose	-	-	-	-
Total	**24,326,174**	**-**	**1,973,780**	**26,299,954**

OPTIONS ON ISSUE

NAME	BALANCE 1 AUGUST 2019	OPTIONS ISSUED AS REMUNERATION	OPTIONS EXPIRED UNEXERCISED	CLOSING BALANCE 31 JULY 2020
Directors				
P J Maloney	-	-	-	-
C Melloy	-	-	-	-
R A Widdup	234,572	-	(234,572)	-
B J Sullivan	-	-	-	-
Other Key Management Personnel				
C K Smyth	117,251	-	(117,251)	-
J M Rose	-	-	-	-
Total	**351,823**	-	**(351,823)**	**-**

NAME	BALANCE 1 AUGUST 2018	OPTIONS ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2019
Directors				
P J Maloney	-	-	-	-
C Melloy	-	-	-	-
R A Widdup	234,572	-	-	234,572
B J Sullivan	-	-	-	-
Other Key Management Personnel				
C K Smyth	117,251	-	-	117,251
J M Rose	-	-	-	-
Total	**351,823**	-	**-**	**351,823**

Information on Directors

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

Barry Sullivan is an experienced and successful mining engineer with a career spanning over 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 Non-Executive Chairman for EganStreet Resources, 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 Chairman of Celamin Holdings Ltd and a non-executive director of Nusantara Resources and One Asia Resources Limited all Lion investees.

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.

Craig is a director of PT Pani Bersama Jaya with respect to Lion's investment in the Pani Joint Venture.

Jane Rose (Investor Relations Manager & Company Secretary)

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

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

In November 2008 Jane was appointed Company Secretary.

Directors' Meetings

During the year and up until the date of this report, the Company held ten 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	10	10
R A Widdup	10	10
B J K Sullivan	10	10
C P Melloy	10	10

Audit Committee Meeting

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

The table below reflects attendances of the audit committee meeting.

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

Directors' Benefits

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

Indemnification of Directors and Officers

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

Lion has paid an insurance premium of $56,486 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 11 of this financial report.

Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2020. 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.

Rounding of Amounts

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

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

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

Auditor's Independence Declaration

As lead auditor for the audit of Lion Selection Group Limited for the year ended 31 July 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 audit; and

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

Anthony Hodge
Partner
PricewaterhouseCoopers

Melbourne
7 September 2020

Lion Selection Group Limited

Statement of Comprehensive Income for the Year ended 31 July 2020

	NOTES	2020 $'000	2019 $'000
Gain/(loss) attributable to movement in fair value	4	**31,834**	**24,951**
Interest income		**9**	**7**
Other income		**18**	**10**
Exchange (loss)/ gain		**(305)**	**53**
Management fees		**(1,071)**	**(802)**
Employee benefits		**(209)**	**(225)**
Other expenses	4	**(412)**	**(343)**
Profit/(Loss) before income tax		***29,864***	***23,651***
Income tax (expense)/benefit	5	**-**	**-**
Net Profit/(Loss) after tax		***29,864***	***23,651***
Other Comprehensive Income		**-**	**-**
Total Comprehensive Income/(Loss) for the year		***29,864***	***23,651***
Attributable to:			
Non-controlling interest		**-**	**-**
Members		***29,864***	***23,651***
		Cents per share	**Cents per share**
Basic earnings/(loss) per share		**19.9**	**15.8**
Diluted earnings/(loss) per share		**19.9**	**15.8**

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

Lion Selection Group Limited

Statement of Financial Position as at 31 July 2020

	NOTES	2020 $'000	2019 $'000
Current Assets			
Cash and Cash Equivalents	13	**10,837**	**2,467**
Trade and Other Receivables	6	**11**	**1,214**
Total Current Assets		***10,848***	***3,681***
Non-Current Assets			
Financial Assets	7	**89,075**	**66,336**
Property Plant & Equipment	8	**16**	**21**
Total Non-Current Assets		***89,091***	***66,357***
Total Assets		***99,939***	***70,038***
Current Liabilities			
Trade and Other Payables	9	**106**	**72**
Total Current Liabilities		***106***	***72***
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	**-**
Total Liabilities		***106***	***72***
Net Assets		***99,833***	***69,966***
Equity			
Contributed Equity	11	**126,214**	**126,211**
Reserves	12	**1,341**	**1,341**
(Accumulated Losses)	10	**(27,722)**	**(57,586)**
Total Equity		**99,833**	***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 Year ended 31 July 2020

	NOTES	2020 $'000	2019 $'000
Cash flows from operating activities			
Interest received		**9**	**7**
Other income received		**15**	**-**
Payments to suppliers and employees (including GST)		**(1,655)**	**(1,374)**
Net operating cash flows	*13(b)*	***(1,631)***	***(1,367)***
Cash flows from investing activities			
Payments for investments		**(6,104)**	**(4,185)**
Payments for property, plant & equipment		**-**	**-**
Proceeds from investments		**16,413**	**6,456**
Net investing cash flows		***10,309***	***2,271***
Cash flows from financing activities			
Proceeds from issue of shares		**3**	**-**
Payments for cost of share issue		**-**	**-**
Net financing cash flows		***3***	**-**
Net increase/(decrease) in cash and cash equivalents held		***8,681***	***904***
Exchange rate variations on foreign cash		**(311)**	**51**
Cash and cash equivalents at beginning of financial year		**2,467**	**1,512**
Cash and cash equivalents at end of financial year		***10,837***	***2,467***

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

Lion Selection Group Limited

Statement of Changes in Equity for the Year ended 31 July 2020

	ISSUED CAPITAL $'000	RESERVES $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 31 July 2019	**126,211**	**1,341**	**(57,586)**	**69,966**
Total comprehensive income/(loss)	**-**	**-**	**29,864**	**29,864**
Transactions with owners in their capacity as owners				
Issue of new shares	3	-	-	**3**
Balance at 31 July 2020	**126,214**	**1,341**	**(27,722)**	**99,833**
Balance at 31 July 2018	**126,211**	**1,341**	**(81,237)**	**46,315**
Total comprehensive income/(loss)	**-**	**-**	**23,651**	**23,651**
Transactions with owners in their capacity as owners	**-**	-	-	**-**
Balance at 31 July 2019	**126,211**	**1,341**	**(57,586)**	**69,966**

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 2020

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ("Lion" or "the Company") for the year ended 31 July 2020 was authorised for issue in accordance with a resolution of the directors on 3 September 2020. 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 certain financial assets and financial liabilities 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 Instrument 2016/191. Lion is an entity to which the class order applies.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and entities controlled by Lion (Asian Lion Limited and Lion Selection Asia Limited) do not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating these entities and continues to carry these investments at fair value.

(b) New accounting standards and interpretations

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 has not impacted existing amounts recognised in the financial statements upon adoption of the standard.

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 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Significant accounting estimates and assumptions

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

(i) 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 a recent 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).

(ii) 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.

(d) Other Income

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

(i) Interest

Income 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

Dividend income 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 are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

The Company applies the AASB 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. The Company recognises a provision based on historical default rates, debtor analysis and the Company's monitoring of credit risk. Trade and other receivables are written off when there is no reasonable expectation of recovery.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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
- 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(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

The Company classifies its financial assets into the following categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be held at amortised cost.

The classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

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 the Company to elect to measure that investment at fair value through profit or loss in accordance with AASB 9. After initial recognition, investments are measured at fair value, with gains or losses on fair value of investments being recognised in the Statement of Comprehensive Income. The fair value of assets is re-measured at each reporting date. This recognition is more relevant to shareholders and consistent with internal investment evaluation.

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

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

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

Investments in 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 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, 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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(ii) Financial liabilities

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

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

(l) Impairment of assets

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

(m) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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 recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Payables 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.

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 an interest expense.

(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.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, 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:

	2020 $'000	**2019 $'000**
Financial assets		
Cash	**10,837**	2,467
Investments in securities	**89,075**	66,336
Trade and other receivables	**11**	1,214
	99,923	70,017
Financial liabilities		
Trade and other creditors	**106**	72
	106	72

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

(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. The Company has a US dollar denominated cash account to meet future US dollar denominated obligations, and the trade and other receivables balance is expected to be received in US dollars. To mitigate the Company's exposure to foreign exchange risk, non-AUD cash flows are closely monitored.

Based on the US dollar cash account at the end of the period, if the value of US dollar/AUD exchange rate 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 $572,000 higher/lower as a result of foreign exchange gains/losses (2019: $232,000 higher/lower).

(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, including exposure to changes in commodity prices arising from investments in equity securities, the Company diversifies its portfolio. Diversification by way of different commodities and locations 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 $8,907,000 higher/lower (2019: $6,634,000 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. Most 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.

	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON INTEREST BEARING	TOTAL	AVERAGE INTEREST RATE	
2020	**$'000**	**$'000**	**$'000**	**$'000**	**FLOATING %**	**FIXED %**
Financial Assets:						
Cash – AUD	5,113	-	-	5,113	0.2	-
Cash – USD	5,724	-	-	5,724	-	-
Bank bills and deposits receivable	-	-	11	11	-	-
Investment in securities	-	-	89,075	89,075	-	-
Financial Liabilities:						
Trade and other creditors	-	-	106	106	-	-
2019						
Financial Assets:						
Cash – AUD	376	-	-	376	2.0	-
Cash – USD	2,091	-	-	2,091	-	-
Bank bills and deposits receivable	-	-	1,214	1,214	-	-
Investment in securities	-	-	66,336	66,336	-	-
Financial Liabilities:						
Trade and other creditors	-	-	72	72	-	-

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

(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.

Based on historical default rates, debtor analysis and the Group's monitoring of credit risk, no impairment allowance is considered necessary in respect of trade receivables not past due.

(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.

(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.

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 2020 and 31 July 2019.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2020				
Assets				
Financial assets at fair value through profit or loss	27,461	757	60,857	89,075
Total Assets	**27,461**	**757**	**60,857**	**89,075**
At 31 July 2019				
Assets				
Financial assets at fair value through profit or loss	21,081	6,334	38,921	66,336
Total Assets	**21,081**	**6,334**	**38,921**	**66,336**

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:

- 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.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

- 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.

The price of a recent investment conducted in an orderly transaction between market participants generally represents fair value as of the transaction date. At subsequent measurement dates, the price of a recent investment may be an appropriate reference point for estimating fair value subject to the current facts and circumstances including 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.

The following table presents the changes in level 3 instruments for the years ended 31 July 2019 and 31 July 2020.

Investments – Level 3	**2020 $'000**	**2019 $'000**
Opening Balance	**38,921**	16,864
Transfers out of Level 3 (to level 1)	**-**	-
Transfers out of Level 3 (to level 2)	**-**	-
Other increases (purchases)	**1,966**	-
Gain/(Losses) recognised in profit or loss	**19,970**	22,057
Closing balance	**60,857**	38,921

The Level 3 balance primarily relates to Lion's investment in the Pani Joint Venture.

Pani Joint Venture

As noted above, Lion valued its 33.3% interest in the Pani Joint Venture at $60.7 million as at 31 July 2020.

This increase reflects the sustained escalation in gold prices since November 2018, being the most recent arms-length transaction when PT Merdeka Copper Gold Tbk's (IDX: MDKA) (Merdeka) acquired its project interest in the Pani Joint Venture. This increase is most notable since mid-March 2020 with spot gold prices strengthening ~US$500/ oz, and the share prices of many market peer companies increasing by more than 100%.

This valuation assessed the sustained increase in the gold price on the Pani Joint Venture, without considering the leverage effect from improved margins for the Pani Joint Venture. Further material upside is expected for the Pani gold project once the J Resources transaction announced on 9 December 2019 completes. This upside has not been considered in the fair value for the assessment made at 31 July as the deal has not yet been completed. Until completed, there is an ongoing risk that the conditions precedent are not met and the deal is unable to be completed. In addition to revaluation reflecting the combination of ground positions, the combined project value could improve to the extent that step out drilling on the Pani IUP between the two Resources confirms geological continuity.

Lion's accounting policy for determining the fair value of unlisted investments aims to maximise the use of observable market data where it is available and rely as little as possible on unobservable inputs. Generally an arms-length transaction represents fair value as of the transaction date, with the last such transaction being Merdeka's acquisition of its stake in the Pani Joint Venture in November 2018. In accordance with valuation guidelines, this valuation was used to calibrate valuation models based on observable inputs. These valuation models have then been assessed for changes in market conditions and project milestones. The determination of fair value at 31 July 2020 has taken into account movements in market comparables 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. The two market-based valuation models used in assessing in line with industry practice are:

- Comparable Value method (Implied value per Resource Oz) as the primary valuation method.
- Yardstick (Rule of Thumb) method as an alternative method in order to provide a cross-check.

The valuation models used rely on a number of related data points from selected comparable companies that are subject to reasonably possible changes. For example, the comparable value method is dependent on gold prices, sentiment to gold equities and declared resources to ultimately determine an implied value per resource ounce. A reasonably possible change in the implied value per resource ounce of 10% would increase/decrease the fair value of the Pani investment by $6.1m , with a corresponding gain or loss attributable to movement in fair value.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

The table below summarises Lion's assessment of the fair value of its investment in the Pani Joint Venture.

Methodology	Valuation Metric	Preferred Valuation
Comparable Value (Primary method)	Pani IUP Resource	2.31 Moz*
	US$/ Resource Oz	US$56/Oz
	Pani IUP Project Value (100%)	US$130M
	Lion's Interest Value (33.3%)	**A$60.7M**
Yardstick (Secondary method)	Pani IUP Project Value (100%)	US$133M
	Lion's Interest Value (33.3%)	**A$62.2M**

*The Pani IUP Resource has been applied based on the higher cut off of 0.3g/t.[1]

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.

The valuation methods used for the Pani joint venture are sensitive to both observable and unobservable inputs. The valuation methods are sensitive to the unobservable interrelationship between the spot gold price, outlook for long term gold prices and the movement in gold equities. In addition, consideration is required of the relative progress of activities for the Pani Joint Venture and peer group companies, particularly taking into account the recent level of movement in those comparables.

NOTE 4 INCOME AND EXPENSES

	2020 $'000	2019 $'000
Gain/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**2,284**	(161)
Mark to Market adjustment for year – investments held at end of year	**29,550**	25,112
Gain/(loss) attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**31,834**	24,951

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.

	2020	2019
Results of investments realised during year		
Proceeds from sale of shares	**9,598**	137
Historical Cost of investment sales	**(6,497)**	(510)
Gross profit/(loss) measured at historical cost on investments realised	**3,101**	(373)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**817**	(212)
Mark to Market recognised in current year	**2,284**	(161)
	3,101	(373)

	2020	2019
The total comprehensive profit/(loss) is after charging the following other expenses		
Investor Relations	**69**	**72**
D & O Insurance	**57**	**52**
Legal Expenses	**29**	**25**
Depreciation	**5**	**5**
Corporate overheads	**252**	**189**
Total other expenses	**412**	**343**

NOTE 5 INCOME TAX EXPENSE

	2020 $'000	2019 $'000
(a) Statement of Comprehensive Income		
Current income tax	**-**	-
Deferred income tax	**-**	-
Income tax expense/(benefit) reported in the Statement of Comprehensive Income	**-**	-
Reconciliation of income tax expense		
Profit/(loss) from ordinary activities before income tax	**29,864**	23,651
Prima facie tax thereon at 30%	**8,959**	7,095
Tax effect of permanent and temporary differences:		
Accounting mark to market movement in the fair value of investments	**(9,550)**	(7,485)
Realised gain/(loss) on sale of investments	**930**	(112)
Other non-deductible or non-assessable amounts	**(116)**	(19)
Previously unrecognised tax losses now recouped to reduce current tax expense	**(930)**	-
Tax benefit not recognised for accounting purposes	**707**	521
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:			
Tax losses available – revenue account		**14,122**	12,476
Tax losses available – capital account		**67,516**	70,617
Temporary Difference – unrealised investments	Note (i)	**(7,005)**	29,411
Accrued Expenses/Other temporary differences		**137**	71
Unrecognised tax losses and temporary differences at 31 July		**74,770**	112,575
Potential Tax Benefit @ 30%		**22,431**	33,772

Note (i) Temporary difference – unrealised investments arises from the difference between the fair value and taxable value of the investment. A deferred tax liability has not been recognised in the Statement of Financial Position as this liability can be set off against income tax losses in the same entity and same jurisdiction.

NOTE 6 RECEIVABLES (CURRENT)		
Share sales receivable	**-**	**30**
Distributions receivable	**-**	**1,176**
Sundry Debtors	**11**	**8**
Total current receivables, net	**11**	**1,214**
NOTE 7 FINANCIAL ASSETS		
Listed investments (at fair value)	**27,461**	**21,081**
Unlisted investments (at fair value)	**61,614**	**45,255**
Total non-current financial assets	**89,075**	**66,336**

Listed shares are readily saleable with no fixed terms.

NOTE 8 OTHER ASSETS (FIXED)

	2020 $'000	2019 $'000
Plant, Property & Equipment – Cost	**79**	79
Accumulated Depreciation	**(63)**	(58)
Total other assets	**16**	21

NOTE 9 PAYABLES (CURRENT)

Sundry creditors and accruals	**106**	72
Total current payables	**106**	72

NOTE 10 RETAINED PROFITS

Movements in retained earnings were as follows:		
(Accumulated losses) at the beginning of the financial year	**(57,586)**	(81,237)
Net profit/(loss) for period	**29,864**	23,651
(Accumulated losses) at the end of the financial year	**(27,722)**	(57,586)

NOTE 11 CONTRIBUTED EQUITY

Issued and paid up capital (fully paid)		
Opening Balance	**126,211**	126,211
Shares Issued – Exercise of options	**3**	-
Expenses of Issue of new shares	**-**	-
Issued and paid up capital (fully paid)	**126,214**	126,211

Share Capital	2020 SHARES	2019 SHARES
Issued and paid up capital (fully paid)		
Opening Balance	**150,134,879**	150,134,879
Shares Issued	**6,392**	-
Buyback and cancellation of treasury shares	**-**	-
Issued and paid up capital (fully paid)	**150,141,271**	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.

NOTE 12 OPTION RESERVE

	2020 $'000	2019 $'000
Opening Balance	**1,341**	1,341
Option Reserve	**1,341**	1,341

Options	2020 OPTIONS	2019 OPTIONS
Opening Balance	**15,720,958**	15,720,958
Options exercised	**(6,392)**	-
Options expired unexercised	**(15,714,566)**	-
Options on Issue	**-**	15,720,958

NOTE 13 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:

	2020 $'000	2019 $'000
Cash on hand and at bank	**10,837**	2,467

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

Net profit/(loss) after income tax	**29,864**	23,651
Adjustments for non-cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**(31,834)**	(24,951)
Other non-cash (income)/expense	**304**	(53)
Decrease/(Increase) in assets:		
Other receivables	**2**	-
(Decrease)/Increase in liabilities:		
Payables	**33**	(14)
Net cash flow from operating activities	**(1,631)**	(1,367)

NOTE 14 EARNINGS PER SHARE

		2020 $'000	2019 $'000
(a)	Earnings/(Loss) used in calculating earnings per share – basic and diluted	**29,864**	23,651
		2020 NUMBER	**2019 NUMBER**
(b)	Weighted average number of ordinary shares for basic earnings per share	**150,136,922**	150,134,879

The calculation of weighted average number for the diluted earnings per share does not include any potential ordinary shares with respect to options as the options on issue are not considered to be dilutive for the current period (2019: nil).

NOTE 15 COMMITMENTS

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.

NOTE 16 REMUNERATION OF AUDITORS

		2020 $	2019 $
(a)	**Audit Services**		
	Audit and review of financial reports	**149,429**	104,400
	Total remuneration for audit services	**149,429**	104,400

(b) Non-audit services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2020 (2019: Nil).

NOTE 17 RELATED PARTY DISCLOSURES

(a) Directors & Key Management Personnel

The directors and key management personnel 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)
Craig Smyth (Chief Executive Officer)
Jane Rose (Company Secretary)

(b) Subsidiaries and Associates

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and entities controlled by Lion (Asian Lion Limited and Lion Selection Asia Limited) do not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating these entities and continues to carry these investments at fair value. Similarly, the scope of AASB 128 Investments in Associates allows the Company to elect to measure that investment at fair value through profit or loss in accordance with AASB 9.

Transactions with controlled entities and associates:

Lion Selection Asia Limited (100% ownership interest)

During the year the Company advanced funds to Lion Selection Asia Limited of $1,966,000 (2019: $3,925,000), with a loan balance of $13,652,000 (2019: $11,686,000). The amount payable was interest free and payable at call.

NOTE 17 RELATED PARTY DISCLOSURES (continued)

Pani Joint Venture (33% ownership interest)

During 2019 regulatory approval was received by the Pani Joint Venture allowing for foreign investors to hold equity directly, and Lion's 33.3% economic interest in the Pani Joint Venture was converted into a direct equity ownership interest, with the shares in the Pani Joint Venture held by Lion Selection Asia Limited. As part of this restructuring process, during 2019 the Company was repaid loan facilities for $4,324,000.

(c) Key Management Personnel Remuneration	**2020 $**	**2019 $**
Short term employee benefits	**152,056**	163,530
Post-employment benefits	**61,610**	62,700
	213,666	226,230

(d) 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. 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. Management fees of $915,000 plus GST were paid in the current year, which increased compared to the prior year due to a 45% increase in direct investments under management. 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. These arrangements are reviewed annually and may be terminated without fee.

NOTE 18 MATERIAL INVESTMENTS

	CARRYING AMOUNT		**ENTITY OWNERSHIP**	
The Company had direct ownership of the following material investments at year end:	**2020 $'000**	**2019 $'000**	**2020 %**	**2019 %**
African Lion 3	**622**	6,281	**24**	24
Asian Lion	**20**	55	**100**	100
Egan Street Resources	**-**	7,292	**-**	16
Erdene Resource Development	**7,802**	2,358	**6**	6
Lion Selection Asia	**29**	42	**100**	100
Nusantara Resources	**16,718**	9,514	**24**	32
Pani Joint Venture	**60,700**	38,723	**33**	33*

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

NOTE 19 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, Asia and the Americas. Information with respect to Geographical Segments is set out below.

2020	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	CORPORATE $'000	TOTAL $'000
Mark to Market adjustment	2,247	90	29,844	(347)	-	31,834
Segment Income	2,247	90	29,844	(347)	**27**	**31,861**
Segment Expense	-	-	-	-	(1,997)	(1,997)
Segment Result Before Tax	**2,247**	**90**	**29,844**	**(347)**	**(1,970)**	**29,864**
Segment Assets	-	1,250	87,617	179	10,893	99,939
Segment Liabilities	-	-	-	-	106	106
Other Segment Information						
Assets Acquired during the period	-	115	5,989	-	-	6,104
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(1,631)	(1,631)
Net Cash flow from investing activities	9,539	6,659	(5,889)	-	-	10,309
Net cash inflow from financing activities	-	-	-	-	3	3

2019	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	CORPORATE $'000	TOTAL $'000
Mark to Market adjustment	2,592	381	22,028	(50)	-	24,951
Segment Income	**2,592**	**381**	**22,028**	**(50)**	**17**	**24,968**
Segment Expense	-	-	-	-	(1,317)	(1,317)
Segment Result Before Tax	**2,592**	**381**	**22,028**	**(50)**	**(1,300)**	**23,651**
Segment Assets	7,568	6,335	51,907	526	3,702	70,038
Segment Liabilities	-	-	-	-	72	72
Other Segment Information						
Assets Acquired during the period	15	54	1,605	-	-	1,674
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(1,367)	(1,367)
Net Cash flow from investing activities	(15)	2,077	209	-	-	2,271

NOTE 20 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

LION SELECTION GROUP LIMITED

Directors' Declaration

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

1. In the opinion of the directors:

   (a) the financial statements, notes set out on pages 12 to 31 are in accordance with the Corporations Act 2001 and other mandatory reporting requirements, including:

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

      (ii) giving a true and fair view of the financial position of the Company as at 31 July 2020 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 2020.

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

On behalf of the Board

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

Melbourne
Date: 7 September 2020

Independent auditor's report

To the members 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 2020 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 2020
- 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 (including Independence Standards)* (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.

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

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 and projects 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 geographic and management structure of the Company, its accounting processes and controls and the industry in which it operates.

Materiality

- For the purpose of our audit we used overall materiality of AU$998,000, 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 utilised a 1% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- Our audit focused on where the Company made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- The Company's finance function and corporate office is based in Melbourne, where we predominantly perform our audit procedures.

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 Committee.

Key audit matter	*How our audit addressed the key audit matter*
Carrying value of Level 1 & 2 investments *(Refer to note 3 (d))* The total carrying value of investments comprises 3 levels in line with AASB 13 *Fair Value Measurement*: - Level 1 – AU$27.461 million - Level 2 – AU$0.757 million - Level 3 – AU$60.857 million - Total – AU$89.075 million The fair value applied by the Company to listed and unlisted investments was a key audit matter due to the significant impact any movement in the fair value as at 31 July 2020 could have on the net assets. The Level 3 investment in the Pani project is described in the following key audit matter.	We obtained the Company's investment schedule as at 31 July 2020 which includes a listing of each investment held and details the number of shares and options held and value per share or option. We compared the investment schedule to the amounts recorded in the financial statements by the Company as at 31 July 2020. We assessed whether the listed and unlisted investment valuation techniques used by the Company are in accordance with Australian Accounting Standards. We performed the following procedures, amongst others, on the fair value of the investments: - For a selection of listed and unlisted equity investments, we compared the number of shares held against evidence such as holding statements or confirmations from investees. - For a sample of Level 1 listed investments we utilised an auditor's expert to compare the Company's fair value to market quoted prices. - For a sample of Level 2 unlisted investments we obtained and assessed observable market data, if available, such as the most recent transacted price made on an arm's length basis. Where that information was unavailable, we considered other available financial information.

Key audit matter	*How our audit addressed the key audit matter*
Fair value measurement of the interest in the Pani project *(Refer to note 3 (d))* At 31 July 2020, the Company recognised a fair value of its investment in the Pani project of AU$60.7 million, including an unrealised pre-tax mark to market increase of AU$20.0 million this year. Certain valuation techniques were utilised to determine the fair value of the Company's investment in the Pani project at 31 July 2020, including: • the comparable value method – this primary method involved an assessment of market comparable companies to consider relative movements in the implied value per resource ounce during the year; and • the yardstick method – a secondary valuation method to provide a cross check of the primary technique. This was considered to be a key audit matter given: • the significance of the Pani project's value as a proportion of the total investments of the Company. • the judgement involved in estimating the fair value of the investment given it is classified as Level 3 with unobservable inputs.	We performed the following procedures, amongst others, on the fair value of the investment in the Pani project: • Considered management's summary of developments and milestones through the year to 31 July 2020 relating to the Pani project and potential impacts to the fair value of the investment. • Utilised an auditor's valuation expert to assess the valuation, including the appropriateness of the valuation methodology applied by the Company and consideration of the reasonableness of the selected comparable company data. • Tested selected inputs and mathematical accuracy of the calculation prepared by the Company in determining the fair value of the investment in the Pani project. • Considered external economic factors such as the increase in gold equities and gold prices during the year to consider potential impacts to the fair value of the investment in the Pani project. • Inquired of the Company's management and directors as to whether they had identified further matters that would materially impact the fair value of the investment in the Pani project. • Evaluated whether, in view of the requirements of Australian Accounting Standards, the financial report provided adequate disclosure about the investment in the Pani project and this year's fair value increase.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 31 July 2020, but does not include the financial report and our auditor's report thereon. Prior to the date of this auditor's report, the other information we obtained included the Director's Report. We expect the remaining other information to be made available to us after the date of this auditor's report.

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

In connection with our audit of the financial report, our responsibility is to read the other information 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 on the other information that we obtained prior to the date of this auditor's report, 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, 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: https://www.auasb.gov.au/admin/file/content102/c3/ar2_2020.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 5 to 8 of the directors' report for the year ended 31 July 2020.

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2020 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

PricewaterhouseCoopers

Anthony Hodge
Partner

Melbourne
7 September 2020