Preliminary Final Report
for the year ended 31 July 2014

Lion Selection Group

KEY POINTS

- Mark to market loss of $1.2 million with respect to investments.
- Lion's portfolio has generally mirrored the continued sell down of resources stocks, driven by a decline in commodity prices. Particularly hard hit has been pre-production mining companies due to their difficulty in raising new equity. Recent sentiment towards juniors has perceptibly changed, with signs of returning investor interest.
- One Asia is Lion's largest investment, representing a material component of Lion's net tangible assets. One Asia has had a number of developments in 2014 at its two Indonesian gold projects, some positive and some negative (these developments are covered in more detail in the accounts). One Asia was subject to an ownership challenge at its Pani project, and continues to work with local authorities and its advisors to ensure that legal contractual obligations are honoured. Once resolved, One Asia plans to move forward on the Pani project, and Macquarie Bank Limited has been mandated to provide $150 million finance for Pani.
- One Asia released an updated scoping study with respect to its Awak Mas project incorporating the higher grade Salu Bulo deposit proximal to Awak Mas. Both capital and operating costs have been reduced.
- Lion remains an active investor, investing $11.1 million during the year.

Full-Year ended 31 July	**2014 $000's**	**2013 $000's**	**% Change**
Investments			
Mark to Market	(1,206)	(2,278)	47%
Dividend Income	-	1,304	(100%)
Cash Inflows/Outflows			
Proceeds from investments	2,929	2,781	5%
Payments for Investments	(11,120)	(17,283)	(36%)

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 2014**	**31 July 2013**

2. Results for announcement to the market

				A$'000
2.1	Revenue	Down 78%	to	413
2.2	Profit (loss) for the year	Down 12%	to	(2,267)
2.3	Profit (loss) for the year attributable to members of the parent	Down 12%	to	(2,267)

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

Operating and Financial Review

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

The Company's loss before tax for the year was $2.3 million (2013 loss: $2.0 million). This includes realised losses from the sale of investments and unrealised losses from mark to market movements in its investment portfolio recognised in the Statement of Comprehensive Income as set out in the table below.

	2014 $'000	**2013 $'000**
Gain/(Loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	**678**	1,958
Mark to Market adjustment for period – investments held at end of period	**(1,884)**	(4,236)
Gain/(Loss) attributable to movement in fair value of investments	**(1,206)**	(2,278)
Results of Investments Realised During Period		
Sales Proceeds	**2,929**	2,781
Historical Cost of sales	**(7,683)**	(2,876)
Gross (loss)/profit measured at historical cost on investments realised	**(4,754)**	(95)
Represented by:		
Mark to Market recognised in prior periods	**(5,432)**	(2,053)
Mark to Market recognised in current period	**678**	1,958
	(4,754)	(95)

The result for the year reflects a net mark to market loss of $1.2 million with respect to investments (3% reduction compared with value of assets held at 31 July 2013). This includes an unrealised loss of $1.9 million. This small reduction in value is consistent with general market movements, with the ASX Small Resources index reducing 2% during the year. Notably Lion invests mainly in pre-production mining companies, a sub-set of the market that has been particularly negatively affected due to the difficulty these companies have faced in raising new equity. The unrealised mark to market loss of $1.9 million at 31 July 2014 in the portfolio value includes:

- A reduction in the value of Lion's direct and indirect holdings in Sihayo Gold of $1.7 million as a result of a delays to the company's Sihayo project in Indonesia;

- A decrease in value across investments within Lion's portfolio of $2.4 million predominantly as a result of negative market sentiment with respect to pre-production mining companies, including a reduction of $0.9 million with respect to Rum Jungle and $0.8 million with respect to Auricup;

- An increase in Lion's direct investment in Doray Minerals of $1.0 million following successful commissioning and the first full quarter of production of Doray's Andy Well project.

- An increase in the value of Lion's direct and indirect holdings in the unlisted One Asia Resources Limited (One Asia) of $1.2 million, reflecting a small uplift from Lion partially underwriting One Asia's rights issue for $7.5 million at $0.65/share in August 2013. In the last twelve months there have been a series of events both positive and negative that are relevant to the carrying value for One Asia. The directors of Lion have reviewed the valuation for its investment in One Asia and have elected to maintain the valuation at 75¢. The Directors note that there is a heightened degree of uncertainty surrounding the One Asia valuation and wish to draw attention to the circumstances surrounding the One Asia investment as summarised in note 3(d).

Lion's directors believe it is important for shareholders that its financial statements and this report explain both the effect of realisation of its investments and mark to market of its investments on its results for the financial year. During the year Lion had a loss measured at historic cost on investments realised of $4.8 million largely with respect to the sale of its shares in Mindoro Resources and YTC Resources, with both companies suffering negative investor sentiment prevalent in small resources for the period the assets were held.

Loss after tax attributable to members was $2.3 million and loss per share was 2.1¢.

During the year the company made new or follow-on investments totalling $11.1 million as follows:

Purchases:	**million**
➢ One Asia	$7.5
➢ African Lion funds	$1.1
➢ Rum Jungle Resources Ltd	$0.6
➢ Chesser Resources	$0.5
➢ Other Investments	$1.4
	$11.1
Sales:	
➢ YTC Resources	$2.4
➢ Other Investments	$0.5
	$2.9

At 31 July 2014 the Company held investments valued at $52.8 million (31 July 2013: $45.8 million), and cash of $11.1 million (31 July 2013: $17.9 million). One Asia represents Lion's single largest investment valued at $29.6 million (including direct and indirect holdings).

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 2014 was $0.60 (including shares to be issued at 31 July 2014). 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 $0.62.

4. Controlled Entities

The Company did not control any entities during the period.

5. Dividends

No dividend was declared or paid during the year (2013: Nil).

6. Dividend/distribution reinvestment plan

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

7. Associates

Company	Current Period % Held	Previous Corresponding Period % Held
African Lion 2 Ltd	24.9	24.9
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	62.9	62.9
One Asia Resources Ltd*	36.0	35.5

** Direct (22.4%) and indirect holdings (13.6%) through Asian Lion Limited*

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

8. Foreign Accounting Standards

Not Applicable.

9. Audit

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

For more information please refer to the attached Financial Statements.

Lion Selection Group Limited

2014 Annual Financial Report

ABN: 26 077 729 572

Financial Report for the year ended 31 July 2014

Lion Selection Group

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Lion Selection Group Limited
Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the financial year ended 31 July 2014.

At the date of this report, Lion had 106,911,630 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:

- Peter Maloney (Non-Executive Chairman)
- Barry Sullivan (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.

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

Results of Investments Realised During Period		
Sales Proceeds	**2,929**	2,781
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Dividends

No dividend was declared or paid during the year (2013: Nil).

Compliance with Environmental Regulations

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

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

Significant Changes in the State of Affairs

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

Significant Events after Balance Date

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

Proceedings on Behalf of the Company

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

Likely Developments and Future Results

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

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

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lion support the applicable principles of good corporate governance. The Company's corporate governance statement is contained in the annual report.

Employees

At 31 July 2014 there was 1 full time equivalent employee of the Company (2013: 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.

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 2013 Annual General Meeting

The Company received more than 98% of "yes" votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2013 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 2014

2014		**SHORT TERM BENEFITS**		**TERMINATION BENEFITS**	**POST-EMPLOYMENT SUPERANNUATION**	**TOTAL**
		SALARIES/ FEES	**CASH BONUS**			
NAME	**NOTES**	**$**	**$**	**$**	**$**	**$**
Directors						
P J Maloney		19,832	-	-	32,168	**52,000**
C Melloy		15,000	-	-	25,000	**40,000**
B J K Sullivan		24,204	-	-	15,796	**40,000**
R A Widdup	(b)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth(c)		-	-	-	-	**-**
J M Rose		86,252	-	-	7,978	**94,230**
Total		**145,288**	-	-	**80,942**	**226,230**

2013		**SHORT TERM BENEFITS**		**TERMINATION BENEFITS**	**POST-EMPLOYMENT SUPERANNUATION**	**TOTAL**
		SALARIES/ FEES	**CASH BONUS**			
NAME	**NOTES**	**$**	**$**	**$**	**$**	**$**
Directors						
P J Maloney		27,821	-	-	24,180	**52,001**
C Melloy	(a)	2,918	-	-	27,083	**30,001**
B J K Sullivan		35,139	-	-	4,861	**40,000**
R A Widdup	(b)	-	-	-	-	**-**
C K Smyth(c)	(c)	-	-	-	-	**-**
Other Key Management Personnel						
J M Rose		86,450	-	-	7,781	**94,231**
Total		**152,312**	-	-	**63,921**	**216,233**

(a) *C Melloy was appointed on 1 November 2012*
(b) *R A Widdup is Managing Director of Lion Manager Pty Ltd, and does not receive any directors fees from the Company*
(c) *C K Smyth is employed by Lion Manager Pty Ltd, and does not receive any remuneration from the Company. Mr Smyth resigned as a director on 31 October 2012, but remains the Chief Executive Officer of the Company.*

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 2013**	**SHARES ISSUED AS REMUNERATION**	**NET CHANGE OTHER**	**CLOSING BALANCE 31 JULY 2014**
Directors				
P J Maloney	1,347,489	-	377,358	1,724,847
C Melloy	4,245,967		471,698	4,717,665
R A Widdup*	9,609,390	-	1,924,528	11,533,918
B J Sullivan	350,000	-	377,358	727,358
Other Key Management Personnel				
C K Smyth	356,221	-	18,867	375,088
J M Rose	-	-	-	-
Total	**15,909,067**	**-**	**3,169,809**	**19,078,876**

* Mr Widdup's shareholding reflects his relevant interest in the Company.

NAME	BALANCE 1 AUGUST 2012	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2013
Directors				
P J Maloney	1,347,489	-	-	1,347,489
C Melloy	-		4,245,967	4,245,967
R A Widdup*	18,256,223*	-	(8,646,833)*	9,609,390
B J Sullivan	60,000	-	290,000	350,000
Other Key Management Personnel				
C K Smyth	271,316	-	84,905	356,221
J M Rose	58,000	-	(58,000)	-
Total	**19,993,028**	**-**	**(4,083,961)**	**15,909,067**

* Mr Widdup's shareholding reflects his relevant interest in the Company. Mr Widdup's shareholding includes a number of shareholders who are associated with Mr Widdup due to an oral understanding reached on 13 May 2010 in relation to their shares. This association ended on 31 October 2012, resulting in the reduction in Mr Widdup's relevant interest. These shares continue to be held by members of Lion Manager.

OPTIONS ON ISSUE

NAME	BALANCE 1 AUGUST 2013	OPTIONS ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2014
Directors				
P J Maloney	224,583	-	-	224,583
C Melloy	707,663	-	-	707,663
R A Widdup*	1,544,899	-	-	1,544,899
B J Sullivan	10,000	-	-	10,000
Other Key Management Personnel				
C K Smyth	45,221	-	-	45,221
J M Rose	-	-	-	-
Total	**2,532,366**	-	**-**	**2,532,366**

NAME	BALANCE 1 AUGUST 2012	OPTIONS ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2013
Directors				
P J Maloney	-	-	224,583	224,583
C Melloy	-	-	707,663	707,663
R A Widdup*	-	-	1,544,899	1,544,899
B J Sullivan	-	-	10,000	10,000
Other Key Management Personnel				
C K Smyth	-	-	45,221	45,221
J M Rose	-	-	-	-
Total	**-**	-	**2,532,366**	**2,532,366**

Information on Directors

Peter Maloney BComm, MBA (Roch) (Chairman)

Peter Maloney has broad commercial, financial and management expertise and experience. He was previously Chief Financial Officer of Lion to December 2009, and an executive of Lion Manager Pty Ltd. In a long career with WMC Resources, he held the positions of Treasurer, Executive Vice President Americas, and Manager Commercial and Marketing – WA. He has also been Executive General Manager, Finance at Santos and Chief Financial Officer at FH Faulding. Peter has managed varied debt and equity financings, mergers, takeovers, acquisitions, divestments, joint venture negotiations, commodity sale agreements, commodity and currency hedging programs, gold and nickel sales, and has been involved in a number of IPOs. As an executive, he has led major corporate and management restructures.

Peter has also been a director of several companies and organisations, including Indophil Resources and Barra Resources and was chairman of Southern Health, the largest healthcare provider in Victoria. He was Chairman of Catalpa Resources from December 2009 to its merger with Conquest Mining Limited to form Evolution Mining Limited in October 2011.

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 became a non-executive director of Lion in December 2010, becoming Chairman from 1 January 2012.

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

Chris Melloy completed an Honours Degree in Mining Engineering at the University of Queensland in 1976 and a Masters Degree in Engineering Science in 1983. He was employed by Mount Isa Mines from 1977 to 1987, and held a number of management positions in planning and operating culminating with responsibility for the copper mine.

He joined J B Were & Son in 1987 to research the base metals sector and CRA Limited. He gained his Graduate Diploma of Applied Finance and Investment in 1990 and from 1992 was consistently ranked as a leading resource analyst in independent surveys.

Mr Melloy was an executive director of Lion Manager from its inception in 1997 through to 2011, when he retired to non-executive director. In September 2012, Mr Melloy resigned from his non-executive director role with Lion Manager. Mr Melloy was also previously a non-executive director of a number of Lion's investees, including Catalpa Resources.

Chris became a non-executive director on 1 November 2012.

Barry Sullivan BSc (Min), ARSM, FAusIMM, MAICD (Non-Executive Director)

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

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

Barry joined Lion in December 2011.

Robin Widdup BSc (Hons), MAusIMM (Director)

Robin Widdup established Lion Selection Group and Lion Manager in 1997 and has been continuously engaged with Lion during the three resource cycles since that time. Robin is Managing Director of Lion Manager Pty Ltd and a non-executive director of Lion investees One Asia and Asian Mineral Resources Ltd.

After graduating as a geologist in 1975 from Leeds University, UK he worked as a copper geologist in Zambia, coal geologist in the UK and metals geologist in Australia. In 1986 Robin moved to stockbroker JB Were & Son as a mining analyst, later becoming manager of resources research.

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 and Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia.

Craig joined Lion as the Financial Controller in March 2005 and was appointed Company Secretary in August 2007. From July 2009 to October 2012 Craig was Managing Director of Lion. On 31 October 2012 Craig stepped down from the Board of Lion Selection Group but remains as Chief Executive Officer of Lion. Craig is employed by Lion Manager Pty Limited.

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 Investor Relations Manager and Company Secretary.

Directors' Meetings

During the year and up until the date of this report, the Company held nine directors' meetings. The names of the directors are set out above.

The table below reflects attendances of the directors at meetings of Lion's Board.

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

Audit Committee Meeting

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

The table below reflects attendances of the audit committee meeting.

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

Directors' Benefits

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

Indemnification of Directors and Officers

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

Lion has paid an insurance premium of $48,948 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 9 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 2014. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding of Amounts

The Company is of a kind specified in Australian Securities and Investments Commission Class Order 98/100. In accordance with that class order, amounts in the financial report and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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

P J Maloney	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 2014, I declare that to the best of my knowledge and belief, there have been:

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

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

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
25 September 2014

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

Liability limited by a scheme approved under Professional Standards Legislation.

Lion Selection Group Limited

Statement of Comprehensive Income for the Year ended 31 July 2014

	NOTES	2014 $'000	2013 $'000
Gain/(loss) attributable to movement in fair value	4	**(1,206)**	(2,278)
Dividend Income		**-**	1,304
Interest Income		**396**	547
Other Income		**17**	-
Foreign Exchange Gain/(Loss)		**-**	(42)
Management fees		**(804)**	(600)
Employee benefits		**(227)**	(217)
Other expenses	4	**(443)**	(741)
(Loss)/Profit before income tax		***(2,267)***	*(2,027)*
Income tax (expense)/benefit	5	**-**	-
Net (loss)/profit after tax		***(2,267)***	*(2,027)*
Other Comprehensive Income		**-**	-
Total Comprehensive (Loss)/Income for the year		***(2,267)***	*(2,027)*
Attributable to:			
Non-controlling interest		**-**	-
Members		***(2,267)***	*(2,027)*
		Cents per share	**Cents per share**
Basic (loss)/earnings per share		**(2.1)**	(2.3)
Diluted (loss)/earnings per share		**(2.1)**	(2.3)

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 2014

	NOTES	2014 $'000	2013 $'000
Current Assets			
Cash and cash equivalents	12	**11,086**	17,938
Trade and other Receivables	6	**39**	82
Total Current Assets		***11,125***	*18,020*
Non-Current Assets			
Financial Assets	7	**52,798**	45,813
Other Fixed Assets	8	**29**	-
Total Non-Current Assets		***52,827***	*45,813*
Total Assets		***63,952***	*63,833*
Current Liabilities			
Trade and Other Payables	9	**48**	51
Total Current Liabilities		***48***	*51*
Non-Current Liabilities			
Total Non-Current Liabilities		***-***	-
Total Liabilities		***48***	*51*
Net Assets		***63,904***	*63,782*
Equity			
Contributed equity	11	**109,770**	103,684
Shares to be Issued Reserve		**-**	3,697
(Accumulated losses)	10	**(45,866)**	(43,599)
Total Equity		***63,904***	*63,782*

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 2014

	NOTES	2014 $'000	2013 $'000
Cash flows from operating activities			
Dividends received		**-**	1,304
Interest received		**437**	611
Payments to suppliers and employees (including GST)		**(1,474)**	(1,570)
Net operating cash flows	*12(b)*	***(1,037)***	*345*
Cash flows from investing activities			
Payments for investments		**(11,120)**	(17,283)
Payments for property, plant & equipment		**(31)**	-
Capital returns from investments		**-**	884
Other investment related income		**17**	-
Proceeds from investment sales		**2,929**	2,781
Net investing cash flows		***(8,205)***	*(13,618)*
Cash flows from financing activities			
Proceeds from the issue of shares		**2,390**	3,575
Proceeds from shares to be issued		**-**	3,697
Net financing cash flows		***2,390***	*7,272*
Exchange rate variations on foreign cash balances		**-**	(42)
Net (decrease)/increase in cash and cash equivalents held		***(6,852)***	*(6,001)*
Cash and cash equivalents at beginning of financial period		**17,938**	23,981
Cash and cash equivalents at end of financial period		***11,086***	*17,938*

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 2014

	ISSUED CAPITAL $'000	SHARES TO BE ISSUED RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 31 July 2013	**103,684**	**3,697**	**(43,599)**	**63,782**
Total comprehensive loss	-	-	(2,267)	(2,267)
Transactions with owners in their capacity as owners				
Shares Issued	6,090	(3,697)	-	2,393
Share Issue expenses	(4)	-	-	(4)
Balance at 31 July 2014	**109,770**	**-**	**(45,866)**	**63,904**
Balance at 1 August 2012	**100,109**	**-**	**(41,572)**	**58,537**
Total comprehensive loss	-	-	(2,027)	(2,027)
Transactions with owners in their capacity as owners				
Shares Issued	3,918	-	-	3,918
Share Issue expenses	(343)	-	-	(343)
Receipt of funds – shares to be issued	-	3,967	-	3,967
Balance at 31 July 2013	**103,684**	**3,697**	**(43,599)**	**63,782**

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

Lion Selection Group Limited

Notes to the Financial Statements for the Year ended 31 July 2014

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ("Lion") for the year ended 31 July 2014 was authorised for issue in accordance with a resolution of the directors on 25 September 2014. 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 4, 15 Queen Street, Melbourne.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Preparation

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

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

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

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

(b) New accounting standards and interpretations

The Company has changed some of its accounting policies as the result of new and revised accounting standards which became effective for the annual reporting period commencing on 1 August 2013. The affected polices are:

- Determining fair value – AASB 13 Fair Value Measurement
- Control and consolidation - AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities

Changes in accounting policy: Fair value measurement

AASB 13 Fair Value Measurement amends the definition of fair value and provides a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards.

With respect to actively-quoted financial assets and financial liabilities, the new standard removes the requirement to use bid and ask prices for respectively. Instead, the most representative price within the bid-ask spread should be used. The new standard also requires additional disclosures regarding level 3 fair value measurements and significant unobservable inputs. In addition AASB 13 clarifies that the fair value of financial liabilities should be determined based on a transfer value to a third party market participant, incorporating credit risk into the valuation.

Changes in accounting policy: Control and consolidation

AASB 10 introduces a single definition of control focusing on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships.

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

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

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

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

Lion has been assessed as meeting the definition of "investment entity", however does not currently have any controlled subsidiaries. Investment entities that have applied the exemption will have to make a number of additional disclosures in relation to unconsolidated subsidiaries, including

(a) that the entity is an investment entity and is accounting for its investments in subsidiaries at fair value through profit or loss

(b) significant judgements and assumptions made in determining that they are an investment entity

(c) information about the unconsolidated entities (names, principal place of business, ownership interest held etc)

(d) the nature and extent of any significant restrictions on the ability of an unconsolidated subsidiary to transfer funds to the investment entity, and

(e) information about the provision of financial support provided to the subsidiary during the reporting period and current commitments, intentions and contractual arrangements that could require the entity to provide such support.

If the entity has changed its status as investment entity it must disclose the total fair value of the subsidiaries that cease to be consolidated, the total gain or loss recognised on deconsolidation and the line item(s) of the profit and loss statement in which the gain or loss is presented.

The amendments did not have any impact on the Company's financial position or performance.

New Standards

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2014 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2015*)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that assets currently held as fair value through profit and loss will continue to be carried at fair value with all fair value gains/losses being recognised in profit and loss. The Company has not yet decided when to adopt AASB 9.

(c) Significant accounting estimates and assumptions

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

(i) Income taxes

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

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

(ii) Fair value of investments and other financial assets

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

The Company's investment in One Asia, an unlisted company, represents a material proportion of Lion's portfolio. Accordingly estimates and assumptions surrounding the valuation of One Asia are significant to the Company's financial statements. Further detail on the Company's valuation of One Asia is set out in note 3(d).

(d) Revenue

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

(i) Interest

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

(ii) Dividends

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

(e) Cash and cash equivalents

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

(f) Trade and other receivables

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

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

(g) Foreign currency translation

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

Transactions and Balances

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

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

(h) Income tax

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

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

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

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

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

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or

- 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 and not in the Statement of Comprehensive Income.

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

(i) Other taxes

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

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

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

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

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

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

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

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

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

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

(k) Derecognition of financial assets and financial liabilities

(i) Financial assets

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

- the rights to receive cash flows from the asset have expired;

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

(ii) *Financial liabilities*

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

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

(l) Impairment of assets

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

(m) Borrowings

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

(n) Payables

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

(o) Provisions

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

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

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

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

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

The liability for long service leave for which Lion has an unconditional right to defer settlement for at least 12 months after the balance sheet date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government 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, South East Asia and the Americas.

NOTE 3 FINANCIAL RISK MANAGEMENT

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

Lion holds the following financial instruments:

	2014 $'000	2013 $'000
Financial assets		
Cash	**2,027**	9,438
Bank bills and deposits receivable	**9,059**	8,500
Investments in securities	**52,798**	45,813
Trade and other receivables	**39**	82
	63,923	63,833
Financial liabilities		
Trade and other creditors	**48**	51
	48	51

(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).

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

The Company's post-tax profit is less sensitive to movements in the AUD/USD exchange rate in the current year than in the prior year, partly due to a decrease in USD cash holdings.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

(ii) ***Price risk***

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

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

Based on the financial instruments held at the end of the period, if the value of equity securities had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $5,279,800 higher/lower (2013: $4,581,370 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 and liabilities. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised below. All assets and liabilities are current, maturing within one year, with the exception of investments in securities, the value of which will be realised at the discretion of the Company. No decision has been made regarding the timing of this realisation.

	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON INTEREST BEARING $'000	TOTAL $'000	AVERAGE INTEREST RATE	
2014					FLOATING %	FIXED %
Financial Assets:						
Cash – AUD	2,027	-	-	2,027	2.3	-
Bank bills and deposits receivable	-	9,059	-	9,059	-	3.5
Other receivables	-	-	39	39	-	-
Investment in securities	-	-	52,798	52,798	-	-
Financial Liabilities:						
Trade and other creditors	-	-	48	48	-	-
2013						
Financial Assets:						
Cash – AUD	9,436	-	-	9,436	2.23	-
Cash – USD		-	2	2	-	-
Bank bills and deposits receivable	-	8,500	-	8,500	-	3.45
Other receivables	-	-	82	82	-	-
Investment in securities	-	-	45,813	45,813	-	-
Financial Liabilities:						
Trade and other creditors	-	-	51	51	-	-

(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.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

(c) Liquidity risk

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

(d) Fair value measurements

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

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

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

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

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

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

Recognised fair value measurements

The following tables present the Company's assets and liabilities measured and recognised at fair value for the periods ended 31 July 2014 and 31 July 2013.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2014				
Assets				
Financial assets at fair value through profit or loss				
Investments	11,552	10,291	30,955	**52,798**
Total Assets	**11,552**	**10,291**	**30,955**	**52,798**
At 31 July 2013				
Assets				
Financial assets at fair value through profit or loss				
Investments	12,384	33,429	-	**45,813**
Total Assets	**12,384**	**33,429**	**-**	**45,813**

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

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

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

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

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

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

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 2014 and 31 July 2013.

	2014 $'000	2013 $'000
Investments – Level 3		
Opening Balance	-	-
Transfers into Level 3 (from level 2)	30,955	4,108
Transfers out of Level 3 (to level 2)	-	(18,038)
Other increases	-	5,036
(Losses)/gains recognised in profit or loss	-	8,894
Closing balance	**30,955**	-

The transfer from level 2 to level 3 in 2014 relates to Lion's investment in One Asia, an unlisted exploration company focused on the exploration for gold resources and development of gold mines in Sulawesi, Indonesia. One Asia has seen a number of developments both positive and negative since the last time there was an observable market transaction, reducing the relevance of the price of last investment, as discussed below. Accordingly, while the valuation of this investment has been maintained at $0.75/share, significant unobservable inputs have contributed to this fair value measurement at 31 July 2014, and therefore resulted in the reclassification to level 3 at the end of the reporting period. In addition, Lion's entire investment in Asian Lion is also classified to level 3 due to One Asia representing a significant component of Asian Lion's portfolio.

The directors of Lion have reviewed the valuation for its investment in One Asia and have elected to maintain the valuation at $0.75/share. The Directors note that there is a heightened degree of uncertainty surrounding the One Asia valuation and wish to draw attention to the circumstances surrounding the One Asia investment as summarised in this note. The Lion Board has engaged with One Asia about the developments with respect to One Asia and the impact they might have on the market value of the company shares. In the last twelve months there have been a series of events both positive and negative that are relevant to the carrying value for One Asia.

Pani Project

In December 2013 the former Chairman of One Asia's partner at Pani (the KUD) reportedly signed a co-operation agreement with listed Indonesian company J Resources notwithstanding the long term contractual agreements the KUD had with One Asia. The former Chairman of the KUD was removed from that position at a member meeting early this year. One Asia has advised that both the new Chairperson and the chief Commissioner of the KUD have publically stated that the purported co-operation agreement was entered into by the former Chairman in a personal capacity, was not approved by the Board of Directors or the Board of Commissioners of the KUD, and is therefore without legal authority. One Asia advises there is no legal capacity for the KUD to unilaterally rescind its long standing agreements, that all agreements with the KUD remain in place and that they are enforceable under Indonesian law. One Asia has been liaising with local authorities and its advisors to ensure that those contractual obligations are honoured. One Asia has retained and continues to retain occupancy and conduct work on the Pani site throughout 2014.

Prior to the J Resources attempted intervention in December 2013, One Asia had been seeking to restructure the ownership arrangements of the Pani tenement with the KUD in accordance with the aforementioned agreements. These restructured arrangements are yet to be completed and whilst One Asia continues to pursue the restructuring in accordance with the KUD agreements and Indonesian law, it is not able to provide timing on when this might be completed.

Based on the information available, the Lion Board has formed the view that at the date of this report there is a reasonable basis to believing One Asia's ownership of the Pani project remains intact, and while subject to uncertainty regarding timing, there are a number of strategic options being actively pursued that the directors believe can provide a satisfactory path forward for developing the project.

In June 2013 One Asia released its maiden JORC Resource of 1.88Moz. Subsequent to that announcement strike extensions have been confirmed by drilling. One Asia has also been conducting metallurgical and mining studies. Based upon the resource and those additional studies, Pani appears to have compelling economics at current gold prices given the potential for a low stripping ratio, open pit mine and heap leach processing. One Asia continues to progress studies on development options for the project.

NOTE 3 FINANCIAL RISK MANAGEMENT (continued)

One Asia remains committed to developing the Pani Gold project and have mandated Macquarie Bank Limited (MBL) to provide up to US$150 million of capital to fund the development and all associated costs of the Pani Gold Project, subject to requisite studies and approvals. One Asia continues to work with and support the local community as it has in the past. Upon a successful completion of the IUP ownership restructuring, One Asia, with the support of MBL, will move to complete feasibility studies, conclude all permitting requirements and develop the Pani site for gold production activities, which will deliver substantial benefits to the local community around the Pani Gold Project and the Gorontalo Province.

Awak Mas Project

One Asia's Awak Mas project is held under a 7th generation Contract of Work. One Asia completed acquisition of Awak Mas from Vista Gold in December 2013 to own 100% of the project (it was previously earning 80%), with Vista Gold opting to receive a royalty of 2 – 2.5% NSR on gold production from Awak Mas.

As announced by Lion in December 2013, One Asia provided an updated JORC Resource of 2.55 Moz gold incorporating the Salu Bulo deposit, approximately 2km from the main Awak Mas deposit. A scoping study released May 2014 modified the December 2012 Pre-Feasibility Study by incorporating Salu Bulo:

US$243m capex, 8 year life, 887,279oz at C1 cash cost US$576/oz, open pit, CIL.

A revised feasibility study is expected to be completed by the end of 2014 on Awak Mas.

One Asia Corporate Matters

Robin Widdup from the Lion team became a non-executive director of One Asia in August 2013. In May 2014 Adrian Rollke replaced Stephen Walters as Managing Director of One Asia. Mr Rollke, a co-founder of One Asia, has been an executive director for over six years and has extensive experience in the mining industry. One Asia appointed Boyke Abidin as President Director of both PT Pani Resources Indonesia and PT Masmindo DWI Area, the respective primary operating subsidiaries for the Pani and Awak Mas projects. Mr Abidin has been with One Asia for over four years and was involved with PT Masmindo DWI Area since 2000 with principal responsibility for all Government matters and community relations.

In September 2013, One Asia successfully closed its rights issue raising $21 million at $0.65/share. Lion invested $7.5 million in the rights issue, including both Lion's and Asian Lion's share of the rights issue. At that time, Lion maintained its valuation for One Asia at $0.75/share, reflecting the previous market transacted value and that the rights issue pricing represented a small discount to the valuation as would normally be the case for a listed company, and noting that the rights issue is largely an internal raising from existing shareholders. Lion's additional investment in One Asia as part of this rights issue was revalued from the cost price of $0.65/share to fair value of $0.75/share, resulting in an unrealised gain of $1.2 million being recognised in profit and loss.

The ultimate realised value of an investment in One Asia could fall in a very wide range, reflecting the relatively immature technical understanding of the Pani project, resource upside, development risk, tenure risk, gold price, and other factors. In particular, in the event that the current Pani project dispute is not satisfactorily resolved, the ultimate realised value could be far less than 75 cents per One Asia share. Conversely, the ultimate realised value could be far more than 75 cents per One Asia share as the project is de-risked. The board considers that a valuation of 75c is the valuation within this range that is most reasonably representative of the fair value under current market conditions. Due to the significant uncertainties involved in the One Asia valuation, the directors do not believe the effect of reasonably possible alternative assumptions on the fair value assessment can be reasonably quantified.

One Asia remains Lion's largest investment, representing a material component of Lion's portfolio. 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 One Asia outweighs the risks if the challenges of developing a mine in Indonesia can be overcome.

NOTE 4 INCOME AND EXPENSES

	2014 $'000	2013 $'000
(Loss)/gain attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**678**	1,958
Mark to Market adjustment for year – investments held at end of year	**(1,884)**	(4,236)
(Loss)/gain attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**(1,206)**	**(2,278)**

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

Results of Investments Realised During Year		
Proceeds from sale of shares	**2,929**	2,781
Historical Cost of investment sales	**(7,683)**	(2,876)
Gross (loss)/profit measured at historical cost on investments realised	**(4,754)**	(95)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(5,432)**	(2,053)
Mark to Market recognised in current year	**678**	1,958
	(4,754)	(95)
Other Income		
Sundry income	**17**	-
Other income	**17**	-

The total comprehensive (loss)/profit is after charging the following other expenses		
Investor Relations	**140**	344
D & O Insurance	**49**	49
Legal Expenses	**10**	151
Depreciation	**2**	-
Other corporate overheads	**242**	197
Total other expenses	**443**	741

NOTE 5 INCOME TAX EXPENSE

	2014 $'000	2013 $'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		
(Loss)/profit before income tax	**(2,267)**	(2,027)
Prima facie tax thereon at 30%	**(680)**	(608)
Tax effect of permanent and other differences:		
Non-deductible expenses	**1,439**	10
Non assessable dividend income	**-**	(391)
Unrealised mark to market increase in the fair value of investments	**(1,064)**	655
Deductible business related capital expenditure under Section 40-880	**(109)**	(135)
Amount underprovided/(overprovided) in prior years	**(29)**	-
Tax benefit not recognised for accounting purposes	**443**	469
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.

		2014 $'000	2013 $'000
Unrecognised temporary differences at 31 July relate to the following:			
Tax losses available – revenue account		**6,467**	5,182
Tax losses available – capital account		**63,954**	59,200
Temporary Difference – unrealised investments	Note (a)	**30,599**	34,546
Accrued Expenses/Other temporary differences		**344**	234
Unrecognised tax losses and temporary differences at 31 July		**101,364**	99,161
Potential Tax Benefit @ 30%		**30,409**	29,748

Note (a) – Temporary difference – unrealised investments.

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

NOTE 6 RECEIVABLES (CURRENT)

	2014 $'000	2013 $'000
Accrued interest	**21**	62
Sundry Debtors	**18**	20
Total current receivables, net	**39**	82

NOTE 7 FINANCIAL ASSETS	2014 $'000	2013 $'000
Listed investments (at fair value)	**11,552**	12,384
Unlisted investments (at fair value)	**41,246**	33,429
Total non-current financial assets	**52,798**	45,813

Listed shares are readily saleable with no fixed terms.

Lion's ownership and economic interest in Asian Lion Ltd ("Asian Lion") is 62.8%. The directors have determined that Lion does not control Asian Lion as the Asian Lion Subscription and Shareholders Agreement ("SSA") restricts the ability of Lion to influence and direct the financial and operating decisions of Asian Lion. The SSA restricts Lion's voting power such that it is not commensurate with its ownership interest and it is unable to control the appointment or removal of directors or of members of the investment committee to which investment decisions have been delegated.

Lion continues to carry its investment in Asian Lion as a financial asset at fair value through profit and loss.

NOTE 8 OTHER ASSETS (FIXED)		
Plant, Property & Equipment – Cost	31	-
Accumulated Depreciation	(2)	-
Total other assets	**29**	**-**

NOTE 9 PAYABLES (CURRENT)		
Sundry creditors and accruals	48	51
Total current payables	**48**	51

NOTE 10 RETAINED PROFITS & RESERVES		
Movements in retained earnings were as follows:		
(Accumulated losses) at the beginning of the financial year	**(43,599)**	(41,572)
Net (loss)/profit for period	**(2,267)**	(2,027)
(Accumulated losses) at the end of the financial year	**(45,866)**	(43,599)

NOTE 11 CONTRIBUTED EQUITY		
Issued and paid up capital (fully paid)		
Opening Balance	103,684	100,109
Shares Issued	6,090	3,918
Share issue expenses	(4)	(343)
Issued and paid up capital (fully paid)	**109,770**	103,684

Share Capital	2014 SHARES	2013 SHARES
Issued and paid up capital (fully paid)		
Opening Balance	**95,420,281**	88,029,353
Issue of new shares – exercise of options	**217**	-
Shares Issued	**11,491,132**	7,390,928
Issued and paid up capital (fully paid)	**106,811,630**	95,420,281

NOTE 11 CONTRIBUTED EQUITY (continued)

Shares to be Issued

During 2013 Lion undertook a $10 million equity capital raising, part of which was settled after the year end. During 2013 Lion received $3,697,000 as part of the raising for which 6,975,991 shares were issued immediately after the year end. This equity contribution was classified as Shares to be Issued. In addition, in 2014 Lion received $2,393,000 and issued 4,515,141 shares.

Capital Risk Management

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

NOTE 12 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

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

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

	2014 $'000	2013 $'000
Cash on hand and at bank	**2,027**	9,438
Bank bills and deposits	**9,059**	8,500
Closing cash balance	**11,086**	17,938

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

	2014	2013
Net (loss)/profit after income tax	**(2,267)**	(2,027)
Adjustments for non-cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**1,206**	2,278
Other non-cash (income)/expense	**(16)**	42
(Increase)/decrease in assets:		
Other receivables	**43**	51
(Decrease)/increase in liabilities:		
Payables	**(3)**	1
Net cash flow from operating activities	**(1,037)**	345

NOTE 13 EARNINGS PER SHARE

	2014	2013
(a) (Loss)/earnings used in calculating earnings per share – basic and diluted	**(2,267)**	(2,027)
	2014 NUMBER	**2013 NUMBER**
(b) Weighted average number of ordinary shares for basic earnings per share	**106,911,630**	88,759,383

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.

NOTE 14 COMMITMENTS

(a) Superannuation Commitments

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At balance date, the Company was contributing to various approved superannuation funds at the choice of employees at a minimum rate of 9.25% of salaries paid, increasing to 9.5% in 2015. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

(b) Investment Commitments

African Lion 3 Limited (AFL3)

Lion entered into an agreement in June 2008 to commit US$18.75 million in AFL3, of which US$2.3M remains undrawn at 31 July 2014 (Australian Dollar equivalent of $2.4 million).

Lion Selection Limited

Under the arrangements associated with the 2009 demerger of Lion from its previous holding company, Lion Selection Limited, Lion provided an indemnity to Lion Selection Limited and its subsidiaries in respect of certain liabilities that pre-date the arrangements. This includes any tax liabilities of Lion Selection Limited and its subsidiaries for the period before 31 July 2009 and any employee and management fee liabilities prior to the demerger. Lion is not aware of any amount payable associated with this indemnity as at 31 July 2014.

NOTE 15 REMUNERATION OF AUDITORS

	2014 $'000	2013 $'000
(a) Audit Services		
Audit and review of financial reports	**74,000**	77,000
Total remuneration for audit services	**74,000**	77,000

(b) Non-audit services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2014.

NOTE 16 RELATED PARTY DISCLOSURES

(a) Directors & Key Management Personnel

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

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

(b) Lion Manager Pty Ltd Contract

During the year ended 31 July 2013, Lion entered into a Management Agreement with Lion Manager Pty Ltd (Lion Manager), under which Lion Manager provides the company with management and investment services. The arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management, currently equating to $645,000 per annum plus GST. There is an incentive applicable which would apply where Lion's performance outperforms a benchmark. In addition up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion's website. As at the date of this report no incentive fee had accrued with respect to the Lion Manager contract.

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

NOTE 16 RELATED PARTY DISCLOSURES (continued)

(c) Key Management Personnel Remuneration

	2014 $'000	**2013 $'000**
Short term employee benefits	145,288	152,312
Termination benefits	-	-
Post-employment benefits	80,942	63,921
	226,230	**216,233**

NOTE 17 MATERIAL INVESTMENTS

	CARRYING AMOUNT		**ENTITY OWNERSHIP**	
	2014 $'000	**2013 $'000**	**2014 %**	**2013 %**
The Company had direct ownership of the following material investments at year end:				
African Lion 3 Ltd	**7,955**	6,410	**24**	24
Asian Lion Ltd	**9,535**	10,699	**63**	63
Auricup Resources Ltd	**1,511**	1,905	**20**	18
Doray Minerals Ltd	**6,085**	5,110	**5**	6
One Asia	**21,419**	12,766	**22***	18
Rum Jungle Resources Ltd	**1,702**	2,045	**5**	6

*The entity ownership of One Asia reflects Lion's direct interest in the investee. Lion's relevant interest including the ownership held by Asian Lion is 36%.

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

NOTE 18 SEGMENT INFORMATION

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

2014	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	-	-	-	413	413
Mark to Market adjustment	(148)	(316)	(547)	(195)	-	(1,206)
Segment Income	**(148)**	**(316)**	**(547)**	**(195)**	**413**	**(793)**
Segment Expense	-	-	-	-	(1,474)	(1,474)
Segment Result Before Tax	**(148)**	**(316)**	**(547)**	**(195)**	**(1,061)**	**(2,267)**
Segment Assets	9,410	8,793	34,290	305	11,154	63,952
Segment Liabilities	-	-	-	-	48	48
Other Segment Information						
Assets Acquired during the period	1,000	1,145	8,975	-	-	11,120
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(1,037)	(1,037)
Net Cash flow from investing activities	1,547	(1,145)	(8,593)	-	(14)	(8,205)
Net Cash flow from financing activities	-	-	-	-	2,390	2,390

2013	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	1,304	-	-	547	1,851
Mark to Market adjustment	2,970	(1,227)	(2,885)	(1,136)	-	(2,278)
Segment Income	**2,970**	**77**	**(2,885)**	**(1,136)**	**547**	**(427)**
Segment Expense	-	-	-	-	(1,600)	(1,600)
Segment Result Before Tax	**2,970**	**77**	**(2,885)**	**(1,136)**	**(1,053)**	**(2,027)**
Segment Assets	11,085	7,754	26,474	500	18,020	64,833
Segment Liabilities	-	-	-	-	51	51
Other Segment Information						
Assets Acquired during the period	3,552	2,953	9,446	1,332	-	17,283
Cash Flow Information						
Net Cash flow from operating activities	-	1,304	-	-	(959)	345
Net Cash flow from investing activities	(3,459)	596	(9,423)	(1,332)	-	(13,618)
Net Cash flow from financing activities	-	-	-	-	7,272	7,272

NOTE 19 EVENTS OCCURRING AFTER THE REPORTING PERIOD

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

LION SELECTION GROUP LIMITED

Directors' Declaration

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

1. In the opinion of the directors:

(a) the financial statements, notes set out on pages 10 to 30 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 2014 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 2014.

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

P J Maloney

....

P J Maloney
Chairman

....

R A Widdup
Director

Melbourne
Date: 25 September 2014

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

Report on the financial report

We have audited the accompanying financial report of Lion Selection Group Limited (the company), which comprises the statement of financial position as at 31 July 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility 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 is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

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

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

Liability limited by a scheme approved under Professional Standards Legislation.

Auditor's opinion

In our opinion:

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

  (i) giving a true and fair view of the company's financial position as at 31 July 2014 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the company's financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Emphasis of Matter

We draw attention to Note 3(d) to the financial statements which describes the uncertainty related to the outcome of the Pani Project ownership dispute and its impact on the company's valuation of One Asia Resources Limited. Our opinion is not modified in respect of this matter.

Report on the Remuneration Report

We have audited the remuneration report included in pages 3 to 5 of the directors' report for the year ended 31 July 2014. 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.

Auditor's opinion

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
25 September 2014