2015 ANNUAL REPORT

BUILDING EMERGING MINERS

PEOPLE PROJECTS OPPORTUNITIES

Lion Selection Group

Contents

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Chairman's Letter to Shareholders

Your directors are pleased to provide you with the annual report for the year ended 31 July 2015. We thank you for loyalty in what has been a five year cycle downturn.

Lion's financial results during the year were disappointing, with the value of Lion's portfolio being eroded by the combination of further declines in the small resources sector generally and specifically Lion's investment in One Asia Resources.

One Asia represents Lion's largest investment, with its ownership dispute at the Pani project continuing. During the year One Asia introduced a strategic local partner, Provident Capital Partners, whose tangible support has and will be instrumental in upholding One Asia's legal rights at Pani. Experience tells us that the path is unlikely to be smooth, but crucially we believe One Asia has the right strategy with the right people involved. Assets like Pani do not come along often and are worth fighting for, and Lion remains fully focussed on One Asia devoting resources accordingly. Lion has negotiated major challenges with investments in the past, ultimately providing some of our most successful investments. One Asia is more fully discussed in Note 3(d) of the financial report and on pages 10 to 12.

For both juniors and majors alike, this challenging resources market environment is about surviving. Global mining equities and commodity prices have been in decline since early 2011. Some areas have been hit harder than others with confidence in iron ore, coal and junior resource companies that require funding particularly hard hit. One unusual feature as this new cycle begins to turn is the heavy debt burdens of many global major miners is forcing them to sell assets when traditionally they should be buying. Amidst this gloom, bright spots are beginning to emerge, costs are falling significantly compounded by energy price and exchange rate reductions. Mid-sized gold companies have started acquiring gold projects globally indicating the potential for gold in the new cycle; fortunately Lion has a 75% weighting to gold.

The Lion team believes there are strong arguments that the resources market cycle is in the vicinity of the bottom. No doubt there are still some bumps to come along and the eventual recovery will be gradual and its duration uncertain, but there are indications that things are slowly improving.

Your directors would like to take this opportunity to thank shareholders for their loyalty to Lion and understanding of the resources cycle. Contrarian investing is seldom easy, with patience and belief in your investment ethos required. Lion's share price has reflected the challenges of the market and specifically One Asia during the year. The Lion team remains confident that with time both will improve. Importantly the team are well aligned with shareholders with many being material shareholders, and also with some making further investment in recent months.

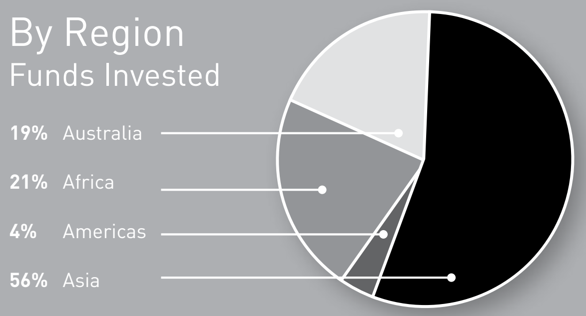
I would personally and on behalf of all directors like to acknowledge the Lion team who have effectively rolled their sleeves up this year to help many investees through this challenging period. This active management is an important differentiator of the Lion investment philosophy, and illustrates the experience, influence and networks we can draw upon to assist investees.

P J Maloney

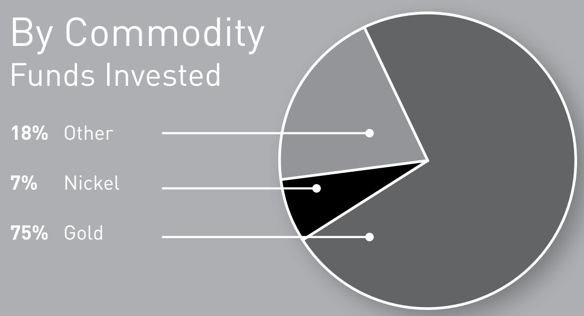
Peter Maloney
Chairman

Lion Selection Group Investment Summary

By Region
Funds Invested



By Commodity
Funds Invested

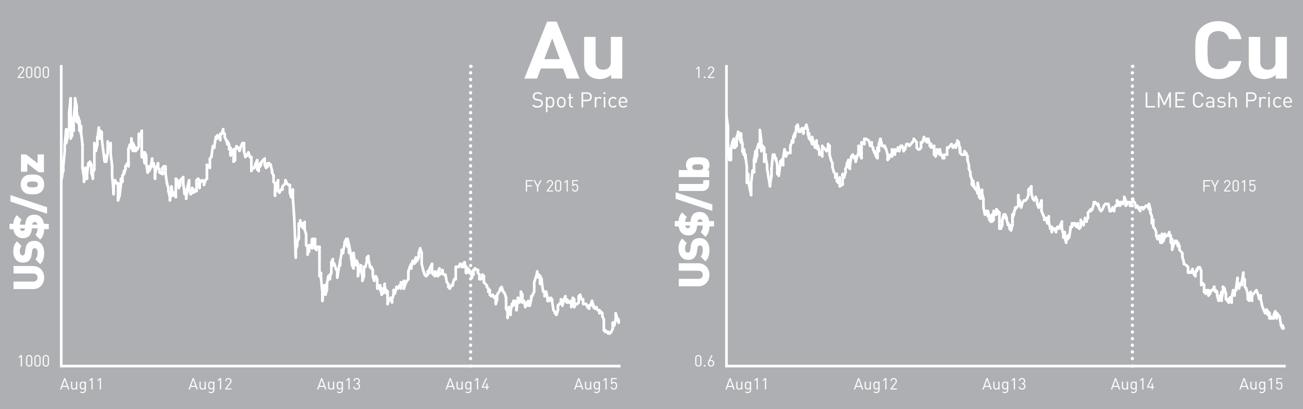


AS AT 30 SEPTEMBER 2015	COMMODITY	MARKET VALUE A$M
Australia		
Doray Minerals	Gold	3.7
Rum Jungle Resources	Phosphate	1.0
Auricup Resources	Gold	0.9
Africa		
Roxgold	Gold	3.6
Toro Gold	Gold	1.2
Other Africa		1.3
Cash dedicated to Africa[1]		1.8
Asia		
One Asia Resources[2]	Gold	8.3
Asian Mineral Resources	Nickel	1.3
Other Asia		0.5
Americas	Iron Ore / Coal	0.2
Uncommitted Net Cash		**5.9**
Net Tangible Assets		**$29.7m**
NTA Per Share		**28c**

1 Includes committed cash of US$1.2 million to AFL3.
2 One Asia at a value of A$0.18/share.

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

Lion Manager's Report



Review of 2015

This year has again been characterised by mining equity weakness. Since 2011, the market for equity in mining companies has endured one of the longest, and deepest negative performances on record. Broadly speaking, this decline has paralleled negative performances in most mineral commodity prices, and the sentiment of the market has been influenced by a slowing rate of economic growth in China, the world's largest commodity consumer, coupled with poor cost and balance sheet management by miners that has been exposed by price weakness.

A feature of 2015 has been commodity price weakness. Other than gold, which experienced its most significant falls in 2011, falls in most commodities during the last 12 months have been steep. There has also been a high level of correlation between many mineral commodity prices, despite differing supply / demand fundamentals. Strongly correlated prices are not surprising given the common catalyst has been market wariness over China's future commodity appetite, even so this behaviour has led some market observers to suggest a level of speculative activity in commodity markets.

Commodity prices are now putting many producers under pressure –there are many projects operating at marginal cost, or even sustaining losses in the hope of an imminent correction. Consequently, miners with high levels of leverage have come under pressure with reduced cash flows for debt servicing and difficulties refinancing. The most prominent of these have been the major miners, who collectively looked to be in good financial shape 12 months ago, but many of whom are now under pressure to service substantial debt loads or dividend expectations.

More recently, there are a number of bright spots, and by and large many indicators of sentiment and liquidity, which are the forces that drive the mining cycle, have improved during the year.

Ringing the Bell

All busts come to an end. The historical record is emphatic: busts have always given way to another boom as cycle follows cycle, so it is not so much a matter of if, but when this takes place. Since 2013, there have been strengthening signals that a change in sentiment towards miners is underway, which suggests the mining sector is now passing through the base of the cycle.

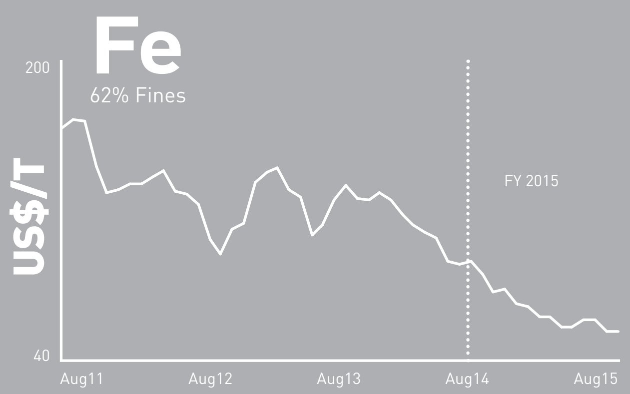
Miners' correlation with the market is improving:

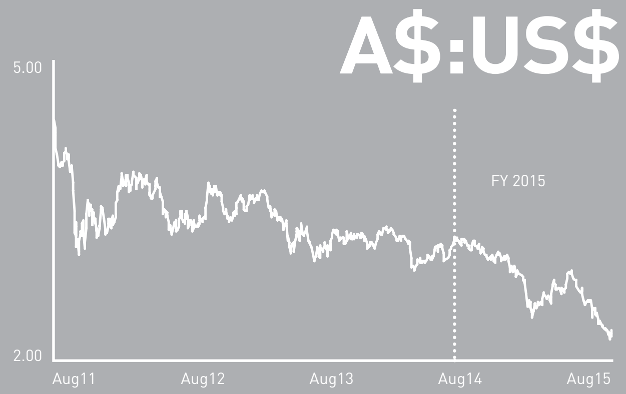
- From mid-2011 to mid-2013, mining equities underperformed a reasonably buoyant broader market. In 2014, miners' performance stabilised, and major indices traded sideways. 2015 brought about further falls for miners, however for the first time this was against the backdrop of a weak broader market.

Mining equities are at or below cyclical lows:

- Mining indices are trading at lower levels than the last cyclical low (2009).
- Market weight of miners is also at levels not experienced since previous cyclical lows. Market weight of miners in the ASX300 index is 10%, compared with 27% and 24% at market peaks in 2008 and 2011.

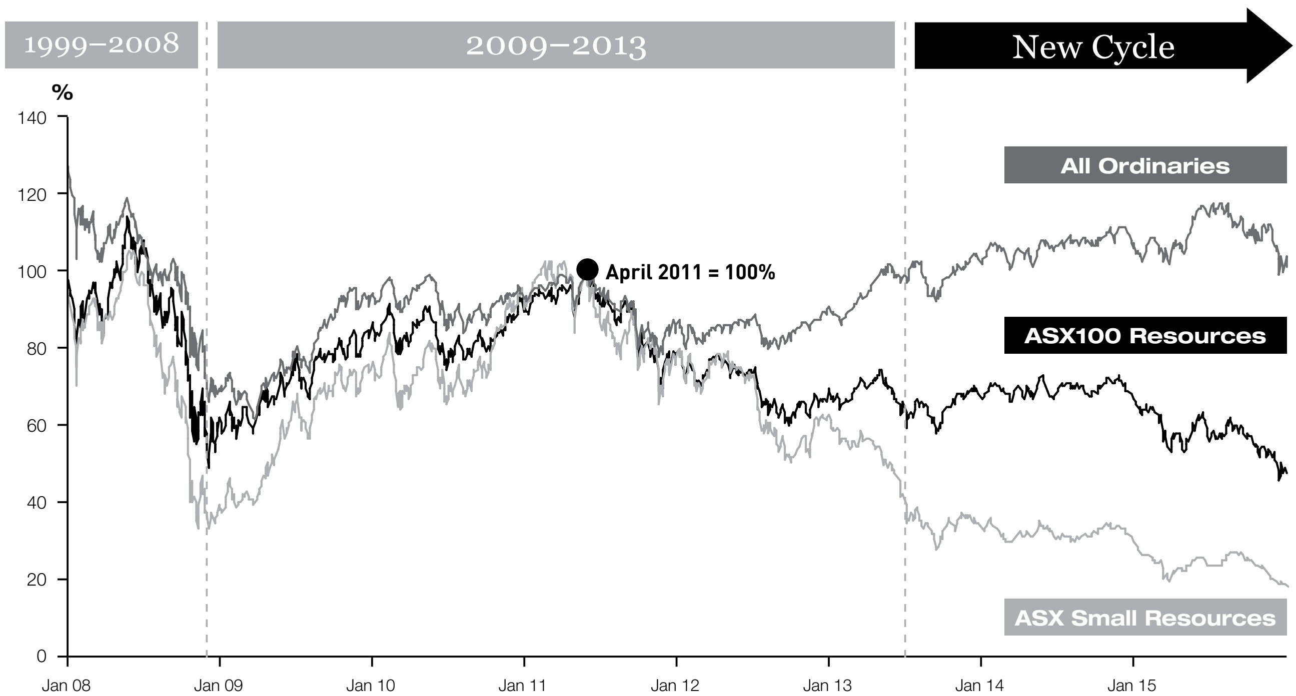
Lion Manager's Report





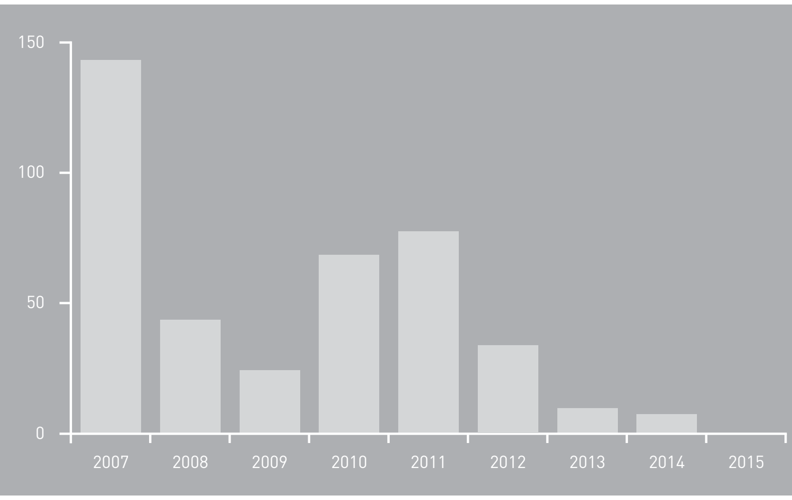
Mining M&A deal size and volume is increasing, and the market is funding more and larger transactions:

- A prominent feature of mining M&A has been major miners selling projects to fund balance sheet repairs. The acquirers have mainly been aggressively growing mid-tier miners. Many acquisitions have been successfully funded by the equity market.
- Broadly, deal flow and deal size has increased since 2013.
- Recent mergers have featured sizeable premiums over pre-deal trading prices, and to date these acquisitions have been generally well received by the market.
- 2015 also saw several substantial sell downs conducted as block trades by substantial shareholders in both Evolution Mining and Sandfire Resources. That these were absorbed by the market is a positive signal of recovering liquidity.



Lion Manager's Report

IPO volume at cyclical low



Source: IRESS, ASX,
Company Announcements

Costs decreasing:

- Miners have continued to prune operating costs out of necessity, driven by falling commodity prices. In some sectors, producers have been able to expand margins. This is most evident in the gold sector, which experienced the earliest, most abrupt commodity price falls and has had to react first to address costs. The weaker Australian currency has assisted our local producers.
- Capital costs have also eased. Key inputs such as steel and labour have come down, and demand for items such as mills and smelters has also fallen, bringing provider margins down. The atmosphere for project development tendering is now much more competitive.
- Miners' ability to manage costs down is crucial, with the market rewarding the few cases where cost reduction has provided a material improvement to profitability and cash generation.

Mining IPO and RTO volumes:

- The IPO market for miners remains closed, with zero IPO's onto ASX of mining companies in 2015.
- However, it is still possible to list a mining business, due to the abundance of listed shell companies, which have been unsuccessful in their previous endeavours and need to reinvent themselves in order to continue trading. Reverse Takeover transaction volumes have already more than doubled from CY2014 to CY2015 (which is incomplete) – a certain sign of liquidity returning, on a small scale, to the junior end of the market.

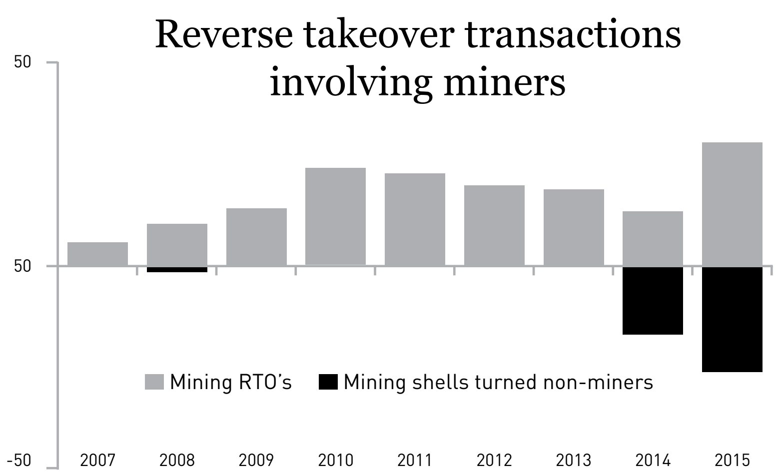
Whilst RTO volume has increased

- Is still possible to list mining business
- Recycling of stale junior population

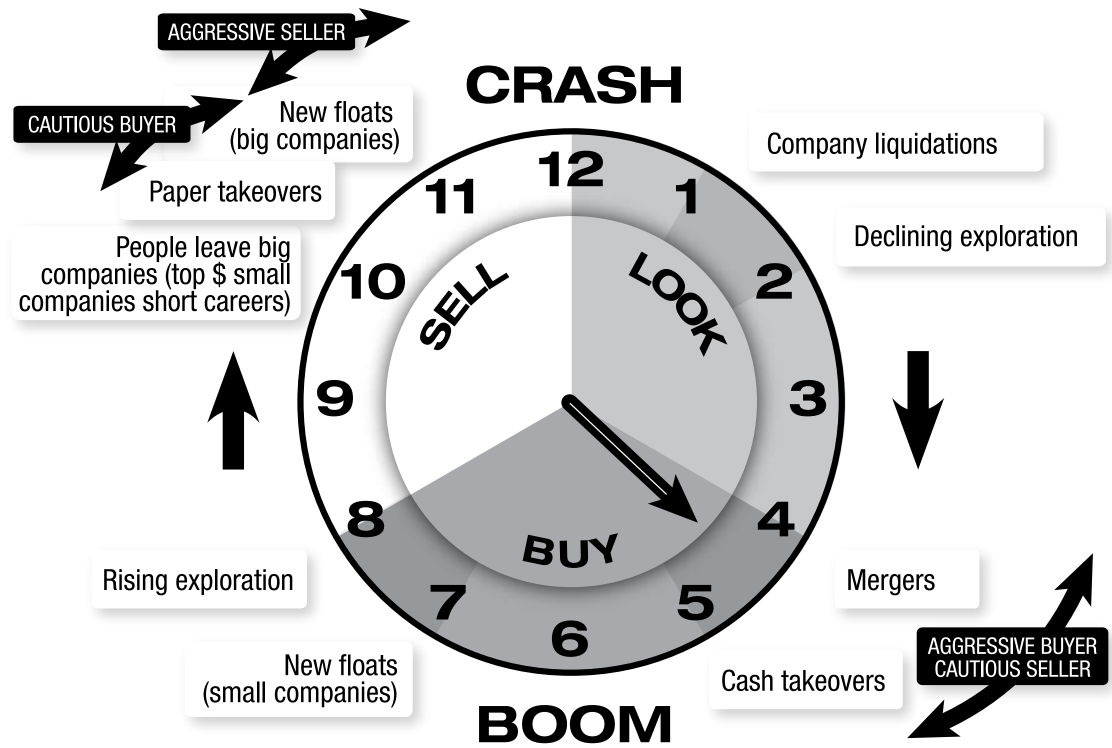
Some failed miners are leaving the sector

- Evidence of professional capitulation
- Further aids clean out of stale junior population

Source: IRESS, ASX,
Company Announcements



Lion Manager's Report



The Lion Clock now reads 4:30 – the time just before the next boom starts.

Lion Clock

The Lion Resources Clock depicts the mining cycle, and the time is set according to the indicators of liquidity that are tracked by the Lion team, many of which are discussed previously. In 2014, the time was 4 o'clock. Due to the increase in mining M&A deal volume and size, the market's willingness to fund many of these transactions and absorb large lines of stock, as well as the improvement in RTO deal volume The Lion Clock now reads 4:30 – the time just before the next boom starts.

Catalysts that would affect sentiment and push the Clock towards 5 o'clock include:

- Increased mining M&A deal size, especially if deals begin to be balance sheet funded. Major miners as a group becoming acquisitive would be a strong signal, having been almost exclusively sellers of projects for the last three years. Private equity investors could also be acquirers and evidence of this has been seen recently.
- Commodity price stability is necessary to provide confidence to the mining equity market. However, a commodity recovery may not be essential to mining equity re-ratings, if producers can engineer margin expansion via cost management.
- A substantial exploration discovery would provide a major shot in the arm to sentiment.

Whilst indicators provide confidence in the cycle progressing, there are risks that affect the outlook:

- Continued commodity weakness, whilst seemingly unlikely given the proximity of prices to most cost curves, would provide a negative lead to mining equities.
- A Black Swan event in the general market, possibly linked to monetary policy changes or debt levels.
- Further weakness in the world's major economies.

Lion Performance

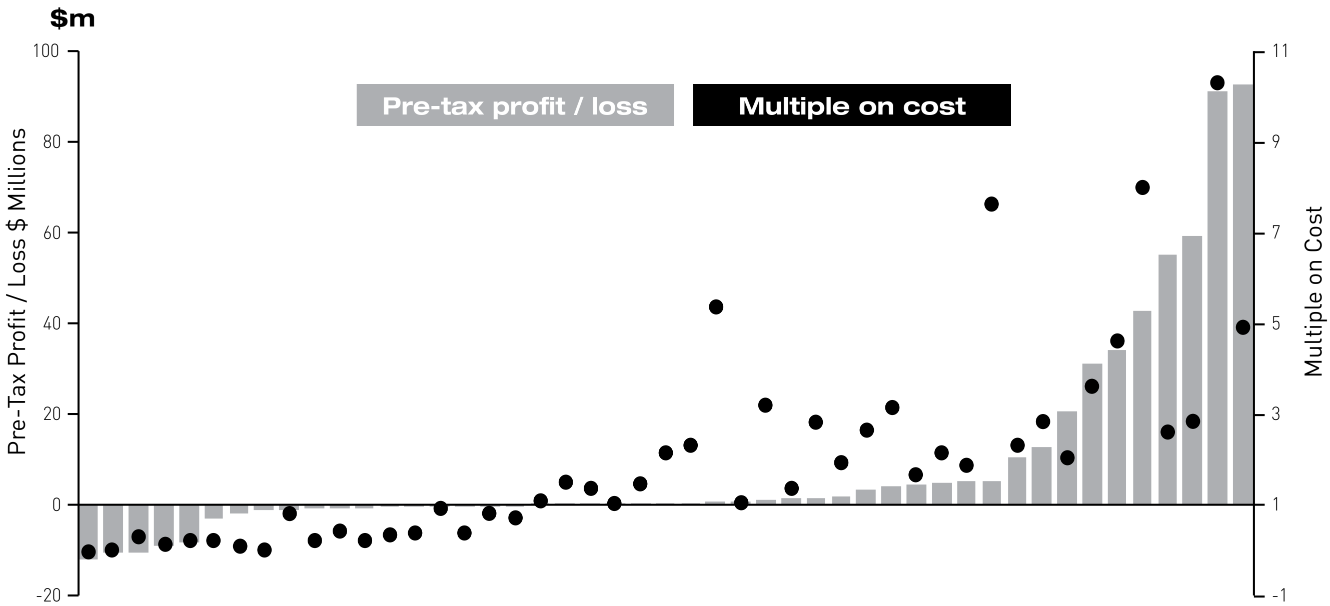
Total shareholder return for Lion Selection Group versus ASX Small Resources Accumulation Index

	Lion	ASX Small Resources
1 Year	(40.0%)	(21.5%)
3 Years	(25.9%)	(19.5%)
5 Years	(17.2%)	(17.7%)
10 Years	2.6%	(2.4%)
15 Years	8.7%	4.6%
Inception – 17 years	6.2%	2.2%

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

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

All exits: profit (loss) and multiple



Construction of the decline at Roxgold's Yaramoko project in Burkina Faso

One Asia Resources Limited

Lion Selection Group and Asian Lion own a combined equity interest of 36% of One Asia Resources, an Australian unlisted public company. One Asia is focused on the development of two gold mines in Sulawesi, Indonesia, Pani and Awak Mas.

Pani Project
One Asia's Pani project is held under an IUP owned by a local co-operative KUD Dharma Tani Marisa. One Asia has legally binding and exclusive contractual arrangements with the KUD providing a 90% interest in the Pani Project. In December 2013 the KUD purportedly entered an arrangement with J Resources contrary to One Asia's contractual arrangements.

One Asia has taken action to protect its interest in the Pani Project under the existing agreements with the KUD, which One Asia advises remain in full force. One Asia remains committed to developing the Pani Project, and continuing to work with and support the local community as it has in the past.

As announced on 10 March 2015, the recent KUD AGM process has resulted in a split in the management of the KUD, with two separate AGM meetings taking place, each appointing different teams. Only one of these meetings was supportive of One Asia, and it is now likely to be left to the District Court of Marisa to adjudicate this matter.

One Asia staff and personnel remain at site undertaking baseline study activities.

One Asia announced on 11 May 2015 that it had agreed with Provident Capital Partners Pte Ltd (Provident) to enter into a joint venture agreement on the Pani Project. The joint venture will see One Asia's interests in the Pani IUP transferred into a special purpose vehicle (SPV) along with a commitment of US$4 million cash from each of One Asia and Provident, with the ultimate ownership of the SPV being 66.6% Provident and 33.3% One Asia. The purpose of these arrangements is to resolve the current IUP tenement dispute and investigate the optimal development and processing options for Pani working in co-operation with the local community through the KUD.

Indonesia Archipelago Project Location

One Asia Resources Limited

PANI PROJECT – DECEMBER 2014 JORC RESOURCE

CLASSIFICATION	TONNES (MT)	AU GRADE (G/T)	AU (MILLION OZ)
Measured	10.8	1.13	0.39
Indicated	62.5	0.81	1.63
Inferred	16.2	0.67	0.35
Total	**89.5**	**0.82**	**2.37**

Detailed agreements need to be established with respect to the operation and management of the joint venture, however the arrangements will feature typical joint venture conditions including representation on the Joint Venture board by One Asia. The Provident arrangements also contemplate the potential for an expanded lease position.

One Asia sought to work with Provident on Pani due to its extensive Indonesian experience and networks which will be invaluable in resolving the Pani IUP dispute and ultimately developing the project. Provident was founded by Winato Kartono, Hardi Wijaya Liong and Gavin Caudle in 2004 and is a private Indonesian company with investments across a variety of industries including telecommunications, agriculture, mining, oil & gas and real estate. Most notably, Provident has founded and is a substantial shareholder in two prominent listed companies in Indonesia, namely PT Tower Bersama Infrastructure (~30% ownership) and PT Provident Agro (~43% ownership). Provident also has substantial holdings in ASX listed emerging mining companies Sumatra Copper & Gold, Finders Resources and Sihayo Gold. Provident has a close working relationship with an extended network of leading Indonesian businessmen who provide further financial capabilities and outstanding connections.

In May 2015, One Asia Group received correspondence from PT Prima Mineralindo Nusantara ('PT Prima'), a company associated with the wife of former One Asia MD, Mr Stephen Walters, alleging that a right of first refusal over One Asia's interest in the Pani Project had been triggered by the Provident MOU, and that One Asia is in default with respect to the Pani arrangements. On 7 July 2015 the One Asia Group received correspondence from PT Prima purporting to terminate one of the agreements that establish the Pani Joint Venture. One Asia advises there is no legal basis for PT Prima's notices, observing that the default notice and subsequent termination notice are of no force and effect. The One Asia Group is reviewing the actions of PT Prima and Mr Stephen Walters, and will vigorously defend its rights in the Pani Project.

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.

On 3 December 2014, One Asia announced an updated JORC Resource of 2,370,000 ounces of gold at the Pani Project. A summary of the geological resources at a cut-off grade of 0.2g/t is tabulated above.

The above resource estimates have been calculated from 137 diamond drill holes for 26,017m of drilling and assays on 24,996 primary samples. The mineralisation remains open to the South and West within the IUP boundary.

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 believe One Asia's rights to 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.

Awak Mas Project

One Asia owns 100% of the Awak Mas Project via a 7th Generation Contract of Work (CoW). The CoW is located within a non-forested area and has received strong local support for the development of the project. One Asia granted a 2% net smelter return royalty to Vista Gold Corp on the first 1.25moz gold and 2.5% on the next

One Asia Resources Limited

1.25moz as part of the acquisition of the project in December 2013.

During the year One Asia released its Awak Mas Preliminary Feasibility Study (PFS), as announced on 16 March 2015. The PFS is based on a smaller, optimised, higher grade Awak Mas pit and two new satellite areas, which did not form part of the 2012 PFS and are of higher grade than the Awak Mas deposit – the Salu Bulo and the Tarra Main deposits. In addition, the new work benefits from the flexibility of multiple pits and ore sources, lower fuel prices and the recent general decline in industry costs:

Awak Mas Project PFS

100% owned, 7th generation contract of work

- 10-year open pit operation mining 23mt of ore at an average LoM grade of 1.55g/t Au for a 1,030,000 oz Reserve at an average LoM strip ratio of 3.8t (waste): 1.0t (ore).
- Mine and milling schedule delivering ore to the mill at an average grade of 1.73g/t Au over the first 5 years of production.
- An industry standard 2.5mtpa 2 stage crush/ball mill, flotation, CIL Process Facility achieving LoM gold recoveries of approximately 90%.
- Project infrastructure comprising a tailings dam, water storage facility, permanent camp and administration centre. The PFS is based on outsourcing arrangements for a 20MW coal-fired power plant and contract mining based on prevailing arrangements in Indonesia.
- Development Capex of US$198m, including 18% contingency.
- Average LoM C1 Cash Costs of US$565 /oz.
- On a post-tax basis and assuming US$1,250/oz gold an NPV7.5% of US$166m and an IRR of 34%.
- Potential for material improvements to the project to leverage the more favourable cost environment, and further extensions of the various deposits that remain open.

One Asia continues to seek the necessary regulatory approvals, and has been successful in obtaining preliminary approval for the company's expanded feasibility study for the project incorporating the Salu Bulo satellite deposit. In addition, One Asia continues to investigate opportunities to further optimise the economics of the Awak Mas project, undertaking a high level review of the geological work to date across the project.

One Asia Corporate Matters

In June 2015, One Asia successfully closed its rights issue raising $2.4 million at $0.18/share. Lion invested $1.1 million in the rights issue. Lion's investment in One Asia was revalued to $0.18/share, with further detail outlined in Note 3(d) to the accounts.

Following the rights issue, Gavin Bradley was appointed as a Non-Executive Director of One Asia, bringing a wealth of experience in the financial markets and the resources sector. He is a senior finance executive with over 20 years banking experience (including +10 years as Joint Head of Macquarie Bank Limited's Metals and Energy Capital Division), specialising in project finance and principal equity investing across the mining and oil and gas sectors. Prior to that he worked for prominent Australian gold miner Normandy Mining. Gavin partially underwrote One Asia's recent rights offering, with a personal investment of $0.5m.

One Asia has undertaken a series of initiatives to minimise costs in 2015 and retain cash wherever possible. One Asia has restructured its team significantly reducing its staffing levels in Jakarta and minimising project staffing and camp expenses. Staffing levels at Pani site have been reduced however One Asia continues to employ a number of locals to maintain a strong regional presence.

One Asia's corporate office in Sydney has been closed and relocated into Lion's offices, with Craig Smyth (Lion's CEO) appointed as CFO and Company Secretary at a significant cost reduction and paid by way of One Asia shares in lieu of cash. Robin Widdup and Gavin Bradley have elected to receive shares in lieu of cash with respect to their director's fees, with Adrian Rollke and Boyke Abidin receiving a portion of their salaries as shares in lieu of cash.

The ultimate realised value of an investment in One Asia could be in a very wide range, reflecting the Pani tenure risk, early stage of the Pani project, resource upside, development risk, gold price, and other factors. In the event that the current Pani project ownership dispute is not satisfactorily resolved, the ultimate realised value could be less than 18 cents per One Asia share. Conversely, the ultimate realised value could be far more than 18 cents per One Asia share as the project is de-risked. In light of information available, and in particular the pricing of One Asia's June 2015 rights issue, the board considers that $0.18/share is the valuation within this range that is most reasonably representative of the fair value under current market conditions.

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.

Doray Gold and Roxgold

Doray

Doray Minerals is one of Australia's highest grade gold producer and consequently boasts an attractive cash margin on gold produced. Lion originally invested in Doray in 2011, attracted to the simple and high grade Andy Well gold deposit that was at the time being delineated near Meekatharra, a historically prolific and high grade gold producing region in Western Australia. Andy Well has now been in production for more than two years, and Doray has expanded the Andy Well deposit significantly, establishing a pipeline of projects that will see the production profile and mine life of the company grow.

During 2015 Doray's Andy Well has performed well, with production costs decreasing as the mine has improved its operational efficiency. Indications of extending the current mine life are excellent, with the first campaign of underground diamond drilling intersecting Wilber and Judy mineralisation at depth.

Doray's project portfolio was expanded with the acquisition of Mutiny Gold in February 2015, with its key Mutiny's Deflector Gold project near Gullewa in Western Australia. Since acquiring Deflector, Doray has successfully financed the project and commenced construction. Following construction and commissioning of Deflector, Doray will become a multi-mine high-grade gold producer with the Company targeting 160,000 ounces production per annum with average All-In Sustaining Costs (AISC) of less than A$1,000/oz between Deflector and the company's existing Andy Well gold operation (as announced by Doray on 19 May 2015).

Doray has also been active in acquiring exploration properties at Gnaweeda, which is showing early signs of potential near mine feed to Andy Well, and a joint venture earn-in with Iluka over a substantial ground position in South Australia. Whilst the Iluka JV is relatively early stage, Doray has been able to leverage a database containing detailed geophysics and a large amount of shallow aircore drilling which has sampled basement rocks and provided significant anomalies of gold for follow up.

Roxgold

Lion holds an indirect investment in Roxgold through its African Lion 3 fund. During the year Roxgold successfully permitted, financed, and commenced construction at its Yaramoko gold project in Burkina Faso, one of the highest grade undeveloped gold deposits in the world. Roxgold is targeting production by June 2016, and continues to have outstanding exploration success that has the potential to rapidly increase its production profile and/or mine life. African Lion first invested in Roxgold in 2011.

Roxgold is currently developing Yaramoko's '55 Zone' contiguous to SEMAFO's flagship Mana Gold Mine in the prolific Hounde greenstone belt. Roxgold's 2014 Feasibility Study supported annual production of around 100,000oz/year, with low costs (AISC of US$590/oz) due to 55 Zone's high grade (Measured and Indicated Resource of 810,000 oz at 15.8g/t). The 55 Zone mineralisation is open at depth, with the initial mine plan limited to the top 430m of the ore body. Potential near mine targets include Bagassi South where the recent high grade discovery could provide supplementary feed to Yaramoko.

Principal Risks and Uncertainties

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

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

Corporate Governance Statement

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

The Board

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

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

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

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

Composition of the Board

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

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

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

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

Independence

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

The directors' independence is regularly assessed by the Board.

Relationship with African Lion 2 Limited (AFL2), African Lion 3 Limited (AFL3) and Asian Lion Limited (ALF)

Under the terms of the Shareholder Agreements for AFL2, AFL3 and ALF, all shareholders in certain circumstances, will refer investments contemplated under the investment policy to the fund. Shareholders have the right to co-invest with the fund in certain circumstances.

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

Corporate Governance Statement

Management agreements have been established to formalise the relationship between the funds and the Manager. The Manager, under these agreements, undertakes to act as investment manager for the funds. The Manager is at liberty to engage specialists and consultants as appropriate to assist in the assessment process and provides a regular flow of information to Lion's directors.

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

Corporate Governance

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

Audit Committee

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

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

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

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

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

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

Nomination Committee

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

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

Nomination, Appointment and Retirement of Directors

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

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

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

Directors' Access to Professional Advice

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

Compensation Arrangements and Remuneration Committee

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

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

Corporate Governance Statement

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

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

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

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

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

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

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

The activities of Lion are subject to risks that can adversely impact its business and financial condition. Principal risks and uncertainties are described on page 14.

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

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

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

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

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

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

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

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

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

Corporate Governance Statement

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

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

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

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

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

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

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

Lion's Other Corporate Governance Policies

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

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

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

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

To achieve its social governance objectives, the Company considers the following areas of activity:
- Exploration/access to land and resources.
- Project development and governance of mining and processing activity.
- Rent (royalty, tax etc) capture and distribution.
- Stewardship of water, biodiversity and energy use.
- Waste management.
- Social and environmental aspects of mine closure.

Corporate Governance Statement

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

(1)

Because the mineral resource/ore reserve usually has both greater value and risk than purely financial assets, a company's internal controls and processes surrounding establishing and announcing these are one of the most material aspects for pre-production mining companies. This extends to studies that seek to establish parameters around how a mining operation might operate. This area may have been overlooked in the current ASX guidelines and consideration should be given for how mining companies approve such releases, and having geological and mining expertise at board level to understand the issues and provide formal approval.

(2)

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

(3)

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

Director's Report

The Directors of Lion Selection Group Limited ('Lion' or 'the Company') submit their report on the operations of the Company for the financial year ended 31 July 2015.

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.

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 $33.5 million (2014 loss: $2.3 million). This includes a small realised gain 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.

The result for the year reflects a net mark to market loss of $32.5 million with respect to investments (62% reduction compared with value of assets held at 31 July 2014). This includes an unrealised loss of $32.7 million. This reduction in value compares with the ASX Small Resources index reducing 37% 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 $32.7 million at 31 July 2015 in the portfolio value includes:

- A reduction in the value of Lion's direct and indirect holdings in One Asia Resources of $22.4 million. During the year One Asia entered a Memorandum of Understanding (MoU) with Provident Capital Partners Pte Limited (Provident) for the establishment of a Joint Venture on the Pani Gold Project. One Asia completed a $2.6m rights issue at 18¢ps to fund its obligations to the Joint Venture, with Lion investing $1.1m in this raising. Lion has reduced its carrying value from 75¢ps as at 31 July 2014 to 18¢ps. Lion views the MOU with Provident and the One Asia Rights Issue as positive steps and stresses that a wide range in valuation exists for One Asia and the Pani Gold Project in particular. The One Asia Rights Issue price of 18¢ps gave Lion directors no alternative but to reduce the carrying value and note the contrary message this may convey at a time of otherwise positive developments. The directors note that there is a heightened ➔

	2015 $'000	2014 $'000
Gains/(Loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	**218**	218
Mark to Market adjustment for period – investments held at end of period	**(32,697)**	(32,697)
Gains/(Loss) attributable to movement in fair value of investments	**(32,479)**	**(32,479)**
Results of Investments Realised During Period		
Sales Proceeds	**945**	2,929
Historical Cost of sales	**(807)**	(7,683)
Gross (loss)/profit measured at historical cost	**138**	**(4,754)**
Represented by:	**(80)**	(5,432)
Mark to Market recognised in prior periods	**218**	678
Mark to Market recognised in current period	**138**	(4,754)
	(4,754)	**(95)**

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 above.

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).

- A decrease in the value of Lion's direct investment in Doray Minerals of $2.9 million following a 15% reduction in the US dollar gold price.
- A decrease in Lion's investment in African Lion 3 of $2.8 million, predominantly as a result of negative market sentiment with respect to pre-production mining companies.
- A reduction in the value of Lion's direct and indirect holdings in Manas Resources of $1.0 million reflecting delays in the company's Shambesai project in Kyrgyz Republic.

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 small profit measured at historic cost on investments realised of $0.1 million largely with respect to the sale of its shares in Chesser Resources.

Loss after tax attributable to members was $33.5 million and loss per share was 31.4¢.

During the year the company made new or follow-on investments totalling $2.9 million as follows:

Purchases:	**million**
African Lion 3	$1.3
One Asia	$1.1
Erdene	$0.2
Other Investments	$0.3
	$2.9

Sales:	
Chesser	$0.8
Other Investments	$0.1
	$0.9

At 31 July 2015 the Company held investments valued at $22.3 million (31 July 2014: $52.8 million), and cash of $8.1 million (31 July 2014: $11.1 million). One Asia represents Lion's single largest investment valued at $8.3 million (including direct and indirect holdings.

Dividends
No dividend was declared or paid during the year (2014: Nil).

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

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

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

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

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

Likely Developments and Future Results
The Company's future operating results will depend on the results of its investments, 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 2015 there was 1 full time equivalent employee of the Company (2014: 1 FTE).

Remuneration Report
All disclosures in this remuneration report have been audited. This remuneration report outlines the director and executive remuneration arrangements of the Company as required by section 308 (3C) of the Corporations Act 2001. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director, and includes the executive employed by the Company considered to meet the definition of key management personnel.

Key Management Personnel Remuneration Framework
Emoluments of individual Board members and other key management personnel are determined on the basis of market conditions and the level of responsibility associated with their position. The emoluments are not specifically related to company performance and there are no long-term or short-term performance-related incentives provided to key management personnel. Remuneration and other terms of employment for key management personnel are formalised in either service agreements or employment contracts.

The remuneration policy in relation to directors is determined by the full Board. Remuneration of other key management personnel is determined by the directors of the Company. Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. As approved by shareholders at the Annual General Meeting held on 1 December 2011, the maximum aggregate amount, including superannuation contribution, that may be paid to directors of the Company as remuneration for their services is $200,000 for any financial year.

Other key management personnel receive a base salary and superannuation contributions in accordance with Australian superannuation guarantee legislation.

Lion's only contracted executive, Ms Jane Rose, is employed under an employment contract with no fixed duration. The contractual notice period under this agreement is 3 months with no termination benefit specified in the agreement. The other Key Management Personnel are not subject to any notice period or termination benefit with respect to their positions with the Company.

The remuneration policy of the Company with respect to directors and other key management personnel provides for Director's & Officer's (D&O) Insurance cover, but does not provide options, shares, loans or any other non-monetary benefits.

Voting and Comments at the Company's 2013 Annual General Meeting
The Company received more than 97% of 'yes' votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2014 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 on page 24. The benefits provided to Key Management Personnel are fixed with no at-risk components of remuneration.

Key Management Personnel Shareholdings
At the date of this report the direct and indirect interests of the directors and other key management personnel in the ordinary shares and options of Lion are detailed below. No shares or options were issued as remuneration.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

NAME	BALANCE 1 AUGUST 2014	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2015
Directors				
P J Maloney	1,724,847	-	-	1,724,847
C P Melloy	4,717,665		47,504	4,765,169
R A Widdup	11,533,918	-	47,504	11,581,422
B J Sullivan	727,358	-	-	727,358
Other Key Management Personnel				
C K Smyth	375,088	-	-	375,088
J M Rose	-	-	-	-
Total	**19,078,876**	**-**	**95,008**	**19,173,884**

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 P 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.

OPTIONS ON ISSUE

NAME	BALANCE 1 AUGUST 2014	OPTIONS ISSUED AS REMUNERATION	EXPIRED	CLOSING BALANCE 31 JULY 2015
Directors				
P J Maloney	224,583	-	(224,583)	-
C P 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 2013	OPTIONS ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2014
Directors				
P J Maloney	224,583	-	-	224,583
C P 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**

KEY MANAGEMENT PERSONNEL OF THE COMPANY – REMUNERATION FOR YEAR TO 31 JULY 2015

2015		SHORT TERM BENEFITS SALARIES/ FEES	SHORT TERM BENEFITS CASH BONUS	TERMINATION BENEFITS	POST-EMPLOYMENT SUPERANNUATION	TOTAL
NAME	NOTES	$	$	$	$	$
Directors						
P J Maloney		23,250	-	-	28,750	**52,000**
C P Melloy		7,083	-	-	32,917	**40,000**
B J K Sullivan		36,530	-	-	3,470	**40,000**
R A Widdup	(a)	-	-	-	-	**-**
Other Key Management Personnel						
C K Smyth	(a)	-	-	-	-	**-**
J M Rose		86,055	-	-	8,175	**94,230**
Total		**152,918**	**-**	**-**	**73,312**	**226,230**

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

(a) R A Widdup and C K Smyth are employed by Lion Manager Pty Ltd, and do not receive any remuneration from the Company

Both Mr R A Widdup and Mr C K Smyth are executive directors and beneficial owners of Lion Manager Pty Ltd and have the capacity to significantly influence decision making of that company. Lion Manager provides management and investment services to Lion. These arrangements were approved by shareholders at Lion's AGM on 5 December 2012, with ongoing management fees of 1.5% p.a. based on the direct investments under management, 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.

Director's Report

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 is a mining engineer with some 40 years experience in the mining industry in operations, securities analysis and investment. He held senior positions in MIM and JB Were & Son prior to joining Lion.

Chris was an Executive Director of Lion Manager from its inception in 1997 through to 2011, when he retired to Non-Executive Director. In September 2012, Chris resigned from his Non-Executive Director role with Lion Manager and became a non-executive director of Lion on 1 November 2012. He was also previously a Non-Executive Director of a number of Lion investees, including Catalpa Resources.

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.

Director's Report

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 four 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	4	4
R A Widdup	4	4
B J K Sullivan	4	4
C P Melloy	4	4

The following table reflects attendances of the directors at investment review meetings of Lion.

INVESTMENT REVIEW MEETINGS	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	10	10
R A Widdup	10	10
B J K Sullivan	10	10
C P Melloy	10	10

Audit Committee Meeting

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

The table below reflects attendances of the audit committee meeting.

AUDIT COMMITTEE	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	1	1
B J K Sullivan	1	1
C P Melloy	1	1

Directors' Benefits

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

Indemnification of Directors, Officers and Auditors

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

Lion has paid an insurance premium of $49,753 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 28.

Non-Audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2015. 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

P J Maloney
Chairman

Robin Widdup

R A Widdup
Director
Melbourne


PDH-04 Box-30

Auditor's Independence Declaration

As lead auditor for the audit of Lion Selection Group Limited for the year ended 31 July 2015, 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
24 September 2015

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

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 34 to 51 are in accordance with the *Corporations Act 2001* and other mandatory reporting requirements, including:
      (i) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
      (ii) giving a true and fair view of the financial position of the Company's position as at 31 July 2015 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 2015.
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	**R A Widdup**
Chairman	Director

Melbourne

Date: 24 September 2015

Financial Statements

Statement of Comprehensive Income for the Year ended 31 July 2015

	NOTES	2015 $'000	2015 $'000
Gain/(loss) attributable to movement in fair value	4	**(32,479)**	(1,206)
Interest Income		**330**	396
Other Income		**-**	17
Management fees		**(807)**	(804)
Employee benefits		**(226)**	(227)
Other expenses	4	**(345)**	(443)
(Loss)/profit before income tax		**(33,527)**	(2,267)
Income tax (expense)/benefit	5	**-**	-
Net (loss)/profit after tax		**(33,527)**	(2,267)
Other Comprehensive Income		**-**	-
Total Comprehensive (Loss)/Income for the year		**(33,527)**	(2,267)
Attributable to:			
Non-controlling interest		**-**	-
Members		**(33,527)**	(2,267)
		Cents per share	**Cents per share**
Basic (loss)/earnings per share		**(31.4)**	(2.1)
Diluted (loss)/earnings per share		**(31.4)**	(2.1)

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

Financial Statements

Statement of Financial Position as at 31 July 2015

	NOTES	2015 $'000	2014 $'000
Current Assets			
Cash and cash equivalents	12	**8,054**	11,086
Trade and other Receivables	6	**55**	39
Total Current Assets		**8,109**	11,125
Non-Current Assets			
Financial Assets	7	**22,299**	52,798
Other Fixed Assets	8	**16**	29
Total Non-Current Assets		**22,315**	52,827
Total Assets		**30,424**	63,952
Current Liabilities			
Trade and Other Payables	9	**47**	48
Total Current Liabilities		**47**	48
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	-
Total Liabilities		**47**	48
Net Assets		**30,377**	63,904
Equity			
Contributed equity	11	**109,770**	109,770
(Accumulated losses)	10	**(79,393)**	(45,866)
Total Equity		**30,377**	63,904

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

Financial Statements

Statement of Cash Flows for the Year ended 31 July 2015

	NOTES	2015 $'000	2014 $'000
Cash flows from operating activities			
Interest received		**313**	437
Payments to suppliers and employees (including GST)		**(1,365)**	(1,474)
Net operating cash flows	12(b)	**(1,052)**	(1,037)
Cash flows from investing activities			
Payments for investments		**(2,925)**	(11,120)
Payments for property, plant and equipment		**-**	(31)
Other investment related income		**-**	17
Proceeds from investment sales		**945**	2,929
Net investing cash flows		**(1,980)**	(8,205)
Cash flows from financing activities			
Proceeds from the issue of shares		**-**	2,390
Net financing cash flows		**-**	2,390
Exchange rate variations on foreign cash balances		**-**	-
Net (decrease/increase) in cash and cash equivalents held		**(3,032)**	(6,852)
Cash and cash equivalents at beginning of financial period		**11,086**	17,938
Cash and cash equivalents at end of financial period		**8,054**	11,086

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

Financial Statements

Statement of Changes in Equity for the Year ended 31 July 2015

	ISSUED CAPITAL $'000	SHARES TO BE ISSUED RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 31 July 2014	**109,770**	-	**(45,866)**	**63,904**
Total comprehensive loss	-	-	(33,527)	**(33,527)**
Transactions with owners in their capacity as owners			-	**-**
Balance at 31 July 2014	**109,770**	**-**	**(79,393)**	**30,377**
Balance at 1 August 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**

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

Financial Statements

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ("Lion") for the year ended 31 July 2015 was authorised for issue in accordance with a resolution of the directors on 24 September 2015. 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 2014. The affected policy is Control and Consolidation - AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

Investments in controlled entities

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities is effective for annual periods became effective on 1 August 2014. The amendments relate to AASB 23, AASB 12 and AASB 127, exempting 'Investment entities' from consolidating controlled investees. Investment entities are entities that:

(a) obtain funds from one or more investors for the purpose of providing those investors with investment management services;
(b) commit to their investor(s) that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and
(c) measure and evaluate the performance of substantially all of their investments on a fair value basis.

Lion 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

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2018).

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that assets currently held as fair value through profit and loss will continue to be carried at fair value with all fair value gains/losses being recognised in profit and loss. The Company has not yet decided when to adopt AASB 9.

(c) Significant accounting estimates and assumptions

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

(i) Income taxes

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

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

(ii) Fair value of investments and other financial assets

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

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 derecognised when the obligation under the liability is discharged or cancelled or expires.

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

(l) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs 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.

Notes to the Financial Statements for the Year ended 31 July 2015

(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:

	2015 $'000	2014 $'000
Financial assets		
Cash	**987**	2,027
Bank bills and deposits receivable	**7,067**	9,059
Investments in securities	**22,299**	52,798
Trade and other receivables	**55**	39
	30,408	63,923
Financial liabilities		
Trade and other creditors	**47**	48
	47	48

(a) Market risk

(i) Foreign Currency Risk

Lion operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar (USD), including with respect to commitments.

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

The Company's post-tax profit is not sensitive to movements in the AUD/USD exchange rate due to limited USD denominated asset holdings.

(ii) Price risk

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

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

Based on the financial instruments held at the end of the period, if the value of equity securities had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $2,229,900 higher/lower (2014: $5,279,800 higher/lower) as a result of gains/losses on equity securities classified as fair value through profit or loss.

(iii) Interest Rate Risk Exposures

Lion is exposed to interest rate risk through its primary financial assets. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised below. All assets and liabilities are current, maturing within one year, with the exception of investments in securities, the value of which will be realised at the discretion of the Company. No decision has been made regarding the timing of this realisation.

Notes to the Financial Statements for the Year ended 31 July 2015

2015	FLOATING INTEREST RATE $'000	FIXED INTEREST RATE $'000	NON INTEREST BEARING $'000	TOTAL $'000	AVERAGE INTEREST RATE FLOATING %	AVERAGE INTEREST RATE FIXED %
Financial assets						
Cash – AUD	987	-	-	987	1.1	-
Bank bills and deposits receivable	-	7,067	-	7,067		3.5
Other receivables	-	-	55	55	-	-
Investment in securities	-	-	22,299	22,299	-	-
Financial Liabilities:						
Trade and other creditors	-	-	47	47	-	-
2014						
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	-	-

(b) Credit risk

Lion is exposed to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to counter parties, including outstanding receivables and committed transactions. Lion has a policy of maintaining its cash and cash equivalents with the 'top 4' Australian Banks. For other counter parties, if there is no independent rating, management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk approximates the carrying values as disclosed above.

(c) Liquidity risk

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

(d) Fair value measurements

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

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

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

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

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

(d) Fair value measurements (cont'd)

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 2015 and 31 July 2014.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2015				
Assets				
Financial assets at fair value through profit or loss				
Investments	6,097	6,803	9,399	**22,299**
Total Assets	**6,097**	**6,803**	**9,399**	**22,299**
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**

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.

Valuation Processes

The Lion Manager includes a team that performs monthly valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Lion Board. Discussions of valuation processes and results are held between the Lion Manager and the Lion Board at least once every six months in line with Lion's half-yearly reporting dates, including changes in level 2 and 3 fair values.

Notes to the Financial Statements for the Year ended 31 July 2015

The following table presents the changes in level 3 instruments for the years ended 31 July 2015 and 31 July 2014.

	2015 $'000	2014 $'000
Investments – Level 3		
Opening Balance	**30,955**	-
Transfers into Level 3 (from level 2)	**1,511**	30,955
Transfers out of Level 3 (to level 2)	**-**	-
Other increases	**1,119**	-
(Losses)/gains recognised in profit or loss	**(24,186)**	-
Closing balance	**9,399**	**30,955**

The Level 3 balance relates principally 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 along with Lion's investment in Auricup Resources has been transferred from level 2 to level 3 in 2015. The valuation of One Asia has been reduced to $0.18/share consistent with One Asia's $2.6m June 2015 rights issue at $0.18/share. 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 Lion Board has opted to maintain its investment in One Asia within the level 3 investment category due to the escalated uncertainty in the value of the investment as discussed further below.

ONE ASIA RESOURCES

As previously announced, Lion has reduced its One Asia valuation to $0.18/share for the period ending 31 July 2015. Lion and Asian Lion own a combined equity interest of 36% of One Asia, an Australian unlisted public company. One Asia is focused on the development of two gold mines in Sulawesi, Indonesia.

Pani Project

One Asia's interest in the Pani project tenement is under an Izin Usaha Pertambangan licence (the Pani IUP) held by a regional co-operative, KUD Dharma Tani (KUD), formed under Indonesian law. One Asia holds its economic interest in Pani through contractual arrangements with the KUD as its local joint venture partner. A shareholder update received from One Asia advised that Indonesian media reports on 24 December 2013 indicated that the KUD has signed a co-operation agreement with a subsidiary of publicly listed Indonesian company J Resources over the Pani IUP which conflicts with the contractual obligations the KUD has with One Asia. One Asia advises that all legal agreements with the KUD remain in place under Indonesian law. One Asia continues to liaise with local authorities and its advisors to ensure that those contractual obligations are honoured, and continues to work on-site at the Pani project.

One Asia has agreed to a joint venture with Provident Capital Partners Pte Limited (Provident) on its interest in the Pani project. The purpose of the arrangement is to resolve the current Pani IUP dispute dating back to December 2013, working in co-operation with the KUD and the local community to develop the Pani Project. The ultimate ownership of the joint venture will be 66.6% Provident and 33.3% One Asia, with One Asia and Provident each committing U$4m cash.

Awak Mas Project

One Asia's Awak Mas project is held under a 7th generation Contract of Work and is owned 100%. One Asia provided an updated Prefeasibility Study (PFS) based on an expanded 2.83 Moz gold incorporating the Salu Bulo and Tarra Main satellite deposits proximal to the Awak Mas deposit (announced 16 March 2015). Using a gold price assumption of US$1,250/oz the PFS demonstrates that a commercial scale gold project can be developed at Awak Mas and the results warrant the completion of a Bankable Feasibility Study.

The benefits of adding higher grade ore into the mine plan, and a reduction in the plant size and pit have led to significant improvements in NPV. In addition, the new work benefits from the flexibility of multiple pits and ore sources, lower fuel prices and generally declining industry costs.

US$198m capex, 10 year life, 1,030,000oz at C1 cash cost US$565/oz, open pit, CIL.

One Asia Valuation

The ultimate realised value of an investment in One Asia could be in a very wide range, reflecting the Pani tenure risk, early stage of the Pani project, resource upside, development risk, gold price, and other factors. In the event that the current Pani project ownership dispute is not satisfactorily resolved, the ultimate realised value could be less than 18 cents per One Asia share. Conversely, the ultimate realised value could be far more than 18 cents per One Asia share as the project is de-risked. In light of information available, and in particular the pricing of One Asia's June 2015 rights issue, the board considers that $0.18/share is the valuation within this range that is most reasonably representative of the fair value under current market conditions.

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.

AURICUP RESOURCES

Lion has valued its investment in Auricup Resources at $0.04/share for the period ending 31 July 2015. Lion owns 20% of Auricup Resources, an Australian unlisted public company. Auricup is focused on the development of the Rothsay gold project in Western Australia, and has engaged corporate advisors to assist with listing the company via a reverse take-over. The valuation of Auricup considers indicative offers with respect to Auricup's assets. Notably these indicative offers are early stage and highly uncertain having not progressed to commercial negotiations.

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 4. INCOME AND EXPENSES

	2015 $'000	2014 $'000
(Loss)/gain attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**218**	678
Mark to Market adjustment for year – investments held at end of year	**(32,697)**	(1,884)
(Loss)/gain attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**(32,479)**	(1,206)

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	**945**	2,929
Historical Cost of investment sales	**(807)**	(7,683)
Gross profit/ (loss) measured at historical cost on investments realised	**138**	(4,754)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(80)**	(5,432)
Mark to Market recognised in current year	**218**	678
	138	(4,754)
Other income		
Sundry income	**-**	17
Other income	**-**	17

The total comprehensive (loss)/profit is after charging the following other expenses		
Investor Relations	**80**	140
D & O Insurance	**50**	49
Legal Expenses	**2**	10
Depreciation	**13**	2
Corporate overheads	**200**	242
Total other expenses	**345**	443

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 5. INCOME TAX EXPENSE

(a) Statement of Comprehensive Income		2015 $'000	2014 $'000
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		(33,527)	(2,267)
Prima facie tax thereon at 30%		(10,058)	(680)
Tax effect of permanent and other differences:			
Non-deductible expenses		(5)	13
Accounting mark to market movement in the fair value of investments		9,744	362
Realised gain/(loss) on sale of investments		4	(1,426)
Deductible business related capital expenditure under Section 40-880		(33)	(109)
Amount underprovided/(overprovided) in prior years		-	(29)
Tax benefit not recognised for accounting purposes		348	1,869
Total current income tax (benefit)/expense		-	-

(b) Unrecognised temporary differences

A deferred tax asset has not been recognised in the Statement of Financial Position as the benefits will only be realised if the conditions for deductibility and/or recognition set out in Note 2(h) occur.

Unrecognised temporary differences at 31 July relate to the following:			
Tax losses available – revenue account		7,641	6,467
Tax losses available – capital account		63,939	63,954
Temporary Difference – unrealised investments	Note (a)	61,953	30,599
Accrued Expenses/Other temporary differences		220	344
Unrecognised tax losses and temporary differences at 31 July		133,753	101,364
Potential Tax Benefit @ 30%		40,126	30,409

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)

Accrued interest	38	21
Sundry Debtors	17	18
Total current receivables, net	55	39

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 7. FINANCIAL ASSETS

	2015 $'000	2014 $'000
Listed investments (at fair value)	**6,097**	11,552
Unlisted investments (at fair value)	**16,202**	41,246
Total non-current financial assets	**22,299**	52,798

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)

	2015 $'000	2014 $'000
Plant, Property and Equipment – Cost	**31**	31
Accumulated Depreciation	**(15)**	(2)
Total other assets	**16**	**29**

NOTE 9. PAYABLES (CURRENT)

	2015 $'000	2014 $'000
Sundry creditors and accruals	**47**	48
Total current payables	**47**	**48**

NOTE 10. RETAINED PROFITS & RESERVES

	2015 $'000	2014 $'000
Movements in retained earnings were as follows:		
(Accumulated losses) at the beginning of the financial year	**(45,866)**	(43,599)
Net (loss)/profit for period	**(33,527)**	(2,267)
(Accumulated losses) at the end of the financial year	**(79,393)**	(45,866)

NOTE 11. CONTRIBUTED EQUITY

	2015 $'000	2014 $'000
Issued and paid up capital (fully paid)		
Opening Balance	109,770	103,684
Shares Issued	-	6,090
Share issue expenses	**-**	(4)
Issued and paid up capital (fully paid)	**109,770**	109,770

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 11. CONTRIBUTED EQUITY (continued)

Share Capital	**2015 SHARES**	**2014 SHARES**
Issued and paid up capital (fully paid)		
Opening Balance	**106,911,630**	95,420,281
Issue of new shares – exercise of options	**-**	217
Shares Issued	**-**	11,491,132
Issued and paid up capital (fully paid)	**106,911,630**	106,811,630

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:

	2015 $'000	**2014 $'000**
Cash on hand and at bank	**987**	2,027
Bank bills and deposits	**7,067**	9,059
Closing cash balance	**8,054**	11,086

(b) Reconciliation of Net Profit/(Loss) after Income Tax to Net Cash Provided by Operating Activities		
Net (loss)/profit after income tax	**(33,527)**	(2,267)
Adjustments for non cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**32,479**	1,206
Other non-cash (income)/expense	**13**	(16)
(Increase)/decrease in assets:		
Other receivables	**(16)**	43
(Decrease)/increase in liabilities:		
Payables	**(1)**	(3)
Net cash flow from operating activities	**(1,052)**	(1,037)

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 13. EARNINGS PER SHARE

	2015 $'000	2014 $'000
(a) (Loss)/earnings used in calculating earnings per share – basic and diluted	**(33,527)**	(2,267)
	2015 NUMBER	**2014 NUMBER**
(b) Weighted average number of ordinary shares for basic earnings per share	**106,911,630**	106,911,630

The calculation of weighted average number for the diluted earnings per share does not include any potential ordinary shares with respect to options as the options on issue are not considered to be dilutive for the current period. There were no options on issue at 31 July 2015.

NOTE 14. COMMITMENTS

(a) Superannuation Commitments

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

(b) Investment Commitments

African Lion 3 Limited (AFL3)

Lion entered into an agreement in June 2008 to commit US$18.75 million in AFL3, of which US$1.2M remains undrawn at 31 July 2015 (Australian Dollar equivalent of $1.7 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 2015.

NOTE 15. REMUNERATION OF AUDITORS

	2015 $'000	2014 $'000
(a) Audit Services		
Audit and review of financial reports	**86,000**	74,000
Total remuneration for audit services	**86,000**	74,000

(a) Non-audit Services

No fees for non-audit services were paid/payable to the external auditors during the year ended 31 July 2015 (2014: Nil).

Notes to the Financial Statements for the Year ended 31 July 2015

NOTE 16. RELATED PARTY DISCLOSURES

(a) Directors and Key Management Personnel

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

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

(b) Lion Manager Pty Ltd Contract

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

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

(c) Key Management Personnel Remuneration

	2015 $'000	2014 $'000
Short term employee benefits	**152,918**	145,288
Post-employment benefits	**73,312**	80,942
	226,230	226,230

NOTE 17. MATERIAL INVESTMENTS

	CARRYING AMOUNT		ENTITY OWNERSHIP	
	2015 $'000	2014 $'000	2015 %	2014 %
The Company had direct ownership of the following material investments at year end:				
African Lion 3 Ltd	**6,502**	7,955	**24**	24
Asian Lion Ltd	**2,219**	9,535	**63**	63
Auricup Resources Ltd	**863**	1,511	**20**	20
Doray Minerals Ltd	**3,159**	6,085	**4**	5
One Asia	**6,316**	21,419	**24***	22*

* 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% (2014: 36%).

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

Notes to the Financial Statements for the Year ended 31 July 2015

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.

2015	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue					330	330
Mark to Market adjustment	(4,363)	(3,315)	(24,479)	(322)	-	(32,479)
Segment Income	**(4,363)**	**(3,315)**	**(24,479)**	**(322)**	**330**	**(32,149)**
Segment Expense					(1,378)	(1,378)
Segment Result Before Tax	**(4,363)**	**(3,315)**	**(24,479)**	**(322)**	**(1,048)**	**(33,527)**
Segment Assets	4,959	6,820	10,487	33	8,125	30,424
Segment Liabilities	-	-	-	-	47	47
Other Segment Information						
Assets Acquired during the period	-	1,357	1,518	50	-	2,925
Cash Flow Information						
Net Cash inflow from operating activities	-	-	-	-	(1,052)	(1,052)
Net Cash inflow from investing activities	857	(1,343)	(1,444)	(50)	-	(1,980)
Net Cash inflow from financing activities	-	-	-	-	-	-
2014						
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 inflow from operating activities	-	-	-	-	(1,037)	(1,037)
Net Cash inflow from investing activities	1,547	(1,145)	(8,593)	-	(14)	(8,205)
Net Cash inflow from financing activities	-	-	-	-	2,390	2,390

NOTE 19. EVENTS OCCURING AFTER THE REPORTING PERIOD

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

pwc

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 2015, 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
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pwc

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 2015 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 6 of the directors' report for the year ended 31 July 2015. 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
24 September 2015

Shareholder Information

Top 20 holders of ordinary fully paid shares – 30 September 2015

RANK	NAME	NO. OF SHARES	% OF UNITS
1	BNP Paribas Noms Pty Ltd ‹ Drp ›	18,812,778	17.60
2	Rojana Hero Pty Ltd	6,219,973	5.82
3	Mr Robin Anthony Widdup + Mrs Janet Widdup ‹ Widdup Super Fund A/C ›	5,422,428	5.07
4	National Nominees Limited	4,507,970	4.22
5	Mr Mark Gareth Creasy	4,448,976	4.16
6	HSBC Custody Nominees (Australia) Limited - A/C 2	3,863,295	3.61
7	Mr Michael David Brook + Mrs Jenny Lee Brook ‹ MD & JL Brook Super Fund A/C ›	3,464,048	3.24
8	Mirrabooka Investments Limited	3,324,878	3.11
9	Mr Christopher Paul Melloy + Mrs Anne Christine Melloy ‹ Melloy Super Fund A/C ›	2,761,003	2.58
10	HSBC Custody Nominees (Australia) Limited	2,114,786	1.98
11	Inconsultare Pty Ltd ‹ Morrison Family S/F A/C ›	2,000,000	1.87
12	Gemfield Lake Pty Ltd ‹ Melloy Family A/C ›	1,300,274	1.22
13	Branjee Farm Pty Ltd	1,181,642	1.11
14	Majoli Pty Ltd	1,167,079	1.09
15	Avanteos Investments Limited ‹ Clearview S/P A/C ›	1,012,622	0.95
16	Mrs Pamela Julian Sargood	1,000,000	0.94
17	Mrs Sarah McIntyre + Mrs Anna Barry ‹ The Sarah McIntyre S/F A/C ›	954,000	0.89
18	J P Morgan Nominees Australia Limited	887,366	0.83
19	Wal Assets Pty Ltd	830,693	0.78
20	Pejali Pty Ltd	748,302	0.70
Total Top 20 holders of ORDINARY FULLY PAID SHARES		**66,022,113**	**61.75**
Total Remaining Holders Balance		**40,889,517**	**38.25**

Distribution of Shareholdings as at 30 September 2015

SIZE OF HOLDING (ORDINARY FULLY PAID SHARES)	NO. OF SHAREHOLDERS
1 – 1,000	272
1,001 – 5,000	1,056
5,001 –10,000	394
10,001 – 100,000	557
100,001 and over	104
Total Shareholders	**2,383**
Number of ordinary shareholders with less than a marketable parcel	922

Shareholder Information

Voting Rights

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

Substantial Shareholders as at 30 September 2015

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

NAME	NO. OF ORDINARY SHARES
Select Asset Management Limited	18,915,350
Robin Anthony Widdup	11,642,401

Lion Directors and Lion Manager Holdings

As at 30 September 2015, the members of the Lion Board and Lion Manager held shares directly and/or indirectly in Lion Selection Group Limited as follows:

NAME	NO. OF ORDINARY SHARES
Peter Maloney	1,740,389
Chris Melloy	4,810,006
Barry Sullivan	727,358
Robin Widdup	11,642,401
Mike Brook	4,892,152
Craig Smyth	375,088
Tim Markwell	37,313
Hedley Widdup	193,673
Total	24,418,380

Lion Selection Group Limited Registry

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

Computershare Investor Services Pty Limited

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

INVESTORPHONE

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

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

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

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

INTERNET ACCOUNT ACCESS VIA INVESTOR CENTRE

Securityholders can view their details online via Investor Centre:

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

STEP 2 Select 'Access a Single Holding'

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

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

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

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

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

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

Corporate Directory

Registered and Principal Office

Level 4
15 Queen Street
Melbourne Vic 3000

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

Directors

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

Share Registry

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

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

Chief Executive Officer
Craig Smyth

Company Secretary
Jane Rose

Auditors
PricewaterhouseCoopers

Lion Selection Group

Lion Selection Group Limited
ABN 26 077 729 572
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