

Interim Financial Report for the half year ended 31 January 2019

Rule 4.2A.3

KEY POINTS

- The result for the half year reflects a mark to market gain of \$20.2 million with respect to investments, including an increase of \$22.2m in the valuation of Lion's 33.3% interest in the Pani Joint Venture. This increase reflected the value imputed by PT Merdeka Copper Gold Tbk's (IDX: MDKA) (Merdeka) acquisition of 66.7% of the joint venture interest from Lion's existing joint venture partner for US\$55m in November 2018.
- During the half year the Pani Joint Venture was formalised, including Lion converting to direct equity ownership following regulatory approval in August 2018 and the establishment of a comprehensive Joint Venture Agreement in February 2019.
- The Pani Joint Venture is currently undertaking key work streams towards permitting, drilling, and a feasibility study for the Pani Gold Project in 2020.
 - In March 2019, the Pani Joint Venture was issued a business licence for processing and refining. This tenement is to the south of the Pani IUP mining area, with a road access corridor connecting the two licences.
 - Further forestry permits are being sought prior to any ground disturbance.
 - Drilling program (20,000m, 97 holes) is planned to commence in May 2019 targeting Resource extensions towards known mineralisation on the adjacent tenement and in-fill drilling. This step out target is considered particularly prospective due to surface trenching, extensive artisanal workings, and two holes on section drilled by Utah International in 1982, assaying 406m @ 0.5g/t (GPD-04) and 154m @ 0.57g/t (GPD-05).

Half-Year ended 31 January	2019 \$000's	2018 \$000's
Investments		
(Loss)/Gain attributable to movement in fair value	20,235	(4,271)
<i>Cash Inflows/Outflows</i>		
Proceeds from sale of investments	4,439	168
Payments for Investments	(3,994)	(742)

Appendix 4D Interim Financial Report

1. Company Details

LION SELECTION GROUP LIMITED		
ABN or equivalent company reference	Half Year ended (‘current period’)	Half Year ended (‘previous period’)
26 077 729 572	31 January 2019	31 January 2018

2. Results for announcement to the market

A\$'000

2.1	Revenue	Down 97%	to	5
2.2	Profit (loss) for the half year	Up N/A	to	19,492
2.3	Profit (loss) for the half year attributable to members of the parent	Up N/A	to	19,492
	Dividends	Current Period		Previous Corresponding Period
2.4	Franking Rate Applicable	N/A		N/A
	Interim Dividend			
2.5	Amount per security	Nil		Nil
	Franked amount per security	Nil		Nil

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

Refer to attached Interim Financial Report for Half Year ended 31 January 2019.

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 January 2019 was \$0.44. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts. The NTA per security for the comparative period (31 July 2018) was \$0.31.

4. Controlled Entities

During the period the Company held a 100% ownership interest in Asian Lion Limited and Lion Selection Asia Limited and controls these companies. Lion is an investment entity for the purposes of AASB 127 Separate Financial Statements, and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities is effective for annual periods beginning on or after 1 August 2014, exempting ‘Investment entities’ from consolidating controlled investees. Investment entities are entities that:

- (a) obtain funds from one or more investors for the purpose of providing those investors with investment management services;
 - (b) commit to their investor(s) that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and
 - (c) measure and evaluate the performance of substantially all of their investments on a fair value basis.
- Lion meets the qualifying criteria under AASB 10 of an “investment entity”, and neither Asian Lion Limited nor Lion Selection Asia Limited provides investment related services to the Company. Accordingly, the Company has applied the

exemption from consolidating Asian Lion Limited and Lion Selection Asia Limited which continue to carry these investments at fair value.

5. Dividends

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

6. Dividend/distribution reinvestment plan

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

7. Associates

Company	Current Period % Held	Previous Corresponding Period % Held
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	100	100
One Asia Resources Ltd	35.0	35.0
Nusantara Resources Limited	23.2	32.2
Lion Selection Asia Ltd	100	-
Pani Joint Venture	33.3	-

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

8. Foreign Accounting Standards

Not Applicable

9. Audit

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

For more information please refer to the attached Financial Statements.



Lion Selection Group

Lion Selection Group Limited

ABN: 26 077 729 572

Interim Financial Report Half Year Ended 31 January 2019



Lion Selection Group

LION SELECTION GROUP LIMITED

Financial Report for the Half Year Ended 31 January 2019

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LION SELECTION GROUP LIMITED

Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the half year ended 31 January 2019.

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

Directors

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

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

Principal Activities

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

Results and Review of Operations

The Company's gain before tax for the half year was \$19.5 million (2018: loss \$4.9 million).

The result for the half year reflects a mark to market gain of \$20.2 million with respect to investments, with key movements in the portfolio value outlined below:

- An increase of \$22.2m in the valuation of Lion's 33.3% interest in the Pani Joint Venture reflecting the value imputed by PT Merdeka Copper Gold Tbk's (IDX: MDKA) (Merdeka) acquisition of 66.6% of the joint venture interest from Lion's existing joint venture partner for US\$55m in November 2018.
- Decreases in the value of Lion's holding in Erdene Development Corporation (\$1.1 million) and in Roxgold Inc (\$1.0 million) reflecting a general softening in Canadian gold equities.

At 31 January 2019 the Company held investments valued at \$64.6 million (31 July 2018: \$46.7 million), and cash of \$1.2 million (31 July 2018: \$1.5 million).



Pani Joint Venture

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

Lion acquired its 33.3% Pani Joint Venture interest from One Asia in April 2018 having been involved with the Pani project since 2012 when Lion made its first investment into One Asia. One Asia published a Mineral Resource Estimate (MRE) of 89.5Mt at 0.82g/t for 2.37 million ounces of gold based on a 0.2g/t cut off (3 December 2014)¹. Technical work on the project accelerated in December 2017 following settlement of a four-year ownership dispute.

Mineralisation remains open to the south and to the west. It is noteworthy that PT J Resources Asia Pasifik Tbk (J Resources) holds the Contract of Work surrounding the Pani IUP and has publicly released a resource estimate of 2.063 million oz of contained gold² for the project. This suggests the potential for continuity of the mineralisation across the two tenements and that the Pani project has substantial potential for a large-tonnage, low-grade disseminated gold deposit amenable to bulk mining.

Dividends

No dividend was declared or paid in the half year.

Auditor Independence

We have obtained an independence declaration from our auditors, PricewaterhouseCoopers, as required under section 307 of the *Corporations Act 2001*. A copy can be found on page 4 of this financial report.

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

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

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

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

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



Rounding of Amounts

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

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

P Maloney
Director

R Widdup
Director

Melbourne
21 March 2019



Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2019, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in black ink, appearing to read 'A. Hodge'.

Anthony Hodge
Partner
PricewaterhouseCoopers

Melbourne
21 March 2019



LION SELECTION GROUP LIMITED

Statement of Comprehensive Income for the Half Year ended 31 January 2019

	NOTES	January 2019 \$'000	January 2018 \$'000
Gain/(Loss) attributable to movement in fair value		20,235	(4,271)
Other Income	3	5	148
Management fees		(402)	(402)
Employee benefits		(114)	(113)
Foreign Exchange Gain/(Loss)		(34)	-
Other expenses		(198)	(234)
Profit/(Loss) before income tax		19,492	(4,872)
Income tax (expense)/benefit		-	-
Net profit/ (loss) after tax		19,492	(4,872)
Other Comprehensive Income		-	-
Total Comprehensive Income/(loss) for the half year		19,492	(4,872)
Attributable to:			
<i>Non-controlling interest</i>		-	-
<i>Members</i>		19,492	(4,872)
		Cents per share	Cents per share
Basic earnings/(loss) per share		13.0	(4.0)
Diluted earnings/(loss) per share		13.0	(4.0)

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

**LION SELECTION GROUP LIMITED****Statement of Financial Position as at 31 January 2019**

	NOTES	January 2019 \$'000	July 2018 \$'000
Current Assets			
Cash and cash equivalents		1,199	1,512
Trade and other Receivables		31	9
<i>Total Current Assets</i>		1,230	1,521
Non-Current Assets			
Financial Assets	2	64,623	46,672
Property Plant & Equipment		24	27
<i>Total Non-Current Assets</i>		64,647	46,699
Total Assets		65,877	48,220
Current Liabilities			
Trade and Other Payables		70	1,905
<i>Total Current Liabilities</i>		70	1,905
Non-Current Liabilities			
<i>Total Non-Current Liabilities</i>		-	-
Total Liabilities		70	1,905
Net Assets		65,807	46,315
Equity			
Contributed equity		126,211	126,211
Reserves		1,341	1,341
Accumulated losses		(61,745)	(81,237)
Total Equity		65,807	46,315

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

**LION SELECTION GROUP LIMITED****Statement of Cash Flows for the Half Year ended 31 January 2019**

	January 2019 \$'000	January 2018 \$'000
Cash flows from operating activities		
Other income received	-	90
Interest received	5	59
Payments to suppliers and employees (including GST)	(729)	(762)
<i>Net operating cash flows</i>	<i>(724)</i>	<i>(613)</i>
Cash flows from investing activities		
Payments for investments	(3,994)	(742)
Payments for property plant & equipment	-	(3)
Proceeds from investment sales	4,439	168
<i>Net investing cash flows</i>	<i>445</i>	<i>(577)</i>
Cash flows from financing activities		
Issue of capital	-	5,509
<i>Net financing cash flows</i>	<i>-</i>	<i>5,509</i>
Net increase/(decrease) in cash and cash equivalents held	(279)	4,319
Cash and cash equivalents at beginning of financial period	1,512	3,523
Effects of exchange rate changes on foreign currency denominated cash balances	(34)	-
Cash and cash equivalents at end of financial period	1,199	7,842

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

**LION SELECTION GROUP LIMITED****Statement of Changes in Equity for the Half Year ended 31 January 2019**

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	TOTAL \$'000
At 1 August 2017	111,490	(69,438)	42,052
Total comprehensive income/ (loss)	-	(4,872)	(4,872)
Transactions with owners in their capacity as owners:			
Issue of new shares	5,530	-	5,530
Costs associated with issue of shares	(21)	-	(21)
Total transactions with owners in their capacity as owners	5,509	-	5,509
At 31 January 2018	116,999	(74,310)	42,689

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

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

LION SELECTION GROUP LIMITED

Notes to the Financial Statements for the Half Year ended 31 January 2019

NOTE 1. BASIS OF PREPARATION

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

The half year financial report should be read in conjunction with the annual Financial Report of Lion Selection Group Limited as at 31 July 2018, which was prepared based on Australian equivalents to International Financial Reporting Standards. The half year financial report has been prepared with the same accounting policies and methods of computation as used in the most recent annual Financial Report, except for the impact of the Standards and Interpretations as described below.

It is also recommended that the half year financial report be considered together with any public announcements made by the Company during the half year ended 31 January 2019 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of accounting

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

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

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

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

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

New Standards

A number of new or amended standards have been applied from 1 August 2018, in particular AASB 9 Financial Instruments and AASB 15 Revenue from Contracts with Customers. There was no impact to accounting for the Company's investments from AASB 9 as investments are already measured at fair value through profit and loss. AASB 15 did not have a material impact on the Company's financial statements as the Company does not have any arrangements within the scope of the standard.

Accounting Standards Issued But Not Yet Effective

Certain new accounting standards and related interpretations have been published that are not mandatory for 31 December 2018 and 30 June 2019 reporting periods. AASB 16 Leases is mandatory for annual reporting periods beginning on or after 1 January 2019. It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standards, an asset (the right to use the leased item) and a financial liability (to pay rentals) are recognised. The only exceptions are low-value and short-term leases. The Company is in the process of performing an assessment of the potential impact of AASB 16 Leases. While the impact of adopting this new standard is not yet known, it is not expected to have a material impact on the amounts recognised in the financial statements of future periods.

**NOTE 1. BASIS OF PREPARATION - CONTINUED****(c) Summary of significant revised accounting policies**

Other than discussed above, the Company's accounting policies are consistent with those of the comparative periods. The full disclosure of accounting policies is available in the annual Financial Report of Lion Selection Group Limited as at 31 July 2018.

NOTE 2. FAIR VALUE MEASUREMENTS

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

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

- (a) quoted priced (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

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

Recognised fair value measurements

The following tables present the Company's assets measured and recognised at fair value for the periods ended 31 January 2019 and 31 January 2018.

At 31 January 2019	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	17,828	7,834	38,961	64,623
Total Assets	17,828	7,834	38,961	64,623
At 31 January 2018	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	20,242	9,240	5,385	34,867
Total Assets	20,242	9,240	5,385	34,867



NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

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

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

The following table presents the changes in level 3 items for the periods ended 31 January 2019 and 31 January 2018.

	Unlisted Investments \$'000	Total \$'000
At 31 January 2019		
Opening Balance 1 August 2018	16,864	16,864
Transfers to Level 2	-	-
Additions/(disposals)	(67)	(67)
Gain recognised through comprehensive income	22,164	22,164
Closing Balance 31 January 2019	38,961	38,961
At 31 January 2018		
Opening Balance 1 August 2017	2,496	2,496
Transfers to Level 2	-	-
Additions/(disposals)	-	-
Gain recognised through comprehensive income	2,889	2,889
Closing Balance 31 January 2018	5,385	5,385

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

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

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

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

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



NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

Valuation Processes

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

Pani Joint Venture

As noted above, Lion valued its 33.3% interest in the Pani Joint Venture at \$38.7 million as at 31 January 2019.

On 5 November 2018, Lion announced Merdeka would become Lion's joint venture partner in the Pani Joint Venture after agreeing to pay US\$55m cash to buy the 66.6% joint venture interest from Lion's existing joint venture partner. The purchase price paid by Merdeka imputes a look through value of \$38.7m for Lion's 33.3% interest.

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

Lion's holding of its interest in the Pani Joint Venture was restructured during the period following regulatory approval for the Pani Joint Venture to allow for foreign investors to hold equity directly. Accordingly, Lion's 33.3% economic interest in the Pani Joint Venture is now a direct ownership interest, with funds originally invested by way of intercompany loans being repaid and the proceeds reinvested into the Pani Joint Venture. Lion has also appointed representation to the board of the Pani Joint Venture following the regulatory approval.

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

NOTE 3. PROFIT AND LOSS ITEMS

	January 2019 \$'000	January 2018 \$'000
Other Income		
Interest Received	5	58
Other Income	-	90
Other Income	5	148

NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES

	January 2019 \$'000	January 2018 \$'000
Dividends declared and paid during the half year	-	-
<i>Total dividends paid or provided</i>	<i>-</i>	<i>-</i>



Lion Selection Group

NOTE 5. CONTRIBUTED EQUITY

	January 2019 \$'000	July 2018 \$'000
Issued and paid up capital (fully paid)		
Opening Balance	126,211	111,490
Shares Issued	-	18,757
Buyback and cancellation of securities	-	(4,015)
Expenses of issue of new shares	-	(21)
Issued and paid up capital (fully paid)	126,211	126,211
Share Capital	January 2019 Shares	July 2018 Shares
Issued and paid up capital (fully paid)		
Opening Balance	150,134,879	110,733,981
Shares Issued	-	51,569,460
Buyback and cancellation of treasury shares	-	(12,168,562)
Issued and paid up capital (fully paid)	150,134,879	150,134,879

Capital Risk Management

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

NOTE 6. SEGMENT INFORMATION

Management has determined the Company's segments based on the internal reporting reviewed by the Board to make strategic decisions. The Company provides patient equity capital to carefully selected small and medium mining enterprises. Lion invests only in mining and exploration companies and projects with the majority of investments focused on gold and base metal activities in Australia, Africa, South East Asia and the Americas.

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

**NOTE 6. SEGMENT INFORMATION (CONTINUED)**

Six Months Ended 31 January 2018	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	UNALLOCATED \$'000	TOTAL \$'000
Segment Income	-	-	-	148	148
Mark to Market adjustment	416	(14)	(4,673)	-	(4,271)
Segment Income	416	(14)	(4,673)	148	(4,123)
Segment Expense	-	-	-	(749)	(749)
Segment Result Before Tax	416	(14)	(4,673)	(601)	(4,872)
Segment Assets	4,386	9,407	21,075	7,878	42,746
Segment Liabilities	-	-	-	56	56
Other Segment Information					
Assets Acquired during the period	670	72	-	-	742
Cash Flow Information					
Net Cash flow from operating activities	-	-	-	(613)	(613)
Net Cash flow from investing activities	(502)	(72)	-	(3)	(577)
Net Cash flow from financing activities	-	-	-	5,509	5,509

NOTE 7. CONTINGENT LIABILITIES/ASSETS

The Company has no contingent liabilities or assets as at 31 January 2019.

NOTE 8. COMMITMENTS**Superannuation Commitments**

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. As of 31 January 2019, the Company was contributing to approved superannuation funds at the choice of employees at a minimum rate of 9.5% of salaries paid. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

NOTE 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

Subsequent to the end of the half year, on 28 February 2019, Lion and Merdeka executed a formal Joint Venture Agreement with respect to the Pani Joint Venture. This agreement sets out the detailed arrangements with respect to the funding, operation and management of the Pani Joint Venture. This includes standard joint venture arrangements including board representation and pro rata rights to participate in fund raisings.

On 14 March 2019 the Pani Joint Venture was issued a business licence for processing and refining (IUP Processing and Refining) for a 16-year period over an area of approximately 720ha. This tenement is to the south of the Pani IUP mining area, with a road access corridor connecting the two licences, which has previously been agreed with the neighbouring tenement holder.

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



LION SELECTION GROUP LIMITED

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 14 of the Company are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company at 31 January 2019 and the performance for the half year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2010 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

P Maloney
Director

R Widdup
Director

Melbourne
Date: 21 March 2019



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lion Selection Group Limited (the Company), which comprises the statement of financial position as at 31 January 2019, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 January 2019 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lion Selection Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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



Conclusion

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

1. giving a true and fair view of the entity's financial position as at 31 January 2019 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'A. Hodge'.

Anthony Hodge
Partner

Melbourne
21 March 2019