

## Preliminary Final Report for the half year ended 31 January 2014

### KEY POINTS

- Mark to market profit of \$1.6 million with respect to investments.
- Lion's portfolio benefited from an increase in value of Lion's holding in Doray Minerals of \$1.3 million following successful commissioning and the first full quarter of production of Doray's Andy Well project and of Lion's direct and indirect holdings in the unlisted One Asia Resources of \$1.2 million.
- One Asia Resources, Lion's largest investment, moved to 100% ownership of its Awak Mas project and increased the size of its Resource to 2.55 Moz gold. One Asia's Pani project was the subject to an ownership challenge.
- Lion continues to be an active investor, including an investment of \$7.5 million in One Asia Resource's \$21 million rights issue in August 2013. New investments made directly and via African Lion are shown below:

Direct investments	via African Lion Fund
Auricup Resources	Predictive Discovery
Chesser Resources	Toro Gold
Erdene Development Corp	
Manas Resources	
One Asia Resources	
Rum Jungle Resources	
Sihayo Gold	

- Strong balance sheet with no debt and \$11.5 million cash.

Half-Year ended 31 January	2014 \$000's	2013 \$000's
<b>Investments</b>		
Gain/Loss attributable to movement in fair value	1,648	9,096
Dividend Income	-	1,304
<i>Cash Inflows/Outflows</i>		
Proceeds from sale of investments	2,300	2,664
Payments for Investments	(10,665)	(13,141)

+ See chapter 19 for defined terms.

**Appendix 4D  
Preliminary Final Report**

**1. Company Details**

<b>LION SELECTION GROUP LIMITED</b>		
ABN or equivalent company reference	Half Year ended ('current period')	Half Year ended ('previous period')
<b>26 077 729 572</b>	<b>31 January 2014</b>	<b>31 January 2013</b>

**2. Results for announcement to the market**

				A\$'000
2.1	Revenue	Down 85%	to	242
2.2	Profit (loss) for the year	Down 88%	to	1,175
2.3	Profit (loss) for the year attributable to members of the parent	Down 88%	to	1,175
<b>Dividends</b>		<b>Current Period</b>	<b>Previous Corresponding Period</b>	
2.4	Franking Rate Applicable	N/A	N/A	
<b>Interim Dividend</b>				
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 Condensed Financial Report for Half Year ended 31 January 2014.

**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 2014 was \$0.63. 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 2013) was \$0.62.

**4. Controlled Entities**

Lion did not control any entities during the period.

**5. Dividends**

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

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+ See chapter 19 for defined terms.

**6. Dividend/distribution reinvestment plan**

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

**7. Associates**

	<b>Current Period</b>	<b>Previous Corresponding Period</b>
<b>Company</b>	<b>% Held</b>	<b>% Held</b>
African Lion 2 Ltd	24.9	24.9
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	62.9	62.9

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.

While Lion's ownership and economic interest in Asian Lion Ltd ("Asian Lion") is 62.9%, 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.

**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.**

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+ See chapter 19 for defined terms.



Lion Selection Group

# **Lion Selection Group Limited**

**ABN: 26 077 729 572**

## **Interim Financial Report Half Year Ended 31 January 2014**

**LION SELECTION GROUP LIMITED**

**Financial Report for the Half Year  
Ended 31 January 2014**

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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 2014.

At the date of this report, Lion had 106,911,630 (31 January 2013: 88,030,963) fully paid ordinary shares and 14,655,479 options (31 January 2013: 14,658,222) on issue.

### Directors

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

- Peter Maloney (Non-Executive Chairman)
- Robin Widdup (Director)
- Barry Sullivan (Non-Executive 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 profit before tax for the half-year was \$1.2 million (2013: \$10.0 million). This includes realised profits and losses from sale of investments and unrealised gains and losses from mark to market of its investment portfolio as set out in the table below:

<b>Gain/(Loss) attributable to movement in fair value of investments</b>	<b>2014 \$'000</b>	<b>2013 \$'000</b>
Mark to Market adjustment for period – investments realised during period	690	1,992
Mark to Market adjustment for period – investments held at end of period	958	7,104
<b>Gain/(Loss) attributable to movement in fair value of investments</b>	<b>1,648</b>	<b>9,096</b>
<b>Results of Investments Realised During Period</b>		
Sales Proceeds	2,300	2,664
Historical Cost of investments sales	(3,823)	(2,549)
<b>Gross profit/(loss) on investment realised</b>	<b>(1,523)</b>	<b>115</b>
Represented by:		
Mark to Market recognised in prior periods	(2,213)	(1,877)
Mark to Market recognised in current period	690	1,992
	<b>(1,523)</b>	<b>115</b>

The result for the half-year reflects mark to market profit of \$1.6 million with respect to investments, with key movements in the portfolio value outlined below:

- An increase in Lion's direct investment in Doray Minerals of \$1.3 million following successful commissioning and the first full quarter of production of Doray's Andy Well project.
- An increase in the value of Lion's direct and indirect holdings in the unlisted One Asia Resources of \$1.2 million. Lion partially underwrote One Asia's rights issue for \$7.5 million at \$0.65/share in August 2013. For the purposes of Lion's accounts, the One Asia valuation has been maintained at \$0.75/share. Lion believes this valuation continues to be appropriate, reflecting that the rights issue pricing represents a small discount to this valuation as would normally be the case for a listed company, and noting that the rights issue is largely an internal raising from existing shareholders.
- 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 advises that Indonesian media reports on 24 December 2013 indicate 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. One Asia continues to work on-site at the Pani project.
- One Asia secured 100% ownership (previously option over 80%) of the Awak Mas project, with its Joint Venture partner, Vista Gold Corp, opting to receive a royalty of 2 – 2.5% NSR on gold production from Awak Mas. As announced by Lion on 13 December 2013, One Asia also provided an updated JORC Resource of 2.55 Moz gold incorporating the Salu Bulu deposit, approximately 2km from the main Awak Mas deposit.

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 half-year. Based on historical cost, Lion made a loss of \$1.5 million on the sale of investments, including a loss of \$1.2 million on its sale of YTC Resources with sale proceeds of \$2.3 million.

At 31 January 2014 the Company held investments valued at \$55.8 million (31 July 2013: \$45.8 million), and cash of \$11.5 million (31 July 2013: \$17.9 million).

During the half-year the Company made new or follow-on investments totalling \$10.7 million as follows:

#### **Purchases:**

➤ One Asia Resources	\$7.5 million
➤ African Lion 3 Limited	\$1.0 million
➤ Other investments	\$2.2 million
	<b>\$10.7 million</b>

During the half-year the Company completed a well supported \$10 million capital raising that spanned the financial year end. In August 2013 Lion received \$2.4 million with respect to the Share Purchase Plan ("SPP"), and issued an additional 11.5 million shares with respect to the capital raising.

#### **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.

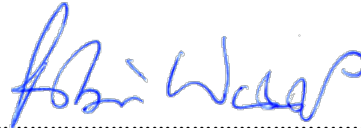
## **Rounding of Amounts**

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**  
Chairman  
Melbourne  
7 March 2014



.....  
**R Widdup**  
Director



## Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2014, I declare that to the best of my knowledge and belief, there have been:

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

A handwritten signature in blue ink, appearing to read 'Andrew Cronin', is written over a faint, light blue grid background.

Andrew Cronin  
Partner  
PricewaterhouseCoopers

Melbourne  
7 March 2014

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VIC 3001  
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## LION SELECTION GROUP LIMITED

### Statement of Comprehensive Income for the Half Year ended 31 January 2014

	Notes	January 2014 \$'000	January 2013 \$'000
Gain/(loss) attributable to movement in fair value	3	1,648	9,096
Other Income		17	1,304
Interest Income		225	323
Unrealised gain/(loss) on foreign exchange		-	(42)
Management fees		(405)	(275)
Employee benefits		(114)	(115)
Other expenses		(196)	(266)
<b>Profit/(loss) before income tax</b>		<b>1,175</b>	<b>10,025</b>
Income tax (expense)/benefit		-	-
<b>Net profit/(loss) after income tax</b>		<b>1,175</b>	<b>10,025</b>
Other Comprehensive Income		-	-
Other Comprehensive Income (net of tax)		-	-
<b>Total Comprehensive Income for the half-year</b>		<b>1,175</b>	<b>10,025</b>
Attributable to:			
Non-controlling interest		-	-
Members		1,175	10,025
		<b>Cents per share</b>	<b>Cents per share</b>
Basic earnings/(loss) per share		1.1	11.4
Diluted earnings/(loss) per share		1.1	11.4

*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 2014**

	January 2014 \$'000	July 2013 \$'000
<b>Current Assets</b>		
Cash and cash equivalents	11,529	17,938
Trade and other Receivables	24	82
<i>Total Current Assets</i>	<i>11,553</i>	<i>18,020</i>
<b>Non-Current Assets</b>		
Financial Assets	55,826	45,813
<i>Total Non-Current Assets</i>	<i>55,826</i>	<i>45,813</i>
<i>Total Assets</i>	<i>67,379</i>	<i>63,833</i>
<b>Current Liabilities</b>		
Trade and Other Payables	33	51
<i>Total Current Liabilities</i>	<i>33</i>	<i>51</i>
<i>Total Liabilities</i>	<i>33</i>	<i>51</i>
<b>Net Assets</b>	<b>67,346</b>	<b>63,782</b>
<b>Equity</b>		
Contributed equity	109,770	103,684
Shares to be Issued Reserve	-	3,697
Retained profits/(Accumulated losses)	(42,424)	(43,599)
<b>Total Equity</b>	<b>67,346</b>	<b>63,782</b>

*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 2014

	January 2014 \$'000	January 2013 \$'000
<b>Cash flows from operating activities</b>		
Other income received	17	1,304
Interest received	280	411
Payments to suppliers and employees (including GST)	(730)	(663)
<i>Net operating cash flows</i>	<i>(433)</i>	<i>1,052</i>
<b>Cash flows from investing activities</b>		
Distributions received	-	885
Payments for investments	(10,665)	(13,141)
Proceeds from investment sales	2,300	2,664
<i>Net investing cash flows</i>	<i>(8,365)</i>	<i>(9,592)</i>
<b>Cash flows from financing activities</b>		
Issue of capital	2,389	1
<i>Net financing cash flows</i>	<i>2,389</i>	<i>1</i>
<b>Net increase/(decrease) in cash and cash equivalents held</b>	<b>(6,409)</b>	<b>(8,539)</b>
Cash and cash equivalents at beginning of financial period	17,938	23,981
Effects of exchange rate changes on foreign currency denominated cash balances	-	(42)
<b>Cash and cash equivalents at end of financial period</b>	<b>11,529</b>	<b>15,400</b>

*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 2014

	Contributed Equity \$'000	Shares to be Issued Reserve \$'000	Retained Profits / (Accumulated Losses) \$'000	Total \$'000
<b>At 1 August 2013</b>	<b>103,684</b>	<b>3,697</b>	<b>(43,599)</b>	<b>63,782</b>
<b>Comprehensive income</b>				
Profit (loss) for the half-year	-	-	1,175	1,175
Other comprehensive income	-	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>-</b>	<b>1,175</b>	<b>1,175</b>
<b>Transactions with owners in their capacity as owners:</b>				
Shares issued	6,090	(3,697)	-	2,393
Share issue expense	(4)	-	-	(4)
<b>Total transactions with owners in their capacity as owners</b>	<b>6,086</b>	<b>(3,697)</b>	<b>-</b>	<b>2,389</b>
<b>At 31 January 2014</b>	<b>109,770</b>	<b>-</b>	<b>(42,424)</b>	<b>67,346</b>

	Contributed equity \$'000	Retained Profits / (Accumulated Losses) \$'000	Total \$'000
<b>At 1 August 2012</b>	<b>100,109</b>	<b>(41,572)</b>	<b>58,537</b>
<b>Comprehensive income</b>			
Profit (loss) for the half-year	-	10,025	10,025
Other comprehensive income	-	-	-
<b>Total comprehensive income for the half-year</b>	<b>-</b>	<b>10,025</b>	<b>10,025</b>
<b>Transactions with owners in their capacity as owners:</b>			
Issue of capital	1	-	1
<b>Total transactions with owners in their capacity as owners</b>	<b>1</b>	<b>-</b>	<b>1</b>
<b>At 31 January 2013</b>	<b>100,110</b>	<b>(31,547)</b>	<b>68,563</b>

*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 2014

### 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 2013, which was prepared based on Australian equivalents to International Financial Reporting Standards (AIFRS). The half-year financial report has been prepared during 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 2014 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.

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

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

- Principles of consolidation – AASB 10 *Consolidated Financial Statements*
- Determining fair value – AASB 13 *Fair Value Measurement*

The Company has also early adopted amendments made to AASB 10 and AASB 127 (revised 2011) *Separate Financial Statements* by AASB 2013-5 *Amendments to Australian Accounting Standards – Investment Entities*.

#### *Investments in controlled entities*

The objective of AASB 10 is to establish principles for the preparation and presentation of consolidated financial statements. It sets out how to apply the principle of control to identify whether an investor controls an investee and therefore must consolidate the investee. The Company has reviewed its investments in other entities to assess whether the conclusion as to whether the Company controls an investee or not is different under AASB 10. No differences were identified.

The amendments made by AASB 2013-5 introduce an exception from consolidation requirements for investment entities. The Company has determined that it meets the definition of an investment entity, however it does not have any controlled entities and accordingly no differences were identified.

### *Fair value measurement*

AASB 13 *Fair Value Measurement* aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across Australian Accounting Standards. The adoption of AASB 13 has clarified that fair value is an exit price notion, and as such, the fair value of financial liabilities should be determined based on a transfer value to a third party market participant incorporating credit risk into the valuation. No differences were identified.

#### **(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 2013.

#### **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).

#### *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 January 2014 and 31 July 2013.

<b>At 31 January 2014</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
Investments	13,562	42,264	-	<b>55,826</b>
<b>Total Assets</b>	<b>13,562</b>	<b>42,264</b>	-	<b>55,826</b>
<hr/>				
<b>At 31 July 2013</b>	<b>Level 1 \$'000</b>	<b>Level 2 \$'000</b>	<b>Level 3 \$'000</b>	<b>Total \$'000</b>
<b>Assets</b>				
<i>Financial assets at fair value through profit or loss</i>				
Investments	12,384	33,429	-	<b>45,813</b>
<b>Total Assets</b>	<b>12,384</b>	<b>33,429</b>	-	<b>45,813</b>

There was one transfer between Level 2 and Level 1 during the half-year ended 31 January 2014, with one unlisted investee being acquired by a listed entity. This investment is valued at \$90,000 at 31 January 2014 (\$208,000 at 31 July 2013). There were no changes in level 3 instruments for the half-year ended 31 January 2014.

## NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

### *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.

Lion has maintained its One Asia valuation at \$0.75/share for the period ending 31 January 2014. Lion believes this valuation continues to be appropriate, noting that there have been a number of events during the half-year that are relevant to One Asia's valuation:

- One Asia has had outstanding exploration success at the Pani project including the release of a maiden JORC Resource of 1.88 Moz gold announced on 13 June 2013 and additional positive drilling results extending the known mineralisation.
- During the half-year Lion invested \$7.5 million as part of One Asia's rights issue raising \$21 million at \$0.65/share. The rights issue pricing represents a small discount to Lion's 75c valuation as would normally be the case for a listed company and is largely an internal raising from existing shareholders.
- One Asia's ownership of the Pani project is currently the subject of a challenge. 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 advises that Indonesian media reports on 24 December 2013 indicate 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. One Asia continues to work on-site at the Pani project. The Pani project represents a material asset for One Asia and, on a look through basis, for Lion. An adverse outcome on the ownership challenge at Pani would have a potentially material outcome impacting both One Asia and Lion.
- One Asia secured 100% ownership (previously option over 80%) of the Awak Mas project, with its Joint Venture partner, Vista Gold Corp, opting to receive a royalty of 2 – 2.5% NSR on gold production from Awak Mas. As announced by Lion on 13 December 2013, One Asia also provided an updated JORC Resource of 2.55 Moz gold incorporating the Salu Bulu deposit, approximately 2km from the main Awak Mas deposit.

	January 2014 \$'000	January 2013 \$'000
<b>NOTE 3. PROFIT AND LOSS ITEMS</b>		
<b>Gain/(loss) attributable to movement in fair value of investments</b>		
Mark to Market adjustment for period – investments realised during period	690	1,992
Mark to Market adjustment for period – investments held at end of period	958	7,104
<b>Gain/(loss) attributable to movement in fair value of investments</b>	<b>1,648</b>	<b>9,096</b>
<b>Results of Investments Realised During Period</b>		
Sales Proceeds	2,300	2,664
Historical Cost of investments sales	(3,823)	(2,549)
<i>Gross profit / (loss) on investments realised</i>	<i>(1,523)</i>	<i>115</i>
Represented by:		
Mark to Market recognised in prior periods	(2,213)	(1,877)
Mark to Market recognised in current period	690	1,992
<b>Total Mark to Market</b>	<b>(1,523)</b>	<b>115</b>
<b>NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES</b>		
Dividends declared and paid during the half-year	-	-
<i>Total dividends paid or provided</i>	<i>-</i>	<i>-</i>
<b>NOTE 5. CONTRIBUTED EQUITY</b>		
	<b>January 2014 \$'000</b>	<b>January 2013 \$'000</b>
Issued and paid up capital (fully paid)		
Opening Balance	103,684	100,109
Shares issued	6,090	1
Share issue expenses	(4)	-
<b>Issued and paid up capital (fully paid)</b>	<b>109,770</b>	<b>100,110</b>
	<b>January 2014 Shares</b>	<b>January 2013 Shares</b>
Issued and paid up capital (fully paid)		
Opening Balance	95,420,281	88,029,353
Issue of capital	11,491,132	1,610
<b>Issued and paid up capital (fully paid)</b>	<b>106,911,413</b>	<b>88,030,963</b>

<b>NOTE 5</b>	<b>CONTRIBUTED EQUITY (CONTINUED)</b>	<b>January 2014 Options</b>	<b>January 2013 Options</b>
Options to acquire ordinary shares			
Opening Balance		14,655,696	-
Pro Rata Bonus Issue of Options (exercisable at 80c/share, expiry 12 December 2014)		-	14,659,832
Options exercised		(217)	(1,610)
<b>Options to acquire ordinary shares</b>		<b>14,655,479</b>	<b>14,658,222</b>

#### **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 focussed on gold and base metal activities in Australia, Africa, South East Asia and the Americas.

<b>Six Months Ended 31 January 2014</b>	<b>Australia \$'000</b>	<b>Africa \$'000</b>	<b>Asia \$'000</b>	<b>Americas \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
Segment Revenue	-	-	17	-	225	242
Mark to Market adjustment	858	346	216	228	-	1,648
<b>Segment Income</b>	<b>858</b>	<b>346</b>	<b>233</b>	<b>228</b>	<b>225</b>	<b>1,890</b>
Segment Expense	-	-	-	-	(715)	(715)
<b>Segment Result Before Tax</b>	<b>858</b>	<b>346</b>	<b>233</b>	<b>228</b>	<b>(490)</b>	<b>1,175</b>
Segment Assets	10,626	9,301	35,171	728	11,553	67,379
Segment Liabilities	-	-	-	-	33	33
<b>Other Segment Information</b>						
Assets Acquired during the period	1,000	993	8,672	-	-	10,665
<b>Cash Flow Information</b>						
Net Cash flow from operating activities	-	-	17	-	(450)	(433)
Net Cash flow from investing activities	1,281	(993)	(8,653)	-	-	(8,365)
Net Cash flow from financing activities	-	-	-	-	2,389	2,389

<b>Six Months Ended 31 January 2013</b>	<b>Australia \$'000</b>	<b>Africa \$'000</b>	<b>Asia \$'000</b>	<b>Americas \$'000</b>	<b>Unallocated \$'000</b>	<b>Total \$'000</b>
Segment Revenue	-	1,304	-	-	281	1,585
Mark to Market adjustment	1,141	1,422	6,578	(45)	-	9,096
<b>Segment Income</b>	<b>1,141</b>	<b>2,726</b>	<b>6,578</b>	<b>(45)</b>	<b>281</b>	<b>10,681</b>
Segment Expense	-	-	-	-	(656)	(656)
<b>Segment Result Before Tax</b>	<b>1,141</b>	<b>2,726</b>	<b>6,578</b>	<b>(45)</b>	<b>(375)</b>	<b>10,025</b>
Segment Assets	14,029	9,705	27,835	1,591	15,444	68,604
Segment Liabilities	-	-	-	-	41	41
<b>Other Segment Information</b>						
Assets Acquired during the period	3,550	2,255	6,004	1,332	-	13,141
<b>Cash Flow Information</b>						
Net Cash flow from operating activities	-	1,304	-	-	(252)	1,052
Net Cash flow from investing activities	(3,550)	1,294	(6,004)	(1,332)	-	(9,592)
Net Cash flow from financing activities	-	-	-	-	1	1

**NOTE 7. CONTINGENT LIABILITIES/ASSETS**

The Company has no contingent liabilities or assets as at 31 January 2014.

**NOTE 8. COMMITMENTS**

**a) Superannuation Commitments**

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At of 31 January 2014, the Company was contributing to approved superannuation funds at the choice of employees at a minimum rate of 9.25% 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 Commitment AFL3 and Asian Lion**

Lion entered into an agreement in June 2008 to commit US\$18.75 million in African Lion 3 Limited (AFL3), of which US\$2.4m remains undrawn at 31 January 2014 (Australian Dollar equivalent of \$2.8 million).

**c) Lion Selection Limited**

Under the arrangements associated with the 2009 demerger of Lion from its previous holding company, Lion Selection Limited, LSG 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 & management fee liabilities prior to the demerger. Lion is not aware of any amount payable associated with this indemnity as at 31 January 2014.

**NOTE 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE**

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 and subsidiaries 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 2014 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 J Maloney**  
Chairman



.....  
**R Widdup**  
Director

Melbourne  
Date: 7 March 2014



## **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 2014, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected 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 (including the Australian Accounting Interpretations) 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 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 2014 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*.

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### *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:

- a) giving a true and fair view of the entity's financial position as at 31 January 2014 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink, appearing to be 'Andrew Cronin'.

Andrew Cronin  
Partner

Melbourne  
7 March 2014