Interim Financial Report for the half year ended 31 January 2018

KEY POINTS

- Key developments included the successful IPO of Nusantara Resources (2 August 2017) and the conditional agreement to buy One Asia Resources Limited's (One Asia) 33.3% Joint Venture interest in the Pani Gold Project (2 February 2018).
- Lion has agreed to buy One Asia's 33.3% Joint Venture interest in the Pani Gold Project, Indonesia (Transaction). The agreement has some conditions, including:
  - Lion shareholder approval for the issue to One Asia of 35,750,000 Lion shares (at a deemed 37¢ps) and 23,833,333 Lion options exerciseable at 50¢ps, 2-year expiry; (at a deemed 7.5 cents per option);
  - One Asia shareholder approval for an in-specie distribution to One Asia shareholders of most of the Lion securities received under the transaction (Capital Return); and
  - Approval by project partner Provident.
- During the period Lion's investment portfolio had a mark to market loss of $4.3 million.
  - A decrease in the value of Lion's holding in Nusantara Resources of $4.2 million reflecting a weak share price following IPO and before exploration drilling allowed resource increases.
  - A decrease in the value of Lion's direct and indirect holdings in Erdene Development Corporation of $3.0 million. Having benefited from an in-progress discovery at Bayan Khundii during late 2016 / early 2017, investor interest in the latter half of 2017 was impacted by political uncertainty in Mongolia, and a transition from discovery phase to assessment phase, which often results in share price softening.
  - An increase in the value of Lion's holding in One Asia of $2.9m reflecting the look through value of Lion's offer to buy its 33% JV interest in Pani following resolution of the Pani IUP dispute in December 2017.
- Lion maintains its strong balance sheet position with no debt and $7.8 million cash.

Half-Year ended 31 January	2018 $000's	2017 $000's
Investments		
(Loss)/Gain attributable to movement in fair value	(4,271)	3,183
Cash Inflows/Outflows		
Proceeds from sale of investments	168	55
Payments for Investments	(742)	(3,201)

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 2018**	**31 January 2017**

2. Results for announcement to the market

				A$'000
2.1	Revenue	Down 18%	to	148
2.2	Profit (loss) for the year	Down 280%	to	(4,872)
2.3	Profit (loss) for the year attributable to members of the parent	Down 280%	to	(4,872)

	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 2018.

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 2018 was $0.34. 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 2017) was $0.38.

4. Controlled Entities

During the period the Company held a 100% ownership interest in Asian Lion Limited and controls this company. 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 Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continues to carry this investment 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	35.3
Nusantara Resources Limited	32.2	32.3

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 2018

Lion Selection Group

LION SELECTION GROUP LIMITED

Financial Report for the Half Year Ended 31 January 2018

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Lion Selection Group

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 2018.

At the date of this report, Lion had 126,533,441 fully paid ordinary shares 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.

- 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 loss before tax for the half year was $4.9 million (2017: profit $2.7 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:

(Loss)/Gain attributable to movement in fair value of investments	2018 $'000	2017 $'000
Mark to Market adjustment for period – investments realised during period	(5)	(17)
Mark to Market adjustment for period – investments held at end of period	(4,266)	3,200
(Loss)/Gain attributable to movement in fair value of investments	**(4,271)**	**3,183**

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

Lion Selection Group

Results of Investments Realised During Period	2018 $'000	2017 $'000
Sales Proceeds	168	55
Historical Cost of investments sales	(1,405)	(2,050)
Gross profit/(loss) measured at historical cost	***(1,237)***	***(1,995)***
Represented by:		
Mark to Market recognised in prior periods	(1,232)	(1,978)
Mark to Market recognised in current period	(5)	(17)
	(1,237)	**(1,995)**

The result for the half year reflects a mark to market loss of $4.3 million with respect to investments, with key movements in the portfolio value outlined below:

- A decrease in the value of Lion's holding in Nusantara Resources of $4.2 million reflecting a weak share price following IPO and before exploration drilling allowed resource increases.
- A decrease in the value of Lion's direct and indirect holdings in Erdene Development Corporation of $3.0 million. Having benefited from an in-progress discovery at Bayan Khundii during late 2016 / early 2017, investor interest in the latter half of 2017 was impacted by political uncertainty in Mongolia, and a transition from discovery phase to assessment phase, which often results in share price softening.
- An increase in the value of Lion's holding in One Asia of $2.9m reflecting the look through value of Lions offer to buy its 33% JV interest in Pani following resolution of the Pani IUP dispute in December 2017.

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 $1.2 million on the sale of part of its investment in Verdant Mining. This loss reflected the inability of Centaurus to finance its Jambreiro iron ore project in Brazil due to challenges in the iron ore market.

During the half year Lion announced a capital raising, comprised of a placement and share purchase plan. Proceeds of the placement and SPP totalling $5.5m strengthened Lion's cash position to enable opportunistic participation in deal flow in junior miners, including further investment in EganStreet Resources in which Lion holds 7.7m options exercisable at 25¢ps prior to March 2018. Both the placement and SPP were strongly subscribed.

In July 2017, One Asia demerged its interest in the Awak Mas Gold Project into Nusantara Resources Limited (Nusantara), with One Asia Shareholders receiving shares in Nusantara. Nusantara listed on ASX on 2 August 2017. Nusantara Resources is now Lion's largest investment representing a material component of Lion's net tangible assets.

In addition, One Asia announced that it had received notification on 19 December 2017 that an agreement had been reached with J Resources to settle the Pani IUP Dispute. This allows work to accelerate on the Pani Gold Project review of historic work and starting a feasibility study.

Subsequent to the end of the half year, One Asia and Lion announced that they had entered into a conditional Asset Purchase Deed (the Asset Purchase Deed) with Pani Holdings pursuant to which Lion agreed to purchase One Asia's 33.3% interest in the Pani Joint Venture (the Transaction). The Transaction contemplates the purchase by Lion of One Asia's interest in the Pani Joint Venture in consideration for the issue, subject to approval by Lion shareholders, of 35,750,000 Shares and 23,833,333 Options to One Asia (Consideration Securities). The Transaction requires One Asia to distribute at least 34,750,000 Shares and 23,166,666 Options of the Consideration Securities (In-Specie Securities) promptly after their issue by way of an in specie equal capital return to One Asia Shareholders in proportion to their respective interests in

One Asia (Capital Return). The Company currently holds approximately 35% of the issued share capital of One Asia and will seek shareholder approval to acquire and cancel the Treasury shares it will receive by way of the Capital Return.

The valuation of One Asia at 31 January 2018 has been amended to reflect the implied value of Pani based on the Transaction consideration.

At 31 January 2018 the Company held investments valued at $34.9 million (31 July 2017: $38.6 million), and cash of $7.8 million (31 July 2017: $3.5 million).

During the half year the Company made new or follow-on investments totalling $0.7 million as follows:

Purchases:

➢ Egan Street Resources	$0.7 million
	$0.7 million

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 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
Melbourne
26 March 2018

R Widdup
Director

pwc

Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2018, 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.

Anthony Hodge
Partner
PricewaterhouseCoopers

Melbourne
26 March 2018

PricewaterhouseCoopers, ABN 52 780 433 757
2 Riverside Quay, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
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Lion Selection Group

LION SELECTION GROUP LIMITED

Statement of Comprehensive Income for the Half Year ended 31 January 2018

	NOTES	January 2018 $'000	January 2017 $'000
(Loss)/Gain attributable to movement in fair value	3	(4,271)	3,183
Other Income	3	148	180
Management fees		(402)	(402)
Employee benefits		(113)	(115)
Other expenses		(234)	(146)
Profit/(Loss) before income tax		*(4,872)*	*2,700*
Income tax (expense)/benefit		-	-
Net profit/ (loss) after tax		*(4,872)*	*2,700*
Other Comprehensive Income		-	-
Total Comprehensive Income/(loss) for the year		*(4,872)*	*2,700*
Attributable to:			
Non-controlling interest		-	-
Members		*(4,872)*	*2,700*
		Cents per share	Cents per share
Basic earnings/(loss) per share		(4.0)	2.5
Diluted earnings/(loss) per share		(4.0)	2.5

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

Lion Selection Group

LION SELECTION GROUP LIMITED

Statement of Financial Position as at 31 January 2018

	NOTES	January 2018 $'000	July 2017 $'000
Current Assets			
Cash and cash equivalents		**7,842**	**3,523**
Trade and other Receivables		**4**	**21**
Total Current Assets		***7,846***	***3,544***
Non-Current Assets			
Financial Assets	2	**34,867**	**38,564**
Other Fixed Assets		**32**	**34**
Total Non-Current Assets		***34,899***	***38,598***
Total Assets		***42,745***	***42,142***
Current Liabilities			
Trade and Other Payables		**56**	**90**
Total Current Liabilities		***56***	***90***
Non-Current Liabilities			
Total Non-Current Liabilities		-	-
Total Liabilities		***56***	***90***
Net Assets		***42,689***	***42,052***
Equity			
Contributed equity		**116,999**	**111,490**
Accumulated losses		**(74,310)**	**(69,438)**
Total Equity		***42,689***	***42,052***

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 2018

	January 2018 $'000	January 2017 $'000
Cash flows from operating activities		
Other income received	**90**	**-**
Interest received	**59**	**84**
Payments to suppliers and employees (including GST)	**(762)**	**(679)**
Net operating cash flows	***(613)***	***(595)***
Cash flows from investing activities		
Payments for investments	**(742)**	**(3,201)**
Payments for property plant & equipment	**(3)**	**-**
Proceeds from investment sales	**168**	**55**
Capital Returns from investments	**-**	**-**
Net investing cash flows	***(577)***	***(3,146)***
Cash flows from financing activities		
Issue of capital	5,509	-
Net financing cash flows	**5,509**	-
Net increase/(decrease) in cash and cash equivalents held	***4,319***	***(3,741)***
Cash and cash equivalents at beginning of financial period	**3,523**	**13,221**
Effects of exchange rate changes on foreign currency denominated cash balances	**-**	**-**
Cash and cash equivalents at end of financial period	***7,842***	***9,480***

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

Lion Selection Group

LION SELECTION GROUP LIMITED

Statement of Changes in Equity for the Half Year ended 31 January 2018

	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	TOTAL $'000
At 1 August 2016	109,770	(68,546)	41,224
Total comprehensive income/ (loss)	-	2,700	2,700
Transactions with owners in their capacity as owners:			
Total transactions with owners in their capacity as owners	-	-	-
At 31 January 2017	**109,770**	**(65,846)**	**43,924**

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 2018

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 2017, 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 2018 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 Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continue to carry this investment at fair value.

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

There are no new or revised Australian Accounting Standards and Interpretations that are first effective in the current reporting period.

Investments in controlled entities

During the period the Company held a 100% ownership interest in Asian Lion Limited and controls this company. Lion is an investment entity for the purposes of AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

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

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

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

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

NOTE 1. BASIS OF PREPARATION - CONTINUED

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 will adopt AASB 9 from 1 August 2018.

(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 2017.

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 and liabilities measured and recognised at fair value for the periods ended 31 January 2018 and 31 January 2017.

At 31 January 2018	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Assets				
Financial assets at fair value through profit or loss				
Investments	20,242	9,240	5,385	**34,867**
Total Assets	**20,242**	**9,240**	**5,385**	**34,867**
At 31 January 2017				
Assets				
Financial assets at fair value through profit or loss				
Investments	10,302	13,212	10,913	**34,427**
Total Assets	**10,302**	**13,212**	**10,913**	**34,427**

NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED

The Level 3 balance relates to Lion's investment in One Asia, an unlisted exploration company focused on the exploration for gold resources and development of gold mines in Sulawesi. The valuation of One Asia has been estimated at $0.09/share based on the implied value of the Lion offer for the Pani Joint Venture. The Lion Board has opted to maintain its investment in One Asia 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 2018 and 31 January 2017.

At 31 January 2018	**Unlisted Investments $'000**	**Total $'000**
Opening Balance 1 August 2017	**2,496**	**2,496**
Transfers to Level 2	-	-
Additions	-	-
(Loss)/Gain recognised through comprehensive income	2,889	**2,889**
Closing Balance 31 January 2018	**5,385**	**5,385**
At 31 January 2017	**Unlisted Investments $'000**	**Total $'000**
Opening Balance 1 August 2016	8,559	**8,559**
Transfers to Level 2	(1,554)	(1,554)
Additions	2,847	2,847
(Loss)/Gain recognised through comprehensive income	1,061	1,061
Closing Balance 31 January 2017	**10,913**	**10,913**

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.

One Asia Resources

As noted above, Lion valued its investment in One Asia at $0.09/share as at 31 January 2018. Lion owns an equity interest of 35% of One Asia, an Australian unlisted public company.

Pani Project

Subsequent to the end of the half year, One Asia and Lion announced that they had entered into a conditional Asset Purchase Deed (the Asset Purchase Deed) pursuant to which Lion agreed to purchase One Asia's 33.3% interest in the Pani Joint Venture (the Transaction). The Transaction contemplates the purchase by Lion of One Asia's interest in the Pani Joint Venture in consideration for the issue, subject to approval by Lion shareholders, of 35,750,000 Shares and 23,833,333 Options to One Asia (Consideration Securities) valued at approximately $15 million. The Transaction requires One Asia to distribute at least 34,750,000 Shares and 23,166,666 Options of the Consideration Securities (In-Specie Securities) promptly after their issue by way of an in specie equal capital return to One Asia Shareholders in proportion to their respective interests in One Asia (Capital Return). The Company currently holds approximately 35% of the issued share capital of One Asia and will seek shareholder approval to acquire and cancel the Treasury shares it will receive by way of the Capital Return.

The valuation of One Asia at 31 January 2018 has been amended to reflect the implied value of Pani based on the Transaction consideration.

One Asia's interest in the Pani gold project tenement in Indonesia (the Pani Gold Project) is derived from contractual arrangements with respect to an Izin Usaha Pertambangan licence (Pani IUP) issued to the KUD Dharma Tani Marisa (KUD). The Pani IUP was issued by the Government of Indonesia in November 2009 for a period of 13 years, and, subject to government approval, is extendable for two 10-year periods. The Pani IUP is subject to the Mining Law 4 of 2009, including applicable royalty rates and levels of local ownership and input.

In December 2013, One Asia received reports that the KUD had signed a co-operation agreement with PT Puncak Emas Gorontalo (PT PEG), being a subsidiary of PT J Resources Asia Pasifik Tbk (a publicly listed Indonesian company) (J Resources) over the Pani IUP, which conflicted with the KUD's contractual arrangements with One Asia (the Pani IUP Dispute).

In May 2015, One Asia signed a memorandum of understanding (Provident MOU) with Provident Capital Partners Pte Limited (Provident), for the establishment of an incorporated joint venture in the Pani Gold Project (Pani Joint Venture). The purpose of the arrangement was to resolve the Pani IUP Dispute, with the objective of working in co-operation with the KUD and the local community to develop the Pani Gold Project. The ultimate ownership of the joint venture arrangement between Provident and One Asia is intended to be 66.6% Provident and 33.3% One Asia, with One Asia and Provident each initially funding US$4 million cash.

On 19 December 2017, Provident notified One Asia that an agreement had been reached with J Resources to settle the Pani IUP Dispute. The settlement involved the Pani Joint Venture acquiring PT PEG, a subsidiary of J Resources, that had entered a co-operation agreement with the KUD to mine the Pani Gold Project. PT PEG had also established a joint venture entity with the KUD, being PT Puncak Emas Tani Sejahtera (PT PETS) with PT PEG holding 49% and the KUD holding 51% of PT PETS respectively. The KUD has transferred the Pani IUP to PT PETS, providing increased certainty around the tenure of the Pani Gold Project. Arrangements will be established under an Ore Sale and Purchase Agreement for PT PETS to sell all the project ore to the Pani Joint Venture for processing. One Asia has the right to acquire a 33.3% economic interest in the Pani Gold Project by exercising a convertible loan in the Pani Joint Venture, subject to regulatory approval.

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. The ultimate realised value could be less than 9 cents per One Asia share. Conversely, the ultimate realised value could be far more than 9 cents per One Asia share as the Pani project is de-risked. In light of information available, and in particular the value of the Transaction, the board considers that $0.09/share is the valuation within this range that is most reasonably representative of the fair value under current market conditions.

One Asia remains one of Lion's material investments and the interest in the Pani Joint Venture will be Lion's largest investment if the Transaction is successfully executed. 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 and Pani specifically outweighs the risks if the challenges of developing a mine in Indonesia can be overcome.

NOTE 3. PROFIT AND LOSS ITEMS

	January 2018 $'000	January 2017 $'000
(Loss)/Gain attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	(5)	(17)
Mark to Market adjustment for period – investments held at end of period	(4,266)	3,200
(Loss)/Gain attributable to movement in fair value of investments	***(4,271)***	**3,183**

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

Results of Investments Realised During Period		
Sale Proceeds	*168*	55
Historical Cost of Investment Sales	*(1,405)*	(2,050)
(Loss)/Gross profit measured at historical cost	***(1,237)***	**(1,995)**
Represented by:		
Mark to Market recognised in prior periods	*(1,232)*	(1,978)
Mark to Market recognised in current period	*(5)*	(17)
	(1,237)	**(1,995)**
Other Income		
Interest Received	*58*	176
Dividends Received	-	-
Other Income	*90*	4
Other Income	***148***	**180**

NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES

	January 2018 $'000	January 2017 $'000
Dividends declared and paid during the half year	-	-
Total dividends paid or provided	-	-

NOTE 5. CONTRIBUTED EQUITY

	January 2018 $'000	31 July 2017 $'000
Issued and paid up capital (fully paid)		
Opening Balance	*111,490*	109,770
Shares Issued	*5,509*	1,720
Issued and paid up capital (fully paid)	***116,999***	**111,490**

Share Capital	January 2018 Shares	31 July 2017 Shares
Issued and paid up capital (fully paid)		
Opening Balance	*110,733,981*	106,911,630
Shares Issued	*15,819,460*	3,822,351
Issued and paid up capital (fully paid)	***126,533,441***	110,733,981

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 2018	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	-	-	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 6. SEGMENT INFORMATION (CONTINUED)

Six Months Ended 31 January 2017	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	-	-	-	180	180
Mark to Market adjustment	718	(2,182)	4,664	(17)	-	3,183
Segment Income	**718**	**(2,182)**	**4,664**	**(17)**	**180**	**3,363**
Segment Expense	-	-	-	-	**(663)**	**(663)**
Segment Result Before Tax	**718**	**(2,182)**	**4,664**	**(17)**	**(483)**	**2,700**
Segment Assets	3,273	11,888	19,265	-	9,552	43,978
Segment Liabilities	-	-	-	-	54	54
Other Segment Information						
Assets Acquired during the period	1,032	152	2,017	-	-	3,201
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(595)	(595)
Net Cash flow from investing activities	(1,032)	(152)	(2,016)	54	-	(3,146)
Net Cash flow from financing activities	-	-	-	-	-	-

NOTE 7. CONTINGENT LIABILITIES/ASSETS

The Company has no contingent liabilities or assets as at 31 January 2018.

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. As of 31 January 2018, 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.

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$0.27 million remains undrawn at 31 January 2018 (Australian Dollar equivalent of $0.34 million).

NOTE 9. EVENTS OCCURING AFTER THE BALANCE SHEET DATE

Subsequent to the end of the half year, on 2 February 2018 One Asia and Lion announced that they had entered into a conditional Asset Purchase Deed (the Asset Purchase Deed) pursuant to which Lion agreed to purchase One Asia's 33.3% interest in the Pani Joint Venture (the Transaction). The Transaction contemplates the purchase by Lion of One Asia's interest in the Pani Joint Venture in consideration for the issue, subject to approval by Lion shareholders, of 35,750,000 Shares and 23,833,333 Options to One Asia (Consideration Securities) valued at approximately $15 million. Lion has also provided an advance of A$200,000 towards One Asia's transaction costs and has committed to advance up to US$1,000,000 to fund One Asia's contributions to the Pani Joint Venture. The Transaction requires One Asia to distribute at least 34,750,000 Shares and 23,166,666 Options of the Consideration Securities (In-Specie Securities) promptly after their issue by way of an in specie equal capital return to One Asia Shareholders in proportion to their respective interests in One Asia (Capital Return). The Company currently holds approximately 35% of the issued share capital of One Asia and will seek shareholder approval to acquire and cancel the Treasury shares it will receive by way of the Capital Return. The valuation of One Asia at 31 January 2018 has been amended to reflect the implied value of Pani based on the Transaction consideration.

Other than the item 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

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 15 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 2018 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 M Maloney

P Maloney
Director

R Widdup
Director

Melbourne
Date: 26 March 2018

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 2018, 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 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 2018 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*.

PricewaterhouseCoopers, ABN 52 780 433 757
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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:

1. giving a true and fair view of the entity's financial position as at 31 January 2018 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

Anthony Hodge
Partner

Melbourne
26 March 2018