



QUARTERLY REPORT FOR THE 3 MONTHS ENDED 31 JANUARY 2008

ASX Codes

Ordinary shares: **LST**
Listed options: **LSTO**

Issued shares: 191.0m
Share price: \$1.30
Issued options: 5.8m
Option price: \$0.32
(151c April 09)

Market cap: \$250m
Net Tangible Assets: \$342m

NTA (per share) pre tax
(31/01/08): \$1.78

NTA (per share) post tax
(31/01/08): \$1.78

Lion Gold Production for Financial Year ended 31/07/07

30% Cracow Gold Mine
Ounces: 35,416
Total Cash Cost: A\$318/oz

Further Enquiries

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Lion Selection Limited

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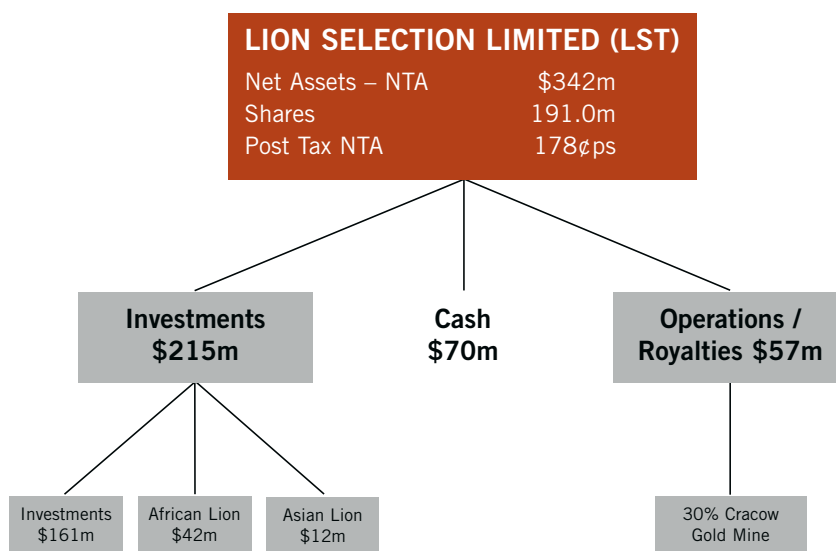
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Vision: Transform from Investment to Mining Company.

Current opportunity to own 100% of Cracow Gold Mine.

- Lion holds valuable pre-emptive right over Newcrest's 70% interest.
- Lion able to fund the Cracow acquisition without issuing shares.
- Lion expects pre-emptive period to start in March.

LST Structure



Key Points

- **Allegiance**
 - Takeover offer from Zinifex assures sale of 37.9 million shares worth \$41.7 million.
- **Cash**
 - Increasing to around \$110 million after tax following Allegiance sale.
- **Cracow**
 - Gold grade and ounces down in quarter but increased gold price improves cash margin per ounce.
- **Lafayette & View**
 - Lion is extremely disappointed that both of these companies are now in voluntary administration. They have been removed from Lion's NTA.
- **Dividend**
 - A 3 cents per share dividend paid 22 February 2008.
- **African Lion**
 - Strong support from existing African Lion shareholders for new fund with increased target size of US\$75 million.

Outlook

Market Conditions

Equity markets have weakened considerably since the October 2007 Quarterly Report while gold and other commodities have strengthened. Global uncertainty on debt, plus the impact of margin lending and stock lending, has reversed investors' traditional perception of risk within blue chip stocks to treat banks and property as risky and the global miners as defensive.

	1 NOV 2007	26 FEB 2008	% CHANGE
S&P ASX 200	6,829	5,651	-17%
Lion share price	1.69*	1.30	-23%
Lion NTA	2.00*	1.82**	-9%
US\$ Gold/oz	788.90	955.6	21%

* Net of 3 cent dividend paid 22 February, 2008

** This is the unaudited, fully diluted pre and post tax NTA from a theoretical disposal of Lion's investment portfolio at market prices and operations based on accounting carrying value. No value is attributed to Lion's holdings in Lafayette Mining and View Resources.

The Lion share price has fallen 23%, yet the NTA has dropped only by 9% in this market rout. **Investors should note that many features of Lion have benefited or improved during the last quarter of market gloom:**

Cash	Increasing from \$70 million to around \$110 million (upon Allegiance sale).
Deal flow	We are seeing greatly improved market conditions for our investment business in both volume and price.
Cracow Gold Mine	Gold price received up \$124 per ounce and rising.
Westonia Gold Project	Undeveloped with wonderful gold price leverage.
Corporate	Lion's pre-emptive right on Cracow Gold Mine has improved in value to Lion shareholders through rising gold price and deterioration of debt and equity markets removing anticipated competition.

Lion believes that its price has fallen more severely than the general market over the last quarter as it is predominantly an investment company. The vision is to transform from an investment company to a mining company. The positives have been overlooked in a weak market and the discount of price to NTA has expanded to almost 30%.

Lion – the undiscovered gold stock

Operations

Cracow Gold Mine (LION – 30%)

The Cracow Gold Mine in Queensland is a low cost, fully developed underground operation with a top quality management team. Cracow produces 100-120,000 ounces of gold annually.

Production / Costs

QUARTERLY PRODUCTION SUMMARY (LION 30% SHARE)						
3 months to		Jan 2007	Apr 2007	Jul 2007	Oct 2007	Jan 2008
Ore Mined	(tonnes)	30,089	25,207	30,862	32,076	32,279
Ore Processed	(tonnes)	29,573	27,816	29,990	30,536	32,628
Ore grade	(g/t Au)	10.1	11.5	10.1	9.2	7.3
Met Recovery	(%)	94	95	94	92	90
Gold Produced	(oz)	8,854	9,965	9,017	8,281	7,048

Ore production for the quarter was above budget resulting in a higher mill throughput. Ore processed through the mill for the year to date is approximately 5% above budget. Ore grade and recovery were lower for the quarter. Mining was predominantly from the Crown shoot with the balance from the Royal shoot.

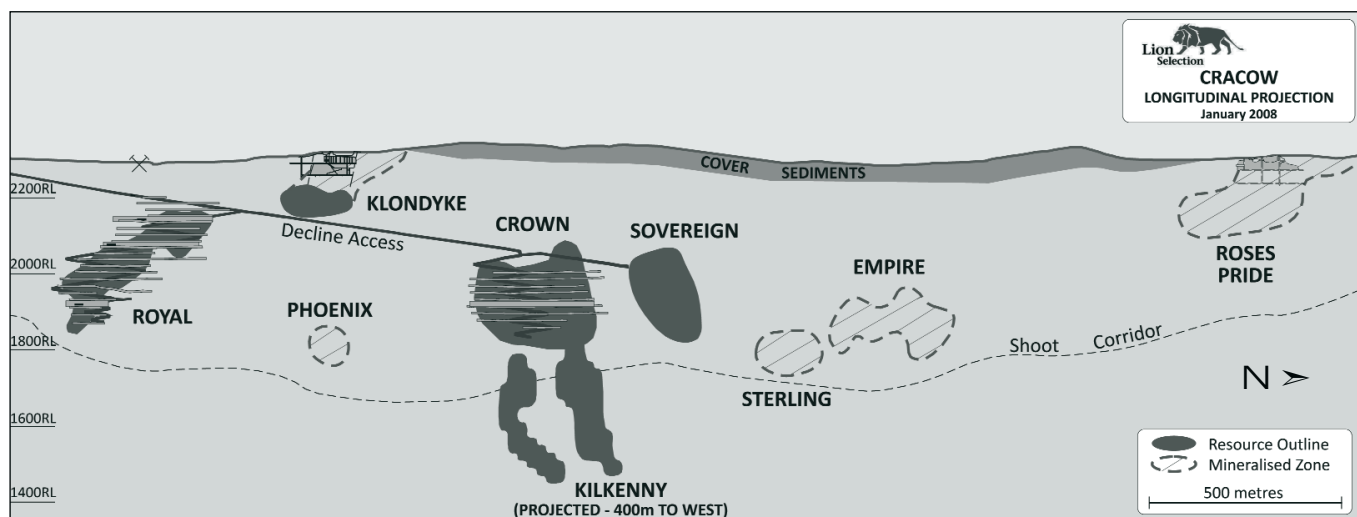
QUARTERLY COST SUMMARY (LION 30% SHARE)						
3 months to		Jan 2007	Apr 2007	Jul 2007	Oct 2007	Jan 2008
Gold Sold	(oz)	9,332	9,353	9,945	8,013	6,865
Gold Price Received	(A\$/oz)	697	682	660	819	943
Cash Operating Cost	(A\$/oz)	278	258	328	402	502
Royalties	(A\$/oz)	22	23	23	23	25
Total Cash cost	(A\$/oz)	301	281	351	425	527
Capital costs	(A\$M)	1.7	1.5	1.2	0.8	0.4
Exploration	(A\$M)	0.4	0.3	0.2	0.4	0.5

Largely due to a shortfall in gold produced during the quarter the cash cost per ounce was 24% higher. The gold price received increased 15% from the previous quarter resulting in the cash margin increasing by 6% or \$22 per ounce. Gold sales following the quarter end have been above \$1,000 per ounce.

Exploration

Further drilling south of the Kilkenny Resource has continued to intersect a well developed gold bearing structure up to 600 metres south of the 200,000 ounce Inferred Resource. However there have been no significant gold intercepts to date.

Other drilling was completed on the Fordee Fault and in the Dawn area on the Golden Mile Fault, with no significant results to date. The "Discovery" program will continue to test the Golden Mile Fault at Orange Creek and southern projections of the Royal Klondyke structure. Infill drilling is also planned south of the Kilkenny Resource.



Allegiance Mining NL

AUSTRALIA / NICKEL

(LION – 5.0%, \$41 million value)

On 17 December 2007, Allegiance received a take-over offer by zinc producer Zinifex Limited of \$1.00 per share.

Takeover Update

The offer became unconditional on 31 January 2008 and was at the time due to close on 8 February 2008. At the close of the offer on Friday 8 February 2008, Lion accepted the Zinifex offer for its Allegiance shares. Lion believed the offer had not been extended as no announcement had been made to the market. If the offer had been extended, Lion would not have accepted in order to retain the alternatives of either accepting a higher alternative offer or selling at a higher price in the market. Zinifex subsequently announced the offer had been extended. Lion was concerned about the circumstances of Zinifex's extension of its offer and, with other parties, raised its concerns with the Takeovers Panel. The Takeovers Panel ruled in favour of Lion, the effect of which restored Lion's options for disposing its shareholding (which include accepting the bid, accepting a higher alternative offer or selling into the market).

Subsequent to the end of the quarter, Allegiance has recommended acceptance of a revised offer of \$1.10 per Allegiance share. Lion currently holds 37.9 million Allegiance shares worth \$41.7 million.

Avebury Project

Avebury nickel project is nearing commission with mine development and production well advanced along with the mill and associated infrastructure. Commissioning is scheduled to commence by end 1st Quarter 2008.

Allegiance has reported 45,200 tonnes of run-of-mine ore delivered to the mill stockpile with ore geometry and grades encountered to date as expected.

The Avebury resource has been expanded by 10% during 2007 and was reported in January 2008 at 14 million tonnes grading 1.04% nickel containing 145,600 tonnes of nickel at a 0.7% nickel cut-off grade. Ore reserves were increased by 13% during 2007 to 5.8 million tonnes grading 0.96% containing 56,100 tonnes of nickel.

Exploration

At the Melba Flats Project, drilling at the Nickel Reward prospect intersected massive sulphides at twice the depth of previously drilled mineralisation. The drill hole MF 81(A) intersected a 3.1 metre zone with the lower 0.7 metres assaying 10.8% nickel and 3.81% copper. A similar zone of mineralisation was obtained in the wedged hole MF 81(B) but the massive sulphide intersection was narrower. This core was not assayed but retained whole for metallurgical test work.

Drilling results at Viking include:

A218 assaying 17.0 metres @ 1.4% nickel including 3.0 metres @ 4.7% nickel

A218B assaying 19.3 metres @ 0.8% nickel including 2.3 metres @ 2.1% nickel

A new mine exploration target called North Viking has been discovered in the western part of the mine area. This presents an exciting opportunity for major resource extensions. Widths are typically 10 metres to 40 metres in good ground conditions.

Indophil Resources NL

PHILIPPINES / COPPER GOLD

(LION – 25.7%, \$68 million value)

A new resource estimate was issued for the Tampakan Project increasing by 10% contained copper and tonnes to 2.2 billion tonnes at a grade of 0.6% copper and 0.2 grams per tonne gold, containing 12.8 million tonnes of copper and 15.2 million ounces of gold using a 0.3% copper cut-off grade.

Tampakan Project (Indophil 34.1%)

On 5 December 2007, a new mineral resource estimate for Tampakan was announced by Indophil's partner, Xstrata Copper, confirming the project's status as one of the largest undeveloped copper projects in the world. Xstrata stated that the Tampakan project now ranks as "the largest development project in Xstrata Copper's portfolio".

The new resource also highlighted molybdenum with the total 2.2 billion tonnes of resource averaging 70 ppm of Molybdenum. Molybdenum has the potential to be a viable by-product.

Xstrata continues to manage and advance a range of technical studies moving towards the full feasibility study. The new resource estimate incorporating drilling since April 2006 significantly increased the mineral resource with previous 'Inferred' resources being largely upgraded to 'Measured and Indicated,' with significant volumes of previous Exploration Potential being upgraded to the Resource category.

The number of drill rigs on site has progressively increased from five in April 2007 when Xstrata assumed management. Currently, nine diamond core rigs are deployed on site, comprising two portable rigs assigned to geotechnical drilling for tailings storage facilities and seven larger rigs drilling metallurgical sample and in-fill holes in the main deposit.

In the early hours of New Year's Eve, communist rebels from the New People's Army raided the base camp at Tampakan. No-one was injured, but some buildings were destroyed. Significantly, the raid drew strong condemnation and resolve from the Philippine Government and a wide range of local community groups, underpinning their support for the Tampakan Project. The current study program, due for completion by the end of 2009, remains on track.

Lion's view on Tampakan is that it is a quality, potentially long-life asset that is scheduled to start production in 2013. The resource remains open in all directions and has considerable scope for further resource increases.

Havilah Resources NL

AUSTRALIA / COPPER GOLD URANIUM

(LION – 19.0%, \$21 million value)

Havilah has several advanced projects in South Australia in addition to significant shareholdings in Curnamona Energy (45.4%), Geothermal Resources (63.6%) and Monax Mining (10%).

Projects

• Kalkaroo Project

Feasibility study drilling continued during the quarter, with completion of 60 holes. Assay results received have confirmed generally wide zones of economic grade copper and gold mineralisation, interestingly, both in the oxidized and primary zones. Roughly half the holes were diamond drill holes with the twin objectives of obtaining metallurgical samples and resource delineation. Glencore International is funding the feasibility study work with half of the \$14 million committed for this work received by Havilah during the quarter.

The drilling included step out holes in the Kalkaroo main zone. All three returned grades above the current orebody average, and over good widths. The results included:

KKDD156	60 metres	@ 1.12% copper and 0.41 g/t gold
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Further deep step out holes are being drilled, which have the potential to considerably expand the Kalkaroo main zone mineral resource.

Infill drilling has also shown unexpectedly high gold grades relatively high up in the weathered bedrock in many holes. This gold is a bonus because it sits above the main copper-gold mineralisation, and would be mined as part of the overburden removal to access the main orebody.

• Mutooroo Project

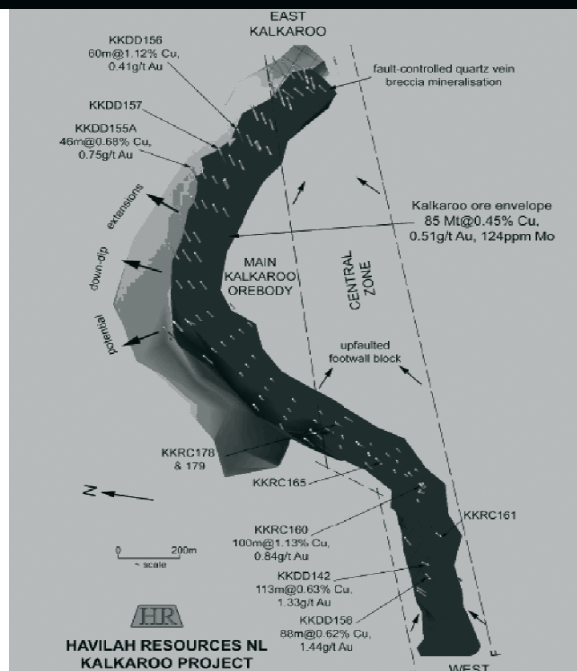
During the quarter metallurgical testing was carried out on representative copper-cobalt sulphide ore samples obtained from large diameter diamond drill core. Results showed that Leaching of the roasted sulphide ore yields comparatively high copper and cobalt recoveries (96% copper and 90% cobalt for 4 hour leach of 0.25 mm feed material) with the possibility of producing sulphuric acid as a saleable by-product. These results are highly encouraging adding significantly to the potential of the Project.

• Curnamona Energy Limited (45.4%)

At the Havilah Annual General Meeting held during December 2007 a resolution was passed for a reduction in capital by Havilah and an in-specie distribution of the Curnamona shares held by Havilah to Havilah shareholders.

• Prospect Hill Project (Havilah earning 85%)

A 19 hole, 1,195 metre drilling program was completed at the Prospect Hill tin project on EL 3605 in the northern Flinders Ranges. Strongly anomalous metal values were obtained in all holes, with economic grades of tin mineralisation returned in several holes on the South Ridge prospect, at comparatively shallow depths. The best result achieved was hole PRC03 which returned an interval of 3 metres @ 4.85% tin from a down hole depth of 44 metres.



• Portia Gold Project

Havilah announced during December 2007 that it has finalised the terms of a mining native title agreement with the Adnyamathanha Native Title Claimants over the proposed mining lease area covering Portia-North Portia. The details of the mining native title agreement remain confidential, but in general terms include the issue of shares in Havilah, and other benefits such as training and employment commitments.

Westonia Mines Limited

AUSTRALIA / GOLD

(LION – 44.4%, \$13 million value)

Westonia Project

The regional exploration program which is targeting new deposits with sufficient economic potential to bring forward the start-up of the Westonia Gold Project (or standalone mines) continued during the quarter. A RAB drill program consisting of 97 holes for 4,297 metres was completed to undertake preliminary testing of ten targets on the Westonia Greenstone Belt, nine of which were gold mineralisation targets. To date no significant assays have been reported with proposed follow-up drilling to be undertaken at three of the nine gold targets.

Westonia completed the compilation of the underground exploration database with a drill program to further evaluate 'Westonia Deeps' approved by the Board. This work is planned to commence, depending on suitable rig availability, in the first half 2008.

During the March quarter, an auger (soil sampling) program will cover a previously unexplored region, generally north and east of the existing exploration areas, where magnetics indicate potential extensions of the Westonia greenstone belt.

Corporate

The former Chairman of Westonia, Mark Fitzpatrick advised his intention to retire from the Board of Westonia at the end of February 2008. The Deputy Chairman, Mr John Rowe, was appointed Chairman on 30 January 2008.

Exco Resources Limited

AUSTRALIA / COPPER GOLD URANIUM
(LION – 10.4%, \$6 million value)

Exco continues to have significant success at the Cloncurry Copper Project where a Pre-Feasibility study is now underway. With its strategic resource base and \$12 million in cash, Exco is well placed to further develop the Cloncurry Project.

Cloncurry Copper Project

Following the end of the quarter Exco announced significant results from an infill drill program at E1 North. Drilling returned the widest zone of ore grade mineralisation seen to date, with grades also higher than expected. Significant intersections include:

EMMD055	238m	@ 1.3% Cu, 0.4g/t Au & 151ppm U3O8	from 34-272m (EOH)
	incl. 24m	@ 2.85% Cu, 0.92g/t Au & 327ppm U3O8	from 108-132m
and			
EMMD057	40m	@ 2.33% Cu, 0.26g/t Au & 99ppm U3O8	from 48-98m
	incl. 8m	@ 7.82% Cu, 0.43g/t Au & 150ppm U3O8	from 62-70m

This latest drilling also confirms that the E1 North Deposit remains open at depth and further extensional drilling is planned to commence shortly.

Recent drilling at E1 South has returned encouraging results, in addition extensional drilling has also identified mineralisation approximately 350 metres north of the previous drilling. Work has commenced on updating the E1 South Resource model.

Exco has announced two new resources within the Cloncurry Copper Project, one at Monakoff East (8,700 tonnes of copper and 8,000 ounces of gold) and the other at Taipan (11,600 tonnes of copper and 5,000 ounces of gold).

Both are near surface, open-pitiable, predominantly sulphide resources which will be incorporated into development plans for the Cloncurry Copper Project.

White Dam Gold Project

Exco has continued to progress through the final stages of approvals for the White Dam Project. Exco has submitted the final Mining and Rehabilitation Program to the Department of Primary Industries and Resources of South Australia, along with estimations of end of life rehabilitation costs and native vegetation clearing requirements.

Other Direct Investments

(\$19 million value)

View Resources Limited

Subsequent to the end of January, View went into voluntary administration and its shares were suspended from trading. Accordingly Lion has attributed no value to View in the 31 January 2008 NTA.

Other Direct Investments

continued

(\$19 million value)

De Grey Mining

Ongoing drilling continues to advance a series of gold and volcanogenic massive sulphide style exploration targets at the Turner River project. Results include:

Tabba Tabba Prospect:

TTRC018	1 metre	@ 4.76% zinc, 143 g/t silver, 1.37% lead, 0.32 g/t gold, 0.19% copper	from 57metres
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Brierly Prospect:

BAC473	8 metres	@ 3.20 g/t gold	from 68 metres
BAC476	8 metres	@ 2.43 g/t gold	from 60 metres
BAC485	8 metres	@ 1.03 g/t gold	from 20 metres

Austindo Resources Corporation NL

Following the successful placement and rights issue which raised \$20.9 million, work on site resumed during the quarter. Development of the decline and ventilation shaft is proceeding and construction of the gold processing plant has resumed. Total decline development now exceeds 600 metres with the remaining distance to the ore body less than 110 metres on one heading and 70 metres on the other. The first gold pour is anticipated within the second quarter of 2008 subject to funding and satisfactory project development progress. John Carlile was appointment Managing Director effective 14 January 2008.

Tasman Goldfields Limited

Tasman Goldfields successfully completed its initial public offering (raising \$5.1 million) and listed on the ASX on 21 December 2007. Lion vended the Miclere project into Tasman Goldfields and invested \$0.15 million of seed capital prior to the listing. Lion holds 9 million shares in Tasman Goldfields.

A Pacific rim focused gold exploration company, Tasman Goldfields has completed the first stage exploratory drill program at the Quartz Creek prospect at the Longwood Project in New Zealand. The company has also exercised its option to acquire the Malaumanda Project in Papua New Guinea.

Tectonic Resources NL

Metallurgical testwork continued on the Trilogy deposit resulting in the first commercial grade concentrates of lead and zinc being produced from flotation of clean sulphide samples.

RC drilling during December and January and diamond drilling in January was undertaken at the Phillips River Gold Project.

Divestment of surplus assets from the RAV 8 and Burnakura mines further bolstered cash reserves during the quarter.

Lafayette Mining Limited

In December 2007, Lafayette entered voluntary administration following the failure of a number of attempts to recapitalize the company. From December 2007, there has been no value attributed to Lion's Lafayette shareholding in the NTA.

African Lion

(LION 29.8% of AFL, LION 18.6% of AFL2,
\$42 million combined value)

Following on from the successful African Lion and African Lion 2 funds, negotiations are underway to establish African Lion 3 Limited. The potential size of the fund has increased to US\$75 million with the majority of shareholders from African Lion 2 likely to participate. The new fund has a targeted start during the next quarter.

Albidon Limited (AFRICAN LION 21.2%)

ZAMBIA / NICKEL URANIUM

(LION indirect interest 5.5%, \$28 million value)

- The main ore zone at the Munali nickel project was intercepted in underground development in late January 2008, two months ahead of schedule.
- Following review of the construction schedule for the Munali concentrator, the forecast date for first ore into the mill has been brought forward to mid-April 2008.
- Albidon executed placement agreements with Jinchuan Group Limited and ZCCM Investment Holdings Plc to raise US\$25 million at a price of A\$3.35 per share.
- Albidon also secured a further US\$20 million in financing from Barclays Capital which has been provided on the same terms as their initial debt finance.
- The Munali project is now fully funded.

Sphere Investments Limited (AFRICAN LION 8.0%)

MAURITANIA / IRON ORE

(LION indirect interest 1.8%, \$7 million value)

- Sphere announced positive interim Bankable Feasibility Study (BFS) results on the Guelb el Aouj Iron Ore DR Pellet Project in Mauritania. The results of the interim BFS indicate a sound, robust project, providing a solid base to move the project into development.
- At the Lebtheinia Iron Ore Project, a reconnaissance drilling program was conducted focusing on extensions of the deposit towards the north and south of the previous drilling campaign. The objective of the 2008 drilling campaign is to confirm a large Inferred Resource to allow a scoping study to be completed during the second half of 2008.

Other Investments

- The African Lion funds hold another nine investments ranging in countries from Morocco to the Democratic Republic of Congo and in commodities from tin to copper.

Asian Lion

(LION 32.1%, \$12 million value)

Asian Lion Invests in China

One new investment was made during the quarter by Asian Lion, a US\$0.9 million investment in ASX listed, China focused gold explorer Tianshan Goldfields Ltd (Tianshan). Tianshan is advancing a heap leach gold project in the western Chinese province of Xianjiang. To date Tianshan have established a gold resource in excess of 2.6 million ounces, the majority of which is in the Measured and Indicated category. This is the first pure gold investment for Asian Lion and the first investment in China where a number of opportunities are currently being evaluated, recognising the opportunity to invest in what is now the world's largest gold producing country.

Existing investments Mindoro Resources (Philippines, copper-gold and nickel), Indo Mines (Indonesia, Iron sands) and Asian Mineral Resources (Vietnam, nickel sulphide) have all raised funds recently and are advancing projects towards feasibility. Asian Mineral Resources has received Mining Licence approval and has commenced construction of the Ban Phuc project in north Vietnam, planning to initially produce 5,500 tpa nickel and 2,300 tpa copper in concentrate from late 2008.

Shareholder Information

	SHARES	OPTIONS
Securities on Issue:	191.0 million	5.8 million
Price at quarter end:	\$1.46	\$0.45
Quarter High:	\$1.80	\$0.62
Quarter Low:	\$1.35	\$0.33
Volume traded:	17.9 million	0.3 million

A recent search of Lion's share registry has indicated a holding of approximately 5% of which Lion has concerns regarding the beneficial owner and correct disclosure. This has been noted to the ASX and ASIC in early January.

Further Enquiries

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LION SELECTION INVESTMENT SUMMARY

AT 31/01/2008	ASX CODE	COUNTRY/COMMODITY	AFL/AFL2 HOLDINGS	LION SELECTION HOLDING %	INVESTMENT \$m	MARKET VALUE \$m
DIRECT INVESTMENTS						
Allegiance Mining	AGM	Australia - nickel		5.0%	5.2	40.8
Havilah Resources	HAV	Australia - gold/base metals		19.0%	4.2	20.8
Indophil Resources	IRN	Philippines - copper/gold		25.7%	22.6	67.9
Westonia Mines	WEZ	Australia - gold		44.4%	14.6	12.6
Other	Investments less than 2% of Net Assets & includes ARX, DEG, & EXS				35.9	19.0
TOTAL DIRECT INVESTMENTS					82.4	161.0
AFRICAN & ASIAN LION						
African Lion Funds				28.2%	8.3*	41.6
Albidon	ALB	Zambia - Ni	21.2%	5.5%	3.3	28.0
Sphere Investments	SPH	Mauritania - iron ore	8.0%	1.8%	1.4	6.8
Other including cash committed						6.8
Asian Lion Fund				32.1%	12.6	11.7
Total invested (including cash)					5.0	4.1
Cash committed					7.6	7.6
TOTAL AFRICAN & ASIAN LION					20.9	53.3
OPERATIONS - 30% Cracow (including project debt)						56.9**
NET CASH						70.2
NET TANGIBLE ASSET (NTA)						341.5
NTA per share before tax & diluted for options (cents per share)						177.9c
NTA per share after tax & diluted for options (cents per share)						177.9c

For NTA purposes, all listed investments at market price.

* Lion investment remaining in the African Lion Funds after capital returned

** NTA Value for 30% of Cracow based on accounting carrying value.

Ordinary shares on issue 191.025m
151¢ April 09 Options on issue 5.797m

Note: The Investment table and Net Tangible Assets include no value for Lafayette Mining and View Resources.