

Key Points

■ Cracow (30%)

- 6,520 oz gold sold at \$1,212/oz. \$3.9m operating cashflow.

■ Catalpa (51%)

- BFS complete on 100,000 oz pa x \$636/oz cash cost at Edna May Gold Project.
- Lion in pivotal position to underpin go ahead.



30-Jan-09. All listed investments at market price. 30% Cracow based on accounting carrying value.

2009 is the start of the new resources cycle following recent boom to busts of 1980-87, 1987-1997, 1997-2008. While all investors want to invest where prices are low, few are prepared to endure the high risks and long lead times in mining. This is especially true today after a global financial catastrophe has sidelined many international banks and crippled those miners with high debt levels. Consequently we are seeing many new opportunities seeking finance.

In previous cycles, it has usually paid to wait and extensively research for the early part of the cycle before investing. We see no difference for 2009 – except for gold, especially Australian gold!

Lion Outlook

Lion systematically sold assets in 2008 and returned \$160m to shareholders. We have significant cash and cashflow as well as zero debt, no hedging and have a 2/3 weighting to gold.

Cash was retained to meet commitments and one or more of those are gold and look particularly attractive.

ASX Codes

Ordinary shares: LST
Listed options: LSTO

Market cap:	\$51m
Issued shares:	82.1m
Share price:	\$0.625
Issued options:	5.7m
Option price: (151c April 09)	\$0.01

Further Enquiries

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Cracow Gold Mine (LION – 30%)

- Lower grade, lower gold production.
- Higher gold price, higher revenue.
Slightly improved cashflow surplus.
- New discovery – southern shoot at Kilkenny, possible repeat of zone.



Production / Costs

QUARTERLY PRODUCTION SUMMARY (LION 30% SHARE)						
3 months to		Jan 2008	Apr 2008	Jul 2008	Oct 2008	Jan 2009
Ore Mined	(tonnes)	32,279	31,154	36,017	34,237	32,366
Ore Processed	(tonnes)	32,628	30,642	31,250	31,190	33,779
Ore grade	(g/t Au)	7.3	7.7	10.2	7.7	6.7
Met Recovery	(%)	90	91	94	93	92
Gold Produced	(oz)	7,048	6,962	9,458	7,182	6,372

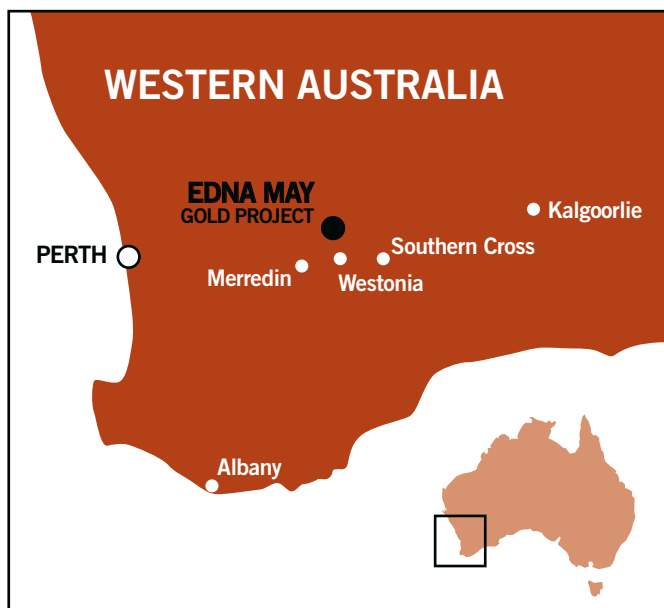
There was a decrease in gold production at Cracow as planned due to lower grades. This was partly offset by higher mill throughput. Lower production resulted in higher cash costs for the quarter.

QUARTERLY COST SUMMARY (LION 30% SHARE)						
3 months to		Jan 2008	Apr 2008	Jul 2008	Oct 2008	Jan 2009
Gold Sold	(oz)	6,865	6,157	10,261	7,605	6,520
Gold Price Received	(A\$/oz)	943	1,020	949	1,051	1,212
Cash Operating Cost	(A\$/oz)	502	541	351	488	597
Royalties	(A\$/oz)	25	28	26	28	33
Total Cash cost	(A\$/oz)	527	569	377	516	630
Operating cashflow	(A\$M)	3.6	2.3	6.2	4.3	3.9
Capital costs	(A\$M)	0.4	0.5	1.4	1.0	0.7
Exploration	(A\$M)	0.5	0.8	0.4	0.8	0.6

Exploration – New Gold Shoot Discovered at Kilkenny

Exploration drilling results were received for CBK252, a third diamond drill hole that intersected a mineralised shoot of similar geological character to the Kilkenny Inferred Resource that lies 400m to the north. The CBK252 intersection of 12.95m (9.65m True Width) @ 7.09 g/t gold from 600.9m is of similar width and grade to the previous two intercepts in this zone: CBK226, 12.35m (5.8m True Width) @ 12.0g/t gold and CBK240, 7.9m (5.6m True Width) @ 5.7 g/t gold. Further drilling in progress will test below and above this hole. There is currently insufficient information from which to calculate a resource for this additional shoot.

Resource definition drilling has been completed for the Roses Pride and Empire structures. Resource calculations are in progress and it is anticipated that Roses Pride and Empire will be new additions to the 30 June 2009 resource inventory.

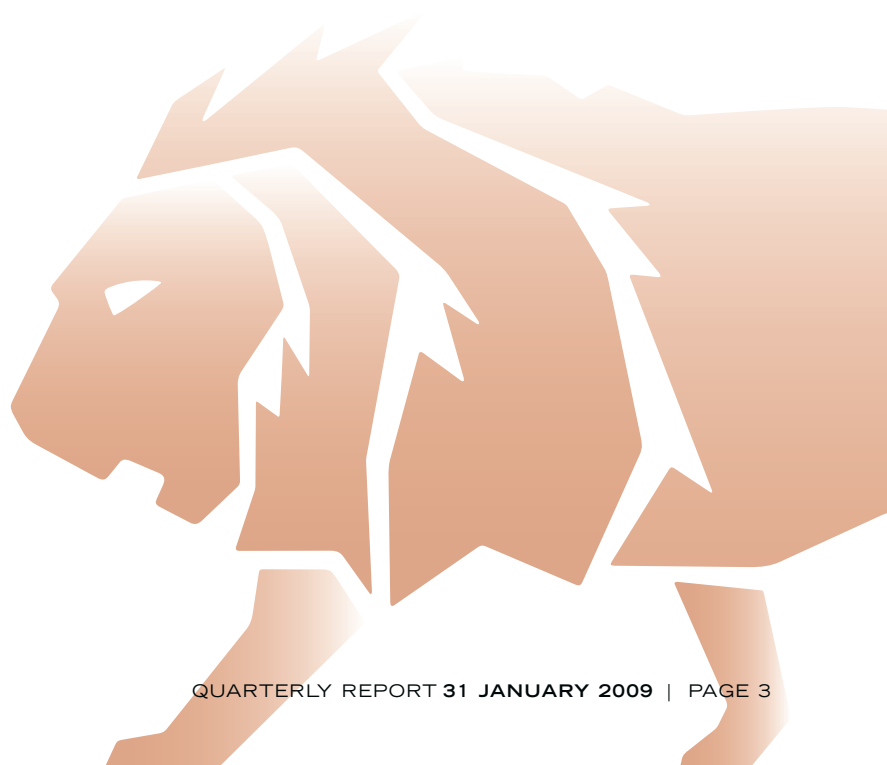


Edna May Gold Project

- BFS completed:
 - 0.74moz ore reserve
 - 100,000 oz pa x \$636/oz cash cost (pre royalty)
 - low strip ratio 1.9 to 1
 - simple metallurgy 92% recovery
 - \$92m Capex
- Funding discussions are underway.
- Exploration – new gold zone discovered extending west from Greenfinch.

Corporate

Lion invested \$2.2m in the December rights issue to increase its holding to 51.3% and is in a good position to underpin Catalpa's transformation to gold developer then producer – using the opportunity provided by the high and rising A\$ gold price.





OTHER INVESTMENTS

Exco Resources Limited (LION – 10.4%)

AUSTRALIA – COPPER / GOLD / URANIUM

Exco completed infilling drilling programs at E1 North, E1 South, E1 East, Monakoff and Monakoff East. Resource modelling is ongoing with updates expected for E1 North, E1 South, E1 East, Monakoff and Monakoff East, and an initial resource for the newly discovered E1 Central zone.

The Definitive Feasibility Study for the Cloncurry Copper Project was advanced with a focus on metallurgical testwork and the Environmental Impact Statement.

The approvals process was also advanced at White Dam in South Australia, where Polymetals Group is earning 50% interest and managing the implementation of the project. The White Dam project has a resource inventory of 330,400 ounces of gold. The Mining and Rehabilitation Plan is with the department of Primary Industries and Resources, South Australia and is expected to reach final sign off during the first quarter of 2009. Given the currently favourable A\$ gold price environment, Exco and Polymetals are progressing project finance discussions and implementation planning to allow for rapid development.

Indophil Resources Limited (LION – 6.8%)

PHILIPPINES – COPPER / GOLD

Indophil is reviewing an “indicative draft” of the Extended Pre-Feasibility Study of the Tampakan project completed by the project operator, Xstrata.

Indophil’s share price has moved close to cash backing (which has declined substantially in the last 12 months) indicating little confidence that the company’s plan to sell Tampakan will proceed.

African Lion Funds (LION – 25%)

African Lion continues to review and evaluate an increasing level of deal flow from African focused resource companies. African Lion 3 was established in mid 2008 and has committed capital of US\$79.2m. The fund has made an investment of US\$5m in unlisted Copperbelt Minerals.

The predecessor funds AFL and AFL2 continue to review their existing portfolios but are not actively seeking new investments.

Asian Lion Fund (LION – 32%)

Asian Lion has had a significant increase in deal flow over the past six months and with only 25% of the US\$34m fund invested, the cyclic conditions are ideal for Lion style investing. The Asian Lion team is actively and patiently pursuing a number of opportunities whilst maintaining its current portfolio.

Shareholder Information

	SHARES	OPTIONS
Securities on Issue:	82.1 million	5.7 million
Price at quarter end:	\$0.625	\$0.01
Quarter High:	\$1.19	\$0.25
Quarter Low:	\$0.625	\$0.01
Volume traded:	7 million	0.2 million

Any resource estimates and drilling intersections provided within this quarterly report were sourced from relevant investee company quarterly reports and announcements.