



Quarterly Report for the 3 months ended 31 January 2003

KEY POINTS

All major investments had some form of success during the quarter and the rising gold price improved bankability of all development projects. Under current circumstances the outlook for Lion is for two years of strong growth as a succession of 10 or more new mines are taken to development.

3 cent dividend

- Paid 21 February 2003
- PDF benefit of tax free or with franking credits

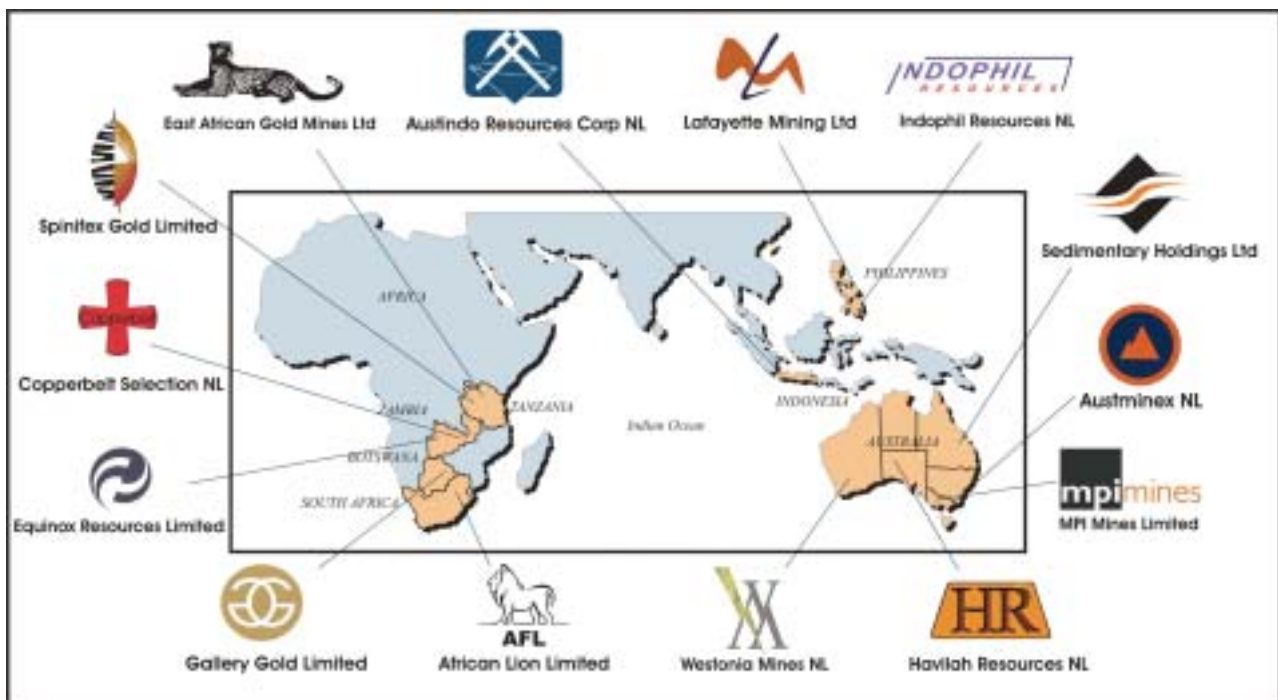
East African Gold Mines

- New high grade gold open pit and major exploration successes underline the potential for significant multiples profit from the \$10.2 million investment

Gallery & Spinifex merger

- First step in creating a new mid-sized gold company

INVESTMENTS





LION SELECTION GROUP LIMITED

INVESTMENT SUMMARY TABLE

Investment	ASX Code	Activity	LSG Holding %	Amount Invested** \$m	Market Value or Cost of Unlisted* \$m
At 31/01/03					
Unlisted Investments					
African Lion (AFL)		Africa - mining investment	14.8	6.9	6.9
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
East African Gold Mines		Tanzania – gold	11.0	10.2	10.2
Listed Investments					
Austindo Resources	ARX	Indonesia – gold	15.6	3.6	1.9
Austminex	ATX	Australia – base metals	16.9	2.5	1.1
Equinox Resources	EQR	Zambia/Aust – copper/gold	10.9	1.3	1.1
Gallery Gold	GGN	Botswana – gold	43.3	10.3	20.5
Havilah Resources	HAV	Australia - gold/base metals	22.0	1.9	0.9
Indophil Resources	IRN	Philippines - copper/gold	42.4	7.8	10.8
Kingsgate Consolidated	KCN	Thailand – gold	0.6	0.2	1.7
Lafayette Mining	LAF	Philippines - gold/base metals	32.6	8.5	8.0
MPI Mines	MPM	Australia – gold/nickel	15.5	7.5	5.6
Sedimentary Holdings	SED	Australia – gold	28.7	6.7	9.9
Spinifex Gold	SPX	Tanzania – gold	19.1	9.5	7.9
Westonia Mines	WEZ	Australia – gold	41.4	4.0	13.8
Other Investments				2.3	3.1
Sub total Investments				83.5	103.9
Net Cash					24.6
Total Investments					128.5
Net Asset Value (NAV) before tax (cents per share)					128.3
Net Asset Value (NAV) after tax (cents per share)					124.7

* For NAV purposes, the value of listed investments is at market and unlisted investments at the lower of cost or net realisable value

** Includes amounts invested by Australian Selection Pty Limited

INVESTEE UPDATE

EAST AFRICAN GOLD MINES LIMITED - TANZANIA/GOLD (LION - 11%)

Subsequent to the end of the quarter EAGM released further outstanding exploration news from the North Mara project in Tanzania. Drilling at the Gokona deposit indicates a 0.7 million ounce resource and 0.6 million ounce reserve (3.3 million tonnes @ 5.5 g/t Au in an open pit, down to 130 metres).

The total resource at North Mara has increased from 3.8 million ounces to 4.4 million ounces and the total reserve from 2.4 million ounces to 2.9 million ounces.

Gokona is located seven kilometres from the treatment plant and appears to have good potential to extend to depth and possibly eastward towards Nyabigena. The announcement of this new open pitable deposit is highly significant as it has the potential to increase annual production and add to mine life.



Drilling at Gokona to December 2002, at 25 metre spacing over 300 metre strike, showed continuity between sections and strong mineralisation on all recent infill sections.

Gokona – Selected Drilling Results, December 2002

Section	Interval (m)	Grade (g/t Au)
12655E	23	10.2
12705E	77	4.8
	17	25.3
12755E	32	4.2
	22	7.1
12805E	30	5.0
	20	11.2
12855E	14	14.7
	11	7.3
12905E	14	8.5
	16	7.6
	13	9.9

EAGM plans to recommence drilling at Gokona in April 2003, with the aim of extending the depth of the deposit and testing for faulted extensions of the high grade shoots between Gokona and Nyabigena.

The discovery of Gokona is a marvellous piece of geological detective work by the EAGM team, as the deposit was completely hidden under volcanic lava flows up to 30 metres thick. Using advanced geophysical and geochemical tools, EAGM has defined a number of similar targets in the area and major drilling programs have been planned for the most advanced of these at:

- Nyabigena North – current drilling inconclusive, more drilling required on 2 kilometre long target
- NG1 – new Gokona style target to be drilled
- Dett – drilling on series of large anomalies several kilometres long to commence in March
- Mara Shear Zone – major drill program planned for 15 kilometre long shear

In 2002 EAGM announced that it was considering an ASX listing once gold production had commenced at North Mara. As a result of the excellent news from Gokona and an increase in the spot gold price (from below US\$300/oz to current levels of US\$360/oz) EAGM is considering other alternatives. These include listing on an overseas exchange, as some international gold indices, particularly Toronto, have been trading at a premium to Australia.

Whatever course is finally chosen by EAGM, Lion shareholders will benefit when Lion's \$10.2 million investment is revalued by either listing or sale. The last placement price of US\$2.00 per share suggests a minimum valuation of Lion's investment of \$30 million, while Toronto TSX market valuations are multiples even of this.



GALLERY GOLD LIMITED - BOTSWANA/GOLD (LION - 43%)

Subsequent to the end of the quarter Gallery announced that it had reached agreement with Spinifex Gold to merge by Scheme of Arrangement. The merger has been recommended by the boards of both companies and is supported by Lion. The post merger company will have approximately 3 million ounces of gold resources in quality gold assets in Botswana and Tanzania. The imminent development of the Mupane Gold Project should provide strong cash flows for the new company.

The main points of the Merger Implementation Agreement are:

- Gallery will be the post-merger entity and remain listed on the Australian and Botswana Stock Exchanges
- Gallery will offer two shares for every one Spinifex share
- Holders of Spinifex options will be offered in Gallery shares
- Klaus Eckhof, Managing Director of Spinifex, will join the board of Gallery as a non executive director

The proposed merger is subject to shareholder approval and approval by the Australian Securities and Investment Commission and the Supreme Court. Assuming Gallery and Spinifex shareholders approve the scheme, the merger should become effective at the end of May 2003.

Gallery also announced that it had reached in principle agreement to place 25.4 million new shares at \$0.26 per share to raise \$6.6 million. The placement, representing 15% of the company's issued capital, has been fully subscribed by Lion, African Lion and Resolute Mining Limited, and other institutional investors. Funds raised will be used to complete the feasibility study for the proposed mine development at the Mupane Gold Project and ongoing exploration in Botswana. Following completion of the proposed merger with Spinifex, Gallery will have total cash reserves of approximately \$15 million.

The Definitive Feasibility Study at Mupane is progressing on schedule and is due to be completed at the end of March. Mine development at Mupane is expected to commence in July 2003, with gold production, at the rate of 100,000 ounces per annum, targeted for mid-2004.

Gallery released a revised estimate of gold resources and initial open pit ore reserve estimates for the Tau, Tolo, Kwena and Signal Hill deposits during the quarter. Based on a gold price of US\$320/oz, the results confirm that Mupane's reserve base is sufficient for a viable and commercial future gold mine.

Mupane Gold Project Gold Resources as at December 2002

Category	Tonnes	Grade (g/t Au)	Contained Au (oz)
Measured	7,692,800	2.97	
Indicated	2,032,600	2.28	
Inferred	1,352,300	2.27	
Total	11,077,600	2.76	983,000



**Mupane Gold Project
Ore Reserves as at December 2002**

Category	Tonnes	Grade (g/t Au)	Contained Au (oz)
Proved	5,253,000	3.37	569,500
Probable	801,000	2.35	60,500
Total	6,054,000	3.24	630,000

In addition to the reported resources is a partially developed underground gold resource on the nearby abandoned Shashe Mine, which is 85% owned by Gallery. This resource of approximately 172,000 ounces @ 10.4 g/t Au has not been included in the feasibility study.

Infill drilling on the Tolo deposit has yet to be completed. Trenching and shallow drilling have confirmed that ore grade mineralisation extends to the surface and that the deposit contains a viable open pit ore reserve.

Detailed soil sampling has been completed over an area to the west of the Signal Hill A Zone. The work has revealed a geochemical anomaly extending some 450 metres along strike. Three trenches have been excavated at 100 metre intervals and all have intersected significant bedrock gold mineralisation, with a best intersection of 5.2m @ 7.2 g/t Au. Further trenching and follow up drill testing are planned.

An initial three hole RC percussion drilling program was completed on the new Jim's Luck property in December 2002, where Gallery is earning a 60% joint venture interest. Significant gold mineralisation was intersected in all holes and best intersections included 10m @ 7.5 g/t Au and 8m @ 5.8 g/t Au. The Jim's Luck property is located only 25 kilometres from the proposed Mupane development and lies adjacent to Gallery's wholly owned Matsiloje prospect. Matsiloje contains a 3.4 kilometre strike extension of the Jim's Luck banded iron formation and hosts historic gold workings. A recently completed first pass 32 hole drill program produced a best intersection of 6 metres @ 6.5 g/t Au from 26 metres. Data compilation for both Jim's Luck and Matsiloje is in progress and follow up drilling is planned. Early indications suggest that the twin prospects have excellent potential to provide additional gold reserves that could be trucked to the proposed Mupane plant for processing.

Resource estimates for Mupane and Signal Hill, which have been used as the basis for subsequent reserve estimates as reported, have been compiled by Mr Gary Brabham of Hellman & Schofield Pty Limited. Mr Brabham is a corporate member of the Australasian Institute of Mining and Metallurgy with sufficient experience in the style of mineralisation and type of deposits to qualify as a Competent Person as defined in the 1999 Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Brabham consents to the inclusion of the information in this report in the form and context in which it appears.

Information in this report that relates to open pit optimisation, mine design and ore reserve estimates is based on open pit mining studies completed by Mr Tamer Dancer of Mining Solutions Consultancy Pty Limited. Mr Dancer is a corporate member of the Australasian Institute of Mining and Metallurgy and Chartered Professional in Mining. He has sufficient experience in preparing the mining section of prefeasibility and feasibility studies, relevant to the style of mineralisation and type of deposit under consideration, and to the activity which is undertaking, to qualify as a Competent Person as defined in the 1999 release of the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Dancer consents to the inclusion of the information in the report in the form and context in which it appears.



SPINFEX GOLD LIMITED - TANZANIA/GOLD (LION - 19%)

The proposed merger of Spinifex and Gallery, as announced by the two companies on 12 February, provides Spinifex with a strong financial base and an experienced geological team for further exploration work on its Tanzanian properties. The merger is intended to be completed by way of a Scheme of Arrangement and Spinifex shareholders will be offered two Gallery shares for every one Spinifex share.

Drilling recommenced on the Buckreef/Rwamagaza/Buziba properties during the quarter. The program aimed to increase the open pit resource at Buckreef, to determine controls on mineralisation at Buckreef, Bingwa and Tembo and to define the extent of mineralisation at Miombo. Twelve RAB holes and 234 air core holes were completed to test previously defined gold in soil anomalies and possible extensions to Buckreef and Buckreef West mineralisation. Results indicate that a high grade zone of mineralisation plunges steeply to the south west and that high grade mineralisation continues sub-vertically to as yet untested depth. Follow up drilling is planned.

At Nyakafuru, drilling on several prospects in the Kanegele licence area by joint venture partner Resolute Mining Limited encountered wide zones of low grade mineralisation. Better results included 168 metres @ 0.63 g/t Au from 70 metres and 70 metres @ 1.34 g/t Au from 28 metres. Within these areas significant high grade zones of mineralisation were identified, returning results such as 15 metres @ 7.79 g/t Au from 75 metres and 12 metres @ 3.80 g/t from 12 metres. Further drilling is planned to test for possible strike extensions.

Spinifex has agreed to dispose of its 45% interest in the Ikina Reefs property to Lakota Resources Inc, a listed Canadian company. Spinifex will receive 800,000 shares in Lakota (approximately 6.3% of the issued capital) upon completion of the transaction.

LAFAYETTE MINING LIMITED - PHILIPPINES/GOLD & BASE METALS (LION - 33%)

The Mines and Geosciences Bureau of the Philippines Government issued a Declaration of Feasibility for Rapu Rapu in December. In conjunction with the previously issued Environmental Compliance Certificate and Environmental Protection and Enhancement Program, Rapu Rapu has now been granted all significant legislative approval to commence construction of the mine. Production from the open pit is targeted to start in mid 2004.

In January Lafayette announced that it had signed a Heads of Agreement with LG International Corp of Korea and KORES, the Korean Government resource investment division. The agreement proposes that LG and KORES will jointly provide US\$10 million in equity and debt financing to acquire a 26.04% equity interest in the Rapu Rapu project. Under this agreement, LG will also enter into a life of mine off-take agreement with Lafayette to purchase all of the concentrates produced at the Rapu Rapu mine.

The land purchase program for the 230 hectares covering the mine development area is substantially complete. Lafayette now holds ownership and access rights to the project through a combination of freehold title, long term leases and rights granted through the issue of patented claims over the mine development area.



A Letter of Mandate with Macquarie Bank and Standard Bank London was signed in December, following the issuance of an indicative joint term sheet for the provision of an underwritten debt facility for the development of the Rapu Rapu project. Funding is proposed through a combination of smelter sourced equity, supplier finance and conventional project debt. It is anticipated that bank credit approval shall be obtained by the end of March 2003.

Subsequent to the end of the quarter, Lafayette announced that it had placed \$2.75 million in convertible notes with a further \$1.375 to be issued subject to shareholder approval. The notes are issued with a conversion price of 8 cents per share and have a three year term. The notes have been issued to a number of institutions and investment funds and Lion has agreed to subscribe \$1.375 million subject to Lafayette shareholder approval.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (LION – 41%)

The second and final stage of the Bankable Feasibility Study (BFS) on the Westonia Gold Project is on schedule to be completed during the next quarter. Westonia announced in November 2002 that the first stage of the BFS supported the resumption of gold mining operations and confirmed the previously announced global resource of 923,000 ounces of gold. The company expects to be producing gold at a rate of 70,000 ounces per year in approximately 12 months time.

Metallurgical test work completed during the quarter indicated that ore processing by a CIP or CIL circuit was preferable to a heap leach/HPGR circuit. Negotiations to acquire a suitable second hand processing plant and to secure appropriate project financing are well advanced.

A reverse circulation and diamond drilling program has been testing areas beyond the presently designed pit shell. Significant intersections include 4 metres @ 17.8 g/t Au and 4 metres @ 25.8 g/t Au. Results will be incorporated into a new resource and mineable reserve estimate as part of the second stage of the BFS. Any of the new mineralised intersections which lie beyond the current pit design will be assessed in terms of eventual access from the established decline, which has a current depth of 260 metres.

Subsequent to the end of the quarter, Westonia announced that Mr Ian Kerr had been appointed as Project Manager for the development of the Westonia Gold Project. Ian has more than 20 years of engineering and management experience, including project manager roles with the Placer Dome group, as Development Manager for Cawse Nickel and most recently as Manager of Mt Keith Projects for WMC Resources.



SEDIMENTARY HOLDINGS LIMITED - QUEENSLAND/GOLD (LION - 29%)

Drilling south of the Crown Shoot intersected a new relatively wide vein, returning 12.15 metres @ 13 g/t Au, including 3.2 metres @ 31 g/t Au. The vein lies close to the planned underground access to the Royal and Crown gold shoots. Further drilling to assess this new find will be undertaken in the next quarter.

Drilling on the mineralised vein system known as the Empire Structure has extended the potential strike length of the mineralised zone to 500 metres. Significant drilling results included:

CBK 085	5.1 metres	@	4.7 g/t Au	from 513.15 metres
incl	0.6 metres	@	11 g/t Au	
CBK 079	3.3 metres	@	3.1 g/t Au	from 656.6 metres
incl	0.4 metres	@	15 g/t Au	
CBK 090	2.9 metres	@	15 g/t Au	from 449.5 metres
incl	0.8 metres	@	28.9 g/t Au	
and	2.2 metres	@	7.6 g/t Au	from 464.6 metres
Incl	0.4 metres	@	17 g/t Au	

During the quarter negotiations for an Indigenous Land Use Agreement (ILUA) over an area of mining leases and exploration permits at Cracow were concluded. The ILUA has been submitted to the Native Title Tribunal for registration, which is a precondition for the finalising the mining lease over the Crown Shoot.

Sedimentary raised \$4.05 million via a placement of 28.9 million ordinary shares at 14 cents per share to a range of existing shareholders and new investors. Lion invested \$1.5 million as part of this placement. An additional \$0.15 million was raised through the exercise of directors' options.

MPI MINES LIMITED – AUSTRALIA/GOLD & NICKEL (LION - 15%)

Black Swan Nickel Mine Production (MPI – 80%)	Dec Qtr 2002	Sept Qtr 2002	Second Half 2002
Nickel production ('000 lb)	6,532	6,151	12,683
Total production cost (A\$/lb)	4.89	4.57	4.73
Stawell Mine Production (MPI – 50%)	Dec Qtr 2002	Sept Qtr 2002	Dec Qtr 2001
Gold production (ozs)	26,292	23,475	28,452
Total production cost (A\$/oz)	486	572	457

Nickel ore mining at Black Swan in Western Australia was 87,778 tonnes and mill throughput was 82,686 tonnes, producing 6.5 million pounds of nickel in concentrate, for the three months ending 31 December 2002. Activity focused on reconfiguring mining operations to reflect MPI standards so production and grade were below planned levels. Severe storms also disrupted operations and contributed to a disappointing performance for the quarter. Prefeasibility work commenced on the Black Swan open pit, based on a resource of approximately 7 million tonnes grading 0.8% sulphide nickel.



Scoping studies on the extension of the Silver Swan orebody have indicated a continuation of the high grade nickel resource to at least 9,800 metres RL. Exploration drilling continued at Silver Swan and a number of massive sulphide intercepts were made in each of the two apparent channels which extend to 9,800 metres RL. Better results included:

SUD 1974E	7.6 m	@	14.3% Ni
SUD 1974J	10.1 m	@	15.8% Ni
SUD 1976	6.0 m	@	10.7% Ni
SUD 2031	6.3 m	@	10.3% Ni

At the Stawell Gold Mine a record annual mill throughput of 868,456 tonnes at 4.30 g/t gold was achieved. A prefeasibility study is in progress to assess options for mining the +600,000 ounce Golden Gift resource, with the aim of extending mine life beyond the current two years. A total of 18 holes were drilled from the face of the decline targeting a potential bulk sample area. Better intercepts included:

MD 3469	1.1 m	@	24.2 g/t Au
MD 3470	1.7m	@	23.4 g/t Au
MD 3471	5.5m	@	9.8 g/t Au
MD 3475	6.8m	@	6.6 g/t Au
MD 3483	5.2 m	@	20.2 g/t Au
MD 3483	4.9 m	@	7.95 g/t Au

Production from the Lindsay's open pit at the Coolgardie Joint Venture (CJV) commenced in October. Mining at Empress and Lindsay's was in ramp up for most of the quarter and production levels were impacted by plant performance and severe storms. During the quarter CJV toll treated 150,426 tonnes of customer ore. Drilling at the Big Blow prospect intersected the steeply dipping silicified lode horizon. Core samples confirmed that the lode comprises a multi-stage silicified fault breccia of up to 5 metres true width. Mapping and core logging suggests that the breccia lode represents a major fault on the axis of the Big Blow/Burbanks anticline. Additional drilling is planned to test the system down plunge.

MPI Mines listed on the Australian Stock Exchange on 16 January (ASX code: MPM), following the successful Initial Public Offering that raised \$7 million and closed oversubscribed.

INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (LION – 42%)

Indophil made significant progress with the review of the comprehensive Tampakan project data base during the quarter. Preliminary results have been very encouraging, confirming the existence of gold enriched zones within the global resource of 16 million ounces of gold and 12 million ounces of copper and within other regional targets. Gold mineralised epithermal veins have previously been identified to the north of the main gold-copper deposit and two prospect areas have been highlighted for early follow up. Subsequent to the end of the quarter Indophil announced that a drill result from one prospect had returned an intersection of 76.2 metres @ 0.69 g/t Au and 0.75% Cu. Geological and geophysical data indicates a potential NNE trending mineralised corridor linking this intersection with the main Tampakan gold-copper deposit.

Indophil also announced that a number of scoping studies on Tampakan had been completed by the previous owner. An optimised case, at a gold price of US\$280/oz and a copper price of US 80c/lb, produced the following results:

- an IRR of 20% before tax and financing
- an NPV of US\$280 million at an 11% discount rate
- maximum annual production of 170,000 ounces of gold and 158,000 tonnes of copper



Metallurgical testing as part of a planned preliminary mine scoping study has commenced at Manat, where Indophil is earning a 50% interest. The study will incorporate the results of the 2002 drilling program and produce a new resource estimate, which is likely to expand the current inferred mineral resource of 272,000 ounces of gold and 1.75 million ounces of silver.

The Philippine Cabinet declared in January that it would be actively supporting and revitalising the mining industry and has charged the Mines and Geosciences Bureau with preparing an immediate action plan. As an indication of government support of the Tampakan Project, the Secretary of the Department of Energy and Natural Resources has approved an extension of the exploration period under the FTAA.

EQUINOX RESOURCES LIMITED - ZAMBIA/COPPER (LION – 11%)

Equinox has earned a 51% interest in the Lumwana copper-cobalt joint venture with Phelps Dodge by spending US\$10 million on the Bankable Feasibility Study (BFS). The BFS continued on schedule and on budget during the quarter. Results from resource drilling remain in line with or above expectations and the metallurgical testwork continues to provide robust data for the final design of the proposed operation.

A review of the BFS data has highlighted “staged project development” of Lumwana as the preferred development option. This option will defer capital expenditure at the commencement of the project and thus enhance project economics, financing opportunities and reducing project risk. Such development will include:

- Malundwe ore mined and processed from years 1 to 5 to produce copper concentrate on site for sale to a smelting/refining facility
- Mining and processing of copper ore at an increased rate of 18 mtpa (from 14.5 mtpa) to improve project economics
- Construction of a Roast Leach Electrowin plant in years 4 to 5 for treatment of Chimiwungo ore, located on site at Lumwana to recover copper, cobalt, gold and sulphuric acid.

The President of Zambia, Mr Levy Mwanawasa, toured Lumwana during the quarter and subsequently announced that the Zambian government would provide a power line and a railway to the northwestern province where the project is located. The government is also considering extending investment incentives to mine developers, including the removal of duty on imported materials and VAT from mining expenditure. These initiatives will be significant to the development of Lumwana by reducing capital requirements and improving project economics.

AUSTINDO RESOURCES CORPORATION NL – INDONESIA & AUST/GOLD (LION - 16%)

Drill testing for strike and plunge extensions of the Cikoneng and Cibitung deposits at the Cibaliung project in Indonesia commenced in October 2002. Four diamond drill holes were completed for a total of 1,518 metres, extending the strike of mineralisation at the base of the Cibitung shoot to the north and the strike of mineralisation at the base of the Cikoneng shoot to the south. Significant results included:

Hole	From (m)	To (m)	Interval (m)	Gold (g/t)	Silver (g/t)
AC-049	233.25	234.15	0.9	4.6	10
	330.80	335.80	5.0	4.8	93
AC-050	237.85	238.55	0.7	3.8	396
AC-051	377.90	379.80	1.9	17.7	390



Austindo will update the Cibitung and Cikoneng resource estimates to incorporate results from this recent drilling and a revised structural interpretation of the faults and lodes. The company is also revising the Prefeasibility Study to take into account the updated geological interpretation and a revision to the cut-off grades due to the increase in gold price.

Exploration work at Cibaliung focused on the Rorah Kadal prospect, 900 metres south west of Cibiuting. The first scout drill hole returned significant vein intercepts of 1 metre @ 5.4 g/t Au and 44 g/t Ag from 70.8 metres and 0.85 metres @ 9.8 g/t Au and 84 g/t Ag from 76.1 metres.

In Australia the company commenced a review of existing mining and exploration data at both the Mt Alexander and Sebastian-Raywood projects during the quarter. Austindo intends to use the historic mining and past exploration data available for Mt Alexander to build structural and predictive models, which will be used to select and prioritise targets for exploratory drilling. The initial aim of the data review at Sebastian-Raywood is to define major structural trends that may be related to mineralisation and which may be used to target exploration in covered areas of the leases.

HAVILAH RESOURCES NL - SOUTH AUSTRALIA/GOLD & BASE METALS (LION – 22%)

First round drilling programs were completed with positive results on two of Havilah's projects during the quarter. At the Mulyungarie project in the Curnamona Craton anomalous gold, arsenic and copper intersections were returned from several drillholes at the Jack Dam prospect. The results provide important leads that will be followed up by further drilling in the next quarter.

A 1200 metre shallow drilling program at the Parndana project on Kangaroo Island confirmed a sizeable disseminated base metal mineralised system over a strike length of least 400 metres, including several ore grade intersections. An Exploration Licence application was lodged over the eastern strike extensions of the major controlling shear system. Follow up exploration to determine the strike extents of the mineralisation will continue in the next quarter.

Havilah announced in January that it had agreed terms of a joint venture with MIM for further exploration on the Pernatty project in the Gawler Craton. MIM plans to use its advanced MIMDAS electrical geophysical system to explore for buried mineralisation associated with the large basement gravity ridge defined by Havilah's previous work. The MIMDAS system has enhanced depth penetration and resolution capabilities which should prove useful at Pernatty where prospective Gawler Craton basement rocks lie beneath a blanket of 200 metres of younger cover rocks.

MIM has undertaken to spend a minimum of \$70,000 on MIMDAS surveying and related work during an initial six month option period. MIM may then enter into a formal joint venture agreement with the opportunity to earn a 70% interest in the project by spending \$2 million over a period of five years. Havilah may contribute proportionally to maintain a 30% interest or dilute to a 15% interest that is carried to either a decision to mine or to the time when MIM has spent an additional \$5 million.

AUSTMINEX NL – AUSTRALIA/GOLD & BASE METALS (LION – 17%)

Austminex announced on 23 December that it had agreed to acquire all of the shares in unlisted public company, Focus Minerals Limited, and the Coolgardie tenements of St Francis Group Limited. Both acquisitions are subject to approval by Austminex shareholders at a General Meeting on 21 March 2003.



Focus and St Francis own exploration and mining rights covering more than 200 square kilometres in the Coolgardie-Kalgoorlie region of Western Australia. The tenements contain inferred resources of 230,000 ounces of gold in five deposits, with excellent potential to expand the gold resource base in identified projects and in large under explored blocks. The area is also well recognised for its nickel prospectivity. Further details can be found in Austminex's ASX announcement of 23 December 2002.

Focus shareholders will be issued with two Austminex shares for every one Focus share (currently 21.9 million on issue) and Austminex will meet the option agreements that Focus has with other parties. In addition, Austminex will pay \$0.2 million to St Francis for the Coolgardie tenements and will issue 8 million Austminex shares on settlement. A further two \$0.75 million payments to St Francis are due in cash or Austminex shares on 31 December 2003 and 31 December 2004.

Subsequent to the end of the quarter Austminex announced results from a 4,000 metre percussion drilling program conducted by Focus on its Dreadnought prospect, five kilometres south of Coolgardie. The program aimed to test depth extensions of the north west zone of the Dreadnought property and results indicate the potential to increase this resource by several hundred thousand tonnes at a grade of 5-10 g/t Au. Austminex has announced inferred resources of 970,000 tonnes containing 3.0 g/t Au at the Dreadnought property. The NW zone remains open at depth.

COPPERBELT SELECTION NL - AFRICA/COPPER (LION – 33%)

Copperbelt continues to monitor and assess opportunities for investment in Zambia and other African countries.

AFRICAN LION LTD – AFL (AUSTRALIAN SELECTION - 15%)

AFL made a new investment in Kalahari Diamonds Limited during the quarter. Kalahari, 20% owned by BHP Billiton, is exploring for diamonds in Botswana. The company has access to BHPB's Falcon airborne gravity survey tool and active exploration for new discoveries under Kalahari sand cover is expected to commence shortly.

Additional investments were made in LionOre International Mining and East African Gold Mines. AFL has now invested US\$21.3 million and continues to evaluate new investment opportunities.



AFL Investment	Country / Activity	AFL Holding %	Amount Invested US\$m	Market Value or Cost of Unlisted* US\$m
At 31/01/03				
Unlisted Investments				
Albidon	Africa – junior explorer	20.0	0.50	0.50
Copperbelt Selection	Africa - copper	32.5	0.21	0.14
East African Gold Mines	Tanzania - gold	6.1	5.30	9.79
Kalahari Diamonds	Botswana - diamonds	2.6	0.50	0.50
Listed Investments				
Afriore	South Africa – anthracite	11.8	0.99	1.09
Equinox Resources	Zambia – copper	4.4	0.24	0.27
Gallery Gold	Botswana - gold	10.6	1.72	2.95
LionOre International Mining	Botswana – nickel	0.7	1.92	2.85
Namco Minerals Corp	Namibia – diamonds	2.9	1.00	0.00
Red Back Mining	Ghana – gold	11.5	2.00	3.90
Resolute Mining	Tanzania/Ghana - gold	3.1	2.02	2.30
Spinifex Gold	Tanzania - gold	25.5	4.89	6.17
Total Investments				30.47
Net Cash				3.47
Total Net Assets				33.94
Funds to be drawn				6.75

*For NAV purposes, the value of listed investments is at market and unlisted investments at cost, net realisable value or last sale

SHAREHOLDER INFORMATION

Issued shares:	100.1 million	Share price at quarter end:	\$1.41
Quarter High:	\$1.55	Quarter Low:	\$0.85
Volume traded:	33.1 million shares	NAV after tax:	\$1.25

Further enquiries:
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INVESTMENT BRIEFINGS

All shareholders and other interested parties are invited to attend Lion's Investment Briefings, to be held in March. Dates and venues are listed below.

DATE	CITY	VENUE	TIME
Tuesday 18 March	Melbourne	ASX Theatre Australian Stock Exchange 530 Collins Street	5.30 pm
Thursday 20 March	Brisbane	River Room Stamford Plaza Brisbane cnr Margaret & Edward Streets	5.30pm
Thursday 20 March	Perth	Stirling Rooms 1 & 2 Crowne Plaza Perth (formerly Parkroyal) 54 Terrace Road	5.30 pm
Thursday 20 March	Sydney	Teale Room Four Seasons Hotel (formerly The Regent) 199 George Street	5.30pm

Adelaide

The Adelaide briefing has been deferred. Details of the next briefing will be placed in the "Adelaide Advertiser" and posted to Lion's website, www.lionselection.com.au, when available.

New Zealand

Investment briefings will be held in Auckland, Wellington and Christchurch in the second half of the year.

Presentations will run for approximately 45 minutes, followed by question time. If you wish to attend one of these briefings, please complete the RSVP form below and return to Judith Russell.

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RSVP

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I wish to attend the following briefing:

City: Date:

Name:

Tel: Fax:

Email: