



LION SELECTION GROUP LIMITED

## Lion Selection Group Limited

### Quarterly Report for the 3 months ended 31 January 2006

#### KEY POINTS

- Gallery**
  - Scheme of Arrangement with international gold company IAMGOLD to acquire Gallery. Potential post-tax profit of around \$30 million.
- Lafayette**
  - Activities suspended at Philippines mine and awaiting restart.
- Indophil**
  - A\$27 million Tampakan pre-feasibility study on track for completion September 2006.
  - 15% increase in major copper-gold resource.
- Austindo**
  - Construction started November 2005 on underground gold mine in western Java.
- Dividend**
  - 10 cent (80% franked) dividend payable on 24 February 2006.
- Manager's Performance Incentive**
  - The Manager's incentive payment has been triggered by the strong performance of the company and is estimated at \$1.9 million as at 22 February 2006.

#### INVESTMENT SUMMARY TABLE

Investment	ASX Code	Country/Activity	LSG Holding %	Amount Invested \$m	Market Value or Cost of Unlisted* \$m
<b>At 31/01/2006</b>					
<b>Unlisted Investments</b>					
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
<b>Listed Investments</b>					
Allegiance Mining	AGM	Australia – nickel	10.0	6.1	8.9
Austindo Resources	ARX	Indonesia/Aust – gold	18.1	8.5	13.9
De Grey Mining	DEG	Australia – gold	6.8	3.1	1.9
Exco Resources	EXS	Australia – copper/gold	14.7	4.0	4.0
Gallery Gold	GGN	Botswana/Tanzania – gold	18.8	21.7	62.3
Havilah Resources	HAV	Australia – gold/base metals	19.0	2.4	11.2
Indophil Resources	IRN	Philippines – copper/gold	21.5	11.6	42.8
Lafayette Mining	LAF	Philippines – polymetallic	19.2	10.2	18.7
Leviathan Resources	LVR	Australia – gold	16.5	10.8	15.3
Sedimentary Holdings	SED	Australia – gold	23.7	8.1	17.4
View Resources	VRE	Australia – gold/nickel	9.3	4.9	4.5
Westonia Mines	WEZ	Australia – gold	43.8	8.5	23.8
Total Investments				100.1	224.8
Net Cash					16.9
<b>Total Net Assets</b>					<b>241.8</b>
Net Tangible Asset (NTA) before tax (cents per share)					241.5
Net Tangible Asset (NTA) after tax (cents per share)					222.8

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

Note: the NTA above is after providing \$0.6 million for the Manager's Performance Incentive calculated as at 31 January 2006, and approximately \$10 million for the 10 cent per share dividend payable on 24 February 2006.

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**INVESTEE UPDATE****GALLERY GOLD LIMITED – BOTSWANA & TANZANIA/GOLD (LION – 18.8%)**Corporate

- In December 2005, IAMGOLD, a medium sized Canadian gold company, announced a Scheme of Arrangement under which IAMGOLD will acquire all the shares in Gallery. Under the scheme, Gallery shareholders including Lion will receive one IAMGOLD share for every 22 Gallery shares held. Gallery will become a wholly owned subsidiary and will delist from the ASX. IAMGOLD will list on the ASX around 27 March, trading as CHESSE Depositary Interests rather than ordinary shares. The Directors of Gallery unanimously support the proposal in the absence of a superior offer, which will be voted on at a shareholder meeting on 3 March 2006. If the scheme is approved by the requisite majority, then, subject to Court approval scheduled for 13 March, the scheme will be binding on all Gallery shareholders.
- Lion entered into an Option Deed with IAMGOLD under which IAMGOLD has the ability, subject to certain conditions to acquire Lion's shares in Gallery. Lion retains the right to benefit from a superior offer.
- At the time of announcement, IAMGOLD's offer represented a 28% premium on Gallery's prevailing share price and a 40% premium above Gallery's one month volume-weighted share price. The offer initially valued Gallery at 46 cents, representing a pre-tax profit of A\$29 million on Lion's cost base of A\$21.7 million. At the end of January, Gallery's share price was 57.5 cents, which correlates to a potential pre-tax profit of A\$37.9 million.

Botswana

- At the Mupane gold mine in Botswana, gold production during the quarter was lower than forecast with 16,923 ounces of gold produced, due to the need to blend low grade oxide ore into the feed whilst treating the transitional ores. A treatment regime for transitional ores has been implemented, with recoveries returning to +90% for the months of November and December.

Quarterly production	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
Ore treated - tonnes (million)	0.26	0.27	0.30	0.20
Ore - grade (g/t Au)	2.3	2.7	3.1	3.3
Recovery (%)	87	85	92	93
Gold (000's ounces)	16.9	20.1	27.5	24.5
Cash cost (US\$/oz)	342	326	237	233

- Mupane recorded a tragic fatal incident when a roller compactor overturned during construction work associated with raising the tailings wall.

Tanzania

- Infill drilling at the Busolwa deposit resulted in an additional 21,000 ounces of gold being added to the Busolwa resource, bringing the total to 806,000 ounces at a grade of 1.8 g/t gold. This drilling program converts 268,000 ounces from an inferred to indicated category. The total Buckreef resource now stands at 1.93 million ounces at 2.2 g/t gold.



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**LAFAYETTE MINING LIMITED - PHILIPPINES/POLYMETALLIC (LION – 19.2%)**

- On 10 November, Lafayette announced it had suspended processing activities whilst it investigated two separate discharges of process water earlier in the quarter. The first incident occurred within the gold processing plant on 11 October 2005, and following an investigation by the Department of Environment and Natural Resources (DENR) and the Mines and Geosciences Bureau (MGB), approval was given to continue operations. The second event occurred on 1 November with Lafayette subsequently suspending operations and the MGB notifying the company of the rectification and review of a number of issues. Lafayette have been working closely with the DENR and MGB to investigate the events, remediate adverse affects and ensure there is no reoccurrence.
- Prior to the suspension of processing activities, production at Rapu Rapu during the quarter totalled 12,775 tonnes of gold ore mined, along with 7,740 tonnes of base metal ore. A total of 2,693 ounces of gold were produced for the quarter.
- In December 2005, Lafayette announced the successful completion of an \$8 million placement, at 11 cents per share with Australian and overseas institutional investors. In addition, AuSelect Limited committed to invest \$2 million on the same terms, which was approved by Lafayette shareholders subsequent to the end of the quarter. Lafayette also announced a Share Purchase Plan allowing shareholders to acquire up to \$5,000 worth of shares on the same terms as the placement.
- In mid December 2005, Lion exercised its right to convert \$1.38 million of convertible notes into approximately 18 million fully paid shares, maintaining Lion's holding in Lafayette following the dilution from the placement.
- Subsequent to the end of the quarter, Lafayette announced board and management changes, with the introduction of a Filipino partner to oversee operational and administrative activities in the Philippines. Mr Carlos G Dominguez has joined as Chairman, President and Chief Executive Officer of Lafayette's operational arm, Lafayette Philippines Inc, and has also joined the board of Lafayette in Australia. Mr Dominguez has held the positions of Minister for Natural Resources and Secretary of Agriculture, President and CEO of Philippine Airlines, and Chairman, President and CEO of Philippine Associated Smelting and Refining Corporation. In addition, Robin Widdup, Managing Director of Lion Selection Group and AuSelect Limited has joined the board of Lafayette. Mr Dominguez and Mr Widdup are to replace two retiring Lafayette directors.

**INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (LION – 21.5%)**

- The A\$27 million pre-feasibility study for the Tampakan copper-gold project in the Philippines, remains on track for delivery in September 2006. Good progress has been made in the drilling program and work has been undertaken to determine the project's mining and waste management options. In addition, a new interim resource block model was produced as part of mine planning. A range of metallurgy and infrastructure studies have been initiated.
- In November 2005, Indophil announced an updated resource estimate for Tampakan, increasing the contained metal by around 15%. The new estimate is a Measured, Indicated and Inferred Resource estimate of 8.9 million tonnes of contained copper at 0.66% copper and 11.6 million ounces of gold at 0.27 g/t gold (at 0.3% copper cut-off grade). This updated estimate includes a Measured Resource for the first time representing 34% of the resource. Previously the Tampakan deposit was reported to an Indicated and Inferred level.



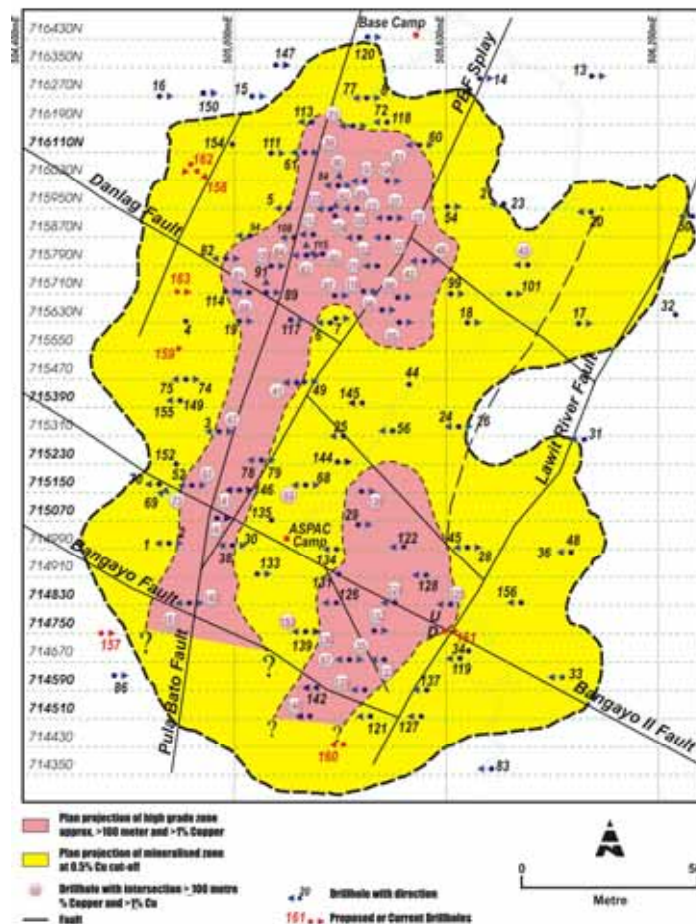
- The updated estimate increases the known resources from 1.2 billion tonnes at 0.8% copper equivalent to 1.3 billion tonnes at 0.82% using a cut off grade of 0.3%. Indophil reported that there is exploration potential within a global reporting pit that is approximately 50% of the tonnage already defined by drilling (at a lower grade). Indophil believes that the defined resource and this exploration potential, if realised, could be in the range of 1.8 – 2.2 billion tonnes.
- Indophil completed 17 new drill holes, with drilling focussing on the southern part of the deposit. Drill results include:

TMPD141	129 metres	@	1.07% Cu	0.22 g/t Au	61 ppm As	from	203 metres
TMPD143	90 metres	@	1.40% Cu	0.30 g/t Au	2566 ppm As	from	166 metres
TMPD146	86 metres	@	1.26% Cu	0.32 g/t Au	136 ppm As	from	206 metres
TMPD148	86 metres	@	2.05% Cu	0.43 g/t Au	532 ppm As	from	287 metres
TMPD151	127 metres	@	1.75% Cu	1.03 g/t Au	1377 ppm As	from	31 metres
TMPD153	104 metres	@	1.44% Cu	0.56 g/t Au	1247 ppm As	from	252 metres

The five diamond drill rigs utilised in the current drilling campaign will continue to be used until the end of March.

- Exploration commenced on several prospect areas within seven kilometres of the Tampakan resource.

#### TAMPAKAN PLAN PROJECTION OF MINERALISATION AND DRILL HOLE LOCATION





### **AUSTINDO RESOURCES CORPORATION NL – INDONESIA & AUST/GOLD (LION – 18.1%)**

- At the Cibaliung gold project, in Java, construction commenced in November 2005. The commencement of work on site was marked by a traditional ground breaking ceremony at the site of the portal to the underground mine which was attended by leaders of the local community, government officials and company representatives. Preparation of the Box Cut is underway and gold production is scheduled to begin in the fourth quarter of 2006.
- Austindo awarded Aker Kvaerner a contract to provide engineering services for the relocation of the Mount Olympus gold processing plant from Western Australia to Indonesia. In addition, a contract has been awarded for the dismantling of the processing plant for shipping to Indonesia, and work on the dismantling has commenced.
- Surface exploration at Pekalongan in Central Java resulted in several geochemical anomalies being identified. In addition, a new tenement area in Papua, Aisasjur prospect, has been granted to Austindo under the alliance with the Anglo American Group to explore for large porphyry copper gold deposits.
- Subsequent to the end of the quarter, Austindo announced that a new exploration area, Trenggalek, in East Java has been granted. Trenggalek is prospective for low sulphidation epithermal gold/silver deposits similar to Cibaliung, and is the fourth gold project Austindo is undertaking in Indonesia to further the growth strategy.
- During the quarter, Austindo issued \$4 million of Convertible Notes to Macquarie Bank Limited and clients of Austock Corporate Finance Limited to satisfy project finance requirements to demonstrate additional capacity to fund contingencies. In addition, a Project Facility Agreement was signed with ANZ Investment Bank in relation to the provision of a US\$26 million project finance facility.

### **ALLEGIANCE MINING NL – AUSTRALIA/NICKEL (LION – 10.0%)**

- In December 2005, Allegiance announced the results of the Feasibility Study for the Avebury nickel project in Tasmania. The key Feasibility Study results are as follows:
  - Mining and milling operations to commence at 600,000 tonnes per annum, to produce 5,700 tonnes per annum of nickel in concentrates.
  - An optimised mine and mill performance could be achieved at rates of 1 million tonnes per annum, and producing 10,000 tonnes per annum subject to resource base expansion.
- The upgrade of the final section of the Trial Harbour road to Avebury commenced with a \$1.5 million conditional grant from the Tasmanian government.
- Trial mining of nickel ore commenced and a bulk sample was sent to the Hellyer mill, located 125 kilometres north of Avebury.
- In December 2005, Allegiance completed a placement raising \$7.2 million at 15 cents per share.

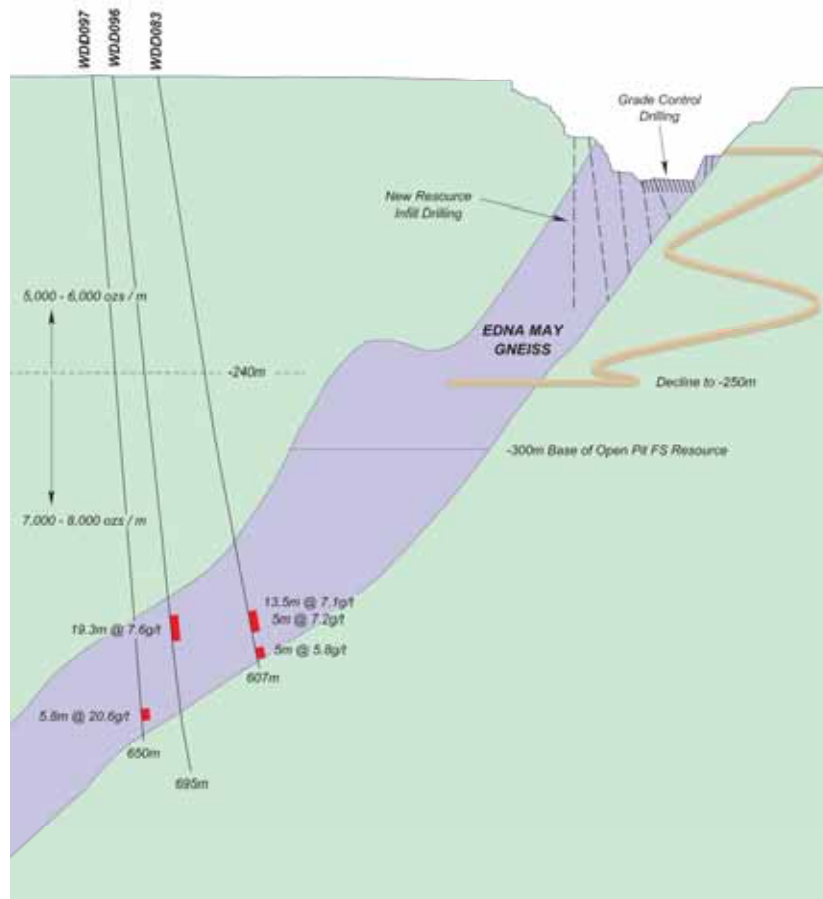


**WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (LION – 43.8%)**

- Westonia completed dewatering the pit prior to Christmas 2005. Grade control and resource infill drilling commenced on the Western end of the pit floor in November 2005, with the drilling program due for completion by the end of February 2006.
- Subsequent to the end of the quarter, interim results from the grade control drilling program were announced, which have validated the tonnage and grade profile of the 2004 Feasibility Study and indicate that the orebody may be mined up to at least a 1.0 g/t gold cut off grade.
- Westonia is confident that the resource infill drilling program will achieve the objectives of converting inferred mineralisation to indicated status and that due to new drill holes filling previous gaps in the resource, a significant improvement will occur in the quantity of gold in the open pit resource. Best drill intercepts reported subsequent to quarter end include:

<b>WRC05-0097</b>	2 metres	@	42.5 g/t Au	from 78 metres
<b>WRC05-0166</b>	8 metres	@	4.3 g/t Au	from 55 metres
<b>WRC05-0588</b>	3 metres	@	12.2 g/t Au	from 51 metres
<b>WRC05-0599</b>	13 metres	@	31.6 g/t Au	from 57 metres
<b>WRC05-0600</b>	11 metres	@	4.9 g/t Au	from 15 metres

**TYPICAL CROSS SECTION LOOKING EAST**





- During the quarter, Westonia revisited the 2004 Feasibility Study model, to test the project's feasibility in light of the higher gold price. Westonia seeks to confirm the likely operating costs and start-up capital costs in parallel with the completion of drilling and calculation of a new resource estimate. This is aimed at fast-tracking the formal feasibility process.
- A Structural and Prospectivity Review of the Westonia Greenstone Belt has been underway over the past four months, which is expected to continue into 2006. As a result, Westonia has recommenced field exploration programs in the area.
- ***LION MANAGER'S NOTE:*** *We expect that the current A\$730/oz gold price should improve the economics of this project. At the time of the 2004 Bankable Feasibility Study the gold price was in an A\$550 – 580/oz range. While costs will have risen since 2004, this should be more than compensated by the higher gold price.*

#### **HAVILAH RESOURCES NL - SOUTH AUSTRALIA/GOLD & BASE METALS (LION – 19.0%)**

- Havilah has updated its earlier mining scoping study and financial model for the Kalkaroo deposit taking into account current metal prices and revised capital and operating cost estimates. An optimized open pit to an average depth of 230 metres incorporates approximately 70 million tonnes of ore at a grade of 0.47% copper, 0.46 g/t gold and 124 ppm molybdenum. Havilah estimates the new resource will maintain a mining operation for a period of almost 11 years at an annual throughput of 6.5 million tonnes to produce an average 31,000 tonnes copper, 95,000 ounces gold and 820,000 kilogram molybdenum per annum. There remains excellent potential for the discovery of depth and strike extensions to the deposit, which would further improve the mining economics.
- Havilah has also updated its preliminary mining scoping study and financial model for the Mutooroo deposit taking into account current metal prices and revised capital and operating cost estimates. An optimized open pit to 250 metres depth incorporates 11.5 million tonnes at a grade of 1.1% copper and 0.096% cobalt. Havilah estimates this project could maintain a mining operation for a period of at least 11.5 years at an annual throughput of 1 million tonnes to produce approximately 10,000 tonnes copper and 1,000 tonnes of cobalt per annum.
- Havilah has announced its intention to seek majors as partners for both projects to fund the feasibility studies and mine development in exchange for project equity. Havilah plans to remain focussed on exploration of its extensive 100% owned Curnamona Craton tenements where it believes there is high discovery potential and most opportunity to add shareholder value.
- A prospectus for the Initial Public Offering of shares in Geothermal Resources Limited (GRL) was finalised during the period to raise between \$2.2 million to \$4.7 million. Havilah shareholders will receive a priority entitlement to subscribe for shares on the basis of one GRL share for every five Havilah shares held at the record date. Havilah will retain a majority shareholding of greater than 50% at the time of listing of GRL. GRL intends to become an active participant in the renewable energy industry via exploration of its Curnamona Craton and the Otway Basin tenements in search for hot rock geothermal energy sources.

**SEDIMENTARY HOLDINGS LIMITED – AUSTRALIA/GOLD (LION – 23.7%)**

- The Cracow Gold mine in Queensland surpassed nameplate production rate of 300,000 tonnes per annum during the quarter with mill throughput and recovery being above budget. In addition, there was a 17% reduction in operating cash costs to \$255 per ounce.

Quarterly production (Sedimentary's share)	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
Ore treated - tonnes (million)	0.02	0.02	0.02	0.02
Ore - grade (g/t Au)	12.2	12.2	11.7	9.2
Recovery (%)	94	94	90	90
Gold (000's ounces)	9.1	6.8	6.2	4.1
Cash cost (US\$/oz)	255	307	310	417

- Drilling continued to test for continuation of mineralisation within the Kilkenny structure. Significant new results included:

<b>CBK189</b>	12 metres	@	8.9 g/t Au	from 833 metres
<b>CBK194W</b>	4.4 metres	@	17 g/t Au	from 768 metres

The Kilkenny structure is open along strike and at depth.

- During the quarter, NuStar Mining Limited (Sedimentary holding 18.1%) announced an agreement to merge with Intrepid Mineral Corporation (Intrepid). Intrepid is an emerging Canadian gold and silver miner, focussed on exploration in South and Central America. Sedimentary's interest in the merged company would become approximately 11%.

**DE GREY MINING LIMITED – AUSTRALIA/GOLD (LION – 6.8%)**

- De Grey continued its exploration campaign at the Turner River province, south of Port Hedland in Western Australia. A further RAB drilling program is scheduled to commence in February 2006 to infill previously drilled areas and test strike extensions. RC drilling will follow in March.

- Continued success at Orchard Well has identified gold and base metal mineralisation over a 5.5 kilometre strike length within felsic volcanics. Best drilling results include:

WARB418	11 metres	@	3.17 g/t Au	2.81% Zn	1.75% Pb	94 g/t Ag	0.18% Cu	from 3 metres
WARB419	15 metres	@	3.41 g/t Au	3.03% Zn	1.25% Pb	192 g/t Ag	0.38% Cu	from 25 metres
WARC014	9 metres	@	1.50 g/t Au	4.79% Zn	2.01% Pb	200 g/t Ag	0.11% Cu	from 83 metres
WARC015	5 metres	@	0.70 g/t Au	4.10% Zn	1.91% Pb	220 g/t Ag	0.10% Cu	from 61 metres

- During the quarter, by in principle agreements with adjoining tenement holders, De Grey added 22 kilometres of strike length along the Tabba Tabba Shear. These provide De Grey with enhanced exposure to a Greenstone Belt already proven to be highly prospective for precious and base metals.

**LEVIATHAN RESOURCES LIMITED – AUSTRALIA/GOLD (LION – 16.5%)**

- Gold production during the December quarter was 29,642 ounces, in line with forecast levels. Total gold production for the year was 115,196 ounces, a record for Stawell Gold Mines. Ore grade was lower than previous quarters, due to mining from lower grade stopes. Gold production in January has been marginally impacted due to bushfire smoke in Western Victoria and commitment of personnel to fire fighting and recovery efforts.

Stawell Gold Mine (LVR – 100%)	12 months to Dec 2005	Dec Qtr 2005	Sept Qtr 2005	June Qtr 2005	March Qtr 2005
<b>Quarterly production</b>					
Ore treated - tonnes (million)	0.72	0.21	0.17	0.17	0.17
Ore - grade (g/t Au)	5.4	4.9	5.7	5.9	5.0
Recovery (%)	93	92	94	94	92
Gold (000's ounces)	115.2	29.6	29.7	30.3	25.5
Cash cost (A\$/oz)	435	462	446	431	393

- Resource definition drilling has focussed on converting resources to the reserve target of 450,000 ounces over 2005. As at December 2005, mineral resources were 402,000 ounces and ore reserves were upgraded by 42% to 431,000 ounces, giving a mineral inventory of 833,000 ounces. The reduction in mineral inventory was due to mining depletion, the conversion of resource to reserve and the reassessment of some resources in the Magdala orebody.

**EXCO RESOURCES NL - AUSTRALIA/COPPER & GOLD (LION – 14.7%)**Queensland

- Drilling at the E1 East prospect at Mt Margaret (to the east of Xstrata's Ernest Henry mine) during the quarter confirmed the continuity of copper mineralisation. Work is proceeding toward an initial resource estimate. Results from the quarter include:

EMMD005	88 metres	@	0.90% Cu	0.28 g/t Au	from	70 metres
EMMD006	40 metres	@	0.69% Cu	0.24 g/t Au	from	236 metres
EMMD008	38 metres	@	1.27% Cu	0.43 g/t Au	from	70 metres

- At the Brumby prospect in the northern part of the Boomara project area in far North West Queensland, copper oxide mineralisation has been observed in drill chips from a number of holes. At Brumby South, drill testing of a magnetic target area by shallow RC drilling has been encouraging with several holes intersecting high grade zones (4 metres at 1.55% copper) within broader lower grade mineralisation. The drilling has not yet significantly penetrated beyond the oxide zone to test the underlying fresh rock.
- A total of 48 holes for 2,567 metres of RC drilling were completed at the Notlor prospect 10km south-east of Cloncurry identifying high grade copper-gold-cobalt mineralisation at the northern end of the prospect. The best result received is 24 metres at 3.48% copper, 1.38 g/t gold and 0.27% cobalt from 44 metres. Subsequent to quarter end, Exco announced further encouraging results including 84 metres at 1.72% copper, 1.12 g/t gold and 0.11% cobalt from surface.



### South Australia

- In January, Exco announced the acquisition of Polymetals' 40% interest in the White Dam gold project for \$2 million, taking Exco's interest to 100%. Total resources at White Dam are 259,000 ounces from mainly oxide mineralisation, calculated at a cut-off grade of 0.5 g/t gold. The project is in the final stages of permitting and feasibility studies, and with the determination of water supply and finalisation of native title being the main outstanding items. Drilling is underway to complete step-out resource extensions to the east of the deposit and to follow up mineralisation identified at the White Dam North and Vertigo prospects.

### **VIEW RESOURCES - AUSTRALIA/GOLD-NICKEL (LION – 9.3%)**

#### Bronzewing - gold

- Exploration during the quarter, consisted of ongoing resource definition drilling as part of the Cockburn underground feasibility study, a program of validation drilling at the Venus prospect and RC drilling, targeting conductors defined by the recent EM survey.
- The definition drilling program for the potential Cockburn underground development continued during the quarter. This drilling program is scheduled to be completed by January 2006 with a new resource estimate and revised underground mine design based on the drilling results, to be completed in the March quarter of 2006. The following significant gold intersections were reported:

CKRCD15	8 metres	@	4.5 g/t Au	from	157 metres
and	9 metres	@	6.7 g/t Au	from	224 metres
CKRCD16	9 metres	@	12.3 g/t Au	from	321 metres
CKRCD18	19 metres	@	11.2 g/t Au	from	270 metres

#### Kambalda - nickel

- Nickel production for the quarter was reported with 18,267 tonnes at 2.46% nickel for 448 tonnes of contained metal. During the December quarter, with all major development and stope access completed, View focussed on stoping at both Zone 29 and Carnilya Hill. The current phase of mining at both Carnilya Hill and Zone 29 has been completed, with operations reverting to care and maintenance.
- Exploration will continue on the project through a farm in agreement with Mincor Resources, as announced in October 2005. Mincor commenced a detailed review of the Carnilya database in preparation for deep exploratory drilling to be undertaken during 2006.

#### Corporate

- Subsequent to the end of the quarter, View announced the appointment of Mr Peter Stancliffe as Non-Executive Chairman and Mr Gerrit de Nys as a Non-Executive Director to the Board. In addition, Mr Michael Ralston has accepted the role of Chief Financial Officer.



LION SELECTION GROUP LIMITED

## MANAGER'S PERFORMANCE INCENTIVE

On 1 February 2006, Lion announced that due to the strong performance of the company, the performance incentive for the Lion Manager has been triggered.

At the close of trade on 31 January 2006, the incentive was calculated as follows:

A. High Water Mark (60 day average)	\$209 million (\$199 million ex dividend)
B. Market Capitalisation (60 day average)	\$212 million
C. Manager's Performance Incentive (20% of B minus A)	\$0.6 million

Under the Lion Manager's contract, this performance incentive is based on the difference between the 60 day averages of Lion's market capitalisation (B) and the High Water Mark (A), which was established when a performance incentive was paid to the Manager in August 2004. Following the share price trading ex-dividend (10 cent) on 30 January 2006, the High Water Mark fell to \$199 million. The final amount payable to the Lion Manager for the 2005/06 year will be dependent on Lion's share price and the resultant 60 day average market capitalisation in the period to 31 July 2006.

The performance incentive will be updated weekly on Lion's website and announced monthly to the Australian Stock Exchange as part of the monthly Net Tangible Asset (NTA) notification. The \$0.6 million payment calculated as at 31 January 2006, has been provided for in Lion's NTA calculation.

As at 22 February 2006, the performance incentive is estimated at \$1.9 million.

## LION ANNUAL GENERAL MEETING – 9 DECEMBER 2005

The Lion Selection Group Annual General Meeting was held on Friday 9 December at 10am. The two resolutions, for the re-election of Mr Ewen Tyler as director of Lion Selection Group Limited and for the remuneration report, were approved by a show of hands. No other resolutions were put to the meeting. Copies of the Chairman's address and the Managing Director's presentation can be found at the Lion website [www.lionselection.com.au](http://www.lionselection.com.au).

## LION 10 CENT DIVIDEND

At the 2005 AGM, the directors of Lion were pleased to announce a dividend of 10 cents per share, to be 80% franked. The dividend will be paid on 24 February 2006 to shareholders registered at the close of business on 3 February 2006.

During the financial year ended 31 July 2005, Lion recorded a profit of \$32.2 million, the major component of which was an after tax profit on the sale of shares in MPI Mines of \$28.7 million. The company paid a 10 cent dividend from this profit on 25 February 2005.

Payment of the dividend confirms Lion's policy to return a substantial proportion of crystallised profits on sale of investments to shareholders.



L I O N   S E L E C T I O N   G R O U P   L I M I T E D

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## SHAREHOLDER INFORMATION

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<i>Issued shares:</i>	<i>100.1 million</i>	<i>Share price at quarter end:</i>	<i>\$2.31</i>
<i>Quarter High:</i>	<i>\$2.44</i>	<i>Quarter Low:</i>	<i>\$1.92</i>
<i>Volume traded:</i>	<i>16.6 million</i>	<i>NTA after tax:</i>	<i>\$2.23</i>

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