LION SELECTION GROUP LIMITED

Quarterly Report
for the 3 months ended
31 July 2003

KEY POINTS

- **EAGM** **SOLD**: $30 million pre-tax profit for Lion
  Additional US$9.5 million for AFL
- **MPI Mines** Planning to expand Black Swan nickel production by 50%
  Honeymoon Well could become major new nickel mine; drilling in progress
- **Indophil** **Tampakan**: Excellent results from first drill hole into high grade zone
  $11.8 million raised to fund Prefeasibility Study

- **Five investees approaching decision to mine: Lafayette, Sedimentary, Gallery, Westonia and Austindo.**

- **A decision is expected in the near future on use of funds and profits from the EAGM sale**.

INVESTMENTS

LION SELECTION GROUP LIMITED

INVESTMENT SUMMARY TABLE

Investment At 31/7/03	ASX Code	Activity	LSG Holding %	Amount Invested** $m	Market Value or Cost of Unlisted* $m
Unlisted Investments					
African Lion (AFL)		Africa - mining investment	14.8	6.9	6.9
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
Listed Investments					
Austindo Resources	ARX	Indonesia/Aust – gold	15.6	3.6	1.8
Equinox Resources	EQR	Zambia/Aust – copper/gold	10.9	1.3	1.0
Gallery Gold	GGN	Botswana – gold	43.3	13.1	16.0
Havilah Resources	HAV	Australia - gold/base metals	22.0	1.9	1.1
Indophil Resources	IRN	Philippines - copper/gold	44.2	11.7	13.8
Lafayette Mining	LAF	Philippines - gold/base metals	32.6	9.8	13.4
MPI Mines	MPM	Australia – gold/nickel	16.3	9.5	13.7
Sedimentary Holdings	SED	Australia – gold	28.7	6.7	11.5
Spinifex Gold	SPX	Tanzania – gold	19.1	9.5	5.5
Westonia Mines	WEZ	Australia – gold	36.0	4.0	21.4
Other Investments				4.6	3.3
Sub total Investments				82.9	109.7
Net Cash					50.0
Total Investments					159.7
Net Asset Value (NAV) before tax (cents per share)					159.6
Net Asset Value (NAV) after tax (cents per share)					155.4

* 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

MPI MINES LIMITED – AUSTRALIA/GOLD & NICKEL (LION - 16%)

	June Qtr 2003	March Qtr 2003
Black Swan Nickel Mine Production (MPI – 80%)		
Nickel shipped (t)	3,328	1,929
Total unit cost (A$/lb Ni shipped)	4.15	4.89
Stawell Mine Production (MPI – 50%)		
Gold production (ozs)	23,390	25,812
Total production cost (A$/oz)	578	542
Coolgardie Gold Joint Venture (MPI- 25%)		
Gold production (oz)	11,419	7,915
Total production cost (A$/oz)	1,159	816

Nickel production of 3,101 tonnes of nickel in concentrate for the quarter continued to exceed target rates. Ore production at the **Black Swan Nickel Project** (80% MPI) has now exceeded forecasts for the half year to June 2003 by 19%.

Studies on mining and treatment rates have commenced on the Black Swan Disseminated (BSD) deposit. The existing Black Swan circuit can treat some 180,000 tonnes per year of Silver Swan ore and 420,000 tonnes per year of BSD ore with only minimal capital expenditure. The plant may be expanded to mill up to one million tonnes per year of BSD ore and capital costs are being determined.

A total of 4,277 metres of resource definition drilling was completed at the Silver Swan underground massive ore body to convert the mineralisation to Indicated Resource. Better results from the 30 hole program include 6.88 metres @ 13.5% Ni, 6.23 metres @ 13.3% Ni, 4.36 metres @ 14.5% Ni and 6.76 metres @ 8.5% Ni. Work will continue over the second half of the year.

At the **Honeymoon Well** project massive sulphides have historically been intersected in 42 drill holes at depths of 100 to 500 metres below surface over a one kilometre strike length in the Wedgetail zone. A program of resource definition drilling at a cost of $1 million is proposed to better define the resource in key areas. Massive sulphides have also been intersected at depths of 150 to 300 metres below surface in the Harrier mineralised zone. The average tenor of the massive sulphides is 6.6% Ni over down hole lengths of 1 to 5 metres. An initial program of 10 diamond drill holes is planned.

MPI announced in July that it had been unable to finalise terms for the purchase of joint venture partner Pittston's 50% interest in the Stawell Gold Mine and 25% interest in the Coolgardie Joint Venture. As a result, the acquisition agreement will not be completed and operations at both Stawell and Coolgardie will continue under existing joint venture arrangements.

The joint venture partners have approved the first year of a mine plan aimed at extending operations at the **Stawell Gold Mine** into 2005. The plan extends the Magdala decline to 1004mRL and adds two production levels to the Magdala ore body. A total of five production levels will be developed in Golden Gift, increasing stope ore to be extracted from the Golden Gift ore body to about 260,000 tonnes.

MPI has announced that it will sole fund a significant exploration program in the Stawell Corridor, targeting repetitions of the Stawell ore body. Initial outlay for the program will be $700,000 and MPI's ownership of the Stawell Corridor will increase from 50% to 58% on completion of this expenditure.

Mine production at the **Coolgardie Joint Venture** was 11,419 ounces of gold. Coolgardie is expected to deliver a much stronger performance in the second half, as development of the Empress underground mine is almost complete and the better grade section of Lindsay's open pit is ready for mining. Forty-one holes were drilled to assist with development layout and stope design at Empress, producing better gold intersections of 1.08 metres @ 92.1 g/t, 1.42 metres @ 21.8 g/t, 0.96 metres @ 62.2 g/t, and 0.92 metres at 73.6 g/t. The results illustrate the high grade nature of this relatively small resource and indicate that both the East and West lodes continue below 1140mRL. Additional exploration drilling targeting high grade vein and stockwork positions at the Flagstaff, Perseverance and Big Blow prospects will be carried out.

MPI announced in May that Mr Jim Mitchell and Mr Kevin Wilson had been appointed to the company as Executive General Manager Operations and Executive General Manager Corporate Development. Mr Alan Evans, one of MPI's founding shareholders, retired in June.

EAST AFRICAN GOLD MINES LIMITED - TANZANIA/GOLD

Lion announced on 9 July that East African Gold Mines (EAGM) had accepted a takeover offer of US$3.015 per share on behalf of its shareholders. Lion reluctantly agreed to accept the offer from Placer Dome Inc on the basis that more than 75% of EAGM shareholders had already accepted the offer and Lion did not want to be locked into a minority position.

Proceeds from the sale of the EAGM stake, amounting to A$40.3 million, were received by Lion on 24 July. Lion has realised approximately A$30 million pre-tax profit from the sale of its interest in EAGM and the Lion board will determine optimum use of these funds to maximise shareholder value. Alternatives to be considered include:

- returns to shareholders
- re-investing in Lion's existing portfolio
- investing in new additions to the portfolio

EAGM is an excellent example of Lion's strategy from investment to divestment. Lion invested in an exploration company with granted mining licences in Tanzania in July 1998, supported the company as it moved along the development curve and exited a producing gold company some five years later.

INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (LION – 44%)

Drilling commenced at the Tampakan copper-gold project in early July. The infill and evaluation drill program is focused on a zone of shallower, higher grade copper mineralisation identified by Indophil's initial data review.

The higher grade copper-gold zone occurs at or near the top of the overall mineralised zone (based on a 0.5% copper cut off) and appears to be continuous, broadening at the northern end of the resource. Mineralisation has the potential to exceed 100 million tonnes and 1.5% copper equivalent.

Assay results for the first hole drilled in this zone were released by Indophil subsequent to the end of the quarter. Significant intersections, based on broad geological domains and metal distributions, included:

From (m)	To (m)	Interval (m)	Copper (%)	Gold (g/t)	Arsenic (ppm)
6.3	123.8	117.5	1.72	0.33	474
123.8	193.0	69.2	0.54	0.17	369
193.0	240.0	47.0	0.48	0.07	28

Copper and gold grades within the zone show even metal distribution patterns with a peak copper value of 4.34%. Indophil is encouraged by the results as this hole was drilled near to what was thought to be the limit of the higher grade copper zone. It now appears that the higher grade copper mineralisation extends into this area and at a shallower depth than expected. A second hole on this section line is currently being drilled 200 metres east.

Weekly drilling reports from Tampakan are being posted to Indophil's website, www.indophil.com.

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Further evaluation of the Tampakan data has indicated the presence of low grade gold mineralisation within the leached cap. Typical intersections include 24.6 metres @ 1.28 g/t gold from 28.4 metres, 26 metres @ 1.29 g/t gold from 43 metres and 10 metres @ 1.93 g/t gold from 37 metres. Current drilling density is insufficient to define the distribution of the gold mineralisation but many of the intersections occur immediately above the higher grade area of the deposit that is currently being evaluated. Additional work is required to determine if this mineralisation is economic.

A new resource estimate for the Manat project indicates a resource of 2.7 million tonnes @ 2.8 g/t gold, 26 g/t silver, 0.85% lead and 1.58% zinc containing in situ 245,000 ounces gold, 2.28 million ounces silver, 22,500 tonnes lead and 42,000 tonnes of zinc metal. Future options for Manat are being reviewed by the company.

Indophil undertook a substantial fund raising program during the quarter, raising a total of $11.8 million to finance the prefeasibility stage of the Tampakan project. A placement of 54 million shares at 15 cents per share to sophisticated investors, managed by Euroz Corporate and supported by ABN AMRO Morgans, raised $8.1 million. Lion subscribed $4 million as part of the placement, increasing its shareholding to 44.2%.

A Shareholder Share Purchase Plan (SSPP) was implemented in July at 15 cents per share. Subsequent to the end of the quarter Indophil announced that a total of $3.223 million, representing approximately 21.487 million shares, had been raised.

These initiatives followed a placement to Xstrata Queensland Limited (formerly MIM Holdings Limited) at 25 cents per share to raise $500,000. Xstrata is required to subscribe an additional $1 million at 25 cents per share, subject to certain conditions, to retain its option to acquire an interest in the Tampakan Project.

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

A Bankable Feasibility Study (BFS) has commenced at the Cibaliung Gold Project in Indonesia following positive outcomes from the recently updated Prefeasibility Study (PFS).

Key findings of the PFS are:

- mine life of 6 years with increased production rate of 220.000 tonnes of ore per annum
- recovery of gold and silver by a conventional gravity-CIL processing plant
- annual production of approximately 70,000 ounces gold equivalent
- initial capital estimated at approximately US$30 million
- average life of mine cash operating costs of less than US$200 per ounce

These results, underpinned by the increased resources announced last quarter and an improved US$ gold price, have renewed confidence in the Cibaliung project. Improvements to the mining plan and a reduction in estimated costs have also had a positive impact. Austindo anticipates that the BFS will be completed in the first half of 2004.

The Cibaliung tenement areas have been renewed in feasibility stage to May 2005. The renewed tenements include an extended prospective area to the south west of the high grade Cikoneng and Cibitung shoots. Exploration is continuing and Austindo will assess results and plan further work to run concurrently with the BFS later in the year.

Data review and compilation on the Mt Alexander Goldfields and Sebastian/Raywood projects in Victoria is nearing completion. The geological information obtained from the review will be used to identify targets for drill testing at the earliest opportunity.

Subsequent to the end of the quarter Austindo announced that it would place 52.5 million shares at 3.2 cents per share to raise additional working capital of $1.7 million. The placement will be made to the company's major shareholders and interests associated with some of the Austindo directors and will be subject to shareholder approval at a general meeting scheduled for 30 September. PT Austindo Nusantara Jaya, which currently has a 47.9% shareholding, will subscribe for up to 33 million shares. The amount raised will fund the company through and beyond the completion of the Cibaliung BFS. Austindo will also offer shareholders at 25 August 2003 the opportunity to participate in a Share Purchase Plan.

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

The Bankable Feasibility Study (BFS) for the development of a 1 million tonne per annum mining operation at the Mupane Gold Project in Botswana was completed in May. Key findings of the BFS are:

- Ore reserve of 5.6 million tonnes at a grade of 3.4 g/t Au for 589,000 ounces
- Mining from four proposed open pits with an average strip ratio of 6:1
- Reserve estimation based on a gold price of US$320/ounce
- Estimated project capital cost of US$32 million
- Average operating costs of US$19.79 per tonne of ore over the life of the mine
- Proposed process plant with nominal capacity of 1.2 million tonnes per annum treating oxide ore and 1 million tonnes per annum treating primary ore, generating a five year mine life based on current reserves.
- Anticipated commencement of project development in October 2003 and commissioning in the last quarter of 2004.

Post tax financial ratios for the project, based on a US$350/ounce gold price and an 8% discount rate, are:

- Internal rate of return: 24%
- Net present value: US$15 million
- Cash cost: US$199/ounce

Gallery has identified cost savings to reduce the project capital costs by approximately US$4 million to around US$28 million. The company believes that the capital costs outlined in the BFS can be reduced by:

- Negotiation of a lump sum contract
- Simplification of some areas of the process plant and office buildings
- Use of second hand mills, crusher, electrical switchgear, transformers and oxygen plant

An application for a mining licence over the Mupane area has been lodged with the Department of Mines in Botswana and Gallery has been advised that the review process should take approximately two months. The Botswana Government has an option to purchase a 15% interest in the Mupane Gold Project and Gallery anticipates that the Government will advise its intentions once the mining licence has been granted.

Following receipt of definitive term sheets from two banking syndicates, Macquarie/Investec have been selected as the preferred project financiers. Final documentation is underway and it is expected that funds will be available for drawdown in September. An interim hedge position has been provided by Macquarie to underpin the project and 50,000 ounces of gold is currently hedged at US$365 per ounce.

Exploration drilling at Tau returned an intercept of 39 metres @ 2.5 g/t Au approximately 50 metres down dip from previous drilling and roughly 70 metres below the presently designed pit. The intersection confirms that the Tau mineralisation continues strongly at depth over a strike of at least 250 metres.

A scoping study to assess the potential supply of ore to Mupane was initiated on the Shashe Mining Lease, which has a total resource of 247,000 ounces of gold. Mineralisation is partly refractory with recoveries by conventional cyanidation of around 65%. Gallery plans to evaluate this resource in more detail to determine if recoveries can be improved by treating the ore through the flotation and regrind circuit of the Mupane plant.

Draft Scheme of Arrangement documents for the merger with Spinifex Gold Limited have been lodged with the Australian Securities and Investments Commission. As a consequence of the due diligence process, general market movements and the finalisation of the Mupane Bankable Feasibility Study (BFS), the terms of the merger have been revised. Spinifex shareholders will now receive 2.4 Gallery shares for each Spinifex share (previously 2 for 1) and 0.46 Gallery shares for each Spinifex option (unchanged). Subject to ASIC approval, shareholder meetings to approve the proposed merger are expected to be held in mid September. The directors of both companies have confirmed their commitment to the merger and remain confident that it has the potential to deliver long term value to all shareholders.

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

Drilling within the Nyakafuru-Kanegele joint venture licence area in Tanzania (Resolute earning up to 66%) has identified significant zones of economic grade gold mineralisation. Drilling to infill and extend current mineralised zones at the Cullen prospect returned intercepts of 23 metres @ 2.42 g/t Au from 55 metres and 10 metres @ 2.81 g/t Au from 27 metres. Significant intercepts of shallow mineralisation were also encountered at the Mentelle prospect including 37 metres @ 1.28 g/t Au from 20 metres and 13 metres @ 3.79 g/t Au from 53 metres.

Sixteen air core holes were drilled over a low level gold in soil anomaly at the south west end of the Kanegele licence during the quarter. Significant results include 1 metre @ 2.74 g/t Au from 3 metres, 4 metres @ 1.80 g/t Au from 25 metres and 1 metre @ 21.40 g/t Au from 3 metres. An Induced Polarity survey is planned prior to further drilling.

On the Nyakafuru licence an initial aircore program was drilled over three new targets delineated by geophysics. Results from this 88 hole program are pending.

Infill soil samples were collected to confirm the extent of the previously defined soil anomalism at the Kitongo Hill, Isegenghe and Mwamazengo prospects. Coherent gold in soil anomalies with magnitude greater than 20 ppb Au were confirmed at Kitongo Hill and Isegenghe. Several new target areas have been identified in a recent interpretation of the latest geochemical data.

Exploration work on Spinifex's other projects was limited pending finalisation of the proposed merger with Gallery Gold. Infill soil sampling was conducted to confirm the extent of known anomalism at Rwamagaza West and to define areas to be relinquished in the pending licence renewal. Planning is underway for a detailed drilling program to test the mineralised potential of new interpreted structures with strong geochemical support. The program will also aim to test the continuity of known mineralisation at New Nyamazama, Nyamazama Lineament and Isseni.

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

Preliminary work is being undertaken at the Rapu Rapu polymetallic project in the Philippines. The first phase of construction includes preparatory development of the port facility and access roads, as well as the final test work for detailed foundation design of the plant and tailings storage facility. Work is being conducted ahead of the final bank credit approval in order to accelerate mine development. Leighton Contractors Asia has agreed to undertake the construction on a guaranteed maximum price contract basis.

Construction time for the 1 million tonnes per annum project is scheduled as eleven months to first gold production and thirteen months for the production of copper and zinc concentrates. Pending receipt of final debt funding, commercial production from Rapu Rapu is expected to commence in 2004 and is forecast to generate annual revenue equivalent to 135,000 ounces of gold. An independent technical review has confirmed the capital cost of construction to be approximately US$43 million.

Macquarie Bank and Standard Bank London are at advanced stage in their credit submissions and a final decision on proposed construction finance is expected in the next quarter. Lafayette has secured a six month extension to the US$3 million loan from Standard Bank London to give both the company and the banks time to finalise documentation.

Executives of Lafayette met with the Prime Minister of Australia, the Hon Mr John Howard, during his visit to the Philippines. Both the Australian and Philippine governments reinforced their commitment to ensuring the success of the Rapu Rapu project and they informally acknowledged the flagship status of the project in the Philippines. Rapu Rapu is the first new mine to be fully permitted in the Philippines in twenty years and has the capacity to become one of the largest mining projects in the country in terms of export earnings.

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

A Mining Lease (ML80089) has been granted for the area containing the Crown and Klondyke North shoots at the Cracow Joint Venture in Queensland. The lease is adjacent to the previously granted Mining Lease (ML80088) incorporating the Royal Shoot and the intended site of the decline portal. Approvals for the commencement of mining activities on this lease have been granted.

The Indigenous Land Use Agreement which covers all of the Cracow mining and exploration tenements was registered in June by the National Native Title Tribunal.

Draft documentation of bank finance agreements and the joint venture agreement with Newcrest Mining Limited was substantially completed during the quarter. A review of the life of mine plan, including detailed planning of the decline and stoping methods, was also completed. Initial plant capacity has been increased to a planned 300,000 tonnes per annum as a result of the review.

Wide spaced drilling on the Phoenix structure has increased the potential strike length of mineralisation to 350 metres. Further drilling is planned on the vein structures between the Royal and Crown shoots and to the west of Phoenix to increase mineral resources close to the planned decline development.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (LION – 36%)

The Bankable Feasibility Study (BFS) on the proposed Westonia open pit is in progress. An infill and evaluation drilling program totalling 2,500 metres in selected target regions is underway and results will be incorporated into the BFS. This follows consultant RSG's downward revision of its earlier estimate of mineable open pit resources. Westonia has initiated project financing discussions and submitted a Notice of Intent to resume mining operations to the relevant State authorities for approval.

Drilling as part of the Westonia Deeps Initiative is testing the gold hosting Edna May Gneiss to a depth of approximately 1,000 metres to define ore reserves that can be mined from underground. The first drill hole of the program has intersected a major gold bearing reef structure between 608 and 614 metres, with an estimated true width of 5 metres. Preliminary gold assays, using a partial extraction technique, have returned an average grade of 21.3 g/t Au over the 5.8 metre interval. An additional four holes will be drilled to complete Stage One of the program.

A third drill program is following up the discovery of nickel sulphide mineralisation adjacent to the planned open pit. Three holes have tested for immediate depth extensions to the previously reported intersection and the following assay results have been returned:

WRC 1006	8m	@	0.6% Ni	from	36-44m
WRC 1007	8m	@	0.7% Ni	from	56-64m
WRC 1008	12m	@	0.7% Ni	from	36-48m

In addition, two holes have been drilled north and northeast of a previous oxide nickel intersection with the following results:

WRC 1004	4m	@	0.8% Ni	from	28-32m
WRC 1005	12m	@	1.0% Ni	from	20-32m

Further drilling and geophysics are in progress.

Exploration for nickel sulphide mineralisation has been initiated over other tenements surrounding Westonia and containing ultramafic rocks. The target zone at West Westonia has returned encouraging soil geochemical values and a coherent geophysical anomaly will be drill tested. In the Jilbadjie area geochemical sampling has indicated anomalous areas worthy of further follow up.

Westonia placed 12.4 million ordinary shares at 36 cents each to clients of Euroz Securities Limited during the quarter, raising $4.4 million to advance the Deeps Initiative and evaluate the nickel and gold prospectivity of the Westonia Greenstone Belt.

Mr David Macoboy has been appointed as a non executive director of the company. David has extensive experience in accounting, capital raising, corporate management and treasury, which will benefit Westonia in project financing discussions. David is currently a director of Consolidated Minerals Limited, Monarch Resources Limited and ANZOIL NL.

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

Havilah completed a second round of drilling on the Mulyungarie Exploration Licence to test identified gold and base metal targets on the Jack Dam gold prospect, the McBrides Dam lead zinc prospect and the Homestead gravity prospect during the quarter.

Several gravity and magnetic features were tested at Jack Dam, returning numerous anomalous gold and copper values. Better results included 2 metres of 4.2 g/t Au from 132 metres and 5 metres of 1.4 g/t Au from 50 metres. Widespread anomalous copper and arsenic values confirm the prospective sequence in this area is gold mineralised.

Two holes drilled approximately 300 metres apart at the McBrides Dam prospect returned anomalous lead and zinc values over a wide interval, including 32 metres @ 0.34% zinc from 103 metres and 13 metres of 0.17% zinc from 79 metres, again confirming the base metal potential of this area.

All legal documentation for the purchase of several new exploration licences in the Curnamona Craton has been completed and drilling on priority targets should commence during the next quarter.

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

Equinox has signed a Letter of Intent to acquire the 49% Phelps Dodge interest in the Lumwana copper project in Zambia. The acquisition is conditional upon Equinox introducing a new joint venture partner (NJVP) to the project. Equinox or the NJVP may acquire the Phelps Dodge interest by paying US$3 million on execution of a binding agreement with the NJVP and a further US$2 million on a decision to proceed with development.

Equinox is now in a position to negotiate in respect of 100% interest in the project and is prepared to offer a majority interest and operational management of the project to a partner with the appropriate mine development and financial capabilities.

The US$13 million Bankable Feasibility Study (BFS) is scheduled for release in September and recent work has focused on mine design and the definition of operating parameters, process plant design, metallurgical test work and capital and operating cost estimation. The study proposes a 20 year staged development of the 901.2 million tonne resource grading 0.7% Cu with cobalt, uranium and gold credits producing an average 116,000 tonnes of copper per year.

Following the restructure of the Lumwana Joint Venture and the release of the BFS it is anticipated that the partners will proceed towards project financing. Equinox is currently evaluating listing on the London and/or Toronto stock exchanges in expectation of a substantial equity raising component of the project financing.

Compilation of all available historical exploration data on the area surrounding the Lumwana deposits has been integrated with information compiled by Equinox on the Malundwe and Chimiwungo deposits to construct a detailed geological framework for the region. From the data 27 highly prospective copper-cobalt targets have been identified that are close to the planned mine infrastructure, have high potential to host shallow >1% copper grade sulphide resources and have the potential of being brought into production at an early stage of development.

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

AFL Investment At 31/07/03	Country / Activity	AFL Holding %	Amount Invested US$m	Market Value or Cost of Unlisted* US$m
Unlisted Investments				
Albidon	Africa – junior explorer	36.1	1.5	1.5
Copperbelt Selection	Africa - copper	32.5	0.2	0.2
Kalahari Diamonds	Botswana - diamonds	2.6	0.5	0.5
Listed Investments				
Afriore	Africa – anthracite/gold	11.8	1.0	1.4
Equinox Resources	Zambia – copper	4.4	0.2	0.3
Gallery Gold	Botswana - gold	10.6	2.1	2.5
LionOre International Mining	Botswana – nickel	0.2	1.0	1.8
Red Back Mining	Ghana – gold	12.7	2.0	4.3
Resolute Mining	Tanzania - gold	3.1	2.0	2.5
Spinifex Gold	Tanzania - gold	25.5	4.9	4.7
Total Investments			15.5	19.7
Net Cash				18.4
Total Net Assets			27.0**	38.1
Funds to be drawn				6.8

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

Australian Selection's A$6.9 million investment valued on the basis of the AFL portfolio at market value or cost of unlisted (as shown above) is A$9.2 million

African Lion (AFL) sold part of its shareholding in LionOre International Mining during the quarter, realising a profit of US$0.75 million.

A second divestment was made in July when AFL accepted the US$3.015 per share offer by Placer Dome for its holding in East African Gold Mines. The sale of AFL's 6.1% interest returned pre-tax proceeds of US$14.8 million from an investment of US$5.3 million.

Further investments totalling US$1 million were made in Albidon Limited. These funds have enabled Albidon to commence an extensive drilling program at the Munali nickel-platinum project in Zambia and continue low level exploration on the company's other extensive tenements in Africa.

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RETIREMENT OF COMPANY SECRETARY

Paul Taylor has informed the Lion directors of his intention to retire as Company Secretary/CFO, effective at the conclusion of the Annual General Meeting on 10 December 2003.

Paul has been Company Secretary of Lion since the company's inception in July 1997 and his contribution is greatly appreciated.

Paul's replacement will be Mr Peter Maloney. Peter has held executive financial and commercial positions with Australian companies including WMC Limited, FH Faulding & Co and Santos Limited. He has been a director of several private and public companies and is currently a non executive director of Indophil Resources NL.

ANNUAL REPORT COMPETITION

Lion is pleased to announce that the winner of the 2003 annual report competition is Ms Elizabeth Costello from Canberra. Elizabeth's lion photo will appear on the cover of this year's annual report.

Lion received some excellent photos and would like to thank all shareholders who submitted entries to the competition.

ASX PRESENTATION

Robin Widdup will be making a presentation on Pooled Development Funds at a free seminar on Tuesday 14 October. The seminar, organised by the Australian Stock Exchange, will be held at the ASX Theatrette, 530 Collins Street, Melbourne, commencing at 6pm.

Places for this free event are limited so if you wish to attend please reserve a seat by calling ASX Customer Service on 1300 300 279.

ANNUAL GENERAL MEETING

The 2003 Annual General Meeting will be held in Melbourne on Wednesday 10 December. The meeting will commence at 9am in the ASX Theatrette, 530 Collins Street.

SHAREHOLDER INFORMATION

Issued shares:	100.1 million	Share price at quarter end:	$1.54
Quarter High:	$1.71	Quarter Low:	$1.37
Volume traded:	19.4 million	NAV after tax:	$1.55

Further enquiries:
Judith Russell, Investor Relations Manager
Lion Selection Group Limited
ABN 26 077 729 572

Level 4, 15 Queen Street, Melbourne Victoria 3000
Telephone: 61 3 9614 8008 Facsimile: 61 3 9614 8009 Email: lionselection@lsg.com.au
www.lionselection.com.au