



LION SELECTION GROUP LIMITED

Lion Selection Group Limited

Quarterly Report for the 3 months ended 31 July 2005

KEY POINTS

- **Indophil**
 - *Tampakan \$27 million pre-feasibility study underway and fully funded.*
 - *Project manager appointed.*
- **Havilah**
 - *Kalkaroo drilling program aims to double copper resource to 200 million tonnes.*
- **Allegiance**
 - *Avebury nickel project feasibility study due for completion October 2005.*
- **Gallery**
 - *Half million ounce gold resource increase at the Busolwa project in Tanzania.*
- **Lafayette**
 - *Gold production commenced at the Rapu Rapu project in the Philippines.*
- **Austindo**
 - *\$18.7 million equity funding completed for Cibaliung gold project in Indonesia.*

INVESTMENT SUMMARY TABLE

Investment	ASX Code	Country/Activity	LSG Holding %	Amount Invested \$m	Market Value or Cost of Unlisted* \$m
<i>At 29/07/2005</i>					
Unlisted Investments					
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
Listed Investments					
Allegiance Mining	AGM	Australia – nickel	12.0	6.1	6.0
Austindo Resources	ARX	Indonesia/Aust – gold	18.1	8.5	8.4
De Grey Mining	DEG	Australia – gold	6.8	3.1	2.2
Exco Resources	EXS	Australia – copper/gold	9.9	2.9	1.6
Gallery Gold	GGN	Botswana/Tanzania – gold	21.9	21.7	41.1
Havilah Resources	HAV	Australia – gold/base metals	19.4	2.4	13.7
Indophil Resources	IRN	Philippines – copper/gold	21.5	11.6	20.7
Lafayette Mining	LAF	Philippines – gold/base metals	20.4	10.1	21.5
Leviathan Resources	LVR	Australia – gold	16.5	10.8	9.3
Sedimentary Holdings	SED	Australia – gold	23.7	8.1	13.4
View Resources	VRE	Australia – gold/nickel	11.0	5.5	2.3
Westonia Mines	WEZ	Australia – gold	43.8	8.5	7.5
Total Investments				99.4	147.8
Net Cash					28.7
Total Net Assets					176.5
Net Tangible Asset (NTA) before tax (cents per share)					176.3
Net Tangible Asset (NTA) after tax (cents per share)					169.1

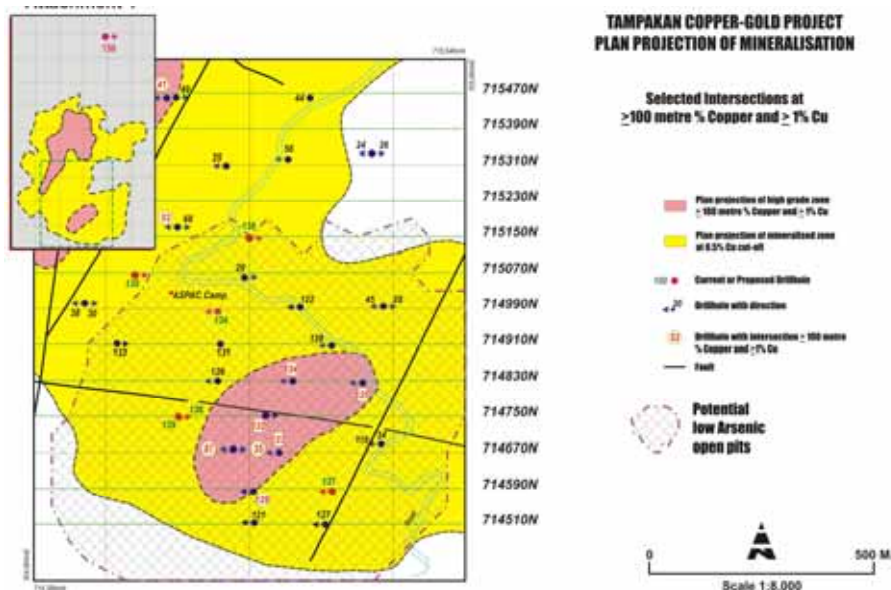
* For NTA purposes, the value of listed investments is at market and unlisted investments at the lower of cost or net realisable value



INVESTEE UPDATE

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

- Agreed amendments to the Option Agreement between Indophil and Xstrata Copper have resulted in:
 - bringing forward Xstrata's option exercise date from 31 December 2007 to 30 September 2006;
 - or requiring Xstrata to sole fund project expenditure between the above mentioned dates; and
 - limiting Indophil's commitment to sole fund pre-feasibility studies to \$27 million.
- George Widelski has been appointed as the Pre-Feasibility Study Manager. Mr Widelski has worked for over 30 years in the mining industry and has extensive experience in study and project management.
- Subsequent to the end of the quarter, Xstrata in their Interim Report 2005, commented that Indophil's Tampakan project mineral resource inventory "revealed the emerging scale of the deposit". On reporting that the pre-feasibility study was well underway they further commented that this "augurs well for the project."
- Indophil successfully completed its equity raising program on 3 June 2005 to raise over \$30 million in order to finance the \$27 million pre-feasibility study commitment agreed with Xstrata Copper and to provide working capital. Around 20% of the equity raising was sourced from European institutions.
- Signing of the Principal Agreement with the Kiblawan municipality means that all agreements with all provincial and local government units and indigenous peoples in the Tampakan project area have been completed.
- Latest drilling results for the first half of 2005 now take the total number of drill holes that have returned greater than 1% copper with thicknesses greater than 100 metres to 18 out of the 36 holes drilled since 1 July 2003. Five drill rigs are currently operating.





HAVILAH RESOURCES NL - SOUTH AUSTRALIA/GOLD & BASE METALS (LION – 19.4%)

- Havilah plans to continue resource drilling on its two advanced projects in South Australia over the remainder of 2005, namely the Kalkaroo copper-gold-molybdenum deposit and the Mutooroo copper-cobalt prospect.
- Havilah has contracted a second RC drill rig to commence drilling at the Kalkaroo deposit by the end of August. By drilling extensions of the known mineralisation down dip and along strike, Havilah is aiming to double the size of the current Kalkaroo resource to over 200 million tonnes, and to discover repetitions of the mineralisation along the 40 kilometres of strike of the Kalkaroo copper-gold horizon. New magnetic data has helped to identify the most prospective zones.
- Subsequent to the end of the quarter, Havilah announced further encouraging copper-cobalt drill results from the Mutooroo prospect including:

MTRC005	4 metres	@	1.5% Cu	0.11% Co	from 51 metres
MTRC009	4 metres	@	2.1% Cu	0.10% Co	from 40-41 metres
MTRC012	3 metres	@	1.4% Cu	0.13% Co	from 46 metres

These holes were drilled on two section lines north of high grade drilling results previously reported including 13 metres at 2.2% Cu and 0.29% Co from 36 metres (MTRC001) and 10 metres of 1.43% Cu and 0.21% Co from 44 metres (MTRC004). Drilling to date has now established economic grades of copper-cobalt mineralisation at shallow depth over 300 metres of strike within the 700 metres long 3D modelled potential resource envelope.

- Following the completion of a second round drilling program at North Portia, Havilah is undertaking preliminary resource calculation of the copper-gold-molybdenum deposit.
- Following the successful float of Curnamona Energy Limited, based on Havilah's Curnamona palaeochannel Tertiary uranium prospects, Havilah announced the commencement of its own hard rock uranium exploration program, focusing around the Radium Hill region.
- Havilah announced that it has reached an agreement with Placer Dome Australia Limited (Placer) that will extinguish Placer's interest in Exploration Licence 2720 which includes the Kalkaroo deposit. Under the terms of this agreement, Havilah will make a once off advance royalty payment of \$2.5 million to Placer in two instalments, thereby eliminating Placer's previous clawback rights, options and any further royalty payments.
- During the quarter, Havilah announced it reached agreement for the sale of 100% interest of three of its Gawler Craton tenements to Monax Mining Limited. This will allow Havilah to remain focused on its Curnamona tenements, whilst retaining an indirect interest in its Gawler properties. Under the terms of the agreement, Havilah will retain 10% of the issued capital of Monax Mining Limited at the time of listing on the ASX, which is planned to occur in September. One of Monax's tenement applications adjoins the recently announced and well publicised Carrapateena copper-gold discovery.



ALLEGIANCE MINING NL – AUSTRALIA/NICKEL (LION – 12.0%)

- During the quarter, Allegiance reported that all key development and environmental approvals for the commercial development of the Avebury nickel project in Tasmania had been granted.
- The 2003 resource estimate is being updated. While recent drilling outside this area has the potential to add significantly to this resource, these results will not be included in the updated resource estimate.
- Subsequent to the end of the quarter, Allegiance announced that surface drilling had intersected a wide zone of high grade nickel sulphide mineralisation approximately 330 metres west along strike from the current resource. Cored drillhole A053 intersected 14 metres (estimated true width 12 metres) of 2.5% nickel. This hole, and hole A050 which intersected 12 metres averaging 1.6% nickel, significantly enhance the potential for expansions of the nickel resource. The Avebury mineralised system has now been drill identified over a strike length exceeding 1,000 metres.
- Metallurgical testing has continued during the quarter, further developing the process flow sheet with the successful inclusion of techniques to control magnesium oxide reporting to the concentrate and also completing a review to further optimise nickel recovery.
- Feasibility study timing for the project remains on schedule for completion in October 2005. Resource drilling for the definitive feasibility study was completed during the quarter with 35 diamond drill holes for 5241 metres completed in the quarter.
- At Burbank, 4 kilometres west of Avebury, analytical and petrological data was received on two holes completed late last summer. Both holes intersected a broad zone of nickel mineralisation and Allegiance plans to further drill test this zone at depth.
- During the quarter, Allegiance announced that Mr Ian Levy, a mining geologist and mineral economist with over 25 years experience in mining, has been appointed Chief Executive Officer.

Avebury Decline Tunnel



Haul Road





GALLERY GOLD LIMITED – BOTSWANA & TANZANIA/GOLD (LION – 21.9%)

Botswana

- Gold production at the Mupane gold mine in Botswana during the quarter was higher than the previous quarter with 27,523 ounces of gold produced, well ahead of Gallery's 100,000 ounce per annum target for 2005.
- Mill throughput at Mupane increased to a total of 299,713 tonnes at a head grade of 3.1 g/t gold. Throughput rates were 8% above forecast by the end of June at a monthly annualised rate of 1.3 million tonnes per annum. Gold recovery was 92%, 2% above forecast. Cash costs were US\$237 per ounce for the quarter.
- Mining continued at the Tau pit where mined grades were slightly lower than forecast. Deeper, higher grade material will become available during the September quarter. Preparation for mining at the nearby Tholo pit commenced during the quarter.

Tanzania

- Gallery announced that total resources for the Buckreef-Rwamagaza project in Tanzania increased by 36% to 1.91 million ounces. Following detailed infill drilling at the Busolwa prospect, 20 kilometres from Buckreef, a significant upgrade was made to the existing resource figure. Total inferred resource increased to 13.7 million tonnes at 1.8 g/t gold for a contained 785,000 ounces based on a one gram per tonne cut off grade. This represents a 506,000 ounce increase over the previous estimate.

LAFAYETTE MINING LIMITED - PHILIPPINES/GOLD & BASE METALS (LION – 20.4%)

- **Subsequent to the end of the quarter, Lafayette announced the first gold pour at the Rapu Rapu polymetallic project in the Philippines.** This initial production will be followed by commissioning of the base metals plant, which will produce copper and zinc concentrates in the fourth quarter of 2005.
- Ore continued to be mined from the open pit, with approximately 70,000 tonnes of ore available on the ROM pad, in readiness for full operation of the plant. This stockpile is intended to enable continuous supply of ore to the process plant should inclement weather interrupt mining activities.
- Exploration activities continued during the quarter focussing on the Hixbar deposit where a previous electromagnetic survey had been completed. Subsequent to the end of the quarter, Lafayette announced that following successful exploration drilling at Hixbar, results have enabled the definition of an inferred resource of 1.2 million tonnes grading 1.7 g/t gold.



Open Pit mining at Lafayette's Rapu Rapu Project



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

- During the quarter, Austindo reported the successful completion of a placement and Share Purchase Plan (SPP) underwritten by Austock Corporate Finance Limited. The placement and SPP raised a total of \$18.7 million and will be used to fund the development of the Cibaliung gold project in Indonesia and exploration activities. Lion participated in this placement, committing \$4.5 million and increasing Lion's holding in Austindo to 18.1%.
- Austindo have agreed to purchase a gold processing plant located at the Mount Olympus Mine near Paraburdoo in Western Australia for \$2.57 million. The overall cost, including modifications and transportation, is expected to be less than allowed for in the project feasibility study which had budgeted for all new equipment.
- Environmental approval to proceed with the development of the mine, in accordance with the Company's development plan, was granted during the quarter. This approval will enable Austindo to finalise other local regulatory authorities permits. Subject to final regulatory approvals, construction on the Cibaliung project is expected to commence shortly with first gold production in 2006.
- In May, Austindo reported two key alliances had been made, expanding potential mining opportunities in Indonesia. A strategic alliance was formed with Anglo American Group to explore for large copper gold porphyry deposits in Papua. Shortly after, Austindo announced that a new 5,618 ha exploration tenement (prospective for low sulphidation epithermal gold/silver deposits) in Central Java, known as Pekalongan, had been granted in which it will have a significant joint venture interest with PT Sumber Mineral Nusantara.

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

- Westonia announced during the quarter the successful completion of its capital raising, with proceeds of \$6.6 million, net of expenses, being received. Lion participated in this capital raising, investing a further \$3.5 million, thereby raising Lion's holding in Westonia to 43.8%.



- A program of pit dewatering and infill drilling is planned to commence in late August with contracts awarded during the quarter. Site works have commenced following the Department of Industry and Resources approval of the Notice of Intent. All statutory permits for Westonia site activities are in place, with the exception of the Department of Environmental Protection Licence to Operate. This application is expected to be submitted at the start of August, once the dewatering line and first evaporation pond is completed, with the approval process taking approximately three weeks. Pumping will then commence in late August and drilling is expected to commence in November 2005.
- Westonia announced the following Board changes: Mr David Macoboy resigned from the Board due to work commitments. Subsequent to the end of the quarter, Mr Mark Fitzpatrick joined the Westonia Board as a non executive director. Mr Fitzpatrick has wide experience in venture capital and investment banking throughout Australia.

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

- During the quarter, De Grey reported further promising results from the Turner River province, south of Port Hedland in Western Australia.
 - In June, the Orchard Well exploration tenement E45/2533, lying along the north east strike of the Tabba Tabba Shear, was granted. A soil sampling program has been completed which returned strong anomalism. A RAB drilling program is underway to assess these anomalies.
 - A total of six RC holes for 647 metres were completed at the Amanda prospect, with the best intersection of:

AMRC001 11 metres @ 4.5 g/t Au from 62 metres

The mineralisation at Amanda is open at depth over a 1.2 kilometre strike length.
 - Five RC holes for 57 metres were completed at the Edkins prospect, on the same structure as Wingina Well and Amanda, with a best result as follows:

ERC012 4 metres @ 22.1 g/t Au from 19 metres
 - RC drilling at the Mt Berghaus prospect, located 15 kilometres from the Wingina Well discovery, continued to intersect high grade gold within quartz veined sediments. Best results during the quarter include:

BGRC097 12 metres @ 33.4 g/t Au from 4 metres
BGRC096 2 metres @ 11.9 g/t Au from 48 metres
- The Three Kings Platinum joint venture (Impala Platinum and De Grey), located south of Port Hedland, continued with 1,962 metres of drilling to test extensions of the known mineralisation. Drilling intersected some strong copper anomalies however PGE results were generally low.
- De Grey reported intersections of manganese from its first drilling program at the Beyondie base and precious metals project, 160 kilometres south of Newman in Western Australia. Surface rockchipping has encountered multiple outcrops of manganese with grades up to 53.9%. A drilling program is currently being planned.



- Subsequent to the end of the quarter, De Grey announced that in excess of \$9 million had been raised as a result of the exercise of its July 2005 options. Lion partially underwrote this option conversion and as a result increased its holding in De Grey to 6.8%. De Grey is now well cashed up for the current exploration program.

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

- Gold production at the Cracow gold mine in Queensland continued to ramp up as stoping increased and more development levels were accessed during the quarter. June quarterly production was 6,203 ounces with cash costs of \$310 per ounce. For the year to date, Sedimentary's share of gold poured totals 10,777 ounces. Mined grade for the quarter was 11.7 g/t gold.
- Additional mineral resources from the Sovereign and Klondyke North tenements combined with the Royal and Crown Shoots will result in a new Life of Mine plan. It is anticipated that plant throughput will increase from 300,000 to 360,000 tonnes per annum in 2007. Attributable gold production for Sedimentary is estimated at 250,000 ounces over nine years.
- During the quarter, a new zone of mineralisation named Kilkenny was discovered 400 metres west of the Crown Shoot. Drilling reported the following result:

CBK173 24 metres (10.8 metres true width) @ 7.4 g/t Au from 627 metres down hole

- NuStar Mining's (Sedimentary 18.1% interest) Paulsens gold mine successfully commenced production during the quarter recovering 7,358 ounces of gold at a cash cost of \$378 per ounce and pouring 5,118 ounces.
- Subsequent to the end of the quarter, Sedimentary announced further encouraging results from the new discovery zone at Kilkenny:

CBK181 21 metres (13.1 metres true width) @ 9.6 g/t Au from 819 metres down hole

and 20.6 metres (13 metres true width) @ 11.0 g/t Au from 873 metres down hole

CBK183 1 metre (0.5 metres true width) @ 103 g/t Au from 656 metres down hole

CBK179 9.8 metres (5.5 metres true width) @ 3.1 g/t Au from 582 metres down hole

CBK180 2.2 metres (0.8 metres true width) @ 9.3 g/t Au from 595 metres down hole

Two drill rigs are currently focusing on the strike and down dip potential of Kilkenny

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

- At Stawell gold mine, gold production during the June quarter was 30,334 ounces, which was close to the rate forecast in the 2005 prospectus and 19% higher than the March quarter.



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

Stawell Gold Mine (LVR – 100%)	June Qtr 2005	March Qtr 2005	Dec Qtr 2004	Sept Qtr 2004
Quarterly production				
Tonnes (million)	0.17	0.17	0.20	0.20
Grade (g/t)	5.6	5.0	6.0	5.1
Recovery (%)	94	92	93	87
Gold (000's ounces)	30.3	25.5	35.3	27.8
Cash cost (A\$/oz)	431	393	357	447

- Leviathan announced in their quarterly report that due to a production shortfall in the first half of the year, the company would record a loss for the first half. Leviathan noted that, whilst production is scheduled to increase in the second part of the year with financial results to improve, in total for 2005 a small loss is expected.
- Drilling during the quarter was targeted at conversion of resource to reserve and grade control. Drilling rates increased as working conditions underground improved, following completion of the 728 ventilation decline in May. A fifth underground drill rig that arrived in June will enable increased drilling rates in the December half, with an updated reserve/resource statement to be released in the December quarterly report.
- At the Brown's/Coongee Dome, 2 kilometres east of Magdala, a total of 40 aircore holes for 3,178 metres tested the northern end of an interpreted 3 kilometre basalt dome. A large gold anomaly has been defined which is at least one kilometre long and open to the north and south.
- At the Coolgardie gold mine, open pit production ceased in February and underground production closed in April. Subsequently, Leviathan announced on 9 August that its interest in the Coolgardie joint venture had been sold to Austminex for \$2.5 million in cash and shares.

EXCO RESOURCES NL - AUSTRALIA/COPPER & GOLD (LION 9.9%)

Cloncurry copper project - Queensland

- An initial resource estimate for the E1 South copper-gold deposit was completed during the quarter with 10.3 million tonnes at 0.67% copper and 0.17 g/t gold for 69,100 tonnes copper and 55,800 ounces of gold. The mineralisation is open at depth and along strike to the north-west, toward E1 East and E1 North, and the resource is mostly contained within 200 metres of surface and is potentially amenable to open pit mining.
- The discovery of the E1 East prospect of the Mt Margaret project was announced, with all eight holes drilled on the magnetic target intersecting copper gold mineralisation. Best results included 72 metres at 1.25% copper and 0.40 g/t gold from 40 metres. The current drill density is not sufficient at this stage to facilitate a resource estimate as many holes terminate in mineralisation which remains open in all directions. Further diamond core and RC drilling is planned.



- A drilling program of three RC holes over a strike extent of 100 metres of the Notlor prospect has revealed encouraging grade copper and gold mineralisation. Best results include 16 metres at 1.66% copper and 0.87 g/t gold from 34 metres, and 28 metres at 1.3% copper and 0.67 g/t gold from 27 metres.

White Dam gold project – South Australia (Exco 60%, Polymetals 40%)

- The White Dam joint venture partners are proceeding with final feasibility studies, permitting applications and development planning.

Other

- Other exploration/corporate activities in China, northwest Queensland and South Australia are proceeding satisfactorily.

VIEW RESOURCES – AUSTRALIA/GOLD-NICKEL (LION – 11.0%)

- Good nickel production was reported for the quarter from the Kambalda operations in Western Australia, with 19,147 tonnes at 2.4% nickel for 460 tonnes of contained nickel.
- The principal exploration target for the quarter was the Zone 29 eastern extension where surface RC drilling was conducted, confirming the nickel sulphide mineralisation.
- At Bronzewing, a number of elevated gold intersections were reported following completion of RAB/aircore drilling at the Sundowner South and West Sundowner prospects.
- View completed a broad spaced shallow reconnaissance RAB drilling program to assess nickel potential at the Mt Grey prospect, located approximately 10 kilometres east of Bronzewing. The drilling intersected near surface nickel enrichment in oxidised ultramafic rocks of >0.5% nickel over a strike length of 1.5 kilometres.
- During the quarter, View announced a \$7.58 million fully underwritten pro-rata non-renounceable rights issue to shareholders. The rights issue was completed in July 2005 and funds raised will be applied to the feasibility study on Cockburn underground project, repay existing debt, fund the final payment on Bronzewing and for working capital. Lion did not participate in this issue.
- Following the decision last quarter to defer the restart of open cut mining at Bronzewing due to adverse market conditions, a full review commenced on the underground mining opportunity at Cockburn. Initial consultant reviews suggest that this could sustain a viable operation and warrants a detailed feasibility study which is underway. Part of this study will be an infill drilling program.

INVESTMENT BRIEFINGS

The joint Lion and AuSelect investment briefings, which were originally scheduled for the week commencing 3 October, will now be taking place during week commencing 14 November 2005. Invitations to the briefings, which include details of the dates, times and venues, will be sent out in mid-October.



LION SELECTION GROUP LIMITED

QUARTERLY CASHFLOW REPORTS – APPENDIX 5B

Lion Selection Group Limited has previously submitted a quarterly cash flow report (Appendix 5B) with the ASX. As Lion does not have a controlling interest in a mining exploration company, the 5B is not required. Further, Lion believes that this information is not useful as it releases a monthly Net Tangible Asset (NTA) statement and details of that NTA, including its cash position, are available on the Lion website www.lionselection.com.au. Quarterly activities reports will continue to be lodged with the ASX in accordance with the ASX Listing Rules.

SHAREHOLDER PHOTOGRAPHY COMPETITION – 2005 ANNUAL REPORT

Shareholders are invited to submit photographs of lions for the cover of the 2005 Annual Report. Images can be submitted as high quality photographic prints or computer files (Photoshop TIF file 300dpi or Illustrator EPS file 800dpi). Photos must be taken by the shareholder and will be returned at the close of the competition – 26 September 2005.

The winning entry will be selected by the Lion team in Melbourne and the photographer will receive a framed copy of the report cover.

Send entries to (with return contact details and details of where photo was taken):

Brooke Robertson
Investor Relations Manager
Lion Selection Group
Level 4, 15 Queen Street
Melbourne VIC 3000
Ph 9614 8008 Fax 9614 8009
Email: [brobertson@lsg.com.au](mailto:b Robertson@lsg.com.au)

SHAREHOLDER INFORMATION

<i>Issued shares:</i>	<i>100.1 million</i>	<i>Share price at quarter end:</i>	<i>\$1.84</i>
<i>Quarter High:</i>	<i>\$1.98</i>	<i>Quarter Low:</i>	<i>\$1.54</i>
<i>Volume traded:</i>	<i>13.2 million</i>	<i>NTA after tax:</i>	<i>\$1.69</i>

Further enquiries:
Brooke Robertson
Investor Relations Manager
Lion Selection Group Limited
Email: lionselection@lsg.com.au

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