

**Interim Financial Report
for the half year ended 31 January 2017**

Rule 4.2A.3

KEY POINTS

- Lion's investment portfolio performed well with a mark to market gain of \$3.2 million during the period. This gain was pleasingly reflected in Lion's share price (up 33%).
- Lion's best performer was Erdene Development Corporation, up \$4.3 million following on-going exploration success at its high grade and shallow epithermal gold projects in Mongolia.
- One Asia is Lion's largest investment, representing a material component of Lion's net tangible assets. Lion has maintained its valuation for One Asia at 18¢ps based on a placement in January 2017.
- One Asia is working towards an ASX listing of its interest in the Awak Mas Project held by Awak Mas Holdings Pty Ltd in mid 2017. One Asia shareholders would receive shares in the listed entity as part of any listing process.
- As set out in further detail in Note 2 to the accounts, there are risks associated with One Asia's Pani Project given its ongoing ownership challenge and the ultimate realised value of an investment in One Asia could be in a very wide range, reflecting the tenure risk, early stage of the Pani project, gold price, exploration, future development and other factors.
- Lion maintains its strong balance sheet position with no debt and \$9.5 million cash.

Half-Year ended 31 January	2017 \$000's	2016 \$000's
Investments		
Gain/(Loss) attributable to movement in fair value	3,183	555
<i>Cash Inflows/Outflows</i>		
Proceeds from sale of investments	55	555
Payments for Investments	(3,201)	(740)

Appendix 4D
Interim Financial Report

1. Company Details

LION SELECTION GROUP LIMITED		
ABN or equivalent company reference	Half Year ended ('current period')	Half Year ended ('previous period')
26 077 729 572	31 January 2017	31 January 2016

2. Results for announcement to the market

				A\$'000
2.1	Revenue	Down 11%	to	180
2.2	Profit (loss) for the year	Up 2,900%	to	2,700
2.3	Profit (loss) for the year attributable to members of the parent	Up 2,900%	to	2,700
Dividends		Current Period	Previous Corresponding Period	
2.4	Franking Rate Applicable	N/A	N/A	
Interim Dividend				
2.5	Amount per security	Nil	Nil	
	Franked amount per security	Nil	Nil	

2.6 A Brief Explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood:

Refer to attached Interim Financial Report for Half Year ended 31 January 2017.

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Company at 31 January 2017 was \$0.41. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts. The NTA per security for the comparative period (31 July 2016) was \$0.39.

4. Controlled Entities

During the period the Company acquired an additional ownership interest in Asian Lion Limited ("Asian Lion"), from 62.9% to 89.7% and now controls this company. This represents the first application of the Company's new accounting policy on Control and Consolidation, adopted from 1 August 2014 to be consistent with AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continue to carry this investment at fair value through profit and loss.

5. Dividends

Lion did not declare or pay any dividends during the period.

6. Dividend/distribution reinvestment plan

Lion does not currently operate a dividend/distribution reinvestment plan.

7. Associates

Company	Current Period % Held	Previous Corresponding Period % Held
African Lion 2 Ltd	24.9	24.9
African Lion 3 Ltd	23.7	23.7

Lion holds more than 20% of the above entities, hence each is considered as an investment in associates. The equity accounting method is not applicable for the above investments as Lion is a venture capital organisation that accounts for investments at fair value through profit or loss in accordance with AASB128 paragraph 1 and AASB139.

8. Foreign Accounting Standards

Not Applicable

9. Audit

This report is based on financial statements which have been reviewed by its auditor, PricewaterhouseCoopers, and it continues as an auditor of the Company.

For more information please refer to the attached Financial Statements.



Lion Selection Group

Lion Selection Group Limited

ABN: 26 077 729 572

Interim Financial Report Half Year Ended 31 January 2017



LION SELECTION GROUP LIMITED

**Financial Report for the Half Year
Ended 31 January 2017**

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LION SELECTION GROUP LIMITED

Directors' Report

The Directors of Lion Selection Group Limited ("Lion" or "the Company") submit their report on the operations of the Company for the half-year ended 31 January 2017.

At the date of this report, Lion had 106,911,630 fully paid ordinary shares on issue.

Directors

The names of the Company's directors in office during the half-year and until the date of this report are as below.

- Barry Sullivan (Non-Executive Chairman)
- Peter Maloney (Non-Executive Director)
- Robin Widdup (Director)
- Chris Melloy (Non-Executive Director)

Principal Activities

During the half-year the principal continuing activities of the Company were investment in mining and exploration companies.

Results and Review of Operations

The Company's profit before tax for the half-year was \$2.7 million (2016: profit \$0.1 million). This includes realised profits and losses from sale of investments and unrealised gains and losses from mark to market of its investment portfolio as set out in the table below:

Gain/(Loss) attributable to movement in fair value of investments	2017 \$'000	2016 \$'000
Mark to Market adjustment for period – investments realised during period	(17)	179
Mark to Market adjustment for period – investments held at end of period	3,200	376
Gain/(Loss) attributable to movement in fair value of investments	3,183	555

Gross (loss)/profit on investments realised during the period includes mark to market adjustments realised in the current period as well as mark to market adjustments recognised in the Statement of Comprehensive Income in prior periods as set out in the table below.



Lion Selection Group

Results of Investments Realised During Period

	2017 \$'000	2016 \$'000
Sales Proceeds	55	555
Historical Cost of investments sales	(2,050)	(821)
Gross profit/(loss) measured at historical cost	(1,995)	(266)
Represented by:		
Mark to Market recognised in prior periods	(1,978)	(445)
Mark to Market recognised in current period	(17)	179
	(1,995)	(266)

The result for the half-year reflects mark to market gain of \$3.2 million with respect to investments, with key movements in the portfolio value outlined below:

- An increase in the value of Lion's direct and indirect holdings in Erdene Development Corporation of \$4.3 million following on-going exploration success at its high grade and shallow epithermal gold projects in Mongolia.
- A decrease in the value of Lion's indirect holding in Roxgold of \$1.0 million reflecting a pullback in the gold price during the period.

Lion's directors believe it is important for shareholders that its financial statements and this report explain both the effect of realisation of its investments and mark to market of its investments on its results for the half-year. Based on historical cost, Lion made a loss of \$2.0 million on the sale of its investment in Centaurus Metals. This loss reflected the inability of Centaurus to finance its Jambreiro iron ore project in Brazil due to challenges in the iron ore market.

At 31 January 2017 the Company held investments valued at \$34.4 million (31 July 2016: \$28.0 million), and cash of \$9.5 million (31 July 2016: \$13.2 million).

During the half-year the Company made new or follow-on investments totalling \$3.2 million as follows:

Purchases:

➤ Egan Street Resources	\$1.0 million
➤ Asian Lion	\$1.0 million
➤ One Asia Resources	\$0.9 million
➤ African Lion 3	\$0.2 million
➤ Other investments	\$0.1 million
	\$3.2 million

Dividends

No dividend was declared or paid in the half-year.

Auditor Independence

We have obtained an independence declaration from our auditors, PricewaterhouseCoopers, as required under section 307 of the Corporations Act 2001. A copy can be found on page 4 of this financial report.



Rounding of Amounts

The Company is of a kind referred to in Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report and Directors' report. Amounts in the financial report and Directors' report have been rounded off in accordance with that Instrument to the nearest thousand dollars unless specifically stated to be otherwise.

This report has been made in accordance with a resolution of the directors.

.....
P Maloney
Director
Melbourne
29 March 2017

.....
R Widdup
Director



Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half-year ended 31 January 2017, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

A handwritten signature in blue ink, appearing to read 'Andrew Cronin', is written over a faint, light blue printed signature line.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
29 March 2017

**LION SELECTION GROUP LIMITED****Statement of Comprehensive Income for the Half Year ended 31 January 2017**

	NOTES	January 2017 \$'000	January 2016 \$'000
Gain/(loss) attributable to movement in fair value	3	3,183	555
Other Income	3	180	202
Management fees		(402)	(402)
Employee benefits		(115)	(100)
Other expenses		(146)	(165)
<i>Profit/(Loss) before income tax</i>		2,700	90
Income tax (expense)/benefit		-	-
<i>Net profit/ (loss) after tax</i>		2,700	90
Other Comprehensive Income		-	-
<i>Total Comprehensive Income/(loss) for the year</i>		2,700	90
Attributable to:			
<i>Non-controlling interest</i>		-	-
<i>Members</i>		2,700	90
		Cents per share	Cents per share
Basic earnings/(loss) per share		2.5	0.1
Diluted earnings/(loss) per share		2.5	0.1

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

**LION SELECTION GROUP LIMITED****Statement of Financial Position as at 31 January 2017**

	NOTES	January 2017 \$'000	July 2016 \$'000
Current Assets			
Cash and cash equivalents		9,480	13,221
Trade and other Receivables		34	11
<i>Total Current Assets</i>		9,514	13,232
Non-Current Assets			
Financial Assets	2	34,427	28,030
Other Fixed Assets		37	43
<i>Total Non-Current Assets</i>		34,464	28,073
Total Assets		43,978	41,305
Current Liabilities			
Trade and Other Payables		54	81
<i>Total Current Liabilities</i>		54	81
Non-Current Liabilities			
<i>Total Non-Current Liabilities</i>		-	-
Total Liabilities		54	81
Net Assets		43,924	41,224
Equity			
Contributed equity		109,770	109,770
Accumulated losses		(65,846)	(68,546)
Total Equity		43,924	41,224

The above statement of financial position should be read in conjunction with the accompanying notes.

**LION SELECTION GROUP LIMITED****Statement of Cash Flows for the Half Year ended 31 January 2017**

	January 2017 \$'000	January 2016 \$'000
Cash flows from operating activities		
Other income received	-	13
Interest received	84	117
Payments to suppliers and employees (including GST)	(679)	(694)
<i>Net operating cash flows</i>	<i>(595)</i>	<i>(564)</i>
Cash flows from investing activities		
Payments for investments	(3,201)	(740)
Proceeds from investment sales	55	555
Capital Returns from investments	-	185
<i>Net investing cash flows</i>	<i>(3,146)</i>	-
Cash flows from financing activities		
Issue of capital	-	-
<i>Net financing cash flows</i>	-	-
Net increase/(decrease) in cash and cash equivalents held	(3,741)	(564)
Cash and cash equivalents at beginning of financial period	13,221	8,054
Effects of exchange rate changes on foreign currency denominated cash balances	-	-
Cash and cash equivalents at end of financial period	9,480	7,490

The above statement of cash flows should be read in conjunction with the accompanying notes.

**LION SELECTION GROUP LIMITED****Statement of Changes in Equity for the Half Year ended 31 January 2017**

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	TOTAL \$'000
At 1 August 2016	109,770	(68,546)	41,224
Total comprehensive income/ (loss)	-	2,700	2,700
Transactions with owners in their capacity as owners:			
Total transactions with owners in their capacity as owners	-	-	-
At 31 January 2017	109,770	(65,846)	43,924

	CONTRIBUTED EQUITY \$'000	RETAINED PROFITS / (ACCUMULATED LOSSES) \$'000	TOTAL \$'000
At 1 August 2015	109,770	(79,393)	30,377
Total comprehensive income/ (loss)	-	90	90
Transactions with owners in their capacity as owners:			
Total transactions with owners in their capacity as owners	-	-	-
At 31 January 2016	109,770	(79,303)	30,467

The above statement of changes in equity should be read in conjunction with the accompanying notes.



LION SELECTION GROUP LIMITED

Notes to the Financial Statements for the Half Year ended 31 January 2017

NOTE 1. BASIS OF PREPARATION

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Lion Selection Group Limited as at 31 July 2016, which was prepared based on Australian equivalents to International Financial Reporting Standards. The half-year financial report has been prepared with the same accounting policies and methods of computation as used in the most recent annual Financial Report, except for the impact of the Standards and Interpretations as described below.

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half-year ended 31 January 2017 in accordance with the continuous disclosure obligations arising under the *Corporations Act 2001*.

(a) Basis of accounting

The half-year financial report has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *Interim Financial Reporting* and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for financial assets measured at fair value through profit and loss.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) New or Revised Australian Accounting Standards and Interpretations that are first effective in the current reporting period

There are no new or revised Australian Accounting Standards and Interpretations that are first effective in the current reporting period.

Investments in controlled entities

During the period the Company acquired an additional ownership interest in Asian Lion Limited and now controls this company. This represents the first application of the Company's new accounting policy on Control and Consolidation, adopted from 1 August 2014 to be consistent with AASB 10 Consolidated Financial Statements, AASB 127 Separate Financial Statements, and AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities.

AASB 2013-5 Amendments to Australian Accounting Standards – Investment Entities is effective for annual periods beginning on or after 1 August 2014. The amendments relate to AASB 23, AASB 12 and AASB 127, exempting "investment entities" from consolidating controlled investees. Investment entities are entities that:

- (a) obtain funds from one or more investors for the purpose of providing those investors with investment management services;
- (b) commit to their investor(s) that their business purpose is to invest funds solely for returns from capital appreciation, investment income or both, and
- (c) measure and evaluate the performance of substantially all of their investments on a fair value basis.

Lion meets the qualifying criteria under AASB 10 of an "investment entity", and Asian Lion Limited does not provide investment related services to the Company. Accordingly, the Company has applied the exemption from consolidating Asian Lion Limited and continue to carry this investment at fair value.

New Standards

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective from 1 January 2018).



Lion Selection Group

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2018 but is available for early adoption. The Company is yet to assess its full impact. However, initial indications are that assets currently held as fair value through profit and loss will continue to be carried at fair value with all fair value gains/losses being recognised in profit and loss. The Company has not yet decided when to adopt AASB 9.

(c) Summary of significant revised accounting policies

Other than discussed above, the Company's accounting policies are consistent with those of the comparative periods. The full disclosure of accounting policies is available in the annual Financial Report of Lion Selection Group Limited as at 31 July 2016.

NOTE 2. FAIR VALUE MEASUREMENTS

The Company carries its investments at fair value with changes in value recognised in profit or loss.

AASB 13 *Fair Value Measurement* requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

- (a) quoted priced (unadjusted) in active markets for identical assets or liabilities (level 1);
- (b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
- (c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The fair value of financial instruments traded in active markets (such as publicly traded securities) is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price.

Recognised fair value measurements

The following tables present the Company's assets and liabilities measured and recognised at fair value for the periods ended 31 January 2017 and 31 January 2016.

At 31 January 2017	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	10,302	13,212	10,913	34,427
Total Assets	10,302	13,212	10,913	34,427
At 31 January 2016				
Assets				
<i>Financial assets at fair value through profit or loss</i>				
Investments	7,249	6,760	8,928	22,937
Total Assets	7,249	6,760	8,928	22,937

The Level 3 balance relates to Lion's investment in One Asia, an unlisted exploration company focused on the exploration for gold resources and development of gold mines in Sulawesi. The valuation of One Asia has been maintained at \$0.18/share consistent with One Asia's January 2017 placement at \$0.18/share. The value of Asian Lion investments other than One Asia was transferred from Level 3 to Level 2 during 2017 due to an increase in the value of the listed investments, reducing Asian Lion's reliance on its One Asia investment. The Lion Board has opted to maintain its investment in One Asia (direct and indirect) within the Level 3 investment category due to the escalated uncertainty in the value of the investment as discussed further below. Lion's investment in Egan Street Resources (previously named Auricup Resources) has been transferred from level 3 to level 1 in 2016 with that company conducting an IPO in September 2016.

**NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED**

Fair value measurements using significant unobservable inputs (level 3).

The following table presents the changes in level 3 items for the periods ended 31 January 2017 and 31 January 2016.

	Unlisted Investments \$'000	Total \$'000
At 31 January 2017		
Opening Balance 1 August 2016	8,559	8,559
Transfers to Level 2	(1,554)	(278)
Additions	2,847	2,632
Gain/(Loss) recognised through comprehensive income	1,061	-
Closing Balance 31 January 2017	10,913	10,913
At 31 January 2016		
Opening Balance 1 August 2015	9,399	9,399
Gain/(Loss) recognised through comprehensive income	(471)	(471)
Closing Balance 31 January 2016	8,928	8,928

Valuation techniques used to derive level 2 and level 3 fair values

The fair value of financial instruments that are not traded in an active market (for example, unlisted investments) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments are applied in accordance with the International Private Equity and Venture Capital Valuation Guidelines, including:

- Price of recent investment.
- Net assets, looking through to the underlying assets held through interposed investment vehicles.
- The fair value of unlisted option contracts is determined using a Black Scholes valuation at the reporting date.
- The use of quoted market prices or dealer quotes for similar instruments where available.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Valuation Processes

The Lion Manager includes a team that performs monthly valuations of the financial instruments required for financial reporting purposes, including level 3 fair values. This team reports directly to the Lion Board. Discussions of valuation processes and results are held between the Lion Manager and the Lion Board at least once every six months in line with Lion's half-yearly reporting dates, including changes in level 2 and 3 fair values.

One Asia Resources

Lion valued its investment in One Asia at \$0.18/share as at 31 January 2017. Lion and Asian Lion own a combined equity interest of 36% of One Asia, an Australian unlisted public company. One Asia is focused on the development of two gold mines in Sulawesi, Indonesia.

**NOTE 2. FAIR VALUE MEASUREMENTS - CONTINUED***Pani Project*

One Asia's interest in the Pani project tenement is under an Izin Usaha Pertambangan licence (the Pani IUP) held by a regional co-operative, KUD Dharma Tani (KUD), formed under Indonesian law. One Asia holds its economic interest in Pani through contractual arrangements with the KUD as its local joint venture partner. In December 2013 the KUD purportedly entered an arrangement with J Resources contrary to One Asia's contractual arrangements.

One Asia signed a Memorandum of Understanding with Provident Capital Partners Pte Limited (Provident) for the establishment of a joint venture over One Asia's interest in the Pani project. The purpose of the arrangement is to resolve the current Pani IUP dispute, working in co-operation with the KUD and the local community to develop the Pani Project. The ultimate ownership of the joint venture arrangement between Provident and One Asia is intended to be 66.6% Provident and 33.3% One Asia, with One Asia and Provident each committing US\$4m cash. As at 31 December 2016 no transfer of One Asia's interest had taken place, with One Asia having contributed US\$3.5m of its US\$4m commitment.

Awak Mas Project

One Asia's Awak Mas project is held under a 7th generation Contract of Work and is owned 100%. One Asia provided an updated Prefeasibility Study (PFS) based on an expanded 2.83 Moz gold incorporating the Salu Bulo and Tarra Main satellite deposits proximal to the Awak Mas deposit (announced April 2016). Using a gold price assumption of US\$1,250/oz the PFS demonstrates that a commercial scale gold project can be developed at Awak Mas and the results warrant the completion of a Definitive Feasibility Study (DFS).

One Asia has been evaluating strategic options for Awak Mas based on improving equity markets and a number of positive results for the Awak Mas project, including the likely availability of grid power and revised geological interpretation. One Asia intends to seek an initial public offering (IPO) of the Awak Mas project as a standalone vehicle on the ASX as the most appropriate way to fund and manage a DFS and ultimately develop the project. The IPO is expected to be completed mid-year 2017 targeting funding of A\$10-15 million to undertake and complete the DFS.

One Asia Valuation

The ultimate realised value of an investment in One Asia could be in a very wide range, reflecting whether Awak Mas can be successfully listed, the Pani tenure risk, early stage of the Pani project, resource upside, development risk, gold price, and other factors. In the event that an Awak Mas IPO is unsuccessful or the current Pani project ownership dispute is not satisfactorily resolved, the ultimate realised value could be less than 18 cents per One Asia share. Conversely, the ultimate realised value could be far more than 18 cents per One Asia share as the projects are de-risked. In light of information available, and in particular the pricing of One Asia's January 2017 placement, the board considers that \$0.18/share is the valuation within this range that is most reasonably representative of the fair value under current market conditions.

One Asia remains Lion's largest investment, representing a material component of Lion's portfolio. Lion's investment model involves weighting investment towards the best opportunities in the portfolio, which from time to time results in concentration of Lion's portfolio towards specific investments. The Lion board is conscious of the issues of portfolio balance but is of the view that the potential reward from a concentration of the portfolio in One Asia outweighs the risks if the challenges of developing a mine in Indonesia can be overcome.

NOTE 3. PROFIT AND LOSS ITEMS

	January 2017 \$'000	January 2016 \$'000
Gain/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	(17)	243
Mark to Market adjustment for period – investments held at end of period	3,200	343
Gain/(loss) attributable to movement in fair value of investments	3,183	586

Gross (loss)/profit on investments realised during the period includes mark to market adjustments realised in the current period as well as mark to market adjustments recognised in the Statement of Comprehensive Income in prior periods as set out in the table below



Lion Selection Group

NOTE 3. PROFIT AND LOSS ITEMS - CONTINUED

Results of Investments Realised During Period

Sales Proceeds	55	555
Historical Cost of investments sales	(2,050)	(821)
Gross profit / (loss) measured at historical cost	(1,995)	(266)
Represented by:		
Mark to Market recognised in prior periods	(1,978)	(445)
Mark to Market recognised in current period	(17)	179
	(1,995)	(266)

Other Income

Interest Received	176	97
Dividends Received	-	96
Other Income	4	9
Other Income	180	202

NOTE 4. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES

Dividends declared and paid during the half-year	-	-
<i>Total dividends paid or provided</i>	-	-

NOTE 5. SEGMENT INFORMATION

Management has determined the Company's segments based on the internal reporting reviewed by the Board to make strategic decisions. The Company provides patient equity capital to carefully selected small and medium mining enterprises. Lion invests only in mining and exploration companies and projects with the majority of investments focussed on gold and base metal activities in Australia, Africa, South East Asia and the Americas.

Six Months Ended 31 January 2017	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	UNALLOCATED \$'000	TOTAL \$'000
Segment Revenue	-	-	-	-	180	180
Mark to Market adjustment	718	(2,182)	4,664	(17)	0	3,183
Segment Income	718	(2,182)	4,664	(17)	180	3,363
Segment Expense	-	-	-	-	(663)	(663)
Segment Result Before Tax	718	(2,182)	4,664	(17)	(483)	2,700
Segment Assets	3,273	11,888	19,265	0	9,552	43,978
Segment Liabilities	-	-	-	-	54	54
Other Segment Information						
Assets Acquired during the period	1,032	152	2,017	-	-	3,201
Cash Flow Information						
Net Cash flow from operating activities	-	-	-	-	(595)	(595)
Net Cash flow from investing activities	(1,032)	(152)	(2,016)	54	-	(3,146)
Net Cash flow from financing activities	-	-	-	-	-	-

**NOTE 5. SEGMENT INFORMATION – CONTINUED**

Six Months Ended 31 January 2016	AUSTRALIA \$'000	AFRICA \$'000	ASIA \$'000	AMERICAS \$'000	UNALLOCATED \$'000	TOTAL \$'000
Segment Revenue	-	96	-	-	106	202
Mark to Market adjustment	1,460	(35)	(870)	-	-	555
Segment Income	1,460	61	(870)	-	106	757
Segment Expense	-	-	-	-	(667)	(667)
Segment Result Before Tax	1,460	61	(870)	-	(561)	90
Segment Assets	6,270	6,870	9,764	33	7,565	30,502
Segment Liabilities	-	-	-	-	35	35
Other Segment Information						
Assets Acquired during the period	367	186	187	-	-	740
Cash Flow Information						
Net Cash flow from operating activities	-	13	-	-	(577)	(564)
Net Cash flow from investing activities	(189)	2	187	-	-	-
Net Cash flow from financing activities	-	-	-	-	-	-

NOTE 6. CONTINGENT LIABILITIES/ASSETS

The Company has no contingent liabilities or assets as at 31 January 2017.

NOTE 7. COMMITMENTS**a) Superannuation Commitments**

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At of 31 January 2017, the Company was contributing to approved superannuation funds at the choice of employees at a minimum rate of 9.5% of salaries paid. Employees are able to make additional contributions to their chosen superannuation funds by way of salary sacrifice up to the age based deductible limits for taxation purposes.

b) Investment Commitment AFL3 and Asian Lion

Lion entered into an agreement in June 2008 to commit US\$18.75 million in African Lion 3 Limited (AFL3), of which US\$0.6m remains undrawn at 31 January 2017 (Australian Dollar equivalent of \$0.8 million).

NOTE 8. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

There has not arisen in the interval between the end of the period and the date of this report, any item, transaction or event of a material or unusual nature which has or may significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future periods.



LION SELECTION GROUP LIMITED

Directors' Declaration

In accordance with a resolution of the directors of Lion Selection Group Limited, we declare that:

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 14 of the Company and subsidiaries are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company at 31 January 2017 and the performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standards, the Corporations Regulations 2010 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

On behalf of the Board

.....
P Maloney
Director

.....
R Widdup
Director

Melbourne

Date: 29 March 2017



Independent auditor's review report to the shareholders of Lion Selection Group Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lion Selection Group Limited (the Company), which comprises: the statement of financial position as at 31 January 2017, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the entity's financial position as at 31 January 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lion Selection Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lion Selection Group Limited is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the entity's financial position as at 31 January 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of matter

We draw attention to Note 2 to the financial statements which describe the uncertainty related to the outcome of the Pani Project ownership dispute and its impact on the company's valuation of One Asia Resources Limited. Our conclusion is not modified in respect of this matter.



PricewaterhouseCoopers
Andrew Cronin
Partner

Melbourne
29 March 2017