

SUMMARY

INVESTMENT HIGHLIGHTS

Pani Joint Venture

- Regulatory approval received for foreign investors to hold direct equity.
- Technical work program underway.
- Permitting progressing.

Other Investments

- **Nusantara Resources:** DFS expected late August 2018.
- **Roxgold:** June quarter gold production 35,828 oz at US\$424/oz; AISC US\$718/oz.
- **EganStreet Resources:** DFS released on Rothsay Gold Project, 250koz production over 6.5-year life, AISC A\$1,083/oz
- **Erdene Resource Development:** Work commenced on maiden Resource at Bayan Khundii.

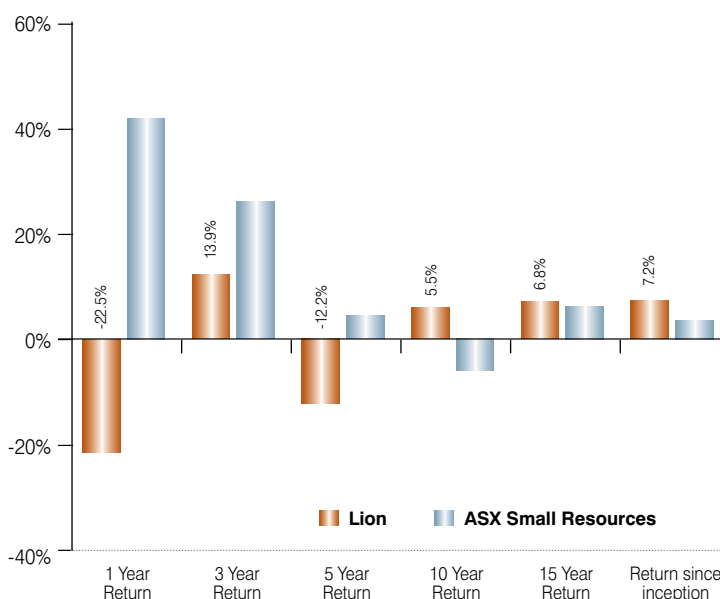
SECTOR THEMES

- Mining equities and mineral commodities have softened owing to global trade tensions.
- Even so, no signal from the sector of declining activity, and Australian gold, coal, iron ore and metal producers continue to generate strong cash positions assisted by a weakened Australian dollar.

LION PERFORMANCE

Annualised Total Shareholder Return ¹⁻⁶

Annualised TSR to 31 July 2018	Lion	ASX Small Resources
1 Year	-22.5%	41.1%
3 Years	13.9%	25.9%
5 Years	-12.2%	4.7%
10 Years	5.5%	-5.6%
15 Years	6.8%	5.8%
Inception (21 yrs)	7.2%	4.3%



1. Investment performance figures reflect the historic performance of Lion Selection Group Limited (ASX:LSG, 1997 – 2007), Lion Selection Limited (ASX:LST, 2007-2009), Lion Selection Group Limited (NSX:LGP, 2009-2013) and Lion Selection Group Limited (ASX:LSX, 2013-present).
 2. Methodology for calculating total shareholder return is based on MorningStar (2006), which assumes reinvestment of distributions.
 3. Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off market buyback conducted in December 2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in December 2009. Lion assume all distributions are reinvested, with all non-cash distributions sold and the proceeds reinvested on the distribution pay date.
 4. Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
 5. Past performance is not a guide to future performance.
 6. Source: IRESS, Lion Manager.

INVESTMENT HIGHLIGHTS

Pani Joint Venture (33.3%)

- Lion's 33.3% economic interest in the Pani Joint Venture is being converted into a direct ownership interest following regulatory approval.
- Technical work program underway along with permitting.

Background

Lion acquired the 33.3% Pani Joint Venture interest from One Asia in April 2018 having been involved with the Pani project since 2012 when Lion made its first investment into One Asia. One Asia published a Mineral Resource Estimate (MRE) of 90Mt at 0.82g/t for 2.4 million ounces of gold based on a 0.2g/t cut off (3 December 2014)⁷. Technical work on the project accelerated December 2017 following settlement of a four year ownership dispute.

In the opinion of the Lion team, Pani is shaping up as the best gold discovery that Lion has been involved with since its inception in 1997. The understanding of Pani will unfold as the project is put through the rigours of various studies. At this early stage three key factors are apparent at Pani which point towards a large and low cost new gold mine:

- Exceptionally thick and continuous gold mineralisation;
- Minimal overburden;
- Early test work indicating very high heap leach recovery.

KEY STEPS TOWARDS PRODUCTION

Pani Joint Venture Interest acquired	April 2018
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Direct Ownership	August 2018
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Next Steps

Permitting and Licencing:

- Pani IUP Mining Area
- Road access corridor
- Processing and refining area

Scoping Study

Definitive Feasibility Study

Direct Equity Ownership

Regulatory approval has now been received by the Pani Joint Venture to allow for foreign investors to hold equity directly. Accordingly, Lion's 33.3% economic interest in the Pani Joint Venture is now being converted into a direct ownership interest. The regulatory approval also allows Lion to appoint representation to the board of the Pani Joint Venture, consistent with its memorandum of understanding with Provident.

The Pani Joint Venture is progressing permitting for the Pani gold project including the Pani IUP license containing the Pani gold Resource, a processing and refining area, and an access corridor.

The Pani IUP licence was issued by the Government of Indonesia in November 2009 for a period of 13 years, and, subject to government approval, is extendable for two 10-year periods. The Pani IUP is subject to the Mining Law 4 of 2009, including applicable royalty rates and levels of local ownership and input. The Pani Joint Venture meets the required level of local ownership, and accordingly no divestment will be required.

7. Refer to One Asia Resources Limited news release 3 December 2014, (<https://www.lionselection.com.au/wp-content/uploads/2018/08/PANI%20JORC%20RESOURCE.pdf>).

Summary of the Pani mineral resources at a cut-off grade of 0.2g/t is tabulated below:

Classification	Tonnes (Mt)	Au Grade (g/t)	Au (million Oz)
Measured	10.8	1.13	0.39
Indicated	62.4	0.81	1.63
Inferred	16.2	0.67	0.35
Total	89.5	0.82	2.37

INVESTMENT HIGHLIGHTS

Technical Work

The Pani Joint Venture is currently undertaking key work streams towards a feasibility study for the Pani Gold Project. The Pani Joint Venture has been able to access technical personnel from Merdeka Copper Gold where Provident is a shareholder. Merdeka is a listed Indonesian company that has relevant recent experience in successfully developing the Tujuh Bukit Gold heap leach project.

Recent independent technical reviews have highlighted the presence of significant free gold associated with the mineralisation at Pani. It was therefore considered prudent to revisit certain elements of previous work programs underlying the 2014 Mineral Resource Estimate including the sampling and assay procedures, definition of geological domains, and metallurgical test-work. This technical reassurance included re-logging of all diamond drill core and some re-assays of stored material from historical drilling.

Following these reviews, the next phase of work at Pani is now firming up, with more detailed works that contribute toward an economic assessment of the project. This is expected to include a comprehensive program of re-assaying stored material, drilling, metallurgical testwork and technical studies. An updated Resource is expected as part of this process.

It is expected that the Pani Joint Venture will progress through a series of increasingly more detailed and rigorous assessments through 2019. It is anticipated that these assessments will lead to a feasibility decision that will potentially lead into mine and plant development and construction and onto initial commercial production.

Permitting

The Pani Joint Venture is progressing permitting for the Pani Gold Project including the Pani IUP license containing the Pani gold Resource, a processing and refining area and an access corridor.

Nusantara Resources Limited

Awak Mas Gold Project Sulawesi, Indonesia

Ore Reserves

- Maiden 1.0m oz announced April 2018.⁸
- Updated Ore Reserve expected as part of DFS and follows additional drilling and updated 2.0Moz Resource May 2018.⁹

DFS

- Definitive Feasibility Study release expected late August 2018.
- Technical work confirms a technically robust, long life low risk project.

Exploration

Mapping and sampling work commenced on three prospects within 3kms of the proposed processing facility.

Cash

\$5.1m raised via rights issue July 2018.

Roxgold Inc

Yaramoko Gold Project Burkina Faso

Production

- Excellent June 2018 quarter, producing 35,828 oz @ 14.4g/t from 55 Zone.
- 1H 2018 production of 76,280oz puts company in strong position to achieve upper end of guidance – 120-130koz for 2018 calendar year.
- Plant processing 12% above nameplate capacity.

Development

Construction work on satellite Bagassi South Gold Mine on track for first ore late Q4 2018.

Exploration

Four drill rigs working at 55 Zone extensions, Bagassi South and regional targets with assay results expected during Q3 2018.

Corporate

Cash US\$72M, debt US\$42M.

8. Refer Nusantara Resources Limited announcement to ASX 18 April 2018.

9. Refer Nusantara Resources Limited announcement to ASX 8 May 2018.

INVESTMENT HIGHLIGHTS

Egan Street Resources Limited

Rothsay Gold Project Western Australia

DFS

- EganStreet released a Definitive Feasibility Study over the Rothsay Gold Project in WA.¹⁰
- Highlights include an estimated capital expenditure for processing plant and associated infrastructure of A\$36.1m, All In Sustaining Costs of A\$1,083/oz and forecast gold production of 250,000oz over an initial 6.5 year life of mine.

Cash

EganStreet reported A\$11.5m cash at 30 June 2018.

Erdene Resource Development Corp

Khundii Gold District Mongolia

Bayan Khundii

- Erdene reported further high grade drill intersections, and commenced compilation of a maiden Resource estimate for the high grade gold mineralisation that has been drilled out since discovery in mid-2015.
- Exploration has commenced on a number of targets on the broader Khundii lease, with several targets to be drilled over the coming months.

Altan Nar

An updated Resource was released for Altan Nar, taking the combined Indicated and Inferred gold equivalent ounces to 730koz.¹¹

Corporate

- During June 2018, Erdene became the first cross-listed and currently only precious metals exploration and development company listed on the Mongolian Stock Exchange.
- At 14 August 2018, Erdene had working capital of US\$3.95m.

10. Refer to EganStreet Resources announcement to ASX 19 July 2018.

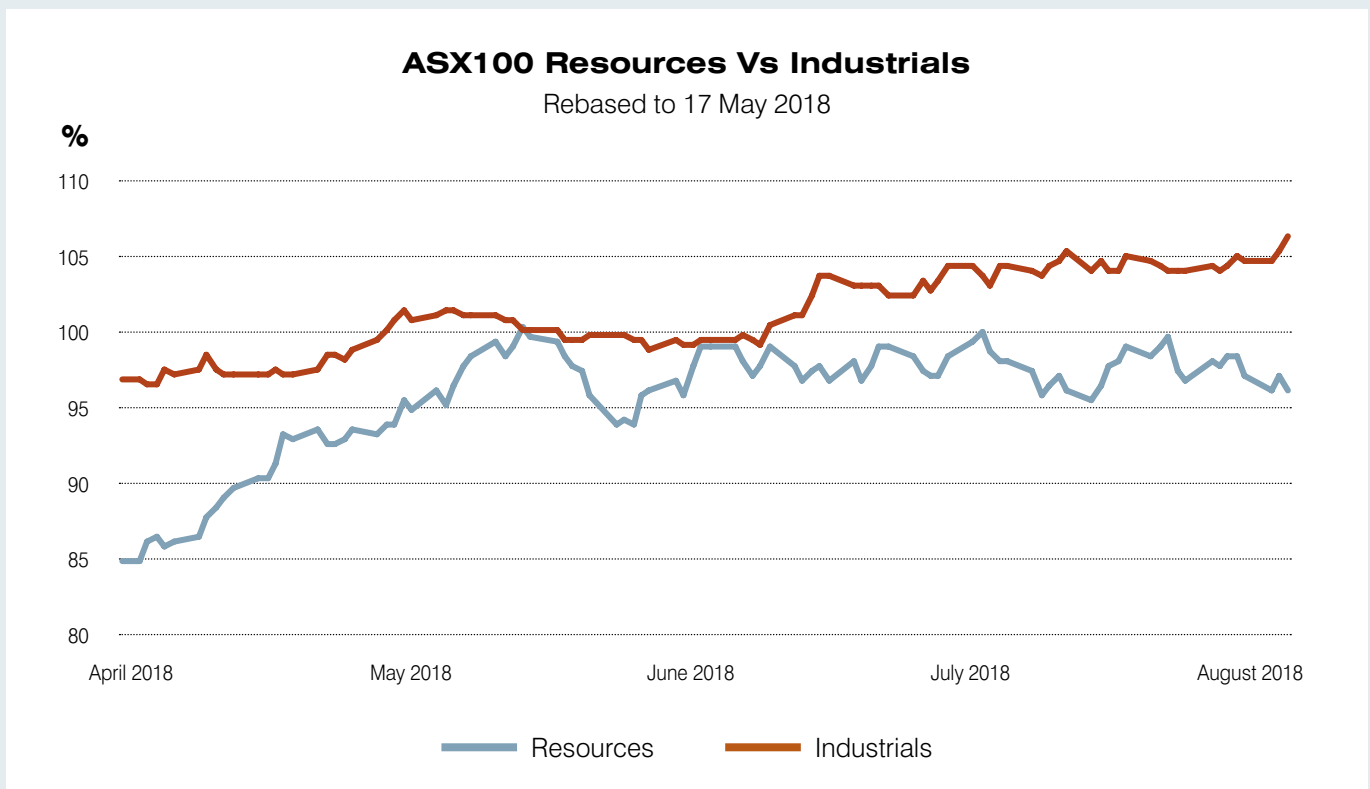
11. Refer to Erdene New Releases of 10 May 2018 and 25 June 2018.

MINING MARKET REVIEW

The second quarter of 2018 has seen investor appetite for miners soften, for the first time since early 2016. Lion views this phenomenon as being tied to macro-economics rather than a shift in sentiment toward miners, in fact the recapitalisation of the sector that occurred in Australia between 2016 and present stands the sector in good stead, and has funded exploration and development activities which will play out over the next few years. It is possible that the current equity market softness is viewed as a buying opportunity by investors.

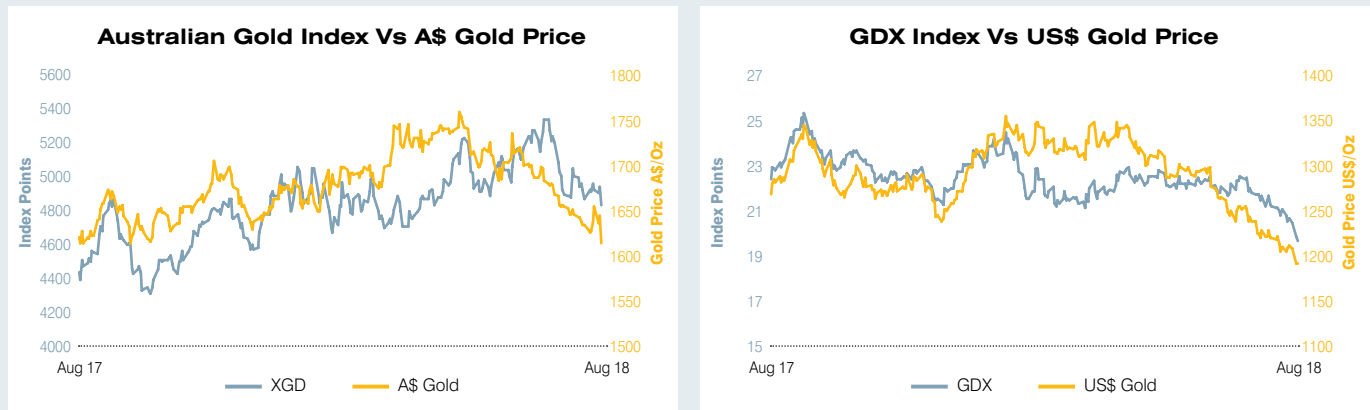
The most significant macro-economic feature of the most recent quarter has been global trade tensions, principally involving the United States and China. Overlain on this theme is tightening of monetary policy and tax cuts in the United States. Commodity, currency and equity markets have responded: metal prices have weakened reflecting a perception of weaker demand under trade tariffs being proposed by the US and China; the US dollar has rallied, boosted by domestic monetary and fiscal policies; and equities have softened as the perception of global economic risk has grown. Miners, as producers of metals, have generally experienced a softening of share prices in response to metals market trends.

Consequently, from May to August 2018, ASX Resources stocks have experienced the first period of underperformance versus the rest of the market since prior to January 2016. Since mid-May, the ASX 200 Industrials index is up 6%, and the corresponding Resources index is down by the same amount.



Australian miners have been partially sheltered by a weakening Australian dollar – offsetting to some extent falls in commodities (when commodities are priced in Australian dollars). Correspondingly, equities of Australian focussed miners have not been as harshly treated. The example below contrasts the Australian Gold Index (XGD) and A\$ Gold Price against the Van Eck Gold Miners Index (GDX – which is a global index, but strongly reflects sentiment of the North American market and is heavy in North American domiciled producers) and US\$ Gold Price.

MINING MARKET REVIEW continued



Whilst mining equities have broadly softened in this time, performance has been varied. Notwithstanding every company has individual underlying fundamentals, the effects on share price and fund raising liquidity have been felt most severely at the smaller end of the market capitalisation spectrum. Between May and August 2018, the large cap ASX 100 Resources Index has softened by less than 4%, whilst the ASX Small Resources Index is down by almost 9%. Below the scale of these indices, there are numerous instances of even more pronounced share price weakness. During the same period of time, liquidity for the sector has shrunk. The tempo of capital raisings has declined, which will likely pause the progress of companies that need to raise funds in the short term. The recapitalisation of the sector which took place between early 2016 and March / April 2018 and operating performance of many producers renders many ASX domiciled miners in a position of reasonable to excellent financial health, so there is no suggestion of these economic events depressing activity within the sector.

Recovery of investor sentiment toward mining equities over the past 2-3 years, especially at the speculative end of the market, has been significantly influenced by the battery commodity thematic, which has played out around a number of commodities. Since roughly 2013, and more or less one after another, graphite, lithium, cobalt, vanadium and rare earth metals have all experienced commodity price increases at some stage driven by the proliferation of lithium ion and other relatively new forms of batteries. New battery technologies are also likely to incorporate metals such as nickel, copper and tin – however the effect on these commodity prices and the flow on effect for related mining or exploring equities has been less significant.

Commodity price movements have stimulated substantial investor interest, equity price appreciation, capital raisings and a flow on into exploration and assessment of potentially viable new deposits to feed demand for 'battery commodities'. In some cases, market commentators are now beginning to question the scarcity of supply to meet forecast demand. Whilst still a fairly vibrant theme, investor appetite appears to have softened for battery commodity equities owing to the broadening understanding of the short term supply response via multiple likely developments. It is also worth noting that the collective 'battery commodity sector' contains a disproportionately large number of companies in the higher risk exploration and development stages compared to the rest of the mining sector, and it is not uncommon for sentiment toward companies to waver during these stages of a project.

Over the full scale of the cycle, equity price movements over the last few months are hardly significant – mining equities and metals are mostly well above their levels of early 2016, and there has been no indication so far of a decrease in activity within the sector. Confidence around the ability to fund activities such as exploration remains buoyant, indicating that the sector at least views these macro events as short lived. The rapid re-rating of mining equity indices through 2016 and 2017 was unusual when compared to the early phases of historic booms, as being remarkably aggressive – so if anything a consolidation of investor sentiment is expected.

SUMMARY OF INVESTMENTS AS AT 31 JULY 2018

Net Tangible Asset Backing

Lion Selection Group Limited (Lion) advises that the unaudited net tangible asset backing of Lion as at 31 July 2018 is \$0.31 per share (after tax).

SUMMARY OF INVESTMENTS AS AT 31 JULY 2018			
	Commodity	July 2018	
		A\$M	¢ps
Pani Joint Venture (33.3% Interest)	Gold	16.6	11.1
<ul style="list-style-type: none">Fair value for Pani reflecting the consideration paid by Lion to acquire 33.3% interest from One Asia Resources in May 2018 and further funding advanced to Pani JV			
Portfolio			
Nusantara Resources	Gold	8.1	5.4
Roxgold	Gold	6.5	4.3
Egan Street Resources	Gold	4.9	3.2
Erdene Resources	Gold	3.1	2.1
Toro Gold	Gold	1.5	1.0
Other		3.9	2.7
<ul style="list-style-type: none">Portfolio holdings measured at fair valueIncludes investments held directly by Lion and the value to Lion of investments which are held by African and Asian Lion Funds.			
Net Cash		1.7	1.2
Net Tangible Assets		A\$46.3 m	31¢ps

Capital Structure

Shares on Issue:	150,134,879	
Share Price:	31¢ps	31 July 2018
Options on Issue:	15,720,958	\$0.50 expiry 12 April 2020