
Lion Selection Group Ltd

Listed Investment Company

Specialist Mining Investor

ASX Listed : LSX

Placement and Shareholder Purchase Plan

June 2013

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Lion Selection Group

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Fundraising details

This raising is the first time Lion has raised money since its original listing in 1997

Placement	• \$5m • Under available 15% capacity to sophisticated investors
SPP	• Up to \$5m underwritten by Baillieu Holst ¹ • To existing shareholders at placement price • Up to \$15,000 worth of shares per eligible shareholder
NTA (31 May 2013)	• 66cps
Price	• 53 cps • 5% discount to market price on 14 June 2013 (56cps) • 14% discount to 60 day VWAP (61cps) • 20% discount to NTA on 31 May 2013 (66cps)
Board & Management participation	• Members of the Lion Selection Group Board of Directors and the Lion Manager intend to invest \$1.8m, including Robin Widdup \$1m ^{2,3}

1. The underwriting agreement is conditional upon obtaining shareholder approval for the issue of shortfall shares .

2. All of the Lion board members intend to participate in the placement and have agreed to partially sub-underwrite the SPP.

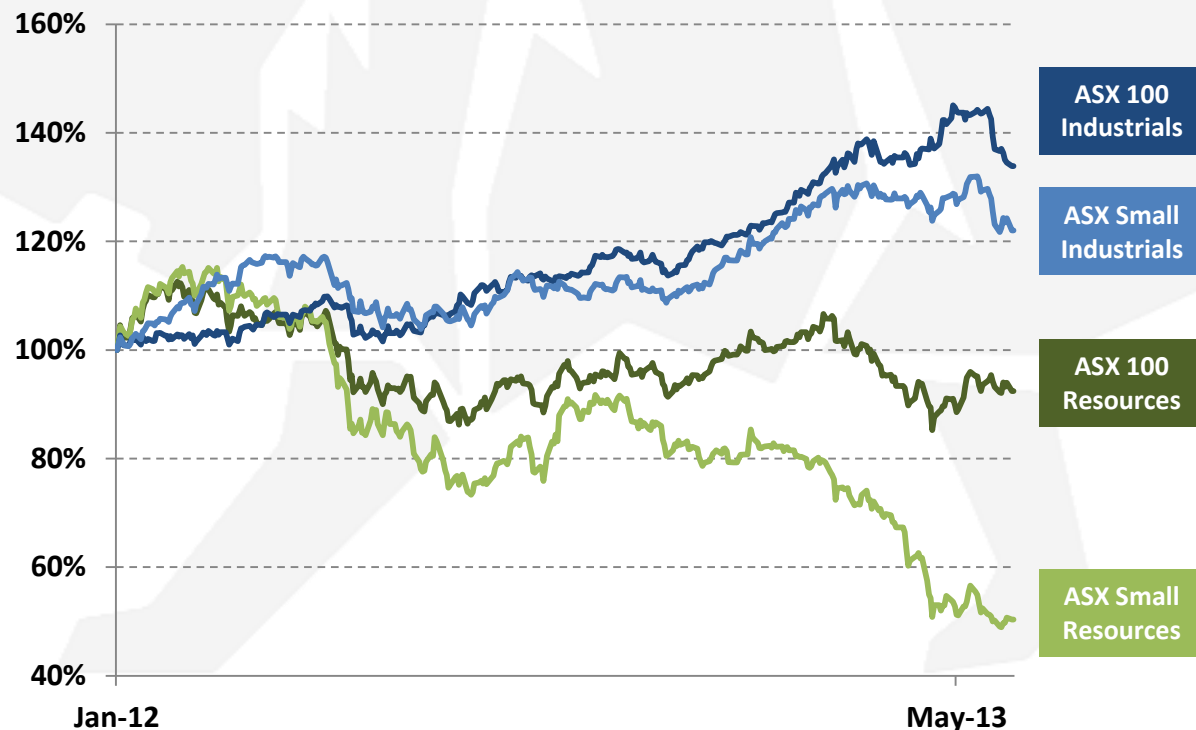
3. Lion directors participation in the Placement and sub-underwriting of the SPP is subject to shareholder approval.

Use of Funds

Unique current market environment:

- Resources have under-performed the broader market
- Junior Resources substantially discounted
- Valuations are cheap – rare opportunity

Lion will seek to take advantage of opportunities both from its existing portfolio and new companies that meet Lion's investment criteria



Lion – Listed Mining Investment Company



Specialist LIC	• Portfolio approach to high risk / high growth early phases of mining • Portfolio of over 25 investments, global mandate
Long term investor	• Focus on companies with quality people and projects, with the advantage of being able to take a long term investment view and match entry and exit to mining cycle
Team	• Lion's technical team has experience across exploration, mining, finance and investment • Closely aligned with shareholders
Deal Flow	• Unsurpassed networks: 1,000 opportunities per year
Process	• Thorough diligence, risk assessment, valuation • Demonstrated success
Dividend Policy	• Target sustainable, regular payments
Performance	• Track record over 15+ years

Lion Selection Group (ASX : LSX)

Capital Structure (pre-raising, 31 May 2013)

Shares	88.0m
Market Capitalisation (at 56¢ps)	A\$49.3m
NTA (at 66¢ps)	A\$58.4m
Options (exercisable at 80¢ before 12/12/14)	14.7m
Uncommitted Cash	A\$7.5m

Investors (pre raising, 3 May 2013)

1. Select Asset Management	17.5%
2. Robin Widdup	10.9%
3. Mark Creasy	5.1%
Lion Manager (aggregated) ^{1,2}	16.6%
Lion Board (aggregated) ¹	6.8%

Investment Management – Lion Manager Pty Ltd

- Privately owned fund manager: Sole focus Lion
- Active Manager – Engaged with investments
- Predominantly mining technical investment team
- Aligned with shareholders

¹ Robin Widdup's holdings included in the Lion Manager Holdings, not Lion board holdings

² Lion Manager does not hold any Lion Selection Group shares – all holdings are in the name or nominee of individual members of the Lion Manager

Performance: Total Shareholder Return

Annualised TSR to 31 May 13		Lion	Small Resources	All Ordinaries
Lion: Long Term Focus	1 Year	-3.4%	-42.6%	24.2%
	3 Years	4.6%	-20.3%	8.0%
	5 Years	21.0%	-19.2%	1.2%
	10 Years	17.2%	8.0%	9.7%
	15 Years	16.2%	6.0%	8.5%
	Inception (15.8 years)	13.9%	4.2%	8.2%

- 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)
- Small Resources and All Ordinaries Accumulation indices have been used for comparison, which assume reinvestment of dividends
- Methodology for calculating total return is based on MorningStar (2006), which assumes reinvestment of distributions.
- Distributions made include cash dividends, shares distributed in specie as a dividend, proceeds from an off market buyback conducted in Dec 2008, and the distribution of shares in Catalpa Resources via the demerger of Lion Selection Limited in Dec 2009. Lion assume all distributions are reinvested, with all non-cash distributions are sold and the proceeds reinvested on the distribution pay date.
- Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
- Past performance is not a guide to future performance.
- Source: IRESS, Lion Manager.

Exited Investments: Winners and Losers



Investment Team

Robin Widdup	Geologist, Mining Analyst (J B Were), Founder of Lion Selection Group (1997)
Mike Brook	Geologist, Mining Analyst (J B Were), Lion since 2001
Craig Smyth	Finance and Tax specialist, Lion since 2005
Hedley Widdup	Geologist, Lion since 2007
Tim Markwell	Geologist, Mining Analyst (Carmichaels), Fund Manager, Lion Since 2007
Damon Rhodes	Geologist, Lion Since 2007

Lion Selection Group Board

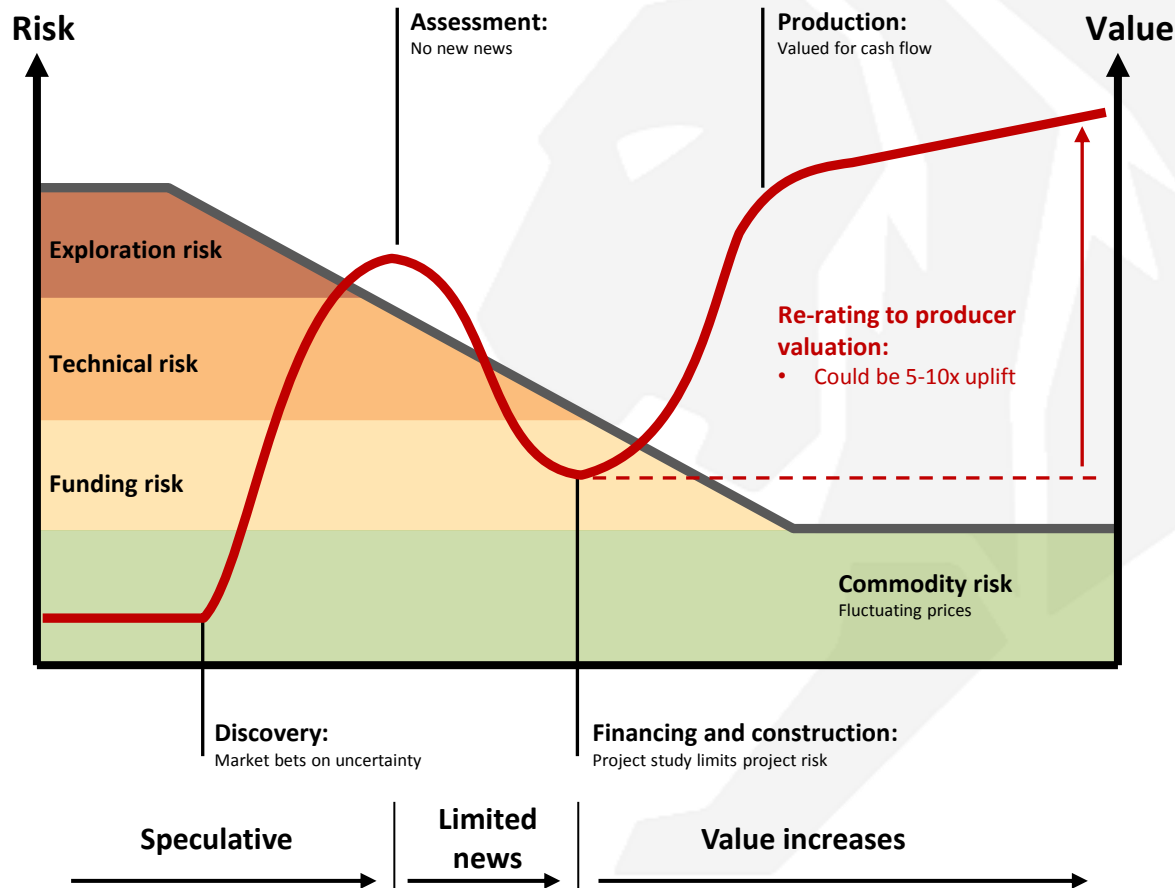
Peter Maloney (Chairman)	Commercial background, Lion Manager 2003 – 2010, Lion board since 2010
Barry Sullivan	Mining engineer, Lion Director 2008 – 2009, reappointed 2011
Chris Melloy	Mining Engineer, Mining Analyst (J B Were), Lion Manager 1997 – 2011, Lion Director since 2012
Robin Widdup	(see above)

Investment Philosophy



Lion Selection Group

Investment target zone

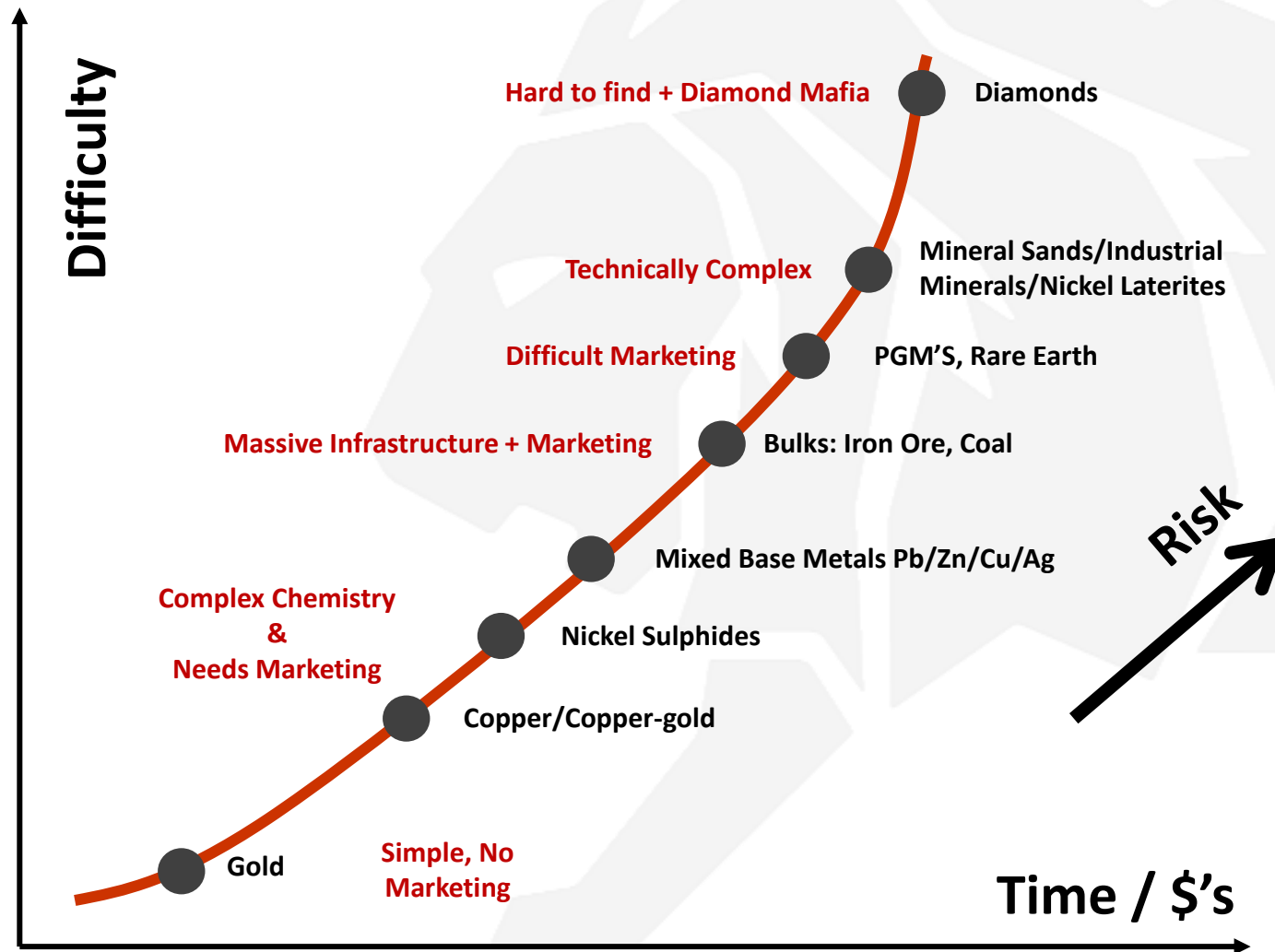


- Investment philosophy is to target value uplift from project de-risking
- Back good people, take a long term view
- Not reliant on commodity price performance

Commodity degree of difficulty



Lion Selection Group



Valuation: NTA



Lion Selection Group

NTA at 31 May 2013	Commodity	Market Value A\$M	% Portfolio
Australia			
Doray Minerals	Gold	4.0	
YTC Resources	Gold/Base Metals	2.0	
Rum Jungle Resources	Phosphate	2.0	
Auricup Resources	Gold	1.9	
Other Australia		0.2	18%
Africa			
Kasbah Resources	Tin	1.7	
Toro Gold	Gold	2.1	
Other Africa		3.4	
Cash dedicated to Africa ¹		4.9	20%
Asia			
One Asia Resources ²	Gold	21.0	
Sihayo Gold	Gold	3.3	
Other Asia		3.6	48%
Americas	Iron Ore/Coal	0.8	1%
Uncommitted Net Cash		7.5	13%
Net Tangible Assets		\$58.4m	66¢/ share

One Asia Resources

- 24¢ of Lion's 66¢ NTA
- 2 gold projects in Indonesia
- Maiden JORC Resource at Pani: 1.88 Moz
- Lion and Asian Lion combined equity interest 35.5%
- Unlisted

¹ Committed cash of US\$3.9m to AFL3

² One Asia at a value of A\$0.75/share. Look through beneficial ownership of 28.9%

Pani (90%)

- **1.88 Moz Resource (57.5MT at 1.02g/t)**
- Ongoing drilling on known extensions to mineralisation
- PFS to be completed during 2013: heap leach, low strip open pit – expectations of low CAPEX and OPEX

Awak Mas (earning 80%)

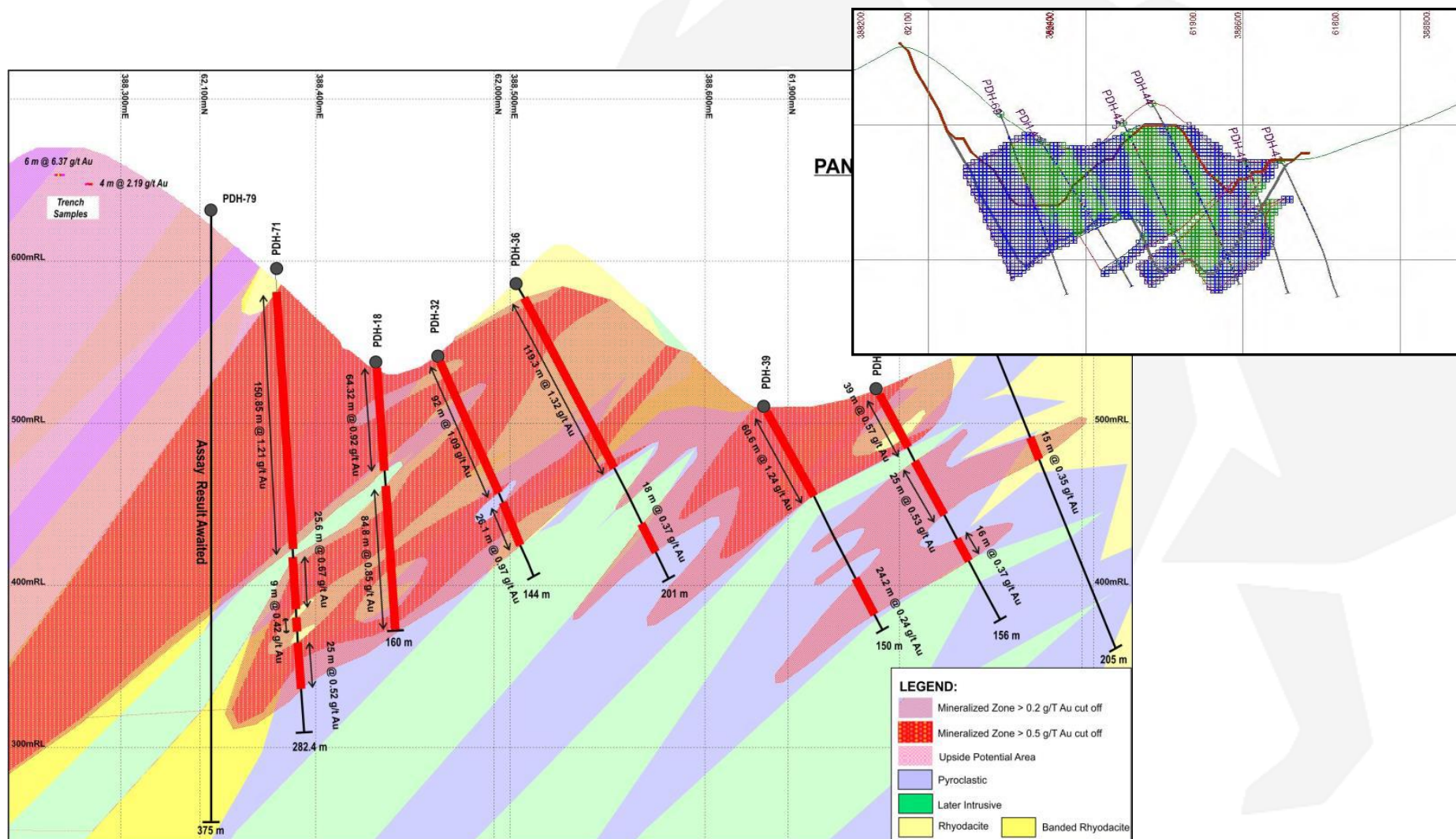
- 2.1 Moz Resource + 0.5-0.9Moz Exploration Target
- PFS estimates: \$260m CAPEX, \$650-\$760/oz OPEX, 150-200 kozpa production



One Asia – Pani Project (90%)



Lion Selection Group





One Asia Resources Update 1.88 Moz Maiden Pani JORC Resource

Lion Selection Group and Asian Lion own a combined equity interest of 35.5% of One Asia Resources, an Australian unlisted public company. One Asia is focused on the development of two gold mines in Sulawesi, Indonesia.

One Asia has released its maiden JORC Resource of 1.88 Moz for its Pani project (90% economic interest) which has been independently reviewed by SRK Australasia, as set out in the table below. One Asia's drilling has been extremely successful, with the 1.88 Moz JORC Resource defined based on around 13,000m of diamond drilling in less than 12 months since drilling commenced in June 2012, equating to a discovery cost of less than \$3/oz.

Table 1 - Summary of Resources Pani Project as of June 2013 (100% Basis)				
In Accordance with JORC Code 2012				
Cut off Grade	Resource Class	Tonnes Millions	Gold Grade g/t Au	Metals Millions oz Au
0.2 g/t Au	Indicated	42.2	1.01	1.37
	Inferred	15.3	1.03	0.51
	Total	57.5	1.02	1.88
0.5 g/t Au	Indicated	28.2	1.34	1.21
	Inferred	10.5	1.35	0.45
	Total	38.7	1.34	1.67

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, however 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.

Lion would like to acknowledge the outstanding contribution of the One Asia team at all levels.

One Asia continues to identify extensions to Pani in addition to the maiden JORC Resource, with drilling ongoing. A major extension to the Pani deposit is being drilled out to the immediate west of the Pani ridge, with results for the new 'Goroba' area below not being included in the maiden JORC Resource:

PDH 71	224m at 0.9 g/t Au (including 151m@1.21 g/t Au)
PDH 75	290m at 0.6 g/t Au

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

Lion Selection Group announcement to ASX, 13 June 2013