
Lion Selection Group Ltd

Listed Investment Company

Specialist Mining Investor

ASX Listed : LSX

January 2014

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Lion – Listed Mining Investment Company

Focus	<ul style="list-style-type: none">• Junior mining companies – project development phase
LIC structure	<ul style="list-style-type: none">• Investment decisions not driven by funding structure
Long term investor	<ul style="list-style-type: none">• Carefully select companies with quality people and projects• Match entry and exit to mining cycle
Portfolio approach	<ul style="list-style-type: none">• Weight investment towards best exposures
Team	<ul style="list-style-type: none">• Mining, finance and investment experience
Deal flow	<ul style="list-style-type: none">• Focal point for junior companies seeking funding
Dividend policy	<ul style="list-style-type: none">• Target sustainable, regular payments

Lion Selection Group (ASX : LSX)

Capital Structure

Shares	106.9m
Market Capitalisation (at 53¢ps)	A\$56.6m
NTA (at 60¢ps)	A\$64.4m
Options (exercisable at 80¢ before 12/12/14)	14.7m
Uncommitted Cash	A\$8.8m

Investors

1. Select Asset Management	17.7%
2. Robin Widdup	10.8%
3. Mark Creasy	4.1%
Directors & Management	23%

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

Shareholder Returns



Lion Selection Group

Total Shareholder Return ^{1-6, 9}:

- Distributions reinvested

Annualised TSR to 31 Dec 13	Lion	Small Resources	All Ordinaries
1 Year	-17.2%	-42.3%	19.7%
3 Years	-10.9%	-31.6%	8.0%
5 Years	29.2%	-4.6%	12.7%
10 Years	12.0%	3.0%	9.4%
15 Years	16.3%	6.5%	9.0%
Inception (16.3 years)	13.0%	3.5%	8.6%

Value Returned Since Inception ⁷⁻⁹:

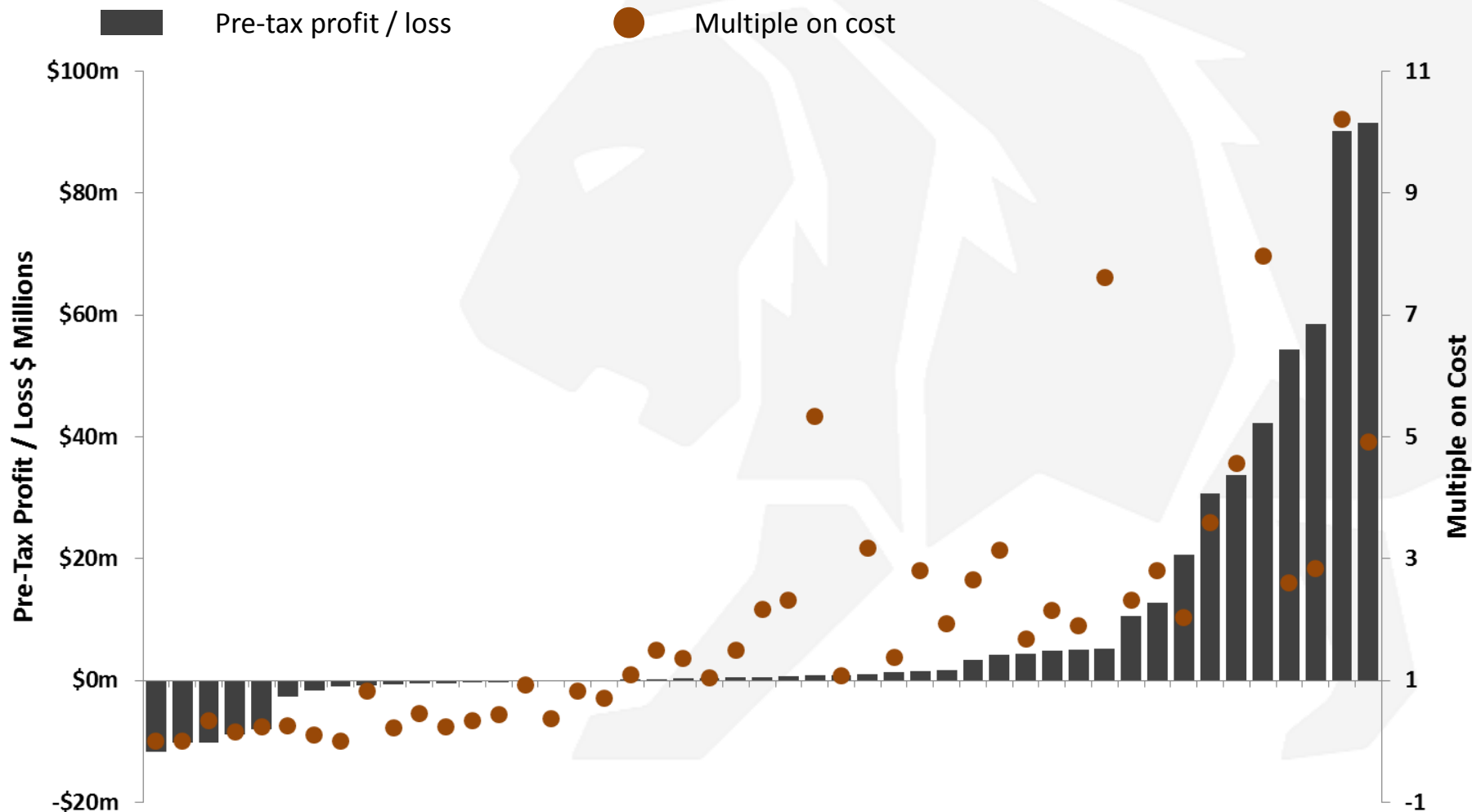
- On one share since 1997 IPO

	Value cps
Dividends	97cps
Off market buyback	81cps
Catalpa	155cps
Current value of Lion share (vs NTA 60cps)	53cps
Total	386cps

- 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.
- Equal to total \$ returned divided by the number of shares on issue prior to the buyback
- Closing price for Catalpa on 11 Dec 2009
- Source: IRESS, Lion Manager.

Lion Manager Track Record

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

Lion Selection Group Board

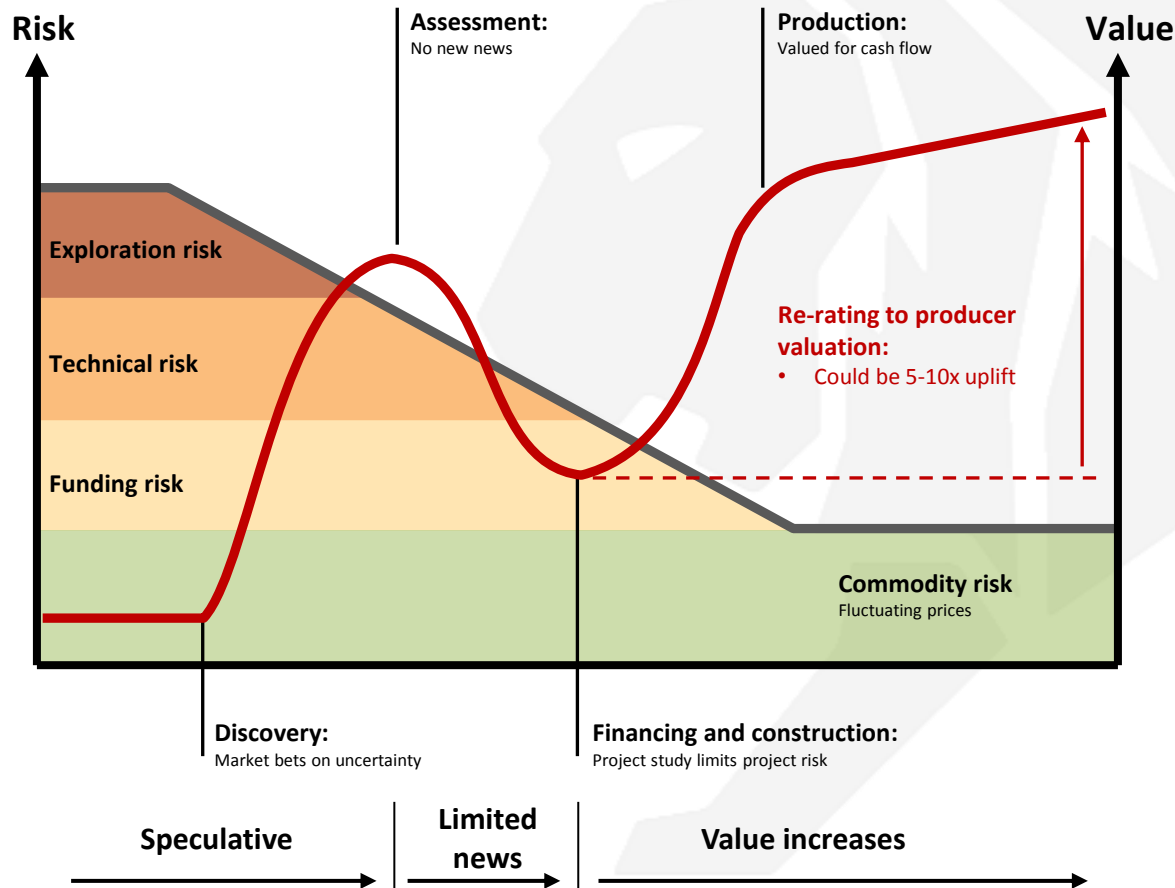
Peter Maloney (Chairman)	Commercial background, Lion Manager 2003 – 2010, Lion board since 2010
Barry Sullivan	Mining engineer, Lion Director 2008 – 2009, reappointed 2011
Chris Melloy	Mining Engineer, Mining Analyst (J B Were), Lion Manager 1997 – 2011, Lion Director since 2012
Robin Widdup	(see above)

Investment Philosophy



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Investment target zone

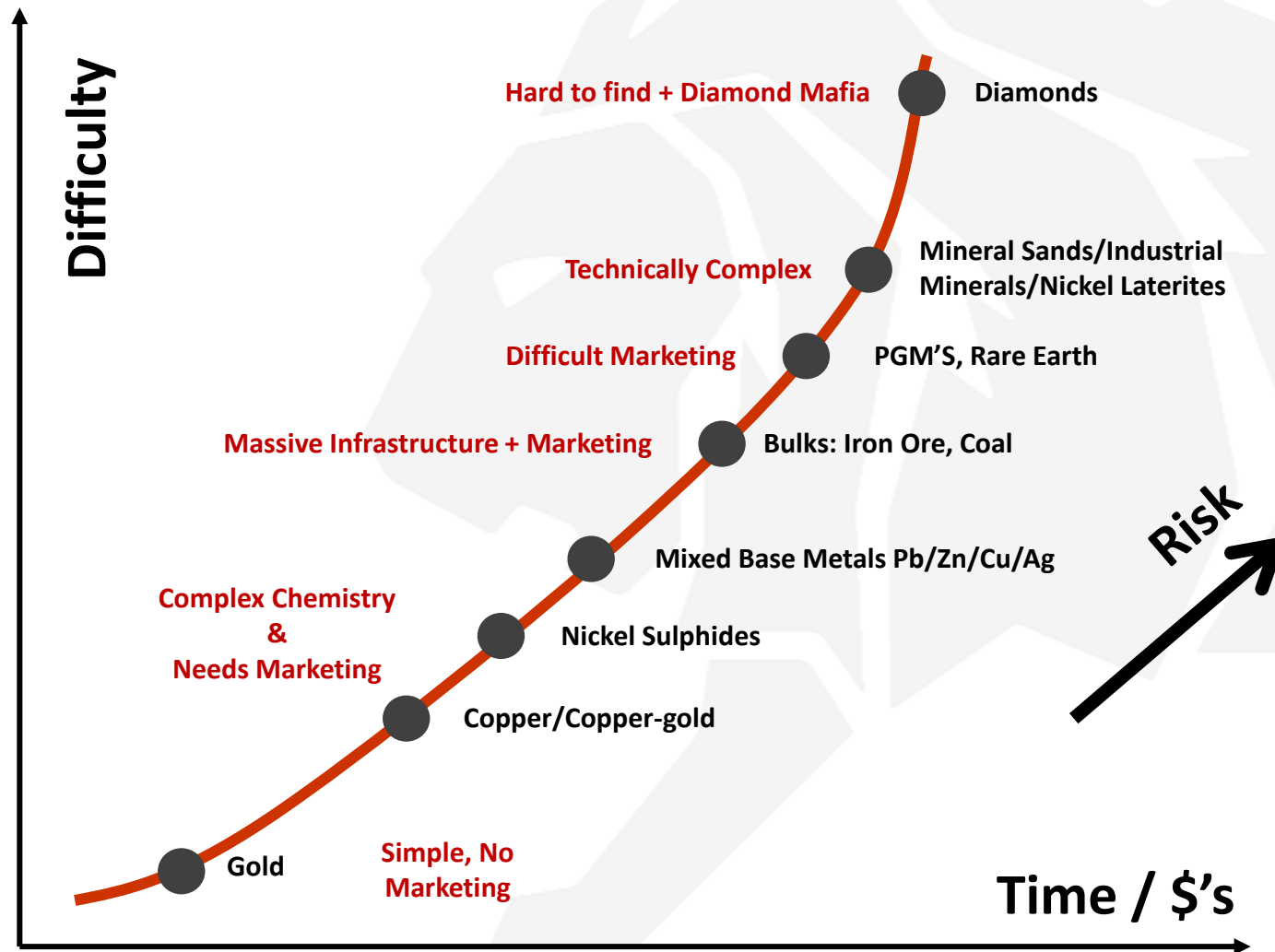


- Investment philosophy is to target value uplift from project de-risking
- Back good people, take a long term view

Commodity degree of difficulty



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Valuation: NTA



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NTA at 31 August 2013 Commodity Market Value A\$M % Portfolio

Australia

Doray Minerals	Gold	4.4	
Rum Jungle Resources	Phosphate	2.7	
Auricup Resources	Gold	1.5	
Other Australia		0.3	13%

Africa

Roxgold	Gold	2.7	
Kasbah Resources	Tin	1.6	
Toro Gold	Gold	1.9	
Other Africa		1.5	
Cash dedicated to Africa ¹		3.1	17%

Asia

One Asia Resources ²	Gold	29.6	
Sihayo Gold	Gold	1.3	
Other Asia		3.9	54%

Americas	Iron Ore/Coal	1.1	2%
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Uncommitted Net Cash		8.8	14%
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Net Tangible Assets		\$64.4m	60¢/ share
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One Asia Resources

- 28¢ of Lion's 60¢ NTA
- 2 gold projects in Indonesia
- Maiden JORC Resource at Pani: 1.88 Moz
- Lion and Asian Lion 36% combined equity interest
- Unlisted

¹ Committed cash of US\$2.7m to AFL3

² One Asia at a value of A\$0.75/share

Note: The above table includes investments held directly by Lion and the value to Lion of investments which are held by African and Asian Lion Funds

Pani (90%)

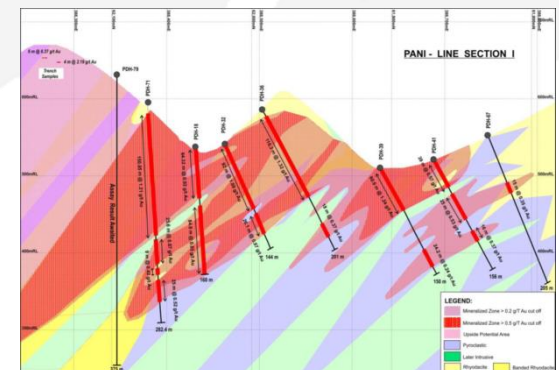
- **1.88 Moz Resource (57.5MT at 1.02g/t)**
- Ongoing drilling on known extensions to mineralisation
- PFS to be completed 2014: heap leach, low strip open pit – expectations of low CAPEX and OPEX

Awak Mas (100%)

- 2.55 Moz Resource
- PFS estimates: \$260m CAPEX, \$650-\$760/oz OPEX, 150-200 kozpa production



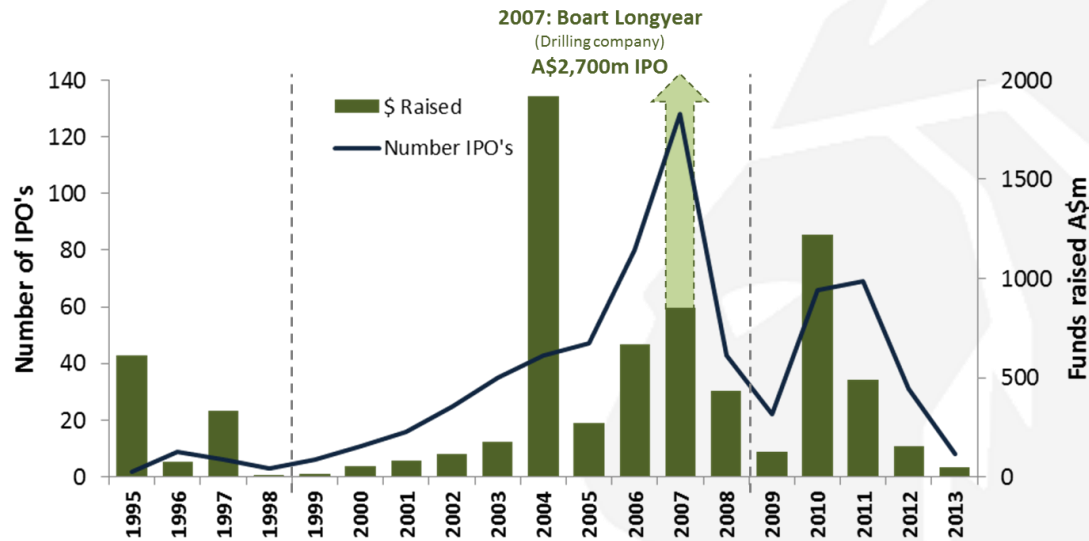
Pani Cross Section: thick zones of mineralisation



2008-2013: Full Cycle



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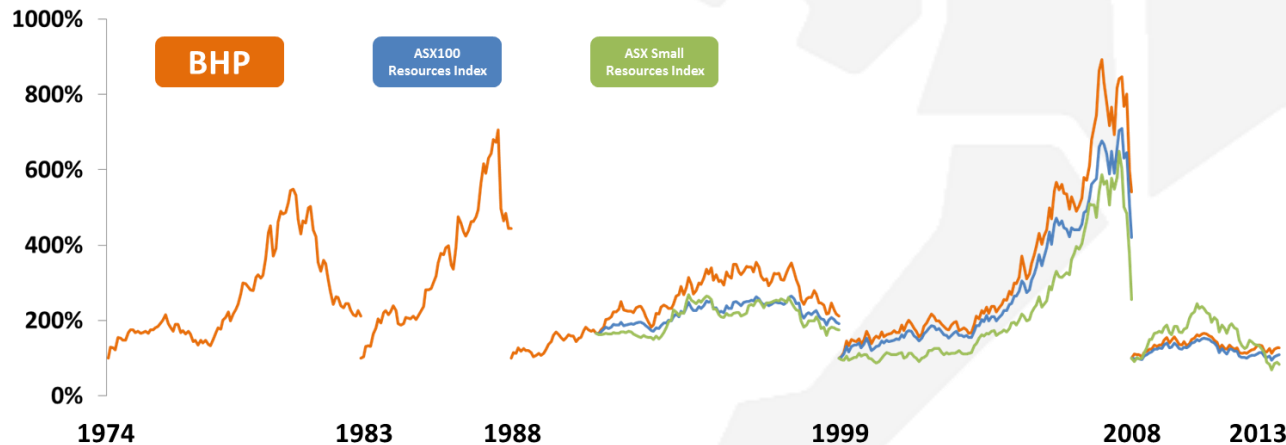


2009

- Liquidity recovered rapidly after GFC: economic stimulus

2013/2014

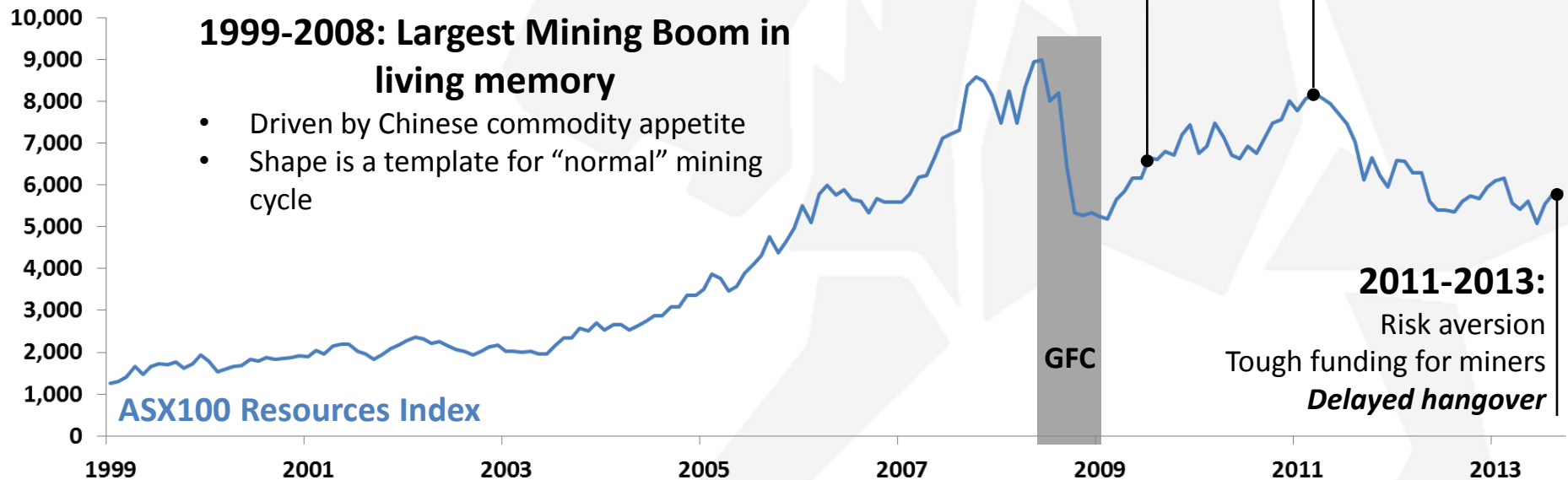
- Poor sentiment towards mining investment



2008-2013: Full Cycle



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New cycle has begun



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- Minimal downside for sector as a whole
- Juniors exposed to funding risk
- Opportunities are plentiful

