2013 ANNUAL REPORT

BUILDING EMERGING MINERS

PEOPLE ▸ PROJECTS ▸ OPPORTUNITIES

Lion Selection Group

Directors believe that Lion has a portfolio of emerging miners capable of strong growth and markets will recognise value in the fullness of time, but for now Lion will look for further opportunities where good people and projects go unrecognised.

Contents

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Chairman's Letter to Shareholders

Dear Shareholder

Your directors are pleased to provide you with the annual report for the year ended 31 July 2013.

The financial year saw a continued malaise over the small resources sector with the ASX small resources index off 33% during the period. Many of Lion's investees were impacted by this negative sentiment, even where the company specific outlook was quite positive. Lion's financial result for the year included a small mark to market loss on investments of $2.3 million, with the general fall in companies in the portfolio largely offset by an increase in the value of Lion's direct and indirect holding in One Asia, an unlisted gold company focussed on two key projects in Sulawesi Indonesia.

The ongoing market turbulence has damaged investor confidence with respect to the junior sector, particularly as the impairment of many boom time investments filters through the market. However, good mining projects continue to be financed, particularly in Australia where equity markets despite being down have actually outperformed Canada's TSX and UK's AIM markets. It is possible that Australia will in time become 'the' investment destination for the small resources sector given the dire downturn in these other jurisdictions coupled with more mining friendly policies in Australia following the recent change of Government.

During the year One Asia was the outstanding performer in the Lion portfolio with its Pani project having the hallmarks of being a company maker following a maiden JORC Resource of 1.88 Moz of gold, continuing exploration success and improved understanding of Pani's development potential. The Lion board and our patron, Ewen Tyler, were delighted to award the inaugural Lion Tyler Exploration Medal to Stephen Walters, Managing Director of One Asia in recognition of his leadership with respect to this exceptional discovery. One Asia is by far Lion's largest investment, and Lion continues to invest in the company as it looks to transition from explorer to developer. Many shareholders may rightly wonder whether such a concentrated investment within Lion's portfolio is warranted. From time to time in the past Lion has successfully weighted its portfolio towards specific investments where an investee's potential stood out taking into account the risks. The Lion board remains cognisant of portfolio concentration, but is of the view that there is potentially many times upside in its One Asia investment if the challenges and risks of developing a mine in Indonesia can be overcome. Initial indications are that One Asia's Pani deposit has the potential to be a low cost mine and profitable in most gold price environments. Robin Widdup from the Lion team has recently become a non-executive director of One Asia.

This year has been transformational for Lion, with the company successfully implementing the Lion Plan. Lion has successfully re-listed on the ASX and has more recently raised $10 million in a very well supported capital raising comprising a placement and fully underwritten shareholder purchase plan. Lion maintains its disciplined investment model focussing on direct investments in early stage mining and exploration companies which has been demonstrated to work over Lion's 16 year history. I am pleased to report that Lion is well positioned to take advantage of quality investments from the multitude of opportunities the company continues to see, and in particular note that such challenging times have historically provided some of the best opportunities for Lion.

Although Lion is not currently in a position to pay a dividend, Lion remains committed to paying sustainable dividends as returns are realised, subject always to the investment opportunities and commitments of the company.

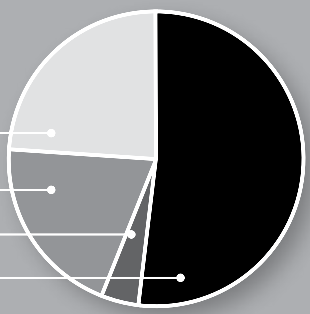
On behalf of the directors and management, I would like to thank the Lion team for their efforts and Lion's shareholders for their support during Lion's transformation and capital raising this year.

Peter Maloney
Chairman

Lion Selection Group Investment Summary

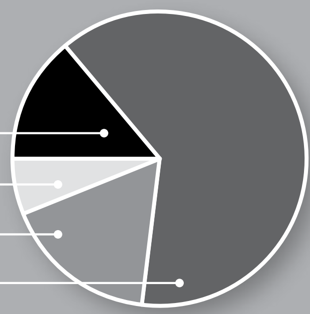
By Region
Funds Invested

20% Australia
19% Africa
4% Americas
57% Asia



By Commodity
Funds Invested

16% Other
4% Copper
13% Nickel
67% Gold



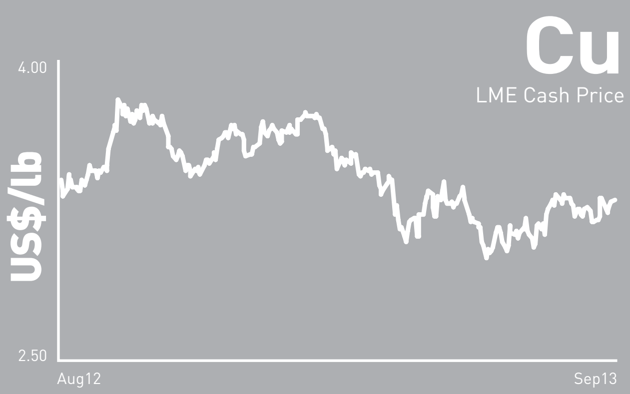
AS AT 30 SEPTEMBER 2013

	COMMODITY	MARKET VALUE A$M
Australia		
Doray Minerals	Gold	5.1
Rum Jungle Resources	Phosphate	1.8
Auricup Resources	Gold	1.3
YTC Resources	Gold/Base Metals	1.1
Other Australia		0.3
Africa		
Roxgold Inc	Gold	4.2
Kasbah Resources	Tin	2.3
Toro Gold	Gold	1.8
Other Africa		1.7
Cash dedicated to Africa[1]		3.1
Asia		
One Asia Resources[2]	Gold	29.6
Sihayo Gold	Gold	1.6
Other Asia		3.0
Americas	Iron Ore / Coal	1.0
Uncommitted Net Cash		**10.0**
Net Tangible Assets		**$67.9m**
NTA Per Share		**63c**

1 Includes committed cash of US$2.8m 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.

Lion Manager's Report



Sentiment towards commodities has been focussed on the future sustainability of economic growth in China, which is directly related to mineral commodity demand. There are highly divergent views on future growth that have been argued for the last two years, however with no clear sign that growth will materially differ from the current rate, commodity prices finished the year relatively flat. The significant exception was gold, which was US$1599/oz at the start of August 2012, touched almost US$1800/oz by October before falling to the present level where it is trading just above US$1300/oz. The most dramatic falls were in April 2013, when the price dropped from US$1600/oz to below US$1350/oz in the space of two weeks – this was due to massive short sales of paper gold in the futures market. The fall in the gold price revealed a structural shift in appetite for physical gold from west to east.

Financial markets have been characterised by a lack of risk appetite, with easy money resulting from government stimulus chasing yield. Broadly speaking, this has benefited large capitalisation stocks at the expense of juniors. In mining, the junior resources stocks have been aggressively sold down as part of a migration of funds out of resources or towards larger companies, and this became most apparent between April and June 2013, which was the same period of time that the most precipitous falls in gold also occurred. Falls were amplified by redemption selling as investors withdrew their funds from managed funds. In many cases, the effort required to manage redemptions has forced many fund managers to focus solely on sales leaving no funds or time for investing.

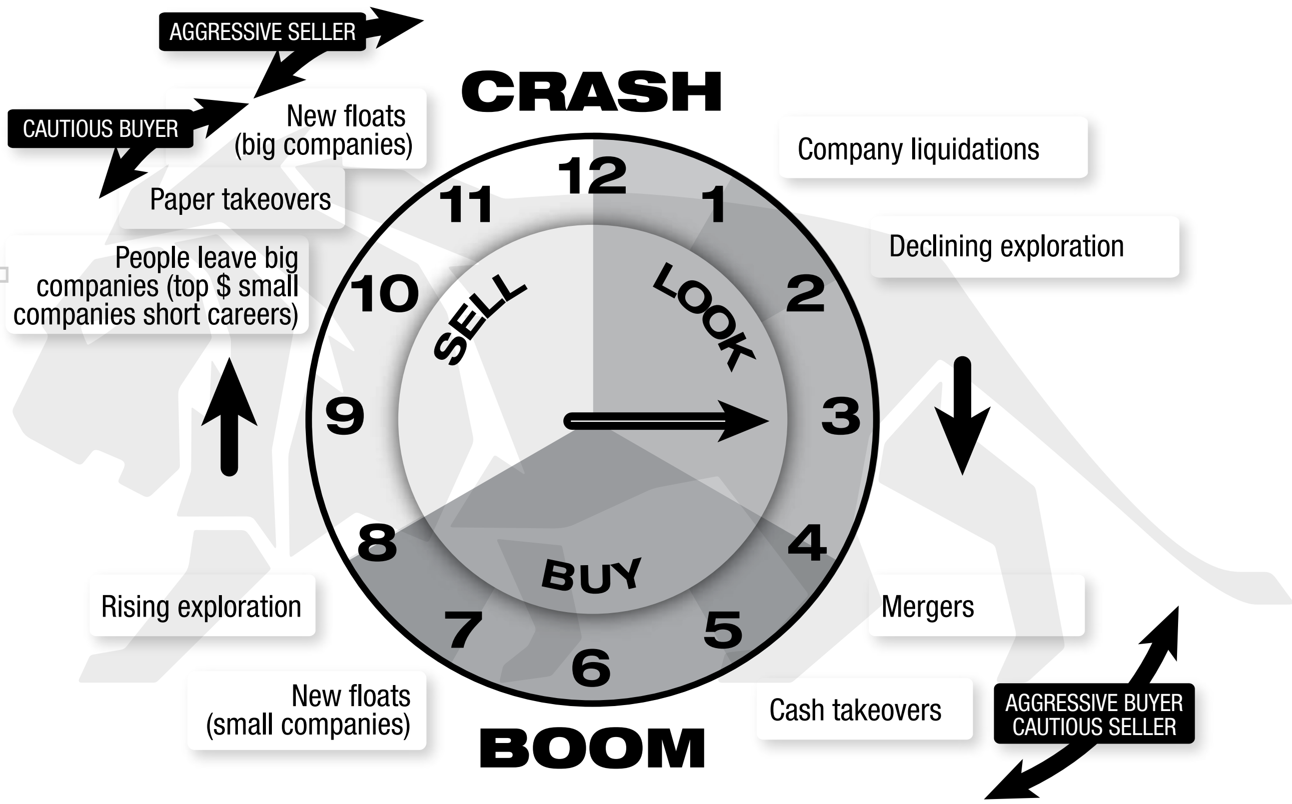
The markets move away from resources has resulted in a funding squeeze, making it difficult for juniors to raise new funds. Valuations in miners remain depressed, juniors most of all. Based on the negative performance in mining equities since mid 2011, combined with the market liquidity and sentiment conditions we observe, we now conclude the time on the Lion Clock is 3 o'clock. We view the period 2008-2013 as a full cycle, although without a pronounced boom phase. The slow decline of the resource market since 2011 has been much more prolonged than most cycle ends, which are normally a short, sharp crash.

The implication for equity valuations is that further material downside for the sector as a whole appears unlikely. We do not rule out further underperformance of juniors, primarily for the funding challenges they face. Lion's investment catchment has expanded, as company market capitalisations have shrunk.

Outlook

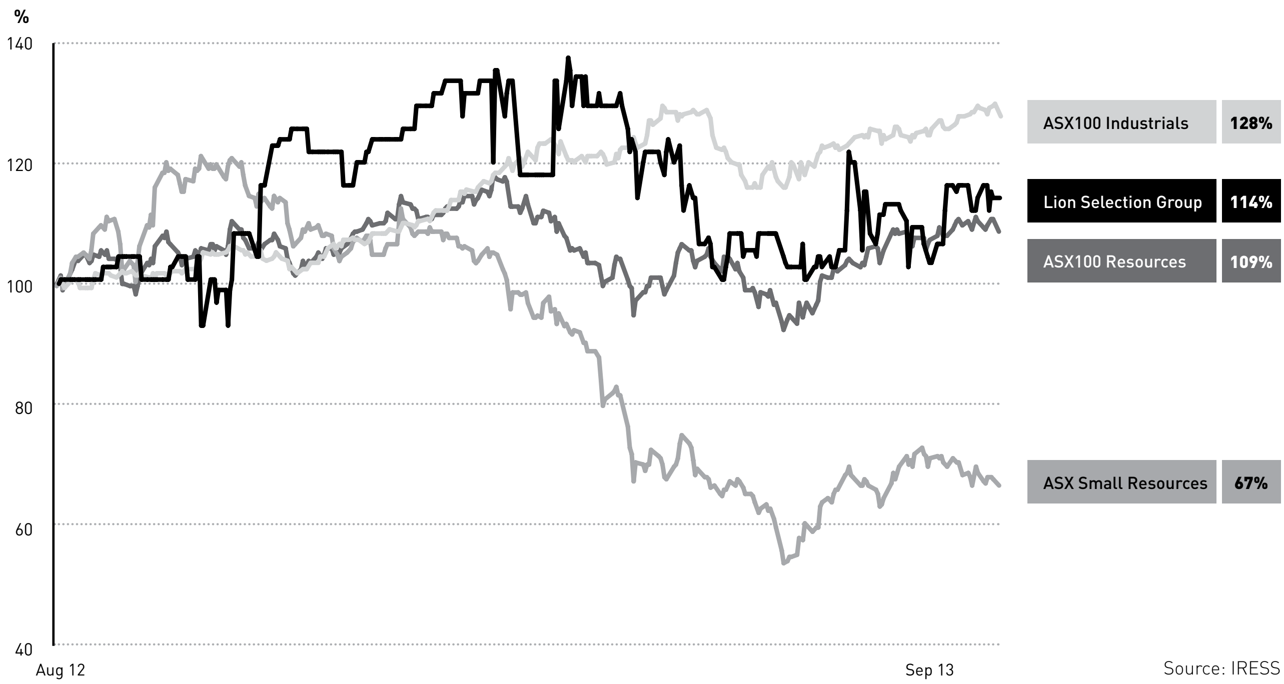
- Over the past year, many junior companies have severely curtailed budgets and reduced staffing levels. We expect there will be company liquidations, and consolidation in the sector as companies pool resources to survive.
- Being the bottom of the market, our main conclusion remains that investment opportunities are abundant and attractive.
- The boom phase of mining cycles can be slow to take shape (months to years).
- Major companies will be the first beneficiaries of a switch in sentiment, it may take longer for this to trickle down to more accommodative funding conditions for juniors.

Based on the negative performance in mining equities since mid 2011, combined with the market liquidity and sentiment conditions we observe, we now conclude the time on the Lion Clock is 3 o'clock.



Lion Performance

Comparative performance from 1 August 2012 to 30 September 2013 (13 months) for Lion versus the ASX 100 Resources, ASX Small Resources and ASX 100 Industrials indices.



Source: IRESS

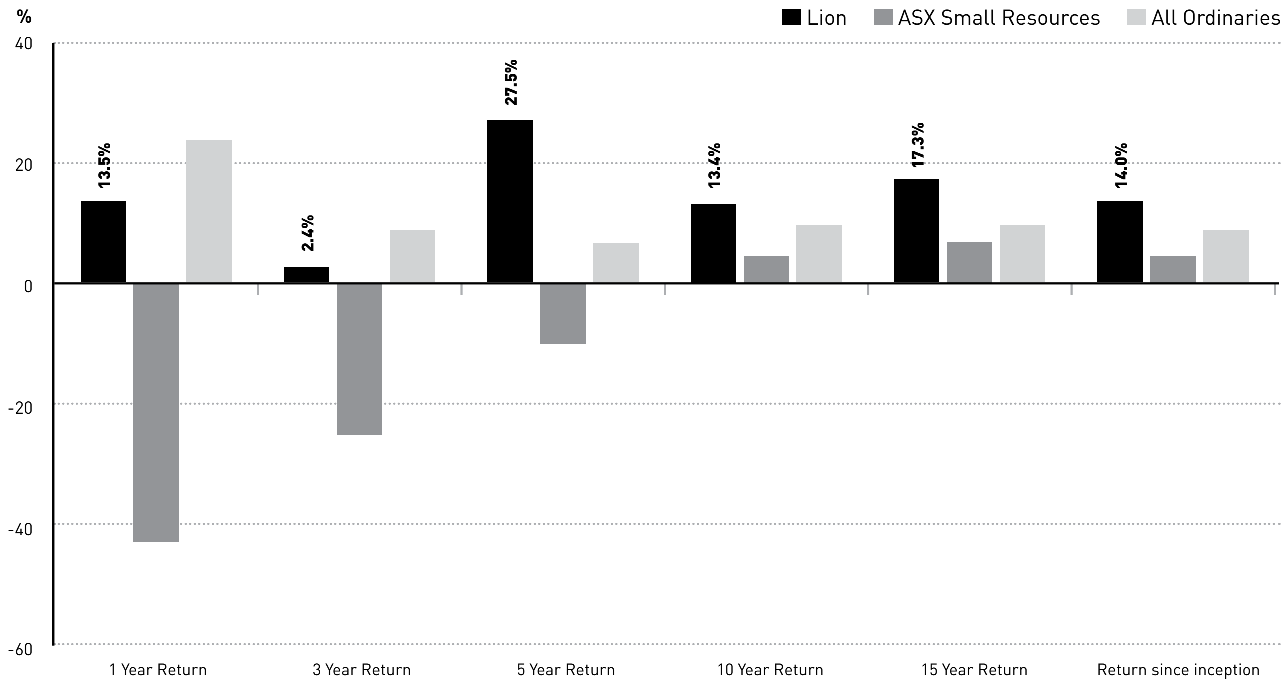
Lion Performance

Main investment flows

Acquisitions	Divestments
One Asia Resources (Gold / Indonesia)	Copperbelt Minerals (Copper, DRC)
Roxgold Inc (Gold, Burkina Faso)	
Doray Minerals (Gold, Western Australia)	
Rum Jungle Resources (Phosphate, Northern Territory)	

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

Total shareholder return for Lion Selection Group versus ASX Small Resources and All Ordinaries Accumulation Indices to 30 September 2013 [1-7]



Notes

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 Small Resources and All Ordinaries Accumulation indices have been used for comparison, which assume reinvestment of dividends.
3 Methodology for calculating total return is based on MorningStar (2006), which assumes reinvestment of distributions.
4 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.
5 Investment performance is pre-tax and ignores the potential value of franking credits on dividends that were partially or fully franked.
6 Past performance is not a guide to future performance.
7 Source: IRESS, Lion Manager.

One Asia Resources Limited

Lion Selection Group and Asian Lion own a combined equity interest of 36% of One Asia Resources, an Australian unlisted public company. One Asia is focused on the development of two gold mines in Sulawesi, Indonesia.

During the year, One Asia 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 adjacent table (see the announcement made by Lion on 13 June 2013 for further information). One Asia's drilling has been extremely successful, with the 1.88 Moz JORC Resource 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.

One Asia continues to identify extensions to Pani mineralisation in addition to the maiden JORC Resource, with an additional 7,500m drilling which is in progress at present. An 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
PDH 83	225m at 1.10 g/t Au (including 118m@1.55 g/t Au)

After the end of the financial year, Lion invested $7.5 million as part of One Asia's rights issue raising $21 million at $0.65/share.

For the purposes of Lion's Net Tangible Asset (NTA) backing as at 31 July 2013 One Asia was valued at $0.75/share. Lion believes this valuation continues to be appropriate, reflecting that the rights issue pricing represents a small discount to this valuation as would normally be the case for a listed company, and noting that the rights issue is largely an internal raising from existing shareholders. In addition, One Asia is having outstanding exploration success at the Pani project including the maiden JORC Resource noted above.

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**

Funds raised by One Asia in its rights issue will enable the completion of a Resource update, expected to be completed before the end of 2013, and a feasibility study at Pani, expected to be delivered in the first quarter of 2014. 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:

- Thick and continuous gold mineralisation;
- Minimal overburden;
- Early test work indicating very high heap leach recovery (>90%).

As previously announced, One Asia's other project, Awak Mas (One Asia earning 80%) has JORC resources of 2.142Moz of gold. One Asia has completed a pre-feasibility study that contemplates development of the Awak Mas Resource and is expected to undertake a JORC resource update in the fourth quarter 2013 from recent drilling at its Salu Bulo target.

Robin Widdup from the Lion team became a non-executive director of One Asia in August 2013.

image: One Asia Site Visit, May 2013

Corporate Governance Statement

The Board of Directors of Lion is committed to high standards of corporate governance. This statement summarises the Company's corporate governance framework. Full documentation may be viewed on Lion's website, www.lionselection.com.au.

Board Responsibilities
The Board's primary responsibility is to satisfy the expectations and be a custodian for the interests of its shareholders. In addition, the Board seeks to fulfill its broader ethical and statutory obligations, and ensure that Lion operates in accordance with these standards. The Board is also responsible for identifying areas of risk and opportunity, and responding appropriately.

Responsibility for the administration and functioning of Lion is delegated by the Board to the Chief Executive Officer. Through monitoring the performance of the Chief Executive Officer, the Board ensures that Lion is appropriately administered and managed.

The Board guides strategic planning and ensures it adheres to the interests and expectations of Lion's shareholders, manages risks and opportunities, and monitors company progress, expenditure, significant business investments and transactions and key performance indicators.

Composition of the Board
It is a policy of Lion that the Board comprises individuals with a range of knowledge, skills and experience which are appropriate to its objectives.

Lion's Constitution provides that the number of directors is to be determined by the Board but shall not be less than three. At present, the company has four directors – three non executive directors (including the Chairman) and one executive director.

Independence
The independent and objective judgment of Lion's directors is of paramount importance to the effective operation of the Board and the company.

Independence is defined for the purposes of the director as he/she being independent of any business relations, whether managerial or otherwise, with Lion or its subsidiaries or its actual or potential investments which might interfere with their ability to make sound, unfettered, objective judgments, and act in the best interest of Lion and its shareholders.

The directors' independence is regularly assessed by the Board.

Relationship with African Lion 2 Limited (AFL2), African Lion 3 Limited (AFL3) and Asian Lion Limited (ALF)
Under the terms of the Shareholder Agreements for AFL2, AFL3 and ALF, all shareholders in certain circumstances, will refer investments contemplated under the investment policy to the fund. Shareholders have the right to co-invest with the fund in certain circumstances.

The Manager (Lion Manager Pty Ltd) has been appointed by the shareholders of these funds to implement its investment strategy and manage their investments. This includes all steps of the investment selection process and the making of recommendations to the Investment Committee of each fund.

Management Agreements have been established to formalise the relationship between the funds and the Manager.

The Manager, under these agreements, undertakes to act as investment manager for the funds. The Manager is at liberty to engage specialists and consultants as appropriate to assist in the assessment process and provides a regular flow of information to Lion's directors.

However, the investment committee including Lion's representative retains the power to make the final investment decision on the basis of this information and advice. This retention of final investment decisions allows the investment committee to effectively review the function and proficiency of the Manager and of the investment selection processes.

Corporate Governance
The Board will at least annually review Lion's corporate governance policies and practices and seek assurance that the policies and practices are being observed, and that subject to size constraints, they are consistent with contents and format of the corporate governance statement required by the Australian Stock Exchange (ASX).

Audit Committee
The Board and the external auditors are accountable to shareholders. The Audit Committee is accountable to the Board.

The primary function of the Audit Committee is to assist the Board of Directors in fulfilling its responsibilities by reviewing:

Corporate Governance Statement

- the financial information that will be provided to shareholders and the public;
- the systems of internal controls that the Board and the Manager have established; and
- Lion's auditing, accounting and financial reporting process.

The Audit Committee consists only of non-executive directors, the majority of whom are independent. All members of the Audit Committee must have a working knowledge of basic finance and accounting practices.

The external auditor and members of the Manager and Board of Directors may be invited to attend the meetings and to provide information as necessary.

Members of the Audit Committee at the date of this report are Barry Sullivan (Chairman), Peter Maloney and Chris Melloy.

Nomination Committee

Lion recognises that Recommendation 2.4 of the Corporate Governance Council's 'Principles of Good Corporate Governance and Best Practice Recommendations' suggests the establishment of a Nomination Committee and associated Charter. However, in view of the small size of Lion's Board, the Board in its entirety acts, effectively, as a Nominations Committee, and there is no need to further subdivide it. As such, a Nominations Committee is an unnecessary measure for Lion.

Nomination, Appointment and Retirement of Directors

If a vacancy occurs or if it is considered that the Board would benefit from the services and skills of an additional director, the Board selects a panel of candidates with appropriate expertise and experience and, after assessment, appoints the most suitable candidate.

Lion's Constitution requires that directors appointed by the Board submit themselves for re-election at the first meeting of shareholders following their appointment. Whilst directors are not appointed for a fixed term, under the Constitution, one-third of the directors (excluding the Managing Director) must retire by rotation each year and submit themselves for re-election by shareholders.

Directors' Access to Professional Advice

The remuneration of the directors of the company is reviewed by the full Board.

Lion's Constitution stipulates that the aggregate remuneration available for division amongst the non executive directors is determined by the shareholders in general meeting (currently $200,000 per annum). This amount, or some part of it, is divided among the non executive directors as determined by the Board. At present the aggregate annual remuneration paid to non executive directors is $132,000.

Performance Evaluation

The small scale of the Board and the exceptional nature of the company's activities make the formal establishment of a performance evaluation strategy unnecessary. Performance evaluation is a discretionary matter for consideration by the entire Board. The Board will annually meet to asess performance of management, directors and the Board as a whole.

Business Risks

The Board aims to reduce investment risk through a policy of diversification of investments geographically and avoid over dependence on a single commodity, investee company or country.

Risks associated with the exploration and mining industry include geological, technical, political, title and commodity pricing risks.

The main areas of business risk to the company arise from:

- failure of an investee company due to one or a number of the above causes;
- downturn in the stock market; and
- changes to the law – corporations/ taxation legislation.

Individual investments each have their own risks which relate to the mining industry generally. These risks are regularly considered by the Lion Board.

The Chief Executive Officer also provides monthly status reports to the Board which identifies potential areas of business risk arising from changes in the technical, legal, financial or economic circumstances of any investee company or its operating environment.

Code of Conduct

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of both the company and the Manager.

The directors of Lion, all company employees, directors and employees of the Manager, undertake to preserve the highest standards of integrity, accountability and honesty in their dealings, operating in strict adherence to statutory and ethical obligations. These individuals are mindful and respectful of relevant policies and responsibilities.

Company practices are stringently monitored by the Board, while the Board itself is subject to the principles of its charter, which requires a high standard of independence, objectivity and openness in its dealings and relationship with shareholders and the management team. The

Corporate Governance Statement

Shareholder Communications Strategy, the Securities Trading Policy, and the Continuous Disclosure Policy collectively form a solid ethical foundation for company practices.

Securities Trading Policy
Lion has an established Securities Trading Policy. This policy is summarised below.

As a result of the nature of the business of Lion (together with any subsidiaries, and The Manager referred to as the Lion Group), directors, officers and other employees of the Lion Group will be in possession of information regarding a wide range of small and medium sized exploration and mineral production companies. From time to time some of this information may be classified as 'inside' information. They may also be aware of potential transactions between small and medium sized exploration companies and other companies.

Lion has adopted a policy and procedure designed to prevent the possibility of any actual or perceived conflict of interest between the interests of the Lion Group and its directors, officers and employees. They are also designed to prevent any insider trading by any director, officer or employee of Lion in the securities of Lion, investee companies and other companies where they may be in possession of insider information.

Supervisory and Compliance Procedures
Lion has procedures to ensure all directors, officers and employees of Lion are familiar with these policies, that they are reviewed on a regular basis and updated as necessary.

The trading activity of each director, officer and employee is reviewed from time to time.

Compliance procedures are in place which restrict trading by directors, officers and employees in securities of small and medium sized exploration and mining companies, and companies where a potential conflict of interest may occur.

Continuous Disclosure Policy
Lion is committed to continuous disclosure of material information as a means of promoting transparency and investor confidence. The practices of Lion are fully compliant with the ASX listing rules, including in particular those regarding continuous disclosure.

Lion will immediately notify the market of any information concerning itself which is not subject to the exceptions in the ASX Listing Rules and which a reasonable person would expect to have a material effect on the price or value of Lion's securities.

The Chief Executive Officer and the Company Secretary of Lion (Management) are responsible for the regular review of Lion's affairs to ensure that any relevant information is promptly announced to the ASX. Management is well aware of its legal responsibilities regarding continuous disclosure under the ASX Listing Rules. Management ensures that the processes governing the review and release of material information ensures compliance with these obligations, and that information is released in an efficient and consistent fashion. Where there is any disagreement or ambiguity as to the release of particular information, members of management will consult the full Board. Events such as trading halts, if they occur, will be arranged by Management.

Release of material information to the ASX is conducted by Lion's Company Secretary. Where the ASX contacts Lion, for example in the event of unusual share price fluctuations, communications are managed by the Company Secretary.

The Company expects investee companies to adopt and adhere to the same standards of continuous disclosures.

Lion's Other Corporate Governance Policies

Local Indigenous Communities
Lion has a policy that developments of Investees are not exploitative of local and indigenous communities and to assist such communities through symbiotic project development. This assistance is likely to focus on health, education and employment of indigenous people near to Investee companies' development projects.

Environment
Lion has a policy that environmental impact of developments is in line with country/international standards and does not adversely impact local communities.

Director's Report

The Directors of Lion Selection Group Limited ("LSG" or "the Company") submit their report on the operations of the Company for the financial year ended 31 July 2013.

At the date of this report, Lion had 95,420,281 fully paid ordinary shares on issue.

Directors
The following persons were directors of Lion during the financial year and up to the date of this report:

- Peter Maloney (Non-Executive Chairman)
- Barry Sullivan (Non-Executive Director)
- Chris Melloy (Non-Executive Director) appointed 1 November 2012
- Robin Widdup (Director)
- Craig Smyth (Managing Director) resigned 31 October 2012 (remains Chief Executive Officer)

Principal Activities
During the financial year the principal continuing activities of the Company were investment in mining and exploration companies.

Operating and Financial Review
This financial report is prepared in accordance with Australian Accounting Standards and therefore includes the result of the "mark-to-market" of the Company's investment portfolio in both the Statement of Comprehensive Income and the Statement of Financial Position.

The Company's loss before tax for the year was $2.0 million (2012 loss: $27.5 million). This includes realised losses from the sale of investments and unrealised losses from mark to market movements in its investment portfolio recognised in the Statement of Comprehensive Income in the current period as set out in the table below.

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.

The result for the year reflects a mark to market loss of $2.3 million with respect to investments (7% reduction compared with value of assets held at 31 July 2012). This includes an unrealised loss of $4.2 million. This reduction in value is partially due to general market movements, with negative investor sentiment evident with the ASX Small Resources index reducing 33% during the year. The unrealised mark to market loss of $4.2 million at 31 July 2013 in the portfolio value includes:

- A increase in the value of Lion's direct and indirect holding in One Asia (unlisted) of $8.4 million as a result of outstanding exploration and metallurgical results from One Asia's Pani project, including an initial JORC Resource of 1.88 Moz gold;
- A reduction in the value of Lion's direct and indirect holdings in Sihayo Gold of $3.2 million as a result of a delays to the company's feasibility study and lower gold prices;
- A steep decrease in value across the other investments in Lion's portfolio broadly consistent with other small resource companies during the financial year;

	2013 $'000	2012 $'000
Gains/(Loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	1,958	(188)
Mark to Market adjustment for period – investments held at end of period	(4,236)	(28,802)
Gains/(Loss) attributable to movement in fair value of investments	**(2,278)**	**(28,990)**
Results of Investments Realised During Period		
Sales Proceeds	2,781	150
Historical Cost of sales	(2,876)	(1,363)
Gross (loss)/profit measured at historical cost	**(95)**	**(1,213)**
Represented by:		
Mark to Market recognised in prior periods	(2,053)	(1,025)
Mark to Market recognised in current period	1,958	(188)
	(95)	**(1,213)**

Director's Report

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 financial year. During the year Lion had a small realised loss of $0.1 million largely with respect to the sale of its shares in Copperbelt Minerals.

Loss after tax attributable to members was $2.0 million and loss per share was 2.3¢.

During the year the company made new or follow on investments totalling $17.3 million as follows:

Purchases:	**million**
African and Asian Lion funds	$2.6
Asian Mineral Resources	$1.0
Centaurus Metals Ltd	$1.3
Doray Minerals Ltd	$2.5
Rum Jungle Resources Ltd	$1.0
One Asia Resources	$8.0
Other Investments	$0.9
	$17.3

Sales:	
Copperbelt Minerals	$2.6
Other Investments	$0.2
	$2.8

At 31 July 2013 the Company held investments valued at $45.8 million (31 July 2012: $34.5 million), and cash of $17.9 million (31 July 2012: $24.0 million). One Asia represents Lion's single largest investment valued at $21.0 million (including direct and indirect holdings). Subsequent to the end of the financial year Lion has committed to make a further investment in One Asia as noted below.

Dividends

No dividend was declared or paid during the year (2012: Nil).

Compliance with Environmental Regulations

Lion has a policy that environmental impacts of developments of investees are in line with country/international standards and do not adversely impact local communities.

Lion has not been notified by any investee of any environmental breach by any government or other agency, and is not aware of any such breach.

Significant Changes in the State of Affairs

There were no significant changes in the State of Affairs of the Company.

Significant Events after Balance Date

Subsequent to the end of the financial year Lion completed a financial raising that spanned the financial year end. Accordingly, Lion received an additional $2.4 million with respect to the Company's Share Purchase Plan ("SPP"), and issued an additional 11.5 million shares with respect to the Placement and SPP. Following this issue Lion had Issued Capital of 106,911,413 Ordinary Fully Paid Shares.

In addition, subsequent to the end of the financial year one of Lion's investee companies One Asia Resources Limited initiated a rights issue. Lion has committed to partly underwrite the rights issue, with a commitment of $7.5 million. In August 2013 Lion provided short term funding of $1 million as part of a $5 million facility which was repaid prior to the date of this report.

Other than the items above, there has not arisen in the interval between the end of the year 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.

Proceedings on Behalf of the Company

No proceedings have been brought or intervened in or on behalf of the Company with leave of the court under section 237 of the *Corporations Act 2001*.

Likely Developments and Future Results

The Company's future operating results will depend on the results of its investments, and in particular its largest investment, One Asia. The Company's ability to sustain profits is dependent on future sales of investments which in turn are dependent on market opportunities and the performance of the Company's various investments, which are difficult to predict.

There are a wide variety of risks associated with the mining and exploration industry including market conditions, exploration, operational and political risk, tenure of tenements, liquidity and native title issues. Because of the vagaries of the mining and exploration industry and the long term nature of most of Lion's investments, the directors are unable to predict future results.

Corporate Governance Statement

In recognising the need for the highest standards of corporate behaviour and accountability, the directors of Lion support the applicable principles of good corporate governance. The Company's corporate governance statement is contained in the annual report.

Employees

At 31 July 2013 there was 1 full time equivalent employee of the Company (2012: 1 FTE).

Remuneration Report
All disclosures in this remuneration report have been audited. This remuneration report outlines the director and executive remuneration arrangements of the Company as required by section 308 (3C) of the Corporations Act 2001. For the purposes of this report, key management personnel of the Company are defined as those persons having authority and responsibility for planning, directing and controlling the major activities of the Company, directly or indirectly, including any director, and includes the executive employed by the Company considered to meet the definition of key management personnel.

Key Management Personnel Remuneration Framework
Emoluments of individual Board members and other key management personnel are determined on the basis of market conditions and the level of responsibility associated with their position. The emoluments are not specifically related to company performance and there are no long-term or short-term performance-related incentives provided to key management personnel.

Remuneration and other terms of employment for key management personnel are formalised in either service agreements or employment contracts.

The remuneration policy in relation to directors is determined by the full Board. Remuneration of other key management personnel is determined by the directors of the Company. Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. As approved by shareholders at the Annual General Meeting held on 1 December 2011, the maximum aggregate amount, including superannuation contribution, that may be paid to directors of the Company as remuneration for their services is $200,000 for any financial year.

Other key management personnel receive a base salary and superannuation contributions in accordance with Australian superannuation guarantee legislation.

The remuneration policy of the Company with respect to directors and other key management personnel provides for Director's & Officer's (D&O) Insurance cover, but does not provide options, shares, loans or any other non-monetary benefits.

Voting and Comments at the Company's 2012 Annual General Meeting
The Company received more than 97% of "yes" votes on its Remuneration Report for the previous financial year. The Company did not receive any specific feedback at the Company's 2012 Annual General Meeting on its remuneration practices.

Details of Remuneration
Details of remuneration paid/payable to directors and the other key management personnel of the Company are detailed in the table opposite. The benefits provided to Key Management Personnel are fixed with no at-risk components of remuneration.

Key Management Personnel Shareholdings
At the date of this report the direct and indirect interests of the directors and other key management personnel in the ordinary shares and options of Lion are detailed below. No shares or options were issued as remuneration.

SHAREHOLDINGS OF KEY MANAGEMENT PERSONNEL OF THE COMPANY

NAME	BALANCE 1 AUGUST 2012	SHARES ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2013
Directors				
P J Maloney	1,347,489	-	-	1,347,489
C Melloy	-		4,245,967	4,245,967
R A Widdup	18,256,223*	-	(8,646,833)*	9,609,390
B J Sullivan	60,000	-	290,000	350,000
Other Key Management Personnel				
C K Smyth	271,316	-	84,905	356,221
J M Rose	58,000	-	(58,000)	-
Total	**19,993,028**	**-**	**(4,083,961)**	**15,909,067**

* Mr Widdup's shareholding reflects his relevant interest in the Company. This includes a number of shareholders who are associated with Mr Widdup due to an oral understanding reached on 13 May 2010 in relation to their shares. This association ended on 31 October 2012.

OPTIONS ON ISSUE

NAME	BALANCE 1 AUGUST 2012	OPTIONS ISSUED AS REMUNERATION	NET CHANGE OTHER	CLOSING BALANCE 31 JULY 2013
Directors				
P J Maloney	-	-	224,583	224,583
C Melloy	-	-	707,663	707,663
R A Widdup	-	-	1,544,899	1,544,899
B J Sullivan	-	-	10,000	10,000
Other Key Management Personnel				
C K Smyth	-	-	45,221	45,221
J M Rose	-	-		-
Total	**-**	**-**	**2,532,366**	**2,532,366**

KEY MANAGEMENT PERSONNEL OF THE COMPANY – REMUNERATION FOR YEAR TO 31 JULY 2013

2013		SHORT TERM BENEFITS		TERMINATION BENEFITS	ALLOCATION OF D&O INSURANCE PREMIUM	POST-EMPLOYMENT SUPERANNUATION	TOTAL
		SALARIES/ FEES	CASH BONUS				
NAME	NOTES	$	$	$	$	$	$
Directors							
P J Maloney		27,821	-	-	8,516	24,180	**60,517**
C Melloy	(a)	2,918	-	-	6,083	27,083	**36,084**
B J K Sullivan		35,139	-	-	8,516	4,861	**48,516**
R A Widdup	(b)	-	-	-	8,516	-	**8,516**
C K Smyth	(c)	-	-	-	8,516	-	**8,516**
Other Key Management Personnel							
J M Rose		86,450	-	-	8,409	7,781	**102,640**
Total		**152,312**	**-**	**-**	**48,663**	**63,921**	**264,896**

2012	SHORT TERM BENEFITS		TERMINATION BENEFITS	ALLOCATION OF D&O INSURANCE PREMIUM	POST-EMPLOYMENT SUPERANNUATION	TOTAL
	SALARIES/ FEES	CASH BONUS				
NAME	$	$	$	$	$	$
Directors						
E W J Tyler	16,667	-	-	4,905	-	**21,572**
P J Maloney	28,135	-	-	8,409	19,865	**56,409**
B J K Sullivan	24,465	-	-	3,504	2,202	**30,171**
R A Widdup	-	-	-	8,409	-	**8,409**
C K Smyth	-	-	-	8,409	-	**8,409**
Other Key Management Personnel						
J M Rose	86,450	-	-	8,409	7,781	**102,640**
Total	**155,717**	**-**	**-**	**42,045**	**30,124**	**227,610**

(a) C Melloy was appointed on 1 November 2012.

(b) R A Widdup is Managing Director of Lion Manager Pty Ltd, and does not receive any directors fees from the Company.

(c) C K Smyth has been employed by Lion Manager Pty Ltd, and does not receive any directors fees from the Company. Mr Smyth resigned as a director on 31 October 2012, but remains the Chief Executive Officer of the Company.

Information on Directors

Peter Maloney BComm, MBA (Roch) (Chairman)
Peter Maloney has broad commercial, financial and management expertise and experience. He was previously Chief Financial Officer of Lion to December 2009, and an executive of Lion Manager Pty Ltd. In a long career with WMC Resources, he held the positions of Treasurer, Executive Vice President Americas, and Manager Commercial and Marketing – WA. He has also been Executive General Manager, Finance at Santos and Chief Financial Officer at FH Faulding. Peter has managed varied debt and equity financings, mergers, takeovers, acquisitions, divestments, joint venture negotiations, commodity sale agreements, commodity and currency hedging programs, gold and nickel sales, and has been involved in a number of IPOs. As an executive, he has led major corporate and management restructures.

Peter has also been a director of several companies and organisations, including Indophil Resources and Barra Resources and was chairman of Southern Health, the largest healthcare provider in Victoria. He was Chairman of Catalpa Resources from December 2009 to its merger with Conquest Mining Limited to form Evolution Mining Limited in October 2011.

Peter holds a Bachelor of Commerce from the University of Melbourne and an MBA from University of Rochester. He has also completed the Advanced Management Program at Harvard Business School.

Peter became a non-executive director of Lion in December 2010, becoming Chairman from 1 January 2012.

Chris Melloy BE (Mining) (Hons), MEngSc, MAusIMM, F Fin (Non-Executive Director)
Mr Melloy completed an Honours Degree in Mining Engineering at the University of Queensland in 1976. He joined Mount Isa Mines in 1977, working underground and holding a number of engineering appointments in the mining area. During this period, Chris gained his professional qualification of Registered Mine Manager and a Masters Degree in Engineering Science.

Mr Melloy held a number of management positions in the planning and operating areas of MIM's Mining Division, culminating with responsibility for the copper mine. He joined J B Were & Son in 1987 to research the base metals sector and CRA Limited. He gained his Graduate Diploma of Applied Finance and Investment in 1990 and from 1992 was consistently ranked as a leading resource analyst in independent surveys.

Mr Melloy was an executive director of Lion Manager from its inception in 1997 through to 2011, when he retired to non-executive director. In September 2012, Mr Melloy resigned from his non-executive director role with Lion Manager. Mr Melloy was also previously a non-executive director of a number of Lion's investees, including Catalpa Resources.

Chris became a non-executive director on 1 November 2012.

Barry Sullivan BSc (Min), ARSM, FAusIMM, MAICD (Non-Executive Director)
Barry Sullivan is an experienced and successful mining engineer with a career spanning 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines. In the final five years of his tenure with MIM, Barry was Executive General Manager responsible for the extensive Mount Isa and Hilton operations.

Barry is currently a non-executive Director of Bass Metals, and was previously a non-executive Director and Chairman of Exco Resources and a non-executive Director of Catalpa Resources, Sedimentary Holdings and Allegiance Mining. He was also a non-executive director of Lion's predecessor company, Lion Selection Limited.

Barry joined Lion in December 2011.

Robin Widdup BSc (Hons), MAusIMM (Director)
Robin Widdup graduated from the University of Leeds (UK) with an Honours Degree in Geology in 1975. He worked in the Zambian copper belt gaining experience in mine geology at major copper-cobalt deposits, returning to the United Kingdom in 1978 to work for the National Coal Board in open-cast coal exploration activities. In 1980, Robin joined Mount Isa Mines Limited in Queensland and worked in both the copper and silver-lead-zinc mine areas.

Robin moved to stockbroker J B Were & Son as base metals analyst in 1986, before his subsequent appointments as gold analyst and manager of J B Were's Resource Research team. During his time at J B Were, Robin established himself as one of Australia's leading resource analysts, and the Resource Research team under his management was held in the same regard.

Robin resigned from J B Were & Son in early 1997 to establish Lion and Lion Manager. Robin is Managing Director of Lion Manager Pty Ltd, and a non-executive director of Lion investees One Asia Resources Limited and Asian Mineral Resources Limited.

Other Key Management Personnel

Craig Smyth BCA (Acctg), M App Fin, CA (Chief Executive Officer)
Craig Smyth graduated from the Victoria University of Wellington with a Bachelor of Commerce and Administration, and has completed his Master of Applied Finance at the University of Melbourne. Craig's financial background includes Coopers and Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia.

Craig joined Lion as the Financial Controller in March 2005 and was appointed Company Secretary in August 2007. From July 2009 to October 2012 Craig was Managing Director of Lion. On 31 October 2012 Craig stepped down from the Board of Lion Selection Group but remains as Chief Executive Officer of Lion. Craig is employed by Lion Manager Pty Limited.

Jane Rose (Investor Relations Manager & Company Secretary)
Jane Rose commenced work in 1983 as a legal administrative assistant. During the following 12 years, Jane held senior administrative positions with Phillips Fox and Corrs Chambers Westgarth in Melbourne and Nabarro Nathanson in London.

On returning to Australia, Jane worked as Executive Assistant to the Managing Director of Acacia Resources Limited and AngloGold Ashanti Limited where she was also responsible for the management of various corporate initiatives, including marketing and co-ordination of investor relations activities. From 2002 to 2006, Jane worked for several Lion investees, including MPI Mines Ltd, Leviathan Resources and Indophil Resources. Jane worked with Lion in early 2007 to assist with the merger, and she subsequently joined the company in July 2007 as Corporate Relations Manager.

In November 2008 Jane was appointed Investor Relations Manager and Company Secretary.

Directors' Meetings
During the year and up until the date of this report, the Company held fourteen directors' meetings. The names of the directors are set out above.

The table below reflects attendances of the directors at meetings of Lion's Board.

BOARD OF DIRECTORS	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	14	14
C K Smyth	4	5
R A Widdup	14	14
B J K Sullivan	14	14
C P Melloy	11	11

Audit Committee Meeting
During the year and up until the date of this report, the Company held one audit committee meeting.

The table below reflects attendances of the audit committee meeting.

AUDIT COMMITTEE	ATTENDED	MAX. POSSIBLE ATTENDED
P J Maloney	1	1
B J K Sullivan	1	1
C P Melloy	1	1

Directors' Benefits
Since the end of the preceding financial year, no director has received or become entitled to receive a benefit, other than benefits disclosed in this report as emoluments or the fixed salary of a full time employee of the Company or a related body corporate, by reason of a contract made by the Company or related body corporate with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest.

Indemnification of Directors, Officers and Auditors
An indemnity agreement has been entered into between Lion and each of the Company's directors named earlier in this report and with the Company Secretary. Under the agreement, the Company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Lion has paid an insurance premium of $48,663 in respect of a contract insuring each of the directors, previous directors of the Company, and other key management personnel, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

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 22 of this financial report.

Director's Report

Non-Audit Services

A fee of $10,000 was paid to the external auditors during the year ended 31 July 2013 for specific review procedures over investment performance calculations. The directors are satisfied that the provision of non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Rounding of Amounts

The Company is of a kind specified in Australian Securities and Investments Commission Class Order 98/100. In accordance with that class order, amounts in the financial report and the Directors' report have been rounded to the nearest thousand dollars unless specifically stated to be otherwise.

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

P J Maloney
Chairman

R A Widdup
Director

Melbourne

Auditor's Independence Declaration

As lead auditor for the audit of Lion Selection Group Limited for the year ended 31 July 2013, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Lion Selection Group Limited during the period.

Andrew Cronin
Partner
PricewaterhouseCoopers

Melbourne
3 September 2013

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Lion Selection Group Limited
Director's Declaration

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

1. In the opinion of the directors:

   (a) the financial statements, notes set out on pages 23 to 42 are in accordance with the Corporations Act 2001 and other mandatory reporting requirements, including:

      (i) complying with the Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

      (ii) giving a true and fair view of the financial position of the Company's position as at 31 July 2013 and its performance for the year ended on that date; 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.

2. Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.
3. This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the *Corporations Act 2001* for the financial year ended 31 July 2013.
4. The directors have been given the declaration by the chief executive officer required by section 295A of the *Corporations Act 2001*.

On behalf of the Board

P J Maloney
Chairman

R A Widdup
Director

Melbourne
Date: 3 September 2013

Financial Statements

Statement of Comprehensive Income for the Year ended 31 July 2013

	NOTES	2013 $'000	2012 $'000
Gain/(loss) attributable to movement in fair value	4	**(2,278)**	(28,990)
Dividend Income		**1,304**	361
Interest Income		**547**	1,490
Foreign Exchange Gain/(Loss)		**(42)**	541
Management fees		**(600)**	(357)
Employee benefits		**(217)**	(189)
Other expenses	4	**(741)**	(354)
(Loss)/profit before income tax		**(2,027)**	(27,498)
Income tax (expense)/benefit	5	**-**	-
Net (loss)/profit after tax		**(2,027)**	(27,498)
Other Comprehensive Income		**-**	-
Total Comprehensive (Loss)/Income for the year		**(2,027)**	(27,498)
Attributable to:			
Non-controlling interest		**-**	-
Members		**(2,027)**	(27,498)
		Cents per share	**Cents per share**
Basic (loss)/earnings per share		(2.3)	(31.2)
Diluted (loss)/earnings per share		(2.3)	(31.2)

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

Financial Statements

Statement of Financial Position as at 31 July 2013

	NOTES	2013 $'000	2012 $'000
Current Assets			
Cash and cash equivalents	11	**17,938**	23,981
Trade and other Receivables	6	**82**	132
Total Current Assets		**18,020**	24,113
Non-Current Assets			
Financial Assets	7	**45,813**	34,474
Total Non-Current Assets		**45,813**	34,474
Total Assets		**63,833**	58,587
Current Liabilities			
Trade and Other Payables	8	**51**	50
Total Current Liabilities		**51**	50
Non-Current Liabilities			
Total Non-Current Liabilities		**-**	-
Total Liabilities		**51**	50
Net Assets		**63,782**	58,537
Equity			
Contributed equity	10	**103,684**	100,109
Shares to be Issued Reserve		**3,697**	-
(Accumulated losses)	9	**(43,599)**	(41,572)
Total Equity		**63,782**	58,537

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

Statement of Cash Flows for the Year ended 31 July 2013

	NOTES	2013 $'000	2012 $'000
Cash flows from operating activities			
Dividends received		**1,304**	361
Interest received		**611**	1,890
Payments to suppliers and employees (including GST)		**(1,570)**	(900)
Net operating cash flows	11(b)	**345**	1,351
Cash flows from investing activities			
Payments for investments		**(17,283)**	(13,980)
Capital returns from investments		**884**	-
Proceeds from investment sales		**2,781**	150
Net investing cash flows		**(13,618)**	(13,830)
Cash flows from financing activities			
Proceeds from the issue of shares		**3,575**	-
Proceeds from shares to be issued		**3,697**	-
Net financing cash flows		**7,272**	-
Exchange rate variations on foreign cash balances		**(42)**	541
Net (decrease/increase) in cash and cash equivalents held		**(6,001)**	(11,938)
Cash and cash equivalents at beginning of financial period		**23,981**	35,919
Cash and cash equivalents at end of financial period		**17,938**	23,981

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

Financial Statements

Statement of Changes in Equity for the Year ended 31 July 2013

	ISSUED CAPITAL $'000	SHARES TO BE ISSUED RESERVE $'000	ACCUMULATED LOSSES $'000	TOTAL $'000
Balance at 1 August 2012	**100,109**	-	**(41,572)**	**58,537**
Total comprehensive loss	-	-	(2,027)	**(2,027)**
Transactions with owners in their capacity as owners				
Shares Issued	3,918	-	-	**3,918**
Share Issue expenses	(343)	-	-	**(343)**
Receipt of funds – shares to be issued	-	3,697	-	**3,697**
Balance at 31 July 2013	**103,684**	**3,697**	**(43,599)**	**63,782**
Balance at 1 August 2011	**100,109**		**(14,074)**	**86,035**
Total comprehensive loss	-		(27,498)	**(27,498)**
Balance at 31 July 2012	**100,109**		**(41,572)**	**58,537**

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

Notes to the Financial Statements for the Year ended 31 July 2013

NOTE 1. CORPORATE INFORMATION

The financial report of Lion Selection Group Limited ("Lion") for the year ended 31 July 2013 was authorised for issue in accordance with a resolution of the directors on 3 September 2013. The directors have the power to amend and reissue the financial report.

Lion is a company limited by shares incorporated in Australia. The nature of the operations and principal activities of the Company are described in the Directors' Report. The registered address of Lion is Level 4, 15 Queen Street, Melbourne.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. Comparative information is reclassified where appropriate to enhance comparability.

(a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001*. Lion is a for-profit entity for the purpose of preparing the financial statements.

The financial report complies with Australian Accounting Standards. The financial report also complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The financial report has been prepared on a historical cost basis, except for financial assets that have been measured at fair value.

The financial report is presented in Australian dollars and all values are rounded to the nearest thousand dollars ($'000) unless otherwise stated under the option available to Lion under ASIC Class Order 98/100. Lion is an entity to which the class order applies.

Early adoption of standards.

Lion has elected not to early adopt any standards.

(b) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 31 July 2013 reporting periods. The Company's assessment of the impact of these new standards and interpretations is set out below.

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 2015*)

AASB 9 Financial Instruments addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 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.

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements and AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards - Transition guidance and other Amendments (effective 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purpose Entities. The standard introduces a single definition of control that applies to all entities focusing on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. While the Company does not expect the new standard to have a significant impact on its composition, it has yet to perform a detailed analysis of the new guidance in the context of its various investees that may or may not be controlled under the new rules.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control. Lion is a venture capital organisation, and designates its investments as being fair value through profit or loss. The scope of *AASB 128 Investments in Associates* allows this treatment for venture capital organisations even though the Company may have significant influence in an investee. This treatment is not expected to change under the amended accounting standard.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Company has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Company does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 31 July 2014.

(c) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimates and assumptions that have an impact on the carrying amounts of certain assets and liabilities are:

(i) Income taxes

Lion is subject to income taxes in Australia. Significant judgment is required in determining the provision for income taxes and deferred taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. Lion recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that sufficient future taxable amounts will be available to utilise those temporary differences and losses. This involves judgment regarding the future financial performance and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the level of deferred tax assets recognised which can result in a charge or credit in the period in which the change occurs.

(ii) Fair value of investments and other financial assets

The Company carries its investments at fair value with changes in the fair values recognised in profit or loss. The fair value of investments and other financial assets that are not traded in an active market is determined based on either the last sale price, or where not available, the market value of underlying investments. Determination of market value involves the Company's judgment to select a variety of methods and in making assumptions that are mainly based on market conditions existing at each balance sheet date. The key assumptions used in this determination are set out in note 2(k).

(d) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to Lion and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Interest

Revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the fair value of the financial asset.

(ii) Dividends

Revenue is recognised when the shareholders' right to receive the payment is established.

(e) Cash and cash equivalents

For cash flow statement purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less or that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(f) Trade and other receivables

Trade receivables, which generally have 30 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

An allowance for doubtful debts is made when there is objective evidence that the Company will not be able to collect the debts. Bad debts are written off when identified.

(g) Foreign currency translation

Both the functional and presentation currency of Lion is Australian dollars (AUD).

Transactions and Balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(h) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the deductible temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, in which case a deferred tax asset is only recognised to the extent that it is probable that the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the temporary difference can be utilised.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the Statement of Comprehensive Income.

Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(j) Other taxes

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(k) Investments, Other Financial Assets and Investments in Associates

Financial assets in the scope of *AASB 139 Financial Instruments: Recognition and Measurement* are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale investments, as appropriate. Lion is a venture capital organisation, and designates its investments as being fair value through profit or loss. The scope of *AASB 128 Investments in Associates* allows this treatment for venture capital organisations even though the Company may have significant influence in an investee. After initial recognition, investments are measured at fair value, with gains or losses on fair value of investments being recognised in the Statement of Comprehensive Income. The fair value of assets is re-measured at each reporting date. This recognition is more relevant to shareholders and consistent with internal investment evaluation.

For listed investments, fair value is determined based on the closing bid price at reporting date. Unlisted investments are valued based on either the market value of underlying investments or the last sale price. Where there is no recent sales price, market value for unlisted investments is determined using a discounted cash flow analysis.

(k) Investments, Other Financial Assets and Investments in Associates (cont'd)

The price assumptions and discount rate included in this analysis are based on market data as well as other relevant data. For unlisted options over listed equities, the valuation will be calculated using the Black-Scholes method, having regard to the volatility of the underlying equity based on observable market data and the time to expiry of the relevant options.

All regular purchases and sales of financial assets are recognised on the trade date i.e. the date that the Company commits to purchase the asset. Regular purchases or sales are purchases or sales of financial assets under contracts that require delivery of the assets within the period established generally by regulation or convention in the marketplace.

(l) Derecognition of financial assets and financial liabilities

(i) Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass-through' arrangement; or the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(ii) Financial liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(m) Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(n) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Statement of Comprehensive Income over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless Lion has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(o) Payables

Payables are carried at amortised cost and represent liabilities for goods and services provided to the Company prior to the end of the financial year that are unpaid and arise when the Company becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(p) Provisions

Provisions are recognised when Lion has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

When Lion expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Comprehensive Income net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pretax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(q) Employee leave benefits - Wages, salaries, annual leave and long service leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave that are expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

The liability for long service leave for which Lion has an unconditional right to defer settlement for at least 12 months after the balance sheet date is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(r) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as a result of a share buy-back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(s) Earnings per share

Basic earnings per share is calculated as net profit, adjusted to exclude any costs of servicing equity (other than dividends) and preference share dividends, divided by the weighted average number of ordinary shares.

Diluted earnings per share is calculated as net profit, adjusted for:

- costs of servicing equity (other than dividends) and preference share dividends;
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares, divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

(t) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the segments, has been identified as the Board.

Investments have similar characteristics and so segments are determined on a geographical basis. The company invests only in small and medium mining and exploration companies with gold and base metal activities in Australia, Africa, South East Asia and the Americas.

NOTE 3 FINANCIAL RISK MANAGEMENT

Lion's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and price risk), credit risk and liquidity risk. Lion's overall risk management program is carried out under policies approved by the Board of Directors, and focuses on the unpredictability of the financial markets and seeks to minimise potential adverse effects on the financial performance of the Company. The Board provides written principles for overall risk management, as well as policies covering specific areas. The Board reviews and agrees policies for managing each of these risks and they are summarised below. Lion also monitors the market price risk arising from all financial instruments.

Lion holds the following financial instruments:

	2013 $'000	2012 $'000
Financial assets		
Cash	**9,438**	5,886
Bank bills and deposits receivable	**8,500**	18,095
Investments in securities	**45,813**	34,474
Trade and other receivables	**82**	132
	63,833	58,587
Financial liabilities		
Trade and other creditors	**51**	50
	51	50

(a) Market risk

(i) Foreign Currency Risk

Lion operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the United States dollar (USD).

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. To mitigate the Company's exposure to foreign exchange risk, non-AUD cash flows are closely monitored.

The Company's post-tax profit is less sensitive to movements in the AUD/USD exchange rate in the current year than in the prior year, partly due to a decrease in USD cash holdings.

(ii) Price risk

Lion is exposed to equity securities price risk, with many of the Company's equity investments being publicly traded. This arises from investments held by Lion and classified on the balance sheet as fair value through profit or loss.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company, however from time to time the Company may seek to increase exposure to particular investments. Lion does not hedge its equities securities price risk.

Based on the financial instruments held at the end of the period, if the value of equity securities had increased by 10%/decreased by 10% with all other variables held constant, the Company's post-tax profit for the year would have been $4,581,370 higher/lower (2012: $3,447,324 higher/lower) as a result of gains/losses on equity securities classified as fair value through profit or loss.

(iii) Interest Rate Risk Exposures

Lion is exposed to interest rate risk through its primary financial assets and liabilities. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised below. All assets and liabilities are current, maturing within one year, with the exception of investments in securities, the value of which will be realised at the discretion of the Company. No decision has been made regarding the timing of this realisation.

	FLOATING INTEREST RATE	FIXED INTEREST RATE	NON INTEREST BEARING	TOTAL	AVERAGE INTEREST RATE	
2013	$'000	$'000	$'000	$'000	FLOATING %	FIXED %
Financial assets						
Cash – AUD	9,436	-	-	9,436	2.23	-
Cash – USD		-	2	2	-	-
Bank bills and deposits receivable	-	8,500	-	8,500	-	3.45
Other receivables	-	-	82	82	-	-
Investment in securities	-	-	45,813	45,813	-	-
Financial Liabilities:						
Trade and other creditors	-	-	51	51	-	-
2012						
Financial assets						
Cash – AUD	4,546	-	-	4,546	2.79	-
Cash – USD	-	-	1,340	1,340	-	-
Bank bills and deposits receivable	-	18,095	-	18,095	-	5.16
Other receivables	-	-	132	132	-	-
Investment in securities	-	-	34,474	34,474	-	-
Financial Liabilities:						
Trade and other creditors	-	-	50	50	-	-

At 31 July 2013, if floating interest rates had increased/ decreased by 1.0% p.a. from the year end rates with all other variables held constant, post-tax profit for the year would have been $94,360 higher/$94,360 lower (2012: $45,460 higher/$45,460 lower), mainly as a result of higher/lower interest income from cash and cash equivalents.

(b) Credit risk

Lion is exposed to credit risk. Credit risk arises from cash and cash equivalents and deposits with banks as well as credit exposures to counter parties, including outstanding receivables and committed transactions. Lion has a policy of maintaining its cash and cash equivalents with the "top 4" Australian Banks. For other counter parties, if there is no independent rating, management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. The maximum exposure to credit risk approximates the carrying values as disclosed above.

Notes to the Financial Statements for the Year ended 31 July 2013

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the ability to close out market positions. Lion manages liquidity risk by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Surplus funds are generally only invested in instruments that are tradeable in highly liquid markets.

(d) Fair value measurements

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale 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.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. Lion uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Where there is no recent sales price available, the fair value for unlisted investments is determined using a discounted cash flow analysis. The fair value of the option contracts is determined using a Black Scholes valuation at the reporting date.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature.

Lion has adopted the amendment to *AASB 7 Financial Instruments: Disclosures* which 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 following tables present the Company's assets and liabilities measured and recognised at fair value for the years ended 31 July 2013 and 31 July 2012.

	LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000	TOTAL $'000
At 31 July 2013				
Assets				
Financial assets at fair value through profit or loss				
Investments	12,384	33,429	-	**45,813**
Total Assets	**12,384**	**33,429**	**-**	**45,813**
At 31 July 2012				
Assets				
Financial assets at fair value through profit or loss				
Investments	11,621	22,853	-	**34,474**
Total Assets	**11,621**	**22,853**	**-**	**34,474**

Notes to the Financial Statements for the Year ended 31 July 2013

The following table presents the changes in level 3 instruments for the years ended 31 July 2013 and 31 July 2012.

	2013 $'000	2012 $'000
Investments – Level 3		
Opening Balance	**-**	5,263
Transfers into Level 3	**4,108**	-
Transfers out of Level 3	**(18,038)**	(5,263)
Other increases	**5,036**	-
(Losses)/gains recognised in profit or loss	**8,894**	-
Closing balance	**-**	**-**

NOTE 4. INCOME AND EXPENSES

(Loss)/gain attributable to movement in fair value of investments		
Mark to Market adjustment for year – investments realised during year	**1,958**	(188)
Mark to Market adjustment for year – investments held at end of year	**(4,236)**	(28,802)
(Loss)/gain attributable to movement in fair value of investments as recorded in the Statement of Comprehensive Income	**(2,278)**	(28,990)

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

Results of Investments Realised During Year		
Proceeds from sale of shares	**2,781**	150
Historical Cost of investment sales	**(2,876)**	(1,363)
Gross (loss)/profit on investments realised	**(95)**	(1,213)
Represented by:		
Mark to Market recognised in prior periods (including on acquisition)	**(2,053)**	(1,025)
Mark to Market recognised in current year	**1,958**	(188)
	(95)	(1,213)

The total comprehensive (loss)/profit is after charging the following other expenses		
Investor Relations	**344**	61
D & O Insurance	**49**	42
Legal Expenses	**151**	8
Other corporate overheads	**197**	243
Total other expenses	**741**	354

NOTE 5. INCOME TAX EXPENSE

(a) Statement of Comprehensive Income		2013 $'000	2012 $'000
Current income tax		-	-
Deferred income tax		-	-
Income tax expense/(benefit) reported in the Statement of Comprehensive Income		**-**	-
Reconciliation of income tax expense			
(Loss)/profit before income tax		**(2,027)**	(27,498)
Prima facie tax thereon at 30%		**(608)**	(8,249)
Tax effect of permanent and other differences:			
Non-deductible expenses		**10**	139
Non assessable dividend income		**(391)**	(108)
Unrealised mark to market increase in the fair value of investments		**655**	8,333
Deductible business related capital expenditure under Section 40-880		**(135)**	(224)
Amount underprovided/(overprovided) in prior years		**-**	-
Tax benefit not recognised for accounting purposes		**469**	109
Total current income tax (benefit)/expense		**-**	**-**

(b) Unrecognised temporary differences

A deferred tax asset has not been recognised in the Statement of Financial Position as the benefits will only be realised if the conditions for deductibility and/or recognition set out in Note 2(h) occur.

Unrecognised temporary differences at 31 July relate to the following:			
Tax losses available – revenue account		**5,182**	3,628
Tax losses available – capital account		**59,200**	59,105
Temporary Difference – unrealised investments	Note (a)	**34,524**	34,300
Accrued Expenses/Other temporary differences		**234**	624
Unrecognised tax losses and temporary differences at 31 July		**99,140**	97,657
Potential Tax Benefit @ 30%		**29,742**	29,297

Note (a) – Temporary difference – unrealised investments
Temporary difference – unrealised investments arises from the difference between the fair value and taxable value of the investment

NOTE 6. RECEIVABLES (CURRENT)

Accrued interest	**62**	126
Sundry Debtors	**20**	6
Total current receivables, net	**82**	132

Notes to the Financial Statements for the Year ended 31 July 2013

NOTE 7. FINANCIAL ASSETS

	2013 $'000	2012 $'000
Listed investments (at fair value)	**12,384**	11,621
Unlisted investments (at fair value)	**33,429**	22,853
Total non-current financial assets	**45,813**	34,474

Listed shares are readily saleable with no fixed terms.

Lion's ownership and economic interest in Asian Lion Ltd ("Asian Lion") is 62.8%. The directors have determined that Lion does not control Asian Lion as the Asian Lion Subscription and Shareholders Agreement ("SSA") restricts the ability of Lion to influence and direct the financial and operating decisions of Asian Lion. The SSA restricts Lion's voting power such that it is not commensurate with its ownership interest and it is unable to control the appointment or removal of directors or of members of the investment committee to which investment decisions have been delegated.

Lion continues to carry its investment in Asian Lion as a financial asset at fair value through profit and loss.

NOTE 8. PAYABLES (CURRENT)

Sundry creditors and accruals	**51**	50
Total current payables	**51**	**50**

NOTE 9. RETAINED PROFITS & RESERVES

Movements in retained earnings were as follows:		
(Accumulated losses) at the beginning of the financial year	**(41,572)**	(14,074)
Net (loss)/profit for period	**(2,027)**	(27,498)
(Accumulated losses) at the end of the financial year	**(43,599)**	(41,572)

NOTE 10. CONTRIBUTED EQUITY

Issued and paid up capital (fully paid)		
Opening Balance	100,109	100,109
Shares Issued	3,918	-
Share issue expenses	**(343)**	-
Issued and paid up capital (fully paid)	**103,684**	100,109

Share Capital	2013 SHARES	2012 SHARES
Issued and paid up capital (fully paid)		
Opening Balance	**89,029,353**	88,029,353
Shares Issued	**7,390,928**	-
Issued and paid up capital (fully paid)	**95,420,281**	88,029,353

NOTE 10. CONTRIBUTED EQUITY (continued)

Shares to be Issued

During the financial year Lion undertook a $10 million equity capital raising, part of which was settled after the year end. During the financial year Lion received $3,697,000 as part of the raising for which 6,975,991 shares were issued immediately after the year end. This equity contribution has been classified as Shares to be Issued. In addition, subsequent to year end Lion received $2,393,000 and issued 4,515,141 shares (see Note 18 Events Occurring after the Reporting Period).

Capital Risk Management

Lion's objective when managing capital is to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders. In order to maintain or adjust the capital structure, Lion may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

NOTE 11. NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of cash and cash equivalents

For the purpose of the Statement of Financial Position and Statement of Cash Flows, cash and cash equivalents includes cash on hand and in banks, term deposits, cash managed by third parties and other bank securities which can be liquidated at short notice, net of outstanding bank overdrafts if applicable.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	2013 $'000	2012 $'000
Cash on hand and at bank	**9,438**	5,886
Bank bills and deposits	**8,500**	18,095
Closing cash balance	**17,938**	23,981

(b) Reconciliation of Net Profit/(Loss) after Income Tax to Net Cash Provided by Operating Activities

	2013 $'000	2012 $'000
Net (loss)/profit after income tax	**(2,027)**	(27,498)
Adjustments for non cash income and expense items:		
Movement in fair value of investments (increase)/decrease in assets	**2,278**	28,990
Other non-cash (income)/expense	**42**	(541)
(Increase)/decrease in assets:		
Deferred income tax asset	**-**	-
Other receivables	**51**	411
(Decrease)/increase in liabilities:		
Deferred income tax liability	**-**	-
Payables	**1**	(11)
Net cash flow from operating activities	**345**	1,351

NOTE 12. EARNINGS PER SHARE

	2013 $'000	2012 $'000
(a) (Loss)/earnings used in calculating earnings per share – basic and diluted	**(2,027)**	(27,498)
	2013 NUMBER	**2012 NUMBER**
(b) Weighted average number of ordinary shares for basic earnings per share	**88,759,383**	88,029,353

The calculation of weighted average number for the diluted earnings per share does not include any potential ordinary shares with respect to options as the options on issue are not considered to be dilutive for the current period.

NOTE 13. COMMITMENTS

(a) Superannuation Commitments

Lion does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At balance date, the Company was contributing to various approved superannuation funds at the choice of employees at a minimum rate of 9% 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 Commitments

African Lion 3 Limited (AFL3)

Lion entered into an agreement in June 2008 to commit US$18.75 million in AFL3, of which US$3.3M remains undrawn at 31 July 2013 (Australian Dollar equivalent of $3.6 million).

One Asia Resources Limited (One Asia)

One Asia is an unlisted exploration company focused on the exploration for gold resources and development of gold mines in Sulawesi, Indonesia. Subsequent to year end Lion has agreed to partly underwrite a rights issue for its investee One Asia. The rights issue is seeking to raise up to $21 million at $0.65/share. Lion has committed to take up $7.5 million in the rights issue, including both Lion's and Asian Lion's share of the rights issue (see Note 18 Events Occurring after the Reporting Period). In August 2013 Lion provided short term funding of $1 million as part of a $5 million facility which was repaid prior to the date of this report.

As at 31 July 2013, Lion has valued One Asia at $0.75/share. Lion believes this valuation continues to be appropriate, reflecting that the rights issue pricing represents a small discount to this valuation as would normally be the case for a listed company, and noting that the rights issue is largely an internal raising from existing shareholders. In addition, One Asia is having outstanding exploration success at the Pani project where an initial JORC Resource of 1.88 Moz was announced on 13 June 2013.

Robin Widdup from the Lion team has agreed to become a non-executive director of One Asia.

Lion Selection Limited

Under the arrangements associated with the 2009 demerger of Lion from its previous holding company, Lion Selection Limited, Lion provided an indemnity to Lion Selection Limited and its subsidiaries in respect of certain liabilities that pre-date the arrangements. This includes any tax liabilities of Lion Selection Limited and its subsidiaries for the period before 31 July 2009 and any employee and management fee liabilities prior to the demerger. Lion is not aware of any amount payable associated with this indemnity as at 31 July 2013.

Notes to the Financial Statements for the Year ended 31 July 2013

NOTE 14. REMUNERATION OF AUDITORS

	2013 $'000	2012 $'000
(a) Audit Services		
Audit and review of financial reports	**77,000**	69,000
Total remuneration for audit services	**77,000**	69,000

(a) Non-audit Services

A fee of $10,000 was paid to the external auditors during the year ended 31 July 2013 for specific review procedures in relation to investment performance calculations.

NOTE 15. RELATED PARTY DISCLOSURES

(a) Directors & Key Management Personnel

The directors in office during the financial year and up until the date of this report are as follows.

Peter Maloney (Non-Executive chairman)
Barry Sullivan (Non-Executive Director)
Chris Melloy (Non-Executive Director) – Appointed 1 November 2012
Robin Widdup (Director)
Craig Smyth (Managing Director) – Resigned 31 October 2012, remains Chief Executive Officer

(b) Lion Manager Pty Ltd Contract

During the year ended 31 July 2013, Lion entered into a Management Agreement with Lion Manager Pty Ltd (Lion Manager), under which Lion Manager provides the company with management and investment services. The arrangements were approved by shareholders at Lion's AGM on 5 December, with ongoing management fees of 1.5% p.a. based on the direct investments under management, currently equating to $645,000 per annum + GST. There is an incentive applicable which would apply where Lion's performance outperforms a benchmark. In addition up to a 12 month termination fee may be applicable should Lion seek to terminate the management agreement. Further details of the Management Agreement are set out in the Notice of Meeting for the 2012 AGM, available on Lion's website. As at the date of this report no incentive fee had accrued with respect to the Lion Manager contract.

In addition, from 1 August 2013 Lion has requested Lion Manager provide comprehensive Investor Relations services associated with Lion's ASX listing for $12,500 + GST per month for twelve months. These arrangements will be reviewed after twelve months.

(c) Key Management Personnel Remuneration

	2013	2012
Short term employee benefits	**152,312**	155,717
Termination benefits	**-**	-
D&O Insurance	**48,663**	42,045
Post-employment benefits	**63,921**	29,848
	264,896	227,610

Notes to the Financial Statements for the Year ended 31 July 2013

NOTE 16. MATERIAL INVESTMENTS

	CARRYING AMOUNT		ENTITY OWNERSHIP	
	2013 $'000	**2012 $'000**	**2013 %**	**2012 %**
The Company had direct ownership of the following material investments at year end:				
African Lion 2 Ltd	**643**	1,263	**25**	25
African Lion 3 Ltd	**6,410**	7,425	**24**	24
Asian Lion Ltd	**10,699**	10,425	**63**	63
Auricup Resources Ltd	**1,905**	1,905	**18**	20
Copperbelt Minerals NL	**-**	663	**-**	2
Doray Minerals Ltd	**5,110**	3,396	**6**	6
Mindoro Resources Ltd	**363**	670	**6**	7
One Asia Resources Ltd	**12,766**	89	**18**	-
Rum Jungle Resources Ltd	**2,045**	1,799	**6**	5
Sihayo Gold Ltd	**1,229**	2,655	**3**	2
YTC Resources Ltd	**1,699**	1,932	**4**	4

Each of the above companies is involved in the mining and exploration industry.

NOTE 17. 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. Investments have similar characteristics and so segments are determined on a geographical basis. Lion invests only in mining and exploration companies and projects with gold and base metal activities in Australia, Africa, South East Asia and the Americas. Information with respect to Geographical Segments is set out below.

2013	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICAS $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	1,304	-	-	547	1,851
Mark to Market adjustment	2,970	(1,227)	(2,885)	(1,136)	-	(2,278)
Segment Income	**2,970**	**77**	**(2,885)**	**(1,136)**	**547**	**(427)**
Segment Expense	-	-	-	-	(1,600)	(1,600)
Segment Result Before Tax	**2,970**	**77**	**(2,885)**	**(1,136)**	**(1,053)**	**(2,027)**
Segment Assets	11,085	7,754	26,474	500	18,020	64,833
Segment Liabilities	-	-	-	-	51	51
Other Segment Information						
Assets Acquired during the period	3,552	2,953	9,446	1,332	-	17,283
Cash Flow Information						
Net Cash inflow from operating activities	-	1,304	-	-	(959)	345
Net Cash inflow from investing activities	(3,459)	596	(9,423)	(1,332)	-	(13,618)
Net Cash inflow from financing activities	-	-	-	-	7,272	7,272

2012	AUSTRALIA $'000	AFRICA $'000	ASIA $'000	AMERICA $'000	UNALLOCATED $'000	TOTAL $'000
Segment Revenue	-	361	-	-	2,009	2,370
Mark to Market adjustment	(7,295)	(9,240)	(12,091)	(364)	-	(28,990)
Segment Income	**(7,295)**	**(8,879)**	**(12,091)**	**(364)**	**2,009**	**(26,620)**
Segment Expense	-	-	-		(900)	(900)
Segment Result Before Tax	**(7,295)**	**(8,879)**	**(12,091)**	**(364)**	**1,109**	**(27,520)**
Segment Assets	9,338	9,577	15,254	305	24,113	58,587
Segment Liabilities	-	-	-	-	50	50
Other Segment Information						
Assets Acquired during the period	5,574	5,587	2,151	668	-	13,980
Cash Flow Information						
Net Cash inflow from operating activities	-	361	-	-	990	1,351
Net Cash inflow from investing activities	(5,574)	(5,575)	(2,012)	(668)	-	(13,830)
Net Cash inflow from financing activities	-	-	-	-	-	-

NOTE 18. EVENTS OCCURING AFTER THE REPORTING PERIOD

Subsequent to the end of the financial year Lion completed a financial raising that spanned the financial year end. Accordingly, Lion received an additional $2.4 million with respect to the Company's Share Purchase Plan ("SPP"), and issued an additional 11.5 million shares with respect to the Placement and SPP. Following this issue Lion had Issued Capital of 106,911,413 Ordinary Fully Paid Shares.

In addition, subsequent to the end of the financial year one of Lion's investee companies One Asia Resources Limited initiated a rights issue. Lion has committed to partly underwrite the rights issue, with a commitment of $7.5 million. In August 2013 Lion provided short term funding of $1 million as part of a $5 million facility which was repaid prior to the date of this report.

Other than the items above, there has not arisen in the interval between the end of the year 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.

pwc

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

Report on the financial report

We have audited the accompanying financial report of Lion Selection Group Limited ('the Company'), which comprises the statement of financial position as at 31 July 2013, the statement of comprehensive income, the statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the 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 financial report that is free from material misstatement, whether due to fraud or error. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Freshwater Place, 2 Southbank Boulevard, SOUTHBANK VIC 3006, GPO Box 1331, MELBOURNE VIC 3001
T: 61 3 8603 1000, F: 61 3 8603 1999, www.pwc.com.au

Auditor's opinion

In our opinion:

(a) the financial report of Lion Selection Group Limited is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the entity's financial position as at 31 July 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 3 to 5 of the directors' report for the year ended 31 July 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Lion Selection Group Limited for the year ended 31 July 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Andrew Cronin
Partner

Melbourne
3 September 2013

Shareholder Information

Top 20 holders of ordinary fully paid shares – 30 September 2013

RANK	NAME	NO. OF SHARES	% OF UNITS
1	BNP Paribas Noms Pty Ltd ‹ Drp ›	18,916,350	17.69
2	Rojana Hero Pty Ltd ‹ Robin Widdup A/C ›	7,513,073	7.03
3	National Nominees Limited	5,689,428	5.32
4	Mr Mark Gareth Creasy	4,448,976	4.16
5	JP Morgan Nominees Australia Limited ‹ Cash Income A/C ›	4,256,412	3.98
6	Mr Robin Anthony Widdup + Mrs Janet Widdup ‹ Widdup Super Fund A/C ›	4,020,845	3.76
7	Mirrabooka Investments Limited	3,154,790	2.95
8	Mr Michael David Brook + Mrs Jenny Lee Brook ‹ MD & JL Brook Super Fund A/C ›	2,611,107	2.44
9	Mr Christopher Paul Melloy + Mrs Anne Christine Melloy ‹ Melloy Super Fund A/C ›	2,555,121	2.39
10	Majoli Pty Ltd	2,020,020	1.89
11	Gemfield Lake Pty Ltd ‹ Melloy Family A/C ›	1,919,686	1.80
12	Inconsultare Pty Ltd ‹ Morrison Family S/F A/C ›	1,650,000	1.54
13	Branjee Farm Pty Ltd	1,181,642	1.11
14	Mrs Pamela Julian Sargood	978,724	0.92
15	Wal Assets Pty Ltd	830,693	0.78
16	Avanteos Investments Limited ‹ Clearview S/P A/C ›	830,660	0.78
17	A & L Wait Superannuation Pty Limited ‹ A & L Wait Super Fund A/C ›	800,000	0.75
18	Mr Dominic Paul McCormick	723,715	0.68
19	Yamboon Pty Ltd ‹ Dyfam A/C ›	698,302	0.65
20	HSBC Custody Nominees (Australia) Limited	690,414	0.65
Total Top 20 holders of ORDINARY FULLY PAID SHARES		**65,489,958**	**61.26**
Total Remaining Holders Balance		**41,421,455**	**38.74**

Distribution of Shareholdings as at 30 September 2013

SIZE OF HOLDING (ORDINARY FULLY PAID SHARES)	NO. OF SHAREHOLDERS
1 – 1,000	277
1,001 – 5,000	1,231
5,001 –10,000	466
10,001 – 100,000	657
100,001 and over	94
Total Shareholders	**2,725**
Number of ordinary shareholders with less than a marketable parcel	195

Shareholder Information

Voting Rights

All ordinary shares issued by Lion Selection Group Limited carry one vote per share without restriction.

Substantial Shareholders as at 30 September 2013

The following information is extracted from notices received by the company.

NAME	NO. OF ORDINARY SHARES
Select Asset Management Limited	18,915,350
Robin Anthony Widdup	11,533,918

Lion Directors And Lion Manager Holdings

As at 30 September 2013, the members of the Lion Board and Lion Manager held shares directly and/or indirectly in Lion Selection Group Limited as follows:

NAME		NO. OF ORDINARY SHARES
Peter Maloney		1,724,847
Chris Melloy		4,717,665
Barry Sullivan		727,358
Robin Widdup		11,533,918
Mike Brook		4,821,780
Craig Smyth		375,088
Tim Markwell		11,758
Hedley Widdup		128,607
Total	**(22.49%)**	24,041,021

Lion Selection Group Limited Registry

You can gain access to your security holding information in a number of ways. The details are managed via our registrar, Computershare Investor Services, and can be accessed as outlined below.

Computershare Investor Services Pty Limited

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact

INVESTORPHONE

InvestorPhone provides telephone access 24 hours a day 7 days a week.

STEP 1 Call **1300 850 505** (within Australia) or **61 3 9415 4000** (outside Australia)

STEP 2 Say **'Lion Selection Group Limited'**

STEP 3 Follow the prompts to gain secure, immediate access to your holding details, registration details and payment information.

INTERNET ACCOUNT ACCESS VIA INVESTOR CENTRE

Securityholders can view their details online via Investor Centre:

STEP 1 Go to **www.investorcentre.com**

STEP 2 Select an action e.g. 'Holding Enquiry'

STEP 3 Enter **LGP** or **Lion Selection Group Limited**

STEP 4 Enter Securityholder Reference Number (SRN) or Holder Identification Number (HIN), postcode or country if outside Australia.

Alternatively, update your details or manage your portfolio by registering as a member of Investor Centre:

STEP 1 Go to **www.investorcentre.com**

STEP 2 Enter **User ID** and **Password/PIN** and login or click on the 'Register now' link to become a member

STEP 3 Follow the prompts to register. For security purposes, Computershare will generate a PIN and mail it to your registered address.

Corporate Directory

Registered and Principal Office

Level 4
15 Queen Street
Melbourne Vic 3000

Tel:	+61 3 9614 8008
Fax:	+61 3 9614 8009
Email:	info@lsg.com.au
Website:	www.lionselection.com.au

Share Registry

Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford Vic 3067
Postal Address – GPO Box 2975 Melbourne Vic 3001

Enquiries within Australia	1300 850 505
Enquiries outside Australia	+61 3 9415 4000
Investor Enquiries Facsimile	+61 3 9473 2500
Investor Enquiries Online	www.investorcentre.com/contact
Website:	www.computershare.com

Directors

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

Chief Executive Officer
Craig Smyth

Company Secretary
Jane Rose

Auditors
PricewaterhouseCoopers


CAT

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