

Quarterly Report for the 3 months ended 31 January 2010

Key Points

- Successful restructuring resulted in NSX listing of LSG on 16 December 2009 (LGP:NSX).
- Sale of remaining Indophil stake at \$1.21/share, with sales for quarter of \$29m compared with cost of \$9m.
- Foreign currency commitment of US\$24m to AFL3 and Asian Lion covered by USD bank account.
- LSG is in a position to consider new investment opportunities that will be generated by the Lion Manager in the future.

Company Strategy

- investing in junior resource companies at base of the resource cycle with long term view, initially through the AFL3 and Asian Lion Funds managed by Lion Manager.
- Aim to be timed to the resources cycle, selling aggressively at top of cycle and returning cash to shareholders.

Investments

INDOPHIL RESOURCES NL (LSG - Sold)

During the quarter, LSG completed selling its remaining holding in Indophil at an average price of \$1.21 per share. This sale, together with the sale of a 17.83% stake in Indophil at \$1.17 per share in 2008 by LSG's predecessor Lion Selection Limited, has returned a multiple on investment in excess of 5 times:

	2008	2009	Total
Number of shares sold	70m	27m	97m
Proceeds of sale	\$82m	\$31m	\$113m
Cost of investment	\$12m	\$10m	\$22m
Gross Profit	\$70m	\$21m	\$91m

COPPERBELT MINERALS (LSG 2.1%)

During the quarter, the valuation of Copperbelt Minerals (unlisted) was increased from US\$10/share to US\$21/share following strong interest in the investee's pre-IPO raising.

LSG received correspondence from Copperbelt Minerals that its proposed pre-IPO financing was subsequently postponed.

Copperbelt Minerals will be reviewing its funding plans which could include proceeding directly to an IPO.

As it is anticipated that the terms of any new raising would be no less than what was planned in the postponed pre-IPO raising, LSG maintains its valuation of US\$21/ share.

EXCO RESOURCES (LSG – 8.1%)

Exco Resources announced in December 2009 that its White Dam gold project remains on track for production from March 2010, producing approximately 50,000 oz pa.

In December 2009, Xstrata PLC announced that it had internally approved underground development of Ernest Henry, near Exco's E1 deposit. Exco views this decision positively for possible arrangements between Exco and Xstrata, among other development options.

ASIAN LION (LSG -34.3%)

During the quarter, Asian Lion made a follow-on investment in Asian Mineral Resources (AMR), a TSXV-listed company with nickel sulphide projects in Vietnam. Asian Lion's interest in AMR is now 13.6%.

In February 2010, LSG purchased an additional stake in Asian Lion from another shareholder for US\$0.5m, along with an incremental commitment of US\$1.8m. Following this purchase, LSG's interest in Asian Lion is 43% with outstanding commitments of US\$9.2m.

AFRICAN LION (LSG -25%)

Established in mid 2008 with committed capital of US\$79.2 million, African Lion 3 made its second investment, US\$0.5m in Canaco, a TSXV listed company with gold exploration properties in Tanzania. Predecessor funds AFL and AFL2 portfolios continue to be managed but are not actively seeking new investments.

HAVILAH RESOURCES (LSG – 18.6%)

Havilah continues to progress the mine permitting process with the Department of Primary Industries and Resources of South Australia. Additionally:

- Havilah is presently finalizing the Kalkaroo feasibility study with its partner Glencore International;
- Havilah's 45% owned uranium exploration subsidiary, Curnamona Energy Limited announced in February 2010 that it had signed a contract for in situ leach testing unit in relation to its Oban Uranium deposit.
- Havilah announced follow up geophysics in relation to the Lilydale Iron Project, with an exploration drill program scheduled for February 2010.

SUMMARY OF INVESTMENTS - 29 January 2010

Commodity		LSG holding	Investment \$m	Market Value A\$m
Direct Investments				
Copperbelt Minerals	DRC – Copper	2.1%	2.6	4.7
Exco Resources	Copper/gold	8.1%	6.6	5.7
Havilah Resources	Gold/base metals	18.6%	4.3	8.6
Other – investments less than 2% of Net Assets			2.5	1.3
Total Direct Investments			16.0	20.3
African & Asian Lion				
African Lion Funds		24.8%	3.8	7.5
Asian Lion Fund		34.3%	5.2	2.0
Total African & Asian Lion				9.5
Committed Cash - to African Lion 3 and Asian Lion				27.0 ¹
Net Cash				18.2
Net Tangible Assets – before tax				75.0
NTA per share before tax				\$0.85 ²

¹ Lion holds US\$24 million cash as part of its hedging policy.

² The NTA from a theoretical disposal of LSG's investment portfolio at market prices based on accounting carrying value was \$0.85 per share prior to estimated tax on gains, and \$0.85 per share after estimated tax on gains from such disposal.