

Half Year Report for the 6 months ended 31 January 2011



KEY POINTS

- Mark to market gain of \$20.5 million with respect to investments, reflecting increases in the market value of investees.
- Earnings per share of 20.6c for the Company. Result includes sale of Exco Resources holding for a \$4.4 million profit on the original investment.
- LSG is in investment mode, investing in new companies through the second half of 2010 and this is expected to continue until at least mid 2011.
- New investments made directly and via African Lion and Asian Lion Funds:

Direct investments	via African Lion Fund	via Asian Lion Fund
YTC Resources	Gulf Industrials	Pan Asia Resources
Sihayo Gold	Sama Resources	Sihayo Gold
Manas Resources	Celamin Holdings	Manas Resources
Mithril Resources	XTRA Gold Resources	Kentor Gold
Mindoro Resources*	Kasbah Resources*	

*Follow on opportunity from prior investment

- Lion Manager engaged to provide management services to LSG with respect to Australian investments.
- LSG Board restructure – Robin Widdup and Peter Maloney appointed to the LSG Board, with Howard Walker stepping down as Executive Director of LSG. LSG Managing Director, Craig Smyth, joined Lion Manager to assist in delivery on expanded scope of services provided to LSG.
- Strong balance sheet with no debt and \$39.8 million cash. USD denominated commitments to AFL3 and Asian Lion of US\$19.3 million largely covered by USD bank account.
- Post 31 January 2011, LSG sold its shareholding in Havilah Resources at 60 cents per share receiving \$9.2 million of sale proceeds.

Half-Year ended 31 July	2011 \$000's	2010 \$000's	Change
Investments			
Mark to Market	20,538	18,929	9%
Dividend Income	250	1,319	(81%)
<i>Cash Inflows/Outflows</i>			
Proceeds from investment sales	13,637	31,729	(57%)
Payments for Investments	16,753	685	2,346%

Section 2A
Half year report

1. Company Details

LION SELECTION GROUP LIMITED

ABN or equivalent company reference	Half Year ended ('current period')	Half year ended ('previous period')
26 077 729 572	31 January 2011	31 January 2010

2. Results for announcement to the market

				A\$'000
2.1	Revenue	Down 87%	to	1,095
2.2	Profit (loss) for the period	Up N/A%	to	18,113
2.3	Profit (loss) for the period attributable to members of the parent	Up N/A%	to	18,113

	Dividends	Current Period	Previous Corresponding Period
2.4	Franking Rate Applicable	N/A	Nil
	Interim Dividend		
2.5	Amount per security	Nil	Nil
	Franked amount per security	Nil	Nil
2.6	A Brief Explanation of any of the figures in 2.1 to 2.4 necessary to enable the figures to be understood.		
	N/A		

3. Net tangible assets per ordinary security

	Current Period	Previous Corresponding Period
Net tangible asset (liability) backing per ordinary security	A\$1.05	A\$0.85

4. Controlled Entities

The Company did not control any entities during the period.

5. Dividends

LSG did not declare or pay any dividends during the period.

6. Dividend/distribution reinvestment plan

LSG does not currently operate a dividend/distribution reinvestment plan.

7. Associates

	Current Period	Previous Corresponding Period
Company	% Held	% Held
AFL Management	45.8	45.8
African Lion Ltd	29.8	29.8
African Lion 2 Ltd	24.9	24.9
African Lion 3 Ltd	23.7	23.7
Asian Lion Ltd	62.8	34.3

LSG holds more than 20% of the above entities, hence it is considered as investment in associates. Equity accounting method is not applicable for the above investments as LSG is a venture capital organisation that accounts for investments at fair value through profit or loss in accordance with AASB128 paragraph 1 and AASB139.

8. Foreign Accounting Standards

Not Applicable.

9. Audit

The financial statements have been reviewed by the auditor PricewaterhouseCoopers and it continues as an auditor of the Company.

For more information please refer to the attached Financial Statements.

Lion Selection Group Limited

ABN: 26 077 729 572

Condensed Financial Report Half Year Ended 31 January 2011

LION SELECTION GROUP LIMITED

**Financial Report for the Half Year
Ended 31 January 2011**

CONTENTS	Page
Directors' Report	1
Statement of Comprehensive Income for the Half Year ended 31 January 2011	5
Statement of Financial Position as at 31 January 2011	6
Statement of Cash Flows for the Half Year ended 31 January 2011	7
Statement of Changes in Equity for the Half Year ended 31 January 2011	8
Notes to the Financial Statements for the Half Year ended 31 January 2011	9
Directors' Declaration	13

LION SELECTION GROUP LIMITED

Directors' Report

The Directors of Lion Selection Group Limited ("LSG" or "the Company") submit their report on the operations of the Company for the half-year ended 31 January 2011.

At the date of this report, LSG had 88,029,353 (31 January 2010: 88,029,353) fully paid ordinary shares on issue.

Directors

The names of the Company's directors in office during the whole half-year and until the date of this report are as below.

- Ewen Tyler (Non-Executive Chairman)
- Craig Smyth (Managing Director)
- Howard Walker (Executive Director) – resigned 31 December 2010
- Peter Maloney (Non-Executive Director) – appointed 14 December 2010
- Robin Widdup (Non-Executive Director) – appointed 5 January 2011

Principal Activities

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

Results and Review of Operations

The Company's gain before tax for the half year was \$18.7 million (2009: \$22.6 million). This includes realised profit from sale of investments and unrealised gains from mark to market of its investment portfolio as set out in the table below:

Gains/(Loss) attributable to movement in fair value of investments	2011 \$'000	2010 \$'000
Mark to Market adjustment for period – investments realised during period	5,455	17,564
Mark to Market adjustment for period – investments held at end of period	15,083	1,365
Gains/(Loss) attributable to movement in fair value of investments	20,538	18,929
Results of Investments Realised During Period		
Sales Proceeds	13,637	31,792
Historical Cost of sales	(8,159)	(12,444)
Gross profit measured at historical cost	5,478	19,348
Represented by:		
Mark to Market recognised in prior periods	23	1,784
Mark to Market recognised in current period	5,455	17,564
	5,478	19,348

The result for the half year reflects mark to market gain of \$20.5 million with respect to investments, largely due to an increase in the market value of investees. LSG'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 half year.

Based on historical cost, the realised profit for the Company of \$5.5 million is a result of the profitable sale of LSG's investment in Exco Resources NL (realised profit \$4.4 million) along with the sales in Intrepid Mines Ltd (realised profit \$0.6 million) and Tectonic Resources (realised profit \$0.4 million).

The unrealised mark to market gain of \$15.1 million at 31 January 2011 in the portfolio value includes:

- An Increase of \$5.8 million with respect of LSG's direct holding in Havilah Resources NL following completion of a feasibility study on Havilah's Kalkaroo Copper-Gold project, discovery of two iron ore deposits and appreciation in underlying metal prices;
- An increase in the value of the Asian Lion fund of \$4.1 million following particularly active investing by the fund with increases in value across its portfolio – including increases in value of Erdene Resource Development Corporation (LSG's share: \$2.6 million), Mindoro Resources (\$1.2 million) and Asian Mineral Resources (\$1.0 million);
- An increase in the value of the African Lion 3 fund of \$1.8 million including an increase of (LSG share: \$1.1 million) in AFL3's investment in Kasbah Resources following completion of a scoping study on development at Kasbah's Achmmach Tin project and strong increases in the market price for tin metal;
- An increase in the value of LSG's direct holding in YTC Resources of \$1.1 million following the release of strong drilling results and positive initial metallurgical results from its Nymagee Copper Mine project;
- Partially offsetting this gain was a decrease in the value of Copperbelt Minerals Limited (unlisted) of \$1.0 million following the decision to value Copperbelt at US\$16/share (US\$19 per share at 31 July 2010) following delays in receiving the necessary approvals to sell Copperbelt's DRC assets to the CAD Fund. If the transaction were to reach completion, the value of the CAD Fund conditional offer is approximately US\$282 million before costs, or an equivalent of approximately US\$24 per Copperbelt share.

At 31 January 2011 the Company held investments valued at \$52.8 million (31 July 2010: \$30.6 million), and cash of \$39.8 million (31 July 2010: \$43.3 million).

During the half year the company made new or follow on investments totalling \$16.8 million as follows:

Purchases:

➤ Asian Lion fund	\$7.9 million
➤ African Lion 3 fund	\$2.3 million
➤ YTC Resources	\$2.0 million
➤ Sihayo Gold	\$2.0 million
➤ Mindoro Resources	\$1.1 million
➤ Manas Resources	\$1.0 million
➤ Other Investments	\$0.5 million
	\$16.8 million

Sales:

➤ Exco Resources NL	\$11.0 million
➤ Intrepid Mines Ltd	\$1.4 million
➤ Tectonic Resources NL	\$1.0 million
➤ Other	\$0.2 million
	\$13.6 million

LSG also received distributions of \$1.7 million, including \$1.4 million from African Lion 3 Limited following the successful sale of its investment in Canaco Resources and \$0.3 million dividend received from African Lion 2 Limited.

Dividends

No dividend was declared or paid in the half-year.

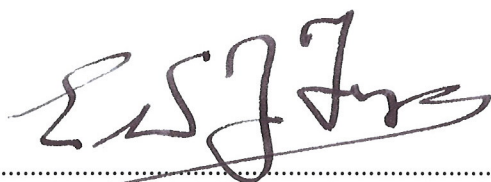
Auditor Independence

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 4 of this financial report.

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 directors.



E W J Tyler
Chairman
Melbourne
30 March 2011



C K Smyth
Managing Director

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
www.pwc.com/au

Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Group Limited for the half year ended 31 January 2011, 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 review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

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



Chris Dodd
Partner
PricewaterhouseCoopers

Melbourne
30 March 2011

LION SELECTION GROUP LIMITED

Statement of Comprehensive Income for the Half Year ended 31 January 2011

	Notes	January 2011 \$'000	January 2010 \$'000
Gain /(loss) attributable to movement in fair value	2	20,538	18,929
Dividend Income		250	1,319
Interest Income		618	263
Unrealised gain/(loss) on foreign exchange		(1,964)	874
Debt forgiveness	2	-	5,949
Management fees		(83)	(1,300)
Employee benefits		(453)	(479)
Other expenses		(189)	(2,980)
Profit/(loss) before income tax		18,717	22,575
Income tax (expense)/benefit		(604)	1,426
Net profit/(loss) after tax		18,113	24,001
Other Comprehensive Income		-	-
Other Comprehensive Income (net of tax)		-	-
Total Comprehensive Income for the half year		18,113	24,001
Attributable to:			
Non-controlling interest		-	-
Members		18,113	24,001
		Cents per share	Cents per share
Basic earnings per share		20.6	27.3
Diluted earnings per share		20.6	27.3

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

LION SELECTION GROUP LIMITED
Statement of Financial Position
as at 31 January 2011

	January 2011 \$'000	July 2010 \$'000
Current Assets		
Cash and cash equivalents	39,754	43,327
Trade and other Receivables	153	72
<i>Total Current Assets</i>	<i>39,907</i>	<i>43,399</i>
Non-Current Assets		
Financial Assets	52,844	30,603
Deferred tax assets	546	748
<i>Total Non-Current Assets</i>	<i>53,390</i>	<i>31,351</i>
<i>Total Assets</i>	<i>93,297</i>	<i>74,750</i>
Current Liabilities		
Trade and Other Payables	231	185
Current tax liabilities	514	-
Provisions	-	13
<i>Total Current Liabilities</i>	<i>745</i>	<i>198</i>
Non-Current Liabilities		
Deferred tax liabilities	31	144
<i>Total Non Current Liabilities</i>	<i>31</i>	<i>144</i>
<i>Total Liabilities</i>	<i>776</i>	<i>342</i>
Net Assets	92,521	74,408
Equity		
Contributed equity	100,109	100,109
Retained profits/(accumulated losses)	(7,588)	(25,701)
Total Equity	92,521	74,408

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

LION SELECTION GROUP LIMITED

Statement of Cash Flows for the Half Year ended 31 January 2011

	January 2011 \$'000	January 2010 \$'000
Cash flows from operating activities		
Dividends Received	250	1,319
Interest received	584	198
Payments to suppliers and employees (including GST)	(693)	(4,444)
<i>Net operating cash flows</i>	<i>1,553</i>	<i>(2,927)</i>
Cash flows from investing activities		
Distributions Received	1,412	-
Payments for investments	(16,753)	(685)
Proceeds from investment sales	13,591	31,789
<i>Net investing cash flows</i>	<i>(3,162)</i>	<i>31,104</i>
Cash flows from financing activities		
Receipt from internal borrowings	-	6,978
Payments for internal borrowings	-	(615)
<i>Net financing cash flows</i>	<i>-</i>	<i>6,363</i>
Net increase/(decrease) in cash and cash equivalents held	(1,609)	34,540
Cash and cash equivalents at beginning of financial period	43,327	9,625
Effects of exchange rate changes on foreign currency denominated cash balances	(1,964)	874
Cash and cash equivalents at end of financial period	39,754	45,039

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

LION SELECTION GROUP LIMITED

Statement of Changes in Equity for the Half Year ended 31 January 2011

	Issued Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
At 1 August 2010	100,109	(25,701)	74,408
Total comprehensive income	-	18,113	18,113
At 31 January 2011	100,109	(7,588)	92,521

	Issued Capital	Retained Earnings	Total
	\$'000	\$'000	\$'000
At 1 August 2009	100,109	(48,377)	51,732
Total comprehensive income	-	24,001	24,001
At 31 January 2010	100,109	(24,376)	75,733

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

LION SELECTION GROUP LIMITED

Notes to the Financial Statements for the Half Year ended 31 January 2011

NOTE 1. BASIS OF PREPARATION

The half-year financial report does not include all notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the Company as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Lion Selection Group Limited as at 31 July 2010, which was prepared based on Australian equivalents to International Financial Reporting Standards (AIFRS).

It is also recommended that the half-year financial report be considered together with any public announcements made by the Company during the half year ended 31 January 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001.

(a) Basis of accounting

The half-year financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, applicable Accounting Standards including AASB 134 *“Interim Financial Reporting”* and other mandatory professional reporting requirements.

The half-year financial report has been prepared on a historical cost basis, except for financial assets measured at fair value through profit and loss.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

(b) Impact of standards issued but not yet applied by the entity

AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

In December 2009, the AASB issued AASB 9 *Financial Instruments* which addresses the classification and measurement of financial assets and is likely to affect the company's accounting for its financial assets. The standard is not applicable until 1 January 2013 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.

Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective for annual reporting periods beginning on or after 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. The company will apply the amended standard from 1 August 2011. It is not expected to have any effect on the company's related party disclosures.

(c) Summary of significant revised accounting policies

The Company's accounting policies are consistent with those of the comparative periods. The full disclosure of accounting policies is available in the annual Financial Report of Lion Selection Group Limited as at 31 July 2010.

	January 2011 \$'000	January 2010 \$'000
NOTE 2. PROFIT AND LOSS ITEMS		
Gains/(loss) attributable to movement in fair value of investments		
Mark to Market adjustment for period – investments realised during period	5,455	17,564
Mark to Market adjustment for period – investments held at end of period	15,083	1,365
Gains/(loss) attributable to movement in fair value of investments	20,538	18,929
Results of Investments Realised During Period		
Sales Proceeds	13,637	31,792
Historical Cost of sales	(8,159)	(12,444)
<i>Gross profit measured at historical cost</i>	<i>5,478</i>	<i>19,348</i>
Represented by:		
Mark to Market recognised in prior periods	23	1,784
Mark to Market recognised in current period	5,455	17,564
Total Mark to Market	5,478	19,348
Debt Forgiveness	-	5,949

Prior to the demerger of LSG from the LST group, any existing intercompany balances between LSG and the other entities within the LST Group were forgiven, giving rise to a debt forgiveness benefit.

	January 2011 \$'000	January 2010 \$'000
NOTE 3. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES		
Dividends declared and paid during the year	-	-
<i>Total dividends paid or provided</i>	-	-

NOTE 4. CONTRIBUTED EQUITY		
	January 2011	January 2010
Share Capital	Shares	Shares
Issued and paid up capital (fully paid)		
Opening Balance	88,029,353	100,108,905
Share Consolidation	-	(12,079,552)
Issued and paid up capital (fully paid)	88,029,353	88,029,353

To facilitate the demerger of LSG from its parent company, LSG consolidated its share capital from 100,108,905 issued ordinary shares to 88,029,353 ordinary shares on 31 August 2009.

NOTE 5. SEGMENT INFORMATION

Management has determined that the Company has only one operating segment based on reporting reviewed by the board to make strategic decisions. The Company provides patient equity capital to carefully selected small and medium mining enterprises. LSG invests only in mining and exploration companies and projects with gold and base metal activities in Australia, Africa and South East Asia.

NOTE 6. CONTINGENT LIABILITIES/ASSETS

The Company has no contingent liability/assets as at 31 January 2011.

NOTE 7. COMMITMENTS

a) Superannuation Commitments

LSG does not have its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At of 31 January 2011, 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 Commitment AFL3 and Asian Lion

LSG entered into an agreement in June 2008 to commit US\$18.75 million in African Lion 3 Limited (AFL3), of which US\$13.5m remains undrawn at 31 January 2011. AFL3 is a follow-on investment fund from the companies existing investment in African Lion Limited (AFL) and African Lion 2 Limited (AFL2).

LSG also previously entered into an agreement to commit US\$21.4 million in Asian Lion Limited of which US\$5.8m remains undrawn at 31 January 2011.

NOTE 8. RELATED PARTY TRANSACTIONS

During the half-year ended 31 January 2011, Lion Selection Group Limited entered into a Management Agreement with Lion Manager Pty Ltd (Lion Manager), under which Lion Manager provided the company with management and investment services. Under the Management Agreement, the arrangements with Lion Manager are on an agreed cost recovery basis, being \$360,000 per annum + GST. LSG's expenses are not anticipated to rise as a consequence of these new arrangements, and there is no termination fee or incentive applicable to these arrangements.

LSG has agreed that it is appropriate for its existing Managing Director, Mr Craig Smyth, to transfer employment to Lion Manager in order to assist Lion Manager in delivering on the expanded scope of the services Lion Manager is providing to LSG. Mr Smyth has agreed with LSG that he will continue to be Managing Director of LSG with overall responsibility for reporting to the LSG board on matters affecting the day-to-day management of LSG, for no additional remuneration or cost to LSG.

NOTE 9. EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

During February 2011 LSG sold its share holding in Havilah Resources NL for \$9.1 million at an average price of \$0.60 per share, returning a gross profit on its original investment of \$4.9 million. LSG retains 3.8 million options exercisable at \$0.50 per share in Havilah Resources.

Other than this item there has not arisen in the interval between the end of the period 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.

NOTE 10. INVESTMENTS

During the period LSG increased its ownership and economic interest in Asian Lion Ltd ("Asian Lion") to 62.8%. The directors have determined that LSG has not gained control of Asian Lion as the Asian Lion Subscription and Shareholders Agreement ("SSA") restricts the ability of LSG to influence and direct the financial and operating decisions of Asian Lion. The SSA restricts LSG'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.

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

LION SELECTION GROUP LIMITED

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes set out on pages 5 to 12 of the Company and subsidiaries are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Company and subsidiaries as at 31 January 2011 and the performance for the half-year ended on that date; and
 - (ii) complying with the Accounting Standards, the Corporations Regulations 2010 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Company and subsidiaries will be able to pay its debts as and when they become due and payable.

On behalf of the Board



E W J Tyler
Chairman



C K Smyth
Managing Director

Melbourne
Date: 30 March 2011

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331
MELBOURNE VIC 3001
DX 77
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999
www.pwc.com/au

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lion Selection Group Limited, which comprises the statement of financial position as at 31 January 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for Lion Selection Group Limited.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the company's financial position as at 31 January 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Lion Selection Group Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's review report to the members of
Lion Selection Group Limited (continued)**

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 January 2011 included on Lion Selection Group Limited's web site. The company's directors are responsible for the integrity of the Lion Selection Group Limited's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

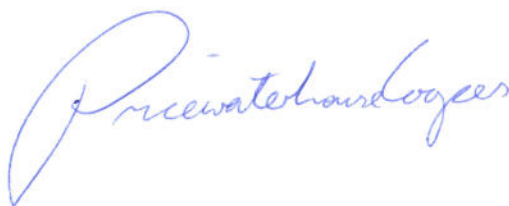
Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Lion Selection Group Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the company's financial position as at 31 January 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



PricewaterhouseCoopers



Chris Dodd
Partner

Melbourne
30 March 2011