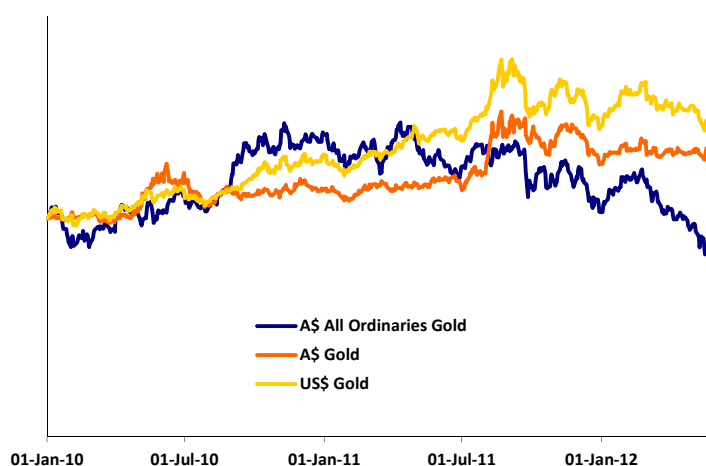


## Quarterly Report for the 3 months ended 30 April 2012

Lion aims to provide investors with a portfolio exposure to the junior resources sector, targeting the best people and projects in a market segment that is very difficult for most investors. Challenging times have historically provided some of the best opportunities for Lion, and we continue actively investing through the current uncertainty applying our thorough and proven methodology.

### THE SECTOR

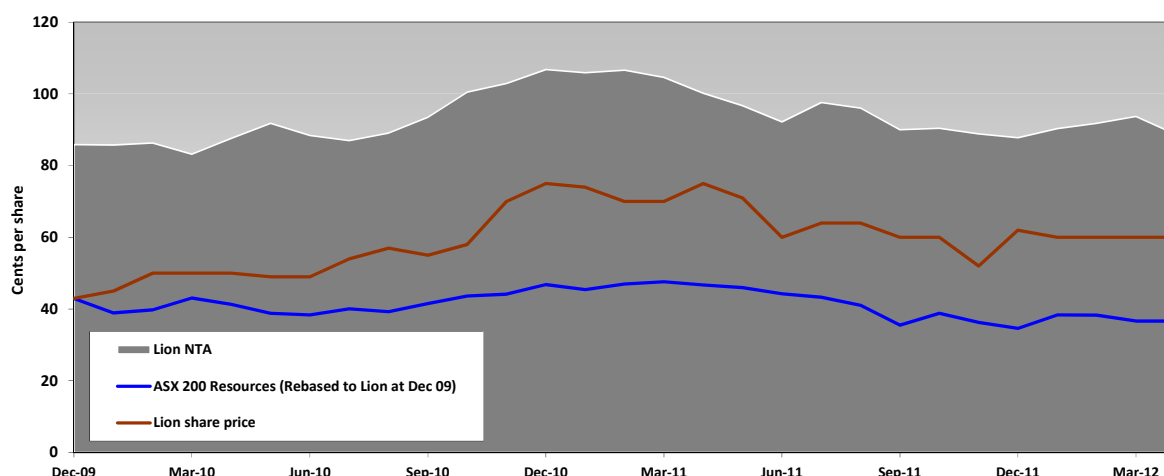
The key macro economic themes of releasing the brakes on China, recovery in the US and clarification of the European problem continue to play out on a prolonged basis. Metals prices have generally held firm despite negative sentiment on the resources sector, and equity prices are not reflecting otherwise strong fundamentals.



Source: Lion Manager/ IRESS

On the supply side, commitments to large scale resource projects look increasingly difficult as companies struggle with uncertain long term metal prices, increasing capital and operating costs and demands from shareholders to return cash.

### LION PERFORMANCE VERSUS RESOURCES INDEX



## INVESTMENT NEWS

### ONE ASIA RESOURCES LIMITED (ASIAN LION 23.7%, LION 0.3%)

One Asia Resources (One Asia) is in the process of earning an 80% interest in the Awak Mas Joint Venture. During the quarter One Asia continued its exploration drill program at the Salu Bulu prospect 2.5km east of Awak Mas. Recent results include:

- SBD044 - 26m @ 3.69 g/t Au (including 16.5m@ 5.12 g/t Au)
- SBD045 - 26m @ 3.20 g/t Au. (including 15.2m@ 4.92 g/t Au)

At One Asia's Pani Gold Project (One Asia 90%), the company has one drill rig on site with two further rigs due shortly. Additional geological mapping has identified significant Pani style mineralization on road cuts made as part of the drill access preparations some 200m south of the known mineralisation, and sampling results are awaited.

One Asia also announced the appointment of Mr. John Quinn as Non Executive-Chairman of the Board, bringing to the Board over 40 years' experience in the mining industry. He was Managing Director of Newcrest Mining for eight years.

One Asia was considering an Australian IPO and ASX listing in second quarter 2012 which has been postponed due to a deterioration in market conditions.

### COPPERBELT MINERALS (LSG 2.1%, AFL2 4.1%, AFL3 2.9%)

Copperbelt Minerals Limited (Copperbelt) continues to seek resolution of its joint venture agreement with its partner Gécamines. A number of parties continue to be engaged with Copperbelt seeking an investment in the company with progress hampered by the lack of progress on the joint venture agreement.

Lion maintains its valuation of Copperbelt at US\$12/share, subject to further developments. Given the on-going nature of this transaction Lion will be keeping its valuation of Copperbelt under review.

### RUM JUNGLE (LSG 4.9% )

In May 2012 Lion made an initial investment in diversified minerals explorer Rum Jungle Resources Limited (Rum Jungle). Lion's total investment in Rum Jungle is \$2.6m.

Rum Jungle holds highly prospective ground in the Northern Territory and western Queensland with advanced exploration projects for two fertilizer minerals, Ammaroo phosphate and Karinga Creek Lakes potash. Additionally the company holds greenfields exploration licences for uranium, base metals and gold.

Summary of Investments as at 30 April 2012			
	Commodity	\$M	% Portfolio
<b>Australia</b>			
YTC Resources	Gold/Base Metals	4.0	
Doray Minerals	Gold	2.8	
Other Australia		0.8	<b>10%</b>
<b>Africa</b>			
Copperbelt Minerals <sup>2</sup>	Copper	4.2	
Kasbah Resources	Tin	3.6	
Toro Gold	Gold	2.2	
Other Africa		4.5	
Cash dedicated to Africa <sup>1</sup>		7.4	<b>28%</b>
<b>Asia</b>			
One Asia Resources <sup>3</sup>	Gold	8.8	
Sihayo Gold	Gold	6.6	
Mindoro Resources	Gold & Nickel	2.7	
Other Asia		6.5	<b>31%</b>
<b>Uncommitted Net Cash</b>		<b>24.0</b>	<b>31%</b>
<b>Net Tangible Assets</b>		<b>\$78.1m</b>	<b>89c/share</b>

<sup>1</sup> Committed cash of US\$7.1m to AFL3. Lion holds US\$2.5 million cash as part of its hedging policy.

<sup>2</sup> Copperbelt Minerals at a value of US\$12/share.

<sup>3</sup> One Asia at a value of A\$0.80/share following the most recent placement in December 2011.

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