



# Lion Selection

*Vision: Step to the next level...*

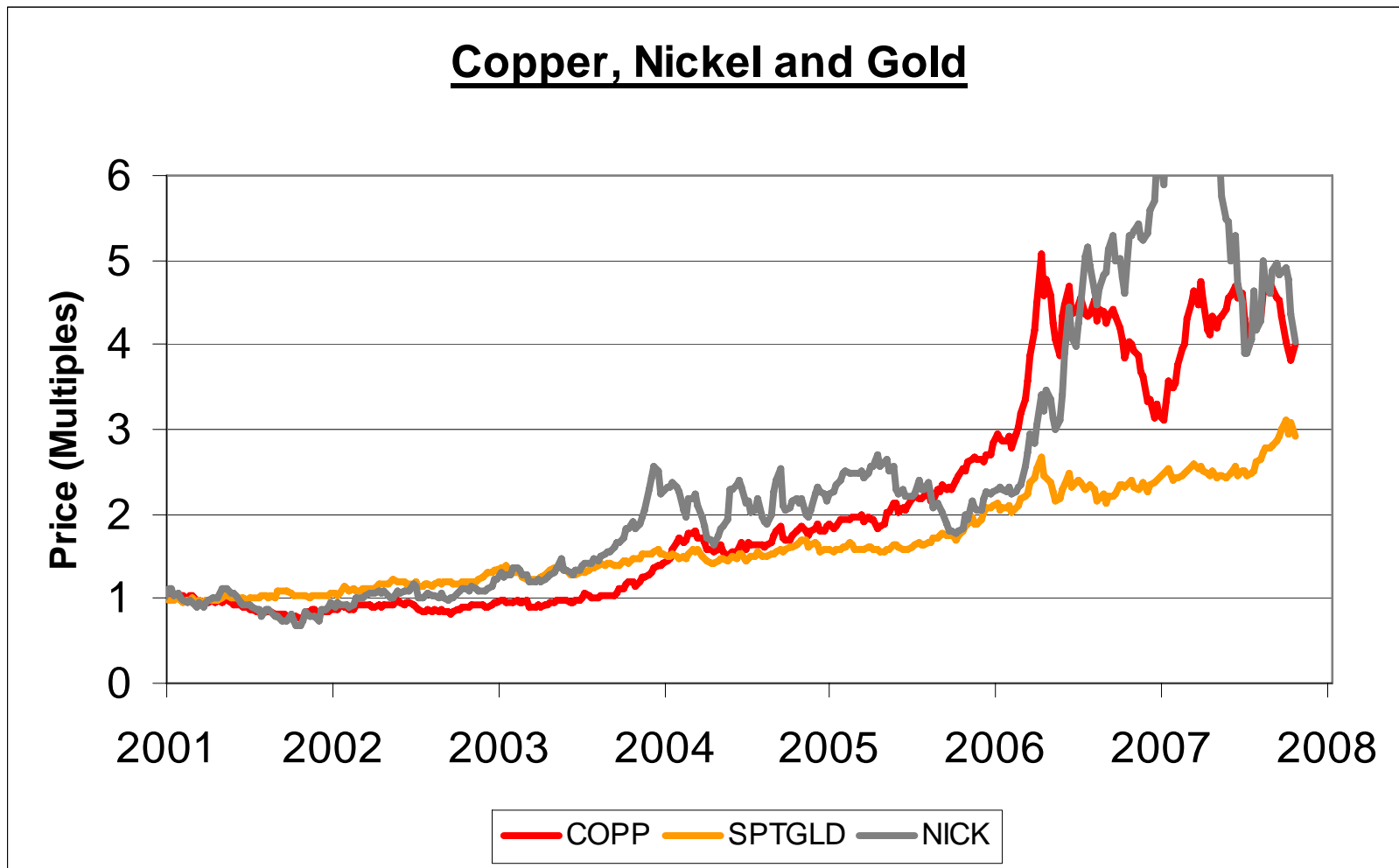
*– mid sized diversified mining company*

**December 2007**

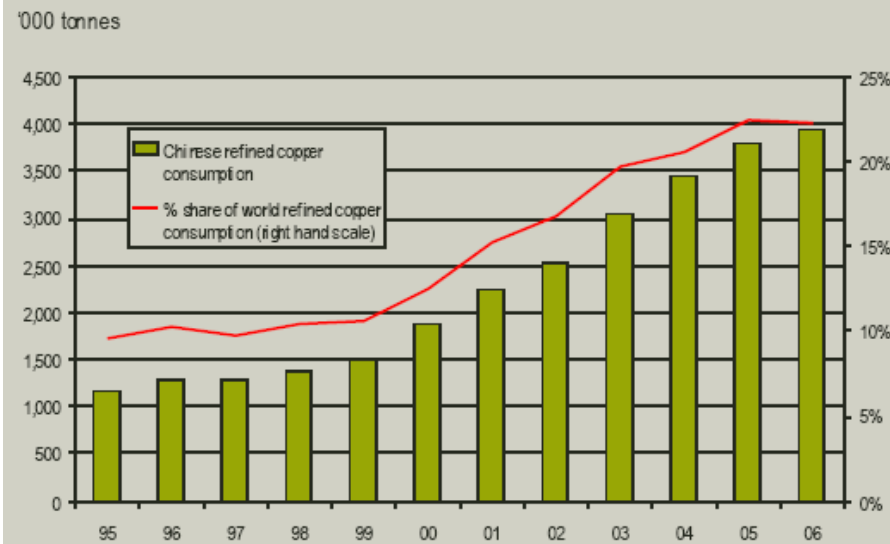


# Sector Outlook

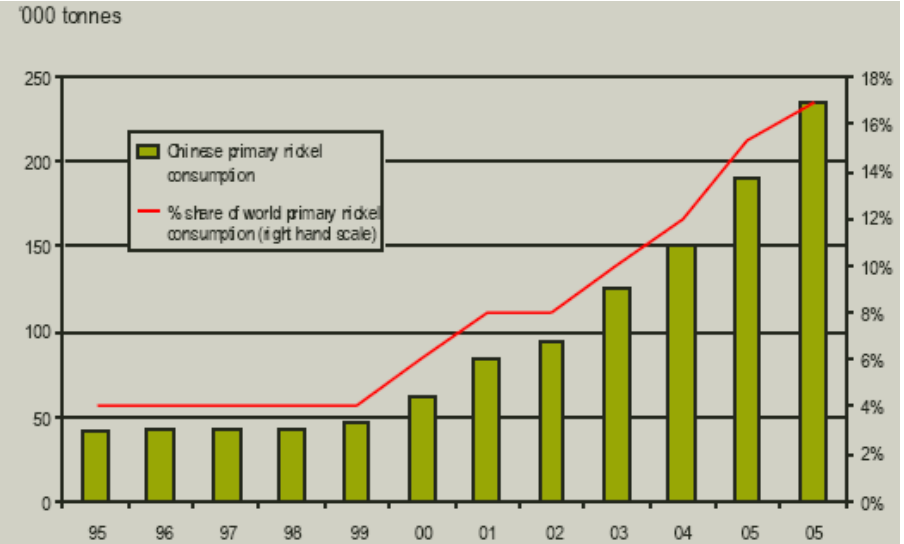
# Commodities



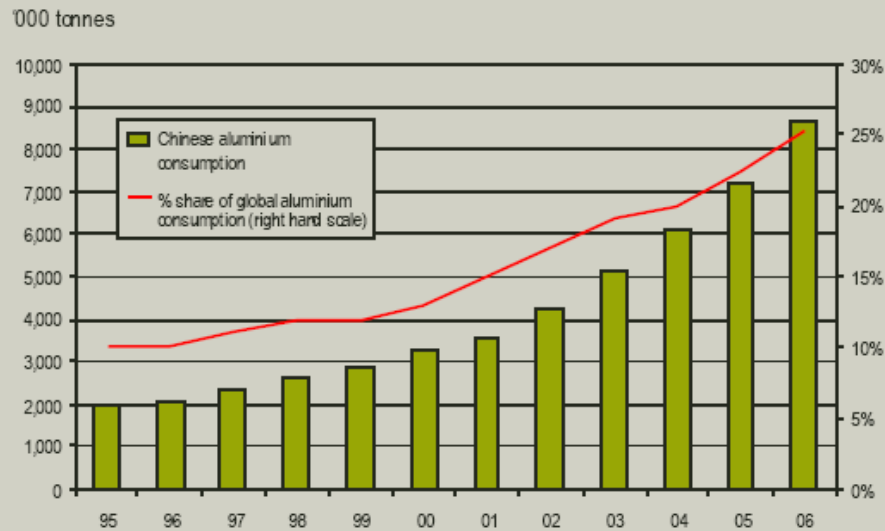
# China



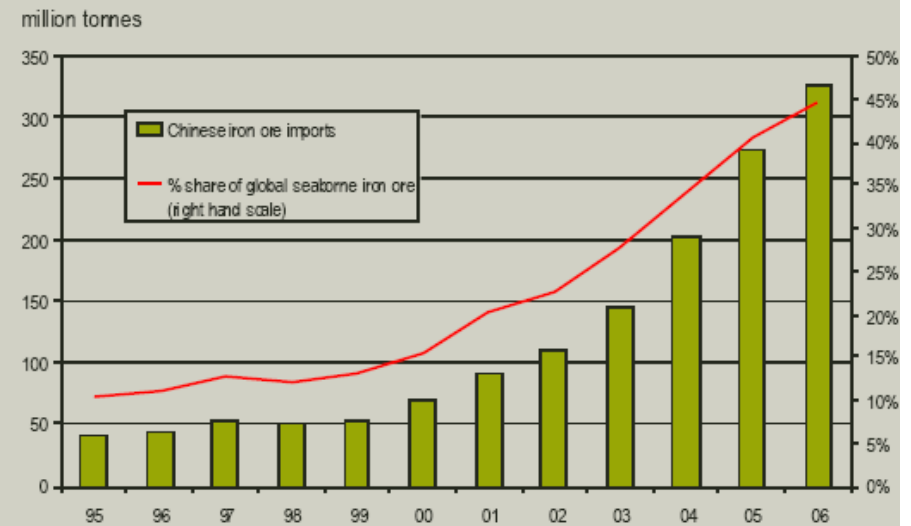
Data: BHP Billiton



Data: INSG, CRU



Data: Brook Hunt, CRU



Data: ISI, China Customs, CRU, Tex. Clarksons & BHP Billiton

# Gold



Production	GFMS 1990	GFMS 2000	Lion F'cast 2007
China	94	172	275
South Africa	605	428	270
USA	594	355	240
Australia	244	296	240
Total	1942	2618	2450

↓  
Production  
Falling  
  
Lion  
Bullish

Other factors: Jewellery Offtake, Central Banks,  
Hedging, Scrap, US\$

# Outlook Summary

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- Commodity prices to remain strong
- Demand out-pacing supply
- Supercycle intact

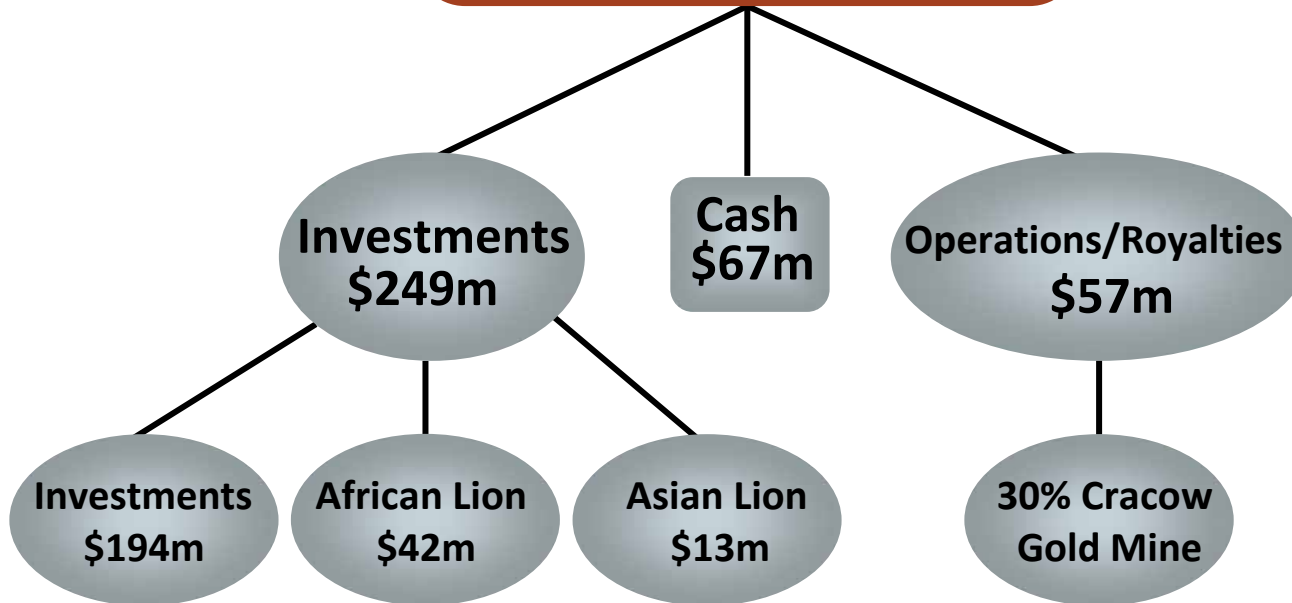


# Lion Overview

# Year in Retrospect

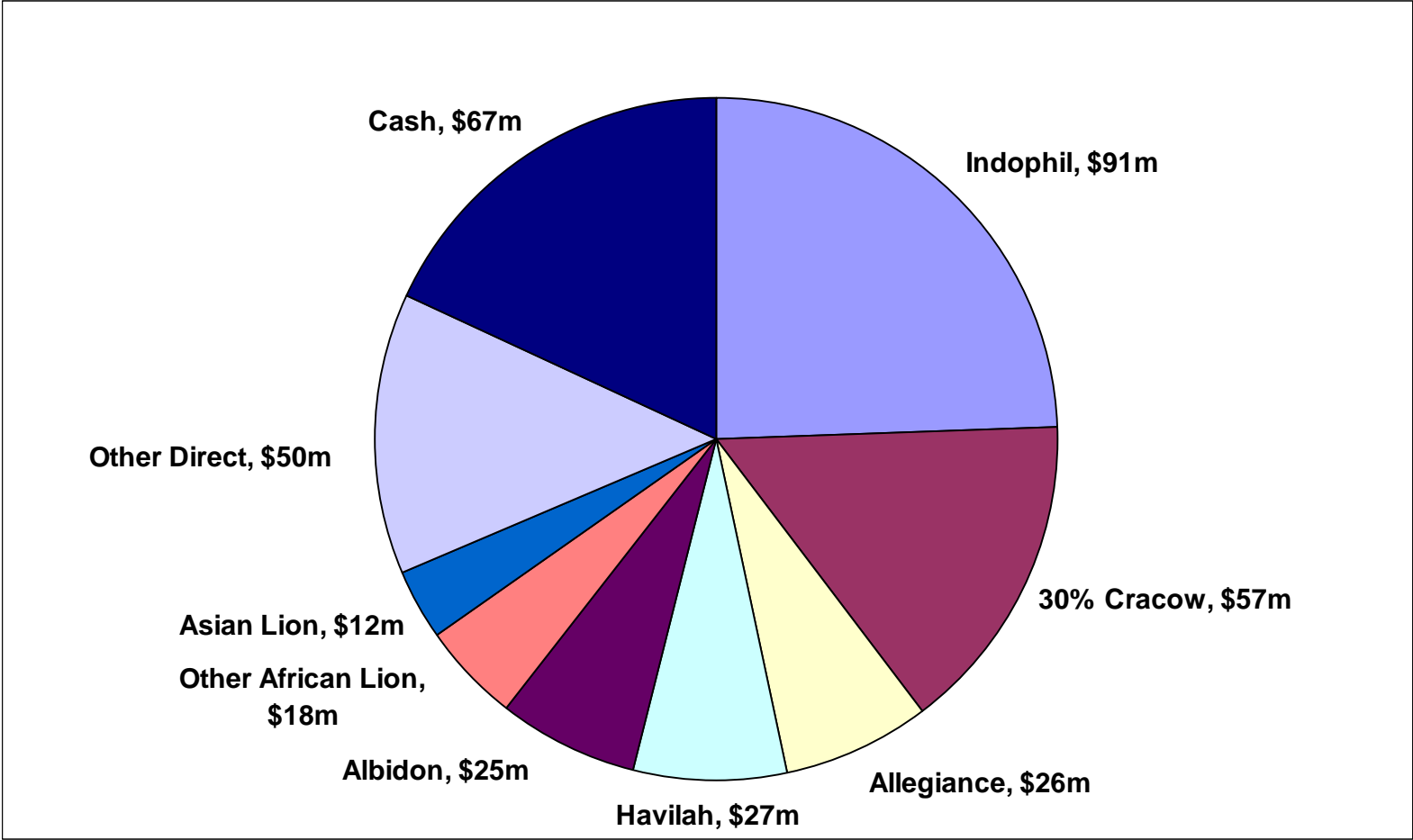


<b>LION SELECTION LIMITED (LST)</b>	
Net Assets – NTA	\$372m
Shares	191.0m
Post TAX NTA	194¢ps



- Merger
- Became gold producer and closed hedge
- Platmin profit \$100m

# Five Investments Dominate



# Cracow Gold Mine

NCM 70% / Lion 30%



- 110,000 oz pa

- 850,000 Resource

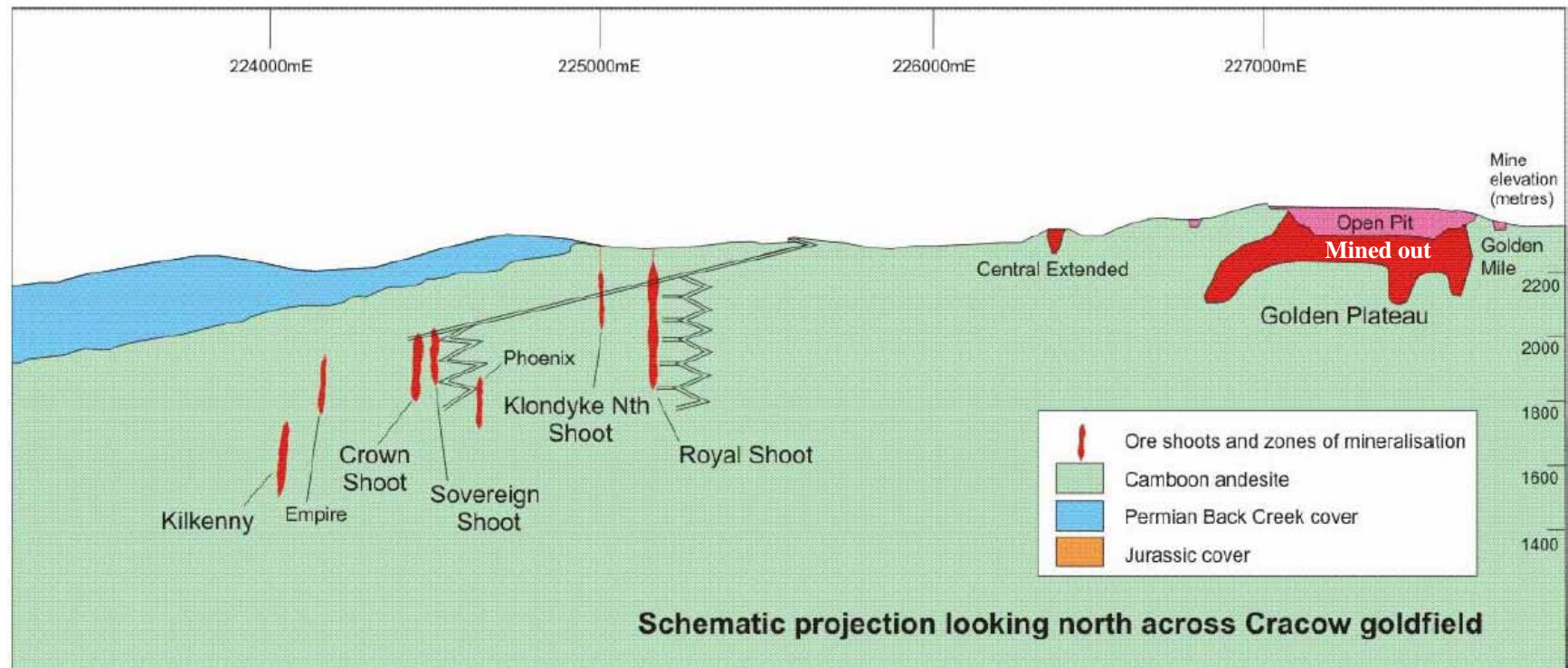
- A\$350-400/oz cash cost

- Pre-emptive right

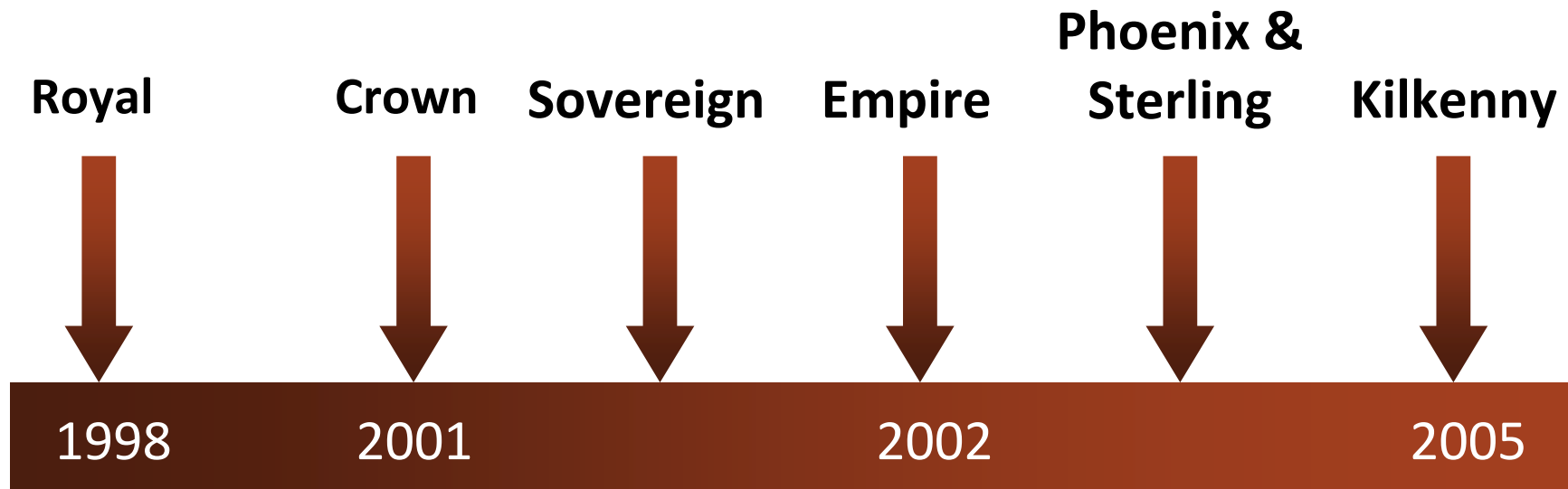
# Cracow Gold Mine



## Schematic Cross Section



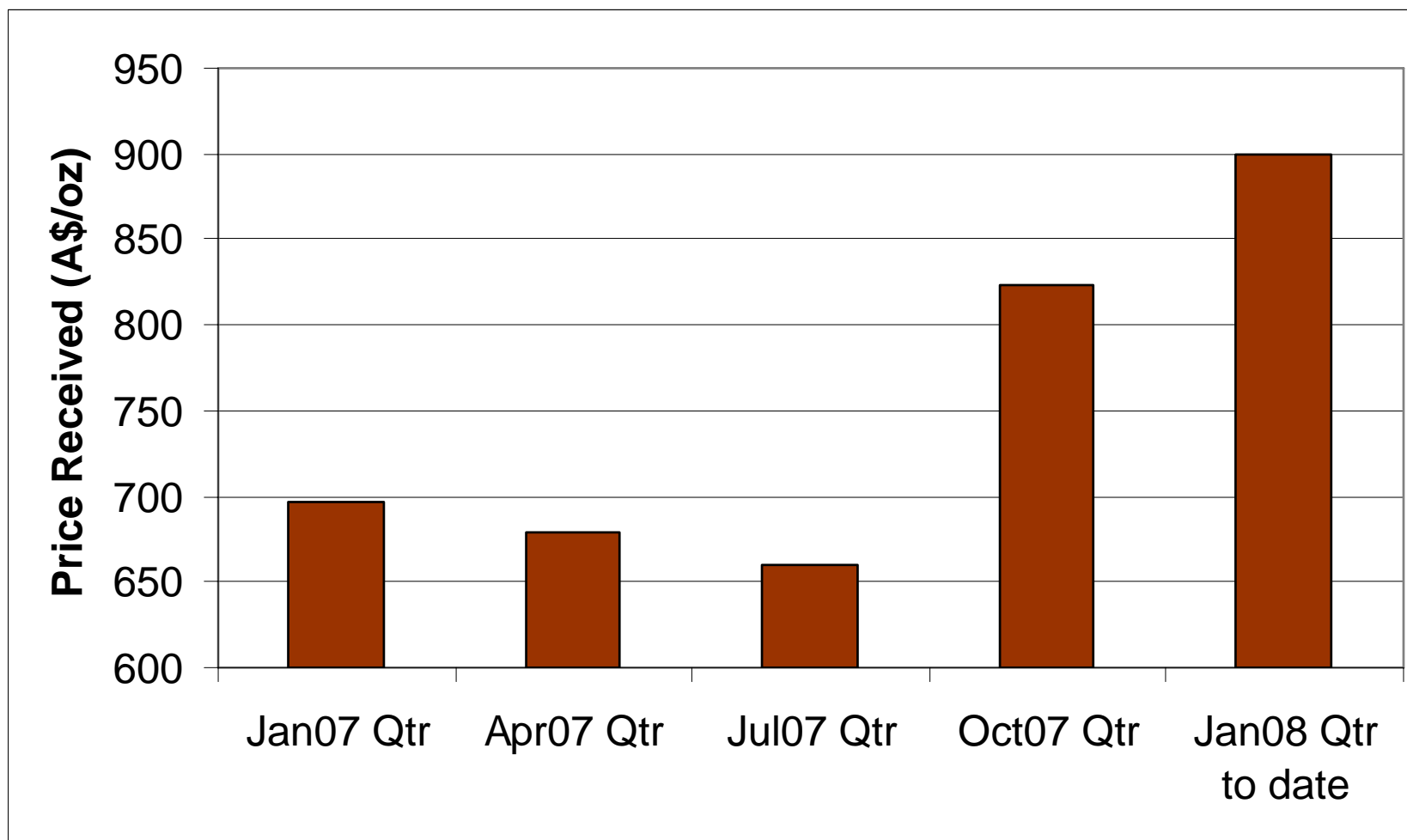
# Cracow – Exploration Discoveries



## 2007/2008 Targets

1. Kilkenny
2. Fordee
3. South West Royal Area
4. Klondyke
5. White Hope Fault
6. Golden Mile Fault
7. Sterling/Kilkenny Zone
8. Dawn Workings
9. Cracow South
10. Orange Creek

# Cracow – Gold Sales



# Cracow – Cashflow potential

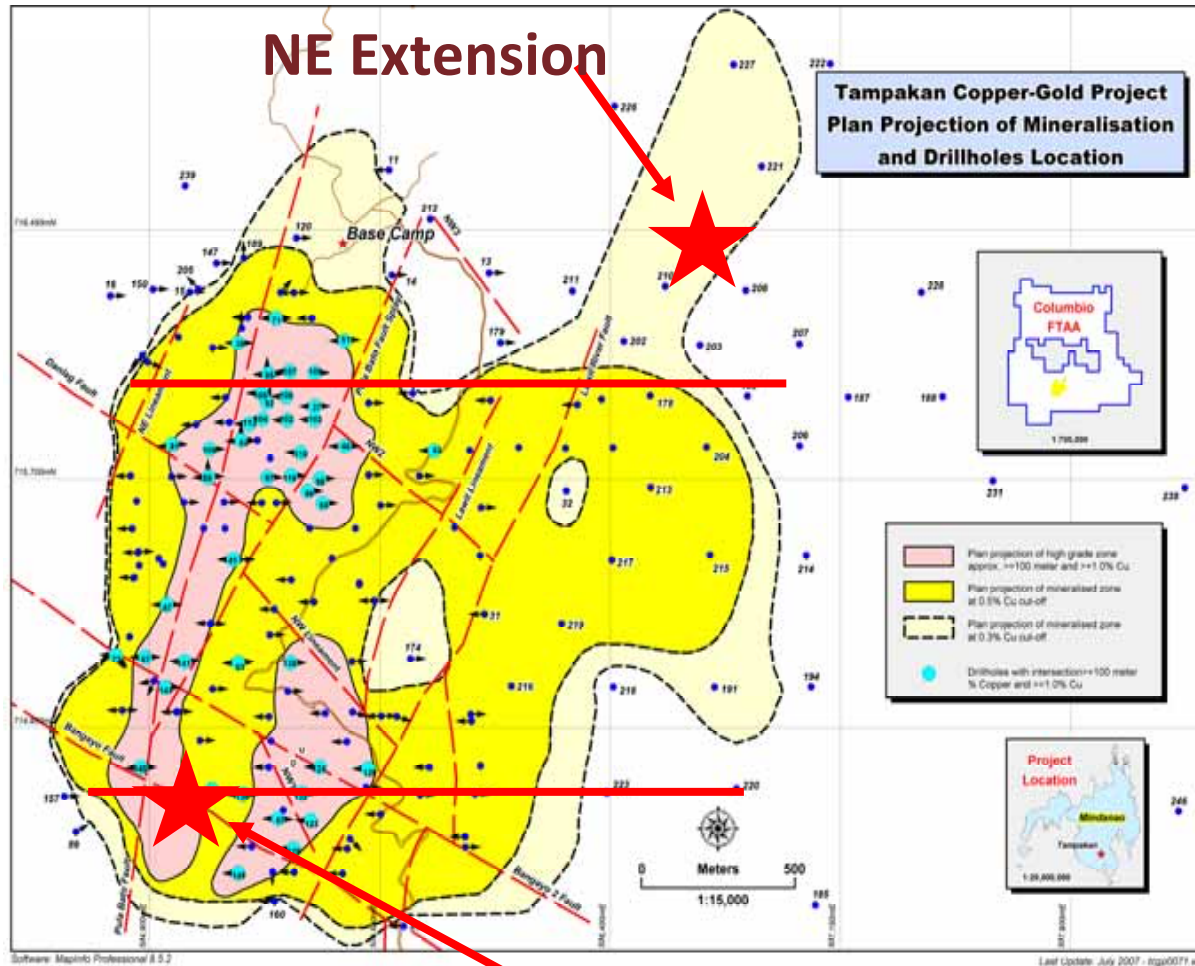
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- Unhedged Current A\$ gold price \$900/oz
- Cash Margin +/- A\$500 /oz
- Production (100%) 105,000 to 115,000 oz pa
- Potential Cashflow\* (100%) +/- A\$55m pa
- Potential Cashflow\* Lion 30% +/- A\$16m pa

\*before capex & exploration

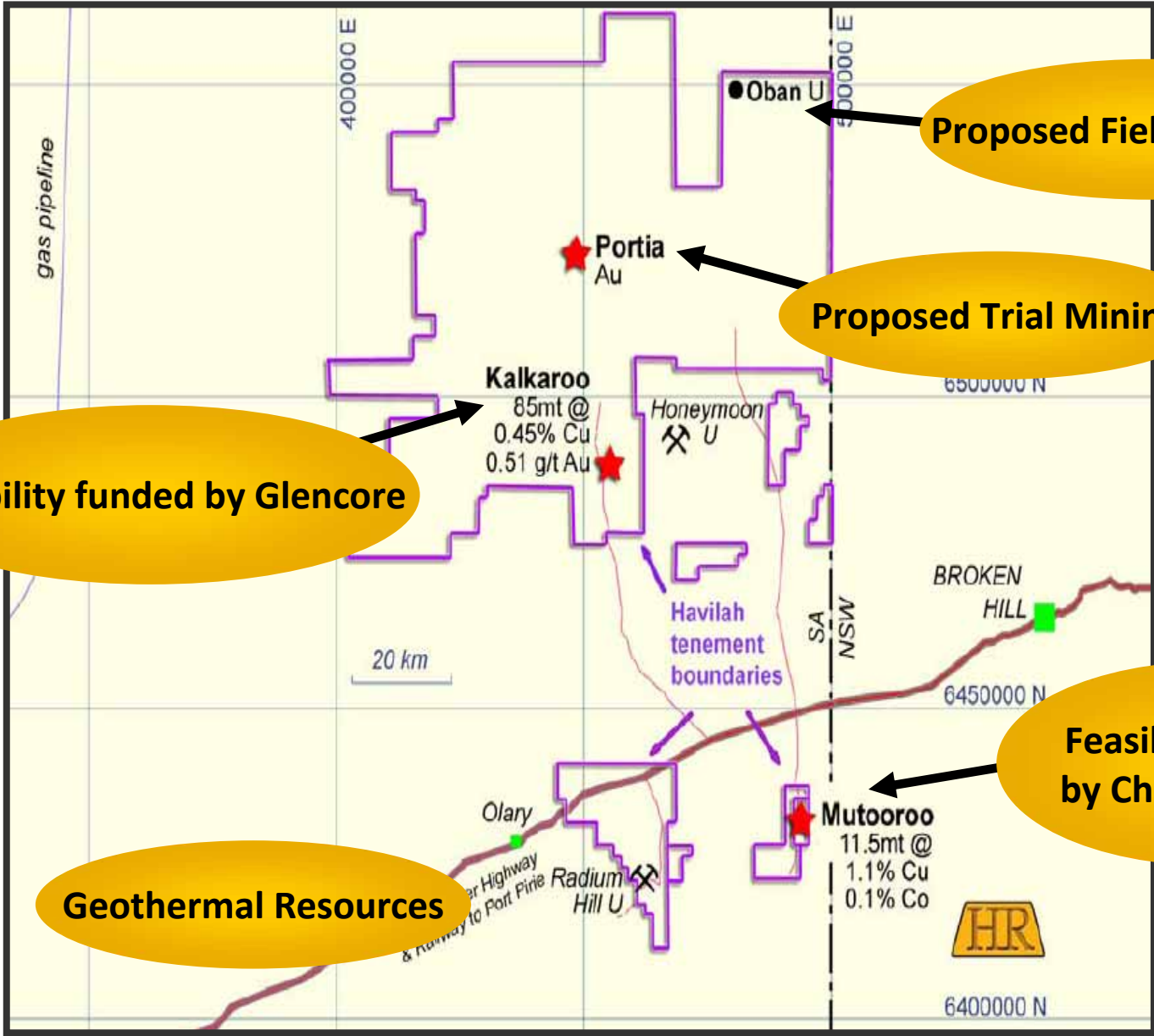
# Indophil – Tampakan Project 34-37.5%



**New High Grade Zone at Depth**

- Resource Increase
  - 2.2 Billion Tonnes
  - Molybdenum added
- Complete Feasibility
  - 2<sup>nd</sup> Half 09
- Xstrata's largest copper development
- We anticipate
  - >210,000tpa Cu
  - > 50 year life

# Havilah – 5 projects

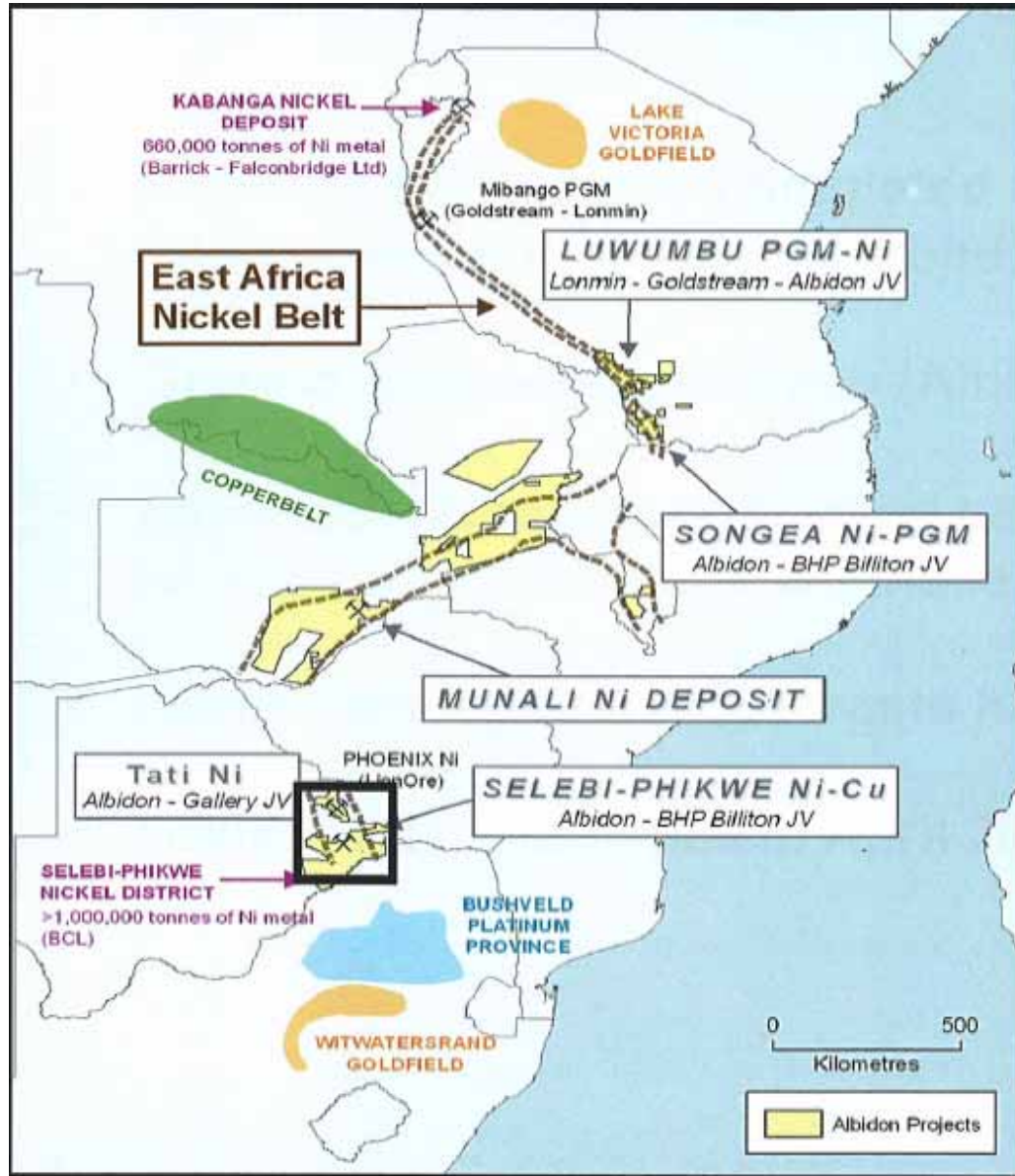


**Feasibility funded by Glencore**

**Geothermal Resources**

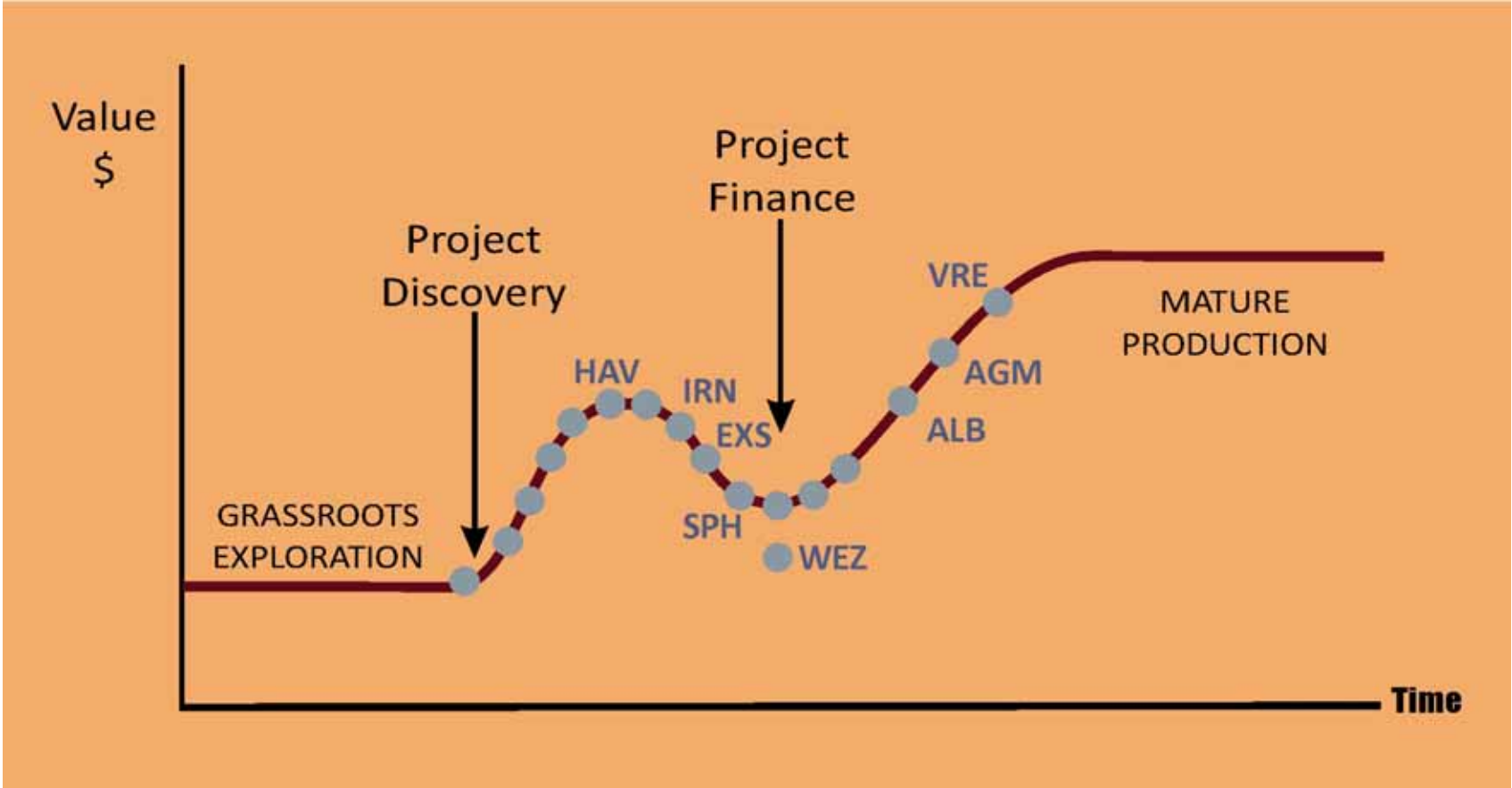
**Feasibility funded by Chinese Partner**

# Albidon – Emerging Nickel Producer



- Annual production of approx 8,500t of Ni in concentrate
- By products Cu-Co-Pt-Pd add 15% - 20% to revenue stream
- First delivery conc. scheduled for mid 2008

# Investment Pipeline



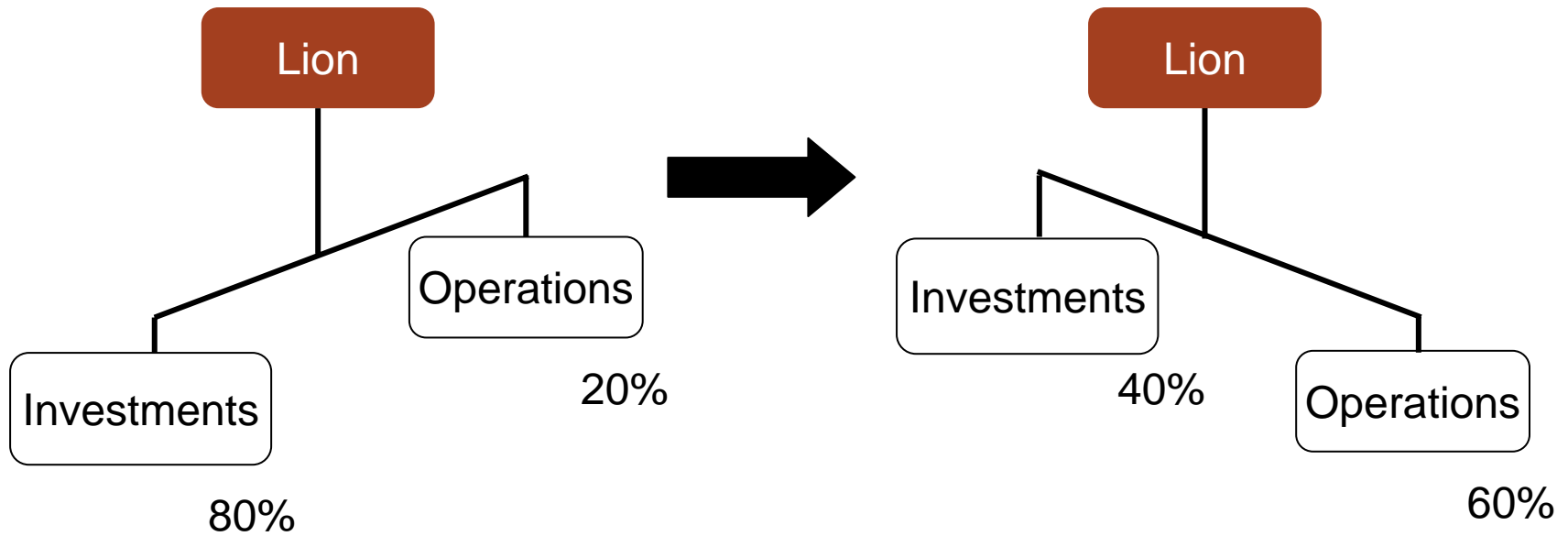


# Lion Vision

# Lion Vision



Transform from *mining investment company* to *mining company*



# Why Mining Company

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- **Growth**
- **Remove NTA & Discount**
- **Provide stable cashflow stream**

# Cracow Gold Mine



- 30% Lion, 70% for sale by Newcrest

**OPPORTUNITY**

- Lion seeking 100% by exercising Pre-emptive Right

- Would become operator

+100,000 ounces pa x A\$350 – 400/oz cash cost

- But Newcrest may not sell

**RISK**

**Bottom line: Must add value**

# Financing Alternatives

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- Sale of investments (eg Platmin)
- Bank debt
- 3<sup>rd</sup> party finance
- Shareholders (Lion never issued equity)

Lion is in a strong position with multiple alternatives and a long period to arrange finance and make a decision on Cracow.

# Dividend

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Historically



Proposed

## **Lumpy Dividends**

Lion policy to pay all surplus (\$85m)

AuSelect aimed capital growth, minimal dividend

## **Regular Dividends**

Lion vision – annual dividend from Cracow or other mines cashflow

# Lion as Operator

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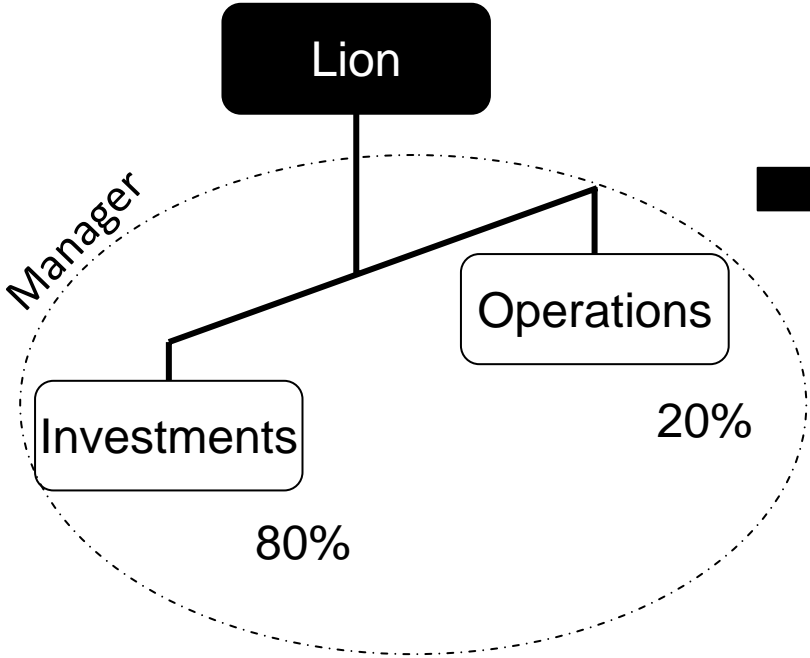


- Cracow relatively simple
  - Project built and running
  - Established operations team
  
- Ideal first step
  - 1<sup>st</sup> pick – 100%
  - 2<sup>nd</sup> pick – 60-70% and operator

# Role of Manager

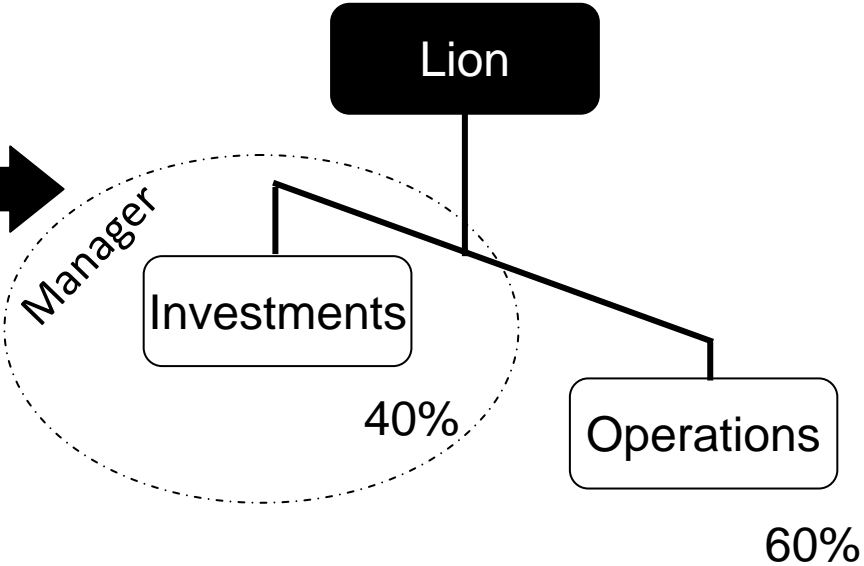


## Mining Investment Co



Manager Typical Fees & Bonus

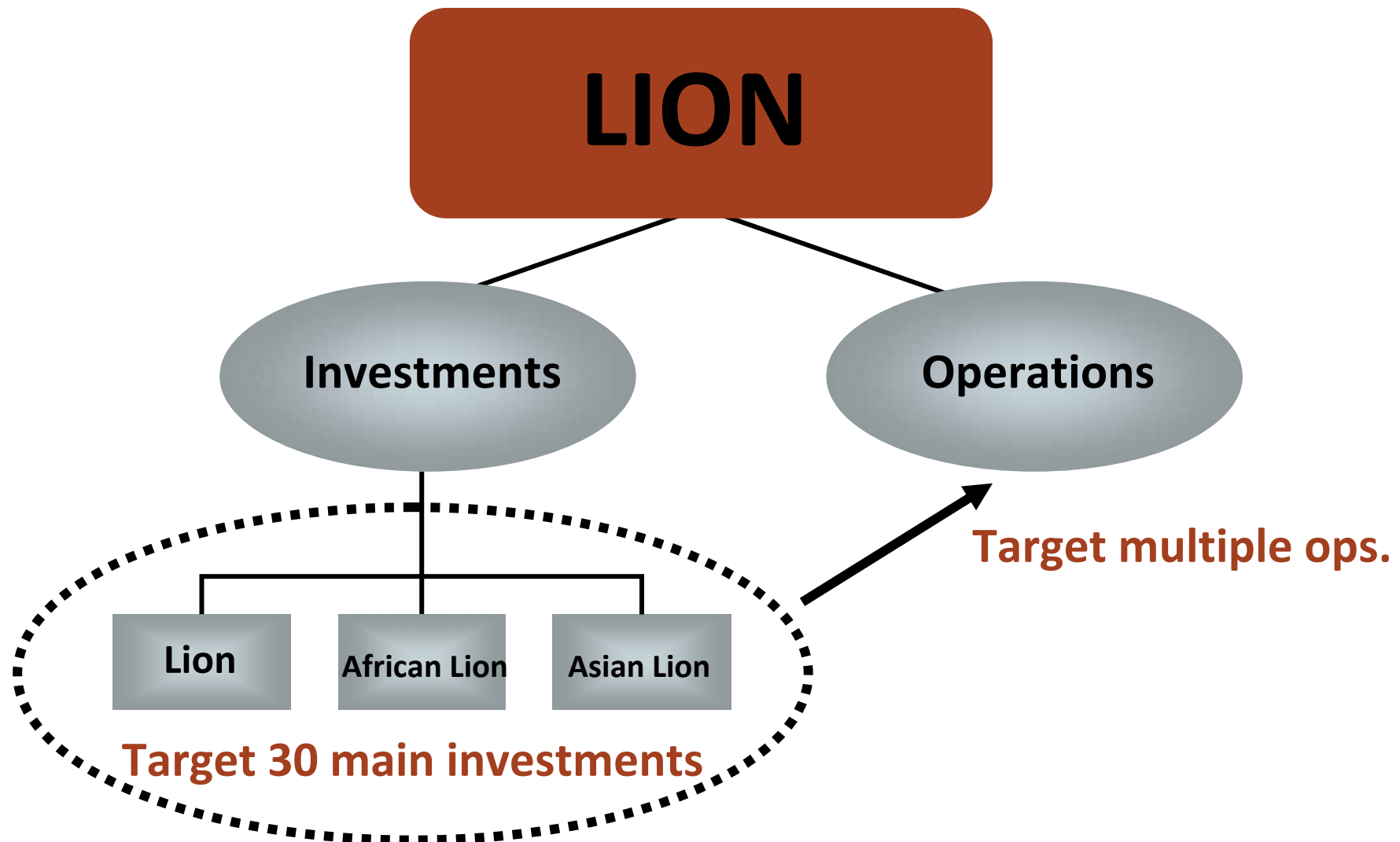
## Mining Company



Conventional Management Salaries & Options

**Change would occur at tipping point eg purchase Cracow**

# Operations Strategy



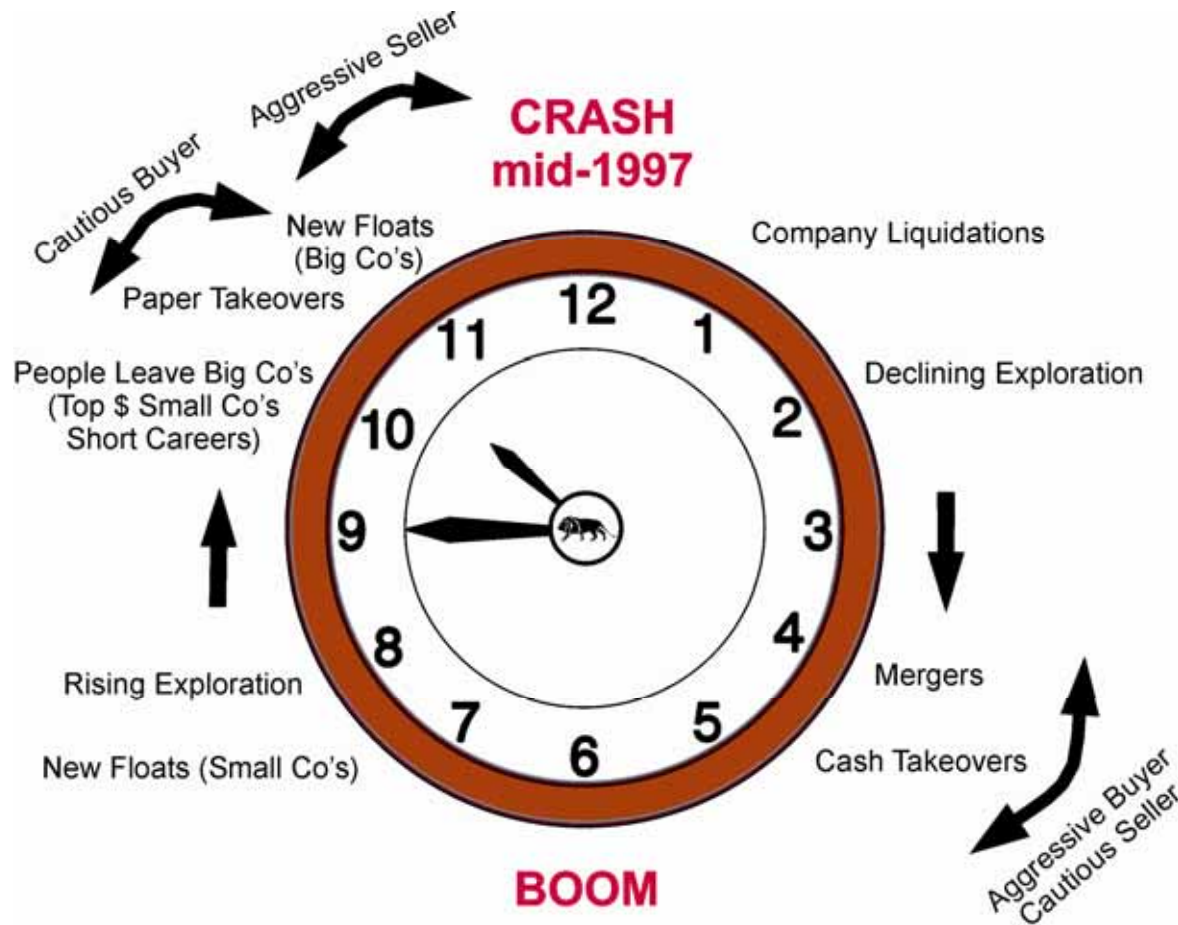
# Investments – Expansion Underway

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- Was – Gold and metals, Australia, Africa and SE Asia
- Added – Bulk commodities, uranium, energy (not oil & gas)
  - Geographic focus expanded: China, India etc

# Summary



## Vision

- Transform to a mining company
- 100% of Cracow ideal first step
- Regular dividend from cashflow
- Further growth