

KEY POINTS

- Robust Operations performance.
- Operations EBITDA up 18% to \$8.6 million.
 - Lion's share of production was 13,554 ounces at an average cash cost of A\$570 per ounce.
 - The average gold sale price achieved was A\$981 per ounce.
- Cracow Operations cash flow (after capital expenditure and exploration) of \$5.9 million, up 43%.
- Strong balance sheet with no debt and \$34.4 million cash.
- Liquidation of major investments in Platmin, Allegiance Mining & Indophil at the top of the last resources cycle.
- Completion of \$160 million cash return to shareholders.
- Mark to Market loss on investments of \$92.1 million due to uncertainty in global markets, including a loss \$29.1 million with respect to remaining shares held in Indophil Resources NL following two takeover offers for Indophil lapsing unfulfilled.
- Lion remains focused on gold production and investing at an early stage to assist junior resource companies along the development curve. At this early stage of the resource cycle the focus is generally on extensive research and rejuvenating Lion's investment pipeline, with one exception, gold.
- Lion's immediate investment focus is gold. Lion has increased its economic exposure to Catalpa's Edna May gold project to 51%. Catalpa has announced completion of debt financing and locked in a forward gold price of A\$1,544 per ounce representing 24% of its Edna May Project resource.
- Gold's appeal reflects not only the current price, but also the continuing bankability of gold projects despite the current financial crisis, the rapid project development timeline and ability to generate timely cash flows, relatively simple processing and sale process.

Half-year ended 31 January	2009 \$000's	2008 \$000's	Change
Operations			
Revenue	16,835	14,599	15%
EBITDA	8,613	7,327	18%
Profit from Operations	2,909	1,096	165%
Cashflow - Operating Activities	8,912	6,519	37%
Cashflow - CAPEX & Exploration	(2,969)	(2,370)	(25%)
Investments			
Mark to Market	(92,067)	(92,279)	(0%)
Dividend Income	-	23,732	(100%)
Other			
Other	1,318	(1,477)	189%
Income tax (expense)/benefit	(1,986)	5,277	(138%)
NPAT	(89,826)	(63,651)	(41%)

Appendix 4D

Half year report

1. Company Details

LION SELECTION LIMITED		
ABN or equivalent company reference	Half Year ended (‘current period’)	Half year ended (‘previous period’)
53 123 217 112	31 January 2009	31 January 2008

2. Results for announcement to the market

This interim report is prepared using Australian equivalents to International Financial Reporting Standards (“AIFRS”), and therefore includes the result of the “mark-to-market” of the Consolidated Entity’s investment portfolio in both the Income Statement and Balance Sheet.

Net Profit/(Loss) Before Tax – By Segment	2009	2008
	\$000	\$000
Operation	2,909	1,096
Investments	(92,067)	(68,547)
Other	1,318	(1,477)
Net Profit/(Loss) Before Tax	(87,840)	(68,928)

The Consolidated Entity’s loss before tax for the half year was \$87.8 million. The loss after tax was \$89.8 million (2008 Loss: \$63.7 million) and a loss per share of 57.3c (2008: loss per share 33.3c).

This report includes consolidated results for Catalpa since its acquisition on 10 December 2008 following the purchase of 112,407,597 shares in Catalpa increasing Lion’s stake to 51.3%. Movements in the value of Lion’s investment in Catalpa up until 10 December 2008 (including comparative figures) have been “marked to market” and recognised in the income statement in accordance with Lion’s investment accounting policy.

Operations

The Consolidated Entity’s activities include a 30% interest in the Cracow Gold Mine in Queensland with Newcrest Mining Limited owning the other 70% interest in the joint venture and managing the operation. Cracow is a low cost underground operation which produced 45,180 ounces of gold for the half year. Lion’s 30% share was 13,554 ounces produced at an average cash cost of A\$570 per ounce. The average gold sale price achieved was A\$981 per ounce, with all sales into the spot market. From 10 December 2008 the Consolidated Entity also includes the consolidated results of Catalpa. Catalpa is currently seeking to raise equity financing as part of the funding for the Edna May Gold Project development.

Results of Gold Mining Activities	2009	2008
	\$000	\$000
Sales Revenue – Gold	16,835	14,599
Cost of Gold Sales	(10,291)	(10,509)
Gross Profit/(loss)	6,544	4,090

Investments

The result for the half year reflects mark to market losses of \$92.1 million with respect to investments, substantially due to a decline in the market value of investees following uncertainty in the global financial markets. 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 half year.

Based on historical cost, the realised profit for the Consolidated Entity of \$67.2 million is a result of the sale of the majority of Lion's investment in Indophil Resources NL (profit \$69.8 million) and Rex Minerals Limited (profit \$1.0 million) offset by losses due to sale of Lions shareholding in De Grey Mining Ltd (loss \$2.7 million) and Southern Cross Goldfields Limited (loss \$0.1 million) and the partial sale of Lion's holding in ARC Exploration Limited (loss of \$0.8 million).

The result for the half year includes profit from realised gains from sales of investments as set out in the table below.

Gains/(loss) attributable to movement in fair value of investments	2009	2008
	\$000	\$000
Mark to Market adjustment for period – investments realised during period	(10,802)	(607)
Mark to Market adjustment for period – investments held at end of period	(81,265)	(91,672)
Gains/(loss) attributable to movement in fair value of investments	(92,067)	(92,279)
Results of Investments Realised During Period		
Sales Proceeds	84,066	10,248
Historical Cost of sales	(16,840)	(17,161)
Gross profit measured at historical cost	67,226	(6,913)
Represented by:		
Mark to Market recognised in prior periods	78,028	(6,306)
Mark to Market recognised in current period	(10,802)	(607)
	67,226	(6,913)

The unrealised mark to market loss of \$81.3 million with respect to investments held at 31 January 2009 was substantially due to a decline in the market value of investees following uncertainty in the global financial markets. Specifically, the net decrease in the portfolio value includes:

- A decrease in the value of Lion's remaining investment in Indophil Resources NL of \$29.1 million as a result of the share price falling following two takeover offers for Indophil lapsing unfulfilled.
- Decreases in the value of African Lion Limited of \$17.5 million and African Lion 2 Limited of \$10.5 million, primarily resulting from the underlying reduction in the market value of those funds' investments in Albidon Limited (\$21.9 million) and Sphere Investments Limited (\$5.2 million).
- A decrease in the value of Havilah Resources NL of \$12.7 million.
- A decrease in the value of Exco Limited of \$4.8 million.
- A decrease in the value of Catalpa Limited of \$3.3 million up until the date of acquisition (10 December 2008).

At 31 January 2009 the Consolidated Entity held investments valued at \$30.4 million (31 July 2008: \$210.2 million), and cash of \$34.4 million (31 July 2008: \$103.7 million). During the period, the Consolidated Entity made new or follow on investments totalling \$2.6 million, including a follow on investment in Catalpa of \$2.2 million.

Results

Half year ended 31 January 2009			\$'000	% Change		\$'000
2.1	Revenue from continuing operations	Up	2,236	15%	To	16,835
2.2	Profit/(loss) from continuing operations after tax attributable to members	Down	(25,874)	41%	To	(89,513)
2.3	Net Profit/(loss) for the period attributable to members	Down	(25,874)	41%	To	(89,513)
2.4	Dividends per share		Amount per security		Franked Amount per security	
	Dividend – No Dividend paid in 2009		N/A		N/A	

Buyback program

Lion completed its buy back program totaling \$160.0 million. The final Off-market Buy-back price was \$1.469 per share allowing the company to buy back 102,098,516 shares (or 55.5% of issued capital) for \$150.0 million. The Company has also completed its On-market Buy-back having purchased a total of 6,959,626 shares on-market at a cost of \$10 million.

3. Net tangible assets per ordinary security

Based on the attached Balance Sheet, the net tangible assets (NTA) per security based on the Net Assets of the Consolidated Entity at 31 January 2009 was \$1.47. This NTA is based on the valuation of investments at fair value, as disclosed in the attached accounts, including a number of AIFRS related accounting adjustments. The NTA per security for the comparative period was \$1.69.

The NTA per share at 31 January 2009 reflects accounting related adjustments as follows:

- A notional deferred tax liability of \$9.5 million (12 cents per share) that has been recognised with respect to the revaluation of Cracow's assets. This reflects that tax depreciation will not be available on the fair value uplift and will unwind over the life of the Cracow Gold Mine.
- Other AIFRS adjustments, such as the requirement to use of the closing market bid price in determining the fair value of assets.

4. Controlled Entities

On 10 December 2008 Lion moved to 51.3% ownership of the issued share capital of Catalpa. Catalpa is a Western Australia based company with a number of wholly-owned tenements, the primary asset being the Edna May Gold Project. The Reserve at Edna May is 738,000 ounces of gold at cut-off 0.5 g/t.

5. Dividends

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

6. Dividend/distribution reinvestment plan

The Consolidated Entity does not currently operate a dividend/distribution reinvestment plan.

7. Associates

The Consolidated Entity does not have any associates. Due to the adoption of AIFRS, the Consolidated Entity ceased using the equity method. Investments are measured at fair value through the profit and loss due to the parent entity being a venture capital entity.

The Consolidated Entity has a 30% joint venture interest in the Cracow Mining Joint Venture in Queensland with Newcrest Mining Limited owning the other 70% joint venture interest and managing the operation. This joint venture comprises the Operations segment in the attached accounts.

8. Foreign Accounting Standards

Not Applicable.

9. Audit

This report is based on the attached accounts that have been reviewed.

For more information please refer to the attached Financial Statements.



Lion Selection Limited

ABN: 53 123 217 112

Condensed Financial Report Half Year Ended 31 January 2009



LION SELECTION LIMITED

Financial Report for the Half Year Ended 31 January 2009

CONTENTS	Page
Directors' Report	1
Income Statement for the Half Year ended 31 January 2009	5
Balance Sheet as at 31 January 2009	6
Statement of Cash Flows for the Half Year ended 31 January 2009	7
Statement of Changes in Equity for the Half Year ended 31 January 2009	8
Notes to the Financial Statements for the Half Year ended 31 January 2009	9
Directors' Declaration.....	15



LION SELECTION LIMITED

Directors' Report

The directors of Lion Selection Limited ("Lion" or "the Company") submit their report on the operations of the Company and the entities it controlled ("the Consolidated Entity") for the half year ended 31 January 2009. On 10 December 2008 Lion obtained control of one of its investees, Catalpa Resources Limited ("Catalpa"). Accordingly these financial statements include consolidated results for Lion, its subsidiaries, and Catalpa from the date of acquisition. Movements in the value of Lion's investment in Catalpa up until 10 December 2008 (including comparative figures) have been "marked to market" and recognised in the income statement in accordance with Lion's investment accounting policy.

Directors

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

- E W J Tyler AM (Non-Executive Chairman);
- R A Widdup (Managing Director);
- J F O'Reilly (Non-Executive Director) – Resigned 7 November 2008;
- B J K Sullivan (Non-Executive Director) – Appointed 7 November 2008; and
- G R Freestone (Non-Executive Director).

Principal Activities

During the half year the principal continuing activities of the Consolidated Entity were gold exploration, development and mining and investment in mining and exploration companies.

Results and Review of Operations

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	\$000	\$000
Operations	2,909	1,096
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Results of Investments Realised During Period

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Gross profit measured at historical cost	67,226	(6,913)
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Buy-back Program

Lion completed its buy back program totalling \$160.0 million. The final Off-market Buy-back price was \$1.469 per share allowing the company to buy back 102,098,516 shares (or 55.5% of issued capital) for \$150.0 million. The Company has also completed its On-market Buy-back having purchased a total of 6,959,626 shares on-market at a cost of \$10 million.

Dividends

No dividend was declared or paid in the half-year. During the prior period, Lion declared a fully franked dividend to members of 3 cents per share (totalling \$5.7 million) which was paid to shareholders on 22 February 2008.

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 condensed financial report.

Rounding of Amounts

The Company is of a kind specified in Australian Securities and Investments Commission Class Order 98/0100. 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
27 March 2009

.....
R A Widdup
Managing Director

PricewaterhouseCoopers
ABN 52 780 433 757

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Auditor's Independence Declaration

As lead auditor for the review of Lion Selection Limited for the half year ended 31 January 2009, 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 Limited and the entities it controlled during the period.



Tim Goldsmith
Partner
PricewaterhouseCoopers

Melbourne
27 March 2009



LION SELECTION LIMITED

Income Statement for the Half Year ended 31 January 2009

CONSOLIDATED			
	Notes	January 2009 \$'000	January 2008 \$'000
Gold Sales Revenue		16,835	14,599
Changes in inventories of finished goods and work in progress (cost of gold sales)		(122)	(600)
Raw materials and consumables used (cost of gold sales)		(10,169)	(9,909)
		6,544	4,090
Gain /(loss) attributable to movement in fair value	2	(92,067)	(92,279)
Dividend Income		-	23,732
Other revenue	2	4,399	2,127
Management fees		(1,442)	(1,653)
Exploration and evaluation		(857)	(90)
Depreciation and amortisation		(2,778)	(2,904)
Employee benefits		(581)	(552)
Finance costs		-	(413)
Other expenses		(1,058)	(986)
Profit/(loss) before income tax		(87,840)	(68,928)
Income tax (expense)/benefit		(1,986)	5,277
Net profit/(loss) after tax		(89,826)	(63,651)
Attributable to:			
Non-controlling interest		(313)	(12)
Members of the parent		(89,513)	(63,639)
		Cents per share	Cents per share
Basic earnings per share		(57.3)	(33.3)
Diluted earnings per share		(57.3)	(33.2)

LION SELECTION LIMITED
Balance Sheet
as at 31 January 2009

	CONSOLIDATED	
	January 2009	July 2008
	\$000	\$000
Current Assets		
Cash and cash equivalents	34,381	103,743
Trade and other Receivables	1,362	2,452
Financial Assets	-	128,456
Inventories	1,788	1,877
Other	2,144	2,222
<i>Total Current Assets</i>	<i>39,675</i>	<i>238,750</i>
Non-Current Assets		
Property, Plant and Equipment	10,819	7,950
Mine Development	53,587	49,721
Financial Assets	30,387	81,777
Deferred tax assets	2,876	6,475
<i>Total Non-Current Assets</i>	<i>97,669</i>	<i>145,923</i>
<i>Total Assets</i>	<i>137,344</i>	<i>384,673</i>
Current Liabilities		
Trade and Other Payables	2,656	4,090
Provisions	458	630
<i>Total Current Liabilities</i>	<i>3,114</i>	<i>4,720</i>
Non-Current Liabilities		
Provisions	841	700
Deferred tax liabilities	9,923	11,753
<i>Total Non Current Liabilities</i>	<i>10,764</i>	<i>12,453</i>
<i>Total Liabilities</i>	<i>13,878</i>	<i>17,173</i>
Net Assets	123,466	367,500
Equity		
Contributed equity	91,160	250,748
Reserves	1,299	1,958
Retained profits/(accumulated losses)	25,279	114,792
<i>Total parent entity interest</i>	<i>117,738</i>	<i>367,498</i>
<i>Total non-controlling interest</i>	<i>5,728</i>	<i>2</i>
<i>Total Equity</i>	<i>123,466</i>	<i>367,500</i>



LION SELECTION LIMITED

Statement of Cash Flows for the Half Year ended 31 January 2009

	CONSOLIDATED	
	January 2009 \$000	January 2008 \$000
Cash flows from operating activities		
Receipts from customers	16,752	14,310
Sundry Income	217	-
Dividends Received	-	23,732
Interest received	4,772	1,776
Interest paid	-	(441)
Payments to suppliers and employees (including GST)	(14,089)	(10,969)
Income taxes paid	-	(1,686)
<i>Net operating cash flows</i>	<i>7,652</i>	<i>26,722</i>
Cash flows from investing activities		
Payments for property plant & equipment	(143)	(54)
Payments for mine development	(2,826)	(2,316)
Payments for investments	(421)	(6,018)
Net cash acquired for purchase of subsidiary	1,687	-
Proceeds from investment sales	84,143	13,321
<i>Net investing cash flows</i>	<i>82,440</i>	<i>4,933</i>
Cash flows from financing activities		
Proceeds from issues of shares on exercise of options	117	49
Payments of external borrowings	-	(4,000)
Exchange rate variations on foreign cash balances	-	(5)
Buyback of shares	(159,571)	-
<i>Net financing cash flows</i>	<i>(159,454)</i>	<i>(3,956)</i>
Net increase/(decrease) in cash and cash equivalents held	(69,362)	27,699
Cash and cash equivalents at beginning of financial period	103,743	46,683
Cash and cash equivalents at end of financial period	34,381	74,382

LION SELECTION LIMITED

Statement of Changes in Equity for the Half Year ended 31 January 2009

CONSOLIDATED	Issued Capital \$'000	Retained Earnings \$'000	Hedge Reserve \$'000	Non- controlling interest \$'000	Total \$'000
At 1 August 2007	250,913	139,029	3,128	6	393,076
Unwind of effective gold cashflow hedges	-	-	(507)	-	(507)
<i>Total income/(expense) recognised directly in equity</i>	-	-	(507)	-	(507)
Profit/(Loss) for the period	-	(63,639)	-	(12)	(63,651)
<i>Total recognised income and expense for the period</i>	-	(63,639)	(507)	(12)	(64,158)
Dividends Paid or Payable	-	(5,730)	-	-	(5,730)
Issue of Shares - Exercise Options	49	-	-	-	49
At 31 January 2008	250,962	69,660	2,621	(6)	323,237
At 1 August 2008	250,748	114,792	1,958	2	367,500
Unwind of effective gold cashflow hedges	-	-	(659)	-	(659)
<i>Total income/(expense) recognised directly in equity</i>	-	-	(659)	-	(659)
Profit/(Loss) for the period	-	(89,513)	-	(313)	(89,826)
<i>Total recognised income and expense for the period</i>	-	(89,513)	(659)	(313)	(90,485)
Non-controlling interest on acquisition of subsidiary	-	-	-	6,039	6,039
Transactions costs	(18)	-	-	-	(18)
Capital issued bought back	(159,571)	-	-	-	(159,571)
Issue of Shares - Exercise Options	1	-	-	-	1
At 31 January 2009	91,160	25,279	1,299	5,728	123,466

LION SELECTION LIMITED

Notes to the Financial Statements for the Half Year ended 31 January 2009

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 Limited as at 31 July 2008, which was prepared based on 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 2009 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 derivative financial instruments, financial assets and assets acquired in a business combination to be measured at fair value.

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

(b) Summary of significant revised accounting policies

The Consolidated Entity's accounting policies are consistent with those of the comparative periods except as noted below in relation to Principles of Consolidation and Business Combinations. The full disclosure of accounting policies is available in the annual Financial Report of Lion Selection Limited as at 31 July 2008.

(c) Principles of consolidation

AASB 127 (March 2008) requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. This is different to the Consolidated Entity's previous accounting policy where transactions with minority interests were treated as transactions with parties external to the Consolidated Entity.

The standard also specifies the accounting when control is lost. Any remaining interest in the entity must now be remeasured to fair value and a gain or loss is recognised in profit or loss. This is consistent with the entity's previous accounting policy.

The Consolidated Entity will in future allocate losses to the non-controlling interest in its subsidiaries even if the accumulated losses should exceed the non-controlling interest in the subsidiary's equity. Under the previous policy, excess losses were allocated to the parent entity.

The changes were implemented prospectively from 1 August 2008. There has been no impact on the current period as none of the non-controlling interests have a deficit balance. There have also been no transactions whereby an interest in an entity is retained after the loss of control of that entity and no transactions with non-controlling interests.

(d) Business combinations

AASB 3 (March 2008) continues to apply the acquisition method to business combinations, but with some significant changes.

All payments to purchase a business are now recorded at fair value at the acquisition date, with contingent payments classified as debt and subsequently remeasured through the income statement. Under the Consolidated Entity's previous policy, payments to purchase a business were recorded at cost and contingent payments were only recognised when the payments were probable and could be measured reliably and were accounted for as an adjustment to the cost of acquisition.

Acquisition-related costs are expensed as incurred. Previously, they were recognised as part of the cost of acquisition and therefore included in goodwill.

If the Consolidated Entity recognises acquired deferred tax assets after the initial acquisition accounting there will no longer be any adjustment to goodwill. As a consequence, the recognition of the deferred tax asset will increase the Consolidated Entity net profit after tax.

Non-controlling interests in an acquiree are now recognised either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. This decision is made on an acquisition-by-acquisition basis. Under the previous policy, the non-controlling interest was always recognised at its share of the acquiree's net assets. The changes were implemented prospectively from 1 August 2008 and affected the accounting for the acquisition of Catalpa Resources Limited disclosed in note 8.

CONSOLIDATED

	January 2009 \$000	January 2008 \$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	(10,802)	(607)
Mark to Market adjustment for period – investments held at end of period	(81,265)	(91,672)
Gains/(loss) attributable to movement in fair value of investments	(92,067)	(92,279)
Results of Investments Realised During Period		
Sales Proceeds	84,066	10,248
Historical Cost of sales	(16,840)	(17,161)
<i>Gross profit measured at historical cost</i>	<i>67,226</i>	<i>(6,913)</i>
Represented by:		
Mark to Market recognised in prior periods	78,028	(6,306)
Mark to Market recognised in current period	(10,802)	(607)
Total Mark to Market	67,226	(6,913)
Other revenue		
Interest income	4,120	1,986
Sundry income	279	141
Total other revenue	4,399	2,127
The loss is determined after charging the following expenses:		
Management fees	1,442	1,653
Employee benefits	581	552
Other	1,058	986

CONSOLIDATED

	January 2009 \$000	January 2008 \$000
NOTE 3. DIVIDENDS PAID OR PROVIDED ON ORDINARY SHARES		
Fully franked dividends declared and recognised as a liability, but not paid at Balance Date.	-	5,730
<i>Total dividends paid or provided</i>	-	5,730

NOTE 4. CONTRIBUTED EQUITY

	January 2009 Shares	January 2008 Shares
Share Capital		
Opening Balance	190,877,542	190,978,930
Options Exercised	867	32,311
Shares bought back off market and cancelled	(102,098,516)	-
Shares bought back on market and cancelled	(6,680,426)	-
Issued and paid up capital (fully paid)	82,099,467	191,011,241

	January 2009 \$000	January 2008 \$000
Share Capital		
Opening Balance	250,748	250,913
Exercise of 867 options over Lion shares at \$1.51/share (2008: 32,311 options at \$1.51/share)	1	49
Transactions costs	(18)	-
Shares bought back off market and cancelled	(149,983)	-
Shares bought back on market and cancelled	(9,588)	-
Issued and paid up capital (fully paid)	91,160	250,962

NOTE 5. SEGMENT INFORMATION

The Consolidated Entity invests in mining and exploration companies and projects, operating in two divisions: Investments and Operations. The Operations division comprises a 30% interest (through Lion Mining Limited) in the Cracow Gold Mine in Queensland and from 10 December 2008 the consolidated results of Catalpa. Cracow is a joint venture with Newcrest Mining which operates both mining and exploration activities and holds the remaining 70% interest. The Investments Division provides patient equity capital to carefully selected small and medium mining enterprises. Lion Selection invests in mining and exploration companies and projects with gold and base metal activities in Australia, Africa and South East Asia.

Unallocated items include interest revenue, management fee expense, cash and deferred tax assets and liabilities.

	Investments \$'000	Operations \$'000	Unallocated \$'000	Total \$'000
Half-Year 2009				
Segment Revenue	Nil	16,835	4,399	21,234
Segment Result Before Tax	(92,067)	2,909	1,318	(87,840)
Half-Year 2008				
Segment Revenue	23,732	14,599	2,127	40,458
Segment Result Before Tax	(68,547)	1,096	(1,477)	(68,928)

NOTE 6. CONTINGENT LIABILITIES/ASSETS

Performance Incentive

As noted in the last annual accounts, the Consolidated Entity has a contingent liability in relation to the performance fee arrangements with the Lion Manager Pty Ltd (the Manager). The Manager is entitled to a performance fee of 10% of the amount by which the average market capitalisation of the Consolidated Entity exceeds a benchmark (or hurdle).

At 31 January 2009 and at the date of this report, no performance fee had been triggered. In addition, no amount is required to be provided for in accordance with AASB 2 *Share Based Payments*. In the comparative period to 31 January 2008 a provision of \$0.25 million was recognised reflecting the theoretical value of the cash settled, share based performance incentive for that period, although ultimately no amount was paid for the twelve months to 31 July 2008.

The Consolidated Entity has no other contingent liability/assets as at 31 January 2009.

NOTE 7. SUBSEQUENT EVENTS

Since the balance date for the Consolidated Entity, the following events have taken place:

- On 3 March 2009 Catalpa announced approval from Macquarie Bank for a conditional \$67.5 million project finance facility and creation of a Hedging Facility, under which Catalpa has sold forward 352,316 ounces of gold at a forward price of A\$1,544 per ounce. Conditions of the facility include the issue of options to Macquarie, the execution of full documentation and completion of an equity raising. Lion indicated its commitment to invest a further \$15 million equity in Catalpa, subject to a successful capital raising by Catalpa of more than \$30 million, which would ensure financing of the \$92 million required to develop the Edna May Project.
- On 4 February 2009, Sedimentary Holdings Ltd, a wholly owned subsidiary of Lion Selection Limited has been renamed to Lion Mining Ltd.

NOTE 8. BUSINESS COMBINATION

On 3 December 2008 Catalpa concluded its rights issue. As part of that rights issue Lion invested a further \$2.2 million. The total funds raised of \$3.5 million will be used to further develop the Edna May Gold Project. As a result of the equity raising, on 10 December 2008 Lion moved to 51.3% ownership of the issued share capital of Catalpa. Catalpa is a Western Australia based company with a number of wholly-owned tenements, the primary asset being the Edna May Gold Project. Catalpa has announced the Reserve at Edna May is 738,000 ounces of gold at a cut-off of 0.5 g/t.

The acquired business contributed revenues of \$17,977 and net loss of \$673,982 to the Group for the period from 10 December 2008 to 31 January 2009. If the acquisition had occurred on 1 August 2008, contributed revenues and net loss would have been \$64,948 and \$3,242,465 for the half year ended 31 January 2009 respectively.

For the period from 1 August 2008 to 10 December 2008 Catalpa had a Mark to Market impact on the Consolidated Loss of \$3.2 million. This amount is recorded in 'Gain/(Loss) attributable to movement in fair value' in the Income Statement.

Purchase consideration	\$'000
Fair value of equity securities previously held	4,115
Cash paid	2,248
Purchase Consideration	6,363

The following table details the fair values of the net assets acquired. The fair values currently established are provisional and are subject to review during the twelve months following the acquisition.

Current Assets	Acquiree's carrying value \$'000	Fair value \$'000
Cash and cash equivalents	3,935	3,935
Trade and other Receivables	23	23
Other	37	37
<i>Total Current Assets</i>	<i>3,995</i>	<i>3,995</i>
Non-Current Assets		
Property, Plant and Equipment	3,591	3,591
Mine Development	-	5,568
<i>Total Non-Current Assets</i>	<i>3,591</i>	<i>9,159</i>
<i>Total Assets</i>	<i>7,586</i>	<i>13,154</i>
Current Liabilities		
Trade and Other Payables	345	345
Provisions	407	407
<i>Total Liabilities</i>	<i>752</i>	<i>752</i>
Net Assets	6,834	12,402
<i>Non-controlling interest</i>		<i>(6,039)</i>
Net Identifiable assets acquired		6,363



LION SELECTION LIMITED

Directors' Declaration

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

In the opinion of the directors:

- (a) the financial statements and notes of the Consolidated Entity are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Consolidated Entity as at 31 January 2009 and the performance for the half-year ended on that date; and
 - (ii) complying with the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- (b) there are reasonable grounds to believe that the Consolidated Entity 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

.....
R A Widdup
Managing Director

Melbourne
Date: 27 March 2009

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

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Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Lion Selection Limited, which comprises the balance sheet as at 31 January 2009, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Lion Selection Limited Group (the consolidated entity). The consolidated entity comprises both Lion Selection Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

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 consolidated entity's financial position as at 31 January 2009 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 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.



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

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.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

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

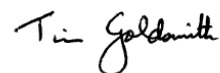
Conclusion

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 Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 January 2009 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Tim Goldsmith
Partner

Melbourne
27 March 2009