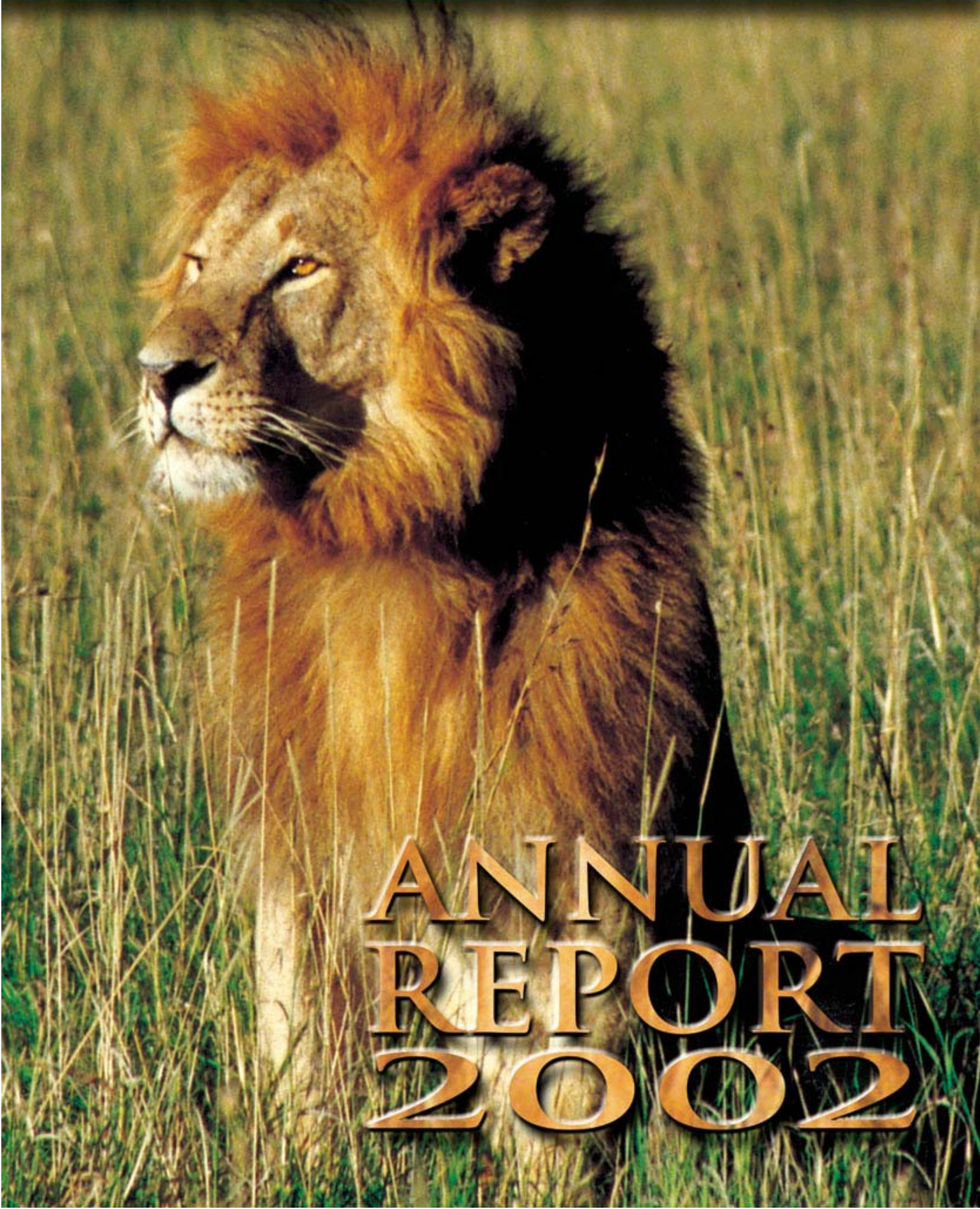




LION SELECTION GROUP LIMITED



ANNUAL
REPORT
2002



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Lion Selection Group Limited
ABN 26 077 729 572

Cover photo by Judith Russell

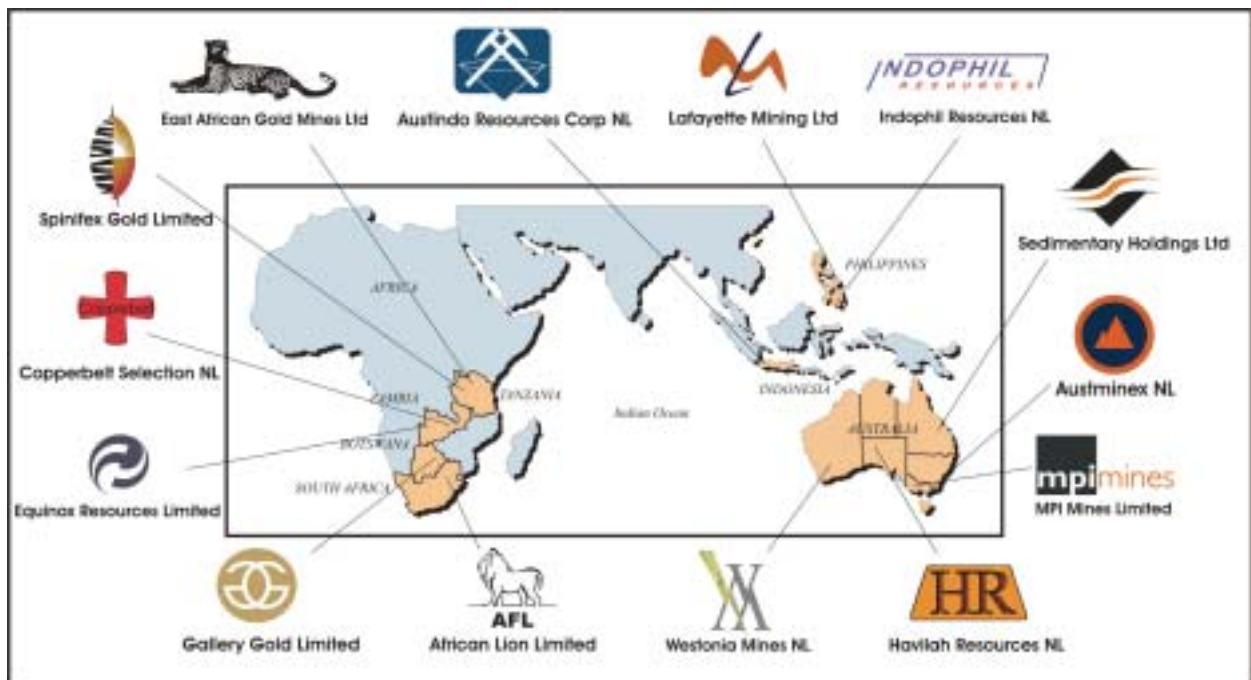


Profile

Lion Selection Group Limited listed on the Australian Stock Exchange in 1997 (ASX code: LSG). The company was established to provide patient equity capital to emerging Australian mining and exploration companies.

Lion's portfolio of carefully selected investments at various stages of development offers excellent exposure to the high risk-high reward emerging resource sector. Lion's investments include listed and unlisted Australian companies with gold and base metals activities operating in Australia, Africa and South East Asia.

As a registered Pooled Development Fund, Lion shareholders are entitled to receive tax free capital gains and dividends.





Letter from the Chairman

Dear Shareholder

On 24 July 2002 Lion Selection Group completed five years as a listed mining investment company. We are proud of our achievements.

When Lion was established we believed the company filled a special niche where the combination of investing in emerging companies with excellent management and quality projects, coupled with the management team's knowledge of the sector through financial markets and in field experience, would result in value creation for shareholders. In a sector where risk is high and many small miners have not survived over the five years, Lion's portfolio has had a high success rate. We believe there remains significant potential value in our portfolio.

During the year we made our first divestment which resulted in a pre-tax profit of approximately \$13 million (a significant return on our \$8 million investment) and which enabled us to pay a 3 cent fully franked dividend in February 2002. We hope to continue to reward our shareholders with further tax free dividends and capital appreciation.

Over the period our share price has often reflected the sentiment towards the sector rather than the value of the underlying assets, which have been consistently measured and reported above the asset backing since listing. During the last year when sentiment improved our share price movements reflected the leverage available in our portfolio. Lion's price more than doubled over a period of 6-8 months.

In addition to creating shareholder value through well researched and careful investment, Lion's Board and management team continue to believe the mining cycle will enhance returns when commodity prices recover. The portfolio, with several development projects commencing production or in the pipeline, is well positioned to benefit by improved sentiment. The management team's belief in the future was demonstrated by the signing of a new Management Contract under very similar terms to the first 5 year arrangement. I am very pleased with the new contract and particularly pleased that the agreement retained the bonus hurdle at \$1.65 per share at 31 July indicating a belief that it remained a very achievable target.

I would like to express my sincere appreciation to the management team for their hard work, dedication, enthusiasm and professional approach. Thank you too to my fellow Non Executive Directors for their good counsel and ability to draw on their extensive experience and knowledge. I look forward to the future with much anticipation.

Ewen W J Tyler, AM
Chairman



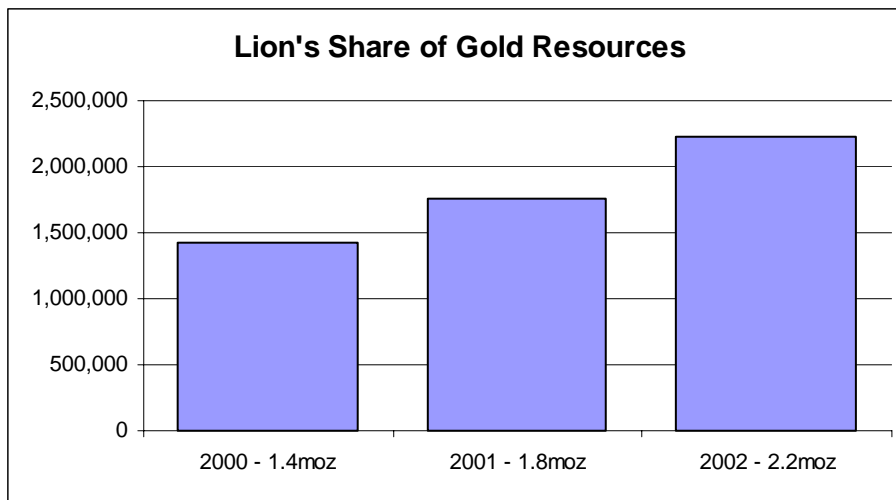
Managing Director's Report

The past year has been particularly good for project development in Lion's fourteen investments. In addition, there has been improvement in resource equity markets which have been depressed since 1997. In a global resources market which has a shortage of small and medium sized new mine developments Lion is well positioned with several attractive gold and metals projects.

INVESTMENTS

Consolidated Minerals was sold in late 2001 for a pre-tax profit of around \$13 million. This was Lion's first large realisation and we congratulate Michael Kiernan and his team for their ongoing success in redeveloping the Woodie Woodie manganese mine.

Gold investments have advanced considerably and have reached a position where increases in the gold price have a meaningful impact on Lion. The company's indirect share of its investee's gold resources increased from 1.8 million to 2.2 million ounces during the year. This figure excludes the Tampakan Project in the Philippines, which was acquired by the Indophil Group after Lion's balance date and could add a further 3 to 6 million attributable ounces.



In Tanzania EAGM has built and commenced production at the 210,000 ounce per year North Mara gold project. This investment is especially significant and the \$10.2 million invested could be substantially increased which would reflect in Lion's monthly Net Asset Value when the company lists on the ASX in the next few months.

Gallery Gold in Botswana is also significant to Lion and the feasibility study on a new mine development is expected to be completed in early 2003.

The Australian gold companies, Westonia and Sedimentary, are developing relatively small gold projects but both are expected to be low cost, robust new mines with good exploration potential and valuable to Lion.

The zinc price is an area of concern as it has restricted the ability of Austminex to redevelop the Benambra mine in Victoria.



THE MANAGER

Lion pays Selection (LSG) Management Pty Limited (The Manager) a fee of \$1.5 million per annum to identify and assess investment opportunities plus manage the investment portfolios. The Manager's five year contract with Lion expired in July 2002 and was renewed with approval from shareholders at an Extraordinary General Meeting in August. The original Manager's team from 1997 remains intact, unchanged and optimistic for Lion's development.

OUTLOOK

Lion's strategy is to make long term investments in junior resource companies and to assist them to develop new mines and create shareholder value. At the same time the company aims to realise investments when the junior resource sector is strong, hopefully synchronising new mine development with a strong resource market.

Most of Lion's fourteen core investments are regarded as being in good corporate and fundamental health. The resources equity market is in upturn due to the improving gold price and new projects are being positively re-rated. Under these circumstances the next one or two years promise to be good ones for Lion and its shareholders.



Investment Summary Table

Investment	ASX Code	Activity	LSG Holding %	Amount Invested** \$m	Market Value or Cost of Unlisted* \$m
At 31/07/02					
Unlisted Investments					
African Lion (AFL)		Africa - mining investment	16.3	5.1	5.1
Copperbelt Selection		Africa - copper	33.0	0.3	0.3
East African Gold Mines (EAGM)		Tanzania - gold	11.4	10.2	10.2
MPI Mines (MPI)		Australia - gold	16.3	6.1	6.1
Westonia Mines		Australia - gold	40.9	3.9	3.9
Listed Investments					
Austindo Resources	ARX	Indonesia & Australia - gold	15.6	3.6	1.3
Austminex	ATX	Australia – base metals	16.9	5.0	3.4
Equinox Resources	EQR	Zambia/Aust – copper/gold	10.9	1.3	1.3
Gallery Gold	GGN	Botswana - gold	43.3	10.3	19.8
Havilah Resources	HAV	Australia – gold/base metals	22.0	1.9	0.8
Indophil Resources	IRN	Philippines - copper/gold	42.4	7.8	9.3
Kingsgate Consolidated	KCN	Thailand – gold	2.0	0.8	3.9
Lafayette Mining	LAF	Philippines – gold/base metals	30.9	7.0	4.5
Sedimentary Holdings	SED	Australia - gold	27.2	5.1	8.9
Spinifex Gold	SPX	Tanzania - gold	21.5	7.6	6.3
Other Investments				0.8	0.9
Sub Total Investments				76.7	86.0
Net Cash					32.7
Total Net Assets					118.7
Net Asset Value (NAV) before tax (cents per share)					118.6
Net Asset Value (NAV) after tax (cents per share)					116.4

*For NAV purposes, the value of listed investments is at market and unlisted investments at the lower of cost or net realisable value

**Includes amounts invested by Australian Selection Pty Limited



Management Team

The role of Selection (LSG) Management Pty Limited (The Manager) is to identify and assess opportunities, implement Lion's investment strategy and manage its portfolio. The founding team of Robin Widdup, Chris Melloy, Kevin Robinson and Howard Walker remains intact and committed to the vision outlined in Lion's original prospectus.

On 9 August 2002 Lion shareholders approved a deed to amend the original Management Agreement of July 1997. While there are a number of minor "housekeeping" changes, the two material amendments to the Management Agreement are:

- a termination fee is payable to the Manager if the agreement is terminated under certain circumstances, and
- the Benchmark Rate and method for assessing whether a performance bonus is payable to the Manager have been amended.

Under the amended agreement, the Manager is entitled to a bonus fee if Lion's market capitalisation exceeds a benchmark amount, measured over any continuous 60 day trading period ending on or before 31 July in any year. The benchmark amount was \$165 million on 31 July 2002 and increases by 150% of the 10 year bond rate. The management fee of 1.5% per annum of Lion's issued capital has not changed. Full details of the amended agreement can be found in the ASX announcement dated 5 July 2002, which is available on Lion's website, www.lionselection.com.au.

Robin Widdup

Robin Widdup's details are listed on page 37 of this report. He has a relevant interest in 411,500 Lion shares.

Chris Melloy

Chris Melloy holds an Honours Degree in Mining Engineering, a Masters Degree in Engineering Science and a Graduate Diploma in Applied Finance and Investment. He has 25 years experience in the mining industry in both operations and finance. Chris spent 11 years with MIM in Mount Isa in planning, operating and senior management roles and 10 years as a mining analyst researching the base metals sector with J B Were & Son. He has been part of the Lion management team since inception. Chris has a relevant interest in 152,599 Lion shares.

Howard Walker

Howard Walker graduated as a mining engineer in 1975 and spent 8 years working in this capacity in South Africa and Australia. He joined stockbroker J B Were & Son in 1983 as a precious metals analyst and then Manager of the Resource Research team. Howard was appointed as a director of J B Were Corporate Services Limited in 1990 and was involved in several large resource capital raisings. He has a relevant interest in 580,000 Lion shares.

Kevin Robinson

Kevin Robinson is a geologist with over 19 years experience in both mining and finance. He has a Bachelor of Science (Hons) and a Graduate Diploma of Applied Finance and Investment. Kevin has held technical and investment positions with RGC Limited, Normandy Mining Limited, Devex Limited and Legal & General. Prior to joining Selection (LSG) Management he was Legal & General's Head of Resources and Head of Australian Equities. Kevin has a relevant interest in 150,000 Lion shares.



East African Gold Mines Limited Lion - 11%

ASX Code:	Unlisted
Total investment by Lion:	\$10.2 million
Investment valued at 31/7/02:	\$10.2 million
Date of initial investment:	July 1998
Area of activity:	Tanzania / Gold

East African Gold Mines Limited (EAGM) is an Australian company developing the North Mara Gold Mine in Tanzania. EAGM holds licences over an exploration area of approximately 500 square kilometres surrounding the high grade Nyabirama and Nyabigena deposits.

Production of gold at North Mara commenced on 11 August 2002 and the mine was officially opened on 12 September by the President of Tanzania, Hon HE Benjamin Mkapa. The plant is now operating at full capacity and has passed all Completion Guarantees. Production is planned at a rate of approximately 210,000 ounces gold per annum.

Regional exploration of the licence areas in 2001 identified high priority new prospects at Gokona, Dett and Komarera. A new high grade gold deposit has been discovered at Gokona, one kilometre along strike from the Nyabigena deposit. Drilling of a "blind" target below 10-40 metres of lava cover has intersected mineralisation on four 100 metre spaced cross sections. Follow up drilling is required and an initial resource and reserve estimate is expected by December 2002.

In June 2002 EAGM announced that it had appointed Macquarie Bank as manager and underwriter for a proposed Initial Public Offering (IPO). Subsequent to balance date, Lion announced that EAGM had decided to defer the IPO to give priority to monitoring the ramp-up on production and adding value through exploration. EAGM intends to proceed with the IPO as early as possible in 2003.

NORTH MARA GOLD PROJECT RESOURCES - DECEMBER 2001			
	Tonnes (Mt)	Grade (g/t)	Contained Gold (M oz)
Nyabirama			
Total – Indicated Resources	31.4	3.0	3.1
Nyabigena			
Total – Indicated Resources	9.6	2.5	0.8
Total	41.0	2.9	3.8

Resources are inclusive of reserves

NORTH MARA GOLD PROJECT ORE RESERVES - DECEMBER 2001			
	Tonnes (Mt)	Grade (g/t)	Contained Gold (M oz)
Nyabirama			
Total – Probable	12.9	3.8	1.6
Nyabigena			
Total – Probable	2.7	3.5	0.3
Total	15.7	3.7	1.9



Gallery Gold Limited

Lion - 43%

ASX code:	GGN
Market capitalisation:	\$46.4 million
Total investment by Lion:	\$10.3 million
Market value at 31/7/02:	\$19.8 million
Date of initial investment:	March 1998
Area of activity:	Botswana / Gold
Website:	www.gallerygold.com.au

Gallery Gold Limited (Gallery) is a listed Australian company with 100% interest in the Mupane Gold Project and several high quality exploration projects in the Tati Greenstone Belt in Botswana.

A Prefeasibility Study for mine development at Mupane was completed early in 2002 with positive results. The study was based on two proposed open pits, Tau and Kwena, with additional mill feed from the nearby Signal Hill gold deposit. Two treatment plant sizes of 0.75 million tonnes per annum and 1 million tonnes per annum have been considered and average annual production is expected to be 100,000 to 120,000 ounces of gold, depending on mill size. Estimated mine life of present recoverable resources is 5.5 years for the 0.75 mtpa plant and 4.5 years for the 1 mtpa plant. A Definitive Feasibility Study (DFS) has now commenced and is proceeding on schedule. The DFS is scheduled for completion by the end of March 2003 with the first gold pour anticipated no later than July 2004.

Gallery's exploration program has been accelerated to identify an additional 200,000 ounces of gold resources capable of being converted to reserves so that initial mine life can be extended to seven years. Ore reserve drilling was completed in September at the Tau, Kwena and Signal Hill gold deposits and JORC standard reserve estimates are expected to be completed by December 2002. Gallery anticipates that reserves will be in the order of 700,000 ounces and that the minimum seven year mine life will be achieved.

An active regional exploration program has continued throughout the year, testing gold prospects within a 30 kilometre radius of Mupane. The aim of the program is to identify satellite gold resources for trucking to the proposed central mill.

Gallery is concentrating its efforts on developing the Mupane Gold Project. However, the Tati Greenstone Belt, most of which is 100% owned by Gallery, is also prospective for platinum, nickel and diamonds. Gallery is in the process of drill testing the Tekwane platinum/nickel project and is also actively considering joint venturing the diamond exploration rights.

Lion invested a further \$3.5 million in Gallery at 24 cents per share by taking up its full entitlement in the Gallery rights issue. Lion's shareholding is now 43% of Gallery. The funds raised by Gallery are being used to complete the Mupane DFS and to fund the A\$2.5 million exploration program.



Gallery Gold Limited
Lion - 43%

BOTSWANA PROJECT				
GOLD RESOURCES STATEMENT - JANUARY 2002				
Deposit	Category	Tonnes (000's)	Gold (g/t)	Contained Gold (oz)
Mupane Tau	Indicated	3,480	3.7	411,000
	Inferred	2,081	3.8	253,000
Mupane Kwena	Inferred	2,183	1.9	131,000
Sub total		7,744	3.2	795,000
Shashe	Measured	28	13.2	12,000
	Indicated	262	10.4	87,000
	Inferred	225	10.2	73,000
Sub total		515	10.4	172,000
Signal Hill A Zone	Inferred	1,483	2.2	105,000
Signal Hill B Zone	Inferred	195	2.3	14,000
Sub total		1,678		119,000
TOTAL		9,937	3.4	1,086,000



Westonia Mines Limited

Lion - 41%

ASX code:	WEZ
Total investment by Lion:	\$3.9 million
Investment valued at 31/7/02:	\$3.9 million
Date of initial investment:	October 2000
Area of activity:	Australia / Gold
Website:	www.westoniamines.com.au

Westonia Mines Limited (Westonia) holds three granted Mining Leases covering the historic Westonia Gold Mine, located 300 kilometres east of Perth. The mine has produced in excess of 600,000 ounces of gold during three previous stages of mining.

Westonia listed on the Australian Stock Exchange on Tuesday 20 August, following the closure of a successful Initial Public Offering (IPO) that raised \$5 million. Lion subscribed for 11.7 million shares and currently holds 34.5 million shares, after investing a total of approximately \$4 million. The funds raised in the IPO will be used to complete a Bankable Feasibility Study (BFS) to assess the economic viability of the most appropriate treatment process. Funds will also be applied to upgrading the resource base, testing known mineralised zones and acquiring a second hand processing plant if appropriate.

The BFS is progressing well and, subject to a positive outcome, Westonia is targeting recommencement of mining operations by late 2003.

Recent exploration work has identified an additional mineral resource in excess of 900,000 ounces of gold in the primary zone below the existing open cut. Prefeasibility studies have indicated that up to 500,000 ounces are recoverable at A\$525 per ounce of gold, depending on mining cut-off and processing route chosen. A reverse circulation (RC) drilling program will be carried out on the previous operator's live waste stockpile, with the aim of quantifying contained ounces in the easily accessible resource. These potential additional ounces have not been incorporated into the BFS and could add to the potential viability of the project.

Results of a recently completed detailed aeromagnetic survey have identified several targets which will be drill tested as an early priority. A further RC program is being designed to quantify additional resources in the known mineralised zone east, west and northwest of the currently designed pit.

WESTONIA PROJECT			
OPEN PIT RESOURCES – JUNE 2002			
Edna May Gneiss Ore	Tonnes (000's)	Grade (g/t Au)	Ounces (Au)
Indicated	12,780	1.7	695,000
Inferred	4,450	1.6	224,000
Total	17,220	1.7	919,000



Indophil Resources NL

Lion - 42%

ASX code:	IRN
Market capitalisation:	\$22.8 million
Total investment by Lion:	\$7.8 million
Market value at 31/7/02:	\$9.3 million
Date of initial investment:	September 1997
Area of activity:	Philippines / Copper & gold
Website:	www.indophil.com

Indophil Resources NL (Indophil) is an Australian company established to acquire, explore and develop mineral properties in the Philippines. Indophil ordinary shares and options were listed on the Australian Stock Exchange on 3 May 2002 following a successful capital raising that closed fully subscribed.

The acquisition of the world class Tampakan Project has remained one of Indophil's highest priorities throughout the year. Tampakan contains a global resource of approximately 12 million tonnes of copper and 16 million ounces of gold and is one of the largest undeveloped copper-gold deposits in South East Asia.

Indophil announced on 4 September that the transfer of ownership of the Tampakan Project to Sagittarius Mines had been completed following official clearance by the Philippine Bureau of Internal Revenue. Sagittarius Mines is supported by a consortium comprising Indophil, MIM Holdings Limited, the Alcantara Group of Companies and the Tampakan Group of Companies. Indophil will assume management of the project after a short transition period. A Petition of Review in respect of the sale and transfer has been filed by Lepanto Consolidated Mining and is still pending with the Supreme Court. The company has also lodged a Motion for Reconsideration of the transfer decision with the Office of the President. Based on past decisions and the merits of the appeal, Indophil remains confident that the legal challenge by Lepanto will be unsuccessful.

A review of the extensive existing data base will be undertaken to assess options for early development of the Tampakan Project and to evaluate a number of new exploration targets.

A drilling program for delineation and resource definition commenced at Indophil's Manat property. The program is designed to define the continuity of the mineralised structure identified from earlier drilling through to surface. Eight holes have been drilled at the southern end of the Magas Vein Zone and results to date indicate continuation of the mineralised system. A geophysical survey has been completed at Hinotongan in preparation for a drill program later in 2002.

During the year Indophil announced the appointment of Peter Maloney as a Non Executive Director. Peter has previously held senior management and financial positions with WMC Limited, Santos Limited and FH Faulding & Co Limited.



Indophil Resources NL

Lion - 42%

Tampakan Geological Indicated and Inferred Mineral Resource Estimate 1998

(Not to JORC Standard)

Cut Off Grade (Copper %)	Resource (million tonnes)	Copper (%)	Copper (million tonnes)	Gold (g/t)	Gold (million ounces)
0.2	2,500	0.48	11.96	0.2	16.08
0.5	900	0.75	6.75	0.3	8.68

Magas Inferred Mineral Resource Estimate – March 2002

Resource (million tonnes)	Gold (g/t)	Silver (g/t)	Gold (ounces)	Silver (ounces)
3,066	2.76	17.78	272,000	1,753,000



Sedimentary Holdings Limited

Lion - 27%

ASX code:	SED
Market capitalisation:	\$32.8 million
Total investment by Lion:	\$5.1 million
Market value at 31/7/02:	\$8.9 million
Date of initial investment:	April 1999
Area of activity:	Australia / Gold
Website:	www.sedimentary.com.au

Sedimentary Holdings Limited (Sedimentary) has a 30% interest in the Cracow Gold Project in Queensland, where it is in joint venture with Newcrest Mining Limited.

Sedimentary announced on 6 August that it had received the completed development proposal for Cracow, which recommends that the project proceed to development. Sedimentary and Newcrest are now developing a Mining Joint Venture agreement and negotiating terms for the utilisation of Sedimentary's existing treatment plant and infrastructure.

The Cracow Gold Project is anticipated to produce approximately 675,000 ounces of gold over an initial seven year life. At full production the project is expected to produce more than 100,000 ounces of gold per year, with an estimated average cash cost of A\$220 per ounce and total production cost of A\$354 per ounce.

The development proposal involves the mining of three high grade gold shoots within the Klondyke epithermal vein system. The Royal, Crown and Klondyke North shoots will be developed from a decline access with a portal located to the east of the Royal Shoot. Ore will be treated by refurbishing and upgrading Sedimentary's treatment plant and infrastructure at Cracow. Ore processing is based on a mining rate of 250,000 tonnes per year.

The capital cost to bring the project into production has been estimated at \$53 million and over the full life of the operation at \$89 million. Sedimentary is evaluating various financing options for its share of the project capital costs and is in discussion with a number of financiers. The company expects to finalise financing prior to any project development decision.



Sedimentary Holdings Limited
Lion - 27%

CRACOW MINING OUTLINES - AUGUST 2002

	Tonnes (000's)	Gold (g/t)	Silver (g/t)
Royal Shoot	774	14.0	9.5
Crown Shoot	784	14.2	6.8
Klondyke North	142	10.5	-
Total	1,700	13.8	8.1

Sedimentary's equity share of quoted resources is 30%

CRACOW MINERAL RESOURCE STATEMENT - AUGUST 2002

	Category	Tonnes	Gold (g/t)	Gold in situ (oz)	Silver (g/t)
Royal Shoot	Inferred	1.1 million	11.0	390,000	9.5
Crown Shoot	Inferred	1.3 million	9.4	400,000	5.6

Mining Outlines include part of the Mineral Resources referred to above



MPI Mines Limited

Lion - 16%

ASX code:	Unlisted
Total investment by Lion:	\$6.1 million
Investment valued at 31/7/02:	\$6.1 million
Date of initial investment:	April 1999
Area of activity:	Australia / Gold & nickel

MPI Mines Limited (MPI) is a privately owned mineral exploration, development and operating company. MPI has an 80% interest in the Black Swan and Honeymoon Well nickel projects in Western Australia, a 25% interest in the Coolgardie Gold Mine in Western Australia with Herald Resources Limited (50%) and US-based Pittston Company (25%), and a 50% share in the Stawell Gold Mine in Victoria with Pittston.

MPI has formed a strategic alliance with OM Group (OMG), a vertically integrated international producer and marketer of speciality chemicals. In early July MPI announced the acquisition of the Black Swan and Honeymoon Well nickel projects via an 80/20 joint venture between MPI and OMG. The Black Swan project includes the high grade Silver Swan Mine, where production is around 10,000 tonnes of nickel concentrate per annum. The orebody has considerable potential for increased high grade nickel reserves at depth.

A resource of approximately 827,000 ounces had been defined on the joint venture tenements at Coolgardie. MPI, Pittston and Herald agreed in early 2002 to commence gold production and an initial production schedule of approximately 200,000 ounces over 3.5 years will be sourced from three mines. The mines include a new underground development based on the high grade Empress deposit, the Lindsays open pit and the Greenfields open pit. Ore will be treated at the joint venture's nearby Three Mile Hill treatment plant. Gold production is scheduled to commence in the third quarter of 2002, at a rate of 50,000 ounces per annum.

The Stawell Gold Mine produces in excess of 100,000 ounces of gold per year. Current operations involve mining to below 900 metres and MPI is preparing scoping studies based on extending the mine to 1,250 metres. Exploration drilling at Golden Gift in the south fault offset area below Magdala produced encouraging results during the year. The resource estimate increased to 1,936,000 tonnes @ 7.0 g Au/t for 434,000 ounces at 30 June 2002 from 895,000 tonnes @ 7.1 g Au/t for 205,000 ounces at 31 December 2001.



Black Swan Nickel Project Reserves & Resources : June 2002

RESERVES				
Location	Category	Tonnes (000's)	Grade (Ni %)	Nickel Tonnes
Underground	Proven	173	5.2	8,934
	Probable	255	6.9	17,460
Surface	Proven	2	5.4	128
TOTAL		430	6.2	26,522

RESOURCES (Additional to Reserves)				
Location	Category	Tonnes (000's)	Grade (Ni %)	Nickel Tonnes
Underground	Indicated	106	8.7	9,232
	Inferred	64	10.0	6,400
Surface	Indicated	7,470	0.8	59,200
Total		7,640		74,832
TOTAL NICKEL INVENTORY				101,354

Coolgardie Reserves & Resources : June 2002

RESERVES				
Location	Category	Tonnes (000's)	Grade (Au g/t)	Ounces (000's)
Underground	Probable	256	8.8	72
Surface	Probable	1,735	2.0	110
Total		1,991	2.9	182

RESOURCES (Including Reserves)				
Location	Category	Tonnes (000's)	Grade (Au g/t)	Ounces (000's)
Underground	Measured	140	4.3	20
	Indicated	439	7.9	111
	Inferred	45	14.0	20
Total		624	7.5	151
Surface	Measured	1,809	0.9	52
	Indicated	9,716	1.8	569
	Inferred	969	1.8	55
Total		12,494	1.7	676
TOTAL CONTAINED GOLD				827

Stawell Gold Mine Reserves & Resources : June 2002

RESERVES				
Location	Category	Tonnes (000's)	Grade (Au g/t)	Ounces (000's)
Underground	Proven	749	5.6	134
	Probable	1,166	4.8	179
Surface Stocks	Proved	112	2.8	10
Total		2,021	5.0	323

RESOURCES (Additional to Reserves)				
Location	Category	Tonnes (000's)	Grade (Au g/t)	Ounces (000's)
Underground	Indicated	1,263	5.8	235
	Inferred	3,184	6.8	697
Surface	Indicated	3,220	4.7	222
Total		7,667	4.7	1,154
TOTAL GOLD INVENTORY				1,476



Spinifex Gold Limited

Lion - 21%

ASX code:	SPX
Market capitalisation:	\$33.8 million
Total investment by Lion:	\$7.6 million
Market value at 31/7/02:	\$6.3 million
Date of initial investment:	May 1998
Area of activity:	Tanzania / Gold
Website:	www.spinifexgold.com

Spinifex Gold Limited (Spinifex) is a listed Australian company with a portfolio of exploration properties in the prospective Lake Victoria region of Tanzania and a global resource of 2 million ounces.

The company entered into a joint venture to explore the Nyakafuru Project with Resolute Mining Limited during the year. Resolute can earn up to 66% in Nyakafuru by spending US\$3 million over three years, with a minimum spend of US\$1 million, for an initial 51% interest. The company can earn an additional 15% interest by spending a further US\$2 million over two years. In addition Resolute agreed to subscribe for 30 million Spinifex shares at 7.5 cents per share (\$2.25 million). Resolute currently has a 7.65% interest in the company.

Spinifex announced in May 2002 that it would undertake a company restructuring to establish a strong financial position in order to intensify the exploration and development programs on its Tanzanian properties. Subsequent to balance date the company undertook a 1 for 3 rights issue at 50 cents to raise approximately \$8 million. The issue has been underwritten by Lion (30%) and African Lion (70%). At the conclusion of the restructure and rights issue, Spinifex anticipates having no debt and cash reserves of approximately \$10 million.

Following shareholder approval of these corporate initiatives a major drilling program for the Buckreef and Rwamagaza tenements was announced in September 2002. The aim of the program is to double the existing resource base and commence a prefeasibility study by early 2003. Buckreef has never been drilled extensively and current results are based on a limited drill program undertaken by Ashanti Goldfields in 2001. Resolute has commenced a structural analysis of Nyakafuru, including controls on mineralisation, to follow up defined soil anomalies and results of initial drilling are awaited. Depending on results from future drill programs Spinifex anticipates that the Nyakafuru Joint Venture will either be developed using Resolute's Golden Pride treatment plant for toll milling or as a stand alone project if sufficient resources are generated.



Spinifex Gold Limited

Lion - 21%

MINERAL RESOURCE STATEMENT			
Category	Tonnes (000's)	Gold (g/t)	Ounces
Buckreef/Rwamagaza (80%) - December 2000			
Measured	2,800	3.45	310,000
Indicated	550	3.09	55,000
Inferred	1,630	5.17	249,000
Total	4,980	4.08	614,000
Nyakafuru (90%) - December 2000			
Measured	1,950	6.42	395,000
Indicated	290	5.42	50,000
Inferred	1,340	6.38	285,000
Total	3,580	6.32	730,000
Kitongo (100%) - June 1999			
Measured	3,000	1.56	150,000
Indicated	5,960	1.40	268,000
Inferred	1,540	1.23	61,000
Total	10,500	1.42	479,000



African Lion Limited

Lion - 16%

ASX code:	Unlisted
Committed capital:	US\$33.75 million
Total investment by Aust'n Selection:	US\$3.0 million
Date of initial investment:	May 1999
Shareholders:	Lion Selection Group Ltd (via Aust'n Selection) CDC Capital Partners (UK) Comafin (Zimbabwe) European Investment Bank (Luxembourg) FirstRand Bank (South Africa) Investec Bank (South Africa/UK) Proparco (France)
Area of activity:	Africa / Mining Investment
Website:	www.afl.co.za

African Lion Limited (AFL) was established to identify, assess and invest in advanced exploration, feasibility stage, development and producing projects in Africa. The fund maintains a commodity focus on gold, base metals, coal and industrial minerals.

AFL has seven international shareholders, who can co-invest in AFL investments if appropriate or provide project finance. The size of the fund is currently US\$33.75 million, following an investment of US\$6.75 million by the European Investment Bank in May 2002. As at September 2002, US\$17.4 million has been invested in ten companies.

Investments made by AFL range in size from US\$0.2 million to US\$5.1 million. The fund seeks to invest in countries that offer the best geological setting and opportunity in conjunction with the lowest political and economic risk.

During the year, new investments were made in Albidon Limited and LionOre International Mining Limited.

Albidon is an Australian junior explorer with a portfolio of attractive base metal projects in Tunisia, Zambia, Tanzania, Malawi and Mozambique. The company aims to acquire high value resource projects that have been overlooked by major mining companies. Albidon intends to establish a portfolio of projects with the potential size and/or value to supply the business development requirements of larger companies.

LionOre International is a gold and nickel mining company with a strong growth profile generated by acquisition, project development and exploration. The company is acquiring Anglo American's interest in the Tati nickel operations in Botswana, which will project it into the top ten of world nickel producers upon completion.



African Lion Limited Lion - 16%

Investment	Country / Activity	AFL Holding %	Amount Invested US\$m	Market Value or Cost of Unlisted* US\$m
At 31/07/02				
Unlisted Investments				
Albidon	Africa – junior explorer	20.0	0.5	0.5
Copperbelt Selection	Africa - copper	33.0	0.2	0.2
East African Gold Mines	Tanzania - gold	6.1	5.1	5.1
Listed Investments				
AfriOre	South Africa – anthracite	11.8	1.0	1.2
Equinox Resources	Zambia – copper	4.4	0.2	0.3
Gallery Gold	Botswana - gold	10.6	1.7	2.6
LionOre International Mining	Botswana – nickel	0.6	1.7	1.8
Namibian Minerals Corp	Namibia – diamonds		1.0	0.4
Red Back Mining	Ghana – gold	17.2	2.0	2.3
Spinifex Gold	Tanzania - gold	15.8	2.4	3.1
Total Investments			15.7	17.4
Net Cash				0.7
Total Net Assets				18.2
Funds to be drawn				15.3

*For NAV purposes, the value of listed investments is at market and unlisted investments at cost or net realisable value.





Lafayette Mining Limited

Lion - 31%

ASX code:	LAF
Market capitalisation:	\$14.5 million
Total investment by Lion:	\$7.0 million
Market value at 31/7/02:	\$4.5 million
Date of initial investment:	December 1999
Area of activity:	Philippines / Gold & base metals
Website:	www.lafayettemining.com

Lafayette Mining Limited (Lafayette) is a listed Australian company developing the polymetallic Rapu Rapu project in the Philippines. The project is located on the island of Rapu Rapu, 376 kilometres south east of Manila.

During the year, the Environmental Protection and Enhancement Program (EPEP) for the project was approved. The EPEP is the equivalent of a mine operating program and clears the way for development of the project. Lafayette is now concentrating on the purchase of land within the Rapu Rapu mine development area. This area covers approximately 220 hectares and thirty-three families reside within the proposed boundaries. Lafayette is purchasing the land and relocating residents to a purpose built resettlement village, to be established outside the development area. To date Lafayette has signed agreements and made payments covering approximately 74 hectares.

Lafayette is in discussion with potential project financiers. Capital expenditure for the development of Rapu Rapu is estimated to be US\$45 million and current mine life is six years. It is anticipated that the mine will produce 9,800 tonnes copper, 14,400 tonnes zinc, 55,000 ounces gold and 550,000 ounces silver per annum. A Letter of Intent signed in May 2002 with the Jiangxi Copper Company (JCCL) and China Non-Ferrous Metals (NFC) proposes that JCCL and NFC will jointly invest US\$5 million to acquire a 21.7% equity interest in the Rapu Rapu project. JCCL will also enter into an off-take agreement with Lafayette to purchase all of the copper concentrates produced. The agreements are not binding and are subject to approval by the boards of Lafayette, JCCL and NFC and the Chinese Government.

Three new directors were appointed to the board of Lafayette following the resignations of Ian Culbert and Michael McMullen, who left the company to pursue other business opportunities. Andrew McIlwain (Chief Executive Officer) is a mining engineer who has held senior operational and management positions with WMC Resources and Mt Isa Mines. David Mahony (Executive Director) is a lawyer and economist who recently served as Executive General Manager of Climax Mining Limited in the Philippines. Jim Mitchell (Non Executive Director) is a mining engineer and resource consultant. He has held senior executive positions with RGC and North Limited.

Lion increased its shareholding in Lafayette to 30.9% during the year, by subscribing a further \$1.0 million at 5 cents per share as part of a conditional placement.



Lafayette Mining Limited
Lion - 31%

UNGAY MINERAL RESOURCE STATEMENT - JULY 2001					
Category	Tonnes (000's)	Gold (g/t)	Silver (g/t)	Copper (%)	Zinc (%)
Measured	6,397	2.7	28.9	1.3	2.2
Indicated	324	2.2	20.5	0.9	1.4
Inferred	301	1.9	20.9	0.8	1.0
Total	7,022	2.6	28.1	1.2	2.1

UNGAY ORE RESERVES STATEMENT - AUGUST 2001					
Category	Tonnes (000's)	Gold (g/t)	Silver (g/t)	Copper (%)	Zinc (%)
Proven	5,852	2.5	28.1	1.2	2.1
Probable	120	2.1	22.7	1.0	1.9
Total	5,972	2.5	28.0	1.2	2.1

Note: Resources are inclusive of Reserves



Austindo Resources Corporation NL

Lion - 16%

ASX code:	ARX
Market capitalisation:	\$8.5 million
Total investment by Lion:	\$3.6 million
Market value at 31/7/02:	\$1.3 million
Date of initial investment:	December 1999
Area of activity:	Indonesia & Australia / Gold
Website:	www.austindoresources.com.au

Austindo Resources Corporation NL (Austindo) is an Australian company exploring for gold in Indonesia and Australia. The company has a 72.3% joint venture interest in the Cibaliung Gold Project, located approximately 150 kilometres south west of Jakarta in Indonesia.

In August 2002 Austindo released the results of the Cibaliung Preliminary Feasibility Study (PFS), which commenced in April. The major findings were:

- definition of a diluted mineable resource of 835,000 tonnes at 10.5 g/t Au and 71 g/t Ag, at a cut-off grade of 7 g/t Au for a gold equivalent of 307,000 ounces
- mine life of approximately 6 years, with production moving to 150,000 tonnes per annum with recovery of gold and silver by a conventional gravity-CIL processing plant
- initial capital estimate of approximately US\$23 million
- average life of mine cash operating costs of US\$200 per ounce.

The project does not yet meet Austindo's economic hurdles but the PFS has identified a number of areas where further work could provide improvements, including increasing the size of the resource, improving metallurgical recovery and reducing the capital and operating costs.

Austindo has allocated around US\$700,000 over the next 12 months for a program which will include drilling to define extensions to the Cikoneng and Cibitung deposits, surface exploration to locate and drill additional targets in the adjacent areas and a review of project costs and parameters.

As part of a strategy to broaden its exploration portfolio outside Indonesia, Austindo announced in June that it had acquired 100% of Mt Alexander Goldfields NL (MAG) for a cash consideration of \$300,000. MAG is an Australian company with an extensive exploration and mining tenement position encompassing the Mt Alexander goldfield in the Castlemaine district of Victoria. The Mt Alexander goldfield is the southern extension of the Bendigo goldfield and is considered highly prospective for Bendigo-style high grade reef mineralisation. MAG has 213 square kilometres of exploration licences, 345 hectares of mining licences and owns an 80,000 tonne per annum CIP plant. In August Austindo announced that it had also acquired options on two properties north of Bendigo, Sebastian and Raywood. These three properties will allow Austindo to apply its expertise in exploring for high grade narrow vein and reef type deposits in Australia.



Austindo Resources Corporation NL
Lion - 16%

CIBALIUNG MINEABLE RESOURCE ESTIMATE - JULY 2001
(at a 3 g/t Au cut-off)

Location	Tonnes (000's)	Gold (g/t)	Silver (g/t)	Gold - AuEq (oz 000's)
Cikoneng	546	12.6	76	238
Cibitung	753	8.9	50	230
Total	1,299	10.4	61	468



Equinox Resources Limited

Lion - 11%

ASX code:	EQR
Market capitalisation:	\$11.7 million
Total investment by Lion:	\$1.3 million
Market value at 31/7/02:	\$1.3 million
Date of initial investment:	February 1998
Area of activity:	Zambia & Australia / Copper & gold
Website:	www.eqr.com.au

Equinox Resources Limited (Equinox) is an Australian listed exploration and development company with activities in Australia, Zambia and Sweden. Equinox is earning a 50-75% interest in the Lumwana copper project in northwest Zambia through a joint venture with Phelps Dodge. The Lumwana tenement covers 1,350 square kilometres and contains two major copper deposits.

A combined mineral resource of 481 million tonnes at 1% copper has previously been defined at Lumwana as part of work for the Prefeasibility Study conducted in 2000-2001. Equinox believes that the project has the potential to produce over 100,000 tonnes per annum copper at less than US43 cents/lb, including cobalt, uranium and gold by-product credits.

A US\$13 million Bankable Feasibility Study (BFS) to define measured and indicated reserves, conduct detailed mine and process plant design and complete an environmental assessment commenced in October 2001. A US\$13.5 million finance facility to fund the BFS has been established with the European Investment Bank, RMB Resources, the South African Export Development Fund and Société Générale.

The BFS is progressing on schedule and Equinox anticipates that it will be completed by mid-2003. The study includes a 60,000 metre resource drill program utilising 3 percussion and 4 diamond core drill rigs. Metallurgical testwork has indicated that the Lumwana ore is easily crushed and flotation testwork has been extremely favourable. Copper recoveries of over 95% from a coarse grind have been achieved.

The Lumwana licence area is considered highly prospective for the discovery of additional deposits. Equinox has recently completed an airborne radiometric/magnetic survey over the licence and is integrating this data into a GIS with the extensive existing geochemical/geological database of the region. Numerous high priority exploration targets have been identified.

In addition to the Lumwana Project, Equinox has various active exploration joint ventures and alliances with major mining companies such as BHP Billiton, Phelps Dodge and Anglo American in Zambia, Australia and Sweden.



Equinox Resources Limited

Lion - 11%

Lumwana Mineral Resources : June 2000

Deposit	Cut-off 0.2% Cu		Cut-off 0.6% Cu	
	Tonnes (000's)	Grade (% Cu)	Tonnes (000's)	Grade (% Cu)
Malundwe	152.3	0.87	98.3	1.13
Chimwungo	911.6	0.63	382.8	0.97
TOTAL	1,063.9	0.67	481.0	1.00

Lumwana Contained Copper Metal – Tonnes (000's)
7.1 **4.8**

Lumwana Mining Reserves & Resources : June 2000

Category	Malundwe		Chimwungo		Combined	
	Tonnes (000's)	Grade (% Cu)	Tonnes (000's)	Grade (% Cu)	Tonnes (000's)	Grade (% Cu)
0.2% Cu cut-off						
Proven Reserve	5.9	1.24	-	-	5.9	1.24
Probable Reserve	58.4	1.00	135.3	0.65	193.7	0.76
Inferred Resource	20.5	0.83	109.8	0.63	130.3	0.66
TOTAL	84.9	0.98	245.1	0.64	330.0	0.73

Malundwe and Chimwungo both have significant cobalt and gold credits, however assay data is insufficient to quantify these credits within the resources. AGIP/COGEMA have defined a uranium resource at Malundwe of 7.2Mt of 0.14% U₃O₈ which has not been verified at this time.

The above resources and reserves were defined by RSG and MRT (Golders) in accordance with JORC as part of the Lumwana Prefeasibility Study, 2001.

Equinox, as part of the Lumwana Bankable Feasibility Study, is currently conducting a 60,000m infill drilling program that will result in a substantial revision of the Lumwana reserves and resources by mid-2003.

Copperbelt Selection NL

Lion - 33%

ASX code:	Unlisted
Total investment by Lion:	\$0.3 million
Investment valued at 31/7/02:	\$0.3 million
Date of initial investment:	October 1998
Area of activity:	Africa / Copper

Copperbelt Selection NL (Copperbelt) was established to acquire copper and other base metal projects in Africa.

The company continued to monitor and assess potential projects for acquisition throughout the year.



Havilah Resources NL

Lion - 22%

ASX code:	HAV
Market capitalisation:	\$3.8 million
Total investment by Lion:	\$1.9 million
Market value at 31/7/02:	\$0.8 million
Date of initial investment:	February 1998
Area of activity:	Australia / Gold & base metals
Website:	www.havilah-resources.com.au

Havilah Resources NL (Havilah) is a gold and base metals explorer with various exploration properties located in South Australia. The company listed on the Australian Stock Exchange on 21 March, following a successful Initial Public Offering that closed early and oversubscribed, raising a total of \$6 million.

Havilah's exploration strategy is to drill test projects as quickly and economically as possible and to relinquish them if they fail to meet the original exploration concepts. The company's recent exploration program has focused on two Gawler Craton projects, Mattaweara and Pernatty. Although initial drill results have been disappointing, modelling suggests that Olympic Dam style mineralisation could still be present and economic at Mattaweara at depths in excess of 600 metres. Only three holes have been drilled in this large prospective area and Havilah is currently reassessing the existing data to establish new targets for future drilling.

An initial drill program will be conducted at the Parndana gold-base metal project on Kangaroo Island in spring, when the ground has dried out from winter rains. The program will test for bedrock zinc and gold mineralisation below shallow laterite cover.

Apart from the systematic exploration of existing projects, Havilah is actively seeking new projects, primarily in South Australia. As part of this strategy, Havilah has acquired the Mulyungarie project, approximately 100 kilometres north east of Olary. The project covers a highly prospective portion of the Curnamona Craton, in similar Broken Hill age rocks that host a number of significant recent discoveries. The former operator, Pasminco, carried out limited reconnaissance drilling and obtained some significant new gold and base metal intersections at comparatively shallow depths. These intersections were not followed up by Pasminco and Havilah believes there is good potential to extend these initial results.

Havilah has also acquired the Cutana project, covering approximately 300 square kilometres of Broken Hill age rocks near Olary. This area is host to numerous historic gold and base metal workings and Havilah plans to initially undertake a detailed review of all previous exploration work prior to committing to drilling.



Austminex NL

Lion - 17%

ASX code:	ATX
Market capitalisation:	\$10.2 million
Total investment by Lion:	\$5.0 million
Market value at 31/7/02:	\$3.4 million
Date of initial investment:	July 2000
Area of activity:	Australia / Base & precious metals
Website:	www.austminex.com.au

Austminex NL (Austminex) is a listed Australian company holding a portfolio of base and precious metals exploration properties, principally in the Lachlan Fold Belt in New South Wales and Victoria. Austminex also holds an exclusive option to acquire the Benambra base metal project in north eastern Victoria.

The Benambra option remains exercisable by Austminex at any time to 31 October 2003 at an exercise price of \$524,700. Option payments have been reduced from \$27,500 per month to \$7,150 per month.

The company has commenced a new exploration initiative at Benambra with the aim of progressing a decision to recommence mining. A program to explore for deeper targets and higher grade continuations of the Wilga and Currawong deposits is underway. In New South Wales, exploration will focus on the Boorowa area, a past producer of high grade silver, lead, copper and gold.

During the year Mr Peter Vanderspuy was appointed as Non Executive Chairman and Mr Tom Eadie was appointed as Managing Director. Peter Vanderspuy is a founding director and shareholder of Austminex. Tom Eadie has 25 years experience in mineral exploration and development, primarily in Australia and North America with companies such as Aberfoyle and Pasmaenco.

Subsequent to balance date Austminex announced that it would redeem approximately 11.4 million convertible notes issued to Lion at \$0.22 per note, by paying \$2.5 million to Lion on 8 August. Lion remains Austminex's largest shareholder with 17% of the company's issued capital.

PROBABLE ORE RESERVES AT BENAMBRA - AUGUST 2001					
Deposit	Tonnes (000's)	Copper (%)	Zinc (%)	Silver (g/t)	Gold (g/t)
Wilga	1,636	2.4	6.1	35	0.5
Currawong	4,455	2.1	4.4	37	1.3



Attribution Statements

Lion Selection Group Limited is a mining investment company and relies on the resource and ore reserve statements compiled by the companies in which it invests. In most cases, Mineral Resource Statements for listed companies have been previously published and where this is so Lion has not included the "competent person" attribution statement for these figures. Please refer to the quoted publication and the company's latest annual report for additional details and attribution.

Unless otherwise stated all resource and reserve reporting complies with the standards outlined in the 1999 JORC Code. Resources quoted in this report equal 100% of the resource and do not represent Lion's equity share.

LISTED COMPANIES

Austindo Resources Corporation NL

The Mineable Resource Estimate for Cibaliung was reported in a presentation by John Carlile, Managing Director, in September 2002. The presentation can be found on Austindo's website, www.austindoresources.com.au.

Austminex NL

The Statement of Probable Ore Reserves at Benambra was released by Austminex in an announcement to the Australian Stock Exchange on 31 August 2001. The announcement, "Benambra Base Metals Project Milestones", can be viewed on Austminex's website, www.austminex.com.au.

Equinox Resources Limited

The data relating to Lumwana Mineral Resources was published in the 2000 Annual Report of Equinox Resources Limited. The report can be found on Equinox's website, www.eqr.com.au.

Gallery Gold Limited

The resource estimates for the Mupane and Signal Hill deposits have been extracted from Gallery's Mupane Prefeasibility Study and were compiled by Mr Gary Brabham of Hellmen & Schofield Pty Limited. Mr Brabham is a corporate member of the Australasian Institute of Mining and Metallurgy and has sufficient experience in the style of mineralisation and type of deposit to qualify as a Competent Person as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Brabham consents to the inclusion of this information in the form and context in which it appears.

The resource estimate for Shashe is based on information compiled by Mr Charles Byron, a full-time employee of Gallery and a Member of the Australasian Institute of Mining and Metallurgy. Mr Byron has at least five years experience in the field of activity concerned. The table accurately reflects the information compiled by Mr Byron, who consents to the inclusion of this data in the form and context in which it appears.

Indophil Resources NL

The table showing Tampakan Geological Indicated and Inferred Mineral Resource Estimate is a tabulation of WMC's geological resource estimate published in 1998, following the last phase of exploration drilling on the Tampakan deposit. The estimate provides a breakdown of the total indicated and inferred geological resource at 0.2% and 0.5% copper cut-off grades but does not comply with JORC definitions. Potential exists to upgrade the resource estimate but further drilling is required to convert the estimate to a measured and indicated status (JORC) on which detailed mine-scoping studies can be based. The table was most recently published in Indophil's Initial Public Offering prospectus, dated 14 March 2002, which can be found on the company's website, www.indophil.com

The Magas Inferred Mineral Resource Estimate was published in Indophil's Initial Public Offering prospectus, dated 14 March 2002. The prospectus can be found on Indophil's website, www.indophil.com.



Lafayette Mining Limited

The Mineral Resource Statement for the Ungay deposit was released by Lafayette in an announcement to the Australian Stock Exchange on 24 July 2001. The Ore Reserves Statement for the Ungay deposit was released in an announcement to the Australian Stock Exchange on 16 August 2001. Both of these announcements can be found on Lafayette's website, www.lafayettemining.com.

Sedimentary Holdings Limited

The data relating to the resource estimate on Royal Shoot was taken from a Sedimentary announcement to the Australian Stock Exchange dated 4 July 2000 and was signed off by F Leckie of Newcrest Mining Limited. The data relating to the resource estimate on Crown Shoot was taken from an announcement to the Australian Stock Exchange dated 9 November 2001 and signed off by P Creenaune of Newcrest Mining Limited. Both releases can be found on Sedimentary's website, www.sedimentary.com.au.

Spinifex Gold Limited

The Mineral Resource Statement for Spinifex's Buckreef/Rwamagaza, Nyakafuru and Kitongo projects has been prepared by Mr Klaus Eckhof, Managing Director of the company and a Member of the Australasian Institute of Mining and Metallurgy. Mr Eckhof has more than five years experience in the style of mineralisation and types of deposits and qualifies as a Competent Person defined in the 1999 JORC Code. Mr Eckhof has consented to the inclusion of the information in this report in the form and context in which it appears.

Westonia Mines Limited

The Statement of Open Pit Resources for the Westonia Project was reported in Westonia's Initial Public Offering prospectus, dated 12 June 2002. The prospectus is available on Westonia's website, www.westoniamines.com.au.

UNLISTED COMPANIES

East African Gold Mines Limited

Information that relates to Minerals Resources and Ore Reserves was compiled by Mr Douglas McLean. Mr McLean is Planning and Development Manager of East African Gold Mines Limited and a Member of the Australasian Institute of Mining and Metallurgy. Mr McLean has sufficient experience in the style of mineralisation and type of deposit to qualify as a Competent Person and he has consented to the inclusion of this information in the form and context in which it appears.

MPI Mines Limited

The summary tables of Reserves and Resources for the Black Swan Nickel Project are based on information compiled by A Goode, who is a corporate member of the Australasian Institute of Mining and Metallurgy. Mr Goode has the relevant experience in the style of mineralisation to qualify as a Competent Person as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves. He is a full-time employee of MPI Mines Limited and has consented to the inclusion of this information in this report in the form and context in which it appears.

The summary tables of Coolgardie Reserves and Resources are based on information compiled by J Rowe and B Kirkpatrick, who are corporate members of the Australasian Institute of Mining and Metallurgy. They have the relevant experience in the style of mineralisation to qualify as Competent Persons as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves. Mr Rowe is a full-time employee of MPI Mines Limited and consents to the inclusion of the information in this report in the form and context in which it appears.

The summary tables of Stawell Gold Mine Reserves and Resources are based on information compiled by D Frederickson and M Stewart, who are full-time employees of MPI Mines Limited and corporate members of the Australasian Institute of Mining and Metallurgy. They have the relevant experience in the style of mineralisation to qualify as Competent Persons as defined in the Australasian Code for Reporting of Mineral Resources and Ore Reserves. They consent to the inclusion of this information in this report in the form and context in which it appears.



Australian Selection Pty Limited

Australian Selection Pty Limited is a wholly owned subsidiary of Lion. The fund was established in 1997 with capital of \$20 million to invest in emerging resource companies and to act as an “incubator” for potential Lion investments.

Activity in Australian Selection has slowed since changes to the Pooled Development Fund Act were introduced in June 2000. Key holdings in Australian Selection include African Lion Limited (refer page 19), Equinox Resources NL (refer page 25) and Kingsgate Consolidated NL.

Kingsgate has developed a 150,000 ounce per annum gold equivalent operation at the Chatree Project in Thailand. It is now a low cost producer with strong cash flows.



The Pooled Development Fund Act

Lion Selection Group Limited is a registered Pooled Development Fund (PDF). The PDF program was established by the Federal Government in 1993 to encourage the provision of patient equity capital to small and medium sized Australian enterprises.

Under PDF regulations Lion can invest only in new shares in Australian companies whose total assets do not exceed \$50 million. The initial investment must be at least 10% of the investee company's paid up capital or a minimum of \$500,000.

To encourage investment in PDFs, the government offers concessional tax treatment to both the PDF and its shareholders:

- capital gains made by shareholders are not taxable
- dividends paid by the company are tax exempt and may be franked at the full corporate rate
- Lion pays a corporate tax rate of 15% on PDF income and 25% on other income.

The PDF Act was amended in June 2000 to allow:

- PDF companies to buy back their own shares
- widely held complying superannuation funds to wholly own a PDF (previously limited to 30%)
- PDF companies to make loans to equity investees.

Further information about the PDF program can be obtained from:

Pooled Development Funds Registration Board
Venture Capital Programs
AusIndustry
Department of Industry, Science & Resources
GPO Box 9839
Canberra ACT 2601

Tel: 02 6213 6609
Fax: 02 6213 6610
Email: pdf@industry.gov.au
Website: www.ausindustry.gov.au



Statement of Corporate Governance Practices

The Board of Directors of Lion Selection Group Limited has adopted the following practices and procedures for the corporate governance of the company. These practices and procedures establish the framework of how the Board carries out its duties and obligations on behalf of shareholders.

This statement outlines the main corporate governance practices that have been in place throughout the financial period, unless otherwise stated.

1. Board of Directors and its Composition

It is a policy of the company that the Board comprises individuals with a range of knowledge, skills and experience which are appropriate to the company's objectives.

Lion's Board is responsible for the overall governance of the company, including its strategic direction and control of its operations.

While the Board retains overall responsibility for all matters, it has established an Audit Committee to assist in carrying out certain of its responsibilities.

Lion's Constitution provides that the number of directors is to be determined by the Board, but shall not be less than three. It is a policy of the Board that it is comprised of a majority of non executive directors and that the Chairman is a non executive director.

Currently, the company has four directors, comprising three non executive directors (one of whom is the Chairman) and one executive director (being the Managing Director). The Chairman is appointed by the Board.

The Managing Director, Mr Robin Widdup, is also a director of the Manager of the company's portfolio, Selection (LSG) Management Pty Ltd. In accordance with the Corporations Act, Mr Widdup is not present during any deliberations of the Board concerning, and does not vote in respect of matters relating to, the company's relationship with the Manager.

2. Role of the Manager

The company has appointed Selection (LSG) Management Pty Ltd (the Manager) to implement its investment strategy and to manage its investments. This includes all steps of the investment selection process and the making of recommendations to the Board.

A Management Agreement formalises the relationship between the company and the Manager.

Under the Management Agreement, the Manager is obliged to act exclusively as investment manager for the company.

The Manager is permitted to engage specialists and consultants as appropriate to assist in the assessment process and provides a continuous flow of information to the directors during this process. The final investment decision, however, remains with the Board.

The retention by the Board of the power to make the final investment decision provides an effective review of the investment selection process and the function of the Manager.



3. Nomination, Appointment and Retirement of Directors

A Nominations Committee, comprising the Chairman and the Managing Director, was established in September 2000 to assist the Board in succession planning and identification of new Board members. If a vacancy occurs or if it is considered that the Board would benefit from the services of an additional director with particular skills, the Committee (if necessary, with the assistance of an external consultant) would select a panel of candidates with the appropriate expertise and experience. The Board would then appoint the most suitable candidate. Lion's Constitution requires that directors appointed by the Board submit themselves for re-election at the first meeting of shareholders following their appointment. Whilst directors are not appointed for a fixed term, under the Constitution, one-third of the directors (excluding the Managing Director) must retire by rotation each year and submit themselves for re-election by shareholders.

4. Directors Access to Professional Advice

In the discharge of their duties, directors have the right to seek independent professional advice at the expense of the company subject to the prior approval of the Chairman.

5. Compensation Arrangements

The remuneration of the directors and senior executives of the company is reviewed by the full Board. There is not presently a separate remuneration or compensation committee.

The Managing Director does not receive any remuneration from the company, but is paid by the Manager which receives fees from the company in accordance with the Management Agreement.

In accordance with Lion's Constitution, the aggregate remuneration available for division amongst the non executive directors is determined by the shareholders in general meeting. The aggregate was initially fixed at \$250,000. This amount (or some part of it) is divided among the non executive directors as determined by the Board. Currently, the aggregate annual remuneration paid to non executive directors is \$217,000 pa.

6. Audit Committee

An Audit Committee was established by the Board in 1997. It is a policy of the Board that the Audit Committee comprise only non executive directors. The current composition of the Committee is Mr Ewen Tyler (Chairman) and Mr Graham Freestone. The company's auditors and the Company Secretary are invited to attend meetings and to participate in Committee discussions, as required.

The main responsibilities of the Audit Committee are:

- Liaising with the external auditors, including reviewing external audit reports, management responses and ensuring action is taken promptly by management in respect of those reports.
- Monitoring compliance with the Corporations Act, ASX Listing Rules and the Pooled Development Funds Act.
- Assessing the quality of financial statements issued by the company and reviewing any related party transactions of the company.
- Reviewing all areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels.
- Reviewing the group's accounting policies, taxation affairs and insurance cover.



The Committee is also responsible for the nomination of external auditors and for reviewing their remuneration and terms of engagement and the scope and quality of the audit. In fulfilling its responsibilities, the Committee receives regular reports from management and the external auditors.

7. Risk Management

As a registered pooled development fund, the business of the company is to invest in small and medium sized Australian mining and exploration companies within the constraints of the Pooled Development Funds Act 1992. The management of the company's investment portfolio is contracted out to the Manager whose activities are reviewed by the Board.

Risks associated with the exploration and mining industry include geological, technical, political, title and commodity pricing risks.

The main areas of business risk to the company arise from:

- failure of an investee company due to one or a number of the above causes;
- downturn in the stock market; and
- changes to the law – corporations/taxation/pooled development fund legislation.

The Manager also provides monthly status reports to the Board which identify potential areas of business risk arising from changes in the financial and economic circumstances of any investee company or its operating environment.

8. Ethical Standards

The Board acknowledges the need for the highest standards of corporate governance practice and ethical conduct by all directors and employees of both the company and the Manager. The company supports the principle of transparency in its dealings and to this end holds twice yearly shareholder meetings in major centres throughout Australia and New Zealand. All shareholders are invited to attend the meetings, where they are briefed on the status of the company's investments and can communicate directly with the Manager. The briefing presentation is also posted on the company's website.



Lion Selection Group Limited Directors' Report

The Board of Directors of Lion Selection Group Limited ("Lion") submits its report on the operations of the consolidated entity for the financial year ended 31 July 2002.

The consolidated entity includes Lion and Australian Selection Pty Ltd. During the year, Indophil Resources NL and Havilah Resources NL became associated entities after they ceased to be controlled entities. The consolidated entity also equity accounts its investments in its associates including Gallery Gold Limited, Spinifex Gold Limited, Lafayette Mining Limited, Sedimentary Holdings Limited, Westonia Mines NL and Copperbelt Selection NL. Details of these associated entities are disclosed in Note 26.

Principal Activities

The principal activities of the members of the consolidated entity during the financial year were investment in resource companies and exploration.

Results and Review of Operations

The net profit after income tax of the consolidated entity attributable to members of Lion for the financial year was \$9.5 million. This compares to a loss of \$4.2 million for the previous year.

The major influence on the result was the sale of the group's investment in Consolidated Minerals Limited. The profit earned by the parent entity from this transaction amounted to \$12.7 million. Equity accounting adjustments reduced this to \$11.5 million on a consolidated basis.

The consolidated result was also influenced by an increase in the provision for diminution in the value of investments of \$3 million. This was partially offset by a \$1.4 million gain that resulted from the loss of control of Indophil Resources NL. Profits from the sale of other investments totalled \$2.4 million and interest earned amounted to \$1.6 million.

The parent entity made investments totalling \$12 million during the year and, at year end, had approximately \$82 million invested. The activities of the companies in which the Lion group has invested are described in the front section of this annual report.

Havilah Resources NL and Indophil Resources NL were controlled entities for only part of the year. Their results during the time that they were controlled entities form part of the group result. Upon ceasing to be controlled entities, these companies became associates of the Lion group and their results from that time have been equity accounted. The overall consolidated result includes de-consolidation and equity accounting adjustments.

Dividends

A dividend of \$3,003,000 was paid in February 2002. No further dividend has been paid, recommended or declared since then.

Compliance with Environmental Regulation

The Lion board is committed to ensuring that sound environmental management practices are carried out by its investees during the exploration phase and when they move into development and production and that they at least comply with and strive to exceed the relevant statutory requirements relating to the environment.

It encourages environmental practices that reflect developments in technology, current statutory requirements, general industry practice and expected community standards.

No member of the consolidated entity has been notified of any environmental breach by any government or other agency.



Directors

The names and details of the directors in office at the date of this report are:

Ewen W J Tyler, AM BSc (Hons) FAusIMM FAIM MIMM CEng (Non Executive Chairman)

Mr Tyler, aged 74, completed his degree in Geology at the University of Western Australia in 1949 and was involved in exploration and mining in Africa during the 1950's. In the following decade, he worked in mining finance and exploration in London, and on returning to Australia in 1969, initiated exploration which led to the discovery of the Argyle Diamond Mine.

Mr Tyler was a founding director of Ashton Mining Limited and remained an executive director until his retirement in 1990. He is chairman of Helix Resources Limited and Striker Resources NL.

Mr Tyler is the Chairman of the Audit Committee and the Nomination Committee.

Robin A Widdup BSc (Hons) MAusIMM (Managing Director)

Mr Widdup, aged 50, graduated from the University of Leeds (United Kingdom) with an Honours Degree in Geology in 1975.

From 1975 to 1978 Mr Widdup worked in the Zambian copper belt gaining experience in mine geology at major copper-cobalt deposits. He returned to the United Kingdom in 1978 to work for the National Coal Board in open-cast coal exploration activities. In 1980 Mr Widdup joined Mount Isa Mines Limited as a project geologist in copper/silver, lead and zinc mining, progressing to become the senior geologist of Mount Isa Mines Limited.

Mr Widdup joined J B Were & Son as a base metals analyst in 1986 before his subsequent appointment as a gold and precious metals analyst. In 1990 he was appointed manager of J B Were & Son's Resource Research team. During his time at J B Were & Son, Mr Widdup established himself as one of Australia's leading resources analysts and the Resource Research team under his management was held in the same regard. Mr Widdup resigned from J B Were & Son in 1997 to establish Lion Selection Group Limited.

John F O'Reilly MSc DIC BSc (Eng) ARSM FIMMM (Non Executive Director)

Mr O'Reilly, aged 57, is a Director and former Chief Executive Officer of Lihir Gold Limited and was responsible for the construction and operations of the Lihir gold project from 1993 to 1998. He is currently Head of Technology for Rio Tinto.

Mr O'Reilly has over 34 years experience in the mining industry and prior to joining Rio Tinto held senior operating positions in Oman, Iran, Botswana and Zambia.

Graham R Freestone BEc (Hons) (Non Executive Director)

Mr Freestone, aged 55, has a broad based finance, corporate and commercial background obtained over 30 years in executive roles in the natural resources industry in Australia and internationally. He has held various senior finance positions with the Shell Group, Acacia Resources and AngloGold.

Mr Freestone was deeply involved in the Shell Group's float of its mineral interests through Acacia Resources Limited. His immediate past role was Chief Financial Officer and Company Secretary of Acacia from its IPO in 1994, with responsibility for treasury, gold hedging, IT, legal, accounting, tax, company secretarial and business services. Since AngloGold's acquisition of Acacia in 2000 he was also responsible for the company's integration into the AngloGold Group and its relocation to Perth in 2001.

Mr Freestone is a member of the Audit Committee.



Directors' Meetings

During the year the company held ten directors' meetings. The names of the directors and members of Board Committees are set out above. The attendances of the directors at meetings of the Board and of its Committees were:

	<i>Board of Directors</i>		<i>Audit Committee</i>	
	<i>Attended</i>	<i>Max. possible attended</i>	<i>Attended</i>	<i>Max. possible attended</i>
E W J Tyler	10	10	3	3
R A Widdup	9	9	n/a	n/a
J F O'Reilly	10	10	n/a	n/a
G R Freestone	10	10	3	3

At the date of this report the company had an Audit Committee of the Board which met three times during the year. The Nomination Committee did not meet during the year.

Directors' Benefits

Since the end of the preceding financial year, no director has received or become entitled to receive a benefit, other than benefits disclosed in the financial statements as emoluments or the fixed salary of a full-time employee of the company or a related body corporate, by reason of a contract made by the company or a related body corporate with the director or with a firm of which he is a member, or with an entity in which he has a substantial financial interest, except as follows:

Selection (LSG) Management Pty Ltd (the Manager), of which Mr Widdup is a director, is paid a management fee of \$125,000 per month in accordance with a management agreement executed in May 1997 and subsequently amended and approved by shareholders in August 2002. The fee is considered to be in the ordinary course of business and on commercial terms. The Manager's staff consists of two former geologists (Robin Widdup and Kevin Robinson) and two former mining engineers (Chris Melloy and Howard Walker) together with other support staff. Mr Widdup does not receive any other remuneration from Lion. Further details regarding the Manager are on page 6.

Indemnification of Directors and Officers

An indemnity agreement has been entered into between Lion and each of the directors of the company named earlier in this report and with the company secretary. Under the agreement, the company has agreed to indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities to the extent permitted by law. There is no monetary limit to the extent of this indemnity.

Lion has paid an insurance premium amounting to \$35,000 in respect of a contract insuring each of the directors of the company named earlier in this report and each full-time executive officer, director and secretary of the consolidated entity, against all liabilities and expenses arising as a result of work performed in their respective capacities, to the extent permitted by law.

Lion also indemnifies members of the Manager who represent Lion on the boards of various investees to the extent that they are not already indemnified by the investee. The indemnification has the same limitations as for the directors of the parent entity.

Significant Changes in the State of Affairs

Since the end of the preceding financial year, there have been no significant changes in the state of affairs of the consolidated entity.



Significant Events After Balance Date

Since 31 July 2002, the following significant events have occurred:

- Lion invested an additional \$500,000 in Lafayette Mining Limited and committed to subscribe a further \$1.0 million to Lafayette's rights issue.
- The \$2.5 million convertible note that Lion had invested in Austminex NL expired and was repaid.
- Australian Selection subscribed an additional US\$0.5 million to African Lion Limited.
- Lion invested \$0.5 million in Independence Gold NL.

Except as noted above, there is no matter or circumstance that has arisen since 31 July 2002 that has or may significantly affect the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity.

Directors' Shareholding

At the date of this report the interests of the directors in the ordinary shares of Lion Selection Group Limited were:

<i>Director</i>	<i>No. of Shares</i>
E W J Tyler	20,000
R A Widdup	411,500
J F O'Reilly	50,000
G R Freestone	Nil

There are no options on issue, nor does any director have an interest in the company's related body corporates.

Directors' and Officers' Remuneration

Emoluments of board members and senior executives are determined on the basis of market conditions and the level of responsibility associated with their position. The emoluments are not specifically related to company performance, however the Manager, of which Mr Widdup is a director, may receive a bonus if the company's share price exceeds a compounding hurdle rate – refer Note 18.

Details of remuneration paid/payable to directors of the parent entity and the top five executive officers of the consolidated entity are as follows:

<i>Name</i>	<i>Notes</i>	<i>Salaries/Fees \$000</i>	<i>Superannuation \$000</i>	<i>Total \$000</i>
Directors				
E W J Tyler	(a)	87	-	87
J F O'Reilly		65	-	65
G R Freestone		61	4	65
R A Widdup	(b)	-	-	-
Officers				
T W Robbins	(c)	96	6	102
C N Middleton	(c)	87	6	93
T A Ward	(d)(e)	203	-	203
M D Brook	(d)	138	23	161
P R Taylor		110	25	135



- (a) Includes fees totalling \$12,000 paid to EWJ Tyler & Associates, a firm in which EWJ Tyler is a principal, as a retainer for consulting services.
- (b) Mr Widdup is remunerated by the Manager, Selection (LSG) Management Pty Ltd, of which he is a director (refer Directors' Benefits section on page 38).
- (c) Executive Officers of Indophil Resources NL, a subsidiary until April 2002.
- (d) Executive Officers of AFL Management Limited (a subsidiary of Australian Selection Pty Ltd).
- (e) Retired effective 30 June 2002.

Employees

At 31 July 2002 there were 2 full-time equivalent employees of the parent entity and 3 full-time equivalent employees of the consolidated group. This compares to 2 full-time equivalent employees of the parent entity and 21 full-time equivalent employees of the consolidated group at 31 July 2001. The reduction in consolidated group employees reflects the fact that Indophil Resources NL and Havilah Resources NL are no longer subsidiaries of Lion.

Change of Auditor

During the year Ernst & Young were appointed by the directors as auditors of the company following Arthur Andersen's integration with Ernst & Young. Shareholders will be asked to confirm this appointment at the forthcoming annual general meeting.

Likely Developments and Future Results

The consolidated entity's future operating results will depend on the results of its investments.

There are a wide variety of risks associated with the resources industry including market conditions, exploration, operational and political risk, tenure of tenements, liquidity and native title issues. These risks emphasise the speculative nature of many of Lion's investments.

Because of the vagaries of the resources industry and the long term nature of most of Lion's investments, the directors are unable to predict future results.

Rounding of Amounts

The parent entity is a company of the kind specified in Australian Securities and Investment Commission class order 98/0100. In accordance with that class order, amounts in the financial statements 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 directors.

.....
E W J Tyler
Chairman

.....
R A Widdup
Managing Director

Melbourne
16 October 2002



Lion Selection Group Limited
Statement of Financial Performance for
the Year Ended 31 July 2002

	<i>Notes</i>	<i>Consolidated</i>		<i>Parent</i>	
		<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>
Sales revenue	2	25,160	4,937	19,718	-
Cost of sales		(11,231)	(2,793)	(7,019)	-
Gross profit		13,929	2,144	12,699	-
Other revenues from ordinary activities	2	3,108	3,372	6,211	1,610
Management fees paid		(1,502)	(1,502)	(1,502)	(1,502)
Employee benefits		(925)	(788)	(425)	(379)
Exploration costs written off		(299)	(3,919)	-	-
Diminution in value of investments		(2,996)	(986)	(2,228)	(3,113)
Other expenses from ordinary activities	2	(2,016)	(5,856)	(464)	(341)
Gain on loss of control of subsidiary		1,390	-	-	-
Share of net profit of associates accounted for using the equity method	26(b)	(679)	1,003	-	-
Profit/(loss) from ordinary activities before income tax		11,368	(6,532)	14,291	(3,725)
Income tax (expense)/benefit relating to ordinary activities	3	(2,349)	(917)	(2,006)	59
Net profit/(loss)		9,019	(7,449)	12,285	(3,666)
Net result attributable to outside equity interests		477	3,237	-	-
Net profit/(loss) attributable to members of the parent entity		9,496	(4,212)	12,285	(3,666)
Effect of dilution in subsidiary		519	838	-	-
Total revenues, expenses and valuation adjustments attributable to members of Lion Selection Group Limited and recognised directly in equity		519	838	-	-
Total changes in equity other than those relating from transactions with owners as owners attributable to members of Lion Selection Group Limited		10,015	(3,374)	12,285	(3,666)
		<i>Cents</i>	<i>Cents</i>		
Basic earnings per share *		9.5	(4.2)		
Diluted earnings per share		9.5	(4.2)		

The accompanying notes form an integral part of this Statement of Financial Performance

* Basic earnings per share is based on a weighted average number of shares on issue during the period of 100,108,905 shares (2001 – 100,108,905 shares). There are no potential dilutive ordinary shares on issue.



Lion Selection Group Limited

Statement of Financial Position at 31 July 2002

	<i>Notes</i>	<i>Consolidated</i>		<i>Parent</i>	
		<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>
Current Assets					
Cash assets	16(a)	32,512	27,419	27,380	21,995
Receivables	4	3,292	174	3,275	92
Other financial assets	5	697	720	-	-
Other	6	42	62	42	31
Total Current Assets		36,543	28,375	30,697	22,118
Non Current Assets					
Investments accounted for using the equity method	26	34,427	28,210	-	-
Other financial assets	7	29,303	34,297	74,408	71,716
Property, plant and equipment	8	7	100	-	-
Capitalised exploration	9	-	2,986	-	-
Deferred tax assets	3	8	-	-	-
Total Non Current Assets		63,745	65,593	74,408	71,716
Total Assets		100,288	93,968	105,105	93,834
Current Liabilities					
Payables	10	481	1,015	217	240
Current tax liabilities	3	2,126	1,065	1,969	-
Provisions	11	16	44	16	10
Total Current Liabilities		2,623	2,124	2,202	250
Non Current Liabilities					
Deferred tax liabilities	3	59	28	55	18
Total Non Current Liabilities		59	28	55	18
Total Liabilities		2,682	2,152	2,257	268
Net Assets		97,606	91,816	102,848	93,566
Equity					
Parent entity interest					
Contributed equity	14	100,109	100,109	100,109	100,109
Retained profits/(accumulated losses)	12	(2,785)	(9,797)	2,739	(6,543)
Total parent entity interest		97,324	90,312	102,848	93,566
Outside equity interests					
Contributed equity		15	5,823	-	-
Retained profits/(accumulated losses)		267	(4,319)	-	-
Total outside equity interest		282	1,504	-	-
Total Equity	13	97,606	91,816	102,848	93,566

The accompanying notes form an integral part of this Statement of Financial Position



Lion Selection Group Limited

Statement of Cash Flows for the Year Ended 31 July 2002

	<i>Notes</i>	<i>Consolidated</i>		<i>Parent</i>	
		<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>
<i>Cash flows from operating activities</i>					
Interest and bill discounts received		1,493	2,155	1,214	1,632
Other fees received		1,424	1,392	244	250
Payments to suppliers and employees		(3,566)	(3,637)	(2,415)	(2,189)
Dividends received		850	-	4,537	-
Income taxes paid		(1,265)	(48)	-	-
<i>Net operating cash flows</i>	16(b)	(1,064)	(138)	3,580	(307)
<i>Cash flows from investing activities</i>					
Payments for investments		(12,217)	(12,908)	(11,938)	(10,840)
Proceeds from investment sales		22,220	4,102	16,746	-
Loans made to related parties		(966)	(2,795)	(229)	-
Repayments of loans made to related parties		242	588	229	-
Purchase of plant and equipment		(6)	(37)	-	-
Payments for exploration and evaluation		(234)	(666)	-	-
Payments for tenement acquisitions		(289)	(1,148)	-	-
Deconsolidation of controlled entity*		(311)	-	-	-
<i>Net investing cash flows</i>		8,439	(12,864)	4,808	(10,840)
<i>Cash flows from financing activities</i>					
Proceeds from issue of ordinary shares to outside equity interests		1,389	3,470	-	-
Dividends paid		(3,118)	(163)	(3,003)	-
Equity raising costs paid by subsidiary		(496)	(659)	-	-
<i>Net financing cash flows</i>		(2,225)	2,648	(3,003)	-
<i>Net increase/(decrease) in cash held</i>		5,150	(10,354)	5,385	(11,417)
Exchange rate variations on foreign cash balances		(57)	145	-	-
Cash at beginning of the financial period		27,419	37,628	21,995	33,142
<i>Cash at end of the financial period</i>	16(a)	32,512	27,419	27,380	21,995

The accompanying notes form an integral part of this Statement of Cash Flows.

* During the year, Indophil Resources NL and Havilah Resources NL undertook Initial Public Offerings and listed on the Australian Stock Exchange. As a result, they ceased being controlled entities of the group and the cash assets that they held at the time ceased to be part of the consolidated cash assets.



Lion Selection Group Limited

Notes to the Financial Statements

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) *Basis of Accounting*

The financial report is a general purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 including applicable Accounting Standards. Other mandatory professional reporting requirements (Urgent Issues Group Consensus Views) have also been complied with.

The financial report has been prepared in accordance with the historical cost convention except for current listed shares which are measured at market value.

There have been no changes in accounting policies from the previous year.

(b) *Principles of Consolidation*

The consolidated financial statements include the financial statements of the parent entity, Lion Selection Group Limited, and its controlled entities, referred to collectively throughout these financial statements as the "Consolidated Entity".

Information from the financial statements of subsidiaries is included from the date the parent entity obtains control until such time as control ceases. Where there is a loss of control of a subsidiary, the consolidated financial statements include the results for the part of the reporting period during which the parent entity has control.

Subsidiary acquisitions are accounted using the purchase method of accounting.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All inter-company balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated in full. Unrealised losses are eliminated unless costs cannot be recovered.

(c) *Foreign Currency Transactions*

Foreign currency items are translated to Australian currency on the following bases:

- transactions are converted at exchange rates approximating those in effect at the date of each transaction;
- amounts payable and receivable are translated at the average of the buy and sell rates available on the close of business at balance date; and
- the financial statements of all foreign operations are translated using the temporal method as they are considered integrated.

Exchange differences relating to monetary items are included in the Statement of Financial Performance, as exchange gains or losses, in the period when the exchange rates change, except where:

- the exchange difference relates to the cost of acquisition of an asset under construction or otherwise being made ready for future productive use by the consolidated entity in its own operations, or under construction for another entity pursuant to a construction contract. In these cases the exchange difference is included in the cost of the asset;
- the exchange difference relates to a transaction intended to hedge the purchase or sale of goods or services, in which case the exchange difference is included in the measurement of the purchase or sale.



(d) **Mining Activities**

Accounting policies relating to the consolidated entity's exploration and mining activities are as follows:

(i) *Exploration, Evaluation and Development Expenditure*

Exploration and evaluation expenditure is initially capitalised on an area of interest basis. From time to time and at balance date each area of interest is reviewed. If it is determined that expenditure on a particular area of interest will not be recouped by future exploitation or sale, that expenditure is then charged against earnings.

If, at balance date, exploration and evaluation activities have not reached a stage which permits a reasonable assessment of the existence of economically recoverable reserves, and active and significant operations are continuing, the relevant expenditures remain capitalised.

Ultimate recoupment of these costs is dependent on the successful development and commercial exploitation, or sale, of the respective areas of interest.

Development expenditure will also be capitalised to the extent that such costs, together with capitalised exploration and evaluation costs, are expected to be recouped through the successful exploitation or sale of the area of interest.

Capitalised expenditures on exploration, evaluation and development are amortised over the life of the area of interest to which they relate. Amortisation charges are determined on a production output or time basis as appropriate.

Amortisation is not charged until production commences. Unamortised expenditure relating to an area of interest is written off in the period that abandonment is decided.

(ii) *Restoration and Rehabilitation*

Provision is made for anticipated costs of restoration and rehabilitation necessitated by disturbance arising from exploration, evaluation, development and production activity, and form part of the costs of the respective phases of operations.

Restoration and rehabilitation costs are accumulated in the provision on a production output basis commencing in the period that disturbance occurs. Costs included in the provision comprise land reclamation, plant removal and on-going revegetation programs. The provision is determined based on anticipated future costs, utilising known technology, discounted to present values. Changes in estimates of future costs or in the discount rate are reflected in the provision on a prospective basis over the remaining life of the project.

(e) **Taxes**

(i) *Income Taxes*

The financial statements apply the principles of tax-effect accounting. The income tax expense in the Statement of Financial Performance represents the tax on the pre-tax accounting profit adjusted for income and expenses never to be assessed or allowed for taxation purposes. The provision for deferred income tax liability and the future income tax benefit include the tax effect of differences between income and expense items recognised in different accounting periods for book and tax purposes, calculated at the tax rates expected to apply when the differences reverse.

The benefit arising from estimated carry forward tax losses is only recorded as a future income tax benefit where realisation of such benefit is considered to be virtually certain.

(ii) *Goods and Services Tax (GST)*

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on the purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.



The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from the taxation authority.

(f) Short Term Investments

Short term listed investments are valued at market. Profits or losses resulting from market fluctuations are brought to account when they occur. Where it is expected that a liability for capital gains tax exists, this amount is recognised in the Statement of Financial Performance for the reporting period.

(g) Recoverable Amounts of Non Current Assets

All non current assets are reviewed at least annually to determine whether their carrying amounts require write down to recoverable amount. Recoverable amount is determined using net cash flows, where applicable, discounted at 10% to present values, or cost or market value as appropriate.

(h) Associated Entities

Interests in associated entities are brought to account using the equity method. Under this method the investment in associates is initially recognised at its cost of acquisition and its carrying value is subsequently adjusted for increases or decreases in the investor's share of post-acquisition results and reserves of the associate. The investment in associated entities is decreased by the amount of dividends received or receivable. Investments in associates are carried at the lower of cost and recoverable amount in the accounts of the parent entity.

Where the interest of the consolidated entity in the retained earnings or accumulated losses of an associate is diluted as a result of additional share capital issued to other shareholders of the associate, the resulting loss or gain is recorded in the Statement of Financial Performance. Where the interest of the consolidated entity in the reserves of an associate is diluted as a result of additional share capital issued to other shareholders of the associate, the dilution is recorded as a reduction in the reserves of the consolidated entity.

Where the interest of the consolidated entity in the share capital of an associate is diluted, the resulting loss (if any) is recorded in the Statement of Financial Performance.

Detailed equity accounting information concerning the consolidated entity's interests in associated entities is provided in Note 26.

(i) Joint Ventures

Interests in joint venture operations are brought to account by including in the respective financial statement categories:

- the consolidated entity's share in each of the individual assets employed in the joint venture;
- liabilities incurred by the consolidated entity in relation to the joint venture including the consolidated entity's share of any liabilities for which the consolidated entity is jointly and/or severally liable; and
- the consolidated entity's share of expenses of the joint venture.

(j) Other Investments

Interests in non-subsiary, non-associated corporations are included in investments at the lower of cost or recoverable amount. Dividend income is brought to account when received.

(k) Leased Assets

Company or leased assets acquired under finance leases are capitalised and amortised over the period of the relevant lease or, where ownership is likely to be obtained on expiration of the lease, over the expected useful life of the asset. Lease payments are allocated between interest expense and reduction in the lease liability.

Operating lease assets are not capitalised and rental payments are expensed in the period in which they are incurred.



(l) **Plant and Equipment**

All plant and equipment is stated at historical cost less depreciation.

Depreciation is calculated on a straight line basis to write off the cost of each asset to their estimated residual values over their estimated useful lives as follows:

	<i>Annual rates</i>
Motor vehicles	40%
Office equipment	25 – 40%

(m) **Goodwill on Acquisition**

On acquisition of a controlled entity, the difference between the purchase consideration plus incidental expenses and the fair value of identifiable net assets acquired is initially brought to account as goodwill or discount on acquisition. Purchased goodwill is amortised on a straight line basis over the period during which the benefits are expected to arise, and no longer than twenty years. The unamortised balance of goodwill is reviewed at each balance date and charged to profit from ordinary activities to the extent that applicable future benefits are no longer probable.

(n) **Financial Instruments Included in Assets**

Bank deposits and bills of exchange are carried at cost. Interest is recognised on a straight line accruals basis. Investments in trading securities are carried at market value, whilst long term investments are carried at lower of cost or recoverable amount.

(o) **Financial Instruments Included in Equity**

Ordinary contributed equity bears no special terms or conditions affecting income or capital entitlements of the shareholders.

(p) **Provision for Employee Entitlements**

Provision has been made in the financial statements for benefits accruing to employees in relation to annual leave. Provision for long service leave is only made when an employee has been in the employ of a member of the consolidated entity for at least 5 years. No provision is made for sick leave.

(q) **Comparatives**

Where necessary, comparatives have been reclassified and repositioned for consistency with current year disclosures.

(r) **Earnings Per Share**

Basic earnings per share is calculated as net profit attributable to members divided by the weighted average number of ordinary shares. There have been no shares issued by the parent entity since September 1997.

There are no dilutive ordinary shares on issue.

(s) **Payables**

Liabilities for trade creditors and other amounts are carried at cost which is the fair value of the consideration to be paid in the future for goods and service received whether or not billed to the consolidated entity.

Payables to related parties are carried at the principal amount.

(t) **Receivables**

Receivables from director related entities and associated companies are recognised and carried at the nominal amounts invoiced.

Interest on bank bills and deposits and directors fees receivable are taken up as income on an accruals basis.



<i>Consolidated</i>		<i>Parent</i>	
<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>

NOTE 2 PROFIT AND LOSS ITEMS

The profit/(loss) from ordinary activities is after crediting the following revenues:

Sales revenues

Sale of shares	25,160	4,937	19,718	-
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Other revenues

Dividends	-	-	4,538	-
Interest received	1,620	1,862	1,361	1,388
Management fees received	1,175	1,142	-	-
Net foreign exchange gain	-	146	-	-
Sundry revenue	313	222	312	222

<i>Total other revenues from ordinary activities</i>	3,108	3,372	6,211	1,610
-------------------------------------------------------------	--------------	--------------	--------------	--------------

<i>Total revenues</i>	28,268	8,309	25,929	1,610
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The profit/(loss) from ordinary activities is after charging the following other expense items:

Provision for diminution in capitalised acquisition costs	-	1,286	-	-
Provision for diminution in value of loans	813	2,207	-	-
Operating lease rentals ^(a)	137	128	23	21
Net foreign exchange loss	38	-	-	-
Depreciation of plant and equipment	48	60	-	-
Loss on disposal of property, plant and equipment	13	-	-	-
Related party capital raising costs	144	840	-	-
Other corporate overheads	823	1,335	441	320

<i>Total other expenses from ordinary activities</i>	2,016	5,856	464	341
-------------------------------------------------------------	--------------	--------------	------------	------------

^(a) *Comprises minimum lease payments.*

Significant items

The following significant items impacted on the financial result during the year:

	<i>Consolidated</i>			<i>Parent</i>		
	<i>Before Tax</i>	<i>Tax Effect</i>	<i>After Tax</i>	<i>Before Tax</i>	<i>Tax Effect</i>	<i>After Tax</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
2002						
Sale of interest in Consolidated Minerals Ltd	11,289	1,905	9,384	12,699	1,905	10,794
Gain on loss of control of subsidiary	1,390	-	1,390	-	-	-
Provision for diminution in investments	2,996	-	2,996	2,228	-	2,228
2001						
Subsidiary IPO costs	840	-	840	-	-	-
Tampakan acquisition costs	3,493	-	3,493	-	-	-
Provision for diminution in investments	-	-	-	3,113	-	3,113



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NOTE 3 INCOME TAX EXPENSE				
The difference between income tax provided in the financial statements and the prima facie income tax expense/(benefit) is reconciled as follows:				
Profit/(loss) from ordinary activities	11,368	(6,532)	14,291	(3,725)
Prima facie tax thereon at 30% (2001 at 34%)	3,411	(2,221)	4,287	(1,267)
Tax effect of permanent and other differences:				
▪ Share of net results of associates	(204)	(341)	-	-
▪ Non assessable gain on loss of control of subsidiary	(417)	-	-	-
▪ Exploration and acquisition costs written off	90	1,255	-	-
▪ Dividend from associate	255	-	-	-
▪ Adjustment to cost base on sale of associate	424	-	-	-
▪ Provision for diminution in value of investments	899	335	669	778
▪ Capital raising costs not deductible	43	279	-	-
▪ Rebateable dividends	-	-	(563)	-
▪ Other non assessable income	(628)	70	(14)	-
▪ Other non deductible items	38	-	-	-
▪ Recoupment of prior year tax losses	(62)	-	(62)	-
Effect of lower tax rates	(1,786)	(64)	(2,311)	335
Amount underprovided/(overprovided) in prior years	-	(61)	-	-
Future income tax benefits not brought to account	286	1,665	-	95
Total income tax attributable to operating activities	2,349	917	2,006	(59)
Future income tax benefits arising from tax losses and mining expenditure not brought to account *	-	2,738	-	25
Deferred tax assets and liabilities				
Current tax payable	2,126	1,065	1,969	-
Provision for deferred income tax – non current	59	28	55	18
Future income tax benefit – non current	8	-	-	-

* *These benefits will only be obtained if sufficient future assessable income is derived to enable the benefit to be realised, the conditions of deductibility imposed by tax legislation continue to be complied with and no changes in tax legislation adversely affect the consolidated entity in realising the benefit.*



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NOTE 4 RECEIVABLES (CURRENT)				
Accrued interest	235	107	220	73
Associated companies ¹	76	7	76	7
Director related entity ²	7	12	7	12
Deferred settlement ³	2,972	-	2,972	-
Other receivables ⁴	2	48	-	-
<i>Total current receivables, net</i>	3,292	174	3,275	92

Notes:

- ¹ Relates to directors fees charged to associated companies (non interest bearing).
- ² Relates to amounts owing by Selection (LSG) Management Pty Ltd for administrative services (non interest bearing).
- ³ Relates to amounts owing by Consolidated Minerals Limited (CSM) for the cancellation of options held by the parent entity – as part of the disposal of the investment in CSM. The outstanding amount is being repaid at the rate of \$5 per tonne of manganese ore shipped by CSM. Interest at the rate of 8% pa is brought to account at the time of each payment calculated on a discounted cash flow basis.
- ⁴ Non interest bearing.

NOTE 5 OTHER FINANCIAL ASSETS (CURRENT)

Listed shares (at market value)	697	720	-	-
<i>Total current other financial assets</i>	697	720	-	-

Listed shares are readily saleable with no fixed terms.

NOTE 6 OTHER ASSETS (CURRENT)

Prepayments	42	62	42	31
<i>Total current other assets</i>	42	62	42	31



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NOTE 7 OTHER FINANCIAL ASSETS (NON CURRENT)				
Investments in subsidiaries (at cost)	-	-	20,000	28,924
Provision for diminution	-	-	-	(5,377)
	-	-	20,000	23,547
Listed investments (at cost)	8,225	10,742	42,736	32,282
Provision for diminution	(2,996)	(1,830)	(7,500)	-
	5,229	8,912	35,236	32,282
Unlisted investments (at cost)	24,074	25,385	19,277	15,887
Provision for diminution	-	-	105	-
	24,074	25,385	19,172	15,887
Total non current other financial assets	29,303	34,297	74,408	71,716
Market value of quoted securities	6,858	6,539	47,900	45,049

All listed securities are readily saleable with no fixed terms except:

- (a) 9,475,000 shares in Havilah Resources NL were subject to voluntary escrow until 15 September 2002.
- (b) 2,625,000 shares in Havilah Resources NL are restricted securities until 18 March 2004.
- (c) 11,200,000 shares in Indophil Resources NL are restricted securities until 3 May 2004.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

Plant and equipment at cost

Opening balance	447	432	-	-
Additions	6	37	-	-
Disposals	(31)	(22)	-	-
De-consolidation of subsidiary	(321)	-	-	-
<i>Closing balance</i>	101	447	-	-
<i>Accumulated depreciation</i>				
Opening balance	347	249	-	-
Depreciation for the year	48	104	-	-
Disposals	(14)	(6)	-	-
De-consolidation of subsidiary	(287)	-	-	-
<i>Closing balance</i>	94	347	-	-
Net book value	7	100	-	-



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>
NOTE 9 CAPITALISED EXPLORATION				
Opening balance	2,986	5,648	-	-
Additions	234	1,257	-	-
Exploration and evaluation written off	(299)	(3,919)	-	-
De-consolidation of subsidiary	(2,921)	-	-	-
<i>Closing balance</i>	-	2,986	-	-
NOTE 10 PAYABLES (CURRENT)				
Sundry creditors and accruals	353	889	89	114
Amounts payable to director related entities	128	126	128	126
<i>Total current payables</i>	481	1,015	217	240
<i>All payables are non interest bearing and settled on 30 day terms.</i>				
NOTE 11 PROVISIONS (CURRENT)				
Employee entitlements	16	44	16	10
<i>Total current other provisions</i>	16	44	16	10
NOTE 12 RETAINED PROFITS / (ACCUMULATED LOSSES)				
Retained profits/(losses) at the beginning of the financial year	(9,797)	(6,423)	(6,543)	(2,877)
Effect of dilution due to issue of shares to outside equity interests	519	838	-	-
Net profit or (loss) attributable to members of Lion Selection Group Ltd	9,496	(4,212)	12,285	(3,666)
Dividends paid	(3,003)	-	(3,003)	-
<i>Retained profits/(losses) at the end of the financial year</i>	(2,785)	(9,797)	2,739	(6,543)
NOTE 13 TOTAL EQUITY				
Total equity at the beginning of the financial year	91,816	95,366	93,566	97,232
Total changes in equity recognised in the Statement of Financial Performance	9,496	(4,212)	12,285	(3,666)
Effect of dilution in subsidiary	519	838	-	-
Dividends paid	(3,003)	-	(3,003)	-
Total changes in outside equity interests	(1,222)	(176)	-	-
<i>Total equity at reporting date</i>	97,606	91,816	102,848	93,566



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NOTE 14 CONTRIBUTED EQUITY				
Issued and paid up capital	100,109	100,109	100,109	100,109
Total contributed equity	100,109	100,109	100,109	100,109

At 31 July 2002 the parent entity had 100,108,905 ordinary shares on issue (2001 – 100,108,905 shares).

NOTE 15 DIVIDENDS PAID					
(a)	Dividends paid during the year				
	Franked dividends (3¢ per share) (2001 – nil)	3,003	-	3,003	-
(b)	Franking credit balance				
	The amount of franking credits available for the subsequent financial year are:				
	▪ franking account balance as at the end of the financial year at 30% (2001 – 34%)			703	624
	▪ franking credits that will arise from the payment of income tax payable as at the end of the financial year			1,969	-
				2,672	624

NOTE 16 NOTES TO THE STATEMENT OF CASH FLOWS

(a) **Reconciliation of cash**

For the purpose of the Statement of Financial Position and the Statement of Cash Flows, cash includes cash on hand and in banks, term deposits, cash managed by third parties and other bank securities which can be liquidated at short notice, net of outstanding bank overdrafts if applicable.

Cash at the end of the year as shown in the Statement of Cash Flows is reconciled to the related item in the Statement of Financial Position as follows:

	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
Cash on hand	1,428	2,614	769	1,753
Cash held by custodian	3,715	3,091	-	-
Bank bills and deposits	27,369	21,714	26,611	20,242
Closing cash balance	32,512	27,419	27,380	21,995



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
(b) Reconciliation of net profit/(loss) after income tax to net cash provided by operating activities				
Net profit/(loss) after income tax	9,019	(7,449)	12,285	(3,666)
<i>Adjustments for non cash income and expense items</i>				
Depreciation and amortisation of non current assets	48	60	-	-
Loss on disposal of property, plant and equipment	13	-	-	-
Share of associates' net (profits) or losses	(679)	(1,003)	-	-
Exploration, evaluation and acquisition costs written off	299	5,205	-	-
Related party capital raising costs written off	144	840	-	-
Other	(1)	16	(1)	-
Dividends received from associates	850	-	-	-
Movement in provision for:				
Income tax payable	1,061	946	1,969	-
Deferred income tax	31	(77)	37	(59)
Future income tax benefit	(8)	-	-	-
Diminution in value of investments	2,996	986	2,228	3,112
Diminution in value of receivables	813	2,207	-	-
Net foreign exchange (gain)/loss	38	(146)	-	-
Profit on sale of investments	(13,929)	(2,144)	(12,699)	-
Gain on deconsolidation of subsidiary	(1,390)	-	-	-
<i>Changes in assets and liabilities</i>				
(Increase)/decrease in assets				
Other receivables	(180)	369	(211)	267
Prepayments	23	(8)	(11)	1
(Decrease)/increase in liabilities				
Other creditors	(217)	63	(23)	37
Employee entitlements	(5)	(3)	6	1
<i>Net cash flow from operating activities</i>	(1,064)	(138)	3,580	(307)



	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>	<i>\$000</i>
NOTE 17 EXPENDITURE COMMITMENTS				
(a) Operating lease expenditure contracted for is payable as follows:				
Not later than one year	70	102	70	73
Later than one year but not later than five years	-	73	-	73
Later than five years	-	-	-	-
	70	175	70	146

(b) Management fee commitments are payable as follows*:				
Not later than one year	-	1,502	-	1,502
Later than one year but not later than five years	-	-	-	-
Later than five years	-	-	-	-
	-	1,502	-	1,502

*Refer to Note 18 below.

(c) Commitments for exploration expenditure are scheduled as follows:				
Not later than one year	-	985	-	-
Later than one year but not later than five years	-	2,900	-	-
Later than five years	-	-	-	-
	-	3,885	-	-

NOTE 18 OTHER COMMITMENTS AND CONTINGENT LIABILITIES

The Parent Entity is obliged to pay the Manager a bonus management fee if the market capitalisation of the company during any continuous 60 day trading period ending on or before 31 July in any year exceeds the amount of issued capital increased on a compounding basis by the lesser of 15% pa and 150% of the long term bond rate.

The bonus payable is 20% of this excess. It is not possible to quantify the future financial effect of this potential commitment as it is dependent upon market conditions which will affect both future interest rates and the company's share price.

The Management Agreement as amended does not provide for a fixed term of service. However the Parent Entity is obliged to pay the Manager a termination fee of up to two years' management fee (approximately \$3.0 million) if the management agreement is terminated under certain circumstances.

Lion has committed to sub-underwrite \$1.0 million of Lafayette Mining Limited's rights issue (inclusive of its \$719,000 entitlement).

Lion has committed to underwrite \$2.4 million of Spinifex Gold Limited's rights issue (inclusive of its \$1.4 million entitlement).

Contingent liabilities of associates are disclosed at Note 26 (f).



NOTE 19 FINANCIAL INSTRUMENTS

(a) Interest Rate Risk Exposures

The consolidated entity is exposed to interest rate risk through its primary financial assets. The interest rate risk exposures together with the effective interest rate for each class of financial assets and financial liabilities at balance date are summarised as follows:

	<i>Floating Interest Rate*</i> \$000	<i>Fixed Interest Rate**</i> \$000	<i>Non Interest Bearing</i> \$000	<i>Total</i> \$000	<i>Average Interest Rate</i>	
					<i>Floating %</i>	<i>Fixed %</i>
2002						
Financial Assets:						
Cash	1,428	-	-	1,428	2.10	-
Bank bills and deposits receivable	-	27,369	-	27,369	-	4.70
Cash held by custodian	3,715	-	-	3,715	4.32	-
Other receivables	-	2,972	320	3,292	-	8.00
Investment in securities	-	-	64,427	64,427	-	-
Financial Liabilities:						
Other creditors	-	-	481	481	-	-
2001						
Financial Assets:						
Cash	2,614	-	-	2,614	3.68	-
Bank bills and deposits receivable	-	21,714	-	21,714	-	5.07
Cash held by custodian	3,091	-	-	3,091	4.85	-
Other receivables	-	-	174	174	-	-
Investment in securities	-	810	62,417	63,227	-	10.00
Financial Liabilities:						
Other creditors	-	-	1,015	1,015	-	-

* *Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.*

** *Maturing within 1 year.*

(b) Credit risk exposures

Credit exposure represents the extent of credit related losses that the consolidated entity may be subject to on amounts to be received from financial assets.

The credit risk in respect of financial assets of the consolidated entity (excluding investments in shares) recognised on the Statement of Financial Position is the carrying amount. Bills of exchange which have been purchased at a discount to face value are carried on the Statement of Financial Position at their discounted purchase price. Credit risk with respect to cash and bank bills is minimised by spreading investments between two of Australia's major banks.



(c) **Foreign exchange**

The consolidated entity is exposed to foreign currency exchange risk through the primary financial assets and liabilities of its offshore investments as follows:

	<i>Philippines Pesos '000 2002</i>	<i>Philippines Pesos '000 2001</i>	<i>US \$ '000 2002</i>	<i>US \$ '000 2001</i>
Cash	-	6,677	479	453
Investments in securities	-	-	-	3,000
Payables	-	2,511	166	223

(d) **Net fair value of financial assets and liabilities**

The carrying amounts and estimated net fair values of financial assets and financial liabilities held by the consolidated entity at balance date are given below. The net fair value of a financial asset or a financial liability is the amount at which the asset could be exchanged or liability settled in a current transaction between willing parties after allowing for transaction costs:

	<i>Consolidated</i>			
	<i>Carrying Amount 2002 \$000</i>	<i>2001 \$000</i>	<i>Aggregate Net Fair Value 2002 \$000</i>	<i>2001 \$000</i>
Financial Assets:				
Cash	1,428	2,614	1,428	2,614
Bank bills and deposits receivable	27,369	21,714	27,369	21,714
Cash held by custodian	3,715	3,091	3,715	3,091
Other receivables	3,292	174	3,292	174
Short term investments	697	720	697	720
Long term investments				
Associated entities	34,427	28,210	56,293	46,301
Other listed securities	5,229	8,912	6,858	6,539
Unlisted securities	24,074	25,385	35,473	36,783
Financial Liabilities:				
Other creditors	480	1,015	480	1,015

NOTE 20 SUPERANNUATION COMMITMENTS

No member of the consolidated entity has its own superannuation plan. The only commitment to superannuation is with respect to statutory commitments. At balance date, members of the consolidated entity were 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.



NOTE 21 REMUNERATION OF DIRECTORS

The numbers of directors of the parent entity who were paid, or were due to be paid, income (including salaries and contributions to superannuation funds) directly or indirectly from the company or any related party, as shown in the following bands, were:

	<i>Parent</i>	
	<i>2002</i>	<i>2001</i>
\$0 - \$9,999	1	2
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	1
\$60,000 - \$69,999	2	1
\$80,000 - \$89,999	1	1
The aggregate income of the directors referred to above	\$217,000	\$191,000

The total of all income paid or payable, directly or indirectly, from the respective entities of which they are a director or from a related party to all of the directors of each entity in the consolidated entity was \$740,000 (2001 - \$681,000). The amount paid during the year ended 31 July 2002 of \$740,000 includes payments made to the directors of Indophil Resources NL and Havilah Resources NL during the period that those companies were controlled entities of the group.

NOTE 22 REMUNERATION OF EXECUTIVES

The number of executive officers of the consolidated entity whose remuneration for the year falls within the following bands, were:

	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
\$100,000 - \$109,999	1	-	-	-
\$120,000 - \$129,999	-	1	-	1
\$130,000 - \$139,999	1	1	1	-
\$140,000 - \$149,999	-	1	-	-
\$150,000 - \$159,999	-	1	-	-
\$160,000 - \$169,999	1	-	-	-
\$200,000 - \$209,999	1	-	-	-
The aggregate income of the executives referred to above	\$601,000	\$566,000	\$135,000	\$125,000

Income of executives comprises amounts paid or payable to executive officers, directly or indirectly, by the consolidated entity or any related party (including salaries and contributions to superannuation funds) in connection with the management of the affairs of the entity or consolidated entity, whether as executive officers or otherwise. This does not include income of the executives of the Manager who are remunerated by that company.

**NOTE 23 REMUNERATION OF AUDITORS**

	<i>Consolidated</i>		<i>Parent</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$</i>	<i>\$</i>	<i>\$</i>	<i>\$</i>
(a) Amounts received, or due and receivable, for the audit and review of the financial reports of the entity by:				
▪ Ernst & Young	47,500	-	47,500	-
▪ Andersen	23,200	60,600	16,900	67,500
▪ Other auditors	9,000	2,850	-	-
Total audit and review fees	79,700	63,450	64,400	67,500
(b) Amounts receivable for other services in relation to the entity:				
▪ Ernst & Young	-	-	-	-
▪ Andersen	107,700*	210,150*	9,950	6,900
▪ Other auditors	-	-	-	-
Total other service fees	107,700	210,150	9,950	6,900
Total remuneration of auditors	187,400	273,600	74,450	74,400

* Relates predominantly to Indophil IPO costs

NOTE 24 RELATED PARTY DISCLOSURES**(a) Directors**

The following persons held the position of director of Lion Selection Group Limited during the entire year ended 31 July 2002: E W J Tyler, R A Widdup, J F O'Reilly and G R Freestone.

(b) Directors' shareholdings

	<i>2002</i>	<i>2001</i>
Shares in the parent entity acquired during the year	10,000	15,000
Shares in the parent entity held at the end of the year	481,500	471,500
Shares in the parent entity acquired since the end of the year	Nil	10,000

No director of the parent entity held shares or options in controlled entities. The parent entity does not have any options on issue.



(c) **Director entity and other related party transactions**

<i>Recipient</i>	<i>Payer</i>	<i>Nature of Payment</i>	<i>Amount</i>	
			<i>2002 \$000</i>	<i>2001 \$000</i>
Lion Selection Group Ltd	Selection (LSG) Management Pty Ltd ⁽¹⁾	Reimbursement of costs	73	67
	Australian Selection Pty Ltd	Dividend	3,750	-
	Associated companies	Directors fees	210	95
	Associated companies	Interest received	-	63
	Associated companies	Loan repaid	200	-
	Associated companies	Share placement fee	62	-
Australian Selection Pty Ltd	AFL Management Limited	Reimbursement of costs	-	41
Indophil Resources NL	Australian Selection Pty Ltd	Loan/convertible note	-	600
Selection (LSG) Management Pty Ltd ⁽¹⁾	Lion Selection Group Ltd	Management fees	1,502	1,502
		Reimbursement of costs	36	37
	AFL Management Ltd	Reimbursement of costs and administrative services	339	78
	Indophil Resources NL	Reimbursement of costs	34	66
Geocom Pty Ltd ⁽²⁾	Havilah Resources NL	Management services	41	134
Maptek Pty Ltd ⁽³⁾	Havilah Resources NL	Management services	12	48
Associated companies	Lion Selection Group Ltd	Loan made	200	-

⁽¹⁾ Associated with Robin Widdup, a director of Lion Selection Group Ltd

⁽²⁾ Associated with Chris Giles, a director of Havilah Resources NL

⁽³⁾ Associated with Bob Johnson, a director of Havilah Resources NL

(d) **Ultimate Controlling Entity**

The ultimate controlling entity of the consolidated entity is Lion Selection Group Limited. The ownership interests in controlled entities are set out in Note 25.

NOTE 25 INTERESTS IN SUBSIDIARIES

The consolidated financial statements at 31 July 2002 include the following controlled entities. The financial years of all consolidated entities are the same as that of the parent entity:

<i>Name of controlled entity</i>	<i>Country of incorporation</i>	<i>% of shares held 2002</i>	<i>% of shares held 2001</i>
Controlled entities of Lion Selection Group Limited			
Australian Selection Pty Ltd	Australia	100	100
Indophil Resources NL	Australia	42	58
Havilah Resources NL	Australia	22	52
Controlled entity of Australian Selection Pty Ltd			
AFL Management Ltd	Mauritius	53	53

Indophil Resources NL listed on the Australian Stock Exchange via an Initial Public Offering on 3 May 2002. Upon listing, the Lion group's interest in Indophil diluted from 58% to 42%. Indophil ceased being a controlled entity and became an associated entity of Lion from that date. A profit after tax of \$1,390,000 was recorded in the Statement of Financial Performance arising from this transaction.

The parent entity's interest in Havilah Resources NL reduced from 52% to 48% in January 2002. Consequently, Havilah ceased being a controlled entity and became an associated entity from that date. On 18 March 2002 Havilah listed on the Australian Stock Exchange via an Initial Public Offering and the parent entity's interest diluted to 22%.



NOTE 26 INTERESTS IN ASSOCIATES

The companies listed below were associates of the consolidated entity at year end. The operations of these companies are more fully described in the operations section of this annual report.

(a) **Details of interests in associated entities are as follows**

<i>Name and principal activity</i>	<i>Balancing Date</i>	<i>Ownership interest</i>		<i>Carrying amount</i>	
		<i>2002 %</i>	<i>2001 %</i>	<i>2002 \$000</i>	<i>2001 \$000</i>
Consolidated Minerals Limited	30 June	-	33	-	8,971
Copperbelt Selection NL	31 July	33	33	117	211
Gallery Gold Limited	30 June	43	46	9,439	4,642
Havilah Resources NL	31 July	22	52	729	-
Indophil Resources NL	31 December	42	58	2,952	-
Lafayette Mining Limited	30 June	31	23	5,792	4,668
Sedimentary Holdings Limited	30 June	27	24	4,543	3,679
Spinifex Gold Limited	30 June	18	23	6,973	6,039
Westonia Mines Limited	30 June	41	25	3,882	-
				34,427	28,210

All associated entities are involved in mining and/or exploration.

There was no material change in ownership interests of the associates between their reporting dates and the consolidated entity's reporting date.

	<i>2002 \$000</i>	<i>2001 \$000</i>
(b) Share of associates' profits		
Profits from ordinary activities before income tax	1,107	1,008
Income tax expense	(428)	(5)
Share of net profits/(losses) of associates after tax	679	1,003
(c) Retained profits/(accumulated losses) of the consolidated entity attributable to associates		
Balance beginning of financial year	(1,909)	(2,912)
Share of associates net profits (losses)	679	1,003
Dividends received from associates	(850)	-
Disposals	2,703	-
Balance at the end of the financial year	623	(1,909)



	2002 \$000	2001 \$000
(d) Aggregate carrying amount of investment in associates		
Balance at beginning of financial year	28,210	20,921
Movements during the year		
New associates and incremental investments	15,919	6,286
Investments sold	(9,531)	-
Dividends received	(850)	-
Equity accounted result	679	1,003
Balance at end of financial year	34,427	28,210
(e) Financial summary of associates		
Total assets	93,455	106,868
Total liabilities	10,138	39,319
Net profit/(loss)	146	5,112
(f) Expenditure commitments		
The consolidated entity's share of its associates' expenditure commitments is as follows:		
Mineral tenements	2,945	1,654
Operating leases	150	735
Finance leases	2	27
Hire purchase agreements	-	576
Capital expenditure	-	1,358
	3,097	4,350

In addition to the above, Spinifex has commitments under various mineral tenement acquisition agreements whereby it is obliged to pay up to \$18,000 per quarter whilst continuing to explore (Lion's share \$3,000 per quarter) and up to \$1,213,000 as a final payment (Lion's share \$218,000) subject to certain conditions being met.

(g) Contingent liabilities of associates

- A controlled entity of Gallery Gold is being sued by a contractor for the recovery of US\$15,732 but is counter suing for lack of performance.
- A claim has been made against Gallery Gold in respect of an offer made by Gallery to lease office premises. Gallery subsequently refused to execute a lease agreement due to significant building structural problems that were not disclosed. Gallery is seeking to recover the offer deposit and the owners are seeking compensation for out of pocket expenses and potential loss of income caused by removing the property from the market.
- Havilah Resources has a contingency relating to service agreements with its directors amounting to \$915,000.
- A subsidiary of Lafayette Mining has entered an agreement to purchase a 5% Net Profit Interest in the Rapu Rapu project for US\$364,000 subject to the drawdown of finance and the commissioning of the project.
- Sedimentary Holdings has contingent liabilities to Macquarie Bank and Westpac Banking Corporation amounting to \$284,000 in respect of mining and exploration leases.



- Sedimentary Holdings also has a contingent liability of \$127,000 in relation to termination benefits accruing under various service agreements.
- Native Title claims have been lodged in respect of various tenements in which Havilah Resources has an interest. It is not possible to quantify the financial exposure (if any) of these claims.
- Native Title claims have also been lodged in respect of various tenements in which Westonia Mines has an interest. It is not possible to quantify the financial exposure (if any) of these claims.
- Indophil Resources has various contingent liabilities of up to \$4,168,000 associated with the acquisition of the Tampakan Project that if made, would become assets of Indophil.

(h) **Subsequent Events**

The following events relating to associated entities have occurred since their year end:

- In September 2002 Lafayette Mining Limited completed a placement of 33.4 million shares at a price of 5 cents per share (Lion subscribed for 10 million shares) and announced a fully underwritten rights issue at 5 cents per share to raise \$2.34 million.
- Standard Bank agreed to extend the maturity date of its US\$3.0 million bridging loan to Lafayette until 1 July 2003 for a fee of 5 million options at an exercise price of 10 cents per share.
- Gallery Gold's farm out agreement on its diamond interests in Botswana has expired but it is actively considering joint venture options.
- On 11 September 2002 Gallery Gold announced that it had reached agreement to farm in on the "Jim's Luck" property in Botswana. Gallery can earn up to an 80% interest in the property by expending approximately \$370,000 on exploration over 4 years.
- Sedimentary Holdings has committed to provide \$1.55 million as its participating interest in the 2002/03 exploration and development budget for the Cracow project.
- On 30 August 2002 Spinifex Gold issued a total of 8.4 million shares in satisfaction of the conversion of two convertible notes.
- On 6 September 2002 Spinifex announced an underwritten rights issue to raise \$8.17 million.
- Westonia Mines was admitted to the Australian Stock Exchange in August 2002 and announced a 1 for 3 pro rata bonus issue of 20 cent exercisable options for shareholders registered on 21 October 2002.
- Indophil Resources announced that the final step in the acquisition of the Tampakan copper gold project in the Philippines had been completed. Although a legal challenge regarding the acquisition is pending, Indophil directors are confident that this challenge will be unsuccessful.

NOTE 27 MATERIAL INVESTMENTS

Other than investments in controlled entities and associated entities, the consolidated entity had the following material investments at year end:

	<i>Carrying Amount</i>		<i>Lion Ownership</i>	
	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>%</i>	<i>2001</i> <i>%</i>
East African Gold Mines Ltd	10,216	10,216	11	12
Mining Project Investors Pty Ltd	6,067	6,067	16	16
Austindo Resources Corporation NL	2,024	3,619	16	16
African Lion Limited	5,082	5,082	16	19
Austminex Limited	3,600	5,000	17	17

Each of the above companies is involved in the resources industry.



NOTE 28 INTERESTS IN JOINT VENTURES

The consolidated entity did not have any interests in unincorporated exploration joint ventures at year end as Indophil Resources NL and Havilah Resources NL ceased to be controlled entities during the year.

<i>Name of Joint Venture</i>	<i>Interest held</i>	
	<i>2002</i> <i>%</i>	<i>2001</i> <i>%</i>
Manat joint venture (held by the Indophil Group)	-	25*
Leyte – Sogod joint venture (held by the Indophil Group)	-	0*
Sandstone joint venture (held by Havilah Resources NL)	-	9
Desertex Highlands Rocks joint venture (held by Havilah Resources NL)	-	56

* *Earning up to 50% interest.*

NOTE 29 SUBSEQUENT EVENTS

Since 31 July 2002, the following significant events have occurred:

- Lion invested an additional \$500,000 in Lafayette Mining Limited and committed to subscribe a further \$1.0 million to Lafayette’s rights issue.
- The \$2.5 million convertible note that Lion had invested in Austminex NL expired and was repaid.
- Australian Selection subscribed an additional US\$0.5 million to African Lion Limited.
- Lion invested \$0.5 million in Independence Gold NL.

NOTE 30 SEGMENT INFORMATION

(a) **Primary Segment**

The consolidated entity invests in mining and exploration companies.

(b) **Secondary Segment – Geographic Segment**

The consolidated entity’s investments are in companies whose principal projects are located in Australia, South East Asia or Africa.

	<i>Segment Revenue</i>		<i>Segment Assets</i>		<i>Assets Acquired</i>	
	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>	<i>2002</i> <i>\$000</i>	<i>2001</i> <i>\$000</i>
Australia	27,070	6,905	53,995	52,173	4,510	7,546
Africa	1,183	1,272	34,715	13,454	5,913	4,384
South East Asia	15	132	11,578	28,341	2,217	2,837
Consolidated	28,268	8,309	100,288	93,968	12,640	14,767



Lion Selection Group Limited Directors' Declaration

The directors declare that:

- (a) The financial statements and associated notes comply with the Accounting Standards.
- (b) The financial statements and notes give a true and fair view of the financial position as at 31 July 2002 and performance of the company and consolidated entity for the year then ended.
- (c) In the directors' opinion:
 - (i) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
 - (ii) the financial statements and the notes are in accordance with the Corporations Act 2001.

Made in accordance with a resolution of the directors.

.....
E W J Tyler
Chairman

.....
R A Widdup
Managing Director

Melbourne
16 October 2002



Independent Audit Report

To the members of Lion Selection Group Limited:

Scope

We have audited the financial report of Lion Selection Group Limited for the financial year ended 31 July 2002, as set out on pages 41 to 65, including the Directors' Declaration. The financial report includes the financial statements of the consolidated entity comprising the company and the entities it controlled at year's end or from time to time during the financial year. The company's directors are responsible for the financial report. We have conducted an independent audit of the financial report in order to express an opinion on it to the members of the company.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the financial report is free of material misstatement. Our procedures included examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements and statutory requirements, in Australia, so as to present a view which is consistent with our understanding of the company's and the consolidated entity's financial position and performance as represented by the results of their operations and their cash flows.

The audit opinion expressed in this report has been formed on the above basis.

Audit Opinion

In our opinion, the financial report of Lion Selection Group Limited is in accordance with:

- (a) the Corporations Act 2001 including:
 - (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 July 2002 and of their performance for the year ended on that date; and
 - (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and
- (b) other mandatory professional reporting requirements in Australia.

Ernst & Young

Melbourne
16 October 2002

Tim Wallace
Partner

Liability limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).



Shareholder Information

Twenty Largest Shareholders as at 14 October 2002

Name	No of shares	%
National Nominees Limited	7,861,820	7.85
Mr Mark Creasy	6,500,000	6.49
Westpac Custodian Nominees Limited	6,445,388	6.44
MLC Limited	5,646,881	5.64
RBC Global Services Australia Nominees Pty Ltd <BKCUST A/C>	4,285,000	4.28
JP Morgan Nominees Australia Limited	4,139,285	4.13
ANZ Nominees Limited	3,570,973	3.57
Invia Custodian Pty Limited <Jasper A/C>	3,111,933	3.11
Queensland Investment Corporation	2,884,310	2.88
Suncorp General Insurance Limited	2,425,900	2.42
Ms Susan Murphy	2,004,767	2.00
Citicorp Nominees Pty Limited	1,135,000	1.13
Equity Trustees Limited <SGH Smaller Co's Fund>	1,130,000	1.13
Permanent Trustee Australia Limited <PAR0002 A/C>	1,022,371	1.02
Viking Holdings Limited	800,000	0.80
Mr Raymond Murphy	783,033	0.78
Cotswold Investments Pty Limited	700,000	0.70
Tower Trust (NSW) Limited <TEA Custodians Limited>	700,000	0.70
WereSyd Proprietary Limited <ST A/C>	600,000	0.60
Commonwealth Custodial Services Limited	587,780	0.59
Total	56,334,441	56.27



Distribution of Shareholdings as at 10 October 2002

Size of holding	Number of shareholders
1 to 1,000	17
1,001 to 5,000	1,490
5,001 to 10,000	818
10,001 to 100,000	769
100,001 and over	64
Total shareholders	3,318
Number of ordinary shareholders with less than a marketable parcel	37

Voting Rights

All ordinary shares issued by Lion Selection Group Limited carry one vote per share without restriction.

Substantial Shareholders as at 14 October 2002

The following information is extracted from notices received by the company.

Name	Number of ordinary shares
National Australia Bank Limited Group	9,420,347
Mr Mark Creasy	6,500,000
Société Générale Asset Management	5,177,000



Investor Relations

Investment Briefings

Lion holds regular Investment Briefings for shareholders and other interested parties in major centres around Australia and New Zealand. Details of the briefings are released to the Australian Stock Exchange, posted or emailed to shareholders and can also be found in the Company Calendar section of the website.

Share Registry

Lion's register of shareholders is maintained by Computershare Investor Services Pty Limited. Any queries regarding holdings or change of address notification should be directed to:

The Registrar - Lion Selection Group Limited
Computershare Investor Services Pty Limited
Level 12, 565 Bourke Street
Melbourne VIC 3000
Tel: 03 9611 5711
Fax: 03 9611 5710

Lion shareholders with internet access can view the balance of their holding, change their address details or elect to receive company communications by logging on to the Computershare website at www.computershare.com.au and accessing the "Investors" section.

Any queries regarding Lion's investor relations activities can be directed to:

Judith Russell
Investor Relations Manager
Tel: 03 9614 8008
Fax: 03 9614 8009
Email: lionselection@lsg.com.au
Website: www.lionselection.com.au



Corporate Directory

Registered and Principal Office

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15 Queen Street
Melbourne VIC 3000

Tel: 03 9614 8008
Int: +61 3 9614 8008
Fax: 03 9614 8009

Email: lionselection@lsg.com.au
Website: www.lionselection.com.au

Directors

Ewen W J Tyler AM, Non Executive Chairman
Robin A Widdup, Managing Director
John F O'Reilly, Non Executive Director
Graham R Freestone, Non Executive Director

Company Secretary

Paul R Taylor

Share Registry

Computershare Investor Services Pty Limited
Level 12
565 Bourke Street
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Auditors

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