



Quarterly Report for the 3 months ended 31 January 2000

KEY POINTS

- Lion's portfolio valuation (NTA) has increased from \$1.00 to \$1.18 per share over the last quarter.
- The LSG share price was 78 cents at the beginning and end of the quarter.
- Lion's share price is substantially discounted to the NTA by around 40 cents per share.

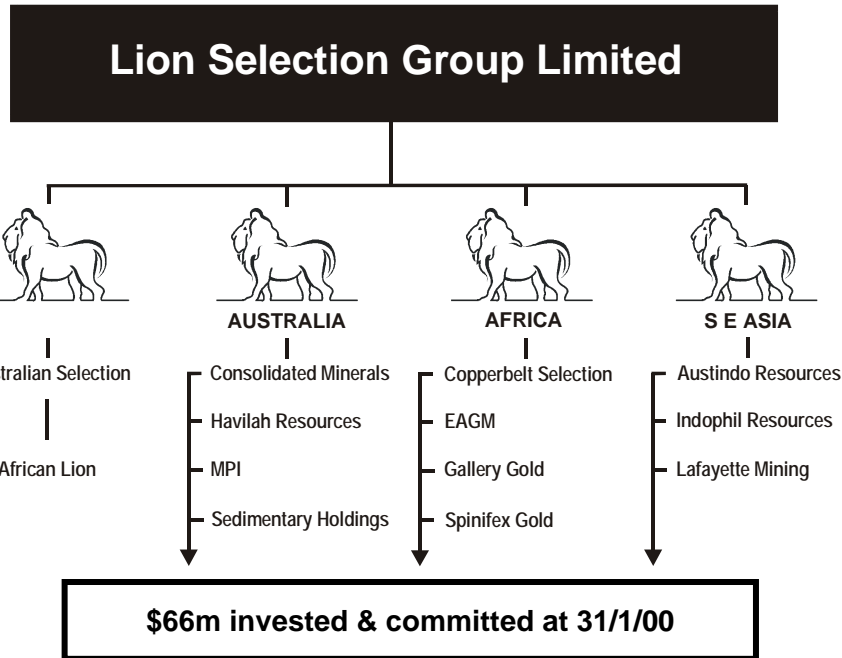
The management team and directors of Lion are dedicated to reducing and removing this large discount.

- The increased NTA valuation results from an approximate 80% increase in the share price of the six listed companies in Lion's portfolio. Most of this increase has taken place since the start of 2000 and could mark the turning point in the resource cycle for small companies, which had been in decline since mid-1997.
- The six unlisted investments are valued at a cost of \$23.9 million in the NTA - which could be conservative in current market conditions when these companies are eventually listed.
- All 12 of Lion's main investments are focused for growth through exploration, expansion of known resources and mine development. The first of these investments to successfully develop its mine, achieve public listing and declare a maiden profit has been Consolidated Minerals. In addition to these achievements considerable further growth is possible through an exploration program around Woodie Woodie that will be accelerated through early 2000.

Company Progress during the Quarter		
Potential New Mines	Exploration Success	Watch Drilling in Progress at:
Gold Sedimentary - Cracow EAGM - North Mara Austindo - Cibaliung	Spinifex - Nyakafuru Sedimentary - Cracow Havilah - Fones	MPI - Stawell Gallery - Mupane Spinifex - Nyakafuru Indophil - Labo
Base Metals Lafayette - Rapu Rapu		Lafayette - Rapu Rapu Copperbelt - Lubanda



COMPANY STRUCTURE



INVESTMENT SUMMARY TABLE

Investment	Code	LSG Holding	Investee Capitalisation	Amount Invested	NTA (before tax)
Shareprices at 31/1/2000					
		%	\$m	\$m	\$m
Unlisted Investments					
Copperbelt Selection		32.5%	1.0	0.3	0.3
East African Gold Mines	EAGM	12.7%	110.1	9.8	9.8
Indophil Resources		80.0%	7.8	6.3	6.3
Havilah Resources		58.2%	2.4	1.4	1.4
Mining Project Investors	MPI	16.3%	38.4	6.1	6.1
Listed Investments					
Austindo Resources*	ARX	13.9%	15.8	2.0	2.2
Consolidated Minerals	CSM	36.4%	43.6	8.0	16.0
Gallery Gold	GGN	49.2%	12.1	4.6	6.2
Lafayette Mining**	LAF	23.2%	38.9	5.5	9.6
Sedimentary Holdings	SED	18.7%	23.3	2.3	4.4
Spinifex Gold	SPX	23.8%	60.0	6.6	13.8
African Lion	AFL	18.5%	17.0	3.1	3.1
Other Investments				9.8	10.8
Total Investments				65.6	89.9
Net Cash				34.6	34.6
Totals per Share				100.1c	124.4c

*The investment in Austindo Resources was made after quarter end.

**The final shareholding in Lafayette Mining is subject to shareholder approval.

For NTA purposes, the value of listed investments is at market and unlisted investments at the lower of cost or written down

NTA after tax

120.5c



INVESTMENTS

Consolidated Minerals Limited (Lion - 37%)

Consolidated Minerals (CSM) achieved another significant milestone following the revival of manganese production at Woodie Woodie with an operating profit after tax of \$2.55 million for the 6 months to 31 December 1999.

During the December quarter mining continued at the Big Mack and Extension Cord deposits and shipments were made to China, Korea and Europe with strong demand from all regions continuing.

	Quarter ending 31 December 1999	Quarter ending 31 September 1999
Manganese lump produced (wet tonnes)	63,357	74,091
Manganese fines produced (wet tonnes)	19,119	-
Manganese product exported (wet tonnes)	104,037	38,520

A large number of new anomalies were generated from exploration fieldwork and geophysical interpretation during the last quarter of 1999. The anomalies will be ranked and prioritised for drilling in a new program commencing in the first half of 2000.

Prior to year end 1999, Lion and Noble Resources elected to convert 10 million and 11.7 million preference shares respectively to ordinary fully paid shares. In addition, Lion (via Australian Selection) invested a further \$1 million on 1 February through the issue of a convertible note. These funds will enable the company to accelerate the exploration program.

Spinifex Gold NL (Lion - 24%)

The revised farm in and joint venture agreement on the Buckreef/Rwamagaza and Kitongo properties was finalised with Ashanti Goldfields in November. Spinifex will receive a total cash reimbursement of US\$9.5 million and exploration expenditure of US\$9.0 million over a three year period. The first cash instalment of US\$1.25 million was paid to Spinifex on signing of the agreement and Ashanti personnel commenced fieldwork at Buckreef and Kitongo in early January.

Spinifex announced encouraging drilling results from Nyakafuru (80% owned) in November 1999. Follow-up drilling produced further excellent results. A substantial resource upgrade from 135,000 oz to 371,500 oz @ 4.9 g/t was announced in the company's December quarterly report. A program of reverse circulation and rotary air blasting drilling commenced in late January with the aim of increasing the resource base to 0.5 million ounces of gold.

The following are a selection of the better drilling results announced in Spinifex's December quarterly. Of the 84 holes drilled, 67 intersected mineralisation.

50m	@	4.51g/t	from	79-129m	in	NPRC 123
7m	@	13.21g/t	from	77-84m	in	NPRC 133
22m	@	7.30g/t	from	70-92m	in	NPRC 134
31m	@	8.07g/t	from	49-79m	in	NPRC 135
7m	@	20.99g/t	from	72-79m	in	NPRC 143
51m	@	4.90g/t	from	85-136m	in	NPRC 153
24m	@	6.11g/t	from	82-106m	in	NPRC 157
17m	@	5.51g/t	from	93-110m	in	NPRC 176



Sedimentary Holdings NL (Lion - 18.7%)

Exploration continued at Klondyke during the quarter with further positive results. The project budget for the fiscal year was increased from \$5 million to \$8 million, of which approximately 44% had been spent up to 31 December 1999.

The increased expenditure covers an expanded drilling program to progress resource delineation on Klondyke, plus pre-feasibility activities. These activities include a conceptual study covering all aspects of a potential new mine development and engineering studies for an exploration decline.

Drilling at Roses Pride has identified high grade gold mineralisation below the old workings. Results included:

6m	@	3.6g/t	from	148-154m	in	CRD 4
13m	@	7.7g/t	from	231-244m	in	CRD 5
6m	@	1.8g/t	from	251-257m	in	CRD 5
5.7m	@	15.0g/t	from	232.3-238m	in	CRD 7
1m	@	8.3g/t	from	242-243m	in	CRD 7
14m	@	15g/t	from	150-164m	in	CRD 8

This new discovery is located 3 kilometres north of the high grade shoot at Klondyke potentially in the same structural corridor. The mineralisation is hosted in quartz-adularia-carbonate veining and lode displaying classic epithermal textures, similar to the upper levels of the Klondyke shoot. Roses Pride is located within a granted mining lease.

Lafayette Mining NL (Lion - 23%*)

**Assuming shareholder approval obtained for 2nd stage of placement*

Lion announced on 22 December 1999 that it had agreed to invest \$5.47 million in Lafayette Mining NL. Lion's investment is in two stages:

- \$1.6 million for 11.2 million shares at 14 cents per share with 11.2 million free attaching options, exercisable at 20 cents by 31 December 2003
- \$3.9 million for 27.9 million shares and options on the same terms conditional on Lafayette shareholder approval.

At the conclusion of these transactions Lion will hold approximately 23% of Lafayette's issued capital.

Lafayette has an 85% interest in the Rapu Rapu joint venture in the Philippines. A prefeasibility study has been completed on the Ungay Malabago deposit and Lafayette has announced a resource of 6.5 million tonnes, grading 1.32% copper, 2.14% zinc, 2.61 g/t gold and 31.26 g/t silver. The resource is open along strike to the west and down dip to the south. Further potential exists for mineralisation between the Ungay Malabago deposit and the Hixbar deposit, along strike 1.8 kilometres to the west.

The funds subscribed by Lion will be used to undertake a bankable feasibility study for Rapu Rapu commencing in early 2000 and for further regional exploration.



Mining Project Investors Pty Limited - MPI (Lion - 16%)

Gold production at Stawell in the quarter ending 31 December was 26,619 ounces, bringing annual production for 1999 to 94,397 ounces, which is a record for the mine.

The Magdala Deeps zone at Stawell continues to be extended by further drilling with the latest result recording 16.2 m @ 5.9g/t (24g/t uncut). The South Fault offset deep drilling program will continue next quarter to extend the previously reported encouraging results.

Follow up results at Empress, Coolgardie (MPI earning shared 60% interest with Pittston) confirmed continuity of key structures but over narrower widths and lower average grades.

Austindo Resources Corporation NL (Lion - 14%)

On 17 December 1999 Lion announced that it had agreed to subscribe for 20 million shares in Austindo Resources Corporation at an issue price of 7.5 cents per share. The \$1.5 million investment is part of a \$3.7 million share placement by Austindo and was approved by shareholders at an extraordinary general meeting in late February.

Austindo's major asset is a 63% joint venture interest in the Cibaliung Gold Project, an epithermal gold vein system located in West Java in Indonesia. High grade mineralisation has been identified in two shoot like structures, Cikoneng and Cibitung. The Cikoneng shoot can be traced over a strike length of 280 metres and the Cibitung shoot over a strike length of 110 metres. Austindo announced an Inferred Resource of 993,000 tonnes @ 9.78 g/t gold and 57.4 g/t silver at Cibaliung in their recent quarterly.

The funds raised by the placement will be used to upgrade the current resource to indicated status, define new priority targets and explore extensions to the mineralised zones. Austindo also plans to seek new opportunities in South East Asia to diversify its current asset portfolio.

Havilah Resources NL (Lion – 58%)

Havilah holds 100% of the Fones Reef prospect at Burkes Flat in central Victoria. A ten hole drill program commenced at Fones Reef in December and nine out of ten drill holes intersected mineralisation. Further drilling is planned to define a possible resource for an open pit operation. Mine planning and permitting work is in progress with a view to toll treating ore at the nearby Dunolly mill.

Havilah continued exploration in South and Central Australia during the quarter and is actively seeking joint venture partners for the Gawler and Tanami properties.



Indophil Resources NL (Lion – 80%)

Drilling commenced at the Labo project in early February to test several gold anomalies.

Sampling and geological mapping was undertaken at Hinotongan during the quarter. In situ copper mineralisation in highly altered outcrops was evident in a number of places at three different locations and Indophil is currently plotting the results.

Copperbelt Selection NL (Lion – 32%)

An agreement was signed in February which will enable Copperbelt Selection to earn 80% of a small high grade copper resource at Lubanda. The resource is located in the northern province of Zambia, near the border of the Democratic Republic of Congo. Small scale miners are currently working the deposit and selling ore to the Nchanga Division of ZCCM.

Copperbelt's interest will be earned after an initial payment of US\$25,000 followed by a US\$125,000 drilling campaign. If the drilling provides sufficient encouragement for further work an additional payment of US\$300,000 will be made to secure 80% ownership.

Copperbelt Selection continues to conduct a watching brief to acquire copper and other metal projects in Zambia.

Gallery Gold Limited (Lion - 49%)

On 27 October 1999 Lion announced that it had agreed to unconditionally underwrite a 1 for 3 renounceable rights issue to be undertaken by Gallery Gold. As a result of a shortfall in the rights issue Lion injected \$2 million into Gallery in December. The investment will be used to fund Gallery's 2000 exploration program at the Botswana Gold Project.

An extreme wet season has affected the resumption of drilling at the Botswana Gold Project. On completion of the second stage drilling program it is hoped that a preliminary resource can be estimated at Mupane.

Further encouraging trenching results were reported from Mupane and Matopi West. In addition further metallurgical testwork using fine grinding to 53 microns (previously 75 microns) has resulted in Mupane primary gold ore recovery improving from 80-87% to 95%.

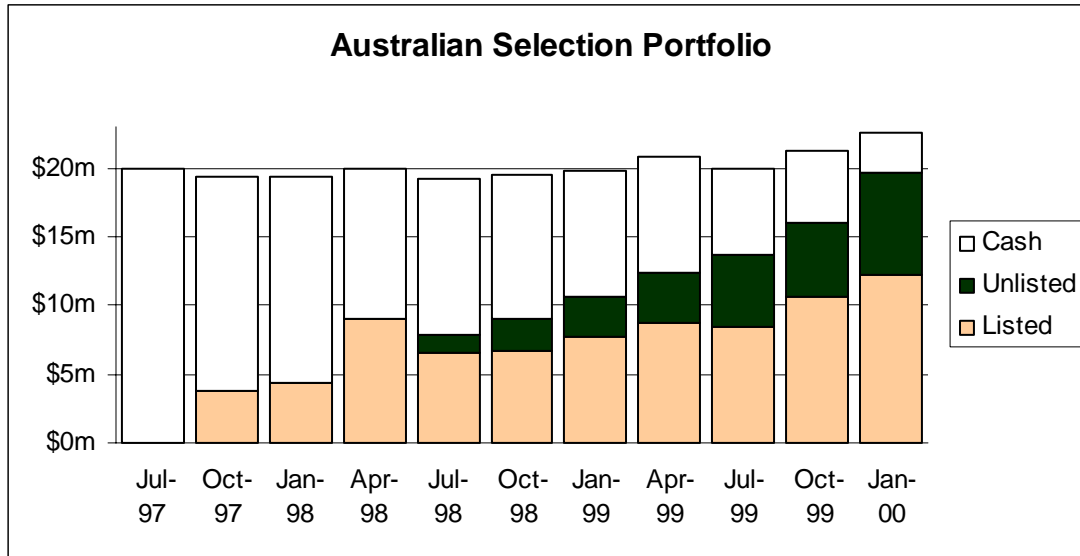
East African Gold Mines Limited - EAGM (Lion - 12%)

The appeal decision is still awaited on the Nyabirama mining lease. Development of the project will be deferred until the decision is handed down.

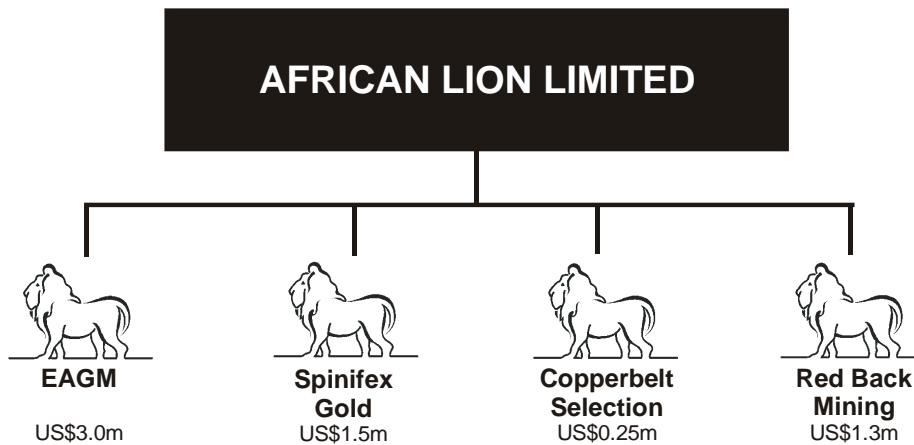


Australian Selection Pty Ltd (Lion - 100%)

The following chart illustrates the composition of the Australian Selection portfolio since inception. The listed investments are shown at market value, the unlisted shown at cost.



African Lion Ltd – AFL (Australian Selection - 19%)



The AFL management team relocated to Harare in Zimbabwe in January 2000.

In early February Red Back announced that the resource inventory at the Chirano Gold Project in Ghana had been increased from 0.7 million ounces to over 1 million ounces (13.46m @ 2.4 g/t).



COMPANY CALENDAR

All shareholders are encouraged to attend the half year presentations to be held in May.

Special extended seminars will be held in Melbourne and Sydney, where the managing director of each investee company will make a 20 minute presentation. At the conclusion of the 10 to 12 presentations Lion's Managing Director Robin Widdup will provide a 30 minute summary of the company's progress and outlook.

Shareholders will be invited to attend the full briefings in Melbourne and Sydney, from 2pm - 6pm. Flexibility will exist to attend all or part of the afternoon or just the 30 minute summary session at 5.30pm. Light refreshments will be served at the conclusion of the seminar to allow shareholders access to the various company presenters.

Presentations will be held in other states and New Zealand on a similar basis to previous shareholder briefings, a 40 minute presentation followed by question time.

Invitations outlining times and venues will be sent to all shareholders in April. The dates of each presentation are listed below - please mark them in your diaries now.

Tuesday 16 May	Melbourne	2:00pm - 6:00pm Summary at 5:30pm
Wednesday 17 May	Sydney	2:00pm - 6:00pm Summary at 5:30pm
Thursday 18 May	Adelaide Brisbane Perth	
Thursday 18 & Friday 19 May	Auckland Wellington Christchurch	

SHAREHOLDER INFORMATION

Issued shares:	100.1 million	Share price at quarter end:	\$0.78
Quarter High:	\$0.85	Quarter Low:	\$0.70
Volume traded:	4.04 million shares		

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