



Quarterly Report for the 3 months ended 31 July 2000

KEY POINTS

Lion has been listed for 3 years. During this time the investment strategy for the company (14 investments made) and the expectations of the resource market (3 years of weakness) have proceeded to plan. Lion is now almost fully invested and ideally positioned to benefit from the slow upward turn for small mining companies that is in progress.

The one exception to plan is the 25% discount of share price to portfolio valuation (NTA), which must and will be addressed.

Lion anticipates strong growth from 6 or more potential new mines and excitement from active drilling in 14 separate projects.

EAGM	North Mara gold resource increased by 0.5m oz to 4.1m oz
CSM	2 new manganese discoveries at Woodie Woodie
Austminex	\$5m new investment by Lion - company plans to reopen Benambra zinc-copper mine in Victoria
Gold exploration	Drilling successes for MPI, Indophil, Spinifex and Gallery which may all lead to significant new resources
Sedimentary	0.4m oz gold resource announced at Cracow: potential mine

Company Progress during the Quarter

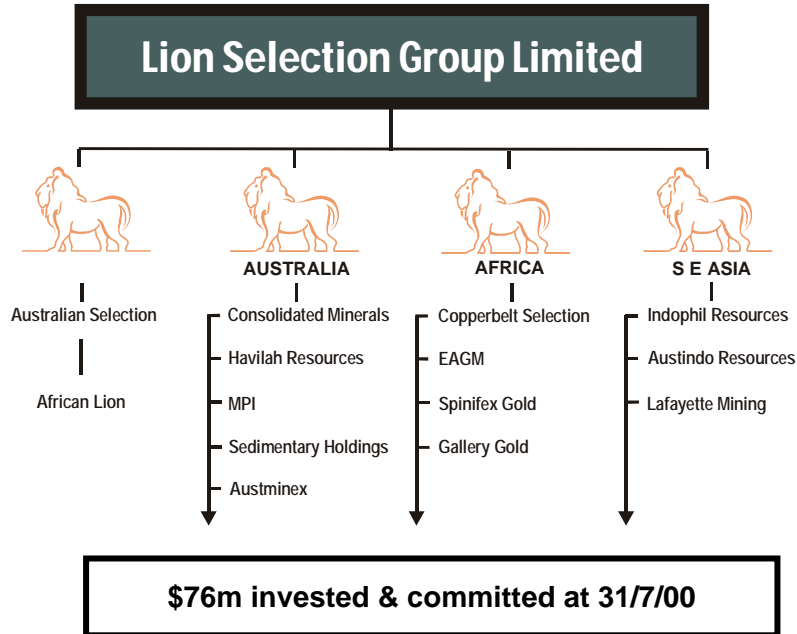
Potential New Mines	Exploration Success	Watch Drilling in Progress at:
Gold		
EAGM - North Mara	EAGM - North Mara	Almost all of Lion's investee companies are currently drilling.
Sedimentary - Cracow	Gallery - Mupane	
Austindo - Cibaliung	Sedimentary - Cracow	
Spinifex - Nyakafuru or Rwamagaza	Spinifex - Nyakafuru or Rwamagaza	
	MPI - Stawell	
	Indophil - Manat	
Metals		
Lafayette - Rapu Rapu	CSM - Woodie Woodie	
Austminex - Benambra		





LION SELECTION GROUP LIMITED

COMPANY STRUCTURE



INVESTMENT SUMMARY TABLE

Investment	Code	LSG Holding %	Investee Capitalisation \$m	Amount Invested \$m	Market Value or Cost of Unlisted \$m
At 31/07/00					
Unlisted Investments					
Copperbelt Selection		32.5%	1.0	0.3	0.3
East African Gold Mines	EAGM	12.7%	112.9	9.8	9.8
Indophil Resources		80.0%	7.8	6.3	6.3
Havilah Resources		61.5%	2.6	1.6	1.6
Mining Project Investors	MPI	16.3%	38.4	6.1	6.1
Listed Investments					
Austindo Resources	ARX	13.9%	13.8	2.0	1.9
Consolidated Minerals	CSM	31.7%	65.5	8.0	22.7
Gallery Gold	GGN	49.2%	10.5	4.6	5.4
Lafayette Mining	LAF	23.2%	26.3	5.5	6.4
Sedimentary Holdings	SED	18.7%	17.1	2.3	3.2
Spinifex Gold	SPX	23.8%	37.9	6.6	9.1
African Lion	AFL	18.5%	17.4	3.1	3.2
Other Investments				8.4	9.5
Total Investments				64.4	85.6
Net Cash					34.4
Totals per Share				97.5c	119.8c
Net Tangible Assets (NTA) after tax					116.4c

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



INVESTMENTS

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

The North Mara Gold Project in Tanzania advanced nearer to a decision to start construction. Earlier feasibility plans to develop a 2 million tonnes per year operation producing 186,000 ounces of gold per year are in the process of being updated.

A drilling program below the planned open pits at Nyabirama and Nyabigena established further ore grade intersections were made. Both deposits remain open at depth and have underground mining potential.

A 0.5 million ounce resource increase was established:

- July 2000: 49.7mt @ 2.6g/t containing 4.1m oz gold
- July 1999: 41.3mt @ 2.7g/t containing 3.55m oz gold

Valuation of this large new project is sensitive to the gold price and this will be a factor in deciding when to begin construction, draw down a project loan and establish forward sales.

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

Consolidated Minerals Limited (Lion - 37%)

Significant early success was achieved from the drill testing of twenty exploration targets during the quarter. Ten holes for 671m were drilled at Anomaly 17 prior to 30 June to define a mineralised area. Based on visual manganese recorded in drill logs, the area extends over 100m and is 60m wide, varying in thickness to 52 metres. It remains open to the west and drilling is continuing.

Drilling at Chutney West also intersected significant manganese mineralisation, which appears to be an extension of the existing Chutney deposit. The mineralisation commences at vertical depths between 34m and 112m, and extends over an area of 120m by 30m and is up to 45m thick. Assay results are awaited. Further exploration activity included a low level, high resolution, airborne magnetic and radiometric survey across the entire Woodie Woodie tenements.

Manganese ore was shipped to markets in Japan, China and the Ukraine, bringing the total tonnage shipped in the year ended 30 June 2000 to 253,607 tonnes. Negotiations with customers are currently in progress for contract tonnes and prices for the 2000/2001 financial year. A new five year contract for annual tonnages to China is being finalised with Noble Resources, in addition to the five year contract already in place with DCM DECOMetal for 90,000 tonnes per annum to Europe.

Mining continued from three pits during the quarter but heavy rainfall continued to disrupt operations in the early part of the quarter. This heavy rainfall and the consequent delayed shipments affected CSM's profit performance for the second half of the year. As a result it is likely that the company will report a small loss for this period.

Woodie Woodie Production - wet tonnes	Qtr ending 30/6/00	Qtr ending 31/3/00
Manganese lump produced	50,640	43,610
Manganese fines produced	6,667	12,991
Manganese product exported	74,488	36,562



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

Drilling continued at the Stawell Mine with the objective of determining the size of the South Fault offset discovered last year. At 30 June, a total of 8 holes had been completed and results continue to be encouraging. Geological continuity and gold mineralisation has been demonstrated over one kilometre of strike and to a vertical depth of 1,400 metres. The offset appears to be of similar scale and similar geological character to the existing Magdala orebody.

Drill results at 30 June from below South Fault included:

5.7m	@	2.33g/t Au	in	MD2167	and
16.2m	@	5.15g/t Au			and
19.0m	@	7.13g/t Au			and
2.9m	@	7.12g/t Au			
4.7m	@	3.94g/t Au	in	MD2264A	and
5.0m	@	2.22g/t Au			
3.0m	@	2.68g/t Au	in	MD2264W1	and
4.3m	@	3.14g/t Au			and
8.3m	@	4.58g/t Au			and
2.4m	@	6.87g/t Au			and
4.3m	@	6.44g/t Au			
2.5m	@	3.30g/t Au	in	MD2264W2	and
6.4m	@	4.33g/t Au			
14.2m	@	4.17g/t Au	in	MD2353W1	and
2.2m	@	10.38g/t Au			
6.2m	@	8.10g/t Au	in	MD2353W3	and
5.3m	@	5.93g/t Au			
4.0m	@	3.74g/t Au	in	MD2482	and
3.3m	@	24.20g/t Au			and
10.3m	@	5.36g/t Au			

Significant additional drilling and effort needs to be undertaken to determine the feasibility and economic potential of the area.

Stawell Mine Production	Qtr ending 30/6/00	1999 (year)
Ore treated (t)	202,797	798,000
Grade (g/t)	4.5	4.37
Recovery (%)	86.7	84.2
Gold produced (oz)	25,648	94,400
Total production cost (A\$/oz)	441	459



Spinifex Gold Limited (Lion - 24%)

Major deep drilling programs commenced at Nyakafuru (90% SPX) and Buckreef/Rwamagaza (80% SPX) during the June quarter. Ashanti Golfields Limited have the right to earn a 55% interest in Buckreef/Rwamagaza and Kitongo projects after sole funding US\$18.5 million in expenditure over 3 years.

At Nyakafuru 34 holes were drilled for 6,750 metres. Better results were:

10m	@	4.37g/t Au	from	215m	in	NPRC254
15m	@	9.60g/t Au	from	171m	in	NPRC256
10m	@	5.44g/t Au	from	201m	in	NPRC257
9m	@	11.75g/t Au	from	178m	in	NPRC262
8m	@	9.66g/t Au	from	298m	in	NPRCD264

The drilling program aims to extend the two main zones at 2 East and 2 West at depth as well as test and extend other neighbouring anomalies, including Reef 6. Spinifex aims to increase the resource base at Nyakafuru from 500,000 oz to 750,000 oz during the September quarter.

A program of deep drilling to over 500 metres was initiated at Buckreef. Two holes have intersected the mineralised zone and two earlier holes are being deepened following reinterpretation of the dip of the orebody, to also intersect the orebody at depth. Results are pending. Mineralisation in the deeper holes would indicate a large possible increase to the 390,000 oz resource at Buckreef, as the current resource is estimated to an average depth of 150 metres. Elsewhere in the Rwamagaza area, a comprehensive soil sampling program has been completed. Ashanti are currently carrying out RAB, RC and diamond drilling programs throughout the whole licence.

A new drill program has been scheduled to commence at Kitongo in the September quarter.

Sedimentary Holdings NL (Lion - 19%)

During the quarter a resource estimate for Royal Shoot at Cracow was announced, where Sedimentary (30%) is in joint venture with Newcrest (70%). Newcrest estimated an Inferred Resource of 390,000 ounces of gold contained in 1.1 million tonnes @ 11g/t Au and 9.5g/t Ag, based on results from 93 core holes and 7 RC percussion holes. A resource estimate is yet to be completed on mineralisation located beneath the old Klondyke workings.

Two mining lease applications have been submitted covering the area from the existing plant site and infrastructure, over the Royal Shoot and Klondyke workings and northwest to surround the existing Roses Pride mining lease. Preparation for a prefeasibility study has identified a preferred decline portal site and indicated that Sedimentary's existing process plant can be considered for refurbishment to treat Royal Shoot style mineralisation.

Six cored holes were drilled at Klondyke North and significant results included:

4.2m	@	5.7g/t Au	from	253m	downhole in	KDD154	and
6.2m	@	2.2g/t Au	from	265m	downhole		
5.5m	@	12g/t Au	from	284m	downhole in	KDD157	
5.4m	@	4.1g/t Au	from	412m	downhole in	KDD158	



Further encouraging results were received from seven holes drilled at Roses Pride during the quarter, confirming the multiple lode character of the prospect. Significant results included:

1m @	5.5g/t Au	from	15m	downhole in	CRD27	and
2m @	5g/t Au	from	66m	downhole		
1m @	10g/t Au	from	249m	downhole in	CRD30	

These results indicate a previously unrecognised 300 metre northward extension of the Roses Pride epithermal vein system.

Subsequent to the end of the quarter, Lion announced that it had agreed to participate in a capital raising by Sedimentary. A placement of 5.5 million shares at 11 cents has been made equally to Lion and Macquarie Bank Limited, to be followed by a non renounceable rights issue of 11 cents on a 1:5 basis which will raise a further \$3.1 million. The issue will be fully underwritten by Lion and part sub-underwritten by Macquarie. Sedimentary will use the \$3.7 million raised to fund its participation in the next exploration program at Cracow and ongoing economic studies.

Lion will subscribe a minimum of \$0.9 million and up to \$2.1 million which will increase Lion's shareholding to between 20% and 26%.

Gallery Gold Limited (Lion - 49%)

Exploration during the quarter focused on Gallery's wholly owned Mupane Prospect in the Tati Greenstone Belt in Botswana. Second pass drilling intersected significant gold mineralisation and deeper holes in Area 1 confirmed that the mineralisation extends strongly to depth. Better intersections included:

	24m @	3.2g/t Au	in	MUPD 25
	67m @	4.4g/t Au	in	MUPC 62
incl	10m @	12.1g/t Au		
	55m @	4.3g/t Au	in	MUPC 63
incl	9m @	12.8g/t Au		

Since February, 56 RC percussion and 3 diamond drill holes have been completed at Mupane. The drilling has confirmed that the gold mineralisation in Area 1 forms a robust shoot with open pit potential. In adjacent Areas 2 and 3, semi-continuous gold mineralisation has been defined over a strike length of 1,300 metres. Gallery is planning a follow-up drilling program and is confident that a significant gold resource will ultimately be defined.

Elsewhere in the Botswana Gold Project, highly encouraging trench results were obtained on the Molomolo and Matopi Prospects. At Molomolo trenching confirmed gold mineralisation extending over 1,900 metres with a best intersection of 34m @ 2.2 g/t gold. At Matopi trenching has outlined a +0.1 g/t bedrock gold anomaly extending over a 500m long and 80-200m wide area. Both areas will soon be ready for drill testing.

During the quarter, Gallery acquired the Tekwane Property, formerly owned by Falconbridge Limited, at no cost. The property covers the eastern half of the same intrusive body that hosts the operating Selkirk nickel mine, and includes the Tekwane nickel prospect and a significant 2.8 km long gravity anomaly that has never been drill tested. Gallery is currently reprocessing the Falconbridge gravity data and fieldwork is expected to commence shortly.



Lafayette Mining Limited (Lion - 23%)

During the quarter a program of 1,992m of diamond drilling was successfully completed at the Rapu Rapu polymetallic project in the Philippines. The program extracted approximately 20 tonnes of core for metallurgical testwork in Perth, completed a geochemical and hydrogeological assessment of the proposed mine site and closed off extensions to the orebody identified from previous drilling.

Shallow exploration drilling to the east of the resource produced very encouraging near surface high grade gold and silver results. The strike length of the resource was extended by 50 metres and is still open to the east. The high grade and anticipated good metallurgical recoveries make this near surface occurrence an attractive exploration target. Further shallow drilling is planned to follow up the intercepts:

7m	@	32.6g/t Au, 0.16% Cu, 0.01% Zn, 77g/t Ag	from	11m	in	UMD-57
10m	@	4.75g/t Au, 0.04% Cu, 0.01% Zn, 73.1g/t Ag	from	0m	in	UMD-58

Austindo Resources Corporation NL (Lion - 14%)

Diamond drilling continued at the Cibaliung Project to confirm the vein geometry and grade within the Cikoneng Shoot and to probe for extensions to both the Cikoneng and Cibitung Shoots. A resource of 312,000 oz gold has already been announced by the company.

Seven holes have now been drilled for an aggregate of 1,760 metres with encouraging results. The results of the latest drilling included:

Cikoneng

7.4m	@	6.7g/t Au, 43g/t Ag	from	231m	in	AC-4 and
2.1m	@	34.0g/t Au, 228g/t Ag	from	252m		
5.9m	@	1.6g/t Au, 18g/t Ag	from	200m	in	AC-5

Cibitung

0.9m	@	19.1g/t Au, 133g/t Ag	from	122m	in	AC-6 and
3.1m	@	6.35g/t Au, 42g/t Ag	from	130m		

Holes AC-4 and AC-5 were drilled to test for extensions of the Cikoneng Shoot at depth. AC-4 confirmed the northerly down-plunge extension of the mineralised system and AC-5 demonstrated that the vein system continues at depth although the gold grades diminished in this hole.

Two scout holes, AC-6 and AC-7, into the Cibitung Shoot intersected vein and stockwork material on the northern upper edge of the projected shoot position. Hole AC-6 is mineralised but Hole AC-7 showed no significant mineralisation. Hole AC-8 is currently being drilled on the southern lower edge of the projected shoot position. Drilling is now underway to test the potential at depth. A second drill rig is scheduled to commence in the third quarter.



Indophil Resources NL (Lion – 80%)

The drilling program at Manat in the Philippines was successfully completed during the quarter. Results from this drilling indicate that the main mineralised zone at Magas has been extended 500 metres along strike to approximately 1 km. Field reconnaissance suggests a potential strike length in excess of 3 km and vertical extent in excess of 250 metres. Better downhole intersections from the program included:

	15m @	3.54g/t Au, 66.2g/t Ag, 0.13% Cu, 1.51% Pb, 3.01% Zn	from	76m	in	MNTD16
	30m @	2.6g/t Au, 31.69g/t Ag	from	38m	in	MNTD18
incl	10m @	5.4g/t Au, 13.6g/t Ag	from	55m		
	1m @	9.4g/t Au, 73.2g/t Ag	from	25m	in	MNTD19
	16m @	2.75g/t Au, 53.2g/t Ag, 1.74% Pb, 2.85%Zn	from	117m	in	MNTD21

An Induced Polarisation geophysical survey is scheduled for later in the year to further define the strike extent of the vein system and associated mineralisation.

During the quarter, Indophil also commenced preparatory work for a possible public float and ASX listing.

Austminex NL

Subsequent to the end of the quarter, Lion announced that it had agreed to invest \$5 million in Austminex NL.

Austminex has an option over the tenements and assets of the Benambra zinc-copper mine in north east Victoria. Benambra's mineral assets include the Wilga deposit with decline access and underground development, the undeveloped Currawong deposit and a nominal 300,000 tpa ore treatment plant and associated facilities. Austminex intends to complete a reopening study by February 2001, with the objective of recommencing operations in late 2001.

Lion has invested \$2.5 million in a convertible note to be converted to ordinary shares once recommissioning of the Benambra operation commences. The second \$2.5 million will be invested as part of the prospectus offering of 40 million shares raising \$8 million. It is intended that the shares will commence trading on the ASX on 14 September.

Copperbelt Selection NL (Lion – 32%)

Drilling was completed at the Lubanda copper prospect in Zambia with no significant results.

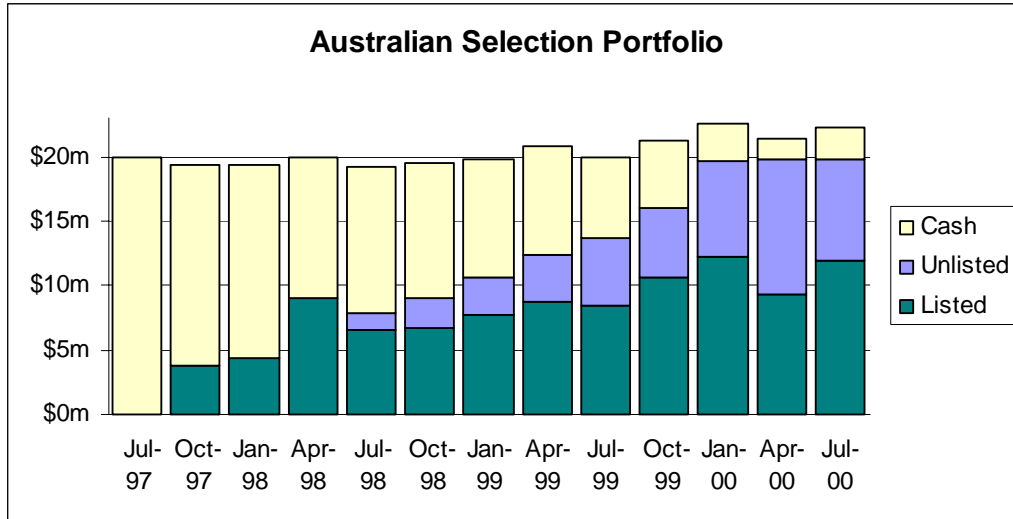
Havilah Resources NL (Lion – 58%)

Havilah determined not to proceed with development of the Fones Project during the quarter, owing to the marginal economics of the project.

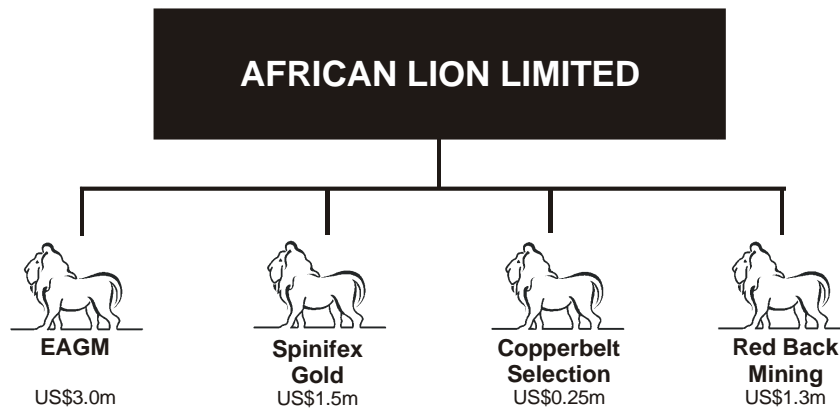


Australian Selection Pty Ltd (Lion - 100%)

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%)



African Lion will relocate its office from Harare to Johannesburg in the next quarter. Ian McAleese has resigned from the management team.

SHAREHOLDER INFORMATION

Issued shares:	100.1 million	Share price at quarter end:	\$0.85
Quarter High:	\$0.88	Quarter Low:	\$0.70
Volume traded:	8.5 million shares		



COMPANY CALENDAR

Investment Briefings

The half-yearly Investment Briefings will be held again in November. Dates and venues are:

DATE	CITY	VENUE	TIME	PRESENTER
Wednesday 8 November	Melbourne	ASX Theatrette 530 Collins Street	5.30pm	Robin Widdup
Thursday 9 November	Adelaide	Adelaide Room 3 Radisson Playford Adelaide 120 North Terrace	5.30pm	Howard Walker
	Brisbane	The River Room Stamford Plaza Brisbane (formerly Heritage Hotel) cnr Edward & Margaret Streets	5.30pm	Chris Melloy
	Perth	The Boardroom Novotel Langley Perth 221 Adelaide Terrace	6.00pm	Robin Widdup
Monday 13 November	Sydney	Qantas Theatrette Ground Floor 9 Lang Street	5.30pm	Kevin Robinson
	Christchurch	J B Were & Son (NZ) Limited Level 1 141 Cambridge Terrace	10.30am	Howard Walker
	Wellington	J B Were & Son (NZ) Limited Level 8, BNZ Centre 1 Willis Street	5.30pm	Howard Walker
Tuesday 14 November	Auckland	J B Were & Son (NZ) Limited Level 21 Coopers & Lybrand Tower 23-29 Albert Street	5.30pm	Howard Walker

Annual General Meeting

Lion's Annual General Meeting will be held in Melbourne on Tuesday 19 December. The meeting will commence at 10am in the ASX Theatrette, 530 Collins Street.

Further enquiries:
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