



Quarterly Report for the 3 months ended 31 October 2004

KEY POINTS

- Mining Sector**
 - Metal prices and mining equities have strengthened over the quarter greatly benefiting Lion
 - The sector outlook for 2005 is positive while China keeps growing and commodity prices remain strong
- MPI Mines**
 - Takeover announced by LionOre could deliver around \$30 million profit to Lion
 - De-merger of Leviathan Resources
- Gallery**
 - First gold pour at Mupane mine in Botswana
 - Feasibility study to commence on new 120,000 – 180,000 ounce per annum gold mine at Buckreef in Tanzania
- Indophil**
 - Another high grade copper zone discovered at Tampakan
- New investments**
 - View: Restart Bronzewing, 110,000 – 130,000 ounce per annum gold mine along with existing Kambalda nickel production
 - De Grey: Potential gold mine at Wingina Well, Western Australia

INVESTMENT SUMMARY TABLE

Investment	ASX Code	Country/Activity	LSG Holding %	Amount Invested \$m	Market Value or Cost of Unlisted* \$m
At 29/10/04					
Unlisted Investments					
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
Listed Investments					
Allegiance Mining	AGM	Australia – nickel	8.0	3.6	2.6
Austindo Resources	ARX	Indonesia/Aust – gold	12.6	4.0	3.4
De Grey Mining	DEG	Australia – gold	6.0	2.0**	2.5
Exco Resources	EXS	Australia – copper/gold	9.9	2.8	2.3
Gallery Gold	GGN	Botswana/Tanzania – gold	25.2	21.7	45.5
Havilah Resources	HAV	Australia - gold/base metals	23.0	2.4	8.3
Indophil Resources	IRN	Philippines - copper/gold	31.3	11.5	18.7
Lafayette Mining	LAF	Philippines - gold/base metals	22.4	10.0	15.4
MPI Mines	MPM	Australia – gold/nickel	13.6	9.5	44.4
Sedimentary Holdings	SED	Australia – gold	26.5	8.1	17.7
View Resources	VRE	Australia – gold/nickel	7.6	2.5**	3.8
Westonia Mines	WEZ	Australia – gold	36.6	5.0	11.6
Total Investments				83.2	176.4
Net Cash					26.3
Total Net Assets					202.7
Net Asset Value (NAV) before tax (cents per share)					202.5
Net Asset Value (NAV) after tax (cents per share)					188.5

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

** Approved by shareholders of each company subsequent to the end of the quarter.

**INVESTEE UPDATE****MPI MINES LIMITED – AUSTRALIA/GOLD & NICKEL (LION – 13.6%)**

	Sept Qtr 2004	June Qtr 2004
Black Swan Nickel Mine Production (MPI – 80%)		
Nickel shipped (tonnes)	3,050	1,874
Total unit cost (A\$/lb Ni shipped)	5.24	5.21
Stawell Mine Production (MPI – 100%)		
Gold production (ounces)	27,806	23,034
Total production cost (A\$/oz)	561	548
Coolgardie Gold Joint Venture (MPI- 50%)		
Gold production (ounces)	15,765	15,215
Total production cost (A\$/oz)	746	758

Corporate

MPI announced on 18 October a major corporate restructuring involving the de-merger of its gold business and a friendly takeover by LionOre Mining International Limited (LionOre) of MPI. Leviathan Resources Limited (Leviathan) will be the re-named gold business of MPI and will pursue a raising of \$24 – 30 million. The de-merger was approved at an MPI shareholder meeting on 18 November 2004. The Leviathan listing is planned for December 2004.

The LionOre takeover offer for MPI comprises \$1.00 cash and 0.1675 LionOre shares per ordinary MPI share. Based on LionOre's share prices over the three days to 14 October 2004, the takeover offer values each MPI share at \$2.20. Including the LionOre takeover offer and the entitlement of shares in the de-merger of Leviathan, the restructure delivers total value to MPI shareholders of \$2.48 per ordinary MPI share.

Lion has signed a Pre-Bid Acceptance Agreement with LionOre over 8 million of its 17.55 million shares in MPI. MPI's Chairman and Merrill Lynch Investment Managers have also entered into a Pre-Bid Acceptance Agreement. If Lion accepted the offer at terms proposed, Lion's MPI investment, which cost \$9.5 million, is valued at \$43.2 million, including its entitlement to shares in Leviathan.

Nickel

Nickel production returned to normal following the repair and return to service of the main ventilation fans at the Black Swan nickel mine in June. Stopping operations were focused in wider areas of the orebody which enabled higher grades to be achieved.

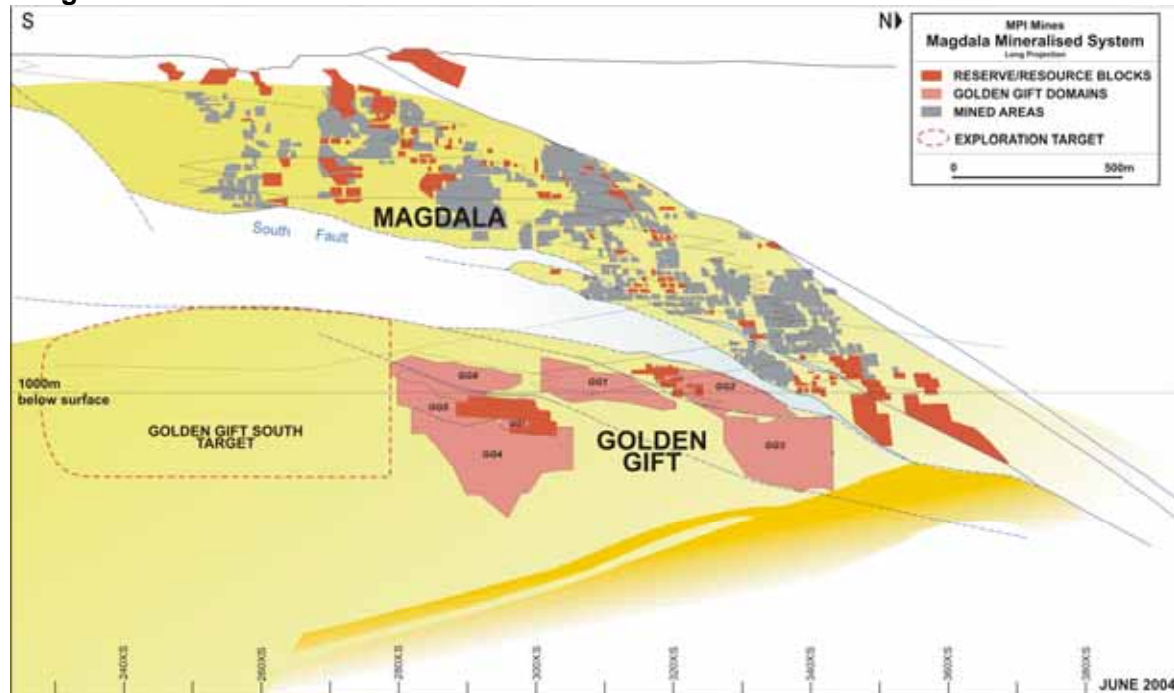
Gold

At the Stawell Gold Mine, the turnaround plan which commenced in April 2004 remains on track. The major components of this plan are the development and mining of the higher grade Golden Gift orebody. Production is forecast to increase from 100,000 ounces gold per annum to a sustainable 130,000 ounces per annum until 2009, at a unit cost of A\$350 per ounce over the



project life. Higher grades and ore production were achieved at Stawell as more ore was derived from the Golden Gift area.

Long Section of Stawell



Exploration at Stawell was targeted at conversion of resource to reserve rather than increasing the overall resource base. There were 126 diamond drill holes for 13,949 metres completed in the quarter.

Drilling at the Golden Gift orebody produced some exceptional results. MPI reported 80 intersections with widths ranging from 5 to 30 metres and grades between 4 and 30 g/t including:

MD4137	22.5 metres	@	20.2 g/t
MD4145	39.0 metres	@	11.6 g/t
MD4150	7.6 metres	@	29.9 g.t
MD4151	28.8 metres	@	12.0 g/t

The corridors to the north and south of Stawell have been identified as hosts to repetitions of the Stawell style of mineralisation. At Wildwood, preliminary resource estimation continued, whilst further target generation progressed at Kewell. Drilling at Stawell South produced the first recorded intercepts of gold mineralisation under basalt cover in the area. Further aircore drilling is planned for 2005.

Operations at the Coolgardie Gold Mine in Western Australia (managed and 50% owned by MPI) are expected to continue until reserves are depleted in the second quarter of 2005. MPI and Herald Resources, the joint venture partners, have announced their intention to sell their respective interests.

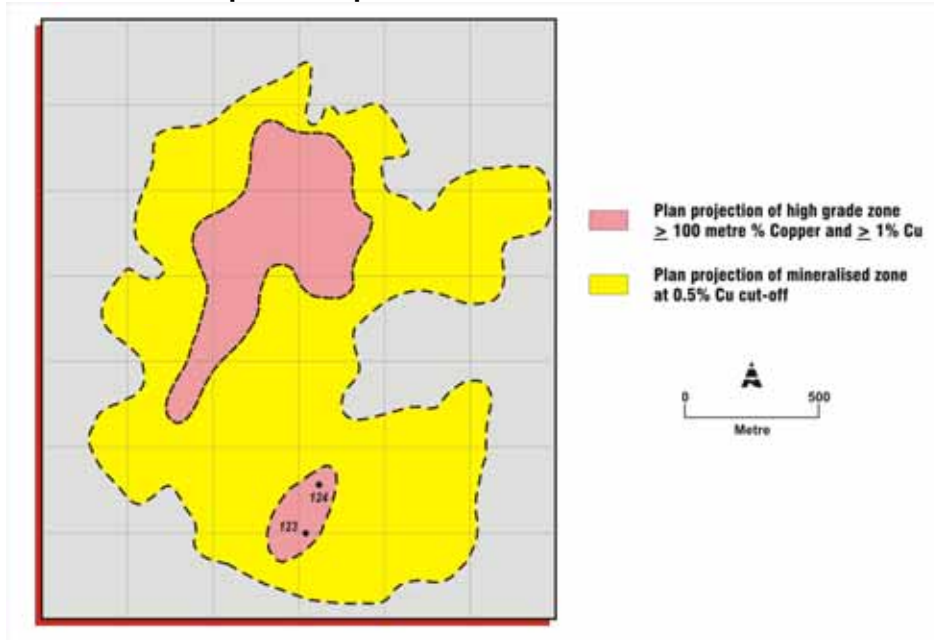
INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (LION – 31.3%)

In late November, Indophil announced a discovery of a new high copper/low arsenic zone at the southern end of the Tampakan deposit in the Philippines. The best holes were:



TMPD 123	288 metres	@	1.0% Cu	0.6 ppm Au	47 ppm As
TMPD 124	265 metres	@	1.4% Cu	0.6 ppm Au	93 ppm As

Outline of Tampakan Deposit



In Lion's view, the Tampakan Deposit is one of the best undeveloped copper-gold projects in the world today. Two key obstacles block accelerated feasibility and development – the first is the constitutionality of the Financial and Technical Assistance Agreement (FTAA) of the Tampakan project which must be resolved by the Supreme Court. The second is the uncertainty surrounding the timing of Xstrata's option to acquire 62.5% of the project.

The Supreme Court is expected to rule on the Motion for Reconsideration regarding the validity of the FTAA in late 2004. The administration of President Macapagal-Arroyo and the Congress are both strongly supporting the Motion for Reconsideration put forward by the Philippine Government, the Philippine Chamber of Mines and Indophil.

During this quarter, resource definition and infill drilling was completed ahead of schedule, and results are expected to enhance the JORC resource estimate. As part of the Scoping Study, various options for mining were reviewed. Indophil reported that a large open pit mine is the preferred development route with further studies set to determine the optimum mining rate and detailed costing. Metallurgical testwork has shown positive results with selective flotation having potential to reduce arsenic in concentrates.

GALLERY GOLD LIMITED – BOTSWANA & TANZANIA/GOLD (LION – 25.2%)

Gallery reported that the first stage of construction of the Mupane Gold Mine in Botswana was essentially complete with the commissioning of the CIL plant and **first gold production on 12 November 2004**. Mining has continued at Mupane with approximately 330,000 tonnes of ore containing 27,500 ounces of gold at an estimated grade of 2.6 g/t, stockpiled by the end of the quarter. Grade control drilling is demonstrating a strong correlation with the initial resource model.



LION SELECTION GROUP LIMITED

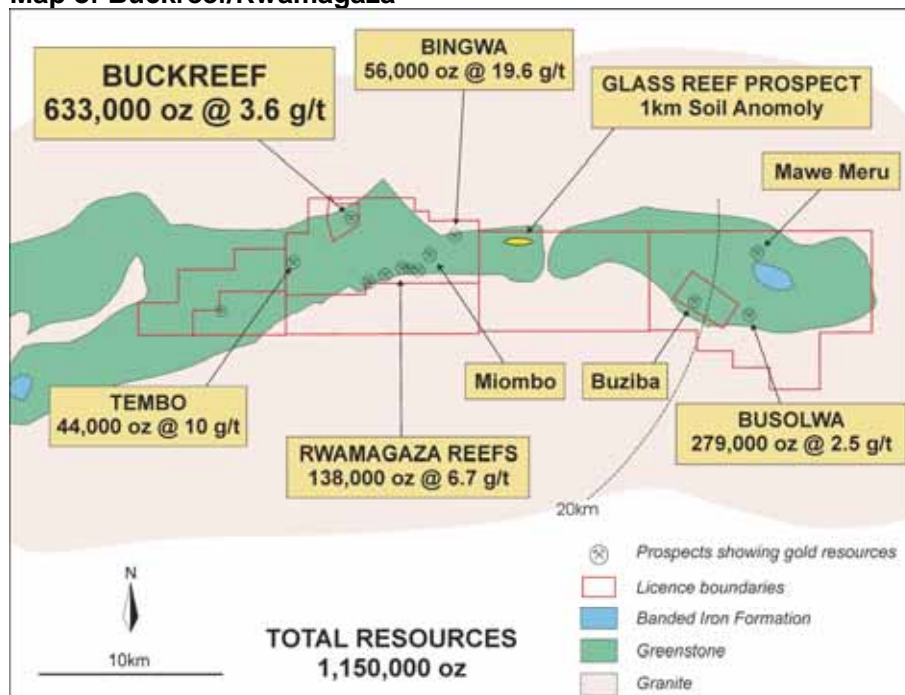
In Botswana, exploration on Tati focussed on defining additional satellite deposits within a 30 kilometre radius, trucking distance, of the Mupane plant. Drilling is complete at the Golden Eagle – Kite prospect and a resource is in the process of being calculated for the Kite deposit. At Map Nora, trench results from the Gap area include **4.8 metres at 18.8 g/t Au**, giving encouragement for open pit potential. A detailed scoping study is in progress evaluating the condition of the shaft and assessing the grade continuity and shoot geometry for underground stoping. The scoping study is estimated to be completed in around 6 months time.

In Tanzania, Gallery reported the results from a scoping study undertaken by RSG Global that indicated a mine could be developed at Buckreef, based on existing resources of 1.1 million ounces in the Buckreef/Rwamagaza area, and assumed production rates of 120,000 – 180,000 ounces per annum. Current drilling work will support a detailed feasibility study expected to begin before the end of the year. It will consider conceptual plans for a central processing plant, two open pits, one underground mine and several high grade satellites. Assuming a positive result, construction could begin in 2005 with production by the end of 2006 or early 2007.

Over the quarter, Gallery reported multiple exploration successes at Bingwa, Buckreef, Buckreef North and Busolwa in Tanzania.

- High grade intersections near surface were recorded at Bingwa with **21 metres at 144.5 g/t Au** including **3 metres at 943.7 g/t Au**. This high grade zone extends for approximately 100 metre strike and has potential to increase the resources at Bingwa.
- New results at Buckreef deeps include **30.5 metres at 3.9 g/t Au** including **15 metres at 6.0 g/t Au**; and **26.5 metres at 3.6 g/t Au** including **14 metres at 5.0 g/t Au**. Infill drilling should be completed by November 2004 with an updated resource calculation for the entire Buckreef system before the end of December 2004.
- Encouraging results near surface were reported from the initial infill program at Busolwa with **49 metres at 4.5 g/t Au** including **24 metres at 8.1 g/t Au** and **21 metres at 3.2 g/t Au**.

Map of Buckreef/Rwamagaza



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Gallery reported cash balances at the end of September amounted to \$A9.4 million. As at 30 September 2004, the Mupane project capital costs remain on track with an estimated completion cost of US\$28.6 million against the original estimate of US\$28.4 million.

Subsequent to the end of the quarter, Gallery announced a placement of 64.5 million fully paid ordinary shares at 42.5 cents, raising \$27.4 million, to institutional and sophisticated investors in Australia, Canada, the United States and Europe.

LAFAYETTE MINING LIMITED - PHILIPPINES/GOLD & BASE METALS (LION – 22.4%)

Construction of Rapu Rapu processing facilities and mine infrastructure is now well advanced with first gold expected to be poured in April 2005, with base metal production some five months later. Rapu Rapu is the first foreign funded new mine to start in the Philippines since 1968.

Lafayette reported in September that the Rapu Rapu project had received US\$4 million from LG International (LGI) and KORES, the investment arm of the Korean Government. This contribution took their total project investment to US\$10 million and completed their agreed equity and debt funding commitment to the project. They now hold a 26% interest in the project.

Towards the end of the quarter, Lafayette mobilised a drilling rig to the Rapu Rapu project site in preparation for the start of an exploration program to extend the resource.

The appointment of Mr Alan Thompson as Lafayette's General Manager – Operations was made in September 2004. Mr Thompson is a metallurgist by profession and has over 20 years Australian and overseas experience in general management and project development in brownfields and greenfields operations.

SEDIMENTARY HOLDINGS LIMITED - QUEENSLAND/GOLD (LION – 26.5%)

Subsequent to the end of the quarter, Sedimentary announced the commencement of gold production at the Cracow Gold Mine (30% owned) in Queensland, with first gold being poured on 24 November 2004. The current development plan for Cracow envisages an initial production of 680,000 ounces of gold over a seven year life for the joint venture. Sedimentary's share of production is expected to be up to 35,000 ounces per annum at estimated cash operating costs of \$220 per ounce and total production costs of \$360 per ounce over the life of the mine.

The Royal decline at Cracow advanced to 1376 metres from the portal including additional level accesses to be turned out and also 95 metres of the access decline to Crown Shoot to be commenced. Development in ore commenced with 3760 tonnes at 12.3 g/t and 4160 tonnes of low grade at 2.1 g/t stockpiled and available for commissioning by the end of the quarter.

Underground diamond drilling and ore development have broadly confirmed the resource model from surface drilling. Both an upgrade of the resource categorisation and also initial reserve estimates are expected in early 2005. During September, two holes were completed into the Sterling structure and holes planned for Empire and Sovereign, seeking further high-grade gold mineralisation.

Capital expenditure to first production is expected to be slightly less than original estimates mainly due to timing differences.



During the quarter, Sedimentary's 4.2 million shares in Southern Cross Resources Inc were sold on market at C\$1.22 per share. Net proceeds from the sale amounted to A\$5.5 million increasing the company's cash position to \$11 million at the end of the quarter.

Subsequent to quarter end, Sedimentary announced an off-market offer of two fully paid ordinary Sedimentary shares for every nine fully paid ordinary shares in NuStar Mining Corporation Limited (NuStar). NuStar is currently developing an 80,000 ounce per annum Paulsen gold mine and has an extensive land holding position in the Ashburton region of Western Australia. The combination of Sedimentary's interest in the Cracow Gold Mine in Queensland and NuStar's Paulsens project would see the emergence of a substantial gold producer and explorer should the takeover be successful. Sedimentary announced its offer holding a 4.2% interest in NuStar. The offer's main conditions are the acquisition of a minimum 50.1% interest and the acquisition by NuStar of the Paulsen's royalty from their major shareholder, St Barbara, which requires approval by each of those companies at their respective AGMs.

HAVILAH RESOURCES NL - SOUTH AUSTRALIA/GOLD & BASE METALS (LION – 23.0%)

Exploration activities during the quarter continued to focus on Havilah's Curnamona Craton properties, with encouraging results from two separate prospects, Kalkaroo and North Portia, which are 40 kilometres apart, both delivering promising wide intersections of copper, gold and molybdenum.

At the Kalkaroo copper-gold prospect, the following results were reported:

KKRC006	78 metres	@	0.90% Cu	0.61 g/t Au	
KKRC014	39 metres	@	0.97 % Cu	1.3 g/t Au	
KKRC016	78 metres	@	0.81 % Cu	0.77 g/t Au	
KKRC018	52 metres	@	0.80 % Cu	0.85 g/t Au	570 ppm Mo
KKRC021	57 metres	@	1.00% Cu	0.32 g/t Au	
	and 21 metres	@	407 ppm Mo		
KKRC022	42 metres	@	1.37% Cu	1.66 g/t Au	166 ppm Mo
KKRC023	45 metres	@	0.70% Cu	0.50 g/t Au	
	and 30 metres	@	500 Mo ppm		
KKRC024	30 metres	@	1.42% Cu	1.1 g/t Au	
	within 42 metres	@	1.11% Cu		
	incl 48 metres	@	1.0 g/t Au		

On 25 November 2004, Havilah announced that drilling at the south-western end of Kalkaroo returned the best intersection of 36 metres of 3.13% copper and 0.98 g/t gold. The company has stated that strong copper, gold and molybdenum mineralisation has now been demonstrated on 14 drill section lines over a total length of 1400 metres, and that these results confirm a major polymetallic discovery. The mineralisation remains open along strike at both ends and down dip, and drilling is continuing in order to define the limits.

At the North Portia prospect, Havilah reported further copper, gold and molybdenum drill hole intersections including 36 metres of 0.82% copper and 1.0 g/t gold from within a 96 metre intercept that averaged 0.52% copper and 0.59 g/t gold, both intercepts being from 90 metres.



L I O N S E L E C T I O N G R O U P L I M I T E D

At the Portia prospect, additional drill holes were completed along with re-drilling earlier holes providing several gold intersections including 18 metres @ 4.3 g/t. These results will be followed up in future deeper drill programs.

Havilah announced that it had formed a new 100% owned subsidiary, Curnamona Energy Pty Ltd, that will hold Havilah's tertiary uranium exploration interests in its Curnamona Craton tenements. A prospectus will be prepared for an IPO during the first part of 2005, subject to market conditions and due diligence. It is anticipated that this may involve an entitlements issue to shareholders, with Havilah retaining a majority interest in the listed entity.

ALLEGIANCE MINING NL – TASMANIA/NICKEL (LION – 8.0%)

Further progress has been made at the Avebury Nickel Project in Tasmania. At the end of October, the Viking Decline had advanced to 800 metres and is currently progressing at a rate of 40 – 45 metres per week. At this rate, the decline should be completed by the end of December.

Subsequent to the end of the quarter, drill testing for western extensions for the Viking resource has identified mineralisation 130 metres west of the existing resource boundary.

North Viking

AO47	7 metres	@	0.9% Ni
AO48	1 metre	@	5.4% Ni
AO50	11 metres	@	1.6% Ni

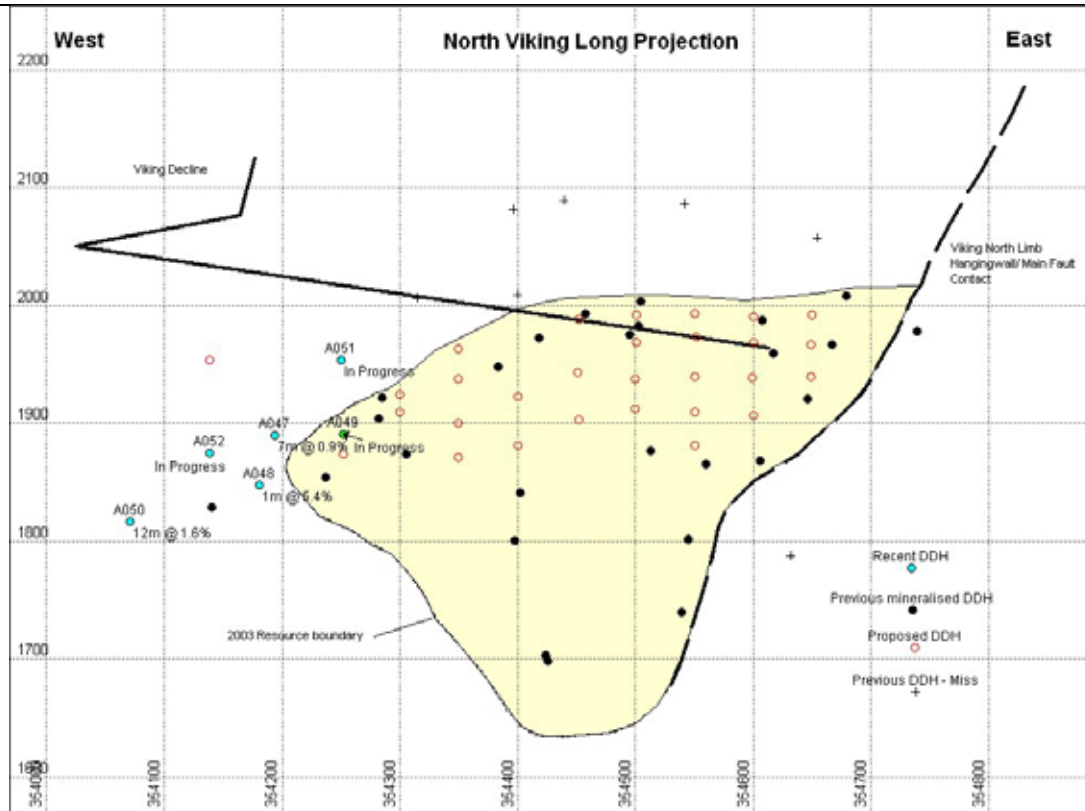
South Viking

AO47	18 metres	@	0.8% Ni
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A total program of 10,000 metres of in-fill core drilling is planned and scheduled for completion in February – March 2005. Technical information gathered from both the Viking Decline and this drilling program will form the basis for the definitive feasibility study on the full scale development of Avebury, which is likely to be completed by mid 2005.

Allegiance has identified several prospects on its western Tasmania tenements with prospective additional nickel sulphide resources which could supplement an operation developed at Avebury. Exploration programs are currently being designed to further test these areas during 2005.

Subsequent to end of the quarter, Allegiance announced a \$1.5 million placement at an issue price of 11 cents to Lion which increased Lion's interest in Allegiance to 12.3%. A 1 for 10 Rights issue at 10 cents per share to raise a further \$2.8 million, underwritten by Lion, was subsequently announced.



VIEW RESOURCES – WESTERN AUSTRALIA/GOLD & NICKEL (LION – 7.6%)

On 1 October 2004, Lion announced its investment of \$2.5 million in emerging gold and nickel resource company, View Resources Limited (View), based in Western Australia.

View is a nickel producer through two adjacent underground operations (Carnilya Hill and Zone 29) near Kambalda, both having considerable exploration potential. Both operations were acquired from WMC Resources in 2003 and all ore is toll treated through WMC's local processing facilities.

View reported a record production quarter (July-September) for its nickel operations with 11,259 tonnes of 2.6% nickel ore being mined. A total of 276 tonnes of nickel was produced. Underground diamond drilling was conducted in June and July 2004 targeting the western extension of the Carnilya deposit and surface exploratory drilling continues.

View was able to report a reserve for the first time for the Zone 29 deposit with 78,113 tonnes at 3.13% nickel within a total Kambalda resource of 496 thousand tonnes at 2.43% nickel. Inferred resources remain outside the Zone 29 reserve and will be the target of delineation drilling in coming months. The nearby Dunlop nickel deposit will be the subject of exploration drilling and feasibility work in the coming months.

In addition, after acquisition of the Bronzewing Gold Mine from Newmont Australia in mid-2004, the company is undertaking a bankable feasibility study, aimed at reopening the mine by mid 2005, at a rate of 110,000-130,000 ounces per annum. Metallurgical consultants have been commissioned to review the processing plant. A major exploration push is planned for the Bronzewing area in 2005.

The revised resources at Bronzewing have been estimated from geological resource models inherited from Newmont Australia which have been reviewed and re-validated as follows:



Bronzewing Gold Resources 11.46 Mt 1.87 g/t 689,000 oz

DE GREY MINING LIMITED – WESTERN AUSTRALIA/GOLD (LION – 6.0%)

During the month of October, Lion announced its initial investment of \$2 million for 5 million shares at 40 cents per share in the emerging resource company De Grey Mining Ltd (De Grey) based in Western Australia. Lion was also issued 5 million options exercisable at 50 cents by July 2005.

De Grey has made new discoveries in the Indee Region, 60km south of Port Hedland in Western Australia. A significant resource base is being built focussing on gold prospects at Wingina Well, Turner River, Mt Berghaus and Brierley.

During the quarter, De Grey announced a preliminary JORC compliant resource estimate of 203,300 ounces at 1.8 g/t gold at Wingina Well on the 40 kilometre long Turner River Gold Belt. A program of drilling to define the resource was undertaken at Wingina Well from 2003-2004 with very encouraging results including:

48 metres	@	4.37 g/t Au	from	130 metres
44 metres	@	4.25 g/t Au	from	8 metres
51 metres	@	2.67 g/t Au	from	20 metres
1 metre	@	341 g/t Au	from	127 metres
13 metres	@	7.97 g/t Au	from	62 metres
4 metres	@	27.4 g/t Au	from	24 metres

Metallurgical samples from large diameter drill cores have been collected and testwork is in progress.

At the company's Mt Berghaus prospect, located 10 kilometres west of Wingina Well but in a different geological setting on the Mallina Shear, further high grade gold intercepts have been reported. RC drilling is currently targeting strike extensions to the east of Mt Berghaus and results to date are very encouraging.

Best results from 2003 – 2004 are as follows:

16 metres	@	6.7 g/t Au	from	12 metres
7 metres	@	4.04 g/t Au	from	51 metres
5 metres	@	5.52 g/t Au	from	60 metres
4 metres	@	15.44 g/t Au	from	28 metres
3 metres	@	12.2 g/t Au	from	33 metres

At De Grey's Brierly prospect, 3 kilometres north of Wingina Well, a new high grade gold discovery was made with 4 metres at 25.74 g/t gold from 14 metres.

De Grey, with its joint venture partner Impala Platinum (Implats) in the Three Kings Platinum Joint Venture (also in the Pilbara), are commencing a major drilling program. Implats are spending \$400,000 to earn a 43% interest.

**AUSTINDO RESOURCES CORPORATION NL – INDONESIA & VICTORIA/GOLD
(LION – 12.6%)**

During the quarter, Austindo announced that the completed Bankable Feasibility Study (BFS) on the Cibaliung gold project in Indonesia has been accepted by Austindo and its partner in Cibaliung, Pt AnTam Tbk (Antam). Key findings of the BFS are:

- a mine life of six years;
- capital expenditure of approximately US\$34 million;
- production rate of 220,000 tonnes per annum;
- Mineable Reserves and Resources of 467,000 equivalent ounces of gold;
- annual production of approximately 70,000 ounces gold equivalent; and
- life of mine average cash operating costs less than US\$200 per ounce.

Pre-engineering work for the construction of the project has commenced. Subject to financing and regulatory approvals being completed, construction could start in the first half of 2005 with first gold production in early 2006. Due diligence is being undertaken by the two banking consortia.

Exploration at Cibaliung has recommenced and is being funded by Antam's Geomin division with the aim of locating new high grade ore shoots.

Austindo has made application for a new explorations area in Java and this is currently being processed by the regulatory authorities.

At the end of the quarter, Austindo completed a placement of 70 million shares at 4.3 cents per share to fund pre-implementation for Cibaliung. Lion invested \$0.5 million in the placement bringing the holding in Austindo to 12.6%.

During the quarter, Austindo announced the decision to raise \$0.5 million of private equity in its wholly owned subsidiary Alexander Resources Limited (Alexander). Alexander undertakes exploration within Australia, in the central Victorian goldfields. The public will be offered shares in Alexander through an IPO and listing will be sought on the Australian Stock Exchange.

EXCO RESOURCES NL - AUSTRALIA/COPPER & GOLD (LION – 9.9%)

Exco reported that resource estimates have now been completed for all the main deposits of the Cloncurry Copper Project in Queensland. Open pit optimisation and mine planning has commenced for the four main resources being evaluated in the Cloncurry Copper feasibility study – E1 North, Monakoff, Great Australia and Turpentine.

Resources were reported by Exco as:

Cloncurry Copper Project – Resource Summary					
	Million tonnes	% Cu	Cu tonnes	g/t Au	Au ounces
E1 North	7.9	1.11	88,200	0.34	85,700
Monakoff	1.9	1.58	30,055	0.48	29,380
Great Australia	2.1	1.54	32,900	0.13	8,990
Turpentine	1.8	1.03	19,000	0.20	11,800
TOTAL*	13.8		170,000		136,800

* E1 South resource is under revision and not included in this summary



Preliminary metallurgical test work has been completed with results indicating that marketable concentrates at a target of around 25 – 30% copper and around 5 g/t gold can be produced.

Site works and studies are progressing with the Environmental Management and Operations Strategy (EMOS) having been lodged with the Queensland government. As the timetable for the completion of the feasibility study has been delayed, the schedule for the completion of mine planning and financial modelling, financing and concentrate marketing negotiations have been pushed back.

Additional resource drilling was undertaken at the White Dam Gold (Exco 60%) Project in South Australia, with an initial resource estimated at 256,000 ounces at 1.1g/t gold in mainly oxidised material. Preliminary pit optimisation and financial modelling have been completed, indicating the potential for a viable heap leach gold project.

The joint venture partners will conduct test work using drilling and column leaching instead of the originally proposed trial pit and leach pad.

Exco reported that it had been granted approval to incorporate a Chinese Wholly Foreign Owned Enterprise (WFOE), Exco Resources (Beijing) Co Ltd, to pursue various opportunities in the Chinese resource sector.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (LION – 36.6%)

During the quarter, Westonia announced the project cost estimates have increased, based on tender pricings from contractors and input from Westonia's consultants. The rise in costs is attributed to increases in steel and oil prices, higher labour costs due to a shortage in skilled workers, increased risk aversion and high contractor profit margins. Westonia is currently reviewing tenders received and examining the potential for re-optimising the pit design and mill construction and other initiatives to enhance project economics. Outcomes from this review will be released in due course.

ANNUAL GENERAL MEETING

The 2004 Lion Annual General Meeting will be held in Melbourne on Friday 10 December. The meeting will commence at 10am in the ASX Theatre, 530 Collins Street.

SHAREHOLDER INFORMATION

<i>Issued shares:</i>	<i>100.1 million</i>	<i>Share price at quarter end:</i>	<i>\$1.88</i>
<i>Quarter High:</i>	<i>\$1.91</i>	<i>Quarter Low:</i>	<i>\$1.39</i>
<i>Volume traded:</i>	<i>19.9 million</i>	<i>NAV after tax:</i>	<i>\$1.88</i>

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Any resource estimates provided within this quarterly report were sourced from relevant investee company quarterly reports.