

**Lion Selection Group Limited****Quarterly Report
for the 3 months ended 31 October 2005****KEY POINTS**

- **Metal prices**
 - *Copper is near to US\$2/lb and the A\$ gold price has risen from \$550 to over \$650/oz since mid 2005. This is a substantial potential benefit to most of Lion's portfolio.*
- **Indophil**
 - *Tampakan high grade copper zone extended and resource increased by 15%. Potential for further large increases.*
- **Austindo**
 - *Construction starts at Cibaliung gold project in Indonesia.*
- **Havilah**
 - *Further exploration success at Kalkaroo (copper-gold-molybdenum).*
- **Gallery**
 - *Gold production recovering after operational difficulties at the Mupane mine in Botswana.*
- **Lafayette**
 - *Processing activity halted following two process water discharges, base metals commissioning is proceeding.*

INVESTMENT SUMMARY TABLE

Investment	ASX Code	Country/Activity	LSG Holding %	Amount Invested \$m	Market Value or Cost of Unlisted* \$m
At 31/10/2005					
Unlisted Investments					
Copperbelt Selection		Africa – copper	32.5	0.3	0.2
Listed Investments					
Allegiance Mining	AGM	Australia – nickel	11.2	6.1	6.6
Austindo Resources	ARX	Indonesia/Aust – gold	18.1	8.5	9.6
De Grey Mining	DEG	Australia – gold	6.8	3.1	2.0
Exco Resources	EXS	Australia – copper/gold	14.7	4.0	3.1
Gallery Gold	GGN	Botswana/Tanzania – gold	19.0	21.7	32.5
Havilah Resources	HAV	Australia – gold/base metals	19.0	2.4	16.6
Indophil Resources	IRN	Philippines – copper/gold	21.5	11.6	36.0
Lafayette Mining	LAF	Philippines – gold/base metals	20.3	10.2	21.0
Leviathan Resources	LVR	Australia – gold	16.5	10.8	10.7
Sedimentary Holdings	SED	Australia – gold	23.7	8.1	15.0
View Resources	VRE	Australia – gold/nickel	10.1	5.0	2.2
Westonia Mines	WEZ	Australia – gold	43.8	8.5	8.4
Total Investments				100.2	164.0
Net Cash					27.7
Total Net Assets					191.7
Net Tangible Asset (NTA) before tax (cents per share)					191.5
Net Tangible Asset (NTA) after tax (cents per share)					182.0

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

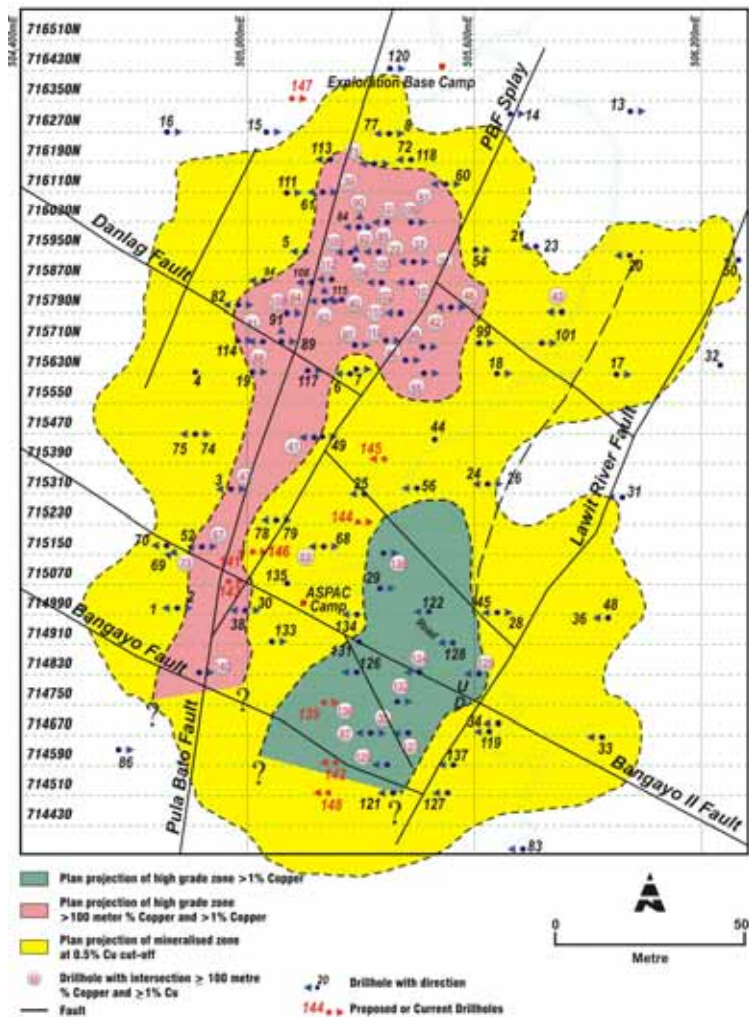
**INVESTEE UPDATE****INDOPHIL RESOURCES NL - PHILIPPINES/COPPER & GOLD (LION – 21.5%)**

- Subsequent to the end of the quarter, Indophil announced an **updated resource estimate for Tampakan copper-gold project in the Philippines, increasing the contained metal by around 15%**. The new estimate is a Measured, Indicated and Inferred Resource of 8.9 million tonnes of contained copper and 11.6 million ounces of gold at 0.3% copper cut-off grade. This updated estimate includes a Measured Resource for the first time which represents 34% of the resource. Previously, the Tampakan resource was reported to an Indicated and Inferred level.
- The updated estimate increases the known resources from 1.2 billion tonnes at 0.80% copper equivalent to 1.3 billion tonnes at 0.82% using a cut off grade of 0.3%. Indophil reported that there is exploration potential within a global reporting pit that is approximately 50% of the tonnage already defined by drilling (at a lower grade). Indophil believes that the defined resource, and this exploration potential, if realised, could be in the range of 1.8 – 2.2 billion tonnes.
- Indophil announced final assaying of a series of six drill holes drilled during the September quarter had lead to an **extension of the high grade zone at Tampakan**.
- Drill results include:

TMPD134	285 metres	@	0.55% Cu	0.18 g/t Au	84 ppm As	from	78 metres
TMPD135	240 metres	@	0.49% Cu	0.17 g/t Au	207ppm As	from	148 metres
TMPD136	217 metres	@	1.10% Cu	0.50 g/t Au	90 ppm As	from	256 metres
TMPD137	213 metres	@	0.43% Cu	0.20 g/t Au	26 ppm As	from	52 metres
TMPD138	134 metres	@	1.03% Cu	0.40 g/t Au	19 ppm As	from	144 metres
TMPD140	307 metres	@	1.43% Cu	0.49 g/t Au	244 ppm As	from	53 metres
- Pre-Feasibility work continued during the quarter. It is expected that the Pre-Feasibility Study will be completed in September 2006.
- In September, the Indophil Board and members of senior management of Xstrata Copper visited the Philippines and the Tampakan Project. The group met with senior government representatives in Manila, visited base camp, met local staff and inspected drill core. The group noted the high level of Philippines Government and local community support for the project. Xstrata Copper holds an option to acquire 62.5% of the Tampakan project from Indophil.
- Indophil announced plans to harness its Philippines expertise and consider new exploration opportunities.



TAMPAKAN PLAN PROJECTION OF MINERALISATION AND DRILL HOLE LOCATION



AUSTINDO RESOURCES CORPORATION NL – INDONESIA & AUST/GOLD (LION – 18.1%)

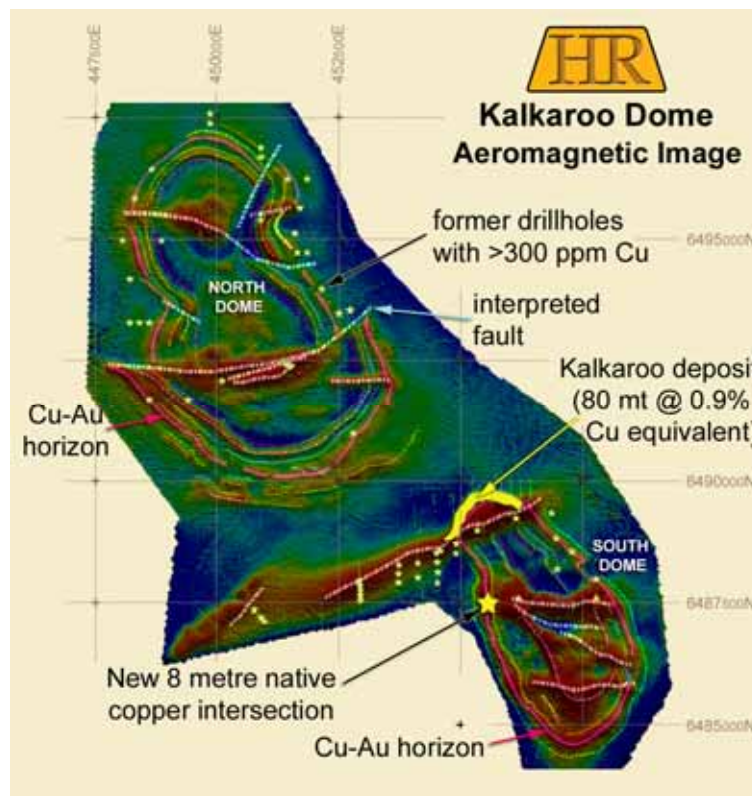
- Subsequent to the end of the quarter, Austindo announced the commencement of site construction at the Cibaliung gold project, in Indonesia. Project development is on schedule for first gold production in the fourth quarter of 2006.
- Austindo completed the acquisition of a gold processing plant located at the Mount Olympus Mine near Paraburdoo in Western Australia for \$2.6 million. The 0.6 million tonnes per annum plant will be re-configured to suit the Cibaliung project. Engineering work associated with the dismantling, transportation, re-erection and modifications of the plant has commenced and is on schedule.
- Exploration commenced at Pekalongan in Central Java. In addition, an application was made for a new exploration tenement in Papua pursuant to Austindo's alliance with Anglo American Group to explore for large porphyry copper gold deposits.
- Austindo announced Mr Bruce Watson was appointed as Chairman of the Board, replacing Mr Pieter Greeff who resigned effective 30 June. Mr Watson has extensive corporate and commercial experience gained from the Australian banking sector.



- Subsequent to the end of the quarter, Austindo announced the issue of \$4 million of convertible notes to clients of Austock Corporate Finance Limited and Macquarie Bank Limited. The notes are to be issued to satisfy ANZ Bank project finance requirements to demonstrate additional capacity to fund contingencies that may arise during construction of the mine.

HAVILAH RESOURCES NL - SOUTH AUSTRALIA/GOLD & BASE METALS (LION – 19.0%)

- Follow up drilling to the recent discovery of 80 million tonnes at 0.9% copper equivalent at Kalkaroo has commenced. Further copper, gold and molybdenum mineralisation was identified on five sections, up to six kilometres south of the deposit, within the same horizon in an area not previously drilled. Several occurrences of native copper and wide low grade copper-gold intersections were found. In addition, an altered and mineralised diorite intrusion was intersected in one of these drill holes. This represents a potentially new porphyry style exploration target.



- At Mutooroo, Havilah reported further encouraging intersections of copper-cobalt mineralisation. Best intersections include:

Mutooroo

MTRC034	6 metres	@	1.25% Cu	0.15% Co	from	73 metres
MTRC044	31 metres	@	1.71% Cu	0.18% Co	from	78 metres
MTRC045	26 metres	@	1.55% Cu	0.18% Co	from	101 metres
MTRC046	13 metres	@	2.03% Cu	0.24% Co	from	56 metres
and	10 metres	@	1.71% Cu	0.24% Co	from	84 metres



- These results continue to indicate a well mineralised lode system at shallow depth. Encouraging intersections have now been obtained on nine separate drill section lines over a strike length of more than 750 metres.
- Havilah has entered into a Memorandum of Understanding with Shanghai Shenxin Investment Co (Shenxin) for the proposed future development of Mutooroo.

GALLERY GOLD LIMITED – BOTSWANA & TANZANIA/GOLD (LION – 19.0%)

Botswana

- Gold production for the quarter at the Mupane gold mine was lower than planned with 20,122 ounces of gold produced, due to the failure of the SAG mill motor in August and lower recoveries as the pit progressed through transitional ore.

Quarterly production	Sept Qtr 2005	June Qtr 2005	March Qtr 2005	Dec Qtr 2004
Ore treated - tonnes (million)	0.27	0.30	0.20	0.06
Ore - grade (g/t Au)	2.7	3.1	3.3	3.3
Recovery (%)	85	92	93	96
Gold (000's ounces)	20	27.5	24.5	6.5
Cash cost (US\$/oz)	326	237	233	N/A

- Mining continued at the Tau pit, moving from predominantly oxide to transitional ore types. Mining commenced at the nearby Tholo pit with first ore delivered to the mill in August. The development of Tholo will allow greater flexibility and utilisation of the mining fleet and additional blending capacity in the mill.

Tanzania

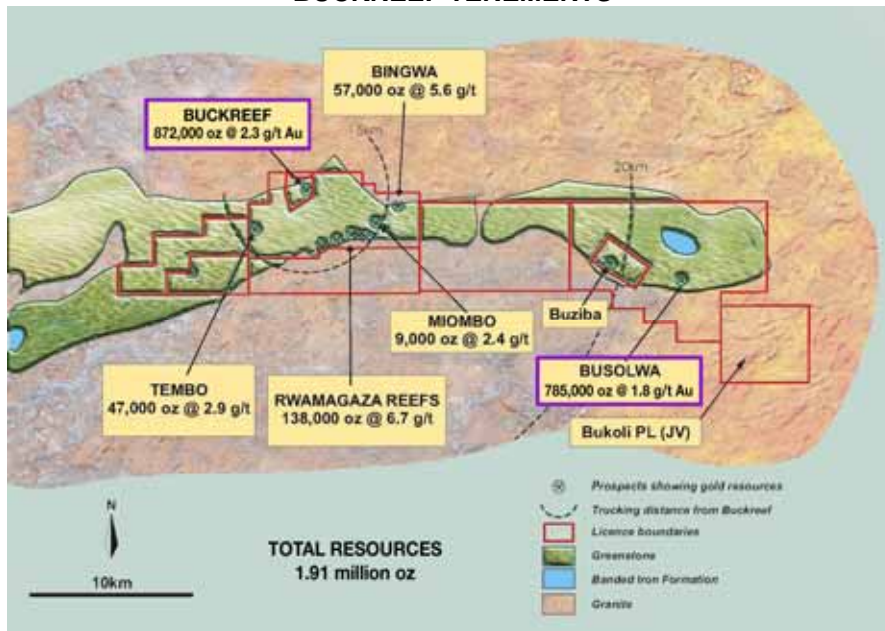
- Exploration in Tanzania focused on infill drilling at the Busolwa project to better define the inferred resource and to test extensions to the west and east as well as testing the newly discovered Njombo zone. Best intersections include:

BPDD02	21 metres	@	7.2 g/t Au	from	10 metres
BPRC261	16 metres	@	6.7 g/t Au	from	77 metres
MWBR487	7 metres	@	62.2 g/t Au	from	19 metres
MWBR490	14 metres	@	4.2 g/t Au	from	10 metres

Exploration is ongoing at these projects.



BUCKREEF TENEMENTS



Corporate

- In September, Gallery completed a share placement raising \$22.3 million at 30 cents per share. Subsequent to quarter end, a share purchase plan raised an additional \$1.89 million. Funds raised are to be used towards project feasibility studies at Buckreef in Tanzania, and exploration in Tanzania and Botswana.

LAFAYETTE MINING LIMITED - PHILIPPINES/GOLD & BASE METALS (LION – 20.3%)

- Following the first gold pour in July, Lafayette made its first shipment of gold from the Rapu Rapu project in August.
- During the quarter, Rapu Rapu production was below plan at 2,586 ounces of gold and 8,949 ounces of silver mainly because water availability had constrained production.
- Exploration at the nearby Hixbar area has been successful with the initial drill program enabling the definition of an Inferred Resource of 1.2 million tonnes at 1.7 g/t gold and 15.4 g/t silver for 75,600 ounces of equivalent gold.
- Subsequent to the end of the quarter, Lafayette announced the commencement of the commissioning phase of the base metals treatment plant at Rapu Rapu. Changeover to base metals commissioning has meant that gold production has now ceased. The commissioning plan forecasts the plant achieving nameplate production in the second quarter of 2006 with 2,500 tonnes copper and 4,200 tonnes zinc to be produced in concentrate during that quarter.
- On 10 November, Lafayette announced that it was investigating two separate discharges of process water. As a result, Lafayette has suspended processing operations pending the investigations, and does not anticipate that the investigations will materially impact on the timing of the commissioning of the base metals plant.



ALLEGIANCE MINING NL – AUSTRALIA/NICKEL (LION – 11.2%)

- Subsequent to the end of the quarter, Allegiance announced an **updated Avebury resource estimate of 6.4 million tonnes averaging 1.2% nickel at 0.8% Ni cut-off within the Feasibility Study Area.**

In addition, an initial resource for **the West Viking extension** to the Avebury deposit **was reported as 1.3 million tonnes averaging 1.4% nickel at 0.8% cut-off.** West Viking now has five intercepts, all thicker and higher grade than the typical intercepts within the DFS area.

At Avebury, metallurgical test work has indicated that a high grade nickel concentrate (20% nickel) will be produced with good recovery, even from lower grade (0.6% nickel) mineralisation.

- The Definitive Feasibility Study is now scheduled for release in late November.
- During the quarter, 22 diamond drill holes totalling 5,339 metres were completed. Drilling has been focussed on pre-production infill and near mine resource extensions.
- Potential customers for the Avebury nickel sulphide concentrates have made offers for offtake agreements, several of which are considered attractive.

EXCO RESOURCES NL - AUSTRALIA/COPPER & GOLD (LION – 14.7%)

Queensland

- During the quarter, four diamond drill holes (~ 800 metres) were completed at the E1 East prospect at Mt Margaret, to further define the geological interpretation prior to the commencement of further RC drilling along strike. These four holes all intersected ironstone hosted copper mineralisation with results expected in November.
- A 2,000 metre program of regional aircore drilling commenced to test a number of other targets around Mt Margaret. These holes will traverse possible strike extensions of the E1 deposits as well as selected regional geophysical target areas where previous drilling has identified anomalous copper.

South Australia

- Final feasibility work and permitting is continuing at the White Dam Gold project (Exco 60%, Polymetals Australia 40%).
- At the Drew Hill Base Metals joint venture (Exco 60%, Polymetals Australia 40% - Noranda option to earn 70%) Noranda have commenced geophysics over selected targets. Two drill rigs are due to arrive on site in mid November to drill through to the end of 2005.

Other

- In October, Exco completed a rights issue which raised \$2.65 million at 15 cents per share for continuing work at White Dam and north-west Queensland. Lion partially underwrote this rights issue, investing a further \$1.05 million increasing Lion's holding to 14.7%.



- Following the placement, Exco announced the appointment of Mr Barry Sullivan, Mr Chris Melloy and Mr Peter Geddes as new board members. Mr Sullivan has particular experience in the Mt Isa region with six years as the Executive General Manager at the former MIM, now Xstrata Mt Isa mining operations. Messrs Sullivan, Melloy and Geddes join the board as non-executive directors with Mr Geddes appointed as alternate to Mr Melloy, the Lion appointee.

LEVIATHAN RESOURCES LIMITED – AUSTRALIA/GOLD (LION – 16.5%)

- At Stawell Gold mine, gold production during the June quarter was 29,721 ounces. Ore grade was marginally less than the June quarter but still above target levels for the year. Lower gold production and higher mining costs contributed to higher unit cash costs.

Stawell Gold Mine (LVR – 100%)	Sept Qtr 2005	June Qtr 2005	March Qtr 2005	Dec Qtr 2004
Quarterly production				
Ore treated - tonnes (million)	0.17	0.17	0.17	0.20
Ore - grade (g/t Au)	5.7	5.9	5.0	6.0
Recovery (%)	94	94	92	93
Gold (000's ounces)	29.7	30.3	25.5	35.3
Cash cost (A\$/oz)	446	431	393	357

- Resource definition drilling accelerated during the quarter with the arrival of a fifth underground drill rig in June. Drilling to convert resources to the reserve target of 450,000 ounces by year end is on schedule.
- The near mine exploration program is aimed at extending the mine life at Stawell beyond the current estimate of five years. Positive exploration results provide increasing confidence about the prospects for adding to the resource base. In October, Leviathan announced a high grade gold intercept of 7.9 metres at 10.0 g/t gold, 300 metres north of the Magdala orebody. This intercept suggests that whereas the orebody was previously thought to narrow at depth, it now appears to extend further up-dip and thicken to the north. Drilling over the current months will aim to test the extent of mineralisation.
- A new, near mine gold prospect was confirmed by an intercept of 3.3 metres at 6.9 g/t gold. This suggests economic mineralisation may exist in a relatively shallow position within 400 metres of the Stawell treatment plant.

WESTONIA MINES LIMITED - WESTERN AUSTRALIA/GOLD (LION – 43.8%)

- Westonia is nearing completion of its pit dewatering program and has prepared a section of the pit floor for drilling. It is anticipated that the pit will be fully dewatered by the end of November.
- The planned program of RC drilling from within the pit comprises two components, totalling over 17,000 metres and will run for 4-5 months. The drilling commenced in November. The first component of over 10,000 metres will be a program of grade control (5 metre by 5 metre pattern) drilled to 20-25 metres below the pit floor. This drilling is to validate that the



LION SELECTION GROUP LIMITED

resource grade may be underestimated by the current resource calculation methodology, and to obtain a much improved understanding of the higher grade structures. The second component involves around 7,000 metres of deeper drilling, which is targeted at the known data gaps, thereby adding to the resource as well as converting Inferred material to Indicated Resources and improving the grade.

- Westonia committed to a short term regional exploration strategy in the June quarter and has identified its top ranked targets for testing. As a result of that work, initial drill testing of a near mine target, an airborne geophysical survey, and drill testing of a base metals prospect is planned for the March 2006 quarter. In addition, Westonia has committed to a longer term exploration strategy with a Structural and Prospectivity Review of the Greenstone Belt to take place over the coming months.

SEDIMENTARY HOLDINGS LIMITED – AUSTRALIA/GOLD (LION – 23.7%)

Table with 5 columns: Quarterly production (Sedimentary's share), Sept Qtr 2005, June Qtr 2005, March Qtr 2005, Dec Qtr 2004. Rows include Ore treated - tonnes (million), Ore - grade (g/t Au), Recovery (%), Gold (000's ounces), and Cash cost (US\$/oz).

- Recoveries during the quarter attained budget levels and averaged 94.1%. The increased recoveries were achieved with higher grinding and reagent costs. Optimisation of the plant continues.
- Decline development continued during the quarter on both the Royal and Crown shoots in addition to 1,638 metres of lateral development. Construction of the main 3.5 metre diameter ventilation shaft for Crown commenced.
- Drilling was focused on the recently discovered Kilkenny mineralised structure with two drill rigs in operation. Significant new results included:

CBK181 21 metres @ 11 g/t Au from 873 metres
including 9 metres @ 20 g/t Au from 884 metres
CBK184 25 metres @ 5.4 g/t Au from 676 metres
including 5 metres @ 15.0 g/t Au from 676 metres

The Kilkenny mineralisation is open at depth and along strike with high grade intersections being recorded along 300 metres of the structure over a vertical interval of 200 metres.

DE GREY MINING LIMITED – AUSTRALIA/GOLD (LION – 6.8%)

- Further positive results have been reported at the Turner River province, south of Port Hedland in Western Australia.



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

- First drilling program at Orchard Well has identified a Volcanogenic Massive Sulphide (VMS) geological setting. Over four kilometres strike of mineralisation has been identified with best drilling results including:

WARC009	13 metres	@	3.11% Zn	1.36% Pb	0.19% Cu	from	82 metres
WARC010	38 metres	@	1.82% Zn	0.94% Pb	0.04% Cu	from	28 metres
including	4 metres	@	8.13% Zn	4.52% Pb	0.11% Cu	from	46 metres

The massive sulphide intersected is geologically important as it may represent the distal part of a more highly mineralised massive sulphide system. Aeromagnetics and EM surveys are planned for Orchard Well to target drilling.

- Three aircore drilling lines were completed at the recently discovered T1 prospect, with encouraging gold mineralisation from a buried paleochannel overlying a dolerite intrusion within the Mallina sediments.
- Exploration continued during the quarter at the Three Kings Platinum joint venture, between Impala Platinum and De Grey, with 810 metres of drilling to test extensions to the known mineralisation.
- At the Beyondie Base and Precious Metals project, an 8,022 metre RAB drilling program was completed targeting base metals, precious metals and manganese targets in a number of locations. Results are awaited.

VIEW RESOURCES - AUSTRALIA/GOLD-NICKEL (LION – 10.1%)

Bronzewing - gold

- Subsequent to the end of the quarter, View announced some high grade gold intersections from the drilling program at the Venus prospect located 35 kilometres from the Bronzewing mill. Best results included:

VREVENC26	8 metres	@	97.0 g/t Au	from	12 metres
VREVENC37	8 metres	@	25.4 g/t Au	from	40 metres

- The definition drilling program for the potential Cockburn underground project commenced in September, consisting of approximately 10,000 metres of RC and diamond drilling. Drilling is scheduled to be completed by December 2005 and the deposit will be re-interpreted and re-modelled based on the drilling results. Subsequent to the end of the quarter, the following significant gold intersections were reported:

CKRCD3	6 metres	@	4.3 g/t Au	from	271 metres
and	5 metres	@	21.7 g/t Au	from	288 metres
CKRCD4	4 metres	@	13.1 g/t Au	from	238 metres
CKRCD5	10 metres	@	3.5 g/t Au	from	236 metres

- View announced an agreement with Korab Resources Limited (Korab) to process ore from Korab's nearby Melrose ore deposit through the Bronzewing plant.



Kambalda - nickel

- Record nickel production was reported with 20,366 tonnes at 3.09% nickel for 629 tonnes of contained metal. Following the success of the exploration drilling to the east of Zone 29, a geological model and mine design was completed. View has delayed commencement of mining the extension.
- View reached an agreement with Mincor Resources NL (Mincor) to allow Mincor to earn 70% equity in the Carnilya Hill nickel project by spending \$2.5 million on nickel exploration over the next three years. View will retain 100% ownership and the right to mine currently defined reserves at Carnilya Hill and Zone 29 and the Zone 29 East extension.

ANNUAL GENERAL MEETING

The 2005 Lion Annual General Meeting will be held in Melbourne on Friday 9 December. The meeting will commence at 10am in the ASX Theatre, 530 Collins Street, Melbourne.

SHAREHOLDER INFORMATION

<i>Issued shares:</i>	<i>100.1 million</i>	<i>Share price at quarter end:</i>	<i>\$2.06</i>
<i>Quarter High:</i>	<i>\$2.06</i>	<i>Quarter Low:</i>	<i>\$1.70</i>
<i>Volume traded:</i>	<i>16.0 million</i>	<i>NTA after tax:</i>	<i>\$1.82</i>

Further enquiries:
Brooke Robertson
Investor Relations Manager
Lion Selection Group Limited
Email: lionselection@lsg.com.au

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