



## Lion Selection Group

21 April 2010

### **THIS LETTER CONTAINS IMPORTANT INFORMATION ABOUT YOUR LION SELECTION GROUP SHAREHOLDING AND REQUIRES YOUR IMMEDIATE ATTENTION**

Dear Shareholder,

#### **Unmarketable Parcels Sale Facility**

I am writing to advise all shareholders who hold less than A\$500 worth of Lion Selection Group shares (called an "unmarketable parcel"), that Lion Selection Group is implementing an unmarketable parcels share sale facility (the "Unmarketable Parcels Sale Facility") under Clause 32 of the Lion Selection Group's Constitution.

Our records indicate that you are the holder of an unmarketable parcel of shares as at 12 April 2010 (i.e. 999 shares or less), therefore your holding has been included in the Unmarketable Parcels Sale Facility. If the market value of your share holding remains less than A\$500 on 4 June 2010, as detailed below, your Lion Selection Group shares will be sold, unless you notify us otherwise. If you wish to retain your shares, please notify us of your intention, by following the opt-out procedure set out below.

#### **Sales Price**

Lion Selection Group will bear all brokerage and handling fees related to sales under this facility. The price that will be paid to shareholders for each share sold through the Unmarketable Parcels Sale Facility will be the volume weighted average price received by the broker for the sale of all shares sold through the Unmarketable Parcels Sale Facility and the Lion Selection Group Voluntary Share Sale Facility being conducted at the same time. That price will be calculated by the broker. The market price of Lion Selection Group shares is subject to change from time to time, and the proceeds remitted to a shareholder for the sale of their shares under the Unmarketable Parcels Sale Facility may be more or less than the actual price that is received by the broker for those shares.

#### **Ability to Opt-Out**

You may elect to respond to this letter and thereby prevent the sale of your holding under the Unmarketable Parcels Sale Facility.

#### **What do I need to do?**

If you wish to RETAIN your Lion Selection Group shares, you must complete a PINK 'Share Retention' form and return it in the enclosed envelope so that it is received by the Lion Selection Group Share Registry by 4 June 2010, which is the end of the notice period ("Notice Period").

If you do nothing (i.e. you do not return a completed 'Share Retention' form and your Lion Selection Group shareholding remains less than a marketable parcel on 4 June 2010), your Lion Selection Group shares will be sold as soon as practicable following the end of the Notice Period (i.e. 4 June 2010).

Forms can be returned using the enclosed envelope (reply paid for Australia) or using the postal or hand delivery address for Lion Selection Group Share Registry listed on the 'Share Retention' form.

#### **Why is Lion Selection Group implementing an Unmarketable Parcels Sale Facility?**

The Company welcomes the support of all shareholders, however, Lion Selection Group incurs administrative costs in producing and distributing shareholding statements, annual reports, notices of meeting and other communication, irrespective of the size of the shareholding. The cost of maintaining shareholder accounts can be disproportionately high when compared with the dollar value of small shareholdings. In addition, investors holding small numbers of shares may find it difficult or expensive to dispose of those shares through the normal means.

### Authority to implement the Unmarketable Parcels Sale Facility

Under Clause 32 of Lion Selection Group's Constitution, the Company may notify shareholders who hold less than A\$500 worth of Lion Selection Group shares that it intends to sell their shares including all rights attaching to such shares. This letter, and the pink 'Share Retention' form which accompanies this letter, satisfy the notice requirements under Clause 32 of the Company's Constitution.

Shareholders who hold unmarketable parcels have the opportunity, however, to inform the Company that they wish to retain their shareholding. If a shareholder notifies the Company within the notice period, the Company will not sell those shares. Otherwise, after the notice period, the Company is entitled to sell the unmarketable parcels and the volume weighted average price received by the broker for the sale of all shares sold through the Unmarketable Parcels Sale Facility and the Lion Selection Group Voluntary Share Sale Facility being conducted at the same time will be remitted to the shareholder whose shares were sold. Shares will be sold on the National Stock Exchange of Australia at prevailing market prices.

If your shares are in a CHESS holding and remain in a CHESS holding on 4 June 2010, and are to be sold under the Unmarketable Parcels Sale Facility, you should note that Lion Selection Group may, without further notice to you, sell the relevant shares while they remain in your CHESS holding, and may initiate a holding adjustment to move those shares to an issuer sponsored holding or a certificated holding for the purposes of that sale.

Lion Selection Group reserves the right, on behalf of E.L. & C Baillieu Stockbroking and for any other reason, to modify the timetable for, or to terminate or suspend the Unmarketable Parcel Sale Facility in its sole discretion in which case the Company will make an announcement by way of NSX Release.

### Sales Process and Sale Proceeds

The Company will bear the brokerage and handling costs in respect of the sales. Lion Selection Group has arranged for E.L. & C. Baillieu Stockbroking to act as broker to effect these sales. These sales will take place following the end of the Notice Period. E.L. & C. Baillieu Stockbroking may sell in batches the shares of multiple shareholders, whether the shares of such shareholders are to be sold under the Unmarketable Parcels Sale Facility or the Lion Selection Group Voluntary Share Sale Facility being conducted at the same time.

It is expected that the proceeds (in Australian dollars) will be remitted to you by 30 June 2010. The proceeds of the share sale will be deposited in your bank account if you have previously provided banking instructions to the Lion Selection Group Share Registry or alternatively will be sent to you by cheque at the address last recorded in Lion Selection Group's register of members.

### Change in the value of your holding

If the market value of your Lion Selection Group shares increases during the Notice Period, due to an increase in the Lion Selection Group share price, so that your shares that were previously identified by Lion Selection Group as being an 'unmarketable parcel' become a 'marketable parcel' (i.e. their value becomes equal to or greater than A\$500) as at the end of the Notice Period (i.e. 4 June 2010) the Company will not sell your shares. Alternatively, if you increase your holding of Lion Selection Group shares during the Notice Period to a marketable parcel, the Company will not sell your shares. If you sell your Lion Selection Group shares prior to the end of the Notice Period, no further action will be taken.

### Lion Selection Group Share Price Performance

A summary of the share price and trading history of Lion Selection Group Limited since listing on 16 December 2009 is set out below:

Month ended	Share Price A\$			Volume	Number of Transactions
	High	Low	Close		
December 2009	0.50	0.40	0.43	1,040,574	33
January 2010	0.45	0.42	0.45	917,575	52
February 2010	0.52	0.44	0.50	1,332,112	63
March 2010	0.51	0.49	0.50	881,713	46

The market price of Lion Selection Group shares is subject to change from time to time. If you do not opt-out of the Unmarketable Parcels Sale Facility, the price you receive for your shares may differ from previous share price performance of Lion Selection Group.

### **Important Notes**

None of Lion Selection Group, Computershare Investor Services Pty Limited or E.L. & C. Baillieu Stockbroking make any recommendation or give any advice to you regarding whether to retain your shares or permit them to be sold under the Unmarketable Parcels Sale Facility. If you are in any doubt about whether to retain your shares or permit them to be sold, please consult your financial adviser.

Up-to-date information on the market price of Lion Selection Group shares is available from the NSX website ([www.nsx.com.au](http://www.nsx.com.au)) under the code "LGP". A copy of the Financial Services Guide provided by the Broker in relation to the Unmarketable Parcels Sale Facility is available from Lion Selection Group's website ([www.lsg.com.au](http://www.lsg.com.au)).

If you have any questions regarding how the Unmarketable Parcels Sale Facility works, or you have a number of holdings that you wish to consolidate, please contact the Lion Selection Group Share Registry Call Centre on 1300 085 149 (within Australia) or on +61 3 9415 4808 (outside Australia).

Yours sincerely,

A handwritten signature in black ink that reads "Jane Rose". The signature is written in a cursive, flowing style.

**JANE ROSE**  
Company Secretary