



## ASX Codes

Ordinary shares: LST  
Listed options: LSTO

Issued shares: 191.1m  
Share price: \$1.74

Issued options: 5.8m  
Option price: \$0.25  
(151c April 09)

Net Tangible Assets:  
(31/05/08) \$403m

Market cap: \$334m

NTA pre tax  
(31/05/08): \$2.09

NTA post tax  
(31/05/08): \$2.09

## Further enquiries:

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# ASX RELEASE 7 July 2008

## On-Market Buyback

- Lion to undertake 10% on-market buyback.
- Indophil takeover offer for Lion lapses today.
- Lion focused on Plan delivery.

### Indophil Offer Lapses on 7 July

Indophil announced on 30 June that its offer to take over Lion will lapse today.

Lion Directors are pleased to end this long, costly, unwelcome and disruptive process.

Lion remains focused on delivery of the Lion Plan, the key components of which were approved by shareholders at a General Meeting on 23 June.

The Plan comprises:

- 1 Sale of two key investments:
  - 24.7% of Indophil; and
  - 30% of Cracow Gold Mine.
- 2 Create cash of approximately \$300m through the sale of Indophil and the Cracow interest as well as the sale by African Lion of 20.5% of Albidon and existing cash reserves, and return \$1.35 - \$1.50 per share to Lion shareholders.
- 3 Following completion, Lion directors will explore all initiatives to ensure full value is recognized for Lion's portfolio of early stage mining and exploration investments.

## Plan Update

### Indophil Sale

- Lion holds 97 million Indophil shares, representing a 24.7% controlling stake, which is available for sale. Lion plans to take advantage of the current competitive bid situation for Indophil in an optimum manner to assist delivery of the Lion Plan to its shareholders. There are currently two competing offers for Indophil, both at \$1.28 per share.

### Cracow Sale

- As announced on 4 July, the sale of Lion's 30% interest in Cracow to Beadell Resources will not proceed. As a result, Newcrest Mining Limited (Newcrest) has an option to acquire Lion's 30% interest in Cracow for \$80 million in cash. The option expires on 31 October 2008. Lion will now seek to work with Newcrest to explore its intentions with respect to the option and any other opportunities that might exist in relation to the combined interest.

### Potential Cash and Value Generation

- Value Update**

The following update, using 4 July share prices and Indophil at the price of the two cash offers (\$1.28 per share), shows the potential cash generation for the Lion Plan:

Potential Cash Generation		
Indophil	\$124m	Assuming Lion receives \$1.28 per share for its entire Indophil holding.
30% Cracow Interest	\$80m <sup>(1)</sup>	Newcrest option <sup>(1)</sup> .
Albidon	\$33m	Based on the closing market price of \$3.50 per share on 4 July 2008.
<b>Total</b>	<b>\$237m</b>	

(1) \$80m is conditional upon Newcrest exercising its option to acquire Lion's 30% interest in Cracow for \$80 million in cash. The option expires on 31 October 2008.

This could generate value for Lion shareholders as follows:

Proforma Lion Portfolio Before Cash Return to Shareholders		
Current Direct Investments	\$50m	At 4 July 2008.
African/Asian Lion	\$25m	At 4 July 2008, excluding Albidon.
Cash	\$331m <sup>(2)</sup>	Current cash of \$98m as at 30 June 2008 and cash generation from asset sales of \$237m less estimated transaction costs.
<b>Total Lion NTA Value</b>	<b>\$406m</b>	
<b>Total NTA Value per Lion Share</b>	<b>\$2.11<sup>(3)</sup></b>	Fully diluted for Options over Lion shares.

(2) Using bid price for Indophil of \$1.28 per share. Note, closing price of Indophil on 4 July was \$1.36. Also includes US\$19 million which has been committed to African Lion 3 over a five year period.

(3) Based on 5.8m options being exercised, raising \$9 million.

- Cash Return**

The Plan continues to propose a return of \$1.35 - \$1.50 per share through asset sales and existing cash resources. Based on existing issued ordinary shares, the Plan is expected to return \$258m to \$289m to shareholders of the projected \$331m.

Lion continues to examine the most appropriate way to return cash to its shareholders and it aims to finalise this evaluation, and announce the intended method to shareholders, once it has completed the proposed asset sales.

## On-Market Buyback

Lion Directors are conscious that it may take some time to complete the sale of all assets and then implement the major cash return.

As an interim step, Lion will immediately implement an on-market buyback program during the period from 21 July 2008 to 7 July 2009. Under the program, up to 10% of Lion's shares can be bought back over the next 12 months. Under the Corporations Act, the earliest date that Lion will be permitted to buy-back any shares on market is 21 July 2008. At this point, Lion plans to:

- 1 commit up to \$10 million to the buyback;
- 2 only make purchases under the buyback when the discount to NTA is approximately greater than 10%.

## Increased Net Tangible Assets (NTA) and Reduced Discount

Lion has had a focus of:

- removing the discount to NTA; and
- adding value above NTA,

and this has been a driver for the Lion Plan. The recent trend has been encouraging but it is the Company's intention to deliver more value through completion of the Lion Plan:

Date	Lion Share Price	NTA	Discount	Comment
End Feb	1.29	1.82	29%	Prior to announcement of Indophil bid for Lion and Lion Plan.
End April	1.52	1.90*	20%	Prior to announcement of Lion Plan.
End June	1.84	2.16*	15%	Following announcement of Lion Plan and increased offer for Indophil.
4 July	1.74	2.15**	19%	Announcement of On-Market Buyback.

\* Cracow NTA value based on the Newcrest Cracow option exercise price of \$80m.

\*\* Also includes Indophil at market value of \$1.36 on 4 July.

Lion remains focused on delivery of the Lion Plan and the removal of the discount to NTA.

# Appendix 3C

## Announcement of buy-back (*except* minimum holding buy-back)

Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/9/99. Origin: Appendix 7B. Amended 13/3/2000, 30/9/2001.

Name of entity	ABN
Lion Selection Limited	53 123 217 112

We (the entity) give ASX the following information.

### Information about buy-back

- |   |   |  |
|---|---|--|
| 1 | Type of buy-back  | On-market buy-back   |
| 2 | <sup>+</sup> Class of shares which is the subject of the buy-back ( <i>eg, ordinary/preference</i> )                | Ordinary   |
| 3 | Voting rights ( <i>eg, one for one</i> )  | One for one  |
| 4 | Fully paid/partly paid ( <i>and if partly paid, details of how much has been paid and how much is outstanding</i> ) | Fully paid   |
| 5 | Number of shares in the <sup>+</sup> class on issue   | 191,071,317  |
| 6 | Whether shareholder approval is required for buy-back   | No   |
| 7 | Reason for buy-back   | As part of the Company's capital management plan and as an interim measure to the full distribution under Lion Plan. In particular, to return excess capital to shareholders in an efficient manner. |

<sup>+</sup> See chapter 19 for defined terms.

8	Any other information material to a shareholder's decision whether to accept the offer ( <i>eg, details of any proposed takeover bid</i> )	None.
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**On-market buy-back**

9	Name of broker who will act on the company's behalf	Austock Securities
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10	Deleted 30/9/2001.	N/A
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11	If the company intends to buy back a maximum number of shares - that number <small>Note: This requires a figure to be included, not a percentage.</small>	Up to 19,096,342 being 10% of the lowest number of ordinary shares on issue during the previous 12 months.
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12	If the company intends to buy back shares within a period of time - that period of time; if the company intends that the buy-back be of unlimited duration - that intention	During the period ending 7 July 2009
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13	If the company intends to buy back shares if conditions are met - those conditions	Share will only be bought back if the following conditions are met: 1. At the time of the transaction, the discount of the share price to net tangible assets of the Company is greater than 10%; and 2. The amount paid for all shares bought back by the Company under this buy-back program does not exceed \$10 million in total.
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**Employee share scheme buy-back**

14	Number of shares proposed to be bought back	N/A
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15	Price to be offered for shares	N/A
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<sup>+</sup> See chapter 19 for defined terms.

### Selective buy-back

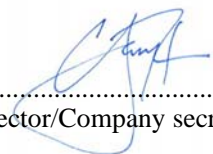
- 16 Name of person or description of class of person whose shares are proposed to be bought back
- 17 Number of shares proposed to be bought back
- 18 Price to be offered for shares

### Equal access scheme

- 19 Percentage of shares proposed to be bought back
- 20 Total number of shares proposed to be bought back if all offers are accepted
- 21 Price to be offered for shares
- 22 <sup>+</sup>Record date for participation in offer  
Cross reference: Appendix 7A, clause 9.

### Compliance statement

1. The company is in compliance with all Corporations Act requirements relevant to this buy-back.
2. There is no information that the listing rules require to be disclosed that has not already been disclosed, or is not contained in, or attached to, this form.

Sign here:  ..... Date: 7 July 2008  
(Director/Company secretary)

Print name: Craig Smyth

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<sup>+</sup> See chapter 19 for defined terms.