

3 November 2008

Dear Shareholder

Lion Selection Limited ("Lion" or "the Company") is pleased to provide eligible shareholders with the opportunity to participate in a buy back by the Company of up to \$150 million worth of Lion shares. Please read the enclosed Buy back booklet carefully, and if you wish to participate in this Buy back, complete the forms at the back of the booklet. Participation is voluntary. No action is required if a shareholder decides not to participate.

Importantly, this Buy back represents a key component of the cash distribution to shareholders under the Lion Plan. This Buy back is an opportunity for shareholders to convert a substantial portion of their shares to cash, in an effective manner, at a time when there is significant uncertainty in global markets. **Lion Directors intend to participate in this Buy-back with respect to all of their eligible shares.**

The Buy back Price will be set by applying a 5% discount to the average daily closing post tax NTA in the last 5 trading days of the Offer Period (26 November to 2 December 2008). All participants will receive the same Buy back price for any shares bought back by Lion, and Lion has engaged an Independent Expert who has determined that the Off market Buy back price calculation is reasonable. The Buy back Price is likely to be higher than the current market price. The ATO has provided a preliminary and non binding draft Class Ruling that all of this Buy back will be treated as capital and there will be no dividend component and therefore no franking credit.

Lion shareholders have authorised Lion to buy back up to 143 million Lion shares, or 75% of Lion's share capital. This Buy back is for up to \$150 million or approximately 100 million shares based on the NTA on 31 October 2008. Should the Off market Buy back be oversubscribed, acceptances will be scaled back on a pro rata basis. The Existing On market Buy back has nearly reached its \$10 million target, having purchased approximately 7 million shares.

The Lion Board notes that there is no guarantee of further buy backs occurring. Market conditions have materially and rapidly deteriorated since the Lion Plan was formed and approved by Lion's shareholders. Consequently, the prices currently achievable for some assets identified for sale but which have not yet been sold are, in the Directors' view, below a reasonable value for those assets and it is not in shareholders' interest they be sold at these prices.

Following successful implementation of this Buy back, Lion will continue to have a portfolio of resource investments and its 30% interest in Cracow. Lion Directors are reviewing Lion's future strategy and expect to update shareholders by the Annual General Meeting in December 2008.

Yours sincerely



Ewen W J Tyler AM
Chairman

KEY DATES

2 December 2008 Last day to accept Buy back Offer

9 December 2008 Proceeds sent to shareholders participating in Buy back



Lion Selection Limited ACN 123 217 112

Off-Market Buy-back Booklet

This is an important document

If you are in any doubt as to the action you should take, you should consult your legal, financial or other professional adviser immediately.

The date of this booklet is 3 November 2008. This booklet is current as at that date.

Important dates

October 2008	30 October	Last day that shares could have been acquired on ASX to be eligible to participate in this Buy back.
	30 October	Last day that Lion Option holders could have exercised their options, for the Lion shares issued to the option holder to be eligible to participate in this Buy back.
	31 October	Shares quoted Ex Entitlement to participate in this Buy back on ASX. Shares acquired on ASX on or after this date will not generally confer an entitlement to participate in this Buy back.
	31 October	General Meeting
November 2008	3 November	Date of this booklet.
	7 November	Buy back Record Date: determination of eligible shareholders entitled to participate in this Buy back.
	11 November	Mailing of Buy back Documents to shareholders completed.
	12 November	Offer Period opens.
December 2008	2 December	Offer Period closes. Acceptance Forms must be received by the Registry no later than 7.00pm (Melbourne time). If you have a CHESS Holding, contact your controlling participant (your broker) in sufficient time for your controlling participant to process your application no later than 7.00pm (Melbourne time).
	5 December	Determination of scale back (if any) and entry into Buy back Contracts. Shares from unsuccessful acceptances due to scale back (if any) released from sub position.
	9 December	Dispatch/crediting of Buy back proceeds completed

While Lion does not anticipate any changes to these dates and times, it reserves the right to vary them without notification. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced as soon as practicable following the Board's authorisation. Lion may also decide not to proceed with this Buy back and/or may reduce the size of this Buy back within the authorised limits (subject always to the 75% Buy back Limit).

Without limitation, Lion reserves the right to terminate this Buy back at any time prior to the date on which Lion enters into the Buy back Contracts by making an announcement to ASX to that effect.

Lion has undertaken to the Australian Taxation Office that it will not proceed with this Buy back if the Buy back Price is at a discount of more than 14% discount to the volume weighted average price of its shares on the ASX for the five (5) days up to and including the closing date of this Buy back.

In all likelihood and based on current market conditions, the Buy back Price is likely to be at a premium to Lion's current share price.

Eligibility to participate

You are entitled to accept the Buy back Offer for Shares which were registered in your name on the Record Date and which, in accordance with the ASTC Settlement Rules, confer an entitlement to participate in this Buy back

Shares acquired on ASX on or after 31 October 2008 **do not** confer an entitlement to participate in this Buy back. Shareholders will not be entitled to accept the Buy back Offer in respect of Shares acquired on or after 31 October 2008.

Participation in this Buy back is voluntary. Shareholders do not have to accept the Buy back Offer if they do not want to.

FOREIGN JURISDICTIONS

The distribution of Buy back Documents in some jurisdictions outside Australia (see definition of Excluded Foreign Person for further information) might be restricted by law and this booklet does not constitute an invitation to participate in any place where, or to any person to whom, it would be unlawful to do so. Persons who come into possession of the Buy back Documents should seek advice on, and observe any restrictions on, distributing the Buy back Documents.

CONSIDER INDEPENDENT ADVICE

This booklet does not provide financial product or taxation advice and has been prepared without taking into account your particular objectives, financial situation or needs. You should consider obtaining independent advice, including taxation advice, before making any financial decisions. The Directors of Lion make no recommendation as to whether or not you should participate in this Buy back.

Buy-back Summary

Buy-back

Lion is offering to buy Shares by way of an off market buy back offer which provides shareholders with an opportunity to sell some or possibly all of their Shares to Lion.

Size

Lion expects to buy back up to \$150 million worth of its Shares. The ultimate size of this Buy back will be dependent on shareholder demand and market conditions at the time.

Participation

Eligible shareholders can accept this Buy back in respect of Shares registered in their name at the Buy back Record Date 7 November 2008. This means shareholders cannot accept this Buy back in respect of Shares acquired on ASX on or after 31 October 2008 (the Ex Entitlement Date). Shares sold on or after the Ex Entitlement date are not eligible to participate in this Buy back.

Participation is voluntary. No action is required if a shareholder decides not to participate.

Once you have submitted an Acceptance Form, you will not be able to sell the Shares in respect of which you have accepted the Buy back Offer unless you withdraw or amend your Acceptance. After the Buy back Date (5 December 2008), you may sell any of your Shares not bought back by Lion.

Dividend component of this Buy-back

All of this Buy back will be treated as capital and there will be no dividend component and therefore no franking credit.

Buy-back Price

The Buy back Price will be set by applying a 5% discount to the average day closing post tax NTA in the last 5 trading days of the Offer Period (26 November to 2 December 2008). All participants will receive the same Buy back Price for any shares bought back by Lion. The Buy back Price is likely to be higher than the current market price. Lion will announce daily to the ASX and on its website the closing NTA on each of the last 5 trading days of the offer period.

Scale Back

In the event that acceptances by shareholders exceed the Buy back Volume, all acceptances will be scaled back on a pro rata basis.

All acceptances may also be scaled back on a pro rata basis if buying back all Shares in respect of which acceptances are received would result in any person increasing their voting power to 20% or more.

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1 Details of this Buy-back and Acceptance process

This booklet contains material information on this Buy back to help you to make an informed decision on whether to participate in this Buy back. Some defined terms are used in this booklet, which are explained in the glossary in Section 6 of this booklet.

1.1 What is an off-market buy-back offer?

In a buy back, a company buys back some of its shares from its shareholders. A buy back is said to be 'off market' when it is made to shareholders directly rather than through the share market.

Shares bought back by the company are cancelled, thus reducing the number of shares the company has on issue.

Under this Buy back, shareholders may accept Lion's offer to buy back shares for up to 100% of their shareholding (subject to the potential scaling back of acceptances should the total number of acceptances exceed the \$150 million available for this Buy back). Shareholders do this by completing and returning the Acceptance Form. Further details on how to submit Acceptance Forms are included in Section 2.

1.2 Why is Lion implementing a buy-back?

On 19 May 2008, Lion announced the Lion Plan which involved the sale of key investments in Indophil, Cracow and Albidon and a major cash return to shareholders. The Lion Plan was voted upon at a general meeting of shareholders on 23 June 2008, with overwhelming support for a major cash return.

Following the sale by Lion of part of its shareholding in Indophil, realising \$82 million in cash, Lion announced the implementation of the next stage of the Lion Plan being a return of up to \$150 million cash to shareholders via an off market buy back.

Lion shareholders have authorised Lion to buy back up to 143 million Lion shares, or 75% of Lion's share capital. This Buy back is for up to \$150 million or approximately 100 million shares based on the NTA on 31 October 2008. In addition, the Existing On market Buy back has nearly reached its \$10 million target, having purchased approximately 7 million shares.

The Lion Board notes that there is no guarantee of further buy backs occurring. Market conditions have materially and rapidly deteriorated since the Lion Plan was formed and approved by Lion's shareholders. Consequently, the prices currently achievable for some assets identified for sale, but which have not yet been sold, are, in the Directors' view, below a reasonable value for those assets and it is not in shareholders' interests they be sold at these prices.

Following successful implementation of this Buy back, Lion will continue to have a portfolio of resource investments and its 30% interest in Cracow. Your Directors are reviewing Lion's future strategy and expect to update shareholders by the Annual General Meeting in December 2008.

This Buy back has been determined by the Board, including the Independent Directors as set out in the Independent Directors' Recommendation sent to shareholders, to be in prevailing market circumstances the most appropriate method available to return cash to shareholders. This assessment considered both shareholders participating in this Buy back and those shareholders who elect not to participate. This view is supported by the Independent Expert who has determined that the Off Market Buy back price calculation is reasonable. The Independent Expert has concluded that approval of the Buy back Resolution is in the best interests of shareholders. The Buy back Program was approved by shareholders at Lion's General Meeting on 31 October 2008.

Lion's share price in recent times has traded at a discount to its NTA of approximately 20%. An off market buy back, with shares bought back at a small discount to NTA (in this case at a 5% discount to NTA) will have a positive "step up" effect on the NTA of remaining shares, following this Buy back. Additionally, participation in an off market buy back is optional, enabling shareholders who wish to retain their investment in Lion the ability to do so.

Importantly, this Buy back is an opportunity for shareholders to convert a substantial portion of their shares to cash, in an effective manner, at a time when there is significant uncertainty in global markets (which has put downward pressure on the share prices of many companies as shareholders have sought to exit their investments).

This Buy-back is the key mechanism to return cash to shareholders. Lion Directors intend to participate in this Buy-back with respect to all of their eligible shares.

Further information about the effect of this Buy back on Lion is set out in Section 4.

1.3 What are the advantages of an off-market buy-back?

Lion is conducting this Buy back by a process referred to as an off market buy back. The advantages for Lion and its shareholders of using this process include the following:

- this Buy back Price will be calculated by reference to Lion's post tax NTA value rather than by reference to market price at a particular time. Participating shareholders will therefore be able to realise some of their investment at a value which better reflects the underlying value of their investment;
- all eligible shareholders will have an equal opportunity to participate in this Buy back;
- shareholders will have the ability to choose whether or not to participate in this Buy back and importantly, will retain flexibility (subject to the potential for scale back of acceptances) to tailor their participation to suit their own individual circumstances, including accepting for any portion, all or none of their shares;
- this Buy back should enable shareholders to sell a large volume of Shares without depressing the market price of Lion's shares;
- no brokerage is payable on the sale of shares through this Buy back.

1.4 Do I have to participate in this Buy-back?

No. If you do not want to participate in this Buy back, you do not need to take any action.

If you do not sell your Shares, you will have the same number of Shares after this Buy back as you had before this Buy back. However, your proportional ownership interest in Lion (i.e. the number of Lion shares you own as compared with the total number of Lion shares on issue) will increase when the Shares bought back from other shareholders who participate in this Buy back are cancelled.

1.5 At what price will Shares be bought back?

Shares bought back pursuant to this Buy back will be bought back at the Buy back Price, calculated by applying a 5% discount (ie 95%) of the average daily closing post tax NTA in the last 5 trading days of the Offer Period (26 November to 2 December 2008) rounded to the nearest whole cent. Lion will announce daily to the ASX and on its website the closing NTA on each of the last 5 trading days of the offer period.

Lion notes that the Independent Expert has determined that the Buy back Price calculation is reasonable.

1.6 How many Shares will Lion buy back?

Lion is seeking to return a maximum of \$150 million cash to shareholders under this Buy back. The actual number of Shares bought back will depend on the actual Buy back Price and the number of acceptances received.

The size of this Buy back will be reduced if buying back all Shares in respect of which acceptances are received would result in any shareholder increasing their voting power to 20% or more (see section 4.9 for further information).

Without limitation, Lion reserves the right to terminate this Buy back at any time prior to the date on which Lion enters into the Buy back Contracts. Lion has undertaken to the Australian Taxation Office that it will not proceed with this Buy back if the Buy back Price is at a discount of more than 14% to the volume weighted average price of its shares on the ASX for the five (5) days up to and including the closing date of this Buy back.

If Lion amends or terminates this Buy back at any time, it will announce the termination or amendment.

Lion shareholders have authorised Lion to buy back up to 143 million Lion shares, or 75% of Lion's share capital. This Buy back is for up to \$150 million or approximately 100 million shares based on the NTA on 31 October 2008. In addition, the Existing On market Buy back has nearly reached its \$10 million target, having purchased approximately 7 million shares. The Lion Board notes that there is no guarantee of further buy backs occurring. If a subsequent buy back did take place as part of the wider Buy back Program, it is likely to be funded from the sale of investments or the sale of Lion's interest in Cracow. Lion may extend the Existing On market Buy back, or conduct further off market buy backs, if funds become available at a later time. Any subsequent off market buy back would be detailed in a similar booklet to this one, and is anticipated to have a similar pricing methodology.

The 75% Buy back Limit represents the maximum number of Shares that may be bought back, rather than the number of Shares that will be definitely bought back. The number of Shares actually bought back will depend on a range of factors including the total amount of funding available for the Buy back Program following the possible sale of assets, the extent to which shareholders are willing to sell Shares under the Buy back Program, an assessment by the Directors of the value to the Company in buying back Shares at the relevant prices which can be achieved at the time and decisions made in relation to the future of the company.

1.7 Who may participate in this Buy-back?

Shareholders may accept this Buy back Offer only in respect of Shares which were registered in their names at 7.00pm Melbourne time on 7 November 2008 being the Record Date for this Buy back. Any Shares purchased on or after the Ex Entitlement Date of 31 October 2008 will not be registered by the above Record Date, and therefore are not eligible to participate in this Buy back. Certain foreign shareholders are not entitled to participate in this Buy back. For details, see Section 5.1.

Shareholders are entitled to accept this Buy back Offer in respect of any Shares issued before the Record Date for this Buy back as a result of the exercise of Lion Options (subject to the exceptions described in section 5.1 below). The last day that Lion Option holders could exercise their options for the shares issued to be eligible to participate in this Buy back was 30 October 2008.

1.8 When will Shares accepted into this Buy-back be bought back?

Unless Lion announces different dates, Lion will buy back Shares accepted into this Buy back on or about 5 December 2008. Payment for Shares bought back will be made on or about 9 December 2008 (see Section 1.14).

1.9 How will Lion determine whether any of my Shares will be bought back and any scale back?

In the event that Lion receives acceptances for more than \$150 million of shares or more than 143 million shares, Lion will scale back acceptances on a pro rata basis. When the scale back is calculated, the aggregate number of Shares which will be bought back from each participating shareholder will be rounded downwards to the nearest whole Share. You will be notified of any scale back of acceptances after 5 December 2008. Once you have submitted an Acceptance Form, you will not be able to sell or otherwise deal with the Shares accepted into this Buy back unless you withdraw or amend your Acceptance Form in accordance with the procedures set out in Section 2.2.

A worked example of the scaling of acceptances is provided in Section 1.21.

1.10 Will all of my Shares be bought back?

Lion is offering to buy back Shares worth a maximum of \$150 million in this Buy back. The actual number of Shares that may be bought back will depend on the Buy back Price achieved, determined with reference to Lion's NTA. Whether all of the Shares in respect of which you have accepted into this Buy back will be bought back will depend on the number of total acceptances received from Lion shareholders.

Lion reserves the right to terminate this Buy back at any time. See Section 1.6 and 1.9 for further information.

1.11 How will I know how many of my Shares will be bought back?

Details of the Buy back Volume and scale back (if any) will be announced to ASX on or shortly after the Buy back Date (which is currently expected to be on or about 5 December 2008). Lion will after the end of the month in which the relevant Buy back Contracts are entered into, send to all shareholders who have participated in this Buy back a statement of the number of Shares (if any) that have been bought back and the price that has been paid. Unless a written request is received by the Registry to the contrary, this statement will be sent to your address as recorded on the Lion Share Register on the Buy back Date. If you are a CHESS Holder, you will receive written confirmation from CHESS.

1.12 How is Lion funding this Buy-back?

Payment for Shares bought back will be funded from Lion's existing cash reserves.

See Section 4.2 for further information.

1.13 How is Lion's monthly NTA derived?

The significant proportion of Lion's assets comprise cash, listed investments, or indirect exposure to listed investments through unlisted funds (e.g. African Lion Funds and Asian Lion). Accordingly, Lion's NTA is generally readily observable from the market prices of these investments, less any tax payable on any notional sale.

The one asset of note that is not carried at market value is Lion's interest in Cracow which is carried at book value. This asset was valued independently on 16 October 2008 as part of the Independent Expert's Report for the Buy back resolution. In the opinion of the Independent Expert, the book carrying value of Cracow is reasonably stated at \$58.8 million.

Lion's pre tax and post tax NTA for a particular month is subsequently published to the market in accordance with the ASX Listing Rules. Lion's post tax NTA is calculated as total assets less total liabilities (including any current and net deferred tax liabilities calculated based on Lion's assets being held for sale). The NTA per share and month end trading prices for Lion since February 2008 are set out in the table in Section 1.15. Shareholders can access Lion's NTA as at the most recent month end at www.lionselection.com.au or by contacting Lion's Investor Relations team on +61 3 9614 8008. In addition, Lion will announce daily to the ASX and on its website the closing NTA on each of the last 5 trading days of the offer period.

1.14 When and how will I receive payment for Shares bought back?

Lion will dispatch/credit payment in Australian dollars for Shares bought back under this Buy back on or around 9 December 2008 (unless Lion announces a different Buy back Offer Period). If you have a direct credit authority for the payment of dividends on your Lion Shares recorded on the Lion Share Register at 7.00pm Melbourne time on the Buy back Date (which is currently expected to be 2 December 2008), all proceeds due to you under this Buy back will be credited to your nominated bank account. Otherwise, Lion will send you a cheque for the proceeds due to you. If you want to receive payment for Shares bought back in a form that is different from your current direct credit instructions for payment of dividends on your Lion shares, you may change your current direct credit instructions by providing written instructions to the Registry before the Buy back Date. Please note that if you do alter your nominated bank account details, this will be taken to be your nominated bank account for any future dividend payments. Unless written advice to the contrary is received by the Registry prior to the Buy back Date, cheques or direct credit confirmations will be sent to your address as recorded on the Lion Share Register on the Buy back Date. It is your responsibility to inform the Registry of any changes to your contact details.

1.15 How does this Buy-back compare to selling the Shares on the stock market?

The Australian tax consequences if Lion buys back your Shares pursuant to this Buy back may be different to the consequences of selling your Shares on ASX (see Section 3 for further information). Further, you do not need to appoint a broker or pay brokerage to participate in this Buy back but you would usually pay brokerage to sell your Shares on ASX.

Based on the current and recent market price of Lion shares, and current and recent post tax NTA of Lion (as shown in the table below), it is likely that Shares bought back pursuant to this Buy back will be bought back for a price higher than you would be able to sell them for through ASX. The table below shows the month end trading prices for Lion since February 2008 compared to the post tax NTA per share, and post tax NTA per Share with a 5% discount at each month end.

Period	Low (\$)¹	High (\$)¹	End of Month closing price (\$)	End of Month NTA	95% of end of Month NTA	End of month discount to NTA
February 2008	1.27	1.495	1.29	1.82	1.73	29%
March 2008	1.21	1.575	1.525	1.76	1.67	13%
April 2008	1.425	1.545	1.515	1.78	1.69	15%
May 2008	1.40	1.90	1.835	2.09	1.99	12%
June 2008	1.80	1.95	1.83	2.12	2.01	14%
July 2008	1.505	1.855	1.545	1.97	1.87	22%
August 2008	1.47	1.60	1.505	1.89	1.80	20%
September 2008	1.33	1.565	1.49	1.72	1.63	13%
October 2008	1.145	1.58	1.195	1.59	1.51	25%

Notes:

1. Based on trading of ordinary shares during normal ASX trading hours, generally from around 10.00am to 4.00pm.

The market price of Lion Shares on ASX may move higher than the Buy back Price. It may also vary significantly in the future. By making the Buy back Offer and in setting the Buy back Price, Lion is not making any recommendation or giving any advice as to whether (or how) you should sell your Shares. Before you decide what to do with your Shares, you should seek your own professional advice (including taxation advice).

1.16 How long will the Buy-back Offer be open?

The Buy back Offer Period will be open from 12 November 2008 until 7.00pm Melbourne time on 2 December 2008. The Board may, at its discretion, extend the Offer Period. If the Offer Period is extended, the new Closing Date will be announced to ASX. You will be able to amend or withdraw your Acceptance Form until this time (see Section 2.2 for further information). If you withdraw your Acceptance Form in accordance with the instructions contained in Section 2.2, Lion will not buy back any of your Shares.

Lion may withdraw the Buy back Offer at any time prior to the date on which Lion enters into the Buy back Contracts, and any acceptances received will be terminated.

1.17 How are my voting and dividend rights affected by this Buy-back if I accept the Buy-back Offer?

Shareholders who have submitted Acceptance Forms will still be entitled to vote in accordance with the voting rights attached to their Shares at any meeting of the shareholders of Lion that is held before the Buy back Contract is entered into in respect of particular Shares even if they have submitted an acceptance in respect of such Shares. It is expected that the Buy back Contracts will be entered into on 5 December 2008.

Shareholders will also be entitled to any dividend in accordance with the dividend rights attaching to their Shares where the Record Date for the dividend occurs prior to the date on which the Buy back Contract is entered into in respect of particular Shares. Lion currently has no intention of paying a dividend before completion of this Buy back.

In accordance with the Corporations Act, all rights attached to Shares are suspended once the Buy back Contract for those Shares is entered into.

1.18 Can I trade my Shares after accepting this Buy-back?

Any Shares not accepted into this Buy back may be sold or otherwise dealt with in the ordinary manner. Once you have submitted an Acceptance Form, you will not be able to sell, transfer or otherwise deal with the Shares in respect of which you have accepted the Buy back Offer unless you withdraw or amend your Acceptance Form in accordance with the procedures set out in Section 2.2 of this booklet. After the Buy back Date, you may sell or otherwise deal with any of your Shares not bought back by Lion.

1.19 Can I purchase more shares during the Offer Period and participate in this Buy-back?

No. Shareholders may accept the Buy back Offer only in respect of Shares which were registered in their names at 7.00pm Melbourne time on 7 November 2008. Any shares purchased on or after the Ex Entitlement Date 31 October 2008 are not eligible to participate in this Buy back.

1.20 Can I transfer my rights to participate in this Buy-back?

No. These rights are personal to you and are not transferable.

1.21 Example of how the scale back works

To assist you in understanding how the scale back may affect your acceptances(s), the following illustrative example is provided. It is assumed that three shareholders with 10,000 Shares each accept the Buy back Offer in respect of some of their Shares.

Example

In this example it is assumed that:

- Lion buys back 94 million of its issued shares at the Record Date, compared with acceptances received for 134 million Shares;
- there is a scale back of 30% required i.e. the pro rata percentage that will be applied is 30%;

Shareholder	A	B	C
Shares held on the Record Date	10,000	10,000	10,000
Shares Offered in Buy back	3,000	5,000	10,000
Impact of scale back	(900)	(1,500)	(3,000)
Shares bought back	2,100	3,500	7,000
Shares retained	7,900	6,500	3,000

2 How to participate in this Buy-back

2.1 How do I participate in this Buy-back?

The following pages provide instructions on how to complete your Acceptance Form. If you require assistance to complete your Acceptance Form, please contact Lion's Investor Relations team on +61 3 9614 8008.

Step 1: Decide how many Shares you wish to sell

Box A on the Acceptance Form sets out the maximum number of Shares you may nominate to sell to Lion under this Buy back. If you want to accept the Buy back Offer in respect of all or part of your Shareholding, write the number of Shares you want to sell to Lion in Box B. This number must not exceed the number of Shares shown in Box A. If you purport to accept the Buy back Offer for more than the number of Shares shown in Box A, you will be deemed to have accepted the Buy back Offer for the lesser of

- the number of Shares registered in your name on the Record Date (and which, in accordance with applicable ASTC Settlement Rules, confer an entitlement to participate in this Buy back); and
- the number of Shares you hold on the Closing Date.

No action is required by you if you do not want to accept this Buy back for any of your Shares.

Step 2: Submitting your Acceptance Form

How you submit your Acceptance Form will depend on the type of holding you have. This will be specified on your Acceptance Form.

(a) Issuer Sponsored Holders

If you would like to participate in this Buy back, you need to complete and sign your Acceptance Form and return it to the Registry as set out below. Acceptances must be received no later than 7.00pm Melbourne time on 2 December 2008 unless Lion announces a later Closing Date.

Lion Selection Limited Buy back
Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Vic 3001

You can use the enclosed reply paid envelope if you are posting your Acceptance Form in Australia.

Lion will not accept an Acceptance Form from you unless it is actually received by 7.00pm Melbourne time on 2 December 2008. You should allow sufficient time for this to occur.

(b) CHESSE Holders

You need to instruct your controlling participant (normally your broker) in sufficient time for them to process your acceptance so that it is received by the Registry by 7.00pm Melbourne time on 2 December 2008. The name of the controlling participant who manages your CHESSE Holding as at the Record Date is printed on your Acceptance Form.

You should NOT send an Acceptance Form to the Registry.

If you are a CHESSE Holder, you may receive written confirmation from CHESSE of the acceptance made on your holding or an acceptance withdrawn by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by Lion of any nomination to sell Share to Lion.

2.2 Can I withdraw or amend an acceptance?

The following provides instructions on how you can withdraw or amend your Acceptance Form. Once you have submitted an Acceptance Form, it can only be withdrawn or amended by following the procedures set out below.

(a) Issuer Sponsored Holdings

You can withdraw or amend your Acceptance Form by submitting a Withdrawal/Amendment Form, a copy of which is included with this booklet. Any amendment or withdrawal will not be effective unless it is received by the Closing Date (which is 7.00pm Melbourne time on 2 December 2008 (unless Lion announces a later date)).

Using a Withdrawal/Amendment Form

Withdrawal of Acceptance Form

You may withdraw your acceptance by placing a tick in the 'Withdrawal' Box on the Withdrawal/Amendment Form, signing the form and sending it to the Registry at the address provided so that it is received by no later than the Closing Date.

Amendment of Acceptance Form

If you want to change your acceptance, you must tick the 'Amendment' Box on the Withdrawal/Amendment Form. You must then complete Part B by writing the number of Shares you wish to sell to Lion in the Box in Part B, sign the form and send it to the Registry so that it is received by no later than the Closing Date. The effect of submitting a Withdrawal/Amendment Form will be to withdraw your Acceptance Form and (where applicable) replace it with the Acceptance detailed on that Withdrawal/Amendment Form.

If you lodge an incomplete or incorrect Withdrawal/Amendment Form, your Withdrawal/Amendment Form may not be accepted (at Lion's absolute discretion) and your existing acceptance may be accepted into this Buy back.

(b) CHESSE Holdings

If you have a CHESSE Holding, you will need to instruct your controlling participant in sufficient time for them to process your withdrawal or amendment by no later than the Closing Date.

If you have a CHESSE Holding, you should NOT send a Withdrawal/Amendment Form to the Registry as it cannot process your Withdrawal/Amendment Form and therefore any such form will not be accepted by Lion. If you are a CHESSE Holder, you will receive written confirmation from CHESSE of the withdrawals/amendments made in relation to your holding by your controlling participant. Irrespective of its wording, this confirmation is not an acceptance by Lion of your amended Acceptance.

2.3 How can I obtain additional Acceptance Forms or Withdrawal/Amendment Forms?

If you require an additional Withdrawal/Amendment Form or any replacement Acceptance Forms, please call Lion on +61 3 9614 8008.

3 Australian tax implications for shareholders

3.1 Overview

The following is a general summary of the Australian income tax implications for shareholders who participate in this Buy back. This summary covers the Australian income tax implications for the following class of shareholders:

- Australian resident individuals;
- Australian resident companies;
- Australian complying superannuation entities; and
- non residents that hold their Shares on capital account.

This summary does not deal with the Australian income taxation implications with respect to shareholders who hold their Shares on revenue account or to shareholders who are professional share traders, banks or insurance companies.

This Buy back constitutes an “off market” share buy back for the purposes of Australian income tax law. As outlined below, no component of the Buy back Price will be treated as a deemed dividend for the purposes of the buy back rules. In this respect, Lion has applied for a Class Ruling from the ATO dealing with certain taxation matters impacting shareholders listed above, including that certain anti avoidance rules directed at the provision of capital benefits in substitution for dividends will have no application to this Buy back. Lion has received a preliminary and non binding draft Class Ruling from the ATO which indicates that the ATO will confirm a number of the statements contained in this summary. Whilst this summary reflects the expected outcomes to be confirmed by the ATO in the Class Ruling, the final Class Ruling cannot be issued until after this Buy back is completed. Although it is not anticipated to be the case, when the final Class Ruling is issued by the ATO, it is possible that it may express a view contrary to that set out in the draft ATO Class Ruling and in this booklet. Based on the current timetable, the ATO will likely issue their final Class Ruling before 30 June 2009. Lion will release the final Class Ruling to ASX when received and post it on Lion’s website.

This summary is of a general nature only and is not intended to be legal, accounting or taxation advice and should not be relied upon as such. **We recommend that you consult your professional adviser regarding the tax implications of participating in this Buy-back** as your particular circumstances may not be considered in detail due to the general nature of this summary.

This summary is based on Australian income tax law and practice as at the date of this booklet.

3.2 General

This Buy back constitutes an “off market” share buy back for the purposes of Australian income tax law.

Lion intends that the whole of the proceeds to be paid under this Buy back will be debited to share capital. Where this is the case, no part of the proceeds will constitute a dividend paid by Lion. There are, however, certain anti avoidance provisions in the Australian income tax legislation directed at the provision of capital benefits (see section 3.6).

3.3 Tax implications for Australian resident individual shareholders and complying superannuation entity shareholders

CGT on disposal of each Share

The following discussion is prepared on the basis that Lion debits the Buy back proceeds entirely to share capital.

Shareholders that sell some or all of their Shares under this Buy back will be taken to have disposed of those Shares for CGT purposes. An Australian resident individual or a complying superannuation entity shareholder will be treated as having disposed of each Share for capital proceeds equal to the Buy back Price. Generally, a shareholder’s CGT cost base will be the amount the shareholder paid to acquire the Share, together with any incidental costs of acquisition such as stamp duty and brokerage fees, and certain incidental costs of disposal.

A shareholder will make a capital loss when their Shares are bought back to the extent that the cost base of the Shares disposed of under this Buy back exceeds the capital proceeds. A capital loss is not deductible against a shareholder’s assessable income. However, a capital loss can be offset against capital gains made during the income year. To the extent that a shareholder has unrecovered capital losses in an income year, these losses may be carried forward to a later income year to offset future capital gains.

A shareholder will make a capital gain when their Shares are bought back if the CGT cost base of the Shares disposed of under this Buy back is less than the capital proceeds attributable to the disposal.

The calculation of the capital gain is dependent upon whether the Shares have been held for 12 months or longer prior to disposal under this Buy back.

Where the Shares have been held for 12 months or longer, the shareholder may be able to apply the discount capital gain method in calculating the capital gain on disposal. Under this method, a resident individual shareholder will include one half of the nominal gain (being the excess of the capital proceeds over the CGT cost base) in their assessable income. Complying superannuation entity shareholders will include two thirds of the nominal gain in their assessable income. If the shareholder has any current or prior year capital losses, these must be applied to offset the nominal capital gain before discounting the capital gain by one half or two thirds, as applicable.

Where the Shares have been held for less than 12 months, the discount to capital gain method is not available. A shareholder will include the entire capital gain, being the excess of the capital proceeds over the CGT cost base, in the shareholder's assessable income. If a shareholder has any current or prior year tax losses, these may also be applied to offset any capital gain.

There are, however, certain anti avoidance provisions in the Australian income tax legislation directed at the provision of capital benefits (see section 3.6).

3.4 Tax implications for Australian resident corporate shareholders

CGT on disposal of each Share

The following discussion is prepared on the basis that Lion debits the Buy back proceeds entirely to share capital.

Shareholders that sell some or all of their Shares under this Buy back will be taken to have disposed of those Shares for CGT purposes. An Australian resident corporate shareholder will be treated as having disposed of each Share for capital proceeds equal to the Buy back Price. Generally, a shareholder's CGT cost base will be the amount the shareholder paid to acquire the Share, together with any incidental costs of acquisition such as stamp duty and brokerage fees, and certain incidental costs of disposal.

Corporate shareholders are not eligible for discount capital gains treatment.

A shareholder will make a capital loss when their Shares are bought back to the extent that the cost base of the Shares disposed of under this Buy back exceeds the capital proceeds. Any capital losses can only be used to offset capital gains made by the shareholder, and any unused capital losses may be carried forward to offset future capital gains, subject to the satisfaction of certain loss recoupment tests.

There are, however, certain anti avoidance provisions in the Australian income tax legislation directed at the provision of capital benefits (see section 3.6).

3.5 Tax implications for non-resident shareholders

(a) CGT on disposal of each Share

The following discussion is prepared on the basis that Lion debits the Buy back proceeds entirely to share capital.

Lion believes that its Shares are not "indirect Australian real property interests". Accordingly, although the Shares bought back under this Buy back will constitute a disposal for CGT purposes, a non resident shareholder will not be subject to Australian CGT unless the shareholder holds their shares as part of a business conducted through a permanent establishment located in Australia.

(b) Foreign tax implications

Non resident shareholders should consult their professional adviser regarding any foreign tax implications of participating in this Buy back relevant to their own particular circumstances.

On the basis that Lion debits the Buy back proceeds entirely to share capital no Australian withholding tax should apply to a non resident shareholder participating in this Buy back.

There are, however, certain anti avoidance provisions in the Australian income tax legislation directed at the provision of capital benefits (see section 3.6).

3.6 Capital Benefits - anti-avoidance provisions

The following discussion is prepared on the basis that Lion debits the Buy back proceeds entirely to share capital.

The Australian income taxation legislation contains certain anti avoidance provisions which operate where capital benefits are streamed to particular shareholders who can obtain greater benefits from the capital benefits than other shareholders.

Lion has sought a binding Class Ruling from the ATO seeking confirmation from the Commissioner of Taxation that this Buy back, as contemplated by Lion, will not result in the Commissioner making a determination pursuant to those anti avoidance rules. Based on the preliminary and non binding draft Class Ruling, the Company does not expect that the Commissioner of Taxation will seek to apply these provisions. This will be confirmed when the Class Ruling is issued following completion of this Buy back.

4 Effect of this Buy-back on Lion

4.1 Current financial performance

Recent financial and other performance information, the 2008 annual results, the 2007 Annual Report and the recent NTA announcement are available on Lion's website, www.lionselection.com.au.

Lion's audited income statements for the years ended 31 July 2008 and 31 July 2007 are set out below.

Consolidated Income Statement for the Year Ended 31 July 2008	2008 \$ million	2007 \$ million
Gold Sales Revenue	31.6	9.1
Changes in inventories of finished goods and work in progress (cost of gold sales)	0.3	(0.6)
Raw materials and consumables used (cost of gold sales)	(25.9)	(6.8)
	6.0	1.7
Gain /(loss) attributable to movement in fair value	(46.4)	66.7
Dividend income	23.7	
Other revenue	6.1	3.8
Management fees	(2.9)	(2.8)
Exploration and evaluation	(0.2)	(3.6)
Depreciation and amortisation	(3.7)	(1.1)
Employee benefits	(1.0)	(0.7)
Finance costs	(0.6)	(0.3)
Other expenses	(5.5)	(1.3)
Profit/(loss) before income tax	(24.5)	62.2
Income tax (expense)/benefit	6.0	10.5
Net profit after tax	(18.5)	72.7
	Cents	
Basic earnings per share	(9.7)	59.1
Diluted earnings per share	(9.7)	59.0

4.2 Funding of this Buy-back

Lion is seeking to return a maximum of \$150 million cash to shareholders under this Buy back Offer. This Buy back will be funded from Lion's existing cash reserves.

4.3 Effect on Lion's share capital and reserves

The pro forma balance sheet as at 31 October 2008 set out below shows the approximate change in Lion's share capital and reserves resulting from this Buy back and possible further buy backs as part of the Buy back Program.

Lion Selection Limited Pro Forma Consolidated Balance Sheet 31 October 2008	Jul-08 Audited Accounts	Material Adjustments	Note	Share Buy- back (Note e)	Pro Forma Balance Sheet
	\$000's	\$000's		\$000's	\$000's
Current Assets					
Cash and cash equivalents	103,743	72,328	a, b	(150,000)	26,071
Trade and other Receivables	2,452				2,452
Financial assets	128,456	(112,747)	b, c		15,709
Inventories	1,877				1,877
Other Current Assets	2,222				2,222
Total Current Assets	238,750	(40,418)		(150,000)	48,332
Non Current Assets					
Property, Plant and Equipment	7,950				7,950
Mine Development	49,721				49,721
Financial assets	81,777	(43,168)	d		38,609
Deferred tax assets	6,475				6,475
Total Non Current Assets	145,923	(43,168)		-	102,755
Total Assets	384,673	(83,587)		(150,000)	151,086
Current Liabilities					
Trade and Other Payables	4,090				4,090
Provisions	630				630
Total Current Liabilities	4,720	-		-	4,720
Non Current Liabilities					
Provisions	700				700
Deferred tax liabilities	11,753				11,753
Total Non Current Liabilities	12,453	-		-	12,453
Total Liabilities	17,173	-		-	17,173
Net Assets	367,500	(83,587)		(150,000)	133,913
Equity					
Contributed equity	250,748	(9,682)	a	(150,000)	91,066
Reserves	1,958				1,958
Retained profits/(accumulated losses)					
Retained profits/(accumulated losses)	114,792	(73,905)	b,c,d		40,887
Total parent entity interest	367,498	(83,587)		(150,000)	133,911
Total minority interest	2				2
Total Equity	367,500	(83,587)		(150,000)	133,913

Lion Pro Forma Balance Sheet Notes:

- a Cash reduced for Existing On market Buy back to 31 October 2008.
- b Cash and Investment balance adjusted to reflect sale of 70 million Indophil shares at \$1.17/ share. The sale proceeds compare with the mark to market of the Indophil shares as at 31 July 2008 of \$1.325/ share.
- c Investment balance adjusted to reflect market price of Indophil shares held as at 31 October 2008. Actual result will vary depending on movements in fair value.
- d Investment balance adjusted to reflect market price of investments held as at 31 October 2008.
- e Buy back as contemplated in this booklet.

4.4 Effect on Lion's franking account

Lion intends that the whole of the proceeds to be paid under the Buy back will be debited to share capital. Assuming this is the case there will be no effect on Lion's franking account.

4.5 Impact on net tangible assets per share and earnings per share

Depending on the number of Shares bought back, there is potential for a small increase to NTA. Buying back Shares at a discount to NTA will increase the NTA of the Shares remaining. The precise impact on the NTA and earnings per share (EPS) of this Buy back cannot be determined until it is completed and will depend on the number and timing of any Shares bought back and the volume weighted average Buy back Price. However, it is expected that the impact on NTA will be positive.

Lion is an investment company that does not generally generate consistent revenue streams, with most income currently derived from investment exits, dividend income, interest income earned on surplus funds and profit from gold sales from Lion's investment in Cracow. Investment receipts are unpredictable and irregular, and to a certain extent outside the control of Lion. For example, investment exits often arise as a result of a takeover by a third party. Accordingly it would be speculative and subject to significant business and technical uncertainties and contingencies which are beyond the control of Lion to predict the impact of this Buy back on Lion's EPS. Factors that will impact on Lion's EPS following this Buy back include changes to arrangements with Lion Manager after the implementation of the Lion Plan (see Section 4.12) which is expected to result in lower management fees and lower interest income due the return of surplus cash to shareholders under this Buy back.

4.6 Effect on Shares on issue

Lion shareholders have authorised Lion to buy back up to 143 million Lion Shares, or 75% of Lion's share capital. The number of Shares purchased in this Buy back, which may be up to \$150 million, will depend on the Buy back Price achieved. Based on the Buy back Price calculated with reference to the NTA at 31 October 2008, approximately 50% of Lion's Shares would be bought back. The table below highlights the impact on Shares on issue under different scenarios. All Shares bought back pursuant to this Buy back will be cancelled in accordance with the Corporations Act.

Percentage of total shares bought back	Number of shares bought back (million) ¹	Number of shares remaining (million) ²
40.0%	76	115
50.0%	96	95
60.0%	115	76
70.0%	134	57
75.0%	143	48

Notes:

1. Based on 191 million shares outstanding as at the announcement of the Existing On Market Buy back on 7 July 2008. Approximately 6.6 million Shares, representing 3.5% of Lion's issued capital, have been purchased under the Company's Existing On Market Buy back up to 31 October 2008. The Company may buy back up to a total of 19 million shares under the Existing On Market Buy back.
2. The Company also has options on issue which, if exercised, would result in the issue of a further 5.6 million Shares.
3. Figures in the above table may vary slightly due to rounding.

4.7 Effect on Lion Options

Lion currently has 5.6 million listed options and no unlisted options (**Lion Options**). These options expire on 28 April 2009. All Lion Options are currently exercisable and have an exercise price of \$1.51 per option (i.e. an exercise price higher than market price of Lion Shares at 31 October 2008, being the last practicable date for including such figures in booklet). Every Lion option exercised converts to one Lion ordinary share.

A buy back of any of the Company's Shares will not affect the terms of the Lion Options currently on issue. The exercise price and expiry date of the options will remain unchanged.

Shareholders will be entitled to accept the Buy back Offer in respect of any Shares issued before the Record Date for this Buy back as a result of the exercise of Lion Options (subject to the exceptions described in section 5.1 below). The last day that Lion Option holders could exercise their options for the shares issued to be eligible to participate in this Buy back was 30 October 2008.

4.8 Impact on liquidity of Lion Shares

A Buy back may decrease the Company's ASX free float which may reduce ASX trading volumes and liquidity in the Company's Shares. However, it is not possible to determine the extent of any potential decrease in liquidity at this time.

Lion is currently included in the S&P/ASX300 Index. Eligibility for inclusion in S&P/ASX indices is at the discretion of the Standard & Poor's Australian Index Committee and is based on criteria which include (among other criteria):

- the size of a company's free float market capitalisation;
- a stock's liquidity relative to the liquidity of peers of a similar size; and
- a minimum free float of 30% of total issued ordinary shares.

A company's weighting in S&P/ASX indices is generally based on the size of the company's free float relative to the weightings assigned to other companies included in the index. The weighting of a company in an index may be reduced if the relative liquidity of its shares is significantly lower than companies in the index with free float capitalisation of a similar size. This Buy back will reduce the Company's free float market capitalisation. Further, this Buy back is likely to decrease liquidity and the size of the free float as a percentage of total issued shares. This Buy back is likely to therefore decrease the Company's weighting within S&P/ASX indices and could result in the exclusion of the Company from S&P/ASX indices.

4.9 Effect of this Buy-back on control of Lion

While the opportunity to participate in this Buy back is equal as between Lion's eligible shareholders, participation is voluntary. Some shareholders may choose not to participate or not to sell all of their Shares. Shareholders who do not participate in this Buy back will have the same number of Shares after this Buy back as they had before but their proportional ownership interest in Lion will increase when the Shares bought back from shareholders who participate in this Buy back are cancelled. The actual effect of this Buy back on the control of Lion will not be known until this Buy back is completed.

According to substantial holder notices, Lion has four substantial holder (i.e. persons with significant (>5%) voting power), namely:

- Carrousel Capital (14.7%)
- Laxey Partners (10.3%)
- Select Asset Management (9.3%)
- Mr Mark Creasy (5.4%)

The potential size of this Buy back and subsequent cancellation of Shares could significantly increase the percentage holdings of any shareholder that does not participate in this Buy back.

If this Buy back would result in any person increasing their voting power to 20% or more, Lion will reduce the number of Shares to be bought back under this Buy back from all accepting shareholders (using the scale back mechanism described in section 1.6 and 1.21 above) to ensure that the relevant person's voting power does not exceed 20% after completion of this Buy back.

The owners and employees of the Lion Manager are shareholders in Lion. Should they not participate in this Buy back, their aggregate voting power in Lion after this Buy back would remain below 10%.

4.10 Impact on Lion's solvency

The Directors are satisfied that, having regard to the total number of Shares that can be bought under this Buy back and the amount of cash that will be spent, the Company will remain solvent and will continue to be able to pay its debts as and when they fall due. The Directors will not proceed with this Buy back unless they are satisfied at the relevant time that it would not materially adversely affect the financial position of the Company.

4.11 Impact on future plan for Lion and dividend policy

Market conditions have materially and rapidly deteriorated since the Lion Plan was formed and approved by Lion's shareholders. Consequently, the prices currently achievable for some assets identified for sale, but which have not yet been sold, are, in the Directors' view, below a reasonable value for those assets and it is not in shareholder's interests they be sold at these prices.

Following successful implementation of this Buy back, Lion will continue to have a portfolio of resource investments and its 30% interest in Cracow. Lion Directors are reviewing Lion's future strategy and expect to update shareholders by the Annual General Meeting in December 2008.

Lion's dividend and distribution policy will be determined by the Directors at the appropriate time having regard to the earnings, financial and taxation position and investment requirements of Lion.

4.12 Impact on proposed arrangements with the Lion Manager

Lion's independent Directors are cognisant that the current management fee arrangements with Lion Manager are not appropriate for Lion going forward if a significant number of Shares are bought back by Lion because of the reduced size of the Company.

Lion's independent Directors and the Lion Manager have agreed in principle terms for an amended management agreement reflecting the change in nature of Lion's structure following the proposed Buy back, and possible execution of further elements of the Lion Plan.

Lion's independent Directors have resolved that Lion will not buy back more than \$160 million of Shares without the amended management agreement being executed and, if necessary, approved by shareholders.

5 Additional information on this Buy-back

5.1 Excluded Foreign Persons

The Buy back Offer is not being made to Excluded Foreign Persons. Without limiting the rights Lion otherwise has in relation to acceptances, an acceptance submitted by an Excluded Foreign Person will not be accepted by Lion.

By submitting an Acceptance Form, you warrant that you are not an Excluded Foreign Person.

5.2 Shares held by trustees and nominees

Trustees and nominees who hold Shares should inform the beneficial owners of the Shares about the Buy back Offer, subject to any legal restrictions in the countries where such beneficial owners are resident, and then aggregate all Acceptance Forms received from beneficial owners. It is the responsibility of the trustee or nominee to complete the aggregated Acceptance Forms on behalf of, and in accordance with instructions from, all beneficial owners.

For Issuer Sponsored Holdings, the trustee or nominee must ensure that aggregated Acceptance Forms are received by the Registry by 7.00pm Melbourne time on the Closing Date. For CHES Holdings, the trustee or nominee will need to aggregate all Acceptance Forms received from beneficial owners and provide instructions to its controlling participant in time for the aggregated acceptances to be processed by 7.00pm Melbourne time on the Closing Date.

5.3 Margin lending arrangements

If you hold Shares under margin lending arrangements or if they are held as security for a loan, you should ensure that your participation in this Buy back is permitted by those margin lending arrangements or that loan and security documentation.

5.4 Shareholders with more than one holding of Shares

You will receive a personalised Acceptance Form for each separate holding of Shares (for example, if you hold some Shares in your name and some Shares jointly with your spouse, you will receive two Acceptance Forms. You may accept the Buy back Offer for any or all of your separate registered holdings provided that you complete the Acceptance Forms and follow the instructions for each holding you wish to sell to Lion. Any scale back will be applied to each of those registered holdings as if they were held by different persons.

5.5 Joint shareholders

If you hold your Shares jointly with another person (for example, your spouse) and you have an Issuer Sponsored Holding, you must complete and return any Acceptance Forms in accordance with instructions for joint holdings on the Acceptance Forms.

5.6 Restrictions on payment of Buy-back proceeds

Lion will pay shareholders the Buy back Price for each of their Shares that are bought back, unless it is prohibited from doing so.

5.7 Effect of submitting an Acceptance Form

A completed and signed Acceptance Form constitutes an offer by the eligible shareholder to sell the Shares referred to in the form to Lion on the terms and conditions set out in the Buy back Documents. An Acceptance Form does not, of itself, constitute a binding contract for the sale of the Shares referred to in that form and cannot be enforced against Lion. Prior to the date on which Lion enters into the Buy back Contracts Lion may withdraw the Buy back Offer at any time and any acceptances received will be terminated.

To the extent Lion accepts an acceptance from you, a binding Buy back Contract is formed between you and Lion, and you must sell to Lion the Shares referred to in that form that Lion has agreed to buy on the terms and conditions set out in the Buy back Documents, including the terms and conditions set out below.

By submitting an acceptance (whether by returning an Acceptance Form to the Registry, or, if you have a CHESS holding, by instructing your controlling participant) you:

- agree to the terms and conditions set out in the Buy back Documents;
- offer to sell to Lion on the Buy back Date the number of Shares nominated for sale on your Acceptance Form;
- agree that you will sell to Lion, on the Buy back Date, the number of Shares determined in accordance with this booklet;
- warrant to Lion that at all times after you accept the Buy back Offer, and on the Buy back Date, you are the registered holder of the Shares which you have nominated for sale on your Acceptance Form and that they are free from any mortgage, charge, lien or other encumbrance (whether legal or equitable) and from any third party rights and are otherwise able to be sold by you;
- warrant to Lion on the Buy back Date, that other than pursuant to the Buy back Offer, you have not agreed to sell or otherwise deal in the Shares nominated for sale on your Acceptance Form;
- warrant that you are a person to whom the Buy back Offer may lawfully be made and whose participation in this Buy back is permitted under the laws of the jurisdiction in which you are resident;
- warrant that you are not (nor are you acting on behalf of or for the account of) an Excluded Foreign Person;
- authorise Lion (and its officers, agents or contractors) to correct any error in, or omission from, your Acceptance Form(s) and/or Withdrawal/Amendment Form(s), and to insert any missing details;
- undertake not to sell or offer to sell Shares to any other person if, as a result, you will at any time after you submit your Acceptance Form until the Buy back Date hold fewer Shares than the number of Shares you have nominated for sale in your Acceptance Form (unless you have validly amended or withdrawn your Acceptance Form);
- acknowledge that all rights attached to the Shares are suspended once the Buy back Contract for those Shares is entered into;
- acknowledge that neither Lion nor any other party involved in this Buy back has provided you with financial product advice, or any securities recommendation, or has any obligation to provide this advice or recommendation, concerning your decision to participate in this Buy back;
- authorise Lion to make payment in Australian currency:
 - by direct credit to your nominated account if you have a direct credit authority recorded on the Lion Share Register as at 7.00pm Melbourne time on the Buy back Date; or
 - if you do not have a direct credit authority, by cheque mailed to your address shown on the Lion's Share Register as at 7.00pm Melbourne time on the Buy back Date
- acknowledge that dispatch of payment as per above satisfies Lion's obligations to make payment to you for the Shares bought back;
- agree that damages is not an adequate remedy for breach of the undertakings, agreements and warranties in this Section 5.7 and the Acceptance Forms; and
- undertake that if you breach any of the covenants, undertakings, agreements or warranties in this Section 5.7 or the Acceptance Forms you will indemnify Lion for all its costs arising from that breach.

You will be taken to have submitted an acceptance when the Registry receives a validly completed Acceptance Form from you or, if you have a CHESS Holding, an acceptance from your controlling participant through CHESS.

5.8 Declining this Buy-back

You may choose not to participate in this Buy back and continue to hold all of your Shares. In this case, **no action** is required by you.

5.9 Lion's right to accept or reject acceptances and Acceptance Forms

At any time, Lion may (at its sole discretion):

- accept or reject any acceptance or Acceptance Form; and/or
- accept or reject an acceptance not made on the terms and conditions set out in the Buy back Documents, or an Acceptance Form not submitted in accordance with the procedures set out in the Buy back Documents.

5.10 Lion's right to waive requirements and correct errors

Lion may, in its absolute discretion and at any time, deem any Acceptance Form it receives to be a valid acceptance, disregard any Acceptance Form it believes should be disregarded and waive any or all requirements for making, amending or withdrawing an acceptance. It may do each of these things in relation to some, all or any number of acceptance it receives.

5.11 Lion's right to vary the timetable

While Lion does not anticipate any changes to the dates and times in relation to this Buy back, it reserves the right to vary them without notification. Any change in date or time will take effect from the time it is authorised by the Board and will be publicly announced as soon as practicable following the Board's authorisation. Lion may also decide not to proceed with this Buy back and/or may reduce the size of this Buy back within the authorised limits (subject always to the 75% Buy back Limit).

Without limitation, Lion reserves the right to terminate this Buy back at any time prior to the date on which Lion enters into the Buy back Contracts by making an announcement to ASX to that effect. Lion has undertaken to the Australian Taxation Office that it will not proceed with this Buy back if the Buy back Price is at a discount of more than 14% to the volume weighted average price of its Shares on the ASX for the five (5) days up to and including the closing date of this Buy back.

5.12 Lion's right to adjust acceptances

You are entitled (unless you are an Excluded Foreign person) to sell under this Buy back the lesser of:

- the number of Shares registered in your name on the Record Date (and which, in accordance with applicable ASTC Settlement Rules, confer an entitlement to participate in this Buy back); and
- the number of Shares you hold on the Closing Date

If you submit an Acceptance Form for more than your Shareholding, and Lion accepts your acceptance, the maximum number of Shares Lion will buy back from you is your Shareholding. If you submit more than one Acceptance Form you will be deemed to have accepted the lowest number of Shares of all boxes marked on the Acceptance Forms.

5.13 Unsuccessful Acceptances

Shares nominated for sale in your Acceptance Form that are not bought back will be released to shareholders as soon as possible after the Buy back Date.

5.14 Directors' interests

Directors are entitled to participate in this Buy back, and **intend to participate in this Buy-back with respect to all of their eligible Shares.**

As at 31 October 2008, the Directors held or had a relevant interest in the following Shares and Lion Options:

Name	Shares	Options
Ewen Tyler	31,926	1,220
John O'Reilly	94,980	3,660
Graham Freestone	15,941	Nil
Robin Widdup	1,500,316	25,102

5.15 ASIC Relief

ASIC has agreed to grant Lion an exemption under subsection 257D(4) of the Corporations Act from the operation of section 257D. The effect of the exemption is to allow Lion to:

- conduct this Buy back similarly to an equal access scheme;
- utilise the scale back mechanism as set out in Section 1;
- reject (or not invite) acceptances to the extent they have been received from Excluded Foreign Persons; and
- seek approval by ordinary resolution of its shareholders of the purchase of Shares under this Buy back up to the 75% limit.

5.16 ASX Waiver

The ASX has granted Lion a waiver from Listing Rule 7.40 and Appendix 7A paragraph 9 to permit Lion to set the Record Date seven business days after the announcement of this Buy back.

5.17 Continuous disclosure

Lion is a disclosing entity for the purposes of the Corporations Act, and as such is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require Lion to continuously notify ASX of information about specific events and matters for the purposes of making that information available to the market. In particular, Lion is required by the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning Lion which a reasonable person would expect to have a material effect on the price or value of Shares.

Lion may disclose information to ASX after the date of this booklet, but before it buys back Shares which may be relevant to this Buy back or which qualifies statements made in the Buy back Documents. Where Lion discloses such information which affects this Buy back, it will do so by announcing it to ASX and posting to Lion's website, rather than sending it to shareholders, except where otherwise required by law. You can access the information Lion discloses to ASX on ASX's website at www.asx.com.au.

5.18 Privacy

Lion is carrying out this Buy back in accordance with the Corporations Act. This involves the collection of personal information contained in the Acceptance Forms to enable Lion to process your acceptance (s). If you do not provide this information, Lion may be hindered in, or prevented from, processing your acceptance (s).

The personal information collected by Lion will only be disclosed to the following parties, but at all times will be held totally confidentially:

- Computershare Investor Services Pty Limited, in its capacity as Lion's share registrar;
- a print and mail service provider;
- Lion's advisers in relation to the Buy back;

- financial institutions in respect of payments to you in connection with this Buy back; and
- as required or authorised by law.

If you wish to access the information collected by Lion in relation to your shareholding, please write to Lion, c/ Computershare Investor Services Pty Limited, at the mailing address set out in this booklet.

5.19 Applicable law

The Buy back Documents, your acceptance(s) and any Buy back Contract(s) entered into in connection with this Buy back will be governed by the laws of Victoria, Australia.

6 Glossary and interpretation

6.1 Glossary

Term	Meaning
Acceptance Form	The form of offer by a shareholder to sell up to 100% of their Shareholding to Lion under this Buy back, which is enclosed with this booklet and marked "Acceptance Form", or the instructions from a CHESS Holder's controlling participant (and includes any Acceptance Form amended in accordance with the procedures set out in the Buy back Documents).
African Lion Funds	African Lion Limited, African Lion 2 Limited, and African Lion 3 Limited being companies incorporated in Mauritius.
Asian Lion	Asian Lion Limited, a company incorporated in Mauritius.
ASIC	The Australian Securities and Investments Commission.
ASTC Settlement Rules	The operating rules of ASX Settlement and Transfer Corporation Pty Limited ACN 008 504 532.
ASX	ASX Limited ABN 98 008 624 691.
ASX Listing Rules	Official listing rules of ASX as amended or replaced from time to time, except to the extent of any express written waiver granted by ASX.
ATO	Australian Taxation Office.
Board	The board of directors of Lion.
Buy-back	This off market buy back of up to \$150 million of Shares (or such lesser amount as may be determined by the Directors) as set out in this booklet.
Buy-back Contract	The contract formed between a shareholder and Lion on the Buy back Date at the time that Lion accepts any or all of the Shares offered by the shareholder in an Acceptance Form (if and to the extent Lion accepts the Acceptance Form).
Buy-back Date	The date and time which the Board determines the Buy back Volume and any scale back and accepts an Acceptance Form in accordance with the terms and conditions of this Buy back.
Buy-back Documents	This booklet and the Acceptance Forms.
Buy-back Offer	The offer by Lion to eligible shareholders to sell Shares to Lion as set out in the Buy back Documents.
Buy-back Price	The price at which Lion will buy back Shares from acceptances it accepts, being 95% of Lion's average daily post tax NTA for the 5 business days up until the Closing Date 2 December 2008.
Buy-back Program	The wider buy back program, including this Buy back, under which Lion may buy back up to 143 million Shares subject to the seventy five per cent (75%) Buy back Limit.
Buy-back Resolution	The resolution to approve the Buy back Program set out in the notice of general meeting dated 26 September 2008, and approved by shareholders on 31 October 2008.

Buy-back Volume	The number of Shares that Lion determines to buy back in this Buy back.
CHESS	The Clearing House Electronic Subregister System.
CHESS Holder	A holder of Shares on the CHESS subregister of Lion.
CHESS Holding	A holding of Shares on the CHESS subregister of Lion.
CGT	Capital gains tax.
Class Ruling	A class ruling from the ATO.
Closing Date	7.00pm Melbourne time on 2 December 2008, unless Lion announces a later date.
Company, or Lion	Lion Selection Limited ACN 110 247 393.
Corporations Act	Corporations Act 2001 (Cth).
Cracow	The gold mine in Queensland known as "Cracow", in which Lion, through its subsidiaries, holds a 30% joint venture interest.
Directors	The directors of Lion.
Excluded Foreign Person	<p>Any person holding Shares:</p> <ol style="list-style-type: none"> 1. whose participation under this Buy back is not permitted under the laws of the jurisdiction in which they reside; or 2. to whom Lion would be prohibited from paying money pursuant to: <ul style="list-style-type: none"> • the Banking (Foreign Exchange) Regulations 1959 (Cth); • Part 4 of the Charter of the United Nations Act 1945 (Cth); • the Charter of the United Nations (Terrorism and Dealings with Assets) Regulations 2002 (Cth); • the Charter of United Nations (Sanctions – Afghanistan) Regulations 2001 (Cth); • the Iraq (Reconstruction and Repeal of Sanctions) Regulations 2003 (Cth); or • any other act, rule or regulation prohibiting Lion from making payments to foreign persons;
Ex-Entitlement Date	31 October 2008, being the last date on which Shares could be acquired if they are to be registered in the name of the acquirer on the Record Date
Existing On-market Buy-back	Lion's on market buy back announced to the market on 7 July 2008.
Indophil	Indophil Resources NL ABN 45 076 318 173, and its Subsidiaries.
Issuer Sponsored Holder	A holder of Shares on the issuer sponsored subregister of Lion.
Issuer Sponsored Holding	A holding of Shares on the issuer sponsored subregister of Lion.
Lion	Lion Selection Limited ACN 110 247 393.
Lion Manager	Lion Manager Pty Ltd ACN 078 018 934.
Lion Options	5.6 million listed options over Lion Shares, expiring on 28 April 2009 with an exercise price of \$1.51 per option.
Lion Share Register	Share register of Lion maintained by the Registry.
Management Agreement	Agreement between Lion and Lion Manager, dated 1 February 2007, under which Lion has appointed Lion Manager as investment manager to manage Lion's portfolio.
Notice of Meeting and Explanatory Statement	Notice of Meeting and Explanatory Statement dated 26 September 2008 for Lion's General Meeting held on 31 October 2008.
NTA	Net Tangible Asset Backing per Share calculated in the manner described in section 1.13 of this booklet.
On-market Buy-back.	An expanded on market buy back to the Existing On market Buy back.

Offer Period	The period during which shareholders may lodge an Acceptance Form in accordance with the Buy back Documents.
Post-Tax NTA	Net Tangible Asset Backing per Share calculated as total assets less total liabilities (including any current and net deferred tax liabilities calculated on Lion's assets on a held for sale basis).
Record Date	7 November 2008, being the date of determination of shareholders entitled to participate in, and the number of Shares entitled to be Offered into, this Buy back.
Registry	Computershare Investor Services Pty Limited.
Seventy-five per cent (75%) Buy-back Limit.	143 million shares, including shares which have already been bought back under the Existing On market Buy back.
Shares	Fully paid ordinary shares in the capital of Lion on issue as at the Record Date.
Shareholding	Shares that are eligible for this Buy back per Section 5.12.

6.2 Interpretation

In the Buy back Documents, unless the context otherwise requires:

- (a) the singular includes the plural and vice versa and words importing one gender include other genders;
- (b) other parts of speech and grammatical forms of a word or phrase defined in this document have a corresponding meaning;
- (c) terms used in the Buy back Documents and defined in the Corporations Act have the meanings ascribed to them in the Corporations Act;
- (d) a reference to any currency is a reference to Australian dollars;
- (e) a reference to a section, paragraph, or clause is a reference to a part of this document; and
- (f) a reference to time is a reference to the time in Melbourne, Victoria, Australia.

The postal acceptance rule does not apply to acceptances.



Lion Selection Limited
 ABN 53 123 217 112

A

Please insert your Name and Address details

Please insert your Security Holder Reference Number (SRN)

I/we wish to submit this Withdrawal/Amendment Form for the following number of shares and agree to the terms and conditions set out in the Buy-Back Booklet:

B

Insert the number of Shares (if any) you wish to Accept

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C

Contact Details - Please provide your contact details in case we need to speak to you about your Withdrawal/Amendment Form:

		/ /
Contact Name	Contact Daytime Telephone	Date

D

Please sign within the appropriate boxes below in accordance with the instructions overleaf.

<p>Individual or Joint Shareholder 1</p> <div style="border: 1px solid black; height: 30px; margin: 5px;"></div> <p>Sole Director and Sole Company Secretary</p>	<p>Joint Shareholder 2</p> <div style="border: 1px solid black; height: 30px; margin: 5px;"></div> <p>Director/Company Secretary</p>	<p>Joint Shareholder 3</p> <div style="border: 1px solid black; height: 30px; margin: 5px;"></div> <p>Director</p>
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WITHDRAWAL / AMENDMENT FORMS MUST BE RECEIVED BY 7.00PM (MELBOURNE TIME) ON 2 DECEMBER 2008

Withdrawal/Amendment Form

THIS DOCUMENT IS IMPORTANT. IF YOU DO NOT UNDERSTAND IT PLEASE CONSULT YOUR PROFESSIONAL ADVISER. YOU SHOULD ONLY COMPLETE THIS FORM IF YOU WISH TO WITHDRAW OR AMEND A PREVIOUSLY SUBMITTED BUY-BACK ACCEPTANCE FORM. Please refer to the instructions on the back of this form.

Tick one (only): One box must be selected.

Withdrawal: I/We withdraw my/our previous Buy-Back Acceptance Form on the conditions in the Buy-Back Booklet (complete Box D only).

OR

Amendment: I/We withdraw my/our previous Buy-Back Acceptance Form on the conditions in the Buy-Back Documents and wish to submit a replacement Acceptance as set out below (complete Boxes B to D).



Withdrawing or Amending your Buy-Back Acceptance

Shareholders who have offered their Shares into the Buy-Back and who now wish to either withdraw or amend their Buy-Back Acceptance must lodge this Withdrawal/Amendment Form.

How to complete the Withdrawal/Amendment Form

The instructions below are cross-referenced to the relevant section of this form. **Please use black ink only.**

Mark only one of the two boxes

Withdrawal – Tick the “Withdrawal” Box if you wish to withdraw your previous Buy-Back Acceptance and you do not wish to submit a new replacement Buy-Back Acceptance.
Please complete Box D only.

or **Amendment** – Tick the “Amendment” Box if you wish to amend your previous Buy-Back Acceptance and submit a new replacement Buy-Back Acceptance. **Please complete Boxes B to D.**

A You should insert the Registered Name, Address and Security Holder Reference Number (SRN)

B Insert the number of Shares that you wish Accept into this box.

C Please provide your contact details in the event that we need to speak to you about your Withdrawal/Amendment Form.

D You must sign this form in Box D. By signing and returning this Withdrawal/Amendment Form, you acknowledge that you have read and understood the Buy-Back Booklet and agree to the terms and conditions set out in the Buy-Back Booklet.

Individual holders	Where a holding is in one name, the registered shareholder must sign.
Joint holders	All holders must sign.
Under Power of Attorney	If not already noted by the Registry, an originally certified copy of the power of attorney must be sent to the Registry. Where this form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power or the death of the donor of the power.
Deceased Estate	All executors should sign and, if not already noted by the Registry, an originally certified copy of Probate or Letters of Administration must be sent to the Registry.
Company	This form must be signed by 2 directors, a director and company secretary or, in the case of a company with a sole director who is also the sole company secretary, the sole director.

Payment for Shares bought back

Lion Selection Group Limited intends to despatch payment for Shares bought back by no later than 9 December 2008.

Submitting your Withdrawal/Amendment Form

The way you submit your withdrawal or amendment of your Buy-Back Acceptance will depend on the type of holding you have.

Issuer Sponsored Holdings

If you have an Issuer Sponsored Holding send your completed Withdrawal/Amendment Form to ensure it will be received by no later than 7.00pm (Melbourne time) on 2 December 2008 at:

If sending by mail

Computershare Investor Services Pty Limited
GPO Box 52
MELBOURNE VIC 8060
AUSTRALIA

CHES Holdings

If you have a CHES Holding, you will need to contact your controlling participant (usually your sponsoring broker) **within sufficient time to enable your controlling participant to process your Withdrawal/Amendment Form by no later than 7.00pm (Melbourne time) on 2 December 2008.** Do not send your Withdrawal/Amendment Form to the Lion Selection Limited Share Registry.

This Withdrawal/Amendment Form relates to the Lion Selection Limited Buy-Back Booklet dated 3 November 2008 and should be read in conjunction with that booklet.

Defined terms in that booklet have the same meaning in this form.

If you require further information on how to complete this form please contact Lion Selection Limited on +61 3 9614 8008.

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