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10<sup>th</sup> May, 2007

Manager, Companies  
Australian Stock Exchange Limited  
Level 3  
530 Collins Street  
Melbourne Vic 3000

Dear Sir

**TAX COST BASE FOR FORMER LION SELECTION GROUP SHAREHOLDERS**

**LION SELECTION LIMITED SHARES AND OPTIONS**

Former Lion Selection Group Limited (LSG) shareholders, who have received Lion Selection Limited shares (LST) and options (LSTO), were advised in the Lion Scheme Booklet that it would be necessary to apportion the market value of LSG shares, at the time of exchange, between the LST shares and the LST options. An independent expert, DMR Corporate Pty Ltd, has been engaged by Lion Selection Limited for this purpose.

DMR Corporate Pty Ltd has advised that the market value apportioned to each LST share is **\$2.20** and the market value of each LST option is **\$0.42**.

These values are provided for information only, and LST has not sought a binding ruling from the Australia Taxation Office (ATO). It is possible that the ATO may have a different view on the market value of Lion or on the apportionment of value between the LST shares and LST options.

Former LSG shareholders should note the comments in Section 7 of the Lion Scheme Booklet that any capital gain on the exchange of their LSG shares for LST shares and options is not subject to Australian capital gains tax due to LSG's PDF status.

Former AuSelect shareholders should note the comments in Section 7 of the AuSelect Scheme Booklet, highlighting Australian resident shareholders should be eligible for scrip for scrip rollover relief.

Yours faithfully

**Peter J Maloney**  
Company Secretary