

ASX Codes

Ordinary shares: LST  
Listed options: LSTO

Issued shares: 191.0m  
Share price: \$1.655  
Issued options: 5.8m  
Option price: \$0.325  
(151c April 09)

Market cap: \$318m  
Net Tangible Assets: \$341m

NTA (per share) pre tax  
(30/04/08): \$1.78

NTA (per share) post tax  
(30/04/08): \$1.78

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## ASX RELEASE 15 May 2008

### Lion agrees to sell Cracow for \$80 million

#### Key Points

- Lion has agreed with Beadell to sell its 30% interest in Cracow for \$80 million, a \$17 million uplift on book value.
- Consideration to be \$65 million cash and \$15 million in Beadell shares.
- Lion has also granted Newcrest an option to buy Lion's 30% interest in Cracow for \$80 million in the event the Beadell transaction does not complete.

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#### Background

In 2006, through the takeover of Sedimentary Holdings Limited, Lion acquired 30% of the Cracow Gold Project. The acquisition of an interest in Cracow also provided Lion with a pre-emptive right to purchase the remaining 70% owned by Newcrest Mining Limited ("Newcrest"). In early April 2008, Newcrest entered into a conditional agreement with Beadell Resources ("Beadell") to sell its stake for \$200 million. The Lion Board has considered the various alternatives, including exercising its pre-emptive right and moving to become a mining company, and decided that it is in the best interests of Lion shareholders at this time for Lion to sell its 30% interest on similar terms.

#### Agreement with Beadell

Lion has today entered into a conditional Sale and Purchase Agreement with Beadell for the sale of Lion's 30% interest in the Cracow Joint Venture ("Cracow") for \$80 million comprising:

- \$65 million in cash;
- \$15 million in Beadell shares to be issued at the same price as the capital raising by Beadell to fund the acquisition of Cracow from both Newcrest and Lion.

The purchase price is similar on a pro-rata basis to the \$200 million price Beadell agreed with Newcrest to acquire its 70% interest in Cracow, adjusted for the loss of management fee income that Beadell would have otherwise received from Lion under the Cracow Joint Venture Management Agreement.

Lion believes the consideration offered by Beadell for its Cracow interest is attractive and represents a premium to the cost base of Lion's investment. Lion's most recently released NTA (as at 30 April 2008) was \$1.78 per share. This transaction will increase Lion's NTA by \$0.09 per share.

The sale is subject to a number of conditions, including:

- Beadell obtaining shareholder approval for this transaction and an associated equity raising of up to \$235 million to fund the acquisition of 100% of Cracow from both Lion and Newcrest;
- Lion obtaining either shareholder approval or a waiver from Indophil Resources NL (“Indophil”) in relation to a defeating condition of its takeover offer for Lion (assuming that the Indophil takeover offer neither lapses nor is withdrawn before the completion of the sale to Beadell);
- Beadell completing its equity raising of at least \$235 million (of which \$15 million will be used to settle the cash component of the Lion consideration);
- Beadell raising at least \$50 million of project finance; and
- Newcrest’s sale of its interest in Cracow to Beadell being finalised.

It is anticipated that the sale will be completed before 31 July 2008.

Beadell is an Australian listed exploration company, with interests in Australia and Brazil, including exploration tenements in Western Australia. Beadell was established by a group of former Agincourt Resources Limited executives, following the \$415 million takeover of Agincourt by Oxiana Limited in April 2007.

Gryphon Partners is acting as financial adviser to Lion. Merrill Lynch and Morgan Stanley are acting as Joint Lead Managers of the Beadell equity raising.

### **Newcrest Option**

Lion has agreed to provide Newcrest with an option to acquire Lion’s 30% interest in Cracow for \$80 million in cash, should Beadell not complete the two purchases. The grant of this option is subject to a condition that Lion obtain either shareholder approval or a waiver from Indophil in relation to a defeating condition of its takeover offer for Lion (again assuming that the Indophil takeover offer neither lapses nor is withdrawn).

Newcrest has provided the consents and waivers required under the Cracow joint venture arrangements to enable the sale by Lion to proceed. Lion has also provided the consents and waivers required under the Cracow joint venture arrangements to enable the sale by Newcrest of its 70% interest in the Cracow Joint Venture to proceed, allowing Beadell to advance its capital raising to acquire 100% of the project on a more effective basis with greater certainty.

Detailed information on Lion Selection Limited can be found on the company’s website [www.lionselection.com.au](http://www.lionselection.com.au).