

**ANNUAL GENERAL MEETING
10.00AM FRIDAY 7 DECEMBER 2007**

CHAIRMAN'S ADDRESS

This is the first Annual General Meeting in our new guise as Lion Selection Limited, following the successful merger of Lion Selection Group and AuSelect. Therefore, some of you may have been shareholders of AuSelect, some of old Lion, and some new. I welcome all of you.

It has been a year of several significant achievements and milestones for all three companies, and I would like to reflect on those.

The first of these was the acquisition by AuSelect of a 30% interest in the Cracow Gold Mine via takeover of Sedimentary Holdings Limited. Sedimentary strongly defended the action, and there were some complex issues. I believe our team skillfully executed the transaction, and it was completed successfully without any increase in our offer price. The Cracow Gold Mine has now been part of our group since October 2006 and has

performed well and according to plan. Our share of production was 35,415 ounces, produced at an average cash cost of \$318/oz, one of the lowest in Australia. As Newcrest is considering a sale of its 70% interest, and seeking offers, we are pleased that we hold a pre-emptive right.

Sedimentary had hedged most of its forecast annual production, and we closed those hedges out on 31 July 2007 at a cost of \$9.4 million. The timing of this decision was significantly beneficial as if it was conducted at today's gold price, the cost would be around \$20 million. The decision means we receive the spot gold price, in excess of \$900/oz recently, and not the hedge price of \$664/oz.

The second highlight was the exceptional level of dividends paid during the financial year by Lion Selection Group. Lion has paid dividends in the past, but in the financial year 37.7 cents was paid; a very high level for a company trading at less than \$2.00 a share. All of this was tax free.

It is important to factor in this exceptional level of dividends when looking at our share price today. Very simply, if we had

not paid those dividends, our share price would be 37.5 cents higher.

The third major milestone was the merger of Lion and AuSelect. Again this was a complex but well executed transaction by our team, and one which your board is convinced will add significant value to shareholders. We can buy and sell without the PDF constraints, most importantly including companies outside of Australia, and in companies with assets greater than \$50 million. We have the advantage of acting as a larger group, including operations. The merger received extraordinary levels of support from both groups of shareholders. More than 99% of votes cast were in favour of the schemes.

The fourth highlight is the level of profit of the new company. The profit for the year was \$72.7 million or 59.1 cents per share, and included profit from investments of \$66.7 million both realised and unrealised.

More recently, shareholders will have noted that the African Lion cashed out its investment in Platmin Limited to bring in over US\$100 million, of which Lion's share is some A\$30 million. The African Lion investments have been exceptionally good for Lion,

made even better by the fact that Lion Selection receives a 10% performance bonus typically paid to the investment manager.

Both your Board and the Manager are concerned that the share price continues to trade at less than the net tangible assets of the Company, and would seem to ascribe no value to the share of the Cracow Gold Mine. While this discount continues to be reduced, it has not yet been eliminated. We anticipated that the merger would remove the discount, but that has not been the case to date. The Manager has made strenuous efforts, including increased and improved investor relations activity, to spread the Lion message further, wider, and even more vigorously. Our activities, both investment and operations, have performed well, and we continue to seek further acquisitions of an operating nature.

Whilst we are concerned that we are undervalued in the market, this discount is not unique to Lion, and is fairly typical of listed investment companies in the current market. I can assure you that we are not complacent, and I believe our commitment to continue to reward shareholders from free cash flow from Cracow and, subject to our investment requirements, from

realized profits on investments, reflects our commitment to shareholders.

I am pleased to announce that the board met today, and resolved to pay a dividend of 3 cents per share. The dividend, which will be fully franked, will be paid on 22 February 2008 to shareholders on the register at the close of business on 1 February 2008. This dividend effectively utilises the company's current franking credits.

Because Lion dividends are no longer tax free, it is important that we consider alternative capital management initiatives beyond paying unfranked dividends, in order to maximize shareholder returns. Accordingly, Lion has reviewed implementing an on-market share buy-back. A decision to implement an on-market buy-back needs to take into consideration competing cash demands. It should be noted that, as the Managing Director will outline in his review after the close of the meeting, Lion and its various arms currently have many competing opportunities for use of funds, including the possibility of exercising a pre-emptive right on Newcrest's 70% interest in the Cracow Gold mine, which is significant. Therefore, it is not logical to implement a buy-back now, but this will be reviewed regularly by the board.

We believe the decisions made demonstrate our commitment to sound capital management, for the benefit of all our shareholders. Your Board will not take decisions that pander to the interests of a very few shareholders only, and which may harm the growth prospects of your company.

It is still the Board's wish that Lion becomes a Mining House with both an operating and investment function. Thus far, we have not found the opportunity to become an operator, but we remain confident that should circumstances permit, we have the skills to select and field the operations team, as we have with the investment team.

Because our business is about the production of metals, I want to say a few words about the post-war Japanese economic miracle, Australian iron ore, and what we might anticipate as China continues its own phenomenal growth. I make no claim as an economics forecaster, but seek only to draw some parallels.

Following the lifting of the Australian Government's iron ore embargo in 1960, that decade saw the establishment of Australia's iron ore export industry. It was financed,

substantially, on the back of iron ore contracts with Japan, and the first ore was exported 41 years ago in 1966. Since that time, the Japanese appetite expanded voraciously, and today is probably ten times that of the 1960's. It is not unreasonable to suggest that Pilbara iron ore made the Japanese economic miracle possible. China has a population ten times that of Japan, and already, at its stage of economic development, produces three and a half times what is the Japanese steel production of 112.5 million tonnes each year. Japanese production has remained at about this level for some 30 years. China is now engaged in its own economic miracle, to improve the living standards for its people, and as it acknowledges, it has a long way to go! We must ask how many Pilbaras will be required internationally, to feed the Chinese appetite?

If one believes that metal consumption is an index of material advancement, the task given to the Western Nations is to ensure that those nations grappling with their own industrial progress are not denied access to the very materials of prosperity. Denial of the raw materials of progress has always led to war, whether it be from the earliest of civilizations, to the circumstances of the Second World War, which was about resources for national aspirations.

It is a fact of humanity, that what one culture has, all others will desire, if it is seen as advantageous. There will be a scramble for resources, and therefore, my observations about iron and steel, applies equally to the demand for all other metals, including the precious metals. Where for example, is the gold, to meet all the aspirations of developing peoples, to come from? Rest assured, human decoration is as old as mankind, and the demand will rise. Indeed we have an optimistic outlook for gold as global supply is falling, South African production has halved since 1990 and the USA has fallen by 30% since 2000. Gold's dual role as a currency is pushing up the gold price as the mighty US dollar crumbles.

We are now at a time, when for 40 years, the Western Nations have taken their eyes off the exploration ball. As a result, we have lost at least a generation of explorers, which can never be replaced. By and large today, we prosper from discoveries made 40 years ago. That we may feed the economic miracles of China, India and Africa, will require the identification of new resources which will be ever more difficult to find, and of lower grade. These discoveries will be needed to provide the stability required by Planet Earth. Your Company believes that it has the skills to identify those corporations embarking upon the metal

production curve, and we are well placed with our investment structure in Australia, Africa and Asia.

We are also, subject to shareholder approval, changing our auditors. Ernst and Young have been our auditors since Lion was founded 10 years ago, and they have been excellent in that role. My personal thanks to Tim Wallace, Rodney Piltz, Michael Collins and the team. The change is a result of a competitive tender and reflects no dissatisfaction with the service and performance of Ernst and Young. I welcome Tim Goldsmith and Ben Gargett of PWC.

I want to thank Peter Maloney for his role as Company Secretary for the past 4 years. Whilst he has now relinquished that role, he has joined the Manager's Team. My thanks to you Peter. At the same time, I want to welcome Craig Smyth to the Company Secretary role, and thank him for his assistance in the past few months.

Finally, I want to thank my colleagues on the Board, Robin Widdup and his management team, and you, our shareholders for your support in the years gone past. We have had another

good year on many counts, and I am convinced that 2008 will be one of continued growth and strength for Lion's shareholders.

Thank you

Ewen W.J. Tyler

7 December 2007