

Cracow

- 7,605 oz gold sold at \$1,051/oz.
- Operating cashflow \$4.3m.
- Exploration success at Kilkenny South.
- Kilkenny exploration decline commenced.

Lion Plan – Update

In June 2008 shareholders approved the sale of three major investments:

- **Indophil**
 - \$82m sale in September: excellent result.
 - 26.8m shares remain: will be sold, timing uncertain.
- **Cracow**
 - Sale in May prevented by Indophil.
 - Will not sell at discounted price. Alternative approach being considered.
- **Albidon**
 - Poor execution. African Lion should have sold.
 - Uncertain outlook for sale.

Some other investments have been sold and the remaining portfolio is set to ride out the current market turmoil.

The Lion Board notes that there is no guarantee of further buy-backs occurring. Market conditions have deteriorated rapidly making prices for some assets identified for sale below a reasonable value. It is not in shareholders' interest that these assets be sold at these prices.

Lion Model / Outlook

The Lion model has been to invest when times are tough and junior resource company prices are at a fraction of our estimate of their long term valuation. These times are here again, junior resource company prices have fallen to between one third and one tenth of late 2007. It is time to put back on the buying boots and aggressively search, but not yet buy.

However, we have one problem, some of Lion's shareholders want their money back, some would like to focus on operations and others want Lion to remain a listed investment company. It is planned to address all of these issues at the AGM on 17 December.

New Format

The Lion Quarterly Report is in a new format anticipating the return of \$150m to shareholders early in December 2008.

After the \$150m buy-back, Lion's principal activity will be 30% ownership of the Cracow Gold Mine in Queensland. A monthly NTA will cease being published after the 2 December release of the NTA used in the Off-market Buy-back.

ASX Codes

Ordinary shares: LST
Listed options: LSTO

Issued shares:	185.3m
Share price:	\$1.195
Issued options:	5.7m
Option price:	(151c April 09) \$0.07

Market cap:	\$222m
Net Tangible Assets:	(31/10/08) \$293m
NTA (per share) pre tax:	(31/10/08) \$1.59
NTA (per share) post tax:	(31/10/08) \$1.59

Further Enquiries

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Cracow Gold Mine (LION – 30%)

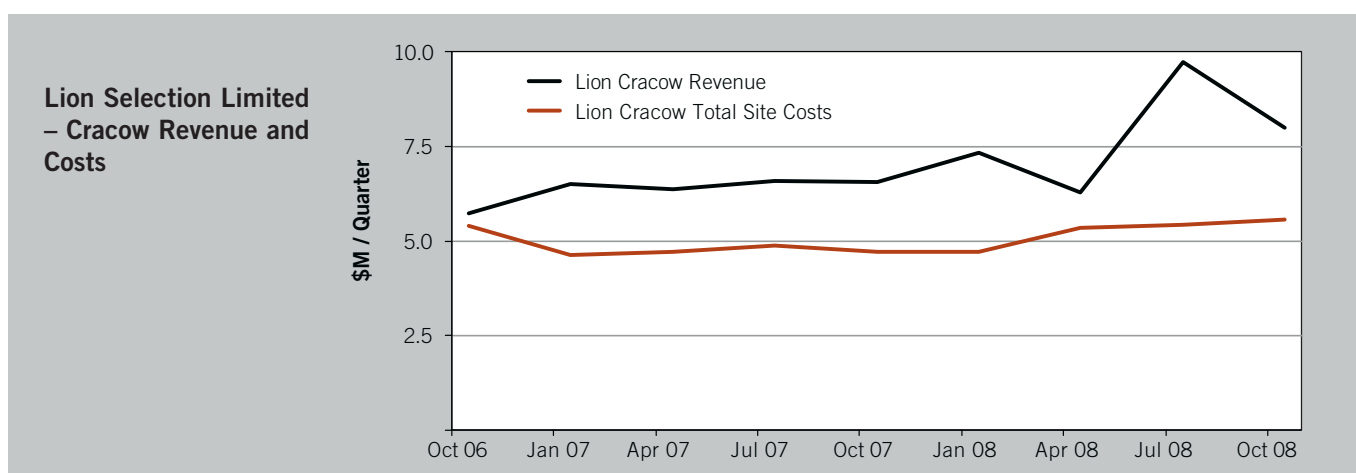
The Cracow Gold Mine in Queensland is a low cost, underground mine producing 100-110,000 ounces of gold annually. Newcrest Mining Limited is the manager of the project. Cracow has an excellent management team with a track record of safe and efficient operation. Lion Selection's gold production is totally unhedged, and the company is debt free.

Production / Costs

QUARTERLY PRODUCTION SUMMARY (LION 30% SHARE)						
3 months to		Oct 2007	Jan 2008	Apr 2008	Jul 2008	Oct 2008
Ore Mined	(tonnes)	32,076	32,279	31,154	36,017	34,237
Ore Processed	(tonnes)	30,536	32,628	30,642	31,250	31,190
Ore grade	(g/t Au)	9.2	7.3	7.7	10.2	7.7
Met Recovery	(%)	92	90	91	94	93
Gold Produced	(oz)	8,281	7,048	6,962	9,458	7,182

Cracow performed well during the quarter. Grade was in line with budget but declined from the prior quarter due to stope development sequence. At the end of the quarter, the operation held ROM stocks of 11,400 tonnes (Lion share) at 5.0 g/t gold.

QUARTERLY COST SUMMARY (LION 30% SHARE)						
3 months to		Oct 2007	Jan 2008	Apr 2008	Jul 2008	Oct 2008
Gold Sold	(oz)	8,013	6,865	6,157	10,261	7,605
Gold Price Received	(A\$/oz)	819	943	1,020	949	1,051
Cash Operating Cost	(A\$/oz)	402	502	541	351	488
Royalties	(A\$/oz)	23	25	28	26	28
Total Cash cost	(A\$/oz)	425	527	569	377	516
Operating cashflow	(A\$M)	3.0	3.6	2.3	6.2	4.3
Capital costs	(A\$M)	0.8	0.4	0.5	1.4	1.0
Exploration	(A\$M)	0.4	0.5	0.8	0.4	0.8



Development

Capital development of the Kilkenny exploration decline commenced during October.

Exploration – New Gold Shoot Discovered at Kilkenny

Further drilling, 400m metres south of the Kilkenny Inferred Resource, has intersected strongly mineralized lode in diamond drillhole CBK252 that with the intercepts announced in the previous quarter (CBK226, 12.4m (5.8m True Width) @ 12.0g/t gold and CBK240, 7.9m (5.6m True Width) @ 5.7 g/t gold) indicates the presence of a third mineralised shoot of similar geological character to the Kilkenny Inferred Resources that lie to the north. There is currently insufficient information from which to calculate a resource for this additional shoot and further drilling is planned to define the mineralisation.

Resource definition drilling produced encouraging results from the Roses Pride and Empire structures, including from Roses Pride: CRD068 which intersected 2.05m (1.27m True Width) @ 10.9 g/t gold and from Empire CBK231 which intersected 13.3m @ 4.6 g/t gold from 467.9m including 1.8m @ 27.2 g/t gold. Inferred Resource estimates are in the process of being calculated.

KEY INVESTMENTS

Exco Resources Limited

AUSTRALIA / COPPER GOLD URANIUM
(LION – 10.4%)

Exco released updated resources for E1 North and E1 South during the quarter. E1 North now contains 12.3Mt at 1.00% Cu and 0.29g/t Au (a 55% increase, with 63% now in the Indicated category), and E1 South now contains 18.2Mt at 0.67% Cu and 0.18g/t Au (a 20% increase, with 40% now in the indicated category). The total project resource stands at 43.2Mt, with only a small portion of the resource increase being attributed to a newly discovered zone of mineralisation (announced in the previous quarter). A further resource update is expected once the drilling and assays from this zone have been completed.

The Definitive Feasibility study on the Cloncurry Copper project was commenced during the quarter, and is on track to be completed during 2009. The current and expected resource increases for the E1 camp support the company's focus on a slightly larger operation treating 2.5 to 3Mtpa over a 10 year mine life (previously 2Mtpa). Work continues on the Environmental Impact Study as the basis for securing key project approvals.

Catalpa Resources Limited

AUSTRALIA / GOLD
(LION – 44.4%)

The Edna May Project Feasibility Study is nearing completion, with the full document to be reviewed by its board during the December quarter. A number of positive changes have occurred to the key inputs driving the economics of the project since it was last assessed in 2006, such as a substantial increase in the Australian dollar gold price, and an increase in the process plant capacity from 2.2Mtpa to 2.8Mtpa with further capacity upgrades to 3.2Mtpa possible. In addition to this, Catalpa has increased the Ore Reserve for the Edna May project by 36% to 738koz, with a further upgrade for Greenfinch anticipated in December.

Catalpa is undertaking a renounceable rights issue of 1 share plus a free attaching option for every 2 shares held, at a price of 2 cents per share. Lion Selection has agreed to sub underwrite the issue for the entire amount, in addition to taking up its rights.

A diamond drilling program was commenced to target the Edna May Gneiss at depth. The program has so far yielded encouraging results (such as 16.45m at 5.5g/t gold including 5.0m @ 13.9g/t from 506.65m), and the company remains confident of the prospectivity of the Edna May Gneiss at depth.

Havilah Resources NL

AUSTRALIA / COPPER GOLD URANIUM
(LION – 18.5%)

Havilah has now completed resource delineation drilling as part of the Kalkaroo feasibility study, which is expected to be largely completed by the end of 2008.

- Work now in progress includes logistical, geotechnical, hydrology and environmental baseline studies.
- There is potential to treat oxide material initially, as this zone is closer to the surface and contains predominantly free gold and native copper, most of which can be extracted by comparatively low cost gravity methods.

All technical personnel are focused on completion of the Glencore International funded Kalkaroo feasibility study as the first priority.

Havilah has deferred the in-specie distribution of some of the Curnamona Energy (HAV 45.4%) shares that it holds, in favour of husbanding the strategic stake through the abnormally depressed period for uranium stocks. Geothermal Resources (HAV 63.6%) Frome 12 test hole has made steady progress since commencement in September and is currently drilling ahead beyond 1,640 metres depth.

Corporate

On-market buy-back

The Buy-back offer closes on 2 December. Eligible shareholders who wish to participate in the Off-market Buy-back should ensure their acceptance form is returned in sufficient time for processing before 7.00pm Tuesday 2 December 2008.

Determination of the scale back (if any) will be announced on 5 December and proceeds of the Off-market Buy-back will be dispatched/credited to participating shareholders on 9 December 2008.

Lion Board

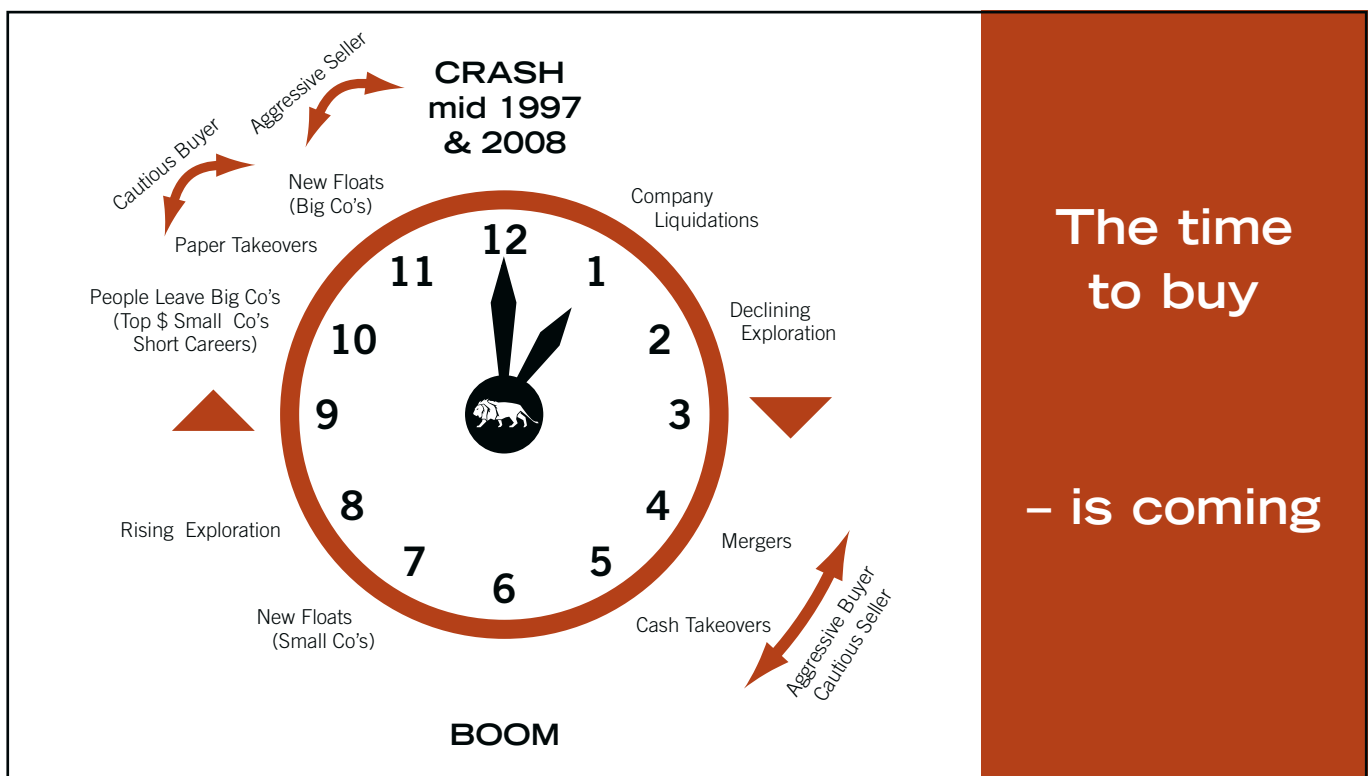
As previously announced, Mr John O'Reilly resigned as a non-executive Director on 7 November 2008 and Mr Barry Sullivan was concurrently appointed a non-executive Director.

The Board would like to thank Mr O'Reilly for his valuable contribution to the Lion group over the past seven years, noting that he provided Lion with a wealth of technical project development experience.

Mr Sullivan is an experienced and successful mining engineer with a career spanning 40 years in the mining industry. His appointment to the Board of Lion will provide additional mining, processing, management and corporate strengths to the Board.

MARKET CONDITIONS

In the April 2008 Quarterly Report we showed the Lion Clock with the caption 'NOW IS THE TIME' signaling our view that we had reached the top of the cycle (1997-2008). We are now clearly past "midnight" and the typical start of a new resources cycle. No one knows how long it will be before small resource companies share prices recover. But this will not happen until after the global economy has recovered which we expect will take years.



Shareholder Information

	SHARES	OPTIONS
Securities on Issue:	185.3 million	5.7 million
Price at quarter end:	\$1.195	\$0.07
Quarter High:	\$1.60	\$0.22
Quarter Low:	\$1.145	\$0.005
Volume traded:	30.6 million	0.8 million

Further Enquiries

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Any resource estimates and drilling intersections provided within this quarterly report were sourced from relevant investee company quarterly reports and announcements.