

SECOND SUPPLEMENTARY BIDDER'S STATEMENT

OFFER

by

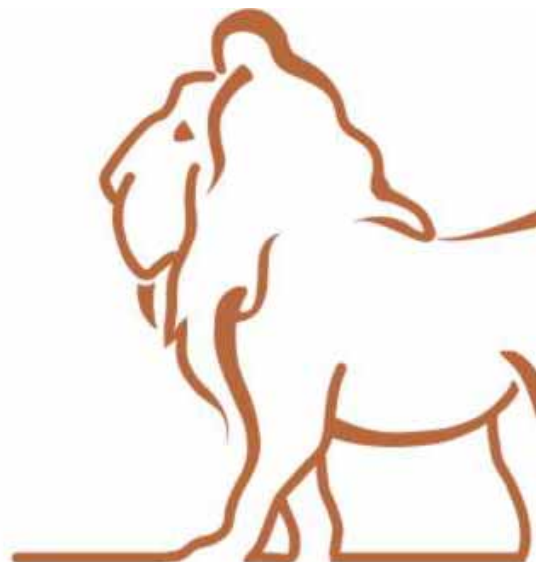
AuSelect Limited
ABN 53 077 885 208

to acquire all of your ordinary shares in

Sedimentary Holdings Ltd
ABN 92 000 697 183

Offer of 2 AuSelect ordinary shares
for every 9 of your Sedimentary ordinary shares

WHY YOU SHOULD ACCEPT AUSELECT'S UNCONDITIONAL OFFER





29 August 2006

Dear Sedimentary shareholder,

WHY YOU SHOULD ACCEPT AUSELECT'S OFFER FOR YOUR SEDIMENTARY SHARES

The AuSelect Offer for your Sedimentary shares is due to close on 1 September 2006.

The purpose of this second supplementary bidder's statement is to set out why AuSelect believes it is in your best interests to accept AuSelect's Offer for your Sedimentary shares.

AUSELECT'S OFFER EXCEEDS THE VALUE OF PREMIER'S SCHEME

Sedimentary has announced a proposal under which Premier Gold Mines Limited (Premier), of Canada, will acquire all of your Sedimentary shares for \$0.31 cash per share under a scheme of arrangement. Sedimentary's expert has valued Premier's Scheme at \$0.30 per share. Sedimentary's expert has also indicated that its preferred valuation of Sedimentary is \$0.28 per share.

Based on our net tangible assets (or NTA) calculated at closing prices on 28 August 2006, our Offer for every Sedimentary share is now worth \$0.37 (pre tax NTA) or \$0.34 (post tax NTA) per Sedimentary share. This is in excess of the value offered under Premier's Scheme and the expert's \$0.28 preferred valuation of Sedimentary.

Because AuSelect is an investment company, ASX requires us to publish our NTA per share every month. Since 21 August 2006 we have been updating our NTA daily on ASX to assist Sedimentary shareholders in assessing the value of the AuSelect Offer. Our NTA is calculated by taking the total of our cash and the value of our share investments at the ruling market prices, and then accounting for liabilities.

Further, based on AuSelect's actual trading price (closing price of \$1.445 on 28 August 2006), our Offer is worth \$0.32 per Sedimentary share, again in excess of Premier's Scheme.

In summary, our Offer exceeds the value of Premier's Scheme and the preferred value for Sedimentary shares as determined by Sedimentary's expert.

AUSELECT'S OFFER IS THE ONLY ONE TO ALLOW YOU TO PARTICIPATE IN SEDIMENTARY'S POTENTIAL UPSIDE

Our Offer may provide you with the opportunity to participate in any potential upside in Sedimentary's assets. The Premier Scheme gives that upside away to a foreign company.

AUSELECT SHARES PROVIDE AN ATTRACTIVE WAY TO INVEST IN JUNIOR MINING COMPANIES

AuSelect has a range of investments in emerging resource companies in Australia, Africa and Asia. These investments are carefully chosen and monitored by resource investment experts. AuSelect's portfolio, because it is diversified, reduces the risk of junior resource investments while allowing you to participate in any potential upside from these investments.

By accepting our Offer, Sedimentary shareholders may benefit from having an interest in:

AuSelect Limited

ACN 077 885 208

Level 4 15 Queen Street Melbourne VIC 3000 Telephone + 61 3 9614 8008 Facsimile + 61 3 9614 8009

Email aus@auselect.com.au Website www.auselect.com.au

- An enlarged AuSelect with the critical mass to target high quality, value investments in the resources sector;
- The potential re-rating of AuSelect from any increased size and liquidity;
- AuSelect's potential growth and deal flow;
- AuSelect's diversified asset portfolio and risk profile; and
- AuSelect's experienced management team and strong track record.

AUSELECT'S OFFER IS UNCONDITIONAL

AuSelect has declared its Offer unconditional. This means that if you accept it you will receive the AuSelect shares described in our Offer for your Sedimentary shares within 5 business days of receipt of your valid acceptance.

In contrast, Premier's Scheme is conditional, has several months to go and may not proceed. Therefore if you do not accept our Offer, and the Premier Scheme does not proceed, you may risk the value of your shares falling from their current price which was noted by Sedimentary's expert in Sedimentary's target statement.

As at 28 August 2006, AuSelect has received acceptances for 8.4% of Sedimentary shares (in addition to the 2.1% of Sedimentary that AuSelect held prior to the Offer commencing).

This second supplementary bidder's statement provides further information on the points made above and highlights some serious concerns we have with Sedimentary's target statement and the opinion of its expert. It also contains additional pro-forma financial information in the event AuSelect does not attain control of Sedimentary, complementing the statements made in our first supplementary bidder's statement released on 22 August 2006.

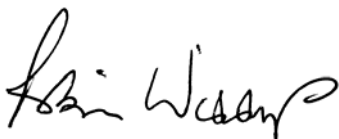
This second supplementary bidder's statement is also available online with ASX (www.asx.com.au) and on our website (www.auselect.com.au).

As noted above, our Offer is due to close on 1 September 2006. Accordingly, it is important that you act now by reviewing this document and then accepting our Offer.

I look forward to receiving your acceptance and to welcoming you as a shareholder of AuSelect.

Should you have any questions, please feel free to contact the AuSelect Offer Information line on 1300 360 917 (toll-free within Australia) or +61 3 9415 4337 (for international callers) or contact your broker or financial adviser.

Yours faithfully,



Robin Widdup
Managing Director

AuSelect Limited

ACN 077 885 208

Level 4 15 Queen Street Melbourne VIC 3000 Telephone + 61 3 9614 8008 Facsimile + 61 3 9614 8009

Email aus@auselect.com.au Website www.auselect.com.au

AUSELECT LIMITED

SECOND SUPPLEMENTARY BIDDER'S STATEMENT

This document is a Supplementary Bidder's Statement issued by AuSelect Limited ABN 53 077 885 208 (**AuSelect**) under section 643 of the Corporations Act 2001 (Cth) (**Corporations Act**) and is dated 29 August 2006 (**Second Supplementary Bidder's Statement**).

This is the second Supplementary Bidder's Statement is issued by AuSelect to supplement its Bidder's Statement dated 18 July 2006 (**Original Bidder's Statement**) given by AuSelect in connection with a takeover bid by AuSelect for all the ordinary shares in Sedimentary Holdings Limited ABN 92 000 697 183 (**Sedimentary**). The first Supplementary Bidder's Statement to the Original Bidder's Statement was dated 22 August 2006 (**First Supplementary Bidder's Statement**),

This Second Supplementary Bidder's Statement must be read together with the Original Bidder's Statement and the First Supplementary Bidder's Statement. Unless the context otherwise requires, terms defined in the Original Bidder's Statement have the same meaning in this Second Supplementary Bidder's Statement. This Second Supplementary Bidder's Statement will prevail to the extent of any inconsistency with the Original Bidder's Statement and/or the First Supplementary Bidder's Statement.

A copy of this Second Supplementary Bidder's Statement was lodged with ASIC and sent to Sedimentary on 29 August 2006. Neither ASIC nor any of its officers take any responsibility as to the contents of this Supplementary Bidder's Statement.

BACKGROUND

On 14 July 2006, AuSelect Limited (**AuSelect**) made a takeover offer to acquire all your shares in Sedimentary Holdings Ltd (**Sedimentary**) (the **Offer**). AuSelect is offering you 2 AuSelect shares for every 9 Sedimentary shares you hold. A bidder's statement in respect of the Offer was dispatched to Sedimentary shareholders on 1 August.

On 11 August 2006, AuSelect declared its Offer unconditional. A supplementary bidder's statement was then dispatched to Sedimentary shareholders on 22 August. It provided that Sedimentary shareholders who accept the Offer will receive their new AuSelect shares within 5 business days of receipt of a valid acceptance of the Offer.⁽¹⁾

Sedimentary made an announcement to Australian Stock Exchange (**ASX**) dated 17 August 2006 that it had entered into a merger implementation agreement with Premier Gold Mines Limited (**Premier**) under which Premier is proposing to acquire, under a scheme of arrangement, all of Sedimentary's shares for cash of A\$0.31 per share (**Premier Scheme**).

Accordingly, Lion Selection Group Limited's (**Lion**) obligation under its Pre-bid Acceptance Agreement with AuSelect to accept the Offer for 50.2 million Sedimentary shares was suspended and will not revive unless AuSelect makes a matching offer within 10 business days of Sedimentary entering into the merger implementation agreement with Premier. Sedimentary shareholders should refer to Appendix 1 for further details on the status of the Pre-bid Acceptance Agreement between AuSelect and Lion.

Sedimentary shareholders should also refer to Appendix 2 for pro-forma financial information in the event AuSelect does not attain control of Sedimentary.

On 21 August 2006, Sedimentary released a target's statement in respect of AuSelect's Offer.

⁽¹⁾ Foreign shareholders of Sedimentary should refer to section 11.7 of the Original Bidder's Statement which provides details of how they will receive their Offer consideration.

WHY YOU SHOULD ACCEPT AUSELECT'S OFFER

AuSelect has reviewed Sedimentary's target statement including the report prepared by its independent expert, KPMG Corporate Finance Pty Ltd (**KPMG**), and the information provided on Premier's Scheme.

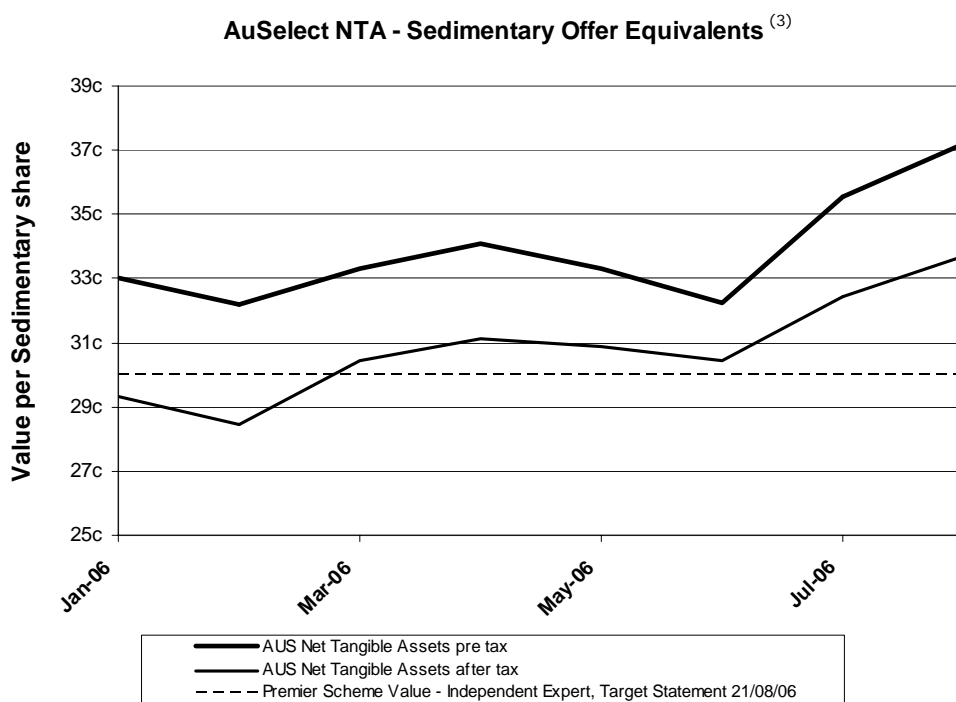
AuSelect believes the key question Sedimentary shareholders have to consider now is whether they accept AuSelect's Offer by 1 September 2006 and receive their AuSelect shares within 5 business days of AuSelect's receipt of their valid acceptance OR whether they rely on the conditional Premier Scheme, which will take several months to complete and may fail.

AuSelect believes that AuSelect's Offer is superior to Premier's Scheme, and notes that it is within the value range, and exceeds the preferred value, for Sedimentary shares as determined by KPMG, Sedimentary's independent expert.

The reasons behind AuSelect's conclusion are described in detail below.

1. AUSELECT'S OFFER REPRESENTS SUPERIOR VALUE TO PREMIER'S SCHEME

Based on AuSelect's net tangible asset (**NTA**) backing calculated at closing prices on 28 August 2006, AuSelect's Offer for every Sedimentary share is worth \$0.37 (on a pre-tax basis) or \$0.34 (on a post-tax basis), in excess of the offer from Premier of \$0.31, which has been valued by KPMG at \$0.30 and which may not proceed.⁽²⁾



AuSelect's NTA has demonstrably exceeded KPMG's \$0.30 per share valuation of Premier's Scheme as shown above.

⁽²⁾ Based on AuSelect's unaudited NTA backing (calculated on a diluted basis) as at 28 August 2006 of \$1.67 per share prior to estimated tax on gains from a theoretical disposal of AuSelect's investment portfolio at market prices, and \$1.52 per share after estimated tax on gains from such disposal. See Appendix 3 for further detail on the calculation of AuSelect's NTA backing per share.

Furthermore, based on AuSelect's actual trading price (ASX closing price of \$1.445 on 28 August 2006), AuSelect's Offer is valued at \$0.32 per Sedimentary share, again in excess of the value of Premier's Scheme.

Shareholders should also take into account the potential benefits of retaining an interest in Sedimentary's assets and sharing in the benefits of an enlarged AuSelect, and the potential tax advantages of AuSelect's Offer over Premier's Scheme (see sections 4 and 7 below).

2. AUSELECT'S OFFER IS WITHIN THE VALUE RANGE, AND EXCEEDS THE PREFERRED VALUE, FOR SEDIMENTARY AS DETERMINED BY ITS INDEPENDENT EXPERT

KPMG has valued a Sedimentary share at between \$0.22 and \$0.42, with a preferred value of \$0.28.

The value of AuSelect's Offer, based on AuSelect's volume weighted average price (VWAP) as at 28 August, has exceeded KPMG's preferred value over the period set out below.

	AuSelect VWAPs	Implied Value of AuSelect Offer ⁽³⁾
• 5-day VWAP	\$1.38	\$0.31
• 30-day VWAP	\$1.32	\$0.29
• 60-day VWAP	\$1.30	\$0.29
• 90-day VWAP	\$1.33	\$0.30

AuSelect has demonstrably exceeded KPMG's \$0.28 per share valuation of Sedimentary.

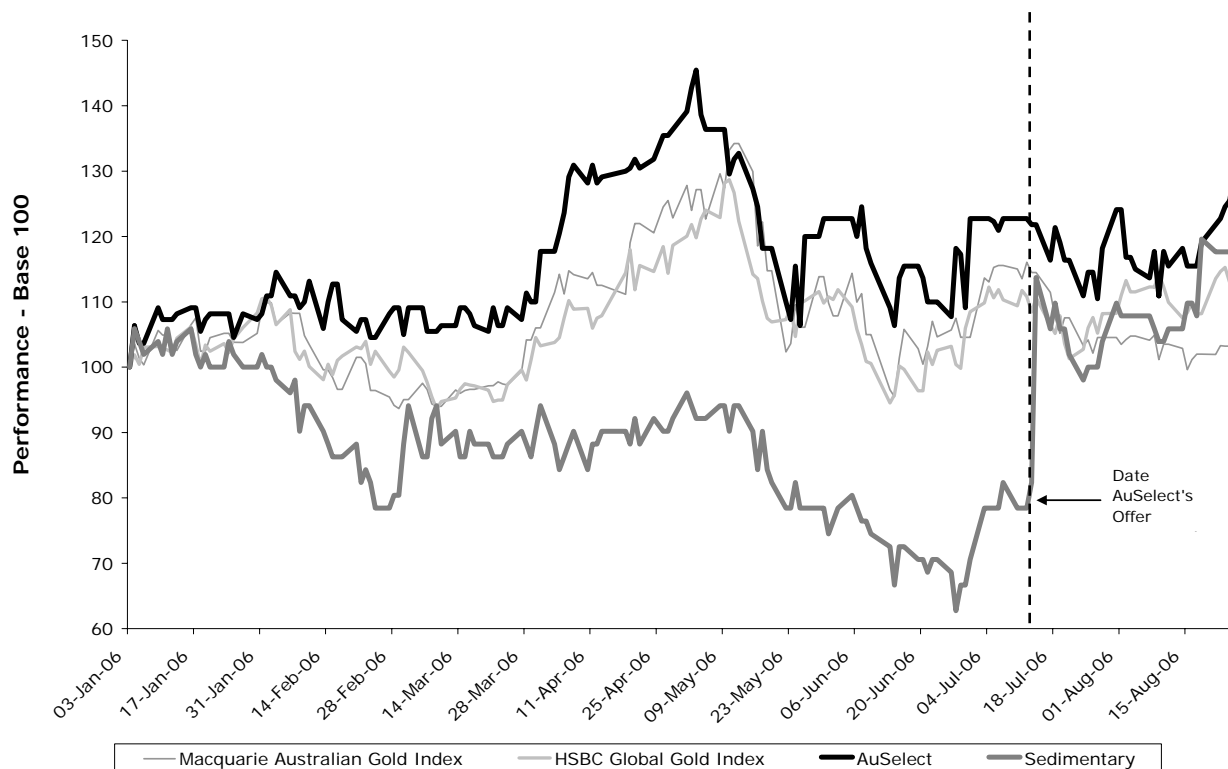
3. AUSELECT'S SHARE PRICE HAS OUTPERFORMED SEDIMENTARY'S SHARE PRICE AND SELECTED GOLD INDICES SINCE JANUARY 2006

In Sedimentary's target's statement, KPMG compared AuSelect's share price performance against selected gold indices since May 2004 (when AuSelect was floated on ASX) and concluded that AuSelect's share price performance had been weak. Sedimentary was not included in this comparison.

⁽³⁾ Based on the Offer terms of 2 AuSelect shares for every 9 Sedimentary shares.

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AuSelect believes that it is more relevant to look at AuSelect's recent share price, since January 2006, which has significantly outperformed Sedimentary's share price, and has outperformed both gold indices referred to by KPMG.



Source: Bloomberg

In relation to AuSelect's share price performance, contrary to KPMG's opinions, we note that:

- the share price performance of AuSelect relative to the selected gold indices has been strong since January 2006; and
- over the period from 3 January 2006 to 25 August 2006, AuSelect's total share price appreciation (based on closing prices) has been 30% compared with only a 2% appreciation in the Macquarie Australia Gold Index, and a 14% increase in the HSBC Global Gold Index.

This contrasts to Sedimentary's weak share price performance which, in a rising gold market, declined by over 17% from 3 January to 13 July 2006 (the day prior to the announcement of AuSelect's Offer).

We also note KPMG concludes that, in the event AuSelect's Offer lapses and the Premier offer does not proceed, Sedimentary's share price may fall from current levels.

4. BY ACCEPTING PREMIER'S SCHEME, YOU WILL NOT SHARE IN ANY BENEFITS OF RETAINING AN INTEREST IN SEDIMENTARY'S ASSETS, NOR SHARE IN ANY BENEFITS OF AN ENLARGED AUSELECT

Your Sedimentary directors believe Premier's proposed cash offer of A\$0.31 represents fair value for your Sedimentary shares and recommend you accept the Premier Scheme in the absence of a higher offer.

By accepting Premier's cash offer, you will not retain a share in the performance of the Cracow gold mine nor in the realisation of any value in Sedimentary's other exploration assets (on which KPMG places considerable value).

By accepting AuSelect's Offer, in addition to retaining exposure to any potential upside of Sedimentary's assets, you may also benefit from having an interest in:

- An enlarged AuSelect with the critical mass to target high quality, value investments in the resources sector;
- The potential re-rating of AuSelect from any increased size and liquidity;
- AuSelect's potential growth and deal flow;
- AuSelect's diversified asset portfolio and risk profile; and
- AuSelect's experienced management team and strong track record.

5. PREMIER'S SCHEME IS CONDITIONAL AND WILL TAKE SEVERAL MONTHS TO COMPLETE

Premier's Scheme is subject to a number of conditions, including:

- Sedimentary shareholder approval under a scheme of arrangement;
- Premier shareholder approval;
- An independent expert's review of Premier's Scheme;
- Premier obtaining finance for its \$87.5 million cash offer; and
- The gold price not falling below US\$575 per ounce (currently US\$621 per ounce).

Importantly, Premier's Scheme will require the approval of a majority in number of Sedimentary's shareholders present and voting at a meeting of shareholders and holding 75% of the votes cast in order for the scheme to proceed.

These conditions will take a number of months to satisfy and Sedimentary acknowledges that a meeting of shareholders will not be held until October 2006 to approve Premier's Scheme. This explains why Sedimentary's independent expert has discounted the value of Premier's Scheme to \$0.30 per share.

6. AUSELECT'S OFFER IS UNCONDITIONAL AND SEDIMENTARY SHAREHOLDERS WILL RECEIVE THEIR NEW AUSELECT SHARES WITHIN 5 BUSINESS DAYS OF RECEIPT OF A VALID ACCEPTANCE

AuSelect declared its Offer unconditional on 11 August 2006 and issued a supplementary bidder's statement to Sedimentary shareholders on 22 August.

As at 28 August 2006, AuSelect has received acceptances for 8.4% of Sedimentary shares (in addition to the 2.1% of Sedimentary that AuSelect held prior to the Offer commencing).

Sedimentary shareholders who accept AuSelect's Offer will be issued with the AuSelect shares that they are entitled to receive as consideration for their acceptance shares within 5 business days of the receipt of a valid acceptance of the Offer.⁽⁴⁾

To accept AuSelect's Offer, you should follow the instructions outlined in section 11.7 of AuSelect's Original Bidder's Statement or section 3 of AuSelect's First Supplementary Bidder's Statement.

7. AUSELECT'S OFFER IS POTENTIALLY MORE TAX EFFECTIVE FOR ACCEPTING SEDIMENTARY SHAREHOLDERS

AuSelect's Offer may be more tax effective than Premier's Scheme for those Sedimentary shareholders who will realise a capital gain on disposal of their Sedimentary shares, depending on the number of Sedimentary shares acquired by AuSelect.

If AuSelect becomes the owner of at least 80% of Sedimentary's shares under the Offer, Sedimentary shareholders that would otherwise derive a capital gain should be entitled to choose for scrip-for-scrip rollover relief, thereby deferring any capital gains tax liability until they dispose of their new AuSelect shares.

This potential deferral of any capital gains tax liability will not be available under Premier's Scheme.

Shareholders should note that if AuSelect is not successful in becoming the owner of at least 80% of Sedimentary's shares, Sedimentary shareholders who accept AuSelect's Offer will not be able to take advantage of scrip for scrip rollover relief, and will be liable for capital gains tax.

In this event, the capital proceeds from the disposal of the Sedimentary shares will be taken to be the market value of the AuSelect shares for which the Sedimentary shares are exchanged (or the cash, in the very limited circumstances where Sedimentary shareholders receive cash rather than AuSelect shares).

Sedimentary shareholders should refer to Part E of AuSelect's Original Bidder's Statement for further information on the Australian tax considerations of AuSelect's Offer (including the capital gains tax provisions and scrip for scrip rollover relief).

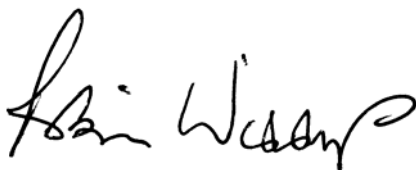
If you are in any doubt as to your tax position, you should speak with your own tax, financial or other professional advisor.

⁽⁴⁾ Foreign shareholders of Sedimentary should refer to section 11.7 of the Original Bidder's Statement which provides details of how they will receive their Offer consideration.

8. KPMG DOES NOT ADEQUATELY COVER A FUNDAMENTAL ISSUE YOU NEED ANSWERED AS A SEDIMENTARY SHAREHOLDER

KPMG does not give any consideration as to whether the AuSelect Offer would be fair and reasonable in the absence of Premier's Scheme (for example, if Premier's Scheme were to fail because it did not satisfy one or more of its conditions), despite the AuSelect Offer being inside their valuation range for Sedimentary.

SIGNED for and on behalf of AuSelect Limited by Robin Widdup, being a director of AuSelect Limited who is authorised to sign by a unanimous resolution passed at a meeting of a committee of the board of directors of AuSelect Limited:



Director

APPENDIX 1

STATUS OF PRE-BID ACCEPTANCE AGREEMENT BETWEEN AUSELECT AND LION

As noted above, on 11 August 2006 AuSelect declared its Offer unconditional. On 14 August 2006 Lion announced that, on 9 August 2006, it received the approval of the PDF Registration Board required for it to accept AuSelect's Offer and acquire AuSelect shares under the Offer. This meant that, under the terms of the Lion Pre-Bid Agreement entered into between Lion and AuSelect, Lion was obliged to accept the Offer in respect of 50,200,000 Sedimentary shares (approximately 17.8% of Sedimentary's issued capital) by midday on 18 August 2006 unless a competing offer was announced or made by a third party on or before 17 August 2006 and the value of that offer was greater than AuSelect's Offer (**Higher Third Party Offer**). The announcement of Premier's Scheme on 17 August 2006, therefore, had the effect that Lion ceased to be obliged under the Lion Pre-Bid Agreement to accept AuSelect's Offer in respect of 50,200,000 Sedimentary shares by midday on 18 August 2006.

At the date of this Second Supplementary Bidder's Statement, the position under the Lion Pre-Bid Agreement now is as follows. If AuSelect announces a matching offer on or before 1 September 2006, Lion must accept that matching offer in respect of 50,200,000 Sedimentary shares by 5.00pm on the 10th business day after the day on which AuSelect announces the matching offer, unless a further competing offer is announced or made by a third party (whether Premier or another third party) before the 10th business day after the announcement of AuSelect's matching offer and the value of that further competing offer is greater than AuSelect's matching offer at the date of the announcement of the further competing offer. For this purpose, a matching offer by AuSelect is an announcement of an increase in the value of the offer price under its Offer which, at the date of its announcement, equals or exceeds the value of the most recently announced Higher Third Party Offer.

If AuSelect does not make an announcement of a matching offer on or before 1 September 2006, the Lion Pre-Bid Agreement will come to an end.

AUSELECT LIMITED
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APPENDIX 2
PRO-FORMA BALANCE SHEET OF AUSELECT UPON ATTAINING A LESS THAN 50% SHAREHOLDING IN SEDIMENTARY

As outlined in the Original Bidder's Statement, in the event AuSelect does not obtain control of Sedimentary as a result of the Takeover Bid, but AuSelect does obtain "significant influence", AuSelect will account for its investment in Sedimentary using the equity method. The carrying amount of AuSelect's investment in Sedimentary would be initially measured at cost, determined based on the fair value of AuSelect shares issued as consideration, grossed up for the deferred tax liability recognised on the investment. For reporting periods after acquisition, the carrying amount of Sedimentary will be increased or decreased for AuSelect's share of post-acquisition profits and losses, which will be recognised in AuSelect's Income Statement. In addition, AuSelect's share of movements in Sedimentary's shareholders equity, such as reserves, and distributions from Sedimentary, would also impact the carrying value for the Sedimentary investment.

The following pro forma balance sheet of AuSelect has been prepared on the basis of AuSelect's consolidated balance sheet from the half year financial report for the six months to 31 January 2006, appropriately adjusted for the assumption that AuSelect attains a 35% shareholding in Sedimentary and is considered not to control Sedimentary. In addition, the pro forma is prepared on the basis that the proposed offers for Sedimentary options as detailed in section 5.5 of the Original Bidder's Statement are not accepted.

For the purposes of this pro-forma balance sheet, it has been assumed that the fair value of AuSelect shares issued as consideration to accepting Sedimentary shareholders is \$1.34, being the closing price of AuSelect shares on the day prior to the announcement of the Offer on 14 July 2006.

AuSelect Balance Sheet	AuSelect 31 Jan 2006 \$000	Adjustment for scrip offer \$000	AuSelect Pro Forma 35% \$000
Current Assets			
Cash assets	17,520	(810) ^(a)	16,710
Receivables	174		174
Other	13		13
Total Current Assets	17,707	(810)	16,897
Non Current Assets			
Investment in Associate	-	41,118 ^(b)	41,118
Other financial assets	60,243	(1,560) ^(b)	58,683
Deferred tax assets	109		109
Total Non Current Assets	60,352	39,558	99,910
Total Assets	78,059	38,748	116,807
Current Liabilities			
Payables	91		91
Tax liabilities	790		790
Provisions	4		4
Total Current Liabilities	885	-	885
Non Current Liabilities			
Deferred tax liabilities	5,884	12,081 ^(b)	17,965
Total Non Current Liabilities	5,884	12,081	17,965
Total Liabilities	6,769	12,081	18,850
Net Assets	71,290	26,667	97,957
Equity			
Contributed equity	41,262	27,741 ^(c)	69,003
Reserves	-	(253) ^(b)	(253)
Accumulated profits/(losses)	30,034	(821) ^(b)	29,213
Total parent entity interest in equity	71,296	26,667	97,963
Total outside equity interest	(6)	-	(6)
Total Equity	71,290	26,667	97,957

(a) **Reduction in cash**

Pro-forma adjustments have been made to reflect the estimated transaction costs related to the acquisition. AuSelect and Sedimentary have each contracted with advisers and some fees are subject to variation depending on the outcome of the transaction. Assuming the transaction is successful, the transaction fees payable in cash by AuSelect (including the broker handling fees) are estimated to be approximately \$0.8 million and the transaction fees payable by Sedimentary are estimated to be \$0.8 million. A total adjustment to AuSelect's pro-forma cash of \$0.8 million has been made.

(b) **Investment in Associate**

Pro-forma adjustments have been made to reflect AuSelect's investment in Sedimentary as an associate. The value of shares issued by AuSelect in exchange for Sedimentary shares will be recorded in AuSelect's financial statements as an investment in Sedimentary together with transaction costs directly incurred in the transaction and AuSelect's original investment in Sedimentary. AuSelect's original investment in Sedimentary has been adjusted, reversing the fair value adjustments to the carrying amount of Sedimentary and applying the equity method from the time of the original acquisition. In addition, the equity method has been applied with respect to AuSelect's share of Sedimentary's estimated transaction costs.

A deferred tax liability has been recognised with respect to the investment in Sedimentary. This accounting adjustment arises as the investment is expected to be recovered from future use by way of dividends. As AuSelect is unable to predict the ability of Sedimentary to make such dividends and frank those dividends, the tax base is assumed to be nil for accounting purposes. The investment in associate has been grossed up by the deferred tax liability.

(c) **Increase in shareholder equity**

Shareholders' equity will increase through the issue of AuSelect shares on the basis of 2 AuSelect shares for 9 Sedimentary shares. Based on AuSelect acquiring 92,815,068 Sedimentary shares (excluding Sedimentary shares already held by AuSelect), giving rise to a shareholding of 35% in Sedimentary (assuming no Sedimentary options are exercised), AuSelect will issue approximately 20,625,571 new AuSelect shares (subject to rounding). Based on the closing share price of \$1.34 as at 13 July 2006, AuSelect's issued share capital will increase by approximately \$27.6 million.

In addition, AuSelect's financial advisers in relation to the Offer, Gryphon Partners Pty Ltd (**Gryphon**) will be entitled to be issued AuSelect shares in certain circumstances under the fee arrangements agreed between AuSelect and Gryphon. Further details of the fees payable to Gryphon in connection with the Offer are set out in section 19 of the Original Bidder's Statement. If AuSelect is successful in attaining a 35% shareholding in Sedimentary, Gryphon will be entitled to be issued AuSelect shares valued at \$103,000. Based on an estimated issue price of \$1.34 (being AuSelect's closing share price on 13 July 2006), AuSelect would issue 76,866 additional AuSelect shares in these circumstances.

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The shareholder equity impact based on attaining a 35% shareholding in Sedimentary is summarised in the table below.

Security	Sedimentary Securities Purchased	AuSelect Shares Issued	Value of AuSelect Shares Issued ⁽²⁾
Sedimentary shares	92,815,068 ⁽¹⁾	20,625,571	\$27,638,265
Sedimentary options	8,400,000	-	-
Transaction costs		76,866 ⁽²⁾	\$103,000

	Total AuSelect Shares on Issue	Market Capitalisation of AuSelect ⁽²⁾
AuSelect shares	72,109,781	\$96,506,507

⁽¹⁾ Excludes 6,000,000 Sedimentary shares already held by AuSelect.

⁽²⁾ Based on AuSelect's closing share price of \$1.34 as at 13 July 2006 (being the closing price of AuSelect shares on the day prior to the Offer being announced).

For every 5% increase (or decrease) in AuSelect's resulting absolute shareholding in Sedimentary from 35% (but below 50%), the number of AuSelect shares issued will increase (or decrease) by approximately 3.2 million and the value of AuSelect shares issued will increase (or decrease) by approximately \$4.2 million (based on an estimated issue price of \$1.34 per share being AuSelect's closing share price on the day prior to the Offer being announced).

Assuming AuSelect attains a 35% shareholding in Sedimentary, shareholders equity is affected by a pro-forma adjustment of approximately \$26.7 million (net of transaction costs and the adoption of the equity method for Sedimentary).

The fair value of the acquisition consideration has been based on the assumption that the market value of an AuSelect share remains at \$1.34 (the AuSelect share closing price at 13 July 2006) throughout the Offer period. The actual acquisition consideration will be based on the market value of AuSelect shares, at the date of each exchange, as Sedimentary shareholders accept the Offer, plus any costs directly attributable to the acquisition, which will be different to the position disclosed in the pro-forma.

The balance sheet impact on AuSelect for shareholdings in Sedimentary above 50% is set out in section 4.1(b) of the Original Bidder's Statement.

AUSELECT LIMITED
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APPENDIX 3
AUSELECT'S NET TANGIBLE ASSET (NTA) BACKING PER SHARE

AuSelect's NTA backing per share as at 28 August 2006 is calculated in the table below.

AuSelect - Investment Summary

Investments	ASX Code	Country/Activity	AFL/AFL2 Holdings	AUS Holding %	Amount Invested \$m	Market Value \$m
At 28/08/2006						
African Lion - AuSelect indirect share of African Lion Investments						
Albidon	ALB	Africa - explorer / Zambia - Ni	28.6%	7.6%	2.7	12.60
Mineral Deposits	MDL	Senegal - mineral sands/gold	3.5%	0.7%	0.9	3.39
Platmin	PPN-TSX	SA - PGMs	12.4%	3.2%	3.5	16.46
Sphere Investments	SPH	Mauritania - iron ore	9.0%	2.1%	1.1	2.88
Other including cash committed						2.55
Total African Lion Investment				26.4%	9.2*	37.9
Listed Investments						
Austindo Resources	ARX	Indonesia - gold		0.7%	0.5	0.3
Indophil Resources	IRN	Philippines - copper & gold		8.6%	11.0	24.1
Lafayette Mining	LAF	Philippines - polymetallic		5.1%	5.0	4.2
Leviathan Resources	LVR	Australia - gold		5.1%	3.7	2.4
Sedimentary Holdings	SED	Australia - gold		3.1%	1.5	2.6
Westonia Mines	WEZ	Australia - gold		0.4%	0.2	0.1
Total Investments					31.1	71.7
Asian Lion (ALF) cash committed						9.2
Net Cash calculated at 31 July 2006						9.6
Total Net Assets before tax						90.6
Total Net Assets after tax						81.2
Net Tangible Assets (NTA) before tax & diluted for options (cents per share)						167.4c
Net Tangible Assets (NTA) after tax & diluted for options (cents per share)						151.7c

For NTA purposes, all listed investments at market price.

* AuSelect investment remaining in the African Lion Funds after capital returned

** Platmin is listed on the Toronto Stock Exchange (TSX)

Currency: A\$/Canadian \$ 0.840 A\$/US\$ 0.759



AuSelect Limited
