



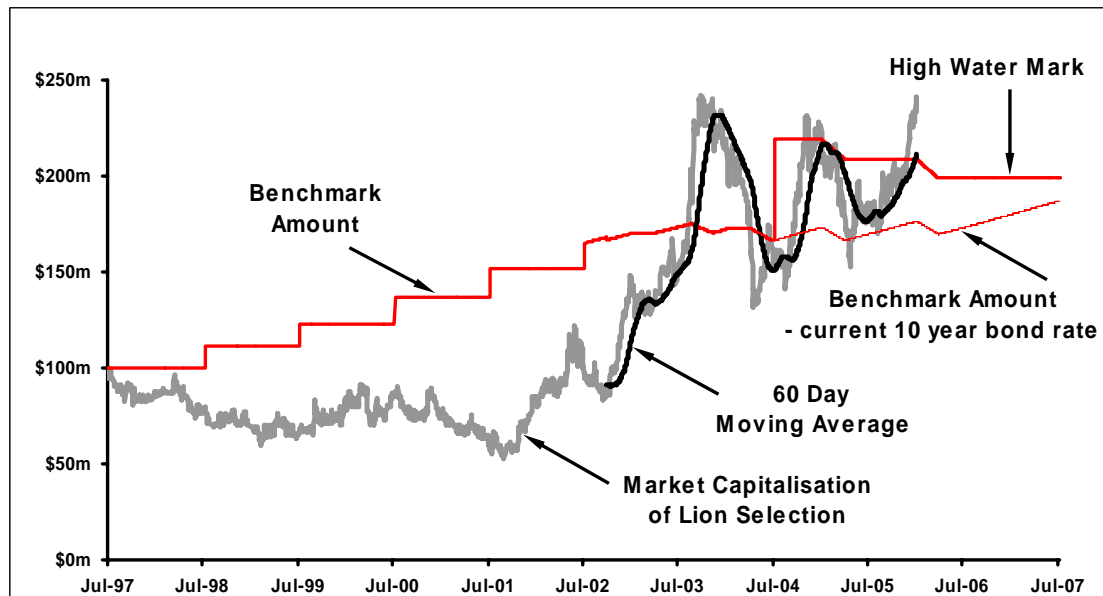
ASX Release 1 February 2006 Lion Manager Performance Incentive

Lion Selection Group Limited (Lion) announces that due to the sustained rally in the company's share price, the performance incentive for the Lion Manager has been triggered.

At the close of trade on 31 January 2006, the incentive was calculated as follows:

A.	High Water Mark (60 day average)	\$209 million
B.	Market Capitalisation (60 day average)	\$212 million
C.	Manager's Performance Incentive (20% of B minus A)	\$0.6 million

The following chart illustrates the current position of Lion's market capitalisation, the 60 day average of the market capitalisation on which the performance incentive is based, the High Water Mark, and its relation to the long term benchmark amount. The current hurdle for the performance incentive is the High Water Mark of \$209 million which was established when the performance incentive was paid to the Manager in August 2004. Following the share price trading ex-dividend (10 cent) on 30 January 2006, the High Water Mark will fall to \$199 million as shown below.



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Under the Lion Manager's contract, the performance incentive for any financial year is based on the difference between the 60 day averages of Lion's market capitalisation and a hurdle during the financial year. The current hurdle is the 60 day average of the High Water Mark which is adjusted for dividends. The incentive will increase if Lion's 60 day average market capitalisation increases above the hurdle. The final amount payable to the Lion Manager for the 2005/06 year will be dependent on Lion's share price and the resultant 60 day average market capitalisation in the period to 31 July 2006.

The performance incentive will be updated weekly on Lion's website and announced monthly to the Australian Stock Exchange as part of the monthly Net Tangible Asset (NTA) notification.

Summary of Performance Incentive Arrangements

Under the Management Agreement the Lion Manager is entitled to be paid an annual performance incentive of 20% of the amount (if any) by which the market capitalisation of the company over any continuous 60 day trading period exceeds the higher of:

- (a) the amount (Benchmark Amount) of the total issued capital of the company (adjusted for any dividends paid, etc.) increased each year by the lesser of the 150% of the 10 year bond rate and 15% pa; and
- (b) if a performance incentive has previously been paid, the market capitalisation of the company on which the performance incentive was paid (after taking into account any dividends and other distributions to shareholders) (High Water Mark).

If the Lion Manager becomes entitled to a performance incentive, it is to be paid within 21 days after the 31 July end of the relevant financial year.

The performance incentive terms were initially set in May 1997 for 5 years until 9 August 2002 when the Management Agreement was renewed and slight modification were approved by shareholders.

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