

ASX Codes

Ordinary shares: LST
Listed options: LSTO

Issued shares: 191.0m

Share price: \$1.31

Issued options: 5.8m

Option price: \$0.31
(151c April 09)

Market cap: \$252m

NTA pre tax
(29/02/08): \$1.82

NTA post tax
(29/02/08): \$1.82

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Allegiance holding sold: Proceeds \$48.5 million

Lion Selection Limited (Lion) is pleased to announce that it has sold its shareholding in Allegiance Mining Limited (Allegiance).

The initial investment in Allegiance was made in December 2003 with follow on investments made in 2004 for a total investment in Allegiance of \$6 million. Proceeds from the sale (on market sales of \$6.7 million and acceptance of Zinifex Limited's offer \$41.8 million) totaled \$48.5 million, returning a multiple on investment in excess of eight times.

Lion does not expect to have to pay tax on the exit as the effective cost base was reset for tax purposes following the merger of Lion Selection Group Limited and AuSelect Limited in 2007 and due to tax losses expected to be available.

Use of Funds

The inflow of funds from acceptance of the Zinifex offer will lift Lion's cash to \$106 million after the recently paid 3 cents per share dividend.

Lion's vision is to transform from investment company to mining company. Currently Newcrest Mining Limited (Newcrest) is conducting a sale process for its 70% holding of the Cracow Gold Mine in Queensland. Lion holds the other 30% and a pre-emptive right which enables it to match any accepted offer made for Newcrest's Cracow interest.

Lion anticipates the start of the pre-emptive process will commence in March provided Newcrest receives an acceptable offer. Lion will then have sufficient time to exercise its pre-emptive right should it wish to do so. This considerable period is available to Lion and could be viewed as a valuable gold price option in the current volatile gold market.

Lion has several alternatives to financing a potential purchase of 70% of Cracow, but will not be issuing equity.

Detailed information on Lion Selection Limited can be found on the company's website www.lionselection.com.au.