

ASX Codes

Ordinary shares: LST
Listed options: LSTO

ASX RELEASE 29 May 2008

Lion Commits A\$20m to African Lion 3

Issued shares: 191.0m
Share price: \$1.83

Issued options: 5.8m
Option price: \$0.39
(151c April 09)

Net Tangible Assets:
(30/04/08) \$341m

Market cap: \$352m

NTA pre tax
(30/04/08): \$1.78

NTA post tax
(30/04/08): \$1.78

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Following the announcement on 4 April 2008 regarding in-principle agreement for the formation of the third African Lion fund, Lion Selection Limited (Lion) is pleased to announce that with other participants it has formally executed the agreement to become a party to African Lion 3 Limited ("AFL3").

AFL3 has initial committed capital of US\$57.4 million with most shareholders from African Lion Limited ("AFL") and African Lion 2 Limited ("AFL2") participating. This could increase to US\$79.2m, with two further parties having until 30 June 2008 to join the fund.

Lion will hold an initial interest of 32.6% interest in AFL3, which may reduce to 23.7% if the two other parties subscribe. Lion has committed US\$18.75m (A\$20m) to AFL3. The other shareholders in the first closing of AFL3 are CDC (a UK Government-owned development fund), Proparco (French Government Development bank) and BIFM (a Botswana-based insurance fund).

AFL3 follows the outstanding success of the two existing African funds; AFL (Lion 29.8%) and AFL2 (Lion 18.6%), and forms an important part of Lion's plan following the impending sales of Indophil and Cracow.

AFL commenced in 1999 and had committed capital totaling US\$33.8 million. AFL2 commenced in 2004 and had committed capital of US\$34.6 million. Both of these funds are now fully invested and have grown original invested funds to US\$349 million including returns to shareholders and remaining investments.

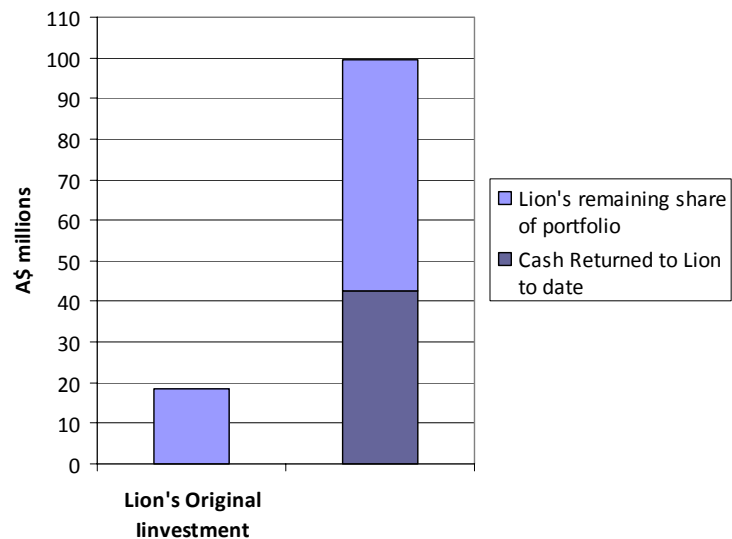
With the formal signing of the AFL3 agreements, the first drawdown is expected within weeks. AFL3 already has a series of highly promising investments in advanced discussion. Lion will be well placed to capitalise on immediate and attractive opportunities available to AFL3.

AFL3 is a 10-year closed-end fund and is to be managed by the Lion Manager.

African Lion Rationale

The aim of the African Lion funds is to identify investments solely in Africa. Lion is able to co-invest and benefit from the political risk advice and funding capacity delivered by the international development and commercial banks which are Lion's co-shareholders in the African Lion funds. The performance of the African Lion funds and the corresponding value to Lion as at 27 May 2008 is shown in the chart below.

Total African Lion Investments



Both AFL and AFL2 have performed well to date. The individual fund performance attributable to Lion is split below.

	Lion's original investment	Cash returned to Lion to date	Lion's remaining share of portfolio	Return on Investment
AFL	A\$11.4m	A\$35.0m	A\$33.1m	6.0x
AFL2	A\$7.1m	A\$7.6m	A\$23.7m	4.4x
Combined	A\$18.5m	A\$42.6m	A\$56.8m	5.4x

The cash returned to the funds' shareholders is from the realisation of investments including:

Major Investments Realised	Invested (US\$m)	Realised (US\$m)	Return on Investment
East African Gold Mines	5.3	14.8	2.8x
LionOre International Mining	1.9	3.7	1.9x
Redback Mining	2.0	6.2	3.1x
Resolute Mining	2.0	5.4	2.6x
Equinox Minerals	0.8	2.3	2.8x
Gallery Gold	7.9	24.8	3.2x
Platmin Limited	9.8	100.0	10.2x

The two existing African funds remaining portfolios have a combined current value in excess of US\$198 million. The portfolios include investments in Albidon Limited (total value \$138.9 million), Sphere Investments Limited (\$37.5 million) and Mineral Deposits Limited (\$11 million).

Lion shareholders continue to have direct exposure to the African funds and benefit from their performance. Detailed information on Lion Selection Limited can be found on the company's website www.lionselection.com.au and detail on the African Lion Funds can be found at www.afl.co.za.