

ASX RELEASE 6 June 2008

ASX Codes

Ordinary shares: LST
Listed options: LSTO

Issued shares: 191.0m

Share price: \$1.85

Issued options: 5.8m

Option price: \$0.325
(151c April 09)

Net Tangible Assets:
(31/05/08) \$403m

Market cap: \$355m

NTA pre tax
(31/05/08): \$2.09

NTA post tax
(31/05/08): \$2.09

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DON'T BE CONFUSED BY INDOPHIL'S RECENT STATEMENTS

On 27 May 2008, Indophil made an announcement to the market titled "A Message to Lion Shareholders". The contents of this announcement were repeated in a letter sent to Lion shareholders on 30 May 2008.

The Lion board considers Indophil's announcement and letter contain **numerous misleading statements**, which Lion requested Indophil to rectify. The announcement by Indophil on 5 June 2008 has not adequately done so.

In order to ensure that Lion shareholders are not confused by what the Lion board considers to be **misleading statements of Indophil**, Lion has outlined below certain material **deficiencies in the Indophil documents**.

	INDOPHIL'S STATEMENT	THE FACTS
1.	<ul style="list-style-type: none"> Indophil's announcement states that the value of Indophil's offer to you is \$2.80 to \$3.02 (based on Indophil's share price at the time). 	<p>Lion Directors consider it is misleading to use Indophil's current share price to calculate the value of the Indophil offer.</p> <ul style="list-style-type: none"> Prior to Xstrata's announcement of its intention to bid for Indophil, Indophil's share price was substantially less than its current share price. Xstrata has indicated that a condition of its offer will be that Indophil's offer for Lion does not succeed. So long as Xstrata's proposed offer is to be subject to this condition, Lion shareholders should not rely on Indophil's current share price to calculate the value of Indophil's offer (see page 31 of Lion's Target's Statement for a further explanation). Xstrata announced on 5 June 2008 that it will not waive this condition if Indophil receives sufficient acceptance of its bid for Lion to satisfy Indophil's 50.1% minimum acceptance condition.

	INDOPHIL'S STATEMENT	THE FACTS
		<ul style="list-style-type: none"> Lion Directors believe if the Xstrata offer does not proceed or lapses (because this condition is not satisfied), Indophil's price will fall. Xstrata also announced that if the Xstrata offer for Indophil lapses, it is likely that the Indophil share price will fall significantly.
2.	<ul style="list-style-type: none"> Lion <i>"has <u>no ability to accept a higher competing offer</u>" in relation to its 17.7% Indophil holding that is subject to a pre-bid acceptance agreement with Xstrata.</i> <i>It also states that if Lion shareholders vote for the resolutions, you will not be able to participate in any overbid by another party...unless Xstrata also pays more.</i> <i>If Lion shareholders approve the proposed sale by Lion of 17.76% of Indophil shares to Xstrata, Lion has no unilateral ability to accept a higher competing offer for Indophil</i> 	<p>All of these statements are incorrect and could mislead Lion shareholders.</p> <ul style="list-style-type: none"> If a higher competing offer is made for Indophil <u>prior</u> to the Lion shareholder meeting, Lion can (subject to Lion shareholder vote) accept the higher offer. If a higher competing offer is made <u>subsequent</u> to the Lion shareholder meeting, and if Xstrata is not willing to match that offer and allows its own offer to lapse, Lion could accept the competing offer. Xstrata's offer would lapse if it does not become (or is not declared to be) unconditional. Of course, Lion will always benefit from an increase in Xstrata's offer at any time.
3.	<p><i>Indophil's announcement makes numerous references to a "LOSS" that Lion shareholders will suffer should the resolutions for the sale of Cracow and Indophil be passed.</i></p>	<p>The use of the word "Loss" could mislead Lion shareholders.</p> <p>The sale of Indophil and Cracow will result in a PROFIT for Lion.</p> <ul style="list-style-type: none"> Indophil Sale <p>Lion is proposing to sell Indophil at a minimum price of \$1 per share. At such a price:</p> <ul style="list-style-type: none"> Lion will make a 330% profit on its investment cost in Indophil. This profits is the equivalent of 39 cents per Lion share; and Lion will receive a 53% premium over the 30 day volume weighted price of Indophil shares prior to Indophil's announcement of its intention to bid for Lion.

	INDOPHIL'S STATEMENT	THE FACTS
		<ul style="list-style-type: none"> - Lion will receive a 30% premium over the 30 day volume weighted price of Indophil shares prior to Xstrata's announcement of its bid for Indophil. - Lion will receive a higher price for its Indophil shares than any other price offered to Lion for its entire Indophil investment in the 10 years it has been held by Lion. <ul style="list-style-type: none"> ● Cracow Sale The proposed sale price for Cracow of \$80 million is a 27% premium over Lion's book value. This premium represents the equivalent of 9 cents per Lion share. It is \$6 million less than the value implied by the sale of Newcrest's 70% interest because Newcrest's stake is a controlling interest and has the benefit of ongoing management fees. This Newcrest sale price was set after an extensive tender process was conducted by Newcrest for its controlling interest in Cracow.
4.	<p><i>Indophil's announcement states that if Indophil does not proceed with its offer, Lion's share price will likely fall.</i></p>	<p>Lion is concerned that this statement may scare Lion shareholders into accepting Indophil's offer.</p> <ul style="list-style-type: none"> ● Lion has proposed a Plan that is capable of delivering over \$2 per share in total value to its shareholders. ● Lion's share price rose significantly following the release of the Plan announcement. ● Lion's share price has remained at or above \$1.785 per share since announcing its Plan (compared with an average price of \$1.51 per share in the 10 days leading up to that announcement).
5.	<p><i>Indophil's announcement states that Lion shareholders are entitled to ask whether the Lion Board has another agenda – self preservation of the Board and External Manager.</i></p>	<p>Lion considers that the implication of this statement that the Lion Board is acting to preserve the position of the Board and Lion Manager is totally false.</p> <ul style="list-style-type: none"> ● The Lion Board is strictly motivated by its duty to consider the best interests of its shareholders and is in no way protecting its own future or that of the Lion Manager. ● Lion Manager will not receive any success fee if the Lion Plan is implemented.

	INDOPHIL'S STATEMENT	THE FACTS
		<ul style="list-style-type: none"> Rather, Lion Manager has indicated to Lion that, if the Lion Plan is implemented, it would be prepared to continue in its role with a reduced management fee to reflect the smaller size of Lion. <p>Lion believes that, if the Indophil bid for Lion were successful and the Management Agreement with the Lion Manager were to be terminated, the Lion Manager would stand to receive a larger sum than during the first 3 years after the implementation of the Lion Plan.</p>

Lion is very concerned by the statements of Indophil outlined above. These actions reinforce the Lion Board's view set out in the Target's Statement of Indophil's poorly executed strategy to attempt to force a merger of the two companies. In the Lion Board's view, a merger with Indophil (and subsequent exposure of Lion shareholders to the Indophil management team) is not in the best interests of Lion shareholders.

IMPORTANT NOTICE

Indophil has recently extended its offers for Lion and has disclosed that it has received acceptances in respect of only 0.60% of Lion Shares.

Lion considers the need for Indophil to extend its offers and negligible level of acceptances reinforces Lion's view that its shareholders and the market do not support Indophil's offers.

To **REJECT Indophil's offers**, you should:

- IGNORE Indophil's offers** that have been sent to you, as well as the blue proxy form sent to you by Indophil; and
- SUPPORT Lion's Plan** by completing the proxy form sent to you by Lion (which accompanied the Notice of Meeting) and return it by no later than 10.00am Saturday 21 June 2008. Simply follow the instructions on the front cover of the Lion April quarterly report.

Your proxy form should be returned to:

**Computershare Investor Services Pty Ltd
GPO Box 242 Melbourne
Victoria 3001 Australia
Or by fax to: +61 3 9473 2555**

Or in person to: Computershare Investor Services Pty Ltd, Yarra Falls, 452 Johnston Street, Abbotsford, Victoria 3067

The Lion Directors advise shareholders not to send any proxy forms to Indophil.

If you have any queries, please contact Lion's investor relations team (Luke Smith or Jane Rose) on +613 9614 8008.

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