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## **ASX Release**

**27 March 2007**

# **Recommended Merger between Lion and AuSelect to form Lion Selection Limited**

## **Announcement of Final Terms**

Lion Selection Group Limited (Lion) and AuSelect Limited (AuSelect) propose to merge (the Recommended Merger) by way of separate Schemes of Arrangement to form a new company, **Lion Selection Limited** (defined as New Lion in the Scheme Booklets).

The meetings of shareholders of Lion and AuSelect to approve the Schemes have been convened for 3 April 2007. For the Schemes to proceed, votes "in favour" must be received from a majority of shareholders who vote and at least 75% of the total number of votes cast.

The Recommended Merger terms are based on the Pre-Tax Net Tangible Assets (NTAs) of both companies. The Pre-Tax NTAs which establish the final merger terms and ownership of Lion Selection Limited between Lion and AuSelect shareholders are based on the 5 day volume weighted average price for listed investments (and otherwise in accordance with the merger implementation agreement as set out in section 6.6 of the Scheme Booklets) calculated 5 business days before the scheme meetings.

Lion and AuSelect wish to advise shareholders that the final terms of the Recommended Merger are as follows:

### **Lion shareholders<sup>1</sup> will receive:**

- **1 Lion Selection Limited share for each Lion share held at the Record Date, and**
- **61 Lion Selection Limited options<sup>2</sup> for every 1,000 Lion shares held at the Record Date. The exercise price for the options will be \$1.51.**

**Lion shareholders will own approximately 52.5% of Lion Selection Limited.**

### **AuSelect shareholders<sup>1</sup> will receive:**

- **797 Lion Selection Limited shares<sup>3</sup> for every 1,000 AuSelect shares held at the Record Date.**

**AuSelect shareholders will own approximately 47.5% of Lion Selection Limited.**



The Record Date is scheduled to be 7.00pm on 23 April 2007. The last day the Lion and AuSelect shares trade on ASX with an entitlement to participate in the Scheme is 16 April 2007.

The Scheme Booklets mailed on 28 February 2007 to shareholders provided indicative terms of the Merger if merger terms were based on Lion's and AuSelect's Pre-Tax NTAs as at 31 December 2006.

Attachment A is the Lion Investment Summary for close of business on 26 March 2007.

Attachment B is the AuSelect Investment Summary for close of business on 26 March 2007.

Attachment C is the Lion Selection Limited Investment Summary for close of business on 26 March 2007.

The Lion Scheme Meeting will occur at 10.00am on 3 April 2007, and the AuSelect Scheme Meeting will occur at 10.30am (or immediately following the Lion Scheme Meeting, whichever is later) on 3 April 2007. The venue for the Lion and AuSelect scheme meetings is the Telstra Theatre, Telstra Conference Centre, Level 1, 242 Exhibition Street, Melbourne, Victoria. A presentation for Lion Selection Limited will be made following the meetings.

Shareholders are reminded that proxy forms must be submitted by 10.00am on 1 April 2007 in accordance with the instructions in the Scheme Booklets.

It is recommended that mailed proxy forms be posted to arrive at the share registry no later than 30 March 2007. Proxies can be faxed to 61 3 9473 2555.

**Enquiries:**

**Robin Widdup / Brooke Robertson**

Lion Selection Group / AuSelect Limited

Tel: 61 3 9614 8008 Fax: 61 3 9614 8009

Email: [lionselection@lsg.com.au](mailto:lionselection@lsg.com.au) [aus@auselect.com.au](mailto:aus@auselect.com.au)

1. This refers to shareholders whose address as shown in the company's register of members at the Record Date is in Australia, its external territories, New Zealand or any other jurisdiction where the company is reasonably satisfied that the issue of Lion Selection Limited shares (and Lion Selection Limited options in the case of a Lion shareholder) in that jurisdiction is neither prohibited by law nor unduly onerous. The treatment of other shareholders is as set out in section 6.7 of the Scheme Booklets.
2. Any fractional entitlement of a Lion shareholder to part of a Lion Selection Limited option will be rounded up or down to the nearest whole number of Lion Selection Limited options, with fractions of 0.5 rounded up to the nearest whole number of Lion Selection Limited options.
3. Any fractional entitlement of an AuSelect shareholder to part of a Lion Selection Limited share will be rounded up or down to the nearest whole number of Lion Selection Limited shares, with fractions of 0.5 rounded up to the nearest whole number of Lion Selection Limited shares.

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**Lion Selection Group / AuSelect Limited**

Level 4, 15 Queen Street Melbourne 3000 Vic. Australia

Telephone + 61 3 9614 8008 Facsimile + 61 3 9614 8009



## ATTACHMENT A

### Lion Selection Group - Investment Summary

Based 5 day VWAP shareprices

Investments	ASX Code	Country/Activity	LSG Holding %	Amount Invested \$m	Market Value or Cost of Unlisted* \$m
<b>At 26/03/2007</b>					
<b>Listed Investments</b>					
AuSelect Limited Options	AUS	Australia - mining investment	na	0.0	2.5
Allegiance Mining	AGM	Australia - nickel	6.8%	6.1	32.6
Austindo Resources	ARX	Indonesia - gold	18.4%	10.9	4.5
De Grey Mining	DEG	Australia - gold	6.7%	3.6	1.6
Exco Resources	EXS	Australia - copper/gold	10.7%	4.1	4.9
Havilah Resources	HAV	Australia - gold/base metals	19.0%	4.2	23.4
Indophil Resources	IRN	Philippines - copper & gold	17.3%	11.6	45.1
Lafayette Mining	LAF	Philippines - polymetallic	13.5%	10.2	9.3
Perseverance Corporation	PSV	Australia - gold	3.2%	10.8	8.8
View Resources	VRE	Australia - gold/nickel	8.7%	6.7	8.7
Westonia Mines	WEZ	Australia - gold	44.0%	13.1	17.9
Other (including unlisted)				0.6	1.0
Total Investments				81.8	160.2
Net Cash					37.3
<b>Total Net Assets</b>					<b>197.5</b>
<b>Net Tangible Assets (NTA) before tax (cents per share)</b>					<b>197.3c</b>
<b>Net Tangible Assets (NTA) after tax (cents per share)</b>					<b>185.5c</b>

\*For NTA purposes, all listed investments at market price.

Lion holds 7.7m options in AuSelect exercisable at \$1.20 per share and maturing in April 2009

**The value of these options will not be included in the value for setting the merger terms but are included in the table above**

A new series of options will be issued to Lion shareholders as part of the merger consideration.



## ATTACHMENT B

### AuSelect - Investment Summary

Based 5 day VWAP shareprices

Investments	ASX Code	Country/Activity	AUS Holding %	Amount Invested \$m	Market Value \$m
<b>At 26/03/2007</b>					
<b>African Lion - AuSelect indirect share of African Lion Investments</b>					
Albidon	ALB	Africa - explorer / Zambia - Ni	6.0%	3.3	23.4
Mineral Deposits	MDL	Senegal - mineral sands/gold	0.7%	0.9	3.7
Platmin	PPN-TSX	SA - PGMs	2.7%	3.5	20.0
Sphere Investments	SPH	Mauritania - iron ore	2.0%	1.1	5.6
Other including cash committed					4.3
<b>Total African Lion Investment</b>			<b>27.1%</b>	<b>9.1*</b>	<b>57.0</b>
<b>Asian Lion - AuSelect indirect share of Asian Lion Investments</b>					
Total invested (including cash)				1.8	1.8
Cash committed				7.0	7.0
<b>Total Asian Lion Investment</b>			<b>32.4%</b>	<b>8.8</b>	<b>8.8</b>
<b>Investments</b>					
Austindo Resources	ARX	Indonesia - gold	0.7%	1.5	1.1
Indophil Resources	IRN	Philippines - copper & gold	8.6%	11.0	22.3
Intrepid Mines	IAU	Australia/Argentina - gold	9.1%	14.6	7.2
Lafayette Mining	LAF	Philippines - polymetallic	5.1%	5.0	3.5
Perseverance Corp	PSV	Australia - gold	1.0%	3.7	2.7
Sedimentary Holdings	unlisted	Australia - gold	100.0%	65.0	65.9
Westonia Mines	WEZ	Australia - gold	0.4%	0.2	0.2
Total Investments				<b>118.9</b>	<b>168.8</b>
Net Cash					<b>7.7</b>
<b>Total Net Assets before tax</b>					<b>176.5</b>
<b>Total Net Assets after tax</b>					<b>175.8</b>
<b>Net Tangible Assets (NTA) before tax (cents per share)</b>					<b>155.2c</b>
<b>Net Tangible Assets (NTA) after tax (cents per share)</b>					<b>154.7c</b>

For NTA purposes, all listed investments at market price.

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



## ATTACHMENT C

### Lion Selection - Investment Summary

Based 5 day VWAP shareprices

At 26/03/2007	Code	Country/Activity	Lion Selection Holding %	Investment \$m	Market Value \$m
<b>INVESTMENTS</b>					
Allegiance Mining	AGM	Australia - nickel	6.8%	6.1	32.6
Austindo Resources	ARX	Indonesia - gold	19.1%	12.4	5.7
De Grey Mining	DEG	Australia - gold	6.7%	3.6	1.6
Exco Resources	EXS	Australia - copper/gold	10.7%	4.1	4.9
Havilah Resources	HAV	Australia - gold/base metals	19.0%	4.2	23.4
Indophil Resources	IRN	Philippines - copper & gold	25.8%	22.6	67.4
Intrepid Mines	IAU	Australia/Argentina - gold	9.1%	14.6	7.2
Lafayette Mining	LAF	Philippines - polymetalic	18.6%	15.2	12.8
Perseverance Corp	PSV	Australia - gold	4.2%	14.5	11.5
View Resources	VRE	Australia - gold/nickel	8.7%	6.7	8.7
Westonia Mines	WEZ	Australia - gold	44.5%	13.2	18.0
Other				0.6	1.0
<b>TOTAL INVESTMENTS</b>				<b>117.8</b>	<b>194.7</b>
<b>FUNDS</b>					
<b>African Lion Funds</b>			27.1%	<b>9.1*</b>	<b>57.0</b>
Albidon - ASX	ALB	Zambia - Ni	6.0%	3.3	23.4
Mineral Deposits - ASX	MDL	Senegal - mineral sands/gold	0.7%	0.9	3.7
Platmin - TSX	PPN	South Africa - PGMs	2.7%	3.5	20.0
Sphere Investments - ASX	SPH	Mauritania - iron ore	2.0%	1.1	5.6
Other including cash committed					4.3
<b>Asian Lion Fund (ALF)</b>			32.4%	<b>8.8</b>	<b>8.8</b>
Total invested (including cash)				1.8	1.8
Cash committed				7.0	7.0
<b>TOTAL FUNDS</b>				<b>17.9</b>	<b>65.8</b>
<b>OPERATIONS</b>					
<b>Sedimentary</b>					
30% Cracow + Exploration				72.8	73.8
Net Cash (Debt)				(7.8)	(7.8)
<b>TOTAL OPERATIONS</b>				<b>65.0</b>	<b>65.9</b>
<b>NET CASH</b>					<b>45.0</b>
<b>TOTAL NET ASSETS</b>					<b>371.5</b>
Total Investments and Net Assets exclude value of Lion's AuSelect options					
<b>Total Net Assets after tax</b>					<b>371.5</b>
<b>Net Tangible Assets (NTA) before tax (cents per share)</b>					<b>194.7c**</b>
<b>Net Tangible Assets (NTA) after tax (cents per share)</b>					<b>194.7c**</b>

For NTA purposes, all listed investments at market price.

\*\*Million shares on issue 190.8214

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