

Lion Selection Group



NOTICE OF 2012 ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

Notice is hereby given that the **annual general meeting** of Lion Selection Group Limited will be held at the Rendezvous Hotel Melbourne, 328 Flinders Street, Melbourne on **Wednesday 5 December 2012** at 10.00am (Melbourne time).

This Notice of Annual General Meeting and Explanatory Statement should be read in its entirety. If shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser without delay.

2 November 2012

Dear Shareholder

I am writing to outline a number of initiatives being put to Lion's shareholders at this Annual General Meeting, representing a pivotal juncture for Lion. Lion has released details of the 'Lion Plan' which is the result of a wide ranging and thorough strategic review of Lion's activities, objectives, structure, management and competitive position.

KEY ELEMENTS OF THE LION PLAN

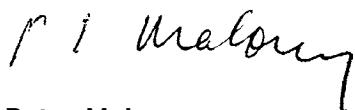
- ▶ **Re-list on the ASX**
- ▶ **Issue Bonus Options to shareholders on a one for six basis**
- ▶ **Target becoming a dividend payer**
- ▶ **Establish long term arrangements with Lion Manager**
- ▶ **Changes to Lion's Board**

In order to implement the Lion Plan, we are requesting your approval with respect to the following initiatives:

- ▷ Lion intends to re-list on the Australian Stock Exchange (ASX) in early 2013. Shareholder approval is required to adopt a new, ASX compliant constitution **(Resolution 6)** and to seek to delist from the National Stock Exchange of Australia **(Resolution 5)**.
- ▷ The independent directors of Lion (consisting of Peter Maloney and Barry Sullivan) have negotiated a revised contract with Lion Manager to provide investment recommendations and management services with respect to Lion's direct investments. These terms have been agreed in line with prevailing industry practice. Shareholder approval, although not required for regulatory purposes, is being sought due to the importance of this relationship to Lion **(Resolution 7)**. The new arrangements will include a performance fee for Lion Manager provided that investment hurdles are met, which the independent directors believe better aligns the interests of Lion's shareholders and Lion Manager with respect to investment performance, while seeking to close the gap between Lion's net tangible assets (NTA) and its share price.
- ▷ There are a number of Board members up for re-election **(Resolutions 2, 3 & 4)**, including the recent appointment of Chris Melloy providing additional mining, management and corporate strengths to the Board.

The Lion investment model focusing on direct investments in early stage mining and exploration remains unchanged and has been demonstrated to work over the time since 1997.

Yours sincerely



Peter Maloney
Chairman

ORDINARY BUSINESS

Discussion of Financial Statements and Reports

To discuss the Company's financial statements and the reports of Directors and the auditor in respect of the year ended 31 July 2012.

RESOLUTION 1

Adoption of the Remuneration Report

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That the Remuneration Report of the Company for the year ended 31 July 2012, as set out in the Directors' Report of the Annual Report, be adopted.

Voting Exclusions

The Company will disregard any votes cast on this resolution by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' section of the Notes below.

RESOLUTION 2

Re-election of Director – Robin Widdup

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Robin Widdup, who retires by rotation in accordance with Rule 3.6 of the Company's Constitution and, being eligible, offers himself for re-election, be re-elected as a director.

RESOLUTION 3

Election of Director – Barry Sullivan

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Barry Sullivan, who was appointed as a Director since the last Annual General Meeting and, being eligible, offers himself for election in accordance with Rule 3.3 of the Company's Constitution be re-elected as a director.

RESOLUTION 4

Election of Director – Chris Melloy

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Chris Melloy, who was appointed as a Director since the last Annual General Meeting and, being eligible, offers himself for election in accordance with Rule 3.3 of the Company's Constitution be re-elected as a director.

SPECIAL BUSINESS

RESOLUTION 5

Voluntary withdrawal of NSX Listing

To consider and, if thought fit, pass the following resolution as a special resolution:

That, subject to an application by the Company for admission to the official list of the ASX being approved and the conditions of that approval being fulfilled, the Company withdraw its listing on the NSX.

RESOLUTION 6

Adoption of new Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

That the constitution of the Company be repealed in its entirety and with immediate effect the Company adopt, as its new constitution, the document tabled at the Annual General Meeting and signed by the chair of the Annual General Meeting for identification.

RESOLUTION 7

Approval of new Management Agreement

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

That the directors of the Company be authorised to enter into on behalf of the Company a Management Agreement with Lion Manager Pty Ltd ACN 078 018 934 in the form tabled at the Annual General Meeting and signed by the chair of the Annual General Meeting for identification and that the terms of such Management Agreement be approved.

Voting Exclusions

The Company will disregard any votes cast on this Resolution 7 by certain persons. Details of the voting exclusions applicable to this resolution are set out in the 'Voting Exclusions' section of the Notes below.

BY ORDER OF THE BOARD



Jane Rose

Company Secretary
2 November 2012

Notice of 2012 Annual General Meeting

NOTES

These Notes form part of the Notice of Meeting.

Right to vote

The Directors have determined that, for the purpose of voting at the meeting, members are those persons who are the registered holders of shares at 7.00pm (Melbourne Time) on 3 December 2012.

Each member entitled to attend and vote at the meeting may vote by:

- (a) attending the meeting in person; or
- (b) appointing a proxy to attend and vote at the meeting on their behalf.

Voting Exclusions

The *Corporation Act 2001* (Cth) (**Corporations Act**) requires that certain persons must not vote, and the Company must disregard any votes cast by certain persons, on two of the resolutions to be considered at the meeting. These voting exclusions are described below:

Item 1 – Adoption of the Remuneration Report

Except to the extent otherwise permitted by law, the following persons may not vote, and the Company will disregard any votes cast by the following persons, on the resolution proposed at item 1 (Resolution 1):

- ▶ A member of the key management personnel for Lion Selection Group Limited (each a KMP) whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP) unless:
 - ▷ that person does so as a proxy appointed by writing that specifies how the proxy is to vote on Resolution 1; and
 - ▷ the vote is not cast on behalf of a KMP whose remuneration details are included in the Remuneration Report (or a closely related party of any such KMP).
- ▶ A KMP whose remuneration details are not included in the Remuneration Report (or a closely related party of any such KMP) that is appointed as a proxy where the proxy appointment does not specify the way the proxy is to vote on Resolution 1, unless:
 - ▷ the proxy is the Chair of the meeting at which Resolution 1 is voted on; and
 - ▷ the proxy appointment expressly authorizes the Chair to exercise the proxy even if Resolution 1 is connected directly or indirectly with the remuneration of a KMP.

For the purposes of these voting exclusions:

The **'key management personnel for Lion Selection Group Limited'** (or KMPs) are those persons having authority and responsibility for planning, directing and controlling the activities of the Company either directly or indirectly. It includes all Directors (executive and non-executive). The KMPs during the year ended 31 July 2012 are listed in the Remuneration Report contained in the Directors' Report for the year ended 31 July 2012.

A **'closely related party'** of a KMP means:

- ▶ a spouse or child of the KMP; or
- ▶ a child of the KMP's spouse; or
- ▶ a dependant of the KMP or of the KMP's spouse; or
- ▶ anyone else who is one of the KMP's family and may be expected to influence the KMP, or be influenced by the KMP, in the KMP's dealings with Lion Selection Group Limited; or
- ▶ a company the KMP controls.

The Company will also apply these voting exclusions, on an equivalent basis, to persons appointed as attorney by a shareholder to attend and vote at the Annual General Meeting under a power of attorney.

Item 7 – Approval of New Management Agreement

The Company will disregard any votes cast on Resolution 7 by:

- (a) Lion Manager; or
- (b) all directors and executives of Lion Manager; and
- (c) an associate of Lion Manager.

However, the Company need not disregard a vote if:

- (i) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (ii) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Appointment of proxies

A Proxy Form accompanies this Notice of Annual General Meeting. A shareholder who is entitled to attend and vote at the meeting is entitled to appoint no more than two proxies to attend and vote in their place. A proxy may be either an individual or a corporation, and need not be a shareholder of the Company.

A single proxy exercises all voting rights. Where a shareholder wishes to appoint two proxies, an additional proxy form may be obtained by contacting the Lion Selection Group Limited Share Registry, or the shareholder may copy the enclosed Proxy Form. A shareholder appointing two proxies may specify the proportion or number of votes each proxy is appointed to exercise. If a shareholder appoints two proxies and does not specify each proxy's voting rights, the rights are deemed to be 50% each. Fractions of votes are to be disregarded. Where two proxies are appointed, neither may vote on a show of hands.

A proxy need not vote in that capacity on a show of hands on any resolution nor (unless the proxy is the Chairman of the Meeting) on a poll. However, if the proxy's appointment specifies the way to vote on a resolution, and the proxy decides to vote in that capacity on that resolution, the proxy must vote the way specified (subject to the other provisions of these Notes, including the voting exclusions noted above).

If a proxy does not attend the meeting, then the Chairman of the Meeting will be taken to have been appointed as the proxy of the relevant shareholder in respect of the meeting. If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, but the appointment does not specify the way to vote on a resolution, then the Chairman intends to exercise the relevant shareholder's votes in favour of the relevant resolution (subject to the other provisions of these Notes, including the voting exclusions noted above).

Direction to Chairman for Remuneration Report (Item 1)

If the Chairman of the Meeting is appointed, or taken to be appointed, as a proxy, a shareholder can direct the Chairman of the Meeting to vote for or against, or to abstain from voting on, the resolution on item 1 (Adoption of Remuneration Report) by marking the appropriate box opposite item 1 in the Proxy Form. However, if the Chairman of the Meeting is a proxy and the relevant shareholder does not mark any of the boxes opposite item 1, the relevant shareholder will be directing and expressly authorising the Chairman to vote in favour of the resolution on

that item even though item 1 is connected directly or indirectly with the remuneration of a KPM.

A proxy need not be a member of the Company and can be an individual or a body corporate.

A body corporate appointed as a member's proxy may appoint a representative to exercise any of the powers the body may exercise as a proxy at the general meeting. The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

A member entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

LODGMET OF PROXY DOCUMENTS

For an appointment of a proxy for the meeting to be effective:

- ▶ the proxy's appointment; and
- ▶ if the appointment is signed by the appointor's attorney – the authority under which the appointment was signed (eg a power of attorney) or a certified copy of it, must be received by the Company at least 48 hours before the meeting.

The following addresses are specified for the purposes of receipt of proxies:

By Mail Computershare Investor Services Pty Limited
GPO Box 242, Melbourne Vic 3001

In Person Computershare Investor Services Pty Limited
Yarra Falls, 452 Johnston Street, Abbotsford Victoria

By Fax 1800 783 447 (within Australia) or
+61 3 9473 2555 (from outside Australia)

Intermediary Online Subscribers (such as custodians and nominees) Visit www.intermediaryonline.com to submit your voting intentions.

Bodies corporate

A body corporate may appoint an individual as its representative to exercise any of the powers the body may exercise at meetings of a company's members. The appointment may be a standing one. Unless the appointment states otherwise, the representative may exercise all of the powers that the appointing body could exercise at a meeting or in voting on a resolution.

The representative should bring to the meeting evidence of his or her appointment, including any authority under which the appointment is signed, unless it has previously been given to the Company.

EXPLANATORY STATEMENT

RESOLUTION 1: Adoption of the Remuneration Report

Shareholders are asked to adopt the Remuneration Report. The shareholder vote is advisory only and does not bind the Directors of the Company. However, pursuant to recent amendments to the Corporations Act which took effect from 1 July 2011, if the resolution to adopt the Remuneration Report receives a "no" vote of at least 25% of the votes cast at two

consecutive Annual General Meetings, a resolution must then be put to Shareholders at the second AGM as to whether another general meeting of the Company should be held within 90 days at which all Directors (other than the Managing Director), who were in office at the time the Board approved the second Remuneration Report, would need to stand for re-election.

Recommendation

Noting that each Director has a personal interest in their own remuneration from the Company (as such interests are described in the Remuneration Report) and, as described in the voting exclusions above, that each Director (or any closely related party of a Director) is excluded from voting their shares on this resolution, the Directors recommend that Shareholders vote in favour of the resolution to adopt the Remuneration Report.

RESOLUTION 2: Re-election of Director – Robin Widdup

Mr Widdup graduated from the University of Leeds (UK) with an Honours Degree in Geology in 1975. He worked in the Zambian copper belt gaining experience in mine geology at major copper-cobalt deposits, returning to the United Kingdom in 1978 to work for the National Coal Board in open-cast coal exploration activities. In 1980, Robin joined Mount Isa Mines Limited in Queensland and worked in both the copper and silver-lead-zinc mine areas.

Mr Widdup moved to stockbroker J B Were & Son as base metals analyst in 1986, before his subsequent appointments as gold analyst and manager of J B Were's Resource Research team. During his time at J B Were, Mr Widdup established himself as one of Australia's leading resource analysts, and the Resource Research team under his management was held in the same regard.

Mr Widdup resigned from J B Were & Son in early 1997 to establish Lion Selection Group and Lion Manager. He retired as Managing Director of Lion Selection Ltd as part of the company's restructure in 2009 but remains Managing Director of Lion Manager.

RESOLUTION 3: Election of Director – Barry Sullivan

Mr Sullivan is an experienced and successful mining engineer with a career spanning 40 years in the mining industry. His initial mining experience was gained in the South African gold mining industry, followed by more than 20 years with Mount Isa Mines. In the final five years of his tenure with MIM, Barry was Executive General Manager responsible for the extensive Mount Isa and Hilton operations.

Mr Sullivan is currently a non-executive director and Chairman of Exco Resources, a non-executive Director of Bass Metals Ltd and was previously a non-executive director of Catalpa Resources, Sedimentary Holdings and Allegiance Mining. He was also a non-executive director of Lion's predecessor company, Lion Selection Limited.

RESOLUTION 4: Election of Director – Chris Melloy

Mr Melloy completed an Honours Degree in Mining Engineering at the University of Queensland in 1976. He joined Mount Isa Mines in 1977, working underground and holding a number of engineering appointments in the mining area. During this period, Chris gained his professional qualification of Registered Mine Manager and a Masters Degree in Engineering Science.

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Mr Melloy held a number of management positions in the planning and operating areas of MIM's Mining Division, culminating with responsibility for the copper mine. He joined J B Were & Son in 1987 to research the base metals sector and CRA Limited. He gained his Graduate Diploma of Applied Finance and Investment in 1990 and from 1992 was consistently ranked as a leading resource analyst in independent surveys.

Mr Melloy was an executive director of Lion Manager from its inception in 1997 through to 2011, when he retired to non-executive director. In September 2012 Mr Melloy resigned from his non-executive director role with Lion Manager. Mr Melloy was also previously a non-executive director of a number of Lion's investees, including Catalpa Resources.

RESOLUTION 5: Voluntary withdrawal of NSX listing

The Company proposes to apply to the ASX for admission to the official list of the ASX, with all ordinary shares to be quoted on the official list following such admission. If the Company's application is approved by the ASX, the Company will seek to withdraw its listing on the NSX.

NSX Listing Rule 2.25 requires a listed company to obtain Shareholder approval by way of a special resolution prior to voluntarily withdrawing its listing. Accordingly, in accordance with NSX Listing Rule 2.25, Shareholder approval is sought for the voluntary withdrawal by the Company from its listing on the NSX. The Company will not seek to withdraw its NSX listing unless and until the ASX approves the Company's application for admission to the official list of the ASX.

The Company presently proposes to apply to the ASX in early 2013. The Company notes that the ASX may not approve the application.

As Resolution 5 is a special resolution, it must be approved by at least 75% of the total number of votes cast by Shareholders entitled to vote on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative).

RESOLUTION 6: Adoption of new Constitution

Resolution 6 approves the adoption of a new constitution which contains certain amendments and modifications to the Company's existing constitution which are necessary in order to advance the Company's application to list on the ASX market. In particular, the proposed constitution contains provisions that comply with the ASX Listing Rules and the ASX Settlement Rules, as well as the NSX Listing Rules.

Resolution 6 is a special resolution and therefore must be approved by at least 75% of the total number of votes cast by Shareholders entitled to vote on the resolution (in person, by proxy, by attorney or, in the case of a body corporate, by a corporate representative).

If Resolution 6 is passed, the new constitution will be adopted with immediate effect.

A copy of the proposed constitution can be obtained:

- (a) from the Company's website at www.lionselection.com.au;
- (b) by telephoning the Company on 03 9614 8008; or
- (c) by visiting the Company's registered office at Level 4, 15 Queen Street, Melbourne, Victoria 3000 during normal business hours.

Additionally, copies of the proposed constitution will be available at the Annual General Meeting.

A summary of the key differences between the proposed new constitution and the existing constitution is set out below:

Constitution subject to ASX Listing Rules

In accordance with ASX Listing Rule 15.11.1, rule 2 of the proposed constitution provides that if the Company is listed on the ASX, the Company must not do anything prohibited by the ASX Listing Rules and, if the ASX Listing Rules require an act to be done (or not done), authorise such act. It further provides that if the Company is listed on the ASX, the ASX Listing Rules will prevail over the constitution to the extent of any inconsistency.

Notices to the ASX

In accordance with ASX Listing Rule 3.13, the proposed constitution provides that the Company must, if it is listed on the ASX, tell the ASX the following information in respect of meetings of Shareholders:

- (a) if directors may be elected at the meeting, the date of the meeting (see rule 13.4(a));
- (b) details of any prepared announcement to be delivered to the Shareholders at a meeting (see rule 13.4(b)); and
- (c) the outcome of each resolution to be put to the Shareholders at a meeting (see rule 14.11).

Further, rule 36.7 of the proposed constitution obliges the Company to provide the ASX with copies of each document it sends to its Shareholders.

One class of ordinary securities

In accordance with ASX Listing Rule 6.2, rule 22.1(b) of the proposed constitution clarifies that, subject to certain exceptions, the Company may only have one class of ordinary securities.

Reorganisation of partly paid securities

In accordance with ASX Listing Rule 7.24, rule 25.18 of the proposed constitution clarifies that any partly paid shares on issue must be reorganised in the same proportion as other classes of shares and such reorganisation must not include cancellation or reduction of the total amount payable and unpaid by the relevant Shareholder. The Company does not currently have any partly paid shares on issue.

Payment of dividends

Rule 28.3 of the proposed constitution provides that any resolution of the board of directors of the Company in respect of the payment of dividends must be consistent with the provisions of the ASX Listing Rules.

Small holdings and restricted securities

The provisions in the existing constitution of the Company regarding unmarketable parcels (see rule 32) and restricted securities (see rule 30.4) have been amended to reflect the terminology used in the ASX Listing Rules.

Other Amendments

In addition to the amendments set out above, some other minor changes were made to the Company's constitution, for example, to update references to legislation and for consistency of terminology.

RESOLUTION 7: Approval of new Management Agreement

The Company appointed Lion Manager as exclusive investment manager to manage the Company's investment portfolio under a Management Agreement dated 31 January 2011 (Existing Management Agreement).

Subject to Shareholder approval, the independent directors of the Company (consisting of Peter Maloney and Barry Sullivan) have negotiated a revised contract with Lion Manager to provide investment recommendations and management services with respect to Lion's direct investments (Proposed Management Agreement). The new agreement represents an element of Lion's plan intended to reward Shareholders for their loyalty, improve Lion's share price and set Lion up for the next phase of growth. The independent directors note that these terms have been agreed in line with prevailing industry practice. Lion will utilise Lion Manager's depth of experience and expertise in the junior mining sector to provide expanded scope in addition to the existing investments in African and Asian Lion.

The Company considers that Shareholder approval of the Proposed Management Agreement is not required under the *Corporations Act 2001* (Cth) or the NSX Listing Rules. Nevertheless, because of the importance of the Proposed Management Agreement to the Company, the directors of the Company consider that it is appropriate to seek Shareholder approval in the circumstances.

This view is consistent with ASX Guidance Note 26 which encourages listed investment entities to obtain Shareholder approval for material changes to management agreements. Whilst the Company is not obliged to comply with the Guidance Note, the directors of the Company consider the Guidance Note to be in line with best company practice and good corporate governance.

If Resolution 7 is passed, the Company anticipates that the Proposed Management Agreement will be signed by the Company and Lion Manager within one week of this Annual General Meeting. However, the Company will not enter into the Proposed Management Agreement if Shareholder approval is not obtained.

A summary of the Proposed Management Agreement is set out below:

Management fee

Under the Proposed Management Agreement, Lion Manager will be entitled to a monthly management fee of 0.125% (equivalent to an annual percentage of 1.5%) of the "Invested Capital". This initially will be the historic cost of direct investments on hand and uncommitted cash on 1 September 2012, approximately \$43 million. The Invested Capital figure can change over time if the historic cost of investments and uncommitted cash varies by 25% or more from the most recent Invested Capital figure – ie. the new figure is adopted as the Invested Capital going forward. The minimum Invested Capital is \$43 million, with this figure being capped at \$200 million.

The directors consider that the change in the calculation of the management fee will appropriately remunerate Lion Manager as the portfolio changes in size, taking into account adjustments for new issues, distributions paid by the Company and reinvestment of profits and distributions received from Funds.

Annual performance fee

In addition to the monthly management fee, the Proposed Management Agreement provides for Lion Manager to be paid an annual performance bonus fee of 15% of the highest amount (if any) by which the three month average Market Capitalisation of the Company (excluding the proportion of the market capitalisation attributable to the Funds) exceeds the three month average "Monthly Benchmark". The Monthly Benchmark is calculated as being the greater of:

- (a) the most recent Market Capitalisation of the Company in respect of which an annual performance fee was paid (if any) (High-water Mark); and
- (b) the initial Invested Capital escalated by 8% per annum.

Both the Monthly Benchmark and the High-water Mark are increased for new share issues and distributions received from the Funds, or decreased for Distributions paid by the Company and commitments to any new Funds. Transfers to or from the Funds are adjusted for the prevailing NTA discount at the time to ensure that the change is neutral to the existing performance fee accrual (if any).

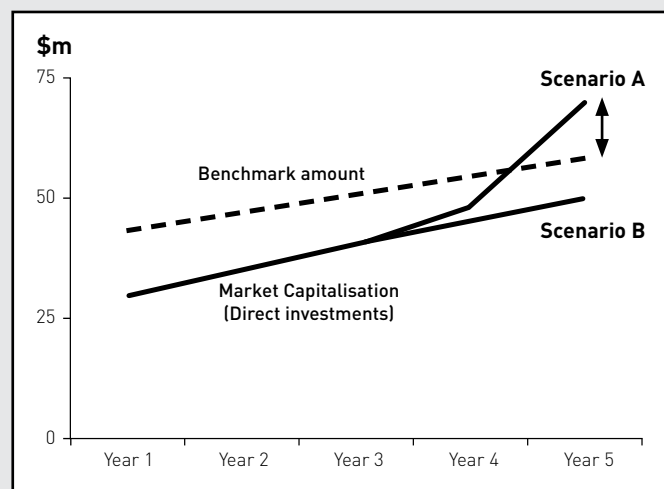
The objective of the performance fee is to reward Lion Manager for increasing the market capitalisation of the Company to the extent this relates to Direct Investments. The proportion of performance attributable to the Funds is ignored to avoid the risk of double dipping with respect to performance fees already included within the Funds.

Subject to applicable regulatory requirements and compliance with the ASX Listing Rules, the Company may require Lion Manager to accept 40% of the amount of any performance fee by the issue of shares in the Company calculated at a 30 day weighted average price as at the end of each financial year. If agreed to between the Company and Lion Manager, a higher percentage of the performance fee may be satisfied by the issue of shares to Lion Manager.

Shares issued with respect to the annual performance fee will be subject to a voluntary escrow, with 50% of the shares escrowed for 12 months and the remainder for 24 months. Transfers to beneficial owners of the Lion Manager are permitted, provided the recipient enters matching escrow arrangements. If Shareholder approval is required in respect of the issue of shares, the Company must seek that approval as soon as practicable following the end of the financial year.

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Set out below is an illustrative example in respect of the annual performance fee.



In Scenario A, Lion Manager would receive a performance bonus fee in year 5 equal to 15% of the amount the three month average market capitalisation exceeds the three month average benchmark amount. In this scenario, no further bonus fee would be paid until the market capitalisation exceeds the higher of the benchmark amount in the relevant year and the high-water mark, in this case being the market capitalisation in Year 5.

In Scenario B, Lion Manager would not be entitled to an annual performance bonus fee, despite the market capitalisation increasing over a five year period, because the market capitalisation remains less than the benchmark amount.

The fact that the market capitalisation of Lion increases in each Scenario in the illustrative example is not to be taken in any way as an indication of the projected performance of Lion or the expected market capitalisation.

No performance fee is currently applicable under the Existing Management Agreement.

Notice of termination

Under the Proposed Management Agreement, either Lion Manager or the Company will be able to terminate the agreement by giving the other party 6 months' notice. In contrast, the Existing Management Agreement provides for termination upon 12 months' notice. The directors consider that 6 months is sufficient time for either party to find alternative arrangements.

Termination events

Unlike the Existing Management Agreement, the Proposed Management Agreement provides that the Company may immediately terminate the agreement if a "Key Person Event" occurs. A Key Person Event will occur if:

- (a) a 'Key Person' (being each of Robin Widdup, Craig Smyth, Michael Brook, Tim Markwell, Damon Rhodes or Hedley Widdup or any other person approved as a Key Person for the purposes of the Proposed Management Agreement) commits a criminal act;

- (b) a Key Person is engaged in any corrupt activity; or
- (c) less than four Key Persons are devoting substantially all of their business time to the affairs of Lion Manager and the Company does not approve one or more additional employees of Lion Manager as Key Persons such that four Key Persons are devoting substantially all of their business time to the affairs of Lion Manager.

The Proposed Management Agreement also gives Lion Manager an additional right of termination if the Company distributes more than 50% of its assets in any 12 month period.

Termination fee

The Proposed Management Agreement provides for Lion Manager to be paid a termination fee equal to 12 months of the monthly management fee if the Proposed Management Agreement is terminated in certain prescribed circumstances. This is in contrast to the Existing Management Agreement under which Lion Manager is not entitled to a termination fee.

The directors consider that 12 months represents an appropriate recompense for Lion Manager to pay out staff termination benefits given the exclusive nature of the management arrangements.

Fixed term

Similarly to the Existing Management Agreement, the Proposed Management Agreement is not for any fixed term.

DEFINITIONS

ASX means ASX Limited ACN 008 624 691;

Company or **Lion** means Lion Selection Group Limited ACN 077 729 572;

Funds means African Lion 2 Limited (a company incorporated in Mauritius), African Lion 3 Limited (a company incorporated in Mauritius), Asian Lion Limited (a company incorporated in Mauritius) and any follow on funds managed by Lion Manager where the Company is an investor;

Lion Manager means Lion Manager Pty Ltd ACN 078 018 934;

NSX means National Stock Exchange of Australia Limited ACN 000 902 063; and

Shareholder means a registered member of the Company.

000001 000 LGP
MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:



By Mail:

Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For all enquiries call:

(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

 **For your vote to be effective it must be received by 10:00am (Melbourne time) Monday 3 December 2012**

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote as they choose. If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the information tab, "Downloadable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

Turn over to complete the form ➔



View your securityholder information, 24 hours a day, 7 days a week:

www.investorcentre.com

- ☒ Review your securityholding
- ☒ Update your securityholding

Your secure access information is:

SRN/HIN: I999999999



PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030



Change of address. If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

IND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Lion Selection Group Limited hereby appoint

☐

the Chairman
of the Meeting OR



PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Lion Selection Group Limited to be held at Rendezvous Hotel Melbourne, 328 Flinders Street, Melbourne on Wednesday, 5 December 2012 at 10:00am (Melbourne time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Resolution 1 (except where I/we have indicated a different voting intention below) even though Resolution 1 is connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Resolution 1 by marking the appropriate box in step 2 below.

STEP 2 Items of Business



PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

Ordinary Business

	For	Against	Abstain
Resolution 1 Adoption of the Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Re-election of Director – Robin Widdup	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Election of Director – Barry Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Election of Director – Chris Melloy	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Special Business

Resolution 5 Voluntary withdrawal of NSX Listing	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Adoption of new Constitution	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval of new Management Agreement	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote all available proxies in favour of each item of business.

SIGN

Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact
Name

Contact
Daytime
Telephone

Date / /

LGP

156397A

Computershare +