

Lion Selection Group

16 October 2009

Mr Ian Craig
Companies Manager
National Stock Exchange of Australia
Level 3
45 Exhibition Street
MELBOURNE VIC 3000

Dear Ian

Letter of Application

1. General

Name of Applicant:
Lion Selection Group Limited.

Date of Incorporation:
4 April 1997.

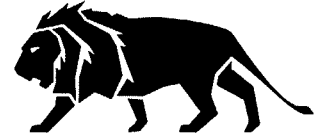
Principal Registered Office:
Level 4
15 Queen Street
Melbourne Vic 3000

Share Registry:
Computershare Investor Services Pty Ltd
452 Johnston Street
ABBOTSFORD VIC 3067

Formal Request:
We hereby formally request the listing of the securities in respect of Lion Selection Group Limited, for 88,029,353 fully paid ordinary shares with equal voting rights. There are no options on issue.

Lion Selection Group Limited ABN 26 077 729 572
Level 4, 15 Queen Street, Melbourne 3000 Vic Australia

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Proposed method by which the securities are to be brought to listing:

The Lion Selection Group shares on issue will be transferred by way of in specie capital return to Lion Selection Limited shareholders on a one-for-one basis.

Estimated market capitalisation of the securities for which a listing is sought:

\$35,200,000 (88,029,353 shares @ 40 cents per share).

Estimate of the net proceeds of any proposed issue and the intended use of the proceeds:

Nil.

The name of any other stock exchange on which any securities of the issuer are already listed and/or traded:

N/A. Lion Selection Limited is currently trading on the Australian Stock Exchange (ASX: LST).

2. Share Capital and Ownership*

Designation or title of each class of share:	Ordinary Shares		
Number of shares issued:	88,029,353		
Voting rights attached to each share:	Voting shares		
Amount of fully paid up shares:	Fully paid		
Shareholdings of the directors and officers of the issuer:	Name	Title	Holdings
	Ewen Tyler	Chairman	50,000
	Craig Smyth	Managing Director	100,000
	Howard Walker	Executive Director	275,352
	Jane Rose	Investor Relations Manager & Company Secretary	10,000
Shareholders of the issuer who own five percent (5%) or more of the shares of the issuer and their respective shareholdings.	Shareholder	Shares M	%
	Carrousel Capital Limited	12.4	14.0
	Laxey Partners Limited	7.6	8.6
	Citigroup Global Markets Australia Pty Limited	6.7	7.5
	Select Asset Management Ltd	6.0	6.8
	Lion Manager Pty Ltd	5.9	6.7

* Based on shareholdings as disclosed in Lion Selection Limited as at the date of this letter, and additional shares to be issued to Lion Manager Pty Limited prior to the demerger of LSG from Lion Selection Limited.



Top 20 shareholders*:

Rank	Name	Units Held at end of period	% of Issued Capital
1	CITICORP NOMINEES PTY LIMITED	7,263,053	8.85
2	ANZ NOMINEES LIMITED	6,861,416	8.36
3	COGENT NOMINEES PTY LIMITED	6,025,749	7.34
4	LION MANAGER PTY LTD*	5,923,757	6.70
5	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED -A/C 3	4,220,236	5.14
6	NATIONAL NOMINEES LIMITED	3,229,767	3.93
7	MR MARK GARETH CREASY	3,062,502	3.73
8	J P MORGAN NOMINEES AUSTRALIA LIMITED	2,224,427	2.71
9	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	1,735,453	2.11
10	UBS NOMINEES PTY LTD	966,354	1.18
11	BOND STREET CUSTODIANS LIMITED	669,000	0.81
12	MIRRABOOKA INVESTMENTS LIMITED	669,000	0.81
13	MR ROBIN ANTHONY WIDDUP + MRS JANET WIDDUP	654,793	0.80
14	MR ALEXANDRE SWANSON + MS LYNLEY SWANSON	444,444	0.54
15	MR MARK GARETH CREASY	410,864	0.50
16	MIVIVA PTY LTD	350,000	0.43
17	AVANTEOS INVESTMENTS LIMITED	345,761	0.42
18	GRYPHON PARTNERS PTY LTD	304,711	0.37
19	WAL ASSETS PTY LTD	272,157	0.33
20	MRS KATHRYN MARGARET EVANS	250,000	0.30
Total Top Holders Balance		45,883,444	52.1

Total Shares on issue 88,029,353

* Based on shareholdings in Lion Selection Limited as at 31 July 2009, and additional shares to be issued to Lion Manager Pty Limited prior to the demerger of LSG from Lion Selection Limited.

3. Securities

Ordinary shares, fully paid.

4. History and Nature of Business

Lion Selection Group (LSG) was formed in 1997, raising \$100 million to invest for the capital growth of its shareholders funds by providing patient equity capital to companies with outstanding people and projects. LSG originally operated under the Pooled Development Fund (PDF) scheme although that status has since been renounced. LSG provided substantial cash returns following the exit of investments.

AuSelect was formed in 2004 with a capital base of A\$50 million to be opportunistic and invest largely where LSG had made a prior investment and was limited by PDF constraints.



In April 2007, the successful merger of LSG and AuSelect Limited to form Lion Selection Limited (LST) was concluded. The merged company benefited from a stronger balance sheet, greater financial capacity, a wider spread of assets, both geographically and by type, and continued exposure to the Lion Manager team and its proven investment philosophies.

Following the proposed merger of LST's gold interests with Catalpa Resources and the demerger of its subsidiary, LSG, which holds all of the remaining LST investments, LSG has applied to list its shares on the National Stock Exchange.

Going forward LSG aims to be a growth oriented investment fund. It will provide investors with prospective upside through its existing direct investments and exposure to funds managed by Lion Manager. Lion Selection Group will be investing in junior resource companies at the base of the resource cycle, initially through the AFL3 and Asian Lion funds managed by Lion Manager, with the possibility of follow on funds and co-investment. Lion Selection Group will manage its cash and investment portfolio to meet its fund commitments.

5. Summary of Earnings

Income Statement year ended 31 July	Unaudited Financial Information (Parent)		
	2009 \$000	2008 \$000	2007 \$000
Gain/(loss) attributable to movement in fair value of investments	14,567	(14,867)	42,167
Other income	3,578	3,810	3,415
Debt Forgiveness	(90,911)	-	-
Management fees	(1,402)	(1,419)	(2,388)
Employee benefits	(756)	(872)	(683)
Other expenses	(2,108)	(2,705)	(850)
Profit/ (loss) before income tax	(77,032)	(16,053)	41,661
Income tax (expense)/benefit	(2,448)	(332)	10,524
Net profit attributable to members	(79,480)	(16,385)	52,185
	Cents	Cents	Cents
Basic earnings per share *	(79.6)	(16.4)	52.1
Diluted earnings per share	(79.6)	(16.4)	52.1



6.

Unaudited Financial Information (Parent)			
Balance Sheet as at 31 July 2009	2009	2008	2007
	\$000	\$000	\$000
Current Assets			
Cash and cash equivalents	9,625	61,256	27,180
Trade and other Receivables	902	1,428	14,821
Financial assets	-	85,890	200
Total Current Assets	10,527	148,574	42,201
Non Current Assets			
Financial assets	42,135	47,985	178,498
Deferred tax assets	150	96	728
Total Non Current Assets	42,285	48,081	179,226
Total Assets	52,812	196,655	221,427
Current Liabilities			
Trade and Other Payables	683	261	1,110
Intercompany liabilities	380	-	-
Current tax liabilities	-	-	1,621
Provisions	16	22	15
Total Current Liabilities	1,079	283	2,746
Non Current Liabilities			
Deferred tax liabilities	1	160	84
Total Non Current Liabilities	1	160	84
Total Liabilities	1,080	443	2,830
Net Assets	51,732	196,212	218,597
Equity			
Contributed equity	100,109	100,109	100,109
Retained profits/(accumulated losses)	(48,377)	96,103	118,488
Total Equity	51,732	196,212	218,597

Net Tangible Asset Backing

Number of Securities on Issue	100,108,905	100,108,905	100,108,905
NTA per Security	\$0.52	\$1.96*	\$2.18*

* Prior to \$160 million buy-back by LSG's parent, Lion Selection Limited



7. Employees

	Name	Title
1.	Ewen Tyler	Chairman
2.	Craig Smyth	Managing Director
3.	Howard Walker	Executive Director
4.	Jane Rose	Investor Relations Manager & Company Secretary

8. Child Entities

N/A.

9. Dividend Record

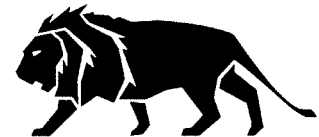
Date Paid	Cents per share	Record Date	Payment Date	Date of Declaration
February 2008	3	01/02/08	22/02/08	07/12/07
February 2007	10	02/02/07	23/02/07	08/12/06
December 2006	27.7 (10 cents per share cash, 17.7 cents value AuSelect shares)			
February 2006	10			
February 2005	10			
May 2004	10			
February 2004	3			
October 2003	8			
February 2003	3			
February 2002	3			

10. Properties

N/A

11. Litigation

There have been no litigation or claims of material importance made against any member of the group in the last five (5) years and no pending or threatened action against any member of the group, or an appropriate negative statement.



12. Management

(i.)

Full Name	Residential Address	Qualifications	Principal Functions
Ewen Tyler	7/21 Kensington Road SOUTH YARRA VIC 3141	FAusIMM, FAIM, MIMMM, CPGeo, CEng	Chairman
Craig Smyth	21 Grove Road HAWTHORN VIC 3122	BCA (Acctg), M App Fin, CA	Managing Director
Howard Walker	12 Freeman Street Wheelers Hill VIC 3150	BSc, ARSM, MAusIMM	Executive Director
Jane Rose	5 Campbell Street SANDRINGHAM VIC 3191		Investor Relations Manager & Company Secretary

(ii.) **The nature of any family relationship between the persons mentioned in (1);**

N/A

(iii.) **A brief account of the business experience of each of these persons during the last five (5) years;**

Ewen Tyler - Chairman

Mr Tyler was Chairman of Lion Selection Group Limited and AuSelect Limited from their inception in 1997 and 2004 respectively and resigned in December 2007. He has been Chairman of Lion Selection Limited since 2007.

Craig Smyth – Managing Director

In addition to the last 4 years with Lion Selection, Craig's background includes Coopers Lybrand, Credit Suisse First Boston (London) and ANZ Investment Bank. Craig is a member of the Institute of Chartered Accountants of Australia. Craig joined Lion in March 2005, and was appointed Company Secretary in August 2007.



Howard Walker - Executive Director

From 1997 to 2007 Mr Walker was an executive director of Lion Manager. During this period Mr Walker served on the Board of many listed and unlisted companies including: Gallery Gold (eventual trade sale to IAMGOLD), MPI (private company, taken public and then trade sale to LionOre), Havilah Resources (helped to list the company on the ASX) and Spinifex Gold (merged with Gallery Gold). Mr Walker is currently Executive Chairman of Altitude Investments, an Asian Lion shareholder.

Jane Rose - Investor Relations Manager & Company Secretary

From 2002 to 2006, Jane worked for several Lion investees, including MPI Mines Ltd, Leviathan Resources and Indophil Resources. Jane worked with Lion since early 2007 and in November 2008 Jane was appointed Lion's Investor Relations Manager and Co-Company Secretary.

(iv.) Other directorships held by each director or proposed director in any publicly listed or traded companies;

Howard Walker – Copperbelt Minerals Plc.

Ewen Tyler - Lion Selection Limited

(v.) None of the directors has, in any jurisdiction, been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director or has been sanctioned otherwise disciplined by any self regulatory securities association of which he is or has been a member or any securities supervisory or regulatory body or any such event is pending.



13. Sponsors, Bankers, etc

Financial Advisors:	E.L. & C. Baillieu Stockbroking Ltd
Relationship Manager:	Stephen Macaw
Address:	Level 26 360 Collins Street Melbourne VIC 3000

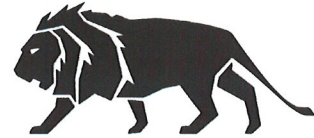
Principal Banker:	ANZ Bank
Relationship Manager:	Tony McKernan
Address:	Level 3 287 Collins Street MELBOURNE VIC 3000

Share Registrar:	Computershare Investor Services Pty Ltd
Account Manager:	Faith Sullivan
Address:	Yarra Falls 452 Johnston Street Abbottsford VIC 3067

Solicitors:	Blake Dawson
Partner:	Don Maloney
Address:	Level 26 181 William Street Melbourne VIC 3000

- (i.) The name, address and professional qualifications of the issuer's auditors.

Auditors:	PriceWaterhouseCoopers
Partner:	Tim Goldsmith
Address:	2 Southbank Blv Southbank VIC 3006



14. Statement of Non-Compliance

N/A.

15. Declaration

A declaration, stated to be to the best of the issuer's knowledge, information and belief that:

- (i.) Save as specified in the application letter, all the qualifications for listing set out in Chapter 3 of Section IIA of the Listing Rules have, in so far as applicable and required to be met and fulfilled prior to application, been met or fulfilled in relation to the issuer and the securities of the issuer the subject of the application;
- (ii.) All information required to be included in the disclosure document pursuant to Rule 48 and the Corporations Act will be included; and
- (iii.) There are no other facts bearing on the issuer's application for listing which, in the issuer's opinion, should be disclosed to the Exchange.

Signed: _____

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Date: ____/____/____

16 / 10 / 09

Yours sincerely

A blue ink signature, appearing to read 'Craig Smyth', written over a horizontal line.
Craig Smyth
Managing Director