



Lion Selection Group

ACN 077 729 572

PROSPECTUS

For a pro-rata bonus issue of one (1) Bonus Option for every six (6)
Shares held by Eligible Shareholders

The Bonus Options are being issued FREE to Eligible Shareholders

**ELIGIBLE SHAREHOLDERS ARE NOT REQUIRED TO TAKE ANY ACTION IN
RELATION TO THE ISSUE OF BONUS OPTIONS PURSUANT TO THIS PROSPECTUS**

IMPORTANT NOTICE

This is an important document and should be read in its entirety. If you do not understand it, you should consult your financial or other professional adviser.

28 NOVEMBER 2012

Corporate Directory

Directors	Peter Maloney (Chairman) Chris Melloy (Non-Executive Director) Barry Sullivan (Non-Executive Director) Robin Widdup (Director)
Company Secretary	Jane Rose
Registered Office	Level 4, 15 Queen Street, Melbourne VIC 3000 Telephone: +61 3 9614 8008 Facsimile: +61 3 9614 8009
Share Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277 Yarra Falls, 452 Johnston Street, Abbotsford VIC 3067 Australia Tel (within Australia): 1300 850 505 Tel (outside Australia): +61 3 9415 4000
Lawyers	Herbert Geer Lawyers Level 20, 385 Bourke Street, Melbourne VIC 3000
Website	www.lionselection.com.au

Indicative Timeable

The indicative timetable for the Bonus Issue is as follows:

EVENT	DATE
Prospectus lodged with ASIC and copy provided to NSX	Wednesday, 28 November 2012
Application for Quotation of Additional Securities lodged with NSX	Wednesday, 28 November 2012
Last date for trading in LGP with bonus option entitlements	Monday, 3 December 2012
Shares trade ex-bonus option entitlements	Tuesday, 4 December 2012
Record Date to identify Eligible Shareholders	Monday, 10 December 2012
Prospectus and holding statements or allotment advices for Bonus Options despatched to Eligible Shareholders	Thursday, 13 December 2012
Normal trading in Options commences on NSX	Friday, 14 December 2012

Subject to the NSX Listing Rules, the Directors reserve the right to vary the dates for the Bonus Issue at their discretion and any variation will have a consequential effect on the anticipated date of issue.

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Chairman's Letter



Dear Eligible Shareholder

On behalf of the Directors of Lion Selection Group Limited, I am pleased to present this Prospectus for a pro-rata Bonus Issue of Bonus Options to Eligible Shareholders.

The Bonus Issue will be made on the basis of one (1) Bonus Option for every six (6) Shares held by you (as an Eligible Shareholder) on the Record Date, being 5:00 pm (Melbourne time) on 10 December 2012. The Bonus Options are being issued to you free of charge. Each Bonus Option will be exercisable for one fully paid ordinary Share at an exercise price of A\$0.80 each on or before 5:00 pm (Melbourne time) on 12 December 2014.

The Bonus Issue is intended to reward you for your loyalty and support of the Company. In addition, if all the Bonus Options are exercised, the Company will receive approximately A\$11.7m to be used for further investment activities and the Company's general working capital requirements (depending on when the Bonus Options are exercised and the Company's requirements at the relevant time).

The Company will seek quotation of the Bonus Options on NSX and subsequently ASX and, if the Bonus Options are admitted to quotation, you will have the opportunity to trade the Bonus Options on market. Alternatively, you may elect to exercise the Bonus Options for one fully paid ordinary Share at a fixed price of A\$0.80, which may be at a discount to the market price of the Shares during the exercise period, depending on the market price of Shares during the exercise period.

In establishing the exercise price, the Board considered the net tangible asset backing of \$0.80 at 30 September 2012 to be the appropriate level. The exercise price of A\$0.80 is 41% higher than the volume weighted average price for the 30 days Shares traded on NSX up to and including 23 November 2012 of A\$0.57.

As the Bonus Options are being issued for no consideration, no funds will be raised under the Bonus Issue.

You are not required to take any action in respect of the Bonus Issue and will receive a holding statement or allotment advice for the Bonus Options the subject of your entitlement in accordance with the timetable at the start of this Prospectus.

You are encouraged to read this Prospectus fully. If you have any questions about the Bonus Issue, you should consult your stockbroker or other professional adviser.

Yours sincerely

Peter Maloney
Chairman

Important Notices

This Prospectus is dated 28 November 2012 and was lodged with ASIC on 28 November 2012. ASIC and NSX take no responsibility for the contents of this Prospectus.

Nature of this Prospectus

This Prospectus is for an issue of options to acquire continuously quoted securities, issued in accordance with section 713 of the Corporations Act.

No Bonus Options will be granted on the basis of this Prospectus after the expiry date of the Prospectus, which is 13 months after the date of this Prospectus.

In preparing this Prospectus, regard has been given to the fact that NSX maintains a file containing publicly disclosed information about the Company and that the Company is a disclosing entity for the purpose of the Corporations Act, and certain matters may reasonably be expected to be known to professional advisers whom potential investors may consult.

Forward looking statements

This Prospectus includes forward looking statements that have been based on current expectations about future acts, events and circumstances. These forward looking statements are, however, subject to risks, uncertainties and assumptions that could cause those acts, events and circumstances to differ materially from the expectations described in such forward looking statements. These factors include, among other things, commercial and other risks associated with the meeting of objectives and other investment considerations, as well as other matters not yet known to the Company or not currently considered material by the Company.

Prospectus availability

If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus. Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia. Any Shareholder may obtain a hard copy of this Prospectus free of charge by contacting the Company's share registry on 1300 850 505.

This Prospectus does not purport to constitute an issue of securities in any place in which, or to any person to whom, it would not be lawful to make such an issue. Where the Prospectus has been dispatched to persons domiciled in a country other than Australia, New Zealand, Singapore, Hong Kong or the United Kingdom and where that country's securities code or legislation prohibits or restricts in any way the making of the issue, the Prospectus is provided for information purposes only. Any recipient of this Prospectus domiciled in a country outside

of Australia, New Zealand, Singapore or Hong Kong should consult their professional advisers on requisite formalities and restrictions that may apply to them.

This Prospectus is not for publication or distribution, directly or indirectly, in or into the United States of America (including its territories and possessions, any state of the US and the District of Columbia). This Prospectus does not purport to constitute an issue of securities for sale into the United States or to, or for the account or benefit of, US Persons. The securities referred to herein have not been and will not be registered under the US Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, US Persons. No public offering of securities is being made in the United States.

Warning statement applicable to United Kingdom investors

The Bonus Options will be issued to Eligible Shareholders in the United Kingdom in reliance on exemptions to the Financial Services and Markets Act 2000 (United Kingdom) (FSMA) and the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (Financial Promotion Order).

The amount raised under the Bonus Issue in the European Economic Area (in which area the Bonus Issue is being made to Eligible Shareholders who have registered addresses in the United Kingdom) in the twelve month period preceding the Closing Date will be less than £5,000,000 or its equivalent Australian dollars. This means that this Prospectus does not constitute an 'approved prospectus' for the purposes of section 85 and schedule 11A of the FSMA or the United Kingdom's Prospectus Rules. Accordingly it has not been registered, approved or examined by the United Kingdom Financial Services Authority and therefore may not contain all of the information that a disclosure document or prospectus is required to contain under English law.

The Bonus Issue is only being made in the United Kingdom to persons who are of a kind described in Article 43(2) (members and creditors of certain bodies corporate) of the Financial Promotion Order as at 5.00pm (Melbourne Time) on 28 November 2012. Any investment to which this document relates is available to only those persons described above and persons who do not fall into that category should not rely on this document nor take any action in relation to it.

Important Notices

Warning statement applicable to New Zealand investors

The issue to New Zealand investors is a regulated issue made under the mutual recognition provisions in Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings—Australia) Regulations 2008.

The issue and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the issue must be made. There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the issue. If you need to make a complaint about the issue, please contact the Financial Markets Authority, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

This issue may involve a currency exchange risk. The currency for the securities is not New Zealand dollars. The value of the securities will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

If the securities are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the securities on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the securities and trading may differ from securities markets that operate in New Zealand.

Disclaimer of Representations

No person is authorised to give any information or to make any representation in connection with the issue which is not contained in this Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with the issue.

Definitions

Expressions used in this Prospectus with an upper case initial letter have defined meanings which are set out on page 16 of this Prospectus.

Summary of Key Investment Highlights and Risks

Key Investment Highlights

- As an Eligible Shareholder, you are entitled to 1 free Bonus Option for every 6 Shares held as at 5:00 pm (Melbourne time) on 10 December 2012.
- You may exercise each Bonus Option on or before 5:00 pm (Melbourne time) on 12 December 2014 for 1 fully paid ordinary share at an exercise price of A\$0.80 each, which is 41% higher than the volume weighted average Share price for the 30 trading days up to and including 23 November 2012 of A\$0.57.
- If the Bonus Options are admitted to quotation on NSX (and subsequently ASX), you will have the opportunity to trade them on market.
- If the Bonus Options are exercised in full, the Company will raise up to approximately A\$11.7 million for the Company.
- Any funds raised from the exercise of the Bonus Options will be applied towards the Company's future ongoing investment activities and the Company's working capital requirements (depending on when the Bonus Options are exercised and the Company's requirements at the time).

Key Investment Risks

- The market price of the Shares may fluctuate and, if the market price of Shares is below A\$0.80, it is unlikely that the Bonus Options will be exercised into new Shares.
- There is a risk that the Bonus Options may not meet NSX's (or subsequently ASX) quotation conditions, in which case you will not be able to trade them on market.
- If the Bonus Options are admitted to quotation, the price at which you may trade Bonus Options may fall as well as rise.
- If you exercise or sell a Bonus Option, this may have taxation consequences, depending on your particular circumstances.
- If you do not exercise the Bonus Options and other investors do, your Shareholding will be diluted.

These are a summary of the key investment highlights and risks only. You should read this Prospectus in full, including section 1 which contains details of the Bonus Issue, section 3 which contains more detailed disclosure of the risks associated with the Bonus Issue and an investment in the Company and section 4 which contains the terms and conditions of the Bonus Options and the underlying Shares.

1. DETAILS OF THE BONUS ISSUE

1.1 The Bonus Issue

By this Prospectus, the Company is making a pro rata bonus issue of Bonus Options to Eligible Shareholders on the basis of one (1) Bonus Option for every six (6) Shares held on the Record Date. The Bonus Options are being issued free of charge. The Bonus Options will be exercisable for one fully paid ordinary Share at A\$0.80 each on or before 5:00 pm (Melbourne time) on 12 December 2014.

The Bonus Issue is intended to reward Shareholders for their loyalty and support of the Company. Eligible Shareholders will have the opportunity to increase the number of Shares held by exercising Bonus Options for one fully paid ordinary Share at a fixed price of A\$0.80 each, which may be at a discount to the market price for Shares, depending on the market price of Shares during the exercise period. Alternatively, if the Bonus Options are admitted to official quotation, Eligible Shareholders will have the opportunity to trade the Bonus Options on market.

The maximum number of Bonus Options to be granted pursuant to the Bonus Issue is approximately 14,671,559 Bonus Options (subject to rounding). In the calculation of individual Entitlements to Bonus Options, fractions will be rounded up to the nearest whole number.

1.2 Use of Funds

As the Bonus Options are being issued for no consideration, no funds will be raised as a result of the Bonus Issue.

If all the Bonus Options are exercised the Company will receive approximately A\$11.7 million (based on the number of Bonus Options to be issued under the Bonus Issue). There is no guarantee that any Bonus Options will be exercised and the proportion exercised will depend on the Share price relative to the exercise price during the exercise period.

It is currently intended that any funds raised by the exercise of the Bonus Options will be used as follows:

- (a) to fund ongoing investment activities; and
- (b) for the Company's general working capital requirements.

The application of funds will depend on when Bonus Options are exercised and the Company's requirements at the relevant time.

Summary of Key Investment Highlights and Risks

1.3 Allotment and Allocation

The Bonus Options will be allotted and granted as soon as practicable after the Record Date and otherwise in accordance with the Listing Rules. Holding statements or allotment advices in relation to the Bonus Options will be despatched to Eligible Shareholders as soon as practicable and in accordance with the indicative timetable at the start of this Prospectus.

It is your responsibility to determine your allocation prior to trading in the Bonus Options (if admitted to quotation). If you sell any Bonus Options before you receive your holding statement or allotment advice, you do so at your own risk.

1.4 NSX Quotation

The Company will apply to NSX within seven days after the date of this Prospectus for the Bonus Options to be listed on the NSX. The Bonus Options will only be admitted to official quotation by NSX if the conditions for quotation of a new class of securities are satisfied. If quotation is not granted, the Bonus Options will still be issued but you will not be able to trade them on NSX.

1.5 ASX Quotation

It is envisaged that subject to shareholder and ASX approval, the Company will apply to relist on ASX in early 2013 and will apply for official quotation of the Bonus Options at that time. The Bonus Options will only be admitted to official quotation by ASX if the conditions for quotation are satisfied. If quotation is not granted, the Bonus Options will still exist but you will not be able to trade them on ASX.

1.6 Eligible Shareholders

Each Shareholder with a registered address in Australia, New Zealand, Singapore, United Kingdom or Hong Kong, who is registered as the holder of Shares at 5.00 pm Melbourne time on 10 December 2012 is entitled to Bonus Options in respect of the number of Shares for which that Shareholder is then registered as the holder.

1.7 Bonus Issue not made to Excluded Shareholders

Lion Selection Group will not make the Bonus Issue to any Shareholders who have a registered address in a country other than Australia, New Zealand, Singapore, United Kingdom or Hong Kong on the Record Date.

This Prospectus does not constitute an issue to Excluded Shareholders and the Prospectus will not be sent to Excluded Shareholders (if any).

1.8 Bonus Issue not made where to make the Bonus Issue would be unlawful

This Prospectus does not constitute an issue of securities in any place in which, or to any person to whom, it would not be lawful to make such an issue or to make the Bonus Issue. Where the Prospectus has been despatched to persons domiciled in a country other than Australia, New Zealand, Singapore, United Kingdom or Hong Kong and where that country's securities code or legislation prohibits or restricts in any way the making of the Bonus Issue, the Prospectus is provided for information purposes only.

1.9 Taxation

You should seek and rely on your own taxation advice regarding the sale or exercise of Bonus Options as the taxation consequences will depend on your particular circumstances.

1.10 Ranking

The terms and conditions of the Bonus Options are set out in section 4.1 of this Prospectus. Any Shares issued on the exercise of the Bonus Options will rank equally with the existing Shares on issue and the Company will apply for quotation for those Shares on NSX or ASX as applicable. The rights attaching to Shares are referred to in section 4.2 of this Prospectus.

1.11 Non-Renounceable

Entitlements are non-renounceable. Accordingly, there will be no trading of rights on NSX and you will be unable to transfer your Entitlement to another party.

1.12 No underwriting

The Bonus Issue is not underwritten.

1.13 Prohibition on exceeding 20% voting power threshold

You must have regard to and comply with the takeovers prohibition in section 606 of the Corporations Act (that is, the 20% voting power threshold), when exercising Bonus Options granted pursuant to this Prospectus.

The Company expressly disclaims any responsibility for ensuring that you do not breach section 606 as a result of the exercise of the Bonus Options.

If you may be at risk of breaching section 606 as a result of the exercise of Bonus Options, you have the following choices available to you:

- (a) sell your Bonus Options, either on market (if the Options are admitted to official quotation) or off market;
- (b) sell some or all of your Shares prior to exercising any Bonus Options held by you; or

Summary of Key Investment Highlights and Risks

- (c) rely on another exemption from the takeovers prohibition in section 611 (such as the 3% creep exemption).

If you may be at risk of exceeding the 20% voting power threshold in section 606 or increasing your voting power from a position above 20% as a result of the acquisition of Shares following exercise of Bonus Options, you should seek professional advice before exercising Bonus Options.

1.14 Directors Discretion

The Directors may at any time decide to withdraw this Prospectus.

The Directors may make determinations in any manner they think fit in relation to any difficulties, anomalies or disputes which may arise in connection with or by reason of the operation of the Bonus Issue whether generally or in relation to any Shareholder. Any determinations by the Board will be conclusive and binding on all Shareholders and other persons to whom the determination relates.

1.15 Enquiries

If you have any questions regarding the Bonus Issue, or anything referred to in this Prospectus, please contact Lion's Share Registry, Computershare Investor Services Pty Limited on:

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

2. EFFECT OF THE BONUS ISSUE ON THE COMPANY

2.1 Effect on Financial Position of the Company

No amounts will be raised by the Company by the issue of Bonus Options under this Prospectus. The issue of Bonus Options pursuant to this Prospectus will not have a material impact on the Company's current financial position other than a decrease in cash reserves of approximately \$45,000 being the estimated expenses of the Bonus Issue as set out in section 5.7 of this Prospectus.

The Company will receive A\$0.80 for each Bonus Option exercised. If all the Bonus Options issued pursuant to this Prospectus are exercised, the Company will receive approximately A\$11.7 million (based on the number of Bonus Options to be issued). The likelihood of the Company raising additional capital through the exercise of the Bonus Options is dependent on the market price of the Shares from time to time until the Bonus Options expire.

2.2 Pro Forma Statement of Financial Position

A pro-forma unaudited Statement of Financial Position as at 31 July 2012 has been prepared and is set out below for illustrative purposes. The pro-forma Statement of Financial Position has been prepared on the same basis and using the same accounting policies as the Company's audited financial statements for the year ended 31 July 2012. The pro-forma Statement of Financial Position has been prepared to take into account both the issue of the Bonus Options and the exercise of all of the Bonus Options, on the basis of the maximum number of Bonus Options to be issued (based on the number of Shares on issue at the date of this Prospectus and without taking into account the impact of rounding or the expenses associated with the exercise of the Bonus Options or listing of the underlying Shares). It is intended to be illustrative only and it neither reflects the actual position of the Company as at the date of this Prospectus nor at the conclusion of the Issue. In particular, it does not reflect movements in the Company's investment portfolio since 31 July 2012.

References to 'pro-forma' information are non-IFRS financial Information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial Information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

There have been no material movements in assets and liabilities of the Company between 31 July 2012 and the date of this Prospectus other than movements in the Company's investment portfolio, as disclosed in the Company's monthly net tangible asset backing announcement to the NSX.

Summary of Key Investment Highlights and Risks

LION SELECTION GROUP LIMITED PRO FORMA STATEMENT OF FINANCIAL POSITION	ACTUAL 31 JULY 2012 \$'000	PRO FORMA 31 JULY 2012 (after the issue and exercise of all Bonus Options) \$'000
Current Assets		
Cash and cash equivalents	23,981	35,673
Trade and other Receivables	132	132
Total Current Assets	24,113	35,805
Non-Current Assets		
Financial Assets	34,474	34,474
Total Non-Current Assets	34,474	34,474
Total Assets	58,587	70,279
Current Liabilities		
Trade and Other Payables	50	50
Total Current Liabilities	50	50
Non-Current Liabilities		
Total Non-Current Liabilities	-	-
Total Liabilities	50	50
Net Assets	58,537	70,229
Equity		
Contributed equity	100,109	111,801
(Accumulated losses)	(41,572)	(41,572)
Total Equity	58,537	70,229

The above table headed Pro Forma as at 31 July 2012 assumes that:

- 1 All Bonus Options issued under this prospectus are granted;
- 2 Issue expenses of \$45,000 were paid on 31 July 2012; and
- 3 All Bonus Options issued under this prospectus were exercised at 31 July 2012.

2.3 Effect of the Bonus Issue on the Capital Structure of the Company

The capital structure of the Company as at the date of this Prospectus is as follows:

	NUMBER	EXPIRY DATE	EXERCISE PRICE
Listed securities			
Shares	88,029,353	n/a	n/a
Following Bonus Option Issue			
New Options	14,671,559	12 December 2014	A\$0.80

If all Bonus Options are exercised then, assuming no further Shares and no further Options are issued between the date of this Prospectus and the expiry date of the Bonus Options, the total number of Options on issue will decrease by 14,671,559, and the number of Shares on issue will increase from 88,029,353 to 102,700,912.

Summary of Key Investment Highlights and Risks

2.4 Potential effect on control

As at the date of the Prospectus, the relevant interests and voting power of the substantial shareholders of the Company (based on the last substantial shareholding notice or change of directors interest notice lodged with the Company) are as follows:

SHAREHOLDER	NUMBER OF SHARES	VOTING POWER	NUMBER OF SHARES (assuming all Bonus Options are exercised)
Select Asset Management	15,424,669	17.52%	17,995,448
Robin and Janet Widdup	9,269,390	10.53%	10,814,289
Michael and Jenny Brook	4,663,102	5.26%	5,440,286
Mark Creasy	4,448,976	5.06%	4,523,806

Neither the Bonus Issue, nor the exercise of Bonus Options, will have a material effect on the control of the Company, with the maximum dilution experienced by any Shareholder that fails to exercise its Bonus Options being 16.7% of its existing Shareholding.

3. RISK FACTORS

The following is a summary of the more material matters to be considered and should be read in conjunction with specific matters referred to in the Company's announcements and reports. The summary is not exhaustive and you should examine the contents of this Prospectus in its entirety, rely on your own knowledge of Lion, and consult your professional advisor before deciding whether to sell or exercise any Bonus Options granted pursuant to this Prospectus. Nothing in this Prospectus constitutes financial or investment advice.

3.1 Key risks

(a) Exercise price of Bonus Options

No guarantee can be given that the Share price will be greater than the exercise price of the Bonus Options during the period up to expiry of the Bonus Options on 12 December 2014. If the exercise price of the Bonus Options is higher than the market price of Shares, then this will affect the value of the Bonus Options.

(b) Quotation conditions

If the Bonus Options do not meet the quotation conditions for NSX or ASX as applicable, they will not be admitted to official quotation on the relevant exchange. If this occurs the Bonus Options will still be issued, but they will be unlisted and will not be able to be traded on the NSX or the ASX.

(c) Value of Securities and Share market Conditions

The market price of the Company's securities may be subject to varied and unpredictable influences on the market for equities in general and resources stocks in particular. Market conditions may affect the value of the Company's securities regardless of the Company's performance. Lack of liquidity may

also affect the value of the Company's securities. The trading price of both the Bonus Options (if admitted to official quotation on NSX and subsequently ASX) and the underlying Shares, may fall as well as rise.

(d) Dilution

If you do not exercise the Bonus Options, because either you sell those Bonus Options on market (if admitted to quotation) or you allow those Bonus Options to expire without being exercised, and other investors exercise the Bonus Options, your shareholding will be diluted up to a maximum of 16.7%.

(e) Taxation consequences

The exercise or sale of a Bonus Option may have taxation consequences, depending on your particular circumstances. You should seek your own taxation advice before exercising or selling a Bonus Option.

(f) Requirements for Capital

The Company's capital requirements depend on numerous factors including the success of its investments.

If the exercise price of the Bonus Options is higher than the market price of Shares, then it is unlikely the Bonus Options will be exercised. This would mean that the Company will not raise any funds from the exercise of the Bonus Options.

3.2 Specific risks regarding the Company's interests

(a) Investment in resource companies

Lion makes investments in a range of resource companies whose exploration, development and mining activities are at varying stages. The value of Lion's investments in these companies, and in turn the financial performance of Lion itself, will continue to be influenced by a variety of factors, including:

Summary of Key Investment Highlights and Risks

- general investment, economic and market conditions, which can affect the Investee's performance and share price;
- exploration is a speculative endeavour which may not result in Investees finding economic deposits capable of being successfully exploited;
- the operations of an Investee may be affected by various factors including failure to achieve predicted grades in exploration and mining, operational and technical difficulties encountered in mining, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, unanticipated metallurgical problems which may affect extraction costs, adverse weather conditions, industrial and environmental accidents, industrial disputes and unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment;
- government actions with respect to taxation and other charges;
- depending on the location of its exploration and/or mining activities, an Investee may be subject to political and other uncertainties, including risk of civil rebellion, expropriation, nationalisation, renegotiation or nullification of existing contracts, mining licences and permits or other agreements;
- reliance on the performance of key management and personnel of Investees;
- Investees may enter into hedging transactions to fix the commodity price for a portion of production and there is a risk that the Investee may not be able to deliver into these hedges if, for example, there is a production shortage at their mining operations, which could adversely affect the Investees operating performance if the commodity price moves unfavourably;
- Investees that borrow money are potentially exposed to adverse interest rate movements that may affect their cost of borrowing, which in turn would impact on their earnings and increase the financial risk inherent in their businesses;
- war or terrorist attacks anywhere in the world could result in a decline in economic conditions worldwide or in a particular region, which could impact adversely on the business, financial condition and financial performance of the Investee;
- there is a risk that Investees may lose title to mining tenements if conditions attached to licences are changed or not complied with;
- a form of native title reflecting the rights and entitlements of indigenous inhabitants to traditional lands may exist on Investee's tenements, such that exploration and/or mining restrictions may be imposed or claims for compensation forthcoming; and
- the high initial funding requirements of emerging exploration and mining companies can result in a lack of liquidity, which may affect Lion's ability to invest or divest.

The underlying value of Lion's investments in these companies also may not be fully reflected in Lion's Share and Option prices.

(b) Reliance on key personnel

A number of key management and personnel will be important to attaining the business goals of Lion. One or more of Lion's or Lion Manager's key employees could leave their employment, and this may adversely affect the ability of Lion to conduct its business and, accordingly, affect the financial performance of Lion and its share price. Further, the success of Lion in part depends on its and Lion Manager's ability to attract and retain additional highly qualified management and personnel.

(c) Growth

Lion will continue to seek to grow both organically and through new investment opportunities. There are always risks that the benefits, synergies or efficiencies expected from such investments or growth may take longer than expected to be achieved or may not be achieved at all. Growth also brings substantial demands on management. The Lion board and Lion Manager will apply its experience to the evaluation and financing of new opportunities to determine whether the expected risks and rewards of these opportunities meets Lion's requirements and its strategies for diversification of risk and for capital and income growth. The operating results of Lion will largely depend on the ability of the Lion board and Lion Manager to make sound investments.

(d) Legislation

Changes to legislation or government policy in Australia or overseas could be detrimental to participants or investors in the resource industry and may have a negative impact on Lion.

(e) Management

The success and profitability of the Company in part depends on ability of its manager to invest in well-managed companies which have the ability to increase in value over time.

(f) Taxation Laws

Any variation of taxation laws could materially affect operating results.

(g) Foreign Exchange Rates

Any variation of foreign exchange rates could materially affect operating results.

(h) Commodity Prices

Any variation in commodity prices could materially affect operating results.

(i) Investment Prices

The price of investments that the Company has purchased can rise as well as fall.

(j) Past Performance

The past performance of funds managed by Lion

Summary of Key Investment Highlights and Risks

Manager and persons associated with Lion Manager are not necessarily a guide to future performance of the Company.

(k) Portfolio

The Company's portfolio may be less diversified than other listed investment companies.

(l) AFSL

The ability of Lion Manager to continue to manage the Company's portfolio is dependent on the maintenance of Lion Manager's AFSL and its continued solvency. Maintenance of the AFSL depends, among other things, on Lion Manager continuing to comply with the ASIC imposed licence conditions of the Corporations Act.

(m) Performance Fee

The performance fee paid by the Company to Lion Manager may create an incentive for Lion Manager to make investments that are riskier or more speculative than would be the case in the absence of a fee based on the performance.

(n) Sale of Shares and Bonus Options

If a significant number of sellers of Shares and Bonus Options arise, it may have an adverse impact on the price and volatility of the Share and Bonus Option prices. These factors may result in the Share price and derived Bonus Option price being below the underlying level of net tangible assets per Share.

3.3 Risks affecting the general economy and stock market

The performance of Lion and the price at which its Shares and Options may trade on NSX or ASX may be impacted by a range of factors including movements in inflation, interest rates, exchange rates, general economic conditions and outlooks, changes in government, fiscal, monetary and regulatory policies, prices of commodities, global geo-political events and hostilities and acts of terrorism. Certain of these factors could affect the trading price of the Bonus Options and Shares, regardless of its operating performance. Lion will attempt to mitigate these factors by implementing appropriate safeguards and commercial actions but these factors are largely beyond the control of Lion.

3.4 Speculative Nature of Investment

The Bonus Options and any new Shares issued on the exercise of Bonus Options granted pursuant to this Prospectus should be considered speculative because of the nature of the Company's business. There are numerous risk factors involved. Some of these risks can be mitigated by the use of safeguards and appropriate systems and controls, but some are outside the control of the Company and cannot be mitigated. Accordingly, an investment in the Company as a result of exercise of a Bonus Option carries no guarantee with respect to the payment of dividends, return of capital or price at which Shares

will trade. Similarly, no guarantee can be given as to the value of the Bonus Options, including if they are admitted to official quotation, the price at which they will trade.

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the Bonus Options granted pursuant to this Prospectus. You should consider that investment in the Company is speculative and should consult your professional adviser before deciding whether to sell or exercise any of the Bonus Options granted to you pursuant to this Prospectus.

4. RIGHTS AND LIABILITIES ATTACHING TO BONUS OPTIONS AND TO UNDERLYING SHARES

4.1 Bonus Options

The Bonus Options will be granted on the following terms and conditions:

- (a) Each Bonus Option entitles the holder to subscribe for one (1) Share in the Company at a subscription price of A\$0.80 per Share.
- (b) The Bonus Options are exercisable at any time on or before 5.00 pm (Melbourne time) on 12 December 2014 (Expiry Date) by completing an option exercise form and delivering it to the Company's share registry together with payment for the number of Shares in respect of which the Bonus Options are exercised and the holding statement for those Bonus Options.
- (c) The Bonus Options may be exercisable in whole or in part. If the Bonus Options are exercised in part, each notice of exercise must be for not less than 1,000 Shares and thereafter in multiples of 1,000 Shares.
- (d) Bonus Options not exercised by the Expiry Date shall automatically lapse.
- (e) Shares issued upon exercise of the Bonus Options will rank equally in all respects with the Company's then existing Shares. The Company will apply to NSX or ASX as applicable for the Shares issued upon exercise of the Bonus Options to be admitted to quotation.
- (f) Subject to the Listing Rules, the Bonus Options are freely transferable in whole or part at any time prior to the Expiry Date.
- (g) There are no participating rights or entitlements inherent in the Bonus Options to participate in any new issues of securities which may be made or offered by the Company to its Shareholders from time to time prior to the Expiry Date unless and until the Bonus Options are exercised. The Company will ensure that during the exercise period of the Bonus Options the Company

Summary of Key Investment Highlights and Risks

will notify holders of the Record Date for the purposes of determining entitlements to any such issue in accordance with the applicable timetable set out in the Listing Rules.

- (h) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the option holder shall be reconstructed in accordance with the Listing Rules.
- (i) If between the date of issue and the date of exercise of an Option the Company makes one or more rights issues (being a pro rata issue of ordinary shares in the capital of the Company that is not a bonus issue), the exercise price of options on issue will be reduced in respect of each rights issue according to the following formula:

$$NE = OE - \frac{E [P - (S + D)]}{(N + 1)}$$

Where:

- NE** is the new exercise price of the Option;
- OE** is the old exercise price of the Option;
- E** is the number of underlying ordinary shares into which one Option is exercisable;
- P** is the average market price per ordinary share (weighted by reference to volume) recorded on the stock market of the NSX or ASX as applicable during the 5 trading days ending on the day before the ex rights date or ex entitlements date (excluding special crossings and overnight sales);
- S** is the subscription price for an ordinary share under the rights issue;
- D** is the dividend due but not yet paid on each ordinary shares at the relevant time (except those ordinary shares to be issued under the pro rata issue); and
- N** is the number of ordinary shares that must be held to entitle holders to receive a new ordinary share in the rights issue.

If there is a bonus issue to the holders of ordinary shares in the capital of the Company, the number of ordinary shares over which the Option is exercisable will be increased by the number of ordinary shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.

The Company will apply for quotation of the Bonus Options on NSX and subsequently ASX, but there is no guarantee quotation will be granted, unless the conditions for quotation are satisfied.

- (j) If the Bonus Options do not satisfy the quotation conditions, the Bonus Options will be issued and allotted but will be unlisted Options that cannot be traded on NSX.

4.2 Underlying Shares

The Shares issued upon exercise of the Bonus Options will rank equally in all respects with existing Shares.

The rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which can be inspected, free of charge, at the registered office of the Company during normal business hours. The Company will supply an Eligible Shareholder with a copy of the Constitution, free of charge, on request, at any time prior to the issue of the Bonus Options.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of holders of Shares.

(a) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares (at present there are none), at meetings of shareholders of Lion:

- (1) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (2) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and
- (3) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid Share held, or in respect of which that person is appointed a proxy, attorney or representative, have one vote, but in respect of partly paid Shares (at present there are none), shall have such number of votes as bears the same proportion which the amount paid, not credited, is of the total amounts paid, and payable, whether or not called (excluding amounts credited) on the partly paid Shares.

(b) Rights on a winding up

Subject to the rights of holders of Shares with special rights in a winding up (if any), if the Company is wound up, members (including holders of ordinary Shares) will be entitled to participate in any surplus assets of the Company in proportion to the Shares held by them respectively irrespective of the amount paid up or credited as paid up on the Shares.

(c) Transfer of Shares

Subject to the Constitution of Lion, the Corporations Act, and any other laws and ASTC Settlement Rules and the Listing Rules, Shares are freely transferable.

(d) Future increases in capital

The allotment and issue of any Shares is under the control of the Directors. Subject to restrictions on the allotment of Shares in the Listing Rules, the Constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

Summary of Key Investment Highlights and Risks

(e) Variation of rights

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of shareholders, vary or abrogate the rights attaching to Shares. If at any time the share capital is divided into different classes of shares unless the terms of issue of the Shares of a class state otherwise, the rights attached to any class may be varied or abrogated with the sanction of a special resolution passed at a meeting of shareholders, together with the consent in writing of the holders of three quarters of the issued shares of that class, or a special resolution passed at a separate meeting of the holders of the shares of that class.

(f) Dividend rights

Subject to the rights of holders of Shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company which the Directors determine to distribute by way of dividend are divisible among the holders of Shares in proportion to the number of Shares held by them.

(g) Compliance with Listing Rules

As the Company is listed on NSX, the Company will need to comply with the Listing Rules, notwithstanding anything contained in its Constitution.

as a transaction specific prospectus. Accordingly, this Prospectus does not contain the same level of disclosure as an initial public offering prospectus.

The Company is a “disclosing entity” for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a listed company, the Company is subject to the Listing Rules which require it to immediately notify NSX or ASX of any information concerning the Company of which it is or becomes aware and which a reasonable person would expect to have a material effect on the price or value of Shares, subject to certain exceptions.

Copies of documents lodged with ASIC in relation to the Company may be obtained, or inspected at, an office of ASIC.

The Company will provide to any person, on request and free of charge, a copy of each of the following documents:

- (a) the annual financial report of the Company for the financial year ended 31 July 2012, being the annual report of the Company most recently lodged with ASIC before the issue of this Prospectus; and
- (b) any documents used to notify NSX of information relating to the Company in the period from lodgement of the annual financial report referred to above until lodgement of the Prospectus with ASIC, in accordance with the NSX Listing Rules as referred to in section 674(1) of the Corporation Act.

The Company has lodged the following announcements with NSX since the lodgement of the 2012 Annual Report:

5. ADDITIONAL INFORMATION

5.1 Continuous Disclosure and Documents available for inspection

This is a Prospectus for the issue of options to acquire continuously quoted securities (within the meaning of the Corporations Act) and is issued pursuant to section 713 of the Corporations Act

DATE	DESCRIPTION OF ANNOUNCEMENT	
07/09/2012	Net Tangible Asset Backing as at 31 August 2012	
15/01/2012	Net Tangible Asset Backing as at 30 September 2012	
31/10/2012	Lion's Strategic Plan	
31/10/2012	Lion Manager Ownership of Lion Selection Group Limited	
31/10/2012	Notice of Initial Substantial Holder	NSX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at NSX during normal office hours, or is available on the NSX website at www.nsx.com.au , using the Company's code LGP.
31/10/2012	Notice of Initial Substantial Holder	
31/10/2012	Initial Director's Interest Notice	
31/10/2012	Initial Director's Interest Notice	
31/10/2012	Final Director's Interest Notice	
01/11/2012	Director's Declaration and Undertaking	
02/11/2012	Annual Report	
02/11/2012	Notice of Annual General Meeting	
07/11/2012	Change of Director's Interest Notice – R A Widdup	
14/11/2012	Net Tangible Asset Backing as at 31 October 2012	

Summary of Key Investment Highlights and Risks

5.2 Information excluded from continuous disclosure notices

As at the date of this Prospectus, there is no information that has not been disclosed under the continuous disclosure requirements of the NSX Listing Rules because the NSX Listing Rules expressly or impliedly exclude the information from disclosure, and which, in the Board's opinion, you or your professional advisers would reasonably require in order to assess the Company's assets and liabilities, financial position and prospects and the rights and liabilities attaching to the Bonus Options.

5.3 Interests of Directors

Other than as set out below, in this section 5 or elsewhere in this Prospectus, no Director or any entity in which a Director is a partner or director, has or has had in the two years before the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion of the Bonus Issue; or
- (c) the Bonus Issue,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) and no other benefit has been given or agreed to be given to any Director or to any entity in which a Director is a partner or a director, either to induce him to become, or qualify as, a Director or otherwise for services rendered by him or by the entity in connection with the formation or promotion of the Company or the Bonus Issue.

Interests in Existing Securities

As at the date of this Prospectus the Directors have a direct or indirect interest in the following securities of the Company:

DIRECTOR	EXISTING SHARES	EXISTING OPTIONS
Peter Maloney Chairman	1,347,489	Nil
Barry Sullivan Non-Executive Director	60,000	Nil
Robin Widdup Director	9,269,390	Nil
Chris Melloy Non-Executive Director	4,245,967	Nil

Remuneration of Directors

Directors are entitled to remuneration out of the funds of the Company but the remuneration of the non-executive Directors may not exceed in any year the amount fixed by the Company in general meeting for that purpose. The aggregate remuneration of

the non-executive Directors has been fixed at a maximum of \$200,000 per annum.

The Directors are currently entitled to the following remuneration or directors' fees:

DIRECTOR	REMUNERATION / PER ANNUM
Peter Maloney	Directors' fees of \$52,000
Barry Sullivan	Directors' fees of \$40,000
Chris Melloy	Directors' fees of \$40,000
Robin Widdup*	Nil

* Robin Widdup is Managing Director of Lion Manager and does not receive any director's fees from the Company.

5.4 Market prices of Shares on NSX

The highest and lowest market price of Shares on the NSX during the 3 months immediately preceding the date of this Prospectus, and the closing market price on the date before the date of this Prospectus are set out below:

3 MONTH HIGH	3 MONTH LOW	CLOSING MARKET PRICE
\$0.65 on 21 November 2012	\$0.48 on 16 October 2012	\$0.63

5.5 Broker handling fees

No handling fees are payable in connection with the Bonus Issue.

5.6 Expenses of the Bonus Issue

The estimated expenses of the Bonus Issue, including ASIC lodgement fee, NSX Listing Fees (assuming the Bonus Options are admitted to quotation), legal fees, share registry expenses, printing and postage costs, are \$45,000.

5.7 Herbert Geer Lawyers

Herbert Geer Lawyers will receive a time based fee of approximately \$20,000 (excluding GST and disbursements) in connection with legal advice provided to the Company in respect of the Bonus Issue and the preparation and verification of documentation in connection with the Bonus Issue.

5.8 Consents and disclaimer

Each of the parties referred to in this section 5:

- (a) has not authorized or caused the issue of this Prospectus;
- (b) has not made, or purported to make any statement in this Prospectus, or on which any statement made in this Prospectus is based, other than the statements referred in this section 5.9;

Summary of Key Investment Highlights and Risks

- (c) does not assume responsibility for any part of this Prospectus except for the statements referred to in this section 5.9; and
- (d) to the maximum extent permitted by law, disclaim any responsibility or liability for any part of this Prospectus, other than a reference to it or a statement to be included in this Prospectus with their consent as specified in this section 5.8.

Each of the following has consented in writing to being named in the Prospectus in the capacity noted below and in the form and context in which they have been named, and has not withdrawn such consent prior to the lodgement of this Prospectus with ASIC:

- (a) Herbert Geer Lawyers as legal advisor to the Company; and
- (b) Computershare Investor Services Pty Limited as the Company's share registry.

5.9 Litigation

As at the date of this Prospectus, the Company is not involved in any material legal proceedings and the Directors are not aware of any material legal proceedings pending or threatened against the Company.

5.10 Privacy

The Company collects, holds and will use information to service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder. The information may also be used from time to time and disclosed to persons inspecting the register, including bidders for your securities in the context of takeovers; regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the share registry. You can access, correct and update the personal information that we hold about you. If you wish to do so, please contact the share registry at the relevant contact number set out in this Prospectus. Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASTC Settlement Rules.

5.11 Further information

If you have any questions about the Bonus Issue, please contact either:

- (a) Lion's share registry, Computershare Investor Services Pty Limited, on:
Tel (within Australia): 1300 850 505
Tel (outside Australia): +61 3 9415 4000 or
- (b) your stockbroker or professional adviser.

Directors Statement



Each Director has consented to the lodgement of this Prospectus with ASIC and has not withdrawn that consent.

Signed for and on behalf of Lion Selection Group Limited on 28 November 2012.



Peter Maloney
Chairman



Defined Terms

In this Prospectus, the following words have the following meanings unless the context requires otherwise:

AFSL	Australian financial services licence.
ASIC	Australian Securities & Investments Commission.
ASX	ASX Limited or the securities exchange operated by ASX Limited (as the context requires).
ASX Listing Rules	the official listing rules of ASX.
ASTC	the ASX Settlement and Transfer Corporation.
ASTC Settlement Rules	the operating rules of the settlement facility provided by ASTC.
Board	the board of Directors of the Company.
Bonus Issue	the issue of Bonus Options to Eligible Shareholders pursuant to this Prospectus on the basis of one (1) Bonus Option for every six (6) Shares held on the Record Date.
Bonus Option	an option to subscribe for one fully paid ordinary share, exercisable at A\$0.80 on or before 5:00 pm (Melbourne time) on 12 December 2014 and otherwise having the terms set out in section 4.1 of this Prospectus.
Company or Lion	Lion Selection Group Limited (ACN 077 729 572).
Constitution	the Company's constitution as at the date of this Prospectus.
Corporations Act	Corporations Act 2001 (Cth).
Directors	the directors of Lion Selection Group Limited.
Eligible Shareholder	a registered holder of Shares on the Record Date with a registered address in Australia, New Zealand, Singapore, United Kingdom or Hong Kong.
Entitlement	the number of Bonus Options to which an Eligible Shareholder is entitled under the Bonus Issue on the basis of one (1) Bonus Option for every six (6) Shares held by the Eligible Shareholder at 5.00 pm Melbourne time on 10 December 2012.
Excluded Shareholder	a registered holder of Shares at 5.00 pm Melbourne time on 10 December 2012 with a registered address in a country other than Australia, New Zealand, Singapore, United Kingdom or Hong Kong.
IFRS	International Financial Reporting Standards.
Investees	entities in which the Company invests.
Lion Manager	Lion Manager Pty Ltd (ACN 078 018 934).
Listing Rules	if the Company is listed on the ASX, the ASX Listing Rules, otherwise the NSX Listing Rules.
Marketable Parcel	a parcel of Bonus Options, that if exercised in full would result in a parcel of Shares which would not be less than AUD\$500 based on the closing price of Shares at the time of grant of the Bonus Options.
NSX	NSX Limited or the securities exchange operated by NSX Limited (as the context requires).
NSX Listing Rules	the official listing rules of NSX.
Option	an option to subscribe for a Share.
Prospectus	this prospectus dated 28 November 2012 under which the Bonus Issue is being made.
Record Date	5.00 pm Melbourne time on 10 December 2012.
Share	a fully paid ordinary share in the capital of Lion Selection Group Limited.
Shareholder	a registered holder of Shares.



Lion Selection Group

Lion Selection Group Limited
ABN 26 077 729 572
Level 4, 15 Queen Street
Melbourne Vic 3000
Tel: +61 3 9614 8008
www.lionselection.com.au