



23 January 2013

Dear Shareholder

Notice to Shareholders of Pro Rata Loyalty Option Offer

We write to you as the registered holder of Select Exploration Limited ("**Select**" or the "**Company**") shares (**ASX code SLT**) as at today's date.

As advised in the ASX announcement dated 2 November 2012 and as detailed by the Company in the re-compliance prospectus lodged by the Company on 11 September 2012, Select is undertaking a non renounceable pro-rata offer to Eligible Shareholders of loyalty options each exercisable at \$0.35 on or before 30 September 2015 ("**Loyalty Options**") at an issue price of \$0.001 per Loyalty Option and on the basis of one (1) Loyalty Option for every two (2) shares held at the record date ("**Offer**").

Where the determination of the entitlement of any Eligible Shareholder results in a fraction of a Loyalty Option, such fraction will be rounded down to the nearest whole Loyalty Option

A prospectus in relation to the Offer was lodged with ASIC and ASX on 21 January 2013 and is available on the Company's ASX platform at the ASX website (www.asx.com.au).

The purpose of the Offer is to reward Shareholders for their loyalty to the Company.

Select currently has the following shares, options and rights on issue:

- (a) 41,525,558 Shares
- (b) 3,047,731 Listed Options
- (c) 6,666,667 Loyalty Options
- (d) 2,000,000 Incentive Options
- (e) 50,000,000 Performance Shares
- (f) 600,000 Performance Rights

On the basis that no options are exercised, or other securities converted prior to the Record Date, the Offer is for 20,762,779 Listed Options (\$0.35, 30 September 2013). The offer will raise up to \$20,763 (before payment of the costs associated with the offer). Funds raised from the Offer will be used to pay the costs of the Offer.

On exercise of each Loyalty Option, the holder will be issued one Share and one Secondary Option which has an exercise price of \$0.45 and an expiry date of 31 March 2017.



The Record Date to determine entitlements for Eligible Shareholders is 5.00pm WST on 31 January 2013 (“**Record Date**”).

Eligible Shareholders are those persons who:

- (a) are registered as a holder of Shares as at 5.00pm (WST time) on the Record Date; and
- (b) have a registered address in Australia, New Zealand, the Republic of Mauritius, Ireland, the Cayman Islands, the United Arab Emirates and Mozambique (together the **Eligible Countries**). The Offer is not being extended to any Shareholder whose registered address is outside the Eligible Countries.

Shareholders not satisfying the above criteria will not be eligible to participate in the Offer.

The Offer is non-renounceable and is not underwritten. The final amount raised by the Offer will be determined by the amount of Shareholders who participate in the Offer and the ability of Directors to place Shortfall Loyalty Options. Application has been made to ASX for official quotation of the Loyalty Options.

A copy of the prospectus will be sent to Eligible Shareholders on 5 February 2013.

The Company does not currently have a dividend policy, and no dividends have been paid by the Company since it was listed on ASX. No shareholder approval is required for the Offer.

The proposed timetable of the Offer is as follows:

Lodgement of Prospectus with ASIC and provision of copies to ASX Appendix 3B given to ASX	21 January 2013
Notice sent to eligible shareholders	23 January 2013
Existing Shares quoted on an "ex" basis	24 January 2013
Record Date	31 January 2013
Prospectus and Entitlement and Acceptance Form despatched to Eligible Shareholders	5 February 2013
Closing Date*	5.00pm (WST) on 20 February 2013
Loyalty Options quoted on a deferred settlement basis	21 February 2013
ASX notified of under subscriptions	25 February 2013
Anticipated date for allotment and issue of the Loyalty Options**	26 February 2013
Anticipated date for despatch of holding statements**	27 February 2013
Deferred settlement trading ends**	27 February 2013
Anticipated date of commencement of Loyalty Options trading**	28 February 2013
Shortfall Settled	28 February 2013
Anticipated date for allotment and issue of the Shortfall Options**	1 March 2013

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer. Any extension of the Closing Date will have a consequential effect on the anticipated date for allotment and issue of the Loyalty Options.

** Indicative date only.

You are encouraged to read the prospectus lodged with the ASX on 21 January 2013 in full before making a decision in respect of the Offer. If you wish to participate in the Offer, you should follow the directions in the Entitlement and Acceptance Form and section 2 of the Prospectus. This letter is to inform you of the Offer. You are not required to do anything in respect to this letter.



The directors of Select recommend that if you are in doubt as to the value of the Offer then you should contact your financial advisor.

For further information on the Offer:

- (a) visit the Company's website at www.selectexploration.com
- (b) see the Company's prospectus lodged with ASIC and ASX on 21 January 2013, and available at www.asx.com.au; or
- (c) contact the Company Secretary on +61 8 9322 7600 between 8.30am and 5.00pm (WST) Monday to Friday.

Yours Sincerely

A handwritten signature in black ink, appearing to read "I Macliver".

Ian Macliver
Chairman