

UPDATE ON MERGER

LION and CATALPA COMPLETE DUE DILIGENCE

Lion Selection Limited (**Lion**) and Catalpa Resources Limited (**Catalpa**) have each now completed their due diligence in respect of the proposed merger. Each has provided notice to the other that no materially adverse issues have been identified.

Accordingly, the conditions of the proposed scheme of arrangement contained in the Merger Implementation Agreement between Lion and Catalpa in relation to due diligence have been satisfied.

A number of other conditions of the scheme, as referred to in Lion's previous announcement of 24 June 2009, including shareholder approval and court approval, are still to be satisfied (or if waiveable, waived).