



JOINT ASX ANNOUNCEMENT

CATALPA RESOURCES LIMITED (ASX:CAH) AND LION SELECTION LIMITED (ASX:LST)

CATALPA RESOURCES AND LION SELECTION MERGER TO CREATE A MID TIER AUSTRALIAN GOLD PRODUCER

Catalpa Resources Limited (“Catalpa”) (ASX:CAH) and Lion Selection Limited (“Lion”) (ASX:LST) have today signed a Merger Implementation Agreement (“MIA”) to create an Australian mid-tier gold producer.

MERGER TERMS

The Merger will be implemented via a Scheme of Arrangement of Lion shareholders, pursuant to which Catalpa will acquire all of the shares in Lion (“Scheme”). Under the Scheme Lion shareholders will receive one Catalpa share for each Lion share they hold (post Catalpa undertaking a 1 for 11 share consolidation).

In conjunction with the Scheme, Lion will first undertake a demerger of its investment assets and undertake a 10c per share cash distribution to its shareholders.

The key terms and conditions of the MIA are set out in Attachment 1.

The Merger is unanimously recommended by both the Boards of Lion and Catalpa and each director intends to vote their respective shareholdings in favour of the Merger, in the absence of a superior competing proposal.

Separate announcements regarding the benefits and other details of the transaction will be released by each company.

The merged company will be a mid tier gold company with the following key attributes:

- Focused high margin gold company producing 130,000 oz per annum following Edna May commissioning.
- An experienced board and operations management team.
- An increase in the size and scale of operations from two assets:
 - 30% joint venture interest in the Cracow Gold Mine in Queensland with a share of current production of around 30,000 oz per annum at a cash cost of A\$500–A\$530/oz and a mine life in excess of 5 years based on current mine plan inventory; and
 - 100% interest in the Edna May Gold Project in Western Australia which, when commissioned in mid 2010, is planned to produce at a rate in excess of 100,000 oz per annum with an estimated life of mine cash operating cost of \$636/oz (pre-royalty), a current mine life of around 8 years and 352,317 oz sold forward at a fixed flat price of A\$1,544/oz.
- Both mines have significant potential to add additional resources and reserves through near mine exploration success.
- Hold a pre-emptive right over the balance of the Cracow project.

Further details on the merged Company are set out in Attachment 2.



BOARD AND MANAGEMENT

On completion of the merger, the Board of Catalpa will comprise:

Chairman	Peter Maloney	Ex Lion
Managing Director	Bruce McFadzean	Ex Catalpa
Non Executive Directors	John Rowe	Ex Catalpa
	Barry Sullivan	Ex Lion and Catalpa
	Murray Pollock	Ex Catalpa
	Graham Freestone	Ex Lion

The existing management team of Catalpa will remain in place.

TELECONFERENCE

Teleconferences hosted by Catalpa's Managing Director, Mr Bruce McFadzean on the proposed transaction will be held at:

- 2:30pm AEST on Wednesday 24 June 2009, and
- 6:00pm AEST on Wednesday 24 June 2009

Dial in details are in Attachment 3.

Austock Corporate Finance is acting as financial adviser and Freehills is acting as legal adviser to Catalpa in relation to the Merger.

E.L & C. Baillieu Stockbroking Ltd is acting as corporate adviser and Blake Dawson is acting as legal adviser to Lion in relation to the Merger.

For further information, please contact:

Catalpa Resources	Lion Selection
Bruce McFadzean Managing Director Catalpa Resources Limited Ph: + 61 8 9321 3088 www.catalparesources.com.au	Robin Widdup Managing Director Lion Selection Limited Ph: +61 3 9614 8008 www.lionselection.com.au
James Andronis Austock Corporate Finance Pty Ltd Director, Corporate Finance Ph: +61 3 8601 2659	Stephen Macaw E.L & C. Baillieu Stockbroking Ltd Director, Corporate Finance Ph: +61 3 9602 9205
	Jane Rose Lion Investor Relations Manager Ph: +61 3 9614 8008



ATTACHMENT 1 – SUMMARY OF THE MERGER IMPLEMENTATION AGREEMENT

Lion Selection and Catalpa have entered into a Merger Implementation Agreement (**MIA**) dated 24 June 2009 setting out the terms and conditions of, and each party's obligations in connection with, the implementation of the Scheme. An outline of the key terms of the MIA is set out below. Relevant defined terms not set out in the announcement are set out at the end of this summary.

1. Conditions Precedent

The Scheme will not become effective unless certain conditions are satisfied or waived including:

- (a) an independent expert's report concludes that the Scheme is in the best interest of Lion Selection Shareholders;
- (b) the requisite majority of Lion Selection shareholders approve the resolutions to approve the Scheme, the proposed cash distribution and the demerger;
- (c) the requisite majority of Catalpa shareholders approve resolutions to approve both Catalpa's participation in the Scheme and the proposed consolidation of Catalpa's shares on an 11 to 1 ratio;
- (d) no temporary restraining order, injunction or other court order preventing the proposed transactions is in effect;
- (e) the Court makes orders approving the Scheme;
- (f) all necessary third party consents are granted or obtained;
- (g) agreements relating to the proposed demerger have been entered into by the relevant Lion Selection group companies in a form approved by Catalpa (such approval not to be unreasonably withheld or delayed). These documents will (among other things) establish the respective liabilities of each of the demerged and remaining companies in accordance with the liability regime set out in the MIA;
- (h) written confirmation from the Australian Tax Office that Lion Selection shareholders will have the benefit of demerger relief upon the transfer of all of the shares in LSG to Lion Selection shareholders as a result of the demerger;
- (i) National Stock Exchange of Australia (**NSX**) approves the admission of LSG to the official list of NSX.
- (j) prior to implementation:
 - (i) the aggregate liabilities of the Lion Selection Gold Companies are nil (other than certain liabilities specified in the MIA); and
 - (ii) the Lion Selection Gold Companies hold \$1,500,000 (plus interest from 31 July 2009).
- (k) the Catalpa Share Consolidation is effected;



- (l) there are no Material Transactions (as defined in the MIA) by Catalpa or a Lion Selection Gold Company, without the prior consent of the other party;
- (m) no event occurs which has a Material Adverse Effect (as defined in the MIA) in respect of either Lion Selection or Catalpa;
- (n) no Prescribed Event (as defined in the MIA) occurs in relation to Lion Selection or Catalpa;
- (o) representations and warranties given by Catalpa and Lion Selection remain true and correct at the relevant date;
- (p) certain management agreements relating Lion Selection are terminated;
- (q) Both Catalpa and Lion Selection satisfactorily completing their due diligence investigations by 8 July 2009.
- (r) Lion Selection continuing to hold its shares and options in Catalpa
- (s) Catalpa entering into satisfactory loan and other facilities with Macquarie Bank by 8 July 2009.

2. Termination

Either party may terminate the MIA if:

- (a) a condition to the MIA solely or jointly for its benefit cannot be satisfied or has not been satisfied by the time required for it to be satisfied;
- (b) there is a material breach of the MIA by the other party which is not remedied within 5 business days (or such shorter period ending on the Second Court Date) of the other party receiving notice of the breach in accordance with the MIA;
- (c) after 31 October (or such later date as agreed), if the Effective Date has not occurred by that date.

Either party may also terminate the MIA if:

- (a) any director of the other party adversely changes or withdraws his recommendation in relation to the transaction; or
- (b) the other party acts in a manner which is inconsistent with obtaining the requisite shareholder approvals.

3. Exclusivity (no shop and no talk obligations)

The MIA provides that until the Scheme is implemented or the MIA is terminated:

- (a) each party must ensure that neither it nor any of its associates:
 - (i) participates in any negotiations or discussions or provides any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person in relation to a Competing Proposal;

- (ii) accepts or enters into, or offers to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal;
 - (iii) discloses any non-public information about the business or affairs of that party to a third party with a view to obtaining, or which may reasonably be expected to lead to receipt of, a Competing Proposal, other than as required by law; or
 - (iv) communicates any intention to do any of the above things, in respect of or in response to any expression of interest, offer or proposal by any person in relation to any Competing Proposal;
- (b) each party must ensure that neither it nor any of its associates actively solicits, facilitates, encourages or initiates steps with the objective of receiving an offer, proposal or expression of interest by any person in relation to any Competing Proposal; and
- (c) each party must notify the other party promptly if it becomes aware of any negotiations or discussions, approach or attempt to initiate any negotiations or discussions or intention to make such an approach or attempt to initiate any negotiations or discussions, in respect of any Competing Proposal.

Nothing in (a) or (c) above prevents a party from taking or failing to take action where to not do so would, in the reasonable opinion of that party's board of directors, be likely to involve a breach of directors' duties.

The MIA provides that, if a party (**Target**) receives a Competing Proposal, its directors must not change or withdraw their recommendation without giving the other party 5 business days notice of the proposed change or withdrawal of the recommendation and providing the other party the material terms of the Competing Proposal. The Target may request that the person making the Competing Proposal (**Bidder**) consent to the provision of their name to the other party, but they are not obliged to provide that name without the Bidder's consent.

The other party will have the right to offer to amend the terms of the Scheme or propose an alternative proposal (**Counterproposal**) to provide an at least equivalent outcome for the shareholders of the Target within 5 Business Days of receiving notice of the proposed change or withdrawal. If Target's board determines that the Counterproposal would provide an outcome at least equivalent for the shareholders to the Competing Proposal and the other terms and conditions of the Counterproposal taken as a whole are not less favourable than those in the Competing Proposal, the parties must use their best endeavours to agree and put into effect those amendments to the MIA which are reasonably necessary to reflect the Counterproposal.

4. Break Fees

Under the MIA the parties acknowledge that if the Scheme is subsequently not implemented both parties will incur significant costs. In these circumstances the parties have agreed the following:

- (a) Lion Selection undertakes to pay \$1,000,000 to Catalpa if:
 - (i) a Competing Proposal in relation to Lion Selection is announced or made before the earlier of the termination of the MIA and the Second Court Date and, within 12 months after the date of the MIA, the person announcing or making the Competing Proposal:

- (A) acquires (whether directly or indirectly) or becomes the holder or owner of all or substantially all of the shares in Lion Selection or the business of Lion Selection (other than LSG or its business);
 - (B) acquires from Lion Selection rights which may convert into, or interests in, 10% or more of Lion Selection's fully diluted share capital; or
 - (C) acquires control (as determined in accordance with section 50AA of the Corporations Act) of Lion Selection; or
 - (D) otherwise acquires or merges with Lion Selection; or
- (ii) the MIA is terminated by Catalpa because of a material breach of the MIA by Lion Selection; or
 - (iii) any director of Lion Selection before termination of the MIA does not recommend the Scheme, the Cash Distribution or the Demerger or withdraws or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Competing Proposal other than where Lion Selection's due diligence condition has not been satisfied or waived; or
 - (iv) Lion Selection disposes of any of its shares or options in Catalpa.
- (b) Catalpa undertakes to pay \$1,000,000 to Lion Selection if:
 - (i) a Competing Proposal in relation to Catalpa is announced or made before the earlier of the termination of the MIA and the Second Court Date and, within 12 months after the date of the MIA, the person announcing or making the Competing Proposal:
 - (A) acquires (whether directly or indirectly) or becomes the holder or owner of all or substantially all of the shares in Catalpa or the business of Catalpa;
 - (B) acquires from Catalpa rights which may convert into, or interests in, 10% or more of Catalpa's fully diluted share capital; or
 - (C) acquires control (as determined in accordance with section 50AA of the Corporations Act) of Catalpa; or
 - (D) otherwise acquires or merges with Catalpa; or
 - (ii) the MIA is terminated by Lion Selection because of a material breach of the MIA by Catalpa; or;
 - (iii) any director of Catalpa before termination of the MIA does not recommend the Scheme or the Catalpa Share Consolidation or withdraws or adversely modifies an earlier recommendation or approves or recommends or makes an announcement in support of a Competing Proposal, other than where Catalpa's due diligence condition or the Macquarie Bank facility condition have not been satisfied or waived.



- (c) If, after the payment of a break fee under the MIA, the Scheme becomes effective any party who has received payment of a break fee must repay it to the other party. The amount of the break fee may be reduced in certain circumstances set out in the MIA.

5. Obligations of Lion Selection

Lion Selection must take all necessary steps to propose and implement the Cash Distribution, the Demerger and the Scheme as expeditiously as practicable, using all reasonable endeavours to do so in accordance with the indicative timetable set out in the MIA, including commissioning the Independent Expert's Report and preparing and dispatching notices of meeting and an explanatory memorandum in respect of the proposed transactions.

From the date of the MIA up to the Implementation Date Lion Selection must conduct, and must procure that each Lion Selection Gold Company conducts, its business in the ordinary course.

6. Obligations of Catalpa

Catalpa must take all necessary steps to effect the Catalpa Share Consolidation and to assist Lion Selection to propose and implement the Cash Distribution, the Demerger and the Scheme as expeditiously as practicable, using all reasonable endeavours to do so in accordance with the indicative timetable set out in the MIA, including convening a meeting of Catalpa Shareholders to approve Catalpa's participation in the Scheme and the Catalpa Share Consolidation and preparing and dispatching the relevant notice of meeting and explanatory memorandum.

Catalpa must enter into a Deed Poll containing an undertaking to provide the Catalpa shares to Lion shareholders if the Scheme is approved.

From the date of the MIA up to and including the Implementation Date Catalpa must conduct, and must procure that each of its subsidiaries conducts, its business in the ordinary course.

7. Definitions

Competing Proposal means:

- (a) where the proposal is made in relation to Lion Selection or any of its assets or related bodies corporate, any proposal or offer that would, if completed substantially in accordance with its terms, result in:
- (i) any person or persons who are associates (other than Catalpa and its related bodies corporate) acquiring, whether directly or indirectly:
 - (A) a relevant interest or other economic interest in more than 10% of the shares of Lion Selection;
 - (B) from Lion Selection, rights which may convert into, or relevant interests or other economic interests in 10% or more of Lion Selection's fully diluted share capital; or
 - (C) an interest (whether legal, beneficial or economic) in any or all of the Lion Selection Gold Assets or their production; or
 - (ii) the Scheme being rendered unable to be implemented,



- (b) where the subject of the proposal is Catalpa, or any of its assets or related bodies corporate, any proposal or offer that would, if completed substantially in accordance with its terms, result in:
 - (i) any person or persons who are associates (other than Lion Selection and its related bodies corporate) acquiring whether directly or indirectly:
 - (A) a relevant interest or other economic interest in more than 10% of the shares of Catalpa (other than a relevant interest arising from the acquisition of a relevant interest in Lion Selection Shares);
 - (B) from Catalpa, rights which may convert into, or relevant interests or other economic interests in, 10% or more of Catalpa's fully diluted share capital; or
 - (C) an interest (whether legal, beneficial or economic) in any or all of Catalpa's Edna May Project; or
 - (ii) the Scheme being rendered unable to be implemented.

Lion Selection Gold Companies means the companies which are being merged with Catalpa under the Scheme, being Lion Selection, AuSelect Limited ABN 53 077 885 208, Lion Mining Limited ABN 92 000 697 183, Sedgold Pty Ltd ABN 37 010 077 988 and Fernyside Pty Ltd ABN 17 001 245 530.

LSG means Lion Selection Group Limited, the company which is to be demerged from Lion Selection as part of the demerger.



ATTACHMENT 2 – OVERVIEW OF CATALPA POST MERGER

Following the implementation of the merger, the company will hold:

- **30% direct interest in Cracow Gold Mine in Queensland**

The Cracow Gold Mine, located in the Theodore region of southern Queensland, commenced operations in November 2004 and has consistently produced around 100,000 ounces per annum for the last three years. Ore throughput capacity exceeds 400,000 tonnes per annum with ore currently being sourced from the Royal, Sovereign and Crown mineralised zones.

Lion's share of gold produced at the Cracow Gold Mine for the twelve months to 30 April 2009 was 30,121 ounces at cash operating cost of less than A\$550/ounce. Lion is unhedged, and continues to be fully exposed to the currently high A\$ gold price for its share of Cracow gold production, providing a strong cashflow stream.

Ore Reserves for the project at 30 June 2008 were 176,479 ounces at 8.6g/t gold, compared with a Mineral Resource of 703,019 ounces at 7.77g/t. Exploration success has led to the successful delineation of the 200,000 ounce Kilkenny Resource¹, which is a new ore shoot on a previously unexploited structure and was included in the Mineral Resource for the first time in 2008. Recent drilling on the Kilkenny structure has intersected further gold mineralisation to the south of the resource and Lion believes this will extend the known mineralization envelope, adding further potential for mine life extension.

Under the terms of the Joint Venture Agreement, the new gold company will hold the pre-emptive right over Newcrest Mining Limited's 70% interest in the Cracow Gold Mine.

- **100% interest in Edna May Gold Project in Western Australia**

The Edna May project is located mid-way between Perth and Kalgoorlie in Western Australia, and was the subject of a Feasibility Study completed in 2008. The project has an open pit Ore Reserve of 817,000 ounces within a Mineral Resource of 1.5 million ounces.

Construction commenced second quarter of 2009 with first gold production targeted for June 2010. The Feasibility Study estimated a capital cost of A\$92 million. The project is intended to process 2.8Mtpa initially, ramping up to 3.2Mtpa with an estimated life of mine cash operating cost of A\$636/ounce (pre-royalty).

Edna May is fully funded, with project development funds having been raised during early 2009. These comprise a A\$67.5 million project finance facility with Macquarie Bank Limited and A\$38.9 million equity funds raised. Gold production has been partially hedged with 352,317 ounces sold at a fixed flat forward price of \$1,544/ounce.

¹ Mineral Resource and Ore Reserves as reported in the 2008 Lion Selection Limited Annual Report to Shareholders



ATTACHMENT 3 – CONFERENCE CALL DIAL IN DETAILS

Teleconferences hosted by Catalpa’s Managing Director, Mr Bruce McFadzean on the proposed transaction will be held at:

- 2:30pm AEST on Wednesday 24 June 2009, and
- 6:00pm AEST on Wednesday 24 June 2009

Dial in details are as follows.

Local Access Numbers		Toll Free Access Numbers	
Australia (Sydney)	82239380	Australia	1800 157 000
Australia (Melbourne)	86237216	Canada	888 830 9561
Hong Kong	30021675	China	10800 852 1039
Japan (Tokyo)	35708285	China	10800 152 1039
Korea (Seoul)	34831005	India	000 800 440 1048
Malaysia (Kuala Lumpur)	77124377	Indonesia	001 803 852 9330
New Zealand (Auckland)	912 1113	Japan	0120 350863
Singapore	68232167	Korea	00798 8521 9331
Taiwan (Taipei)	21924514	Malaysia	1 800 88 3897
UK (London)	02073654165	New Zealand	0800 447 965
US (New York)	7183541183	Taiwan	00801 855 924
US (San Jose)	4089616560	Thailand	0018004410355
International	+852 30021675	UK	0800 085 5171
		USA	888 830 9551

Passcode:

257 480 66



COMPETENT PERSON STATEMENT

The reported Edna May Mineral Resource has been compiled by Mr Nic Johnson. Mr Johnson is a Member of the Australian Institute of Mining and Metallurgy and an employee of Hellman & Schofield Pty Ltd. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Johnsons gives Catalpa Resources Limited consent to use this estimate in reports.

The reported Edna May Ore Reserves have been compiled by Mr Harry Warries. Mr Warries is a Member of the Australian Institute of Mining and Metallurgy and an employee of Coffey Mining Pty Ltd. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Mr Warries gives Catalpa Resources Limited consent to use this estimate in reports.

Information that relates to Mineral Resources and Ore Reserves at Cracow are based on information compiled by Mr A. Pelliccia from relevant Lion Selection Ltd company reports and announcements. Mr Pelliccia is a Member of the Australasian Institute of Mining and Metallurgy and a full-time employee of Catalpa Resources Ltd. Mr Pelliccia has sufficient experience which is relevant to this style of mineralisation and the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (The JORC Code). Mr Pelliccia consents to the inclusion in the report of the matters based on their information in the form and context in which it appears.