

ATO Class Ruling Applications regarding Capital Reduction and Demerger: Merger Condition Waived

Lion Selection Limited applied to the Australian Taxation Office (“ATO”) for rulings in relation to the demerger of Lion Selection Group Limited (“LSG”) by Lion Selection Limited (“Demerger”) and the capital reduction of 10 cents per share. The ATO has not yet made its determination in respect of these rulings.

A condition of the Merger Implementation Agreement (MIA) dated 24 June 2009 (as announced to ASX on that date) is that Lion Selection Limited has obtained written confirmation from the ATO that Lion Selection shareholders will have the benefit of demerger relief. This condition will not be fulfilled prior to the second court date (27 November 2009). Lion Selection advises it has waived this condition of the MIA.

It is not a condition of the MIA that a written ATO ruling is obtained in respect of the capital reduction of 10 cents per share.

An explanation of the Australian taxation implications for Lion Selection Shareholders who are Australian tax residents and hold their Lion Selection Shares on capital account for tax purposes is set out in Section 11 of the Lion Selection Explanatory Booklet. Tax risks and disadvantages are also set out in Section 7 of the Explanatory Booklet.

Once the ATO has made its determination in respect of these rulings, Lion Selection Limited will communicate the determination to shareholders via Catalpa Resources Limited.