

Proposed Lion Restructuring

KEY POINTS

- 10¢ per share cash distribution to Lion shareholders;
- Merger of Lion's gold interests with Catalpa Resources;
- Demerger of investments to form focused investment company;
- A shareholder meeting is planned for early November to vote on these proposals.

Reasons for Restructure

The restructure is intended to unlock value for shareholders which has been hidden in a substantial share price discount to NTA. Since announcement of the proposed restructure, Lion's share price has increased from 102cps to 149cps; good, but still well below the 221cps NTA (31 July 2009). Further stages of re-rating are expected of the merged gold company assets through project development, pure gold company status and size.

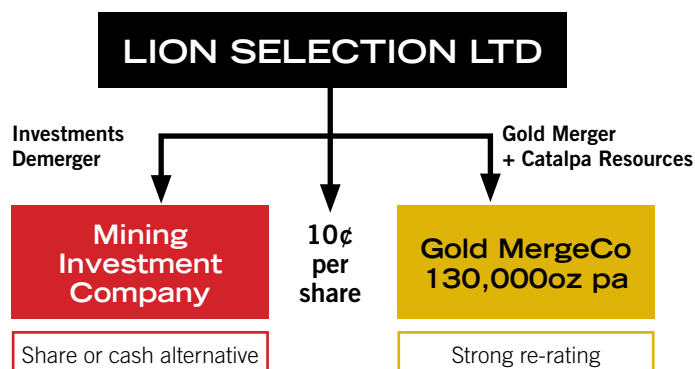
Timetable

The date of the shareholder meeting has been delayed by slower than expected preparation of documents – bad, but nothing changes. Both Catalpa and Lion Selection remain committed to the successful conclusion in Q4 2009.

The indicative timetable is now as follows:

Scheme booklet / notice of meeting sent to shareholders	Early October
LST shareholders meetings and vote	Early November
Matching Facility conducted	Late November
Expected completion	Late November

There is no change in any of the terms of the proposed merger, the demerger of Lion Selection Group, the 10¢ per share cash distribution by Lion or the termination of Lion Manager. The merger has the unanimous support of the directors of both Catalpa and Lion.



The broader market has responded extremely positively since announcement of the transaction, with shares in both Catalpa and Lion having risen by more than 30%.

Matching Facility

E.L. & C. Baillieu Stockbroking will provide a facility offering shareholders the ability to sell shares in the NSX listed LSG, or buy more.

Summary

If shareholders vote to approve the proposal, each Lion (LST) share will be split into:

- 1 Catalpa gold share (after 11:1 consolidation)
- 10 cents cash distribution (capital return)
- 1 Lion Selection Group share which you can exchange for cash or buy more of in the Matching Facility.

ASX Code: LST as at 31 July 2009

Market Cap	\$111.3m
Issued shares	82.1m
Share price	\$1.355

Further Enquiries

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Cracow Gold Mine (Lion – 30%)

- Increased gold production of 9,520 ounces due to improved grade.
- 4,826 oz sold at \$1,201/oz. (4koz sold later, 5 August.)
- \$2.0m operating cashflow.
- Total cash cost \$402/oz.
- Total measured, indicated and inferred resources increase by 136,000oz from 30 June 2008.

Production / Costs

QUARTERLY PRODUCTION SUMMARY (LION 30% SHARE)						
3 months to		Jul 2008	Oct 2008	Jan 2009	Apr 2009	Jul 2009
Ore Mined	(tonnes)	36,017	34,237	32,366	35,062	36,188
Ore Processed	(tonnes)	31,250	31,190	33,779	32,720	34,004
Ore grade	(g/t Au)	10.2	7.7	6.7	7.1	9.1
Met Recovery	(%)	94	93	92	91	93
Gold Produced	(oz)	9,458	7,182	6,372	7,109	9,520

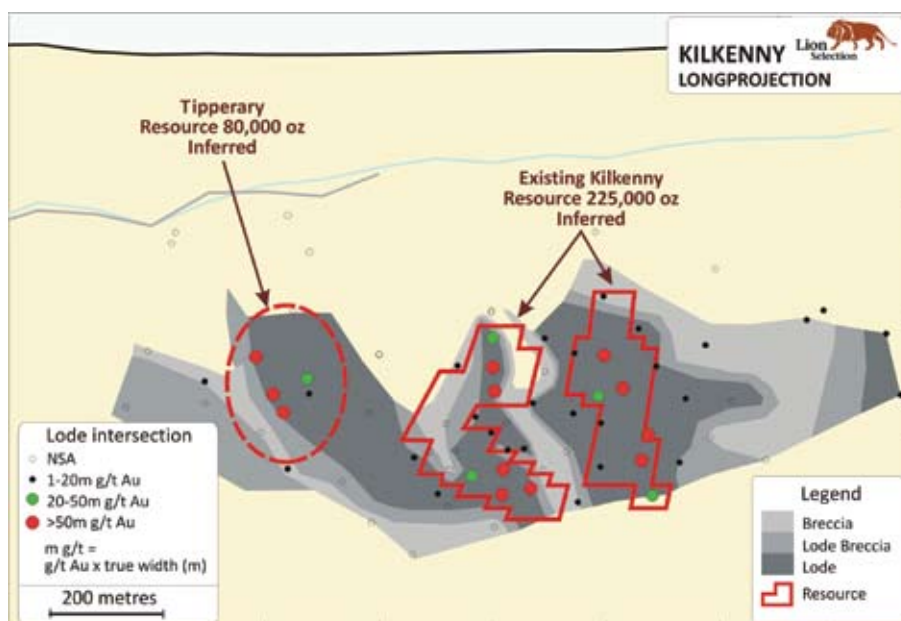
QUARTERLY PRODUCTION SUMMARY (LION 30% SHARE)						
3 months to		Jul 2008	Oct 2008	Jan 2009	Apr 2009	Jul 2009
Gold Sold	(oz)	10,261	7,605	6,520	6,597	4,826
Gold Price Received	(A\$/oz)	949	1,051	1,212	1,337	1,201
Cash Operating Cost	(A\$/oz)	351	488	597	515	373
Royalties	(A\$/oz)	26	28	33	34	30
Total Cash cost	(A\$/oz)	377	516	630	549	402
Operating cashflow	(A\$M)	6.2	4.3	3.9	4.9	2.0
Capital costs	(A\$M)	1.4	1.0	0.7	0.9	1.0
Exploration	(A\$M)	0.4	0.8	0.6	0.5	0.4

Updated Mineral Resource and Ore Reserves

Maiden inferred resources were produced for the Tipperary, Roses Pride and Empire structures. The Kilkenny Inferred Resource has been increased to 225,000oz or, combined with Tipperary, 305,000oz (see long projection right).

These are included in the resource statement for June 2009 as reported by Newcrest, the operator of the Cracow joint venture (see table below).

Total measured, indicated and inferred resources are 840,000oz, up 136,000oz from 30 June 2008, net of mining depletion.



Cracow Gold Mine (Lion – 30%) continued

Statement of Cracow Mineral Resources as at 30 June 2009

Royal, Crown, Klondyke North, Sovereign, Kilkenny, Tipperary, Empire, Roses Pride and Stockpiles	Tonnes (kt)	Grade (g/t Au)	Contained gold (koz)
Measured	846	9.5	260
Indicated	417	6.7	90
Inferred	1,922	7.9	490
Total Resources	3,185	8.2	840
Lion 30% share	955	8.2	252

Statement of Cracow Mineral Reserves as at 30 June 2009

Royal, Crown, Klondyke North, Sovereign and Stockpiles	Tonnes (kt)	Grade (g/t Au)	Contained gold (koz)
Proved	766	7.7	189
Probable	231	5.5	41
Total Reserves	997	7.2	230
Lion 30% share	299	7.2	69

Exploration Drilling

During the quarter seven drill holes were completed for 4,100 metres on the Kilkenny structure north and south, the Fordee structure, west of Roses Pride, and southern extensions of the Klondyke fault, south of the Royal. No significant results were produced during the quarter.

The Kilkenny exploration decline was advanced beyond the drilling platform to a total of 384m, which will allow infill drilling of the inferred resource and further exploration of other potential ore shoots.

Regional Exploration

Regional exploration included completion of a magnetic survey to define drilling targets at Cracow South, where a repeat of the Cracow Goldfield is targeted.

Information in this report that relates to Mineral Resources and Ore Reserves at Cracow is based on information compiled by Mr Craig Irvine and Mr Justin Woodward who are Members of the Australasian Institute of Mining and Metallurgy and are full-time employees of Newcrest Mining Limited. Messrs Irvine and Woodward have sufficient experience which is relevant to this style of mineralisation and the activity which they are undertaking to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Messrs Irvine and Woodward consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

Catalpa Resources Limited (Lion – 46.86%)

Planned Merger

On 24 June 2009 Lion entered into a Merger Implementation Agreement with Catalpa with a view to merging Lion's gold assets (30% Cracow interest and 47% shareholding in Catalpa) with Catalpa, creating a new Australian mid tier gold producer.

The proposed merger will amalgamate Catalpa's 100,000+ oz pa Edna May Operation in Western Australia with Lion's 30% ownership in the Cracow Gold Operation in Queensland, following which Catalpa will be a cashflow positive gold producer from the 30% stake in Cracow.

Upon implementation of the proposed merger, the Cracow operation will continue to be operated by Newcrest Mining Limited which will allow Catalpa to remain focused on the successful construction and commissioning of its Edna May Operations.

Edna May Project

Catalpa has successfully concluded project funding for the Edna May Operations ensuring that the project is fully funded through to planned production by mid 2010.

During the quarter, Catalpa received the necessary approvals for the Edna May Operations allowing on-site work to commence. Considerable progress has been made:

- site earthworks are underway;
- refurbishment of the 2.8-3.2Mtpa Edna May gold processing plant has commenced;
- construction of the accommodation village is nearing completion;
- appointment of key personnel is progressing well;
- scoping and awarding of key contracts progressing on schedule and within budget.

OTHER INVESTMENTS

Copperbelt Minerals (LION – 2.1%)

DEMOCRATIC REPUBLIC CONGO (DRC)- COPPER / COBALT

In June 2009 Howard Walker was appointed to the board of Copperbelt Minerals as the Lion Selection / African Lion representative on the board.

Copperbelt has a 68% interest in the Deziwa Copper Project (Gécamines 32%), the third largest copper oxide deposit in the DRC. Copperbelt completed a positive Definitive Feasibility Study on the project in January 2009 and is currently reviewing development options for a SX-EW operation, producing 80ktpa of copper.

Exco Resources Limited (LION – 9.3%)

AUSTRALIA – COPPER / GOLD / URANIUM

In June 2009, Exco raised A\$7.2 million via a share placement of 30.6 million shares at 23.5 cents each. The primary purpose of the placement is to fund Exco's share of development costs for the White Dam Gold Project.

Exco and its joint venture partner, Polymetals, have mandated Barclays Capital to arrange a debt financing facility of up to \$16 million for the construction and commissioning of the White Dam Project. Detailed finance documentation is expected to be completed shortly.

Preliminary site works have begun in preparation for the commencement of construction as soon as financing arrangements have been finalised. The project remains on course to commence construction in Q3 2009 with first gold production scheduled for early 2010.

Indophil Resources Limited (LION – 6.8%)

PHILIPPINES - COPPER / GOLD

Indophil and its Tampakan joint venture partner, Xstrata, have formally confirmed that, following a review of the Extended Pre-Feasibility Study, they will proceed with a Final Feasibility Study (FFS) of the Tampakan Copper-Gold Project. The FFS will target an initial 20 years at an average annual production of 340,000 tonnes of copper and 350,000 ounces of gold with a cash cost estimate of less than US46 cents per pound of copper after gold credits.

The FFS is expected to be submitted to the government of the Philippines by the second quarter of 2010.

With respect to the sale process by Indophil of its interest in the Tampakan project, Indophil has announced that Confidentiality Agreements have been signed and a data room opened. An update on this process is awaited.

Havilah Resources NL (LION – 18.6%)

AUSTRALIA - COPPER / GOLD / URANIUM

Havilah has prepared an updated resource estimate for the base of Tertiary gold mineralisation layer which sits directly on the bedrock at Portia in South Australia. An Inferred Resource of 720,000 tonnes @ 2.9 g/t for 67,000 ounces of gold has been estimated, using a high grade cut of 60 g/t. The resource estimate is based on 895 assayed samples from 205 Havilah drillholes and was completed by a specialist geologist using Vulcan 3D software.

Inferred Resource Estimates for Portia base of Tertiary mineralisation

High grade top cut (g/t)	Uncut	60	30
Resource Grade (g/t)	3.1	2.9	2.6
Contained Ounces (g/t)	72,000	67,000	60,000
Total tonnes	720,000		

The resource has been calculated in order to facilitate mine planning activities for the proposed open pit trial mine.

Havilah continues to progress the mine permitting process with the Department of Primary Industries and Resources of South Australia. Additionally:

- Havilah is presently finalising the Kalkaroo feasibility study with its partner Glencore International;
- Havilah's 45% owned uranium exploration subsidiary, Curnamona Energy Limited released an Inferred Resource estimate of 2,100 tonnes of eU₃O₈ for its Oban uranium deposit.
- Geothermal Resources Limited, 63% owned by Havilah, released an Inferred Resource estimate of 84,000 PJ of thermal energy within granitic reservoir rocks lying between 3-5 km deep over a 500 km² portion of the Frome geothermal project area. If converted to electricity, taking into account recovery losses and conversion inefficiencies, this amount of energy is sufficient to supply South Australia's current electricity requirements for more than 30 years.

Information in this report that relates to Inferred Resource Estimate at Portia has been compiled by Dr Bob Johnson who is a Member of the Australasian Institute of Mining and Metallurgy and Dr Chris Giles who is a member of the Australian Institute of Geoscientists. Drs Johnson and Giles are employed by Havilah Resources NL on consulting contracts. They have sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration to qualify as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves' (the JORC Code). Drs Johnson and Giles consent to the inclusion in this report of the matters based on their information in the form and context in which it appears.

African and Asian Lion Funds

African Lion Fund (LION – 25%)

Established in mid 2008 with committed capital of US\$79.2 million, African Lion 3 continues its extensive review of opportunities. Predecessor funds AFL and AFL2 continue to review their existing portfolios but are not actively seeking new investments.

KASBAH RESOURCES LIMITED (AFL2 – 10.2%) MOROCCO – TIN

Kasbah Resources has commenced an infill drilling program at its Achmmach Tin Project in Morocco. The intention of the drilling is to collect sufficient data for the estimation of a JORC Indicated Resource of between 1-2Mt. Kasbah has currently defined an Inferred Resource of 6Mt @ 0.9% tin at Achmmach.

MINERAL DEPOSITS LIMITED (AFL2 – 0.2%) SENEGAL – GOLD / MINERAL SANDS

Mineral Deposits has now poured its third tonne of gold at the Sabodala Gold Mine in Senegal, and remains on track to produce 160,000 ounces of gold for 2009.

Asian Lion Fund (LION – 32%)

Asian Lion Fund made a follow up investment in Vietnam nickel sulphide developer, Asian Mineral Resources (TSXV:ASN) which is looking to recommence project construction.

Mindoro Resources (TSXV:MIO) commenced drilling the American Tunnels copper gold target in the Philippines.

Tianshan Goldfields (ASX:TGF) has signed an agreement to sell its Gold Mountain asset for \$22 million, conditional on shareholder approval, and plans to use the funds to acquire other assets.

Asian Lion continues to build its database of outstanding opportunities in the Asian region.

LST Shareholder Information

	Shares	Shares
Securities on Issue at quarter end:	82.1 million	Quarter High: \$105.5
Price at quarter end:	\$0.985	Quarter Low: \$0.64
Volume traded:	5.6 million	