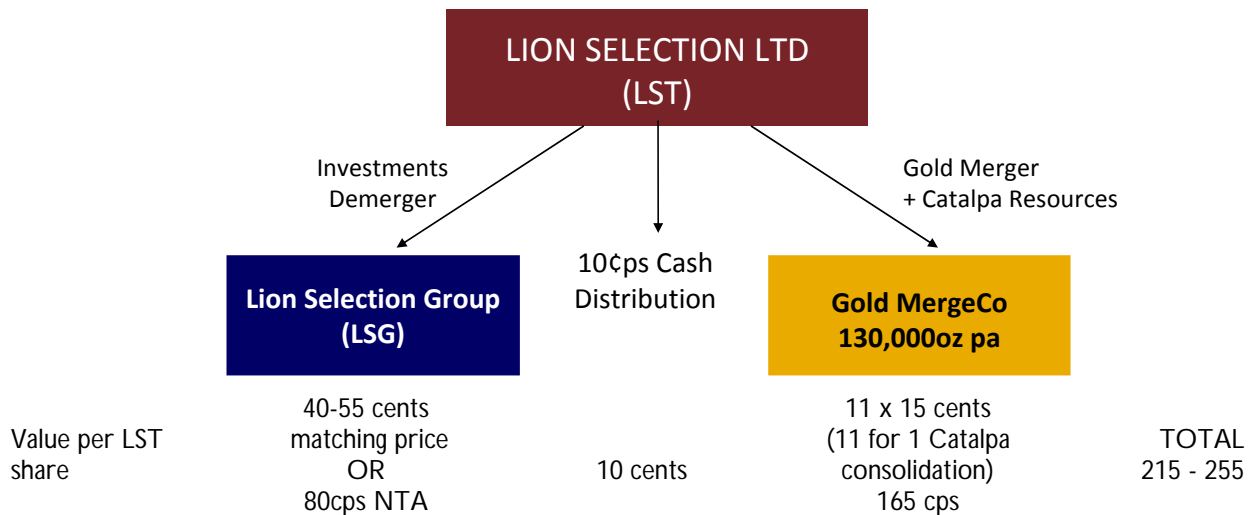




Quarterly Report for the 3 months ended 31 October 2009

Lion Restructuring – Approved and Nearing Completion



Timetable

17 November	Shareholder Vote – Approved
27 November	Second Court Hearing – Approved
1 December	Last day to submit / alter Matching Facility form
10 December	Last day to announce Matching Facility result
11 December	New Catalpa shares commence trading on ASX
16 December	LSG commencing trading on NSX

Message from Outgoing Chairman and Managing Director

Farewell and thanks to all Lion shareholders. Restructuring has been a lengthy and complex process but it has achieved its aim of unlocking value. The Lion share price has increased from 102 cps to 190 cps currently and should deliver the 215-255 cps of value noted above.

The merged gold company shares that you receive in Catalpa promise further re-rating in stages due to increased size and upon successful development. We are very fortunate that the US dollar gold price is at all time record levels and this could provide additional re-rating.

You will also receive shares in Lion’s investment business Lion Selection Group (LSG) which is being NSX listed and shareholders have the choice of retaining their LSG shares or selling into the Matching Facility. The philosophy behind LSG is long term investment in emerging resource companies then sale and return of profits to shareholders.

LION SELECTION GROUP

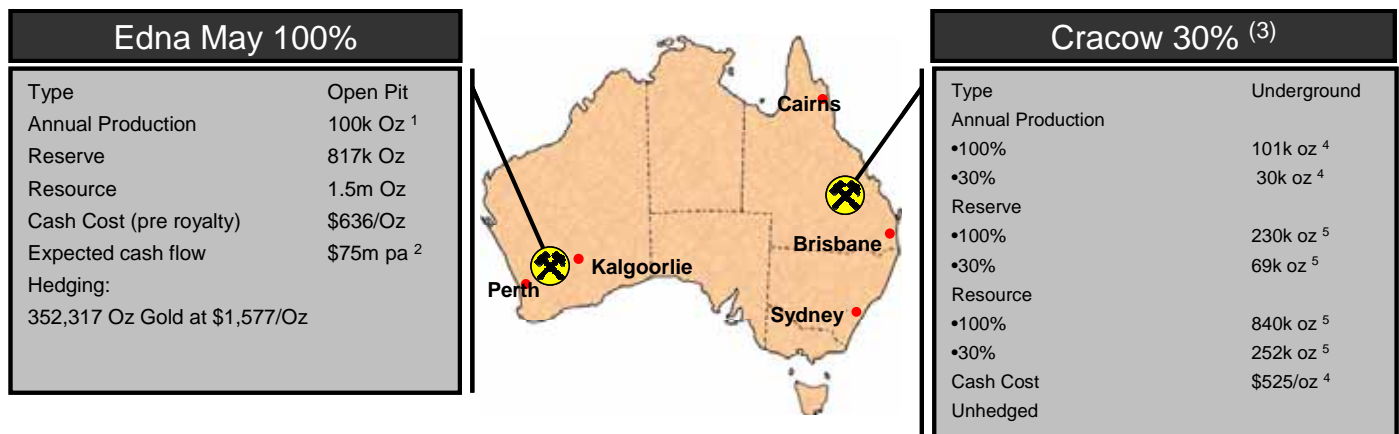
Lion Selection Group Limited (“LSG”) shares will be transferred to Lion shareholders pursuant to the demerger of LSG from Lion as approved by shareholders. LSG shares are expected to be listed on the National Stock Exchange of Australia (NSX) on 16 December 2009, providing a forum for buying and selling LSG with some liquidity for shareholders. NSX is a fully operational and fully regulated stock exchange with an Australian market licence under the Corporations Act. NSX concentrates on listing small to medium enterprises and has listing and business rules approved by ASIC.

Brokers registered as a participant broker of NSX can execute trades on NSX. Profiles of each participant broker are available on the NSX website (www.nsx.com.au) under the 'For Investors' tab.

Presently all securities traded on NSX are registered in CHESS and standard CHESS reports are available for security holders.

Share prices are available from a variety of sources. Participating brokers can obtain full market information from the NSX Electronic Trading System. Additionally, Bloomberg, IRESS and Paritech provide real time prices and end of day information is available from several services. For investors, the NSX website (www.nsx.com.au) carries price updates every 20 minutes as well as daily and monthly price histories on each quoted security. The Australian Financial Review publishes daily trading information and month to date summaries each Monday in the Market Wrap section.

CATALPA RESOURCES LIMITED - ASSETS



- (1) In construction, 1st gold pour 2Q 2010
 (2) Based on \$1,400/oz price post royalty
 (3) Cracow is 70% owned and operated by Newcrest Mining
 (4) Lion Selection's July 2009 Quarterly Report
 (5) As at 30 June 2009 as reported in Lion Selection's July 2009 Quarterly Report.

EDNA MAY – CONSTRUCTION UPDATE



Construction at the Edna May Gold Project is within budget and on schedule to pour first gold in June 2010.

A number of significant project milestones have been reached in recent weeks and the Project progresses rapidly through the construction phase towards commissioning.

Cracow Gold Mine – 30%

Production / Costs

		Quarterly Production Summary (Lion 30% Share)				
3 months to		Oct 2008	Jan 2009	Apr 2009	Jul 2009	Oct 2009
Ore Mined	(tonnes)	34,237	32,366	35,062	36,188	34,010
Ore Processed	(tonnes)	31,190	33,779	32,720	34,004	34,569
Ore grade	(g/t Au)	7.7	6.7	7.1	9.1	7.5
Met Recovery	(%)	93	92	91	93	92
Gold Produced	(oz)	7,182	6,372	7,109	9,520	7,665

		Quarterly Cost Summary (Lion 30% Share)				
3 months to		Oct 2008	Jan 2009	Apr 2009	Jul 2009	Oct 2009
Gold Sold	(oz)	7,605	6,520	6,597	4,826	11,424
Gold Price Received	(A\$/oz)	1,051	1,212	1,337	1,201	1,147
Cash Operating Cost	(A\$/oz)	488	597	515	373	477
Royalties	(A\$/oz)	28	33	34	30	31
Total Cash cost	(A\$/oz)	516	630	549	402	509
Operating cashflow	(A\$M)	4.3	3.9	4.9	2.0	9.2
Capital costs	(A\$M)	1.0	0.7	0.9	1.0	1.2
Exploration	(A\$M)	0.8	0.6	0.5	0.4	0.4

Lion People

No one is leaving or retiring, LSG directors are being distributed between Catalpa and the Lion Manager remains entirely with LSG:

Directors	Lion Selection Group	Catalpa	Lion Manager
Chairman	Ewen Tyler	Peter Maloney	
Managing Director	Craig Smyth		Robin Widdup
Executive Director	Howard Walker*		Chris Melloy
			Mike Brook
			Peter Maloney
Non Executive Director		Barry Sullivan	
		Graham Freestone	
Company Secretary	Jane Rose		
Team:			Tim Markwell
			Damon Rhodes
			Hedley Widdup
			Jon Dugdale
			Luke Smith

* Returns to Lion after 2 years travelling. A founding member of Lion Manager.