



## ASX Release 9 October 2006

### Proposed Acquisition of Leviathan Resources Limited by Perseverance Corporation Limited

#### Key Points

- Perseverance Corporation Limited (Perseverance) is proposing to acquire Leviathan Resources Limited (Leviathan) by an off-market takeover for the equivalent of 56.1 cents per share.
- Lion has entered into a Pre-bid Acceptance Agreement (Pre-bid Agreement) with Perseverance over its 16.4% shareholding in Leviathan but retains the right to benefit from higher offers.
- Lion's average entry price for its Leviathan holding is 81.1 cents per share.
- Lion believes the consolidation of the Leviathan and Perseverance assets will result in a new Victorian based gold mining company with benefits on several levels to both sets of shareholders.

Perseverance today announced an off-market takeover offer to acquire all of the shares in Leviathan (the Offer). The Offer is unanimously recommended by the independent directors of Leviathan in the absence of a superior proposal and subject to the independent expert report stating that the Offer is fair and reasonable. The Offer is subject to certain conditions, including a 90% minimum acceptance condition and a no material adverse change condition. Perseverance cannot waive the 90% minimum acceptance condition until its and its associates has a relevant interest in more than 50% of the Leviathan shares.

Under the Offer, Leviathan shareholders will receive 1.7 Perseverance ordinary shares for each Leviathan ordinary share, which implies a value for each Leviathan share of 56.1 cents based on the closing price of Perseverance shares on ASX of 33.0 cents on 6 October 2006.

At 56.1 cents per share, Lion's stake is valued at \$7.5 million, compared with a purchase price of \$10.8 million. If the Offer is successful and Perseverance acquires all of the shares in Leviathan, Lion will hold an interest of approximately 3.2% in Perseverance.

Relative to Friday's closing price for Leviathan shares, Lion's Net Tangible Asset Backing (NTA) will increase by \$1.4 million (pre-tax), or 1.4 cents per share at 56.1 cents per Leviathan share.



Lion has entered into a Pre-bid Agreement with Perseverance in respect of Lion's 16.4% shareholding in Leviathan. Under the Pre-bid Agreement, Lion must accept the Offer within 2 business days of receiving it, subject only to Lion obtaining the necessary approvals of the Pooled Development Fund Registration Board and (to the extent that Lion's shareholding exceeds 14.9% of Leviathan) Perseverance obtaining the necessary approval of the Foreign Investment Review Board.

Lion's obligation to accept the Offer is not affected by a higher offer for Leviathan. If however a higher offer is announced, Perseverance must decide within 10 business days whether or not to match it, and if Perseverance chooses not to do so, it must allow its Offer to lapse at the earliest possible time. If this occurs, Perseverance has a call option, exercisable within 3 business days of the Offer closing, to acquire all of Lion's shareholding in Leviathan in consideration for the issue of Perseverance shares to Lion equivalent in value to the higher offer. If Perseverance subsequently (within 6 months) accepts a higher offer (or otherwise becomes entitled to receive a higher price) for Lion's shareholding, Lion will receive the additional benefit of the higher offer or price.

A complete copy of the Pre-bid Agreement will be filed by Perseverance with ASX later today.

Lion's Managing Director, Robin Widdup said "We welcome the union between Perseverance and Leviathan. In general it makes a lot of sense to form a larger gold operating company with multiple mines. In this specific case, the larger company will emerge with a top quality board and management team, plus anticipated cost savings in a number of areas resulting from the synergy of combined operations in Victoria. Lion's holding in Perseverance will be 3.2%, assuming 100% acceptance."

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