

# Media Release / ASX Announcement

31 March 2009

## **\$31.4M PLACEMENT COMPLETES CAPITAL FUNDING FOR EDNA MAY GOLD PROJECT**

### Highlights

- **\$31.4m placement at \$0.06 per share**
- **Edna May Gold Project capital now fully funded**
- **Rapidly move forward to recommence production at Edna May by June quarter 2010**
- **Share purchase plan for all shareholders**

Catalpa Resources (ASX:CAH) announced today that it successfully completed a placement of 524,423,333 shares at \$0.06 per share to raise gross proceeds of A\$31.4m.

In conjunction with the A\$67.5m project debt facility announced on 4 March 2009, Catalpa has now secured the financing required to commence development of the Company's Edna May Gold Project with the first gold pour planned for 2Q 2010.

Catalpa's major shareholder, Lion Selection Limited provided strong support for the issue subscribing A\$15m. The balance of the issue was well supported by a range of domestic and offshore investors which resulted in the addition of a number of new institutional investors to Catalpa's register.

### Placement

The Placement has been made to institutional and sophisticated investors pursuant to Section 708 of the Corporations Act 2001 is being undertaken in two tranches:

- Tranche 1 – comprising 74.3m shares using the Company's 15% placement capacity under Listing Rule 7.1, raising A\$4.4 million; and
- Tranche 2 – comprising 450.1m shares placed subject to shareholder approval to raise A\$27 million

Tranche 2 includes the shares allotted to Lion Selection and Catalpa Directors which are subject to shareholder approval at a general meeting to be held around 8 May 2009. The Notice of Meeting will be dispatched to shareholders shortly.

Austock Corporate Finance acted as Lead Manager to the placement with Patersons Securities as Co-Manager.

ASX Code: CAH

### Capital Structure

Total number of shares on issue:

521,594,949

Share Price (as at 25 March 2009):

\$0.081

### Board of Directors

Mr John Rowe:	Non Exec Chairman
Mr Bruce McFadzean:	Managing Director
Mr Murray Pollock:	Non Exec Director
Mr Barry Sullivan:	Non Exec Director
Mr Nigel Johnson:	Non Exec Director
Mr Graham Anderson:	Company Secretary
Mr Leonard Math:	Company Secretary

### Major Shareholders

Lion Selection Group Limited	51.05%
Goldrich Holdings	3.09%
Zero Nominees	1.71%
Drummond Shay Margaret	1.16%
Parkrange Nominees	1.14%
UBS Wealth Management	0.95%
Charlemagne Investments	0.88%
ANZ Nominees Limited	0.69%
Calliton	0.56%
Colbern Fiduciary Nominees	0.56%

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Bruce McFadzean, Catalpa Resources' Managing Director commented that "completion of the placement and the project debt facility now allows Catalpa to accelerate the recommencement of gold production at the Edna May Gold Project. The Project has exceptional economics at a gold price of A\$1,400 per ounce, which will realise an average annual cash operating margin of \$A75 million (post royalty). Catalpa's mine and processing schedule demonstrate average gold production in excess of 100,000 ounces recovered per annum for a life of mine of more than six years. This provides a significant platform to grow a mid tier gold production company. The strong cash flow forecast from the Edna May Project will enable Catalpa to expand through exploration and acquisition."

### Share Purchase Plan

As planned and in recognition of our supportive shareholder base, Catalpa intends to undertake a Share Purchase Plan (SPP) following completion of the Placement. Subject to shareholder approval the SPP will be offered at \$0.06 per share. The date for determining entitlement to the SPP is to be finalised. This along with further details in relation to the SPP will be provided to shareholders in due course.

ENDS

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### **ABOUT CATALPA**

**Catalpa Resources Limited (ASX: CAH)** has finalised a bankable feasibility study (FS) to advance its \$92 million (capital) Edna May gold Project towards production and is currently finalising project funding.

The Edna May Project is conveniently positioned a few kilometres from the infrastructure of Westonia, an established town with a long mining history. The Project is just three hours or 300km by road from Perth; half way between Perth and Kalgoorlie and ideally situated to be serviced by both centres.

The Project has sound economics at a gold price of AUD\$1,400 per ounce, which will realise an average annual operating cash margin in excess of \$AU75 million. Catalpa's mine and processing schedule demonstrate average gold production in excess of 100,000 ounces recovered per annum for a life of mine of more than six years.

In preparation for planned production at Edna May, the Company relocated its 2.8 Mtpa Big Bell mill to site in 2007. The process plant has a twelve month construction and commissioning period scheduled to commence in the June quarter 2009

With its early cash flow profile, Catalpa aims to grow and develop the Company into Australia's next mid tier gold producer

Notably, the robust economics of the FS exclude further extensions to the mine life following the imminent release of additional Ore Reserves from western continuation of the Edna May Gneiss, Greenfinch. Greenfinch is undergoing further infill drilling, the early results of which indicate new gold mineralisation zones in close proximity to the Edna May pit. A Greenfinch Resource update is scheduled to be finalised in April 2009.

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With 64% of the Edna May Reserve already in the highest confidence, 'Proved' JORC category, Catalpa has a sound Resource base with significant growth potential. This Reserve confidence, in conjunction with a Metallurgically uncomplicated and consistent Orebody with recovery greater than 91%, makes this project an attractive long term opportunity to grow a mid tier gold producer

Catalpa has amassed a management team with considerable technical, project and operational expertise and has the support of an experienced and innovative Board that is committed to using the continuing strength of the gold price, to realise value for Catalpa's shareholders.

Catalpa is pursuing parallel growth with a wide-ranging exploration programme underway on its 880km<sup>2</sup> of under-explored Westonia Greenstone Belt, and is also reviewing other regional opportunities.

The Company has adopted best practice standards across all of its activities, including health and safety, environmental management, corporate governance functions and social responsibility.

With a buoyant outlook for the Australian gold price, the Board believes that Catalpa Resources presents a solid investment opportunity with attractive margins.

