

22 October 2010

ACCELERATED EXPLORATION AND RESOURCE DEFINITION DRILLING AT CRACOW CONTINUES TO RETURN EXCELLENT RESULTS

HIGHLIGHTS

- Exploration drilling has returned a significant result indicating the potential for a new ore zone on the Kilkenny South East structure with hole CBK295W1 intersecting:

- 1.3m @ 7.8 g/t Au, 250g/t Ag from 1,089.8m

- Resource definition drilling at Kilkenny continues to return positive results, including best intercepts of:

- 4.8m @ 14.0 g/t Au from 159m in KKU033
- 6.1m @ 9.3 g/t Au from 171 in KKU039
- 5.1m @ 19.0 g/t Au from 161.7m in KKU041
- 7.0m @ 6.7 g/t Au from 206.5m in KKU042
- 11.2m @ 5.5 g/t Au from 197.0m in KKU043
- 5.8m @ 9.2 g/t Au from 158.2m in KKU044

- Resource definition drilling at Phoenix continues with intercepts including:

- 7.9m @ 7.2 g/t Au from 146.7m in PHU023

POTENTIAL NEW DISCOVERY ON THE KILKENNY SOUTH EAST STRUCTURE

Catalpa Resources Limited (ASX:CAH), a 30% stakeholder of the Cracow Gold Joint Venture, today reports exploration assay results from a surface diamond drill program, testing mineralisation on the Kilkenny South East structure, some 500 metres south of the known mineralisation at the Cracow Gold Project, QLD.

CBK295W1 intersected the Kilkenny SE structure and has returned a significant result of 1.3m @ 7.8 g/t Au, 250 g/t Ag, from 1089.8m indicating the potential for a new ore zone. The intercept correlates with a narrow breccia containing crustiform banded quartz-adularia veining indicative of mineralised systems at Cracow.

ASX Code: **CAH**

Shares on issue:

162,772,989

Share Price Current:

\$2.03 (21 October 2010)

12 month range:

\$2.27 (high) - \$1.18 (low)

Board of Directors

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

Senior Management

Erik Palmbachs	CFO
Stuart Pether	COO
Nick Winnall	Manager Exploration
Adrian Pelliccia	Manager Bus Dev
John Winterbottom	Manager Geology
Raelene Wyatt	Manager HR
John Fraser	General Manager – Edna May

The presence and characteristics of the multiple-phase quartz vein clasts within this structure suggests possible proximity to high grade gold mineralisation. The textures and mineralogy of the epithermal veining are similar to that observed proximal to the Royal Shoot.

Follow up drilling will determine the strike and depth extents of the mineralisation intercepted in CBK295W1.

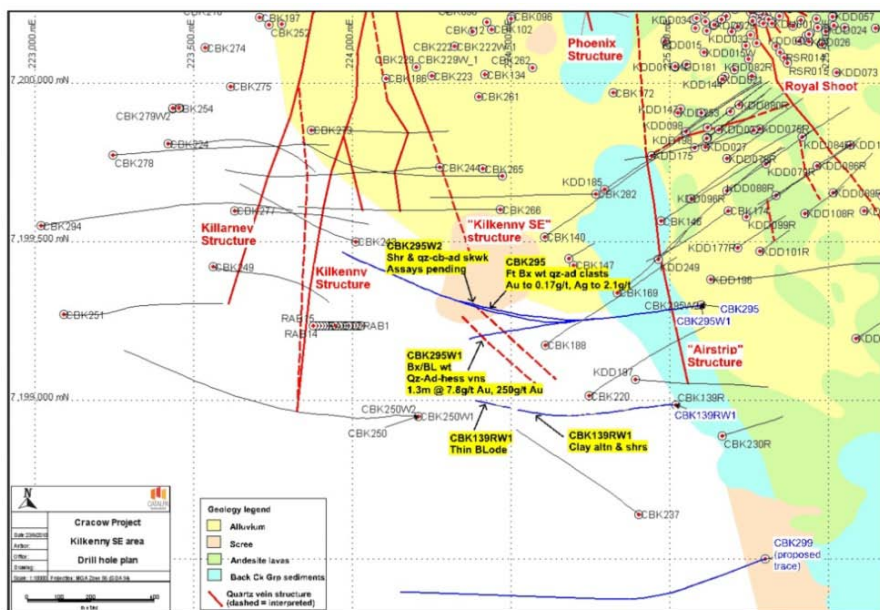


Figure 1. Kilkeny SE structure drill hole plan, with location of CBK295, CBK295W1 & CBK295W2.

CBK295W2 (a second daughter hole from CBK295) has intersected the interpreted Kilkeny SE structure approximately 80m above CBK295 where it is manifest as a clay altered shear and silica breccia. Assay results are pending.

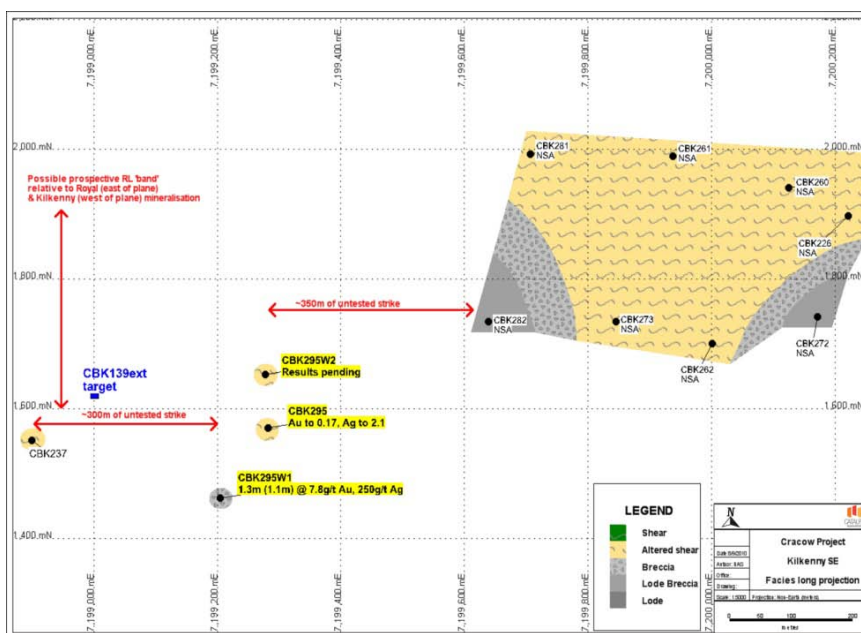


Figure 2. Kilkeny SE long projection, highlighting significant intercepts in CBK295W1

RESOURCE DEFINITION DRILLING OF KILKENNY AND PHOENIX SHOOTS

Resource definition drilling of the Kilkenny and Phoenix shoots continues to return mineralised intersections in-line with expectations. Drilling continues from underground as part of the accelerated exploration and resource definition program for FY 2011. The objective of this drilling is to increase Resource and Reserve at the Cracow Gold Project.

Resource definition drilling at Kilkenny continues including best intercepts of:

- 4.8m @ 14.0 g/t Au from 159m in K KU033
- 6.1m @ 9.3 g/t Au from 171 in K KU039
- 5.1m @ 19.0 g/t Au from 161.7m in K KU041
- 7.0m @ 6.7 g/t Au from 206.5m in K KU042
- 11.2m @ 5.5 g/t Au from 197.0m in K KU043
- 5.8m @ 9.2 g/t Au from 158.2m in K KU044

Resource definition drilling at Phoenix has returned the following best intercepts of:

- 7.9m @ 7.2 g/t Au in PHU023
- 2.3m @ 6.11 g/t Au in PHU031
- 1.3m @ 6.97 g/t Au in PHU034

ENDS

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Competent Person Statement

The exploration data has been compiled according to the JORC Code for the reporting of Mineral Resources and Ore Reserves by Adrian Pelliccia, a full-time employee of Catalpa Resources Limited. Mr Pelliccia is a Member of the Australasian Institute of Mining and Metallurgy (AUSIMM) and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Pelliccia consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.



ABOUT CATALPA RESOURCES

Catalpa Resources Limited (ASX: CAH) has two exciting gold assets; a 100% interest in the 100,000 ounces per annum Edna May Gold Project in Western Australia and a 30% interest in the 100,000 ounces per annum Cracow Gold Project in Queensland (70% Newcrest Mining Limited).

Catalpa's flagship Edna May Operations boasts an impressive forward sold position of 352,316 ounces of gold at A\$1,557.50 per ounce. At a hedge book/spot weighted average gold price of A\$1,460 per ounce Catalpa expects to realise an average cash operating margin of A\$72 million per annum from the Edna May Gold Project alone.

With a combined Mineral Resource of more than 1.9 million ounces and a combined Ore Reserve of more than one million ounces of gold, (refer announcement dated 27th May 2010), the Cracow and Edna May Operations will provide a sustainable long life cash flow to fund Catalpa's growth strategy.

Catalpa is confident that both Cracow and Edna May offer further Reserve and Resource growth potential, with ongoing exploration programs at both operations. In parallel, the Company continues to proactively identify and assess other production growth opportunities.

The Company has a motivated and technically accomplished management team and a highly-experienced and supportive Board, committed to realising shareholder value from the Company's growing asset portfolio.

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

EDNA MAY OPERATIONS (100%)

Catalpa's wholly-owned Edna May Gold Project is conveniently positioned just two kilometres from the infrastructure of Westonia, on the eastern edge of WA's Wheatbelt region. The mine is half way between Perth and Kalgoorlie and ideally situated to be serviced by either of these major mining centres.

With its robust economics, geologically and metallurgically well defined ore-body, high Ore Reserve confidence and excellent recovery rate of more than 92%, Catalpa's Edna May Gold Project offers an attractive, long-term platform to grow a mid tier gold producer.

Catalpa's mine and processing schedule demonstrate average gold production at Edna May in excess of 100,000 ounces per annum for a life of mine of more than nine years, with the first gold poured in April 2010.

CRACOW GOLD OPERATIONS (30%)

Catalpa owns 30% of the Cracow Gold Project in Queensland with a pre-emptive right over Newcrest's 70% stake in the asset. The Cracow Gold Project is well managed and operated by Newcrest, allowing Catalpa to remain focused on the ramp up to full production of Edna May Gold project on time and within budget.

The Cracow Gold Project has a history of steady gold production of over 100,000 ounces per annum for the past four years and it is considered to have considerable exploration upside.



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