



## Media Release / ASX Announcement

22 January 2009

### CATALPA RESOURCES' 'MILESTONE QUARTER'

**Catalpa Resources (ASX:CAH)**, Perth-based emerging gold producer recently released its December 2008 quarterly results, outlining significant progress the Company has achieved during the period to advance its Edna May Gold Project.

Managing Director, Bruce McFadzean cited the past quarter as a 'milestone' in the Company's journey towards becoming Australia's next gold producer.

"In the December quarter we had a successful rights issue to raise \$3.5 million before costs, to finalise the Edna May Gold Project Feasibility Study and to fund our ongoing exploration programmes and operations."

"The success of the rights issue against the backdrop of an extremely challenging financial environment reinforces the confidence in the Edna May Project and in the increasingly bullish outlook for gold."

"We finalised the Edna May Gold Project Feasibility Study during the quarter, which demonstrates a robust project cash flow with a mine life of 6.3 years with an average annual production rate of more than 100 000 oz of gold."

"Notably, the Feasibility Study excludes any additional underground mining potential further supported from encouraging exploration results from our 2008 drill programme. These results increase our confidence that deeper Edna May Gneiss targets provide an increasingly positive outlook for potential underground mining in the future."

"In anticipation of the funding, construction, and production phases ahead, Catalpa's management team was considerably strengthened during recent months, with the addition of Erik Palmbachs as Chief Financial Officer in October 2008, and Stuart Pether, who joined us this month as General Manager Operations."

"The project offers shareholders and investors a cash flow within twelve months combined with very attractive margins at today's gold prices. Furthermore Catalpa believes there is significant project upside from planned updates to the Reserve from the adjacent Greenfinch deposit where drilling is scheduled to commence this week, and a review of existing surface stockpiles during 2009."

"At today's gold price, the project has very attractive average cash operating margin of more than \$50M per annum, which will underpin Company growth over the near term."

ASX Code: CAH

#### Capital Structure

Total number of shares on issue:

518,168,935

Share Price Current:

\$0.041

12 month range:

\$0.075 (high) - \$0.020 (low)

#### 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%
Charlemange Investments	0.88%
ANZ Nominees Limited	0.69%
Calliton	0.56%
Colbern Fiduciary Nominees	0.56%



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“The Edna May Project will be constructed in a market of downward capital cost pressures, and will be operated in a market of contained cost pressures.

“Our Reserve is 64% Proved category and contains over 130,000 metres of drilling of which almost half is diamond core. The Ore Reserve is metallurgically simple and geologically massive.

“We have commenced detailed discussions with banks and hope to finalise the funding process and move the project into construction before the end of the current financial year. We do not anticipate the funding task to be easy; however with sound project economics, a margin protection strategy and an experienced management team we understand that funding is achievable in the current environment,” Mr McFadzean said.

“At today’s gold price and Catalpa’s current share price, we are a very sound investment.”

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For a full copy of the Quarterly Activities Report to December 2008, please follow the link:

[http://www.catalparesources.com.au/index.php/asx\\_announcements](http://www.catalparesources.com.au/index.php/asx_announcements)

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### ABOUT CATALPA RESOURCES

Perth-based **Catalpa Resources Limited** (ASX: CAH) aims to become Australia’s next mid tier producer by developing its open pit assets, located on its extensive and wholly-owned mining tenements in Western Australia.

Catalpa is on the cusp of a new phase of development towards production at its Edna May Gold Project, 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.

Notably, there have been three previous successful mining programs which have occurred both above and below the planned open pit at Edna May, which significantly reduces the risk of Catalpa’s project.

Catalpa has an experienced and innovative Board and management team that is committed to realising a timely production and cash flow profile from the development of the Edna May open pit resources.

In preparation for planned production at Edna May, the Company relocated its 2.8mtpa Big Bell mill to site in 2007. The mill is being maintained ‘ready for construction’ adjacent to the proposed plant construction site.

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Catalpa is pursuing parallel growth with a renewed exploration programme underway on its 880km<sup>2</sup> of under-explored Westonia Greenstone Belt, and is reviewing other regional opportunities for acquisition and/or joint venture. In particular, Catalpa seeks to identify and develop new projects and/or acquisitions on its extensive land holding or within the region, which is prospective for gold, nickel and base metals.

Catalpa has a sound Resource base at Edna May with significant upside to grow Resources and Reserves and move towards production. With a buoyant outlook for the gold price, the Company's Board believes that Catalpa Resources presents a sound investment opportunity with significant upside potential.

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

