



30 March 2010

The Manager  
Company Announcements Office  
ASX Limited

### **Letter to ineligible shareholders**

We enclose a copy of the letter mailed out to ineligible shareholders today in relation to the Renounceable Entitlement Offer announced on 16 March 2010.

Yours faithfully

A handwritten signature in black ink, appearing to read "Leonard Math", written in a cursive style.

**Leonard Math**  
Company Secretary  
Catalpa Resources Limited

### ***Not for release or distribution in the United States***

This announcement has been prepared for publication in Australia and may not be released or distributed in the United States. This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or any other jurisdiction. Any securities described in this announcement have not been, and will not be, registered under the US Securities Act of 1933 (as amended) and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration of the US Securities Act and applicable US state securities laws.



30 March 2010

Dear Shareholder

## Catalpa Resources Limited – Notification to Ineligible Shareholders

On 16 March 2010, Catalpa Resources Limited (**Catalpa** or the **Company**) announced that it will restructure the A\$10m mezzanine portion of the Company's A\$65m debt facility with Macquarie Bank Limited (**Restructure**). To facilitate the restructure and to accelerate Catalpa's growth the Company is undertaking a A\$10m institutional placement (**Placement**) and a A\$10m entitlement offer.

### 1 for 19 entitlement at A\$1.25 per share

The Company is offering Eligible Shareholders (defined below) the opportunity to participate in a fully underwritten 1 for 19 pro-rata renounceable entitlement offer of fully paid ordinary shares in Catalpa (**New Shares**) at a price of A\$1.25 per each New Share (**Entitlement Offer**) to raise approximately A\$10m. The Entitlement Offer is being made without a prospectus or product disclosure document in accordance with section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**) as modified by Australian Securities and Investment Commission Class Order [CO 08/35]. The Entitlement Offer is being fully underwritten by Investec Bank (Australia) Limited (**Investec**) and Austock Securities Limited (together, the **Joint Underwriters**).

In conjunction with the Entitlement Offer, Catalpa also announced the Placement. The Placement was offered at A\$1.32 per share and introduced a large North American and another new and large long term investor to Catalpa's register. The fully paid ordinary shares offered under the Placement were placed to investors exempt from disclosure under Chapter 6D of the Corporations Act utilising Catalpa's capacity under ASX Listing Rule 7.1. Investec is Lead Manager of the non-us portion of the Placement.

### Purpose and use of the funds raised

The purpose of the Placement and the Entitlement Offer is to raise funds to be used to:

- facilitate the Restructure;
- accelerate resource definition and exploration drilling at Catalpa's Edna May Gold Project; and
- provide a working capital buffer during commissioning of Edna May.

### ELIGIBILITY CRITERIA

The restrictions upon eligibility are because of legal limitations in some countries, the relatively small number of shareholders there, the small number of shares they hold and the potential cost of complying with regulatory requirements in those countries.

Catalpa has determined that pursuant to ASX Listing Rule 7.7.1(a), that it would be unreasonable to extend the Entitlement Offer to all shareholders in countries other than Australia and New Zealand and in the case of certain eligible shareholders, Germany, Hong Kong, Singapore, Switzerland and the United Kingdom, due to the legal limitations and potential cost of complying with regulatory requirements in those countries. As such, the Entitlement Offer is restricted to shareholders who are Eligible Shareholders (as defined below).

"Eligible Shareholders" are those persons who:

- are registered as a holder of Shares as at 7.00pm (Sydney time), Friday, 26 March 2010;
- have a registered address in Australia or New Zealand, or are shareholders in Germany, Hong Kong, Singapore, Switzerland or the United Kingdom and satisfy the eligibility criteria for their relevant jurisdiction;
- are not in the United States and are not acting for the account or benefit of a person in the United States; and
- are eligible under all applicable securities laws to receive an offer under the Entitlement Offer.

As you do not satisfy the criteria stated above, you are deemed to not be an Eligible Shareholder for the purposes of the Entitlement Offer (**Ineligible Shareholder**).

Accordingly, in compliance with ASX Listing Rule 7.7.1(b), Catalpa wishes to advise you that it will not be extending the Entitlement Offer to you and you will not be able to subscribe for New Shares under the Entitlement Offer. You will not be sent the offer materials relating to the Entitlement Offer.

However, you may still receive some benefit from the Entitlement Offer. The Company has appointed Austock Nominees Pty Ltd (**Austock Nominees**) as nominee to sell Ineligible Shareholder's entitlements to take up New Shares (**Entitlements**). Austock Nominees will only sell the Entitlements if there is a viable market in the Entitlements and a premium over the expenses of sale can be obtained.

Any such sale will be at a price and be conducted in a manner that Austock Nominees will determine in its sole and absolute discretion.

Any amount realised from the sale of Ineligible Shareholder's Entitlements by Austock Nominees will be distributed pro-rata to each Ineligible Shareholder (after deducting the costs of the sale and the distribution of the proceeds). To the maximum extent permitted by law, neither Catalpa nor Austock Nominees will be liable for any failure to sell Ineligible Shareholders' Entitlements at any particular price. If there is no viable market for Ineligible Shareholder's Entitlements, they will be allowed to lapse and the relevant New Shares will revert to the Joint Underwriters.

This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Yours sincerely



**Leonard Math**  
Company Secretary  
Catalpa Resources Limited

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Neither Catalpa nor any other person warrants or guarantees the future performance of the shares to be issued under the Rights Issue or any return on any investment made pursuant to the Rights Issue. This letter contains certain "forward-looking statements". Forward looking words such as, "expect", "should", "could", "may", "predict", "plan", "will", "believe", "forecast", "estimate", "target" and other similar expressions are intended to identify forward-looking statements within the meaning of securities laws of applicable jurisdictions. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Forward-looking statements, opinions and estimates provided in the information in this letter are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends, which are based on interpretations of current market conditions. Forward-looking statements including forecasts, projections, guidance on future earnings and estimates including resource and reserve estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. Such forward-looking statements only speak as to the date of this letter and Catalpa assumes no obligation to update such information. They are subject to known and unknown risks, uncertainties and assumptions, many of which are outside the control of Catalpa and the board of directors of Catalpa, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward-looking statements in this letter.

This letter is for information purposes only and is not financial product or investment advice or a recommendation to acquire Catalpa shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should read this letter and the Offer Documents in their entirety and consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal and taxation advice appropriate to their jurisdiction. Catalpa is not licensed to provide financial product advice in respect of Catalpa shares.

This letter includes information regarding the past performance of Catalpa. Investors should be aware that past performance should not be relied upon as being indicative of future performance.