

16 March 2010

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CATALPA TO RESTRUCTURE DEBT AND UNDERTAKE A\$20M EQUITY RAISING

HIGHLIGHTS

- **Restructure existing Macquarie Bank Limited (MBL) debt involving:**
 - converting A\$10 million Mezzanine Loan Facility (MLF) into the existing Project Loan Facility (PLF); and
 - MBL to forgo entitlement to 6.06 million Catalpa options with an exercise price of A\$0.825 associated with the MLF,
 - in exchange for the placement of 500,000 shares to MBL, (Restructure)
- **A\$20m Equity Raising comprising:**
 - A\$10 million institutional Placement at A\$1.32 per share to introduce a North American and another new and large long term investor to the register (Placement)
 - A fully underwritten 1 for 19 renounceable Entitlement Offer at A\$1.25 per share to raise A\$10 million (Entitlement Offer)

Catalpa Resources Limited (ASX:CAH) the fast growing Australian gold producer, today announced it will restructure the A\$10 million mezzanine portion of the Company's A\$65 million debt facility with MBL. To facilitate the Restructure and to accelerate Catalpa's growth the Company is undertaking the Placement and Entitlement Offer to raise A\$20 million before costs.

Use of funds

Net funds raised under the Placement and the Entitlement Offer will:

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

Catalpa's Managing Director, Bruce McFadzean said, "The Edna May Gold project remains within budget and ahead of schedule with commencement of 'ore commissioning' of the process plant in mid April 2010. The debt restructure demonstrates MBL's confidence in the project and the management team, it lowers the level of project risk, reduces interest costs and removes the need to issue a further 6.06 million highly dilutive options under the present A\$10 million MLF. We look forward to channelling some of the funds into accelerating our drilling programmes at the new Golden Point prospect and the Edna May underground opportunity to continue to grow our Resources and Reserves in line with our plans to increase production and mine life at Edna May."

ASX Code: CAH

Shares on issue:

144,688,541

Share Price Current:

\$1.49 (11 March 2009)

Board of Directors

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

Senior Management

Erik Palmbachs	CFO
Stuart Pether	GM Operations
Nick Winnall	Manager Exploration
Adrian Pelliccia	Manager Geology

Transaction Details

Debt Restructure

Under the debt restructure Catalpa will convert the A\$10 million MLF into the existing PLF. This will result in no change to Catalpa's total debt position and result in an ongoing interest saving of 2.5% per annum on the amount converted. MBL will also forgo an entitlement to the issue of 6.06 million Catalpa options (A\$0.825 exercise price) that were to be issued on drawdown under the MLF. In consideration for these changes, Catalpa has agreed to issue MBL with 500,000 Catalpa fully paid ordinary shares. Catalpa will not seek shareholder approval of the issue of 500,000 shares to MBL. These shares will be issued following the Entitlement Offer record date and MBL will therefore not be eligible to participate in the Entitlement Offer. A precondition of the Restructure is that Catalpa is required to raise at least A\$8 million of new equity.

Placement

To facilitate the Restructure and as part of the overall equity raising, Catalpa announces that it has agreed to place 7,575,758 fully paid ordinary shares at A\$1.32 per share to raise total proceeds of A\$10 million before costs. The placement price represents a discount of 11.4% to the closing price of Catalpa shares on 11 March 2010 and a 5.6% discount to the 20 day volume weighted average price (VWAP). The placees are exempt investors under section 708 of the Corporations Act relying on Catalpa's capacity under ASX Listing Rule 7.1. Catalpa will not seek shareholder approval of the Placement. This has introduced a large North American and another new and large long term investor to Catalpa's register. Settlement of the Placement shares will occur later this week.

Entitlement Offer

In recognition of the support from Catalpa's shareholder base, the Company is offering all eligible shareholders the opportunity to participate in the fully underwritten 1 for 19 pro rata renounceable Entitlement Offer. The Entitlement Offer price has been set at A\$1.25 (a 7 cent discount to the Placement price). The Entitlement Offer represents a discount of 16.1% to the closing price of Catalpa shares on 11 March 2010, a 10.6% discount to the 20 day VWAP and a 15.0% discount to the theoretical ex rights price (after also adjusting for the placement).

"We encourage all eligible shareholders to participate in the Entitlement Offer and increase their holding in Catalpa as we move forward to commence production from the Company's flagship project, the Edna May Gold Mine. With a forward hedge book of 352,317 oz @ A\$1,557.5/oz the Edna May project and a 30% share in Cracow Gold Mine Catalpa expects to produce strong operating cash flows," said Bruce McFadzean.

The Entitlement Offer will also provide eligible shareholders with the opportunity to elect to subscribe for shares in addition to their pro rata entitlement. Eligible shareholders include shareholders with registered addresses in Australia or New Zealand as of the record date. Further information is contained in the Entitlement Offer Booklet that will be sent to shareholders shortly.

Indicative Entitlement Offer Timetable*

Date (2010)	Event
Tuesday, 16 March	Debt restructure and equity raising announced to ASX
Monday, 22 March	Rights trading commences
7.00pm (Sydney time) Friday, 26 March	Record date for determining entitlements under the Entitlement Offer
Tuesday, 30 March	Entitlement Offer opens
Friday, 9 April	Rights trading ends
5pm Friday, 16 April	Entitlement Offer closes
Friday 23 April	Settlement and allotment of shares issued under the Entitlement Offer
Tuesday, 27 April	Trading of shares issued under the Entitlement Offer

* All dates are Australian Western Standard Time unless otherwise noted and, subject to the ASX Listing Rules, Catalpa and Investec Bank (Australia) Limited and Austock Securities Limited may vary the timetable.

Enclosed with this announcement is an Appendix 3B for the Entitlement Offer.

Pursuant to the debt restructure and equity raising, Catalpa will issue 16.1 million shares, representing approximately 11% of its current issued capital.

Investec Bank (Australia) Limited has acted as Lead Manager of the non-US portion of the Placement.

The Entitlement Offer is fully underwritten by Investec Bank (Australia) Limited and Austock Securities Limited.

ENDS

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.

Neither Catalpa nor any other person warrants or guarantees the future performance of the shares to be issued under the Entitlement Offer or any return on any investment made pursuant to the Entitlement Offer. This announcement 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 announcement 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 announcement 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 announcement. This announcement 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.

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