



**ACN 084 669 036**

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**NOTICE OF ANNUAL GENERAL MEETING**

**PROXY FORM**

**EXPLANATORY MEMORANDUM**

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**Date of Meeting**

Thursday, 27 November 2008

**Time of Meeting**

10.30am

**Place of Meeting**

Meeting Room 5  
Sheraton Perth Hotel  
207 Adelaide Terrace, Perth  
WA 6000

**CATALPA RESOURCES LIMITED**  
**ACN 084 669 036**

**NOTICE OF ANNUAL GENERAL MEETING**

**NOTICE IS HEREBY GIVEN THAT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF CATALPA RESOURCES LIMITED ACN 084 669 036 ("Catalpa/the Company") WILL BE HELD AT MEETING ROOM 5, SHERATON PERTH HOTEL, 207 ADELAIDE TERRACE, PERTH, WESTERN AUSTRALIA ON THURSDAY 27 NOVEMBER 2008, AT 10.30AM (WDST).**

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**AGENDA**

**BUSINESS**

An Explanatory Statement containing information in relation to each of the following Resolutions accompanies this Notice of Annual General Meeting.

**ORDINARY BUSINESS**

To receive and consider the annual financial report of the Company and the reports of the Directors and the Auditors for the financial year ended 30 June 2008.

To consider and if thought fit, to pass, with or without amendment, the following resolutions as **ordinary resolutions**:-

**1. Resolution 1 - Adoption of Remuneration Report**

"That the remuneration report forming part of the Company's 2008 Annual Report, which accompanied the notice convening this meeting, be adopted."

**2. Resolution 2 - Re-election of Mr John Rowe as a Director**

"That, Mr John Rowe, being a Director of the Company, retires by rotation in accordance with clause 13.2 of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a Director of the Company."

**3. Resolution 3 - Re-election of Mr Barry Sullivan as a Director**

"That, Mr Barry Sullivan, being a Director of the Company, who retires in accordance with clause 13.3 of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a Director of the Company."

**4. Resolution 4 - Re-election of Mr Nigel Johnson as a Director**

"That, Mr Nigel Johnson, being a Director of the Company, who retires in accordance with clause 13.3 of the Constitution of the Company and being eligible for re-election, be hereby re-elected as a Director of the Company."

**5. Resolution 5 - Employees and Contractors Share Option Plan**

"That, for the purposes of ASX Listing Rule 7.2 Exception 9 and all other purposes, the Company approves issues of securities under the "Catalpa Resources Limited Employees and Contractors Share Option Plan" ("Plan") on and subject to the terms and conditions as set out in the Plan, a summary of which forms Annexure A to the Explanatory Memorandum accompanying this Notice of Annual General Meeting."

**6. Resolution 6 - Approval of Directors' Fees**

"That, pursuant to clause 13.7 of the Constitution of the Company and for the purpose of ASX Listing Rule 10.17 and for all other purposes, Shareholders approve the Directors' fees up to a maximum of \$350,000 per annum to be divided amongst the Non-Executive Directors' in such proportions and in such manner as the Directors' may agree and in default of agreement, then in equal proportions"

**7. Resolution 7 - Approval for the Issue of Options to Mr Bruce McFadzean**

"That subject to the passing of Resolution 5, the issue of 10,000,000 Options to Mr Bruce McFadzean (or his nominee), and the issue of Shares following exercise of such Options to Mr Bruce McFadzean be approved for the purposes of ASX Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement"

**8. Resolution 8 - Approval for the Issue of Options to Mr John Rowe**

"That subject to the passing of Resolution 2 and 5, the issue of 2,000,000 Options to Mr John Rowe (or his nominee), and the issue of Shares following exercise of such Options to Mr John Rowe be approved for the purposes of ASX Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement".

**9. Resolution 9 - Approval for the Issue of Options to Mr Murray Pollock**

"That subject to the passing of Resolution 5, the issue of 1,000,000 Options to Mr Murray Pollock (or his nominee), and the issue of Shares following exercise of such Options to Mr Murray Pollock be approved for the purposes of ASX Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement".

**10. Resolution 10 - Approval for the Issue of Options to Mr Barry Sullivan**

"That subject to the passing of Resolution 3 and 5, the issue of 1,000,000 Options to Mr Barry Sullivan (or his nominee), and the issue of Shares following exercise of such Options to Mr Barry Sullivan be approved for the purposes of ASX Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement".

**11. Resolution 11 - Approval for the Issue of Options to Mr Nigel Johnson**

"That subject to the passing of Resolution 4 and 5, the issue of 1,000,000 Options to Mr Nigel Johnson (or his nominee), and the issue of Shares following exercise of such Options to Mr Nigel Johnson be approved for the purposes of ASX Listing Rule 10.14, and for all other purposes, on the terms set out in the Explanatory Statement".

**12. Resolution 12 - Change of Auditor**

"That PKF of Level 7, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000, having been nominated for appointment as Catalpa's auditor and having consented in writing to so act, be appointed as auditor of Catalpa with such appointment to take effect from the later of the passing of this resolution and the time at which the resignation of Ord Partners as auditor take effect."

**Voting Exclusion:**

For the purposes of Resolution 5 The Company will disregard any votes cast on this resolution by a Director of the Company (except for a director who is ineligible to participate in the Plan) and any associate of a Director of the Company (except for a Director who is ineligible to participate in the Plan) unless the vote is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form or is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

For the purposes of Resolutions 6 under Listing Rule 10.17, and section 224 of the Corporations Act, the Company will disregard any votes cast on these Resolutions by the particular Directors of the Company referred to in the resolution referring to him and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

For the purposes of Resolutions 7, 8, 9, 10 and 11 under Listing Rule 10.14, and section 224 of the Corporations Act, the Company will disregard any votes cast on these Resolutions by the particular Directors of the Company referred to in the resolution referring to him and any of their associates, unless it is cast by a person as proxy for a person who is entitled to vote (in accordance with the directions on the proxy form) or the person chairing the meeting as proxy for a person who is entitled to vote (in accordance with a direction on the proxy form to vote as the proxy decides).

BY ORDER OF THE BOARD

Dated 21 October 2008



**Leonard Math**  
Company Secretary

## **PROXY**

A member entitled to attend and to vote at the meeting is entitled to appoint a proxy to attend and to vote instead of the member. The proxy need not be a member of Catalpa. Proxy Forms must be lodged at the principal office of Catalpa at 9 Havelock Street, West Perth, Western Australia 6005, or the proxy may be sent by facsimile to the Company on facsimile number (08) 9321 8804 not later than 48 hours before the time of the meeting.

For the determination of voting entitlements, the Directors have determined that the numbers of shares registered in the names of each member 48 hours prior to the time of the meeting will be taken, for the purposes of the meeting, to be held by the person who held them at that time.

A Proxy Form accompanies this Notice of Meeting.

## **NOTES TO THE PROXY FORM**

Pursuant to the Company's Constitution and the Corporations Act 2001, any person registered in the Register of Shareholders as a holder of one or more shares 48 hours prior to the time of commencement of the Meeting is entitled to attend and vote at the Meeting.

Members are entitled to appoint up to two individuals to act as proxies to attend and vote on their behalf. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the member's voting rights.

The Proxy Form and the Power of Attorney (if any) or the instrument appointing the proxy and power of attorney (if any) under which it is signed (or an office copy or notarially certified copy thereof) must be deposited at the Registered Office of the Company at 9 Havelock Street, West Perth, WA 6005 at least 48 hours prior to the time of holding of the Meeting (and at any adjournment thereof), at which the individual named in the Proxy Form proposes to vote.

A proxy must be signed by the member or his/her attorney duly authorised in writing or, if the member is a corporation, under its common seal or under the hand of an authorised officer or attorney.

A person authorised (pursuant to the provisions of the Corporations Act 2001) by a corporation which is a member of the Company to act as its representative at the Meeting is entitled to exercise the same powers on behalf of the corporation as the corporation could exercise if it were an individual member of the Company.

A legible facsimile transmission copy of the instrument and the power of attorney or other authority is acceptable. The facsimile number to which a Proxy Form may be sent is (08) 9321 8804.

The proxy may, but need not be, a member of the Company.

## **Corporate Representation**

A company may only vote by proxy, power of attorney or by appointment of a corporate representative. The instrument appointing a proxy is not valid unless the original instrument and the power of attorney or other authority (if any) under which the instrument is signed (duly stamped where necessary) or a copy or facsimile which appears on its face to be an authentic copy of that proxy, or power of attorney is submitted to the Registered Office within the time set out herein. A company must sign a proxy under common seal in accordance with its Constitution or otherwise in accordance with the Corporations Act 2001 or under power of attorney which must be produced with the Proxy Form.

If the shares are registered in the name of more than one person, all such holders must sign the Proxy Form.

To be valid a Proxy Form and the Power of Attorney under which it is signed or proof thereof must be to the satisfaction of the Directors.

**CATALPA RESOURCES LIMITED**  
**ACN 084 669 036**

**EXPLANATORY STATEMENT**

This Explanatory Statement is for the information of members of CATALPA RESOURCES LIMITED ((Catalpa) in connection with Resolutions to be considered at the Annual General Meeting of Catalpa to be held on Thursday, 27 November 2008 at 10.30am (WDST). If members are in doubt as to how they should vote, they should seek advice from their professional advisors before voting.

**Ordinary Business**

**Annual Financial Report**

The Annual Report 2008 (including the financial statement, Directors' report and Auditor's report for the financial year ended 30 June 2008) has been sent to all members and will be tabled at the meeting. There is no formal resolution to accept the financial statements and reports, but provision will be made for members to question the Directors and the Auditor should they wish to do so.

**Resolution 1 – Adoption of Remuneration Report**

Section 250R of the Corporations Act requires a listed company to put to its members at each Annual General Meeting a resolution adopting the report on the remuneration of the Company's Directors, Executives and Senior Managers included in the Company's annual report. The above resolution is being proposed to comply with this requirement. The vote on this resolution is advisory only and does not bind the Company's Directors.

A reasonable opportunity will be provided for discussion of the remuneration report at the Annual General Meeting.

**Resolution 2 – To Re-elect Mr John Rowe as a Director**

The Constitution of the Company requires that one third of the Directors in office (other than a Managing Director) must retire by rotation at each Annual General Meeting of the Company.

Mr Rowe therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

The Board of Directors, with Mr Rowe abstaining, recommends that members vote to approve this Resolution.

**Resolution 3 – To Re-elect Mr Barry Sullivan as a Director**

The Constitution of the Company requires that any Director appointed since the last Annual General Meeting must retire at the next Annual General Meeting of the Company.

Mr Sullivan therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the Meeting.

The Board of Directors, with Mr Sullivan abstaining, recommends that members vote to approve this Resolution.

**Resolution 4 – To Re-elect Mr Nigel Johnson as a Director**

The Constitution of the Company requires that any Director appointed since the last Annual General Meeting must retire at the next Annual General Meeting of the Company.

Mr Johnson therefore retires at the forthcoming Annual General Meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the Meeting.

The Board of Directors, with Mr Johnson abstaining, recommends that members vote to approve this Resolution.

**Resolution 5 – Employees and Contractors Option Plan**

The Directors consider that the strength of any company lies in the skills and experience of its executives and employees. The Directors consider that an employee share option plan is the most appropriate mechanism to provide a long term incentive for executives and employees with the ultimate result of improved financial performance and a consequent higher share price for the benefit of all Shareholders.

On August 2002, the Shareholders resolved to adopt the Catalpa's Employees and Contractors Option Plan ("Plan"). The Directors have resolved to seek further approval for the issue of securities pursuant to the Plan. The terms and conditions of the Plan are summarised in Annexure A to this Explanatory Memorandum. Shareholder approval is sought for the purposes of Listing Rule 7.2 Exception 9(b).

The ASX Listing Rules no longer require that shareholder approval be obtained in relation to the implementation of an employee share plan. Nor is approval required by the Corporations Act. However, shareholder approval is required if any

issue of options pursuant to the Plan is to fall within the exception to the calculation of the 15% limit imposed by the Listing Rules on the number of securities which may be issued without shareholder approval. Accordingly, shareholder approval is sought pursuant to Listing Rule 7.2 Exception 9 for the issue of options under the Plan as an exception to Listing Rule 7.1.

Under Listing Rule 10.14 of the ASX, directors or other related parties of the Company may only participate in the plan where their participation is approved by resolution of the Company in general meeting.

In accordance with the requirements of Listing Rule 7.2 Exception 9(b), the following information is provided:

1. a summary of the material terms and conditions of the Catalpa's Employees and Contractors Share Option Plan is attached as Annexure A to this Explanatory Memorandum; and
2. a total of 2,010,000 options have been issued under the Existing Plan since Shareholders approval was last obtained on August 2002.

#### **Resolution 6 – Approval of Directors' Fees**

Clause 13.7 of the Company's Constitution and ASX Listing Rules 10.17 provides that the remuneration for Directors must not exceed the maximum sum determined by the Company in General Meeting, with individual apportionments of that sum remaining within the discretion of the Board of the Company.

The Company's Constitution requires Shareholder approval for the total amount of remuneration payable by the Company to Directors. If Resolution 6 is passed, the maximum aggregate amount payable by the Company to Non-Executive Directors will be increased from \$200,000 to \$350,000 per annum, which will be divided among the Directors in such proportions as decided upon by the Directors and in default of agreement then in equal proportions.

The proposed increase to the maximum annual directors fees aggregate does not mean that the company must pay the entire amount approved each year. However, the Board considers it essential to provide the Company with the ability to attract and retain appropriately qualified Directors and if required increase the number of directors.

#### **Resolution 7, 8, 9, 10 and 11 – Approval for the Issue of Options to Directors**

##### **(a) General Background**

Shareholders are being asked to approve Resolutions 7, 8, 9, 10 and 11 in connection with the issues of options to Mr Bruce McFadzean (or his nominee) ("BM"), Mr John Rowe (or his nominee) ("JR"), Mr Murray Pollock (or his nominee) ("MP"), Mr Barry Sullivan (or his nominee) ("BS") and Mr Nigel Johnson (or his nominee) ("NJ") as Directors of the Company. The table below shows the total number of options to be issued and the exercise price to each Director:

<b>Related Party</b>	<b>Options</b>	<b>Exercise Price</b>
Bruce McFadzean (Managing Director)	2,500,000	\$0.08
	2,500,000*	\$0.10
	2,500,000*	\$0.12
	2,500,000*	\$0.14
John Rowe (Chairman)	500,000	\$0.08
	500,000*	\$0.10
	500,000*	\$0.12
	500,000*	\$0.14
Murray Pollock (Non-Executive Director)	250,000	\$0.08
	250,000*	\$0.10
	250,000*	\$0.12
	250,000*	\$0.14
Barry Sullivan (Non-Executive Director)	250,000	\$0.08
	250,000*	\$0.10
	250,000*	\$0.12
	250,000*	\$0.14

Nigel Johnson (Non-Executive Director)	250,000	\$0.08
	250,000*	\$0.10
	250,000*	\$0.12
	250,000*	\$0.14

\* The exercise of the options is subject to Performance Hurdles. The Performance Hurdles details are disclosed in their respective Annexure.

BM, JR, MP, BS and NJ are related parties for the purposes of the Corporations Act. Resolutions 7, 8, 9, 10 and 11 are therefore required to be passed before the issues can proceed.

The Options subject to Performance Hurdles will be issued under the Catalpa's Employees and Contractors Option Plan. BM, JR, MP, BS and NJ are Directors of the Company and as such approval should be obtained under Listing Rule 10.14.

**(b) Approval of the Issue of Securities (Resolutions 7, 8, 9, 10 and 11)**

The Resolutions seek shareholder approval in order to comply with the requirements of ASX Listing Rule 10.14 and section 208 of the Corporations Act. If approval is given by shareholders under Listing Rule 10.14, separate shareholder approval is not required under Listing Rule 7.1.

Each of these requirements is addressed below.

**(c) ASX Listing Rule 10.14**

Under Resolutions 7, 8, 9, 10 and 11, the Company seeks approval from Shareholders for the issue of 10,000,000 options to BM, 2,000,000 options to JR and 1,000,000 options each to MP, BS and NJ who by virtue of their positions as Directors of the Company are therefore regarded as related parties of the Company.

Listing Rule 10.14 provides that a company must not issue equity securities (including options to acquire Shares) to a director of the company under an employee incentive scheme unless the issue has been approved by shareholders by ordinary resolution.

The Options will be granted for nil consideration. A total of 15,000,000 Options will be issued if Resolutions 7, 8, 9, 10 and 11 are approved. The Options will provide an incentive for BM, JR, MP, BS and NJ to enhance the future value of the Shares, for the benefit of all Shareholders. The Company will issue the Directors' Options under Resolution 7, 8, 9, 10 and 11 within one month after Shareholder approval.

The Company will raise a total of \$1,650,000 if all the Options are exercised and Shares are subscribed for during or before the expiry. These funds will be used to fund the evaluation, acquisition and exploration of additional projects and general working capital requirements. There is no guarantee that the Directors' Options will be exercised at any time.

The Directors' Options will be issued on the terms and conditions set out in Annexure B for BM, Annexure C for JR and Annexure D for MP, BS and NJ to this Explanatory Statement. The Company will not apply to ASX for Official Quotation of the Options.

**(d) Section 208 Corporations Act**

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The issue of the Directors' Options contemplated by Resolutions 7, 8, 9, 10 and 11 constitutes the provision of a financial benefit to related parties. Section 229 of the Corporations Act includes as an example of a financial benefit, the issuing of securities or the granting of an option to a related party.

A "related party" is widely defined under the Corporations Act, and includes Directors of the Company. BM, JR, MP, BS and NJ are related parties of the Company for the purposes of section 229 of the Corporations Act.

A "financial benefit" is construed widely and in determining whether a financial benefit is being given, section 229 of the Corporations Act requires that any consideration that is given is disregarded, even if the consideration is adequate. It is necessary to look at the economic and commercial substance and the effect of the transaction in determining the financial benefit.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a related party of the Company unless either:

1. the giving of the financial benefit falls within one of the exceptions to the provision;  
or
2. prior shareholder approval is obtained to the giving of the financial benefit.

**(e) Information Requirements**

For the purposes of Chapter 2E, BM, JR, MP, BS and NJ are each related parties of the Company.

For the purposes of section 219 of the Corporations Act the following information is provided to shareholders to enable them to assess the merits of the resolutions.

**(f) The Related Party to Whom the Proposed Resolutions Would Permit the Benefit to be Given**

Mr Bruce McFadzean (“BM”), Mr John Rowe (“JR”), Mr Murray Pollock (“MP”), Mr Barry Sullivan (“BS”) and Mr Nigel Johnson (“NJ”) (“Related Parties”).

**(g) The Nature of the Financial Benefit**

The proposed financial benefit to be given is the issue of 15,000,000 Options to the Related Parties as specified in the table below. Options will be issued on the terms set out in Annexure B, C and D respectively to this Explanatory Statement.

The Company currently has on issue 345,377,313 Shares, 38,375,250 listed Options and 300,000 unlisted Options. On the assumption that all of the existing options (unless otherwise specified) are not exercised, the Relevant Interests of the Related Parties is set out in the table below. Using the same assumption and further assuming:

- a) the Related Parties exercise their existing options;
- b) the Related Parties exercise the options to be issued under Resolutions 7, 8, 9, 10 and 11; and
- c) no more Shares or options are issued exercised by the Company,

(“Assumptions”), the Relevant Interests of the Related Parties in Shares before and after the transactions described in this Notice of Meeting is set out in the Relevant Interests Table below:

RELEVANT PARTY WITH RELEVANT INTERESTS	NUMBER OF SHARES HELD AS AT THE DATE OF NOTICE OF MEETING	SHARES HELD AS AT THE DATE OF NOTICE OF MEETING %	NUMBER OF OPTIONS HELD AS AT THE DATE OF NOTICE OF MEETING	OPTIONS HELD AS AT THE DATE OF NOTICE OF MEETING %	NUMBER OF OPTIONS TO BE ISSUED	OPTIONS TO BE ISSUED %	NUMBER OF SHARES ON ISSUE (BASED ON ASSUMPTIONS)	SHARES ON ISSUE (BASED ON ASSUMPTIONS) %
<b>BRUCE MCFADZEAN</b>	<b>345,000</b>	<b>0.10</b>	-	-	<b>10,000,000</b>	<b>66.66</b>	<b>10,345,000</b>	<b>2.86</b>
<b>JOHN ROWE</b>	-	-	-	-	<b>2,000,000</b>	<b>13.33</b>	<b>2,000,000</b>	<b>0.55</b>
<b>MURRAY POLLOCK</b>	<b>15,725,802</b>	<b>4.55</b>	<b>935,748</b>	<b>2.44</b>	<b>1,000,000</b>	<b>6.67</b>	<b>17,661,550</b>	<b>4.89</b>
<b>BARRY SULLIVAN</b>	-	-	-	-	<b>1,000,000</b>	<b>6.67</b>	<b>1,000,000</b>	<b>0.28</b>
<b>NIGEL JOHNSON</b>	-	-	-	-	<b>1,000,000</b>	<b>6.67</b>	<b>1,000,000</b>	<b>0.28</b>

If the Options to be issued under Resolutions 7, 8, 9, 10 and 11 are exercised (but assuming that existing options held by the Related Parties are not exercised), the Company’s issued share capital will increase by 15,000,000 Shares representing 4.16% of the issued share capital of the Company on a fully diluted basis, diluting the shareholders by a corresponding amount.

**(h) Directors’ Recommendations**

Mr John Rowe, Mr Murray Pollock, Mr Chris Melloy, Mr Barry Sullivan and Mr Nigel Johnson do not have a material personal interest in Resolution 7 and recommend that the non-associated Shareholders vote in favour of this Resolution 7 because they believe that the issue of the Options to Mr McFadzean is in the best interests of the Company as it will provide an incentive to increase the value of Shares, for the benefit of all Shareholders.

Mr McFadzean declines to make a recommendation to Shareholders in relation to Resolution 7 because he has a material personal interest in the outcome of Resolution 7.

Mr McFadzean, Mr Murray Pollock, Mr Chris Melloy, Mr Barry Sullivan and Mr Nigel Johnson do not have a material personal interest in Resolution 8 and recommend that the non-associated Shareholders vote in favour of Resolution 8 because they believe that the issue of the Options to Mr Rowe is in the best interests of the Company as it will provide an incentive to increase the value of Shares, for the benefit of all Shareholders.

Mr Rowe declines to make a recommendation to Shareholders in relation to Resolution 8 because he has a material personal interest in the outcome of this Resolution.

Mr John Rowe, Mr Bruce McFadzean, Mr Chris Melloy, Mr Barry Sullivan and Mr Nigel Johnson do not have a material personal interest in Resolution 9 and recommend that the non-associated Shareholders vote in favour of this Resolution 9 because they believe that the issue of the Options to Mr Pollock is in the best interests of the Company as it will provide an incentive to increase the value of Shares, for the benefit of all Shareholders.

Mr Pollock declines to make a recommendation to Shareholders in relation to Resolution 9 because he has a material personal interest in the outcome of Resolution 9.

Mr John Rowe, Mr Bruce McFadzean, Mr Murray Pollock, Mr Chris Melloy, and Mr Nigel Johnson do not have a material personal interest in Resolution 10 and recommend that the non-associated Shareholders vote in favour of this Resolution 10 because they believe that the issue of the Options to Mr Sullivan is in the best interests of the Company as it will provide an incentive to increase the value of Shares, for the benefit of all Shareholders.

Mr Sullivan declines to make a recommendation to Shareholders in relation to Resolution 10 because he has a material personal interest in the outcome of Resolution 10.

Mr John Rowe, Mr Bruce McFadzean, Mr Murray Pollock, Mr Chris Melloy, and Mr Barry Sullivan do not have a material personal interest in Resolution 11 and recommend that the non-associated Shareholders vote in favour of this Resolution 11 because they believe that the issue of the Options to Mr Johnson is in the best interests of the Company as it will provide an incentive to increase the value of Shares, for the benefit of all Shareholders.

Mr Johnson declines to make a recommendation to Shareholders in relation to Resolution 11 because he has a material personal interest in the outcome of Resolution 11.

**(i) Other Information that is Reasonably Required by Members to Make a Decision and that is Known to the Company or any of its Directors**

It is a requirement of ASIC that a dollar value be placed on the Options to be issued to the Related Parties.

The Black-Scholes option price calculation method is regarded as acceptable by ASIC as a valuation model where the Options cannot be readily valued by some other means.

In determining the dollar value for the Options, the Company is required to disclose the following assumptions made:

- a) the Options are to be exercisable at \$0.08, \$0.10, \$0.12 and \$0.14 cents each respectively;
- b) the Options expiring on the fifth year from date of issue respectively;
- c) price volatility of the Shares is approximately 100%;
- d) no discount has been allowed notwithstanding their unlisted status;
- e) the Share price at issue will be 5.0 cents per Share; and
- f) the average current risk free interest rate is 7.25%.

On this basis, the implied "value" being received by each Related Party is 1.58 cents per Option. The implied "value" being received by each Related Party for the Options is as follows:

Related Party	Value
Bruce McFadzean	\$340,250
John Rowe	\$68,050
Murray Pollock	\$34,025
Barry Sullivan	\$34,025
Nigel Johnson	\$34,025

If the Options the subject of resolutions 7, 8, 9, 10 and 11 are all exercised, the Company will receive \$1,650,000.

The Related Parties who are Directors make the following additional disclosure.

The relevant Directors' base salaries per annum (including superannuation), and the total financial benefit to be received by them from 1 July 2008 to 30 June 2009, when added to the implied "value" to be received by each of the following directors as a result of the issue of options the subject of resolutions 7, 8, 9, 10 and 11 are as follows:

Director	Description	(\$ p.a.	Value of Options to be Issued (\$)	Total Financial Benefit (\$)
Bruce McFadzean	Managing Director	403,300	340,250	743,550
John Rowe	Chairman	87,200	68,050	155,250
Murray Pollock	Non-Executive Director	43,600	34,025	77,625
Barry Sullivan	Non-Executive Director	43,600	34,025	77,625
Nigel Johnson	Non-Executive Director	43,600	34,025	77,625

The following table summarises the restrictions that will apply to the options to be issued.

Director	Vesting Immediately	Subject to performance hurdle	Total
Bruce McFadzean	2,500,000	7,500,000	10,000,000
John Rowe	500,000	1,500,000	2,000,000
Murray Pollock	250,000	750,000	1,000,000
Barry Sullivan	250,000	750,000	1,000,000
Nigel Johnson	250,000	750,000	1,000,000
TOTAL	3,750,000	11,250,000	15,000,000

#### (j) Trading History

Since 1 July 2008, the Shares have traded between 4.0 cents per Share (lowest) and 7.6 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 5.0 cents per Share.

There is a potential benefit that accrues to each of BM, JR, MP, BS and NJ if the market trading price of the Shares issued following exercise of the Options exceeds the exercise price. This benefit would accrue on the sale of the Shares for an amount in excess of the exercise price.

#### **Resolution 12 – Change of Auditor**

Ord Partners, the Company's existing auditors, have resigned their appointment as auditors of the Company effective from the date this Annual General Meeting. Pursuant to section 329(5) of the Corporations Act, Ord Partners has applied for the Australian Securities and Investment Commission's consent to resign as auditor with effect from the date of the Annual General Meeting.

The Company wishes to appoint new auditors for corporate governance reasons given the amount of time that Ord Partners have acted as the Company's auditors. The Board has identified PKF as its new auditors. PKF has consented to act as auditors to the Company if this Resolution 12 is passed. Pursuant to section 328(1) of the Corporations Act, a Shareholder, Mr Murray Pollock, has nominated PKF as auditor of the Company. A copy of this letter is set out in Annexure "E" to this Explanatory Memorandum.

The change in auditor will be subject to the Australian Securities and Investment Commission granting its consent for Ord Partners to resign as the auditors of the Company, which the Company expects to receive prior to the Annual General Meeting.

## ANNEXURE A

### EMPLOYEES AND CONTRACTORS OPTION PLAN

#### Terms of options issued under the Employees and Contractors Option Plan

The options are issued under the terms of the Catalpa Resources Limited Employees and Contractors Option Plan ("**Plan**"). The full terms of the options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. Each option entitles the holder, on exercise, to one fully paid ordinary share in the Company ("**Share**").
2. The exercise price and expiry date for the options will be as determined by the Board (in its discretion) on or before the date of issue.
3. Shares issued on exercise of options will rank equally with other fully paid ordinary Shares of the Company.
4. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may in its absolute discretion impose other conditions on the exercise of an option.
5. An option will lapse upon the first to occur of its expiry date; the holder acting fraudulently or dishonestly in relation to the Company; or the employee ceasing to be employed by the Company.
6. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board may declare an option to be free of any conditions of exercise. Options which are so declared may be exercised at any time on or before they lapse.
7. Options may not be transferred other than to a related party of the holder. Quotation of options on ASX will not be sought. However, the Company will apply to ASX for official quotation of Shares issued on the exercise of options.
8. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 6 ASX Business Days after the issue is announced.
9. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves ("**Bonus Issue**"), each optionholder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue ("**Bonus Shares**") to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
10. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

## ANNEXURE B

### MANAGING DIRECTOR'S OPTIONS

#### Terms and Conditions of Options

The last three tranches of the options are issued under the terms of the Catalpa Resources Limited Employees and Contractors Option Plan ("Plan"). The full terms of the options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The Options shall be issued for nil consideration.
2. The Options shall expire 5 years from the date of issue ("Expiry Date").
3. Each Option shall confer the right to subscribe for one fully paid ordinary share, ranking pari passu with the fully paid ordinary Shares of the Company on issue at the date of allotment of such Shares.
4. The exercise price for each Option shall be 8, 10, 12 and 14 cents respectively.
5. The exercise of the options shall be subject to Performance Hurdles in accordance with clause 11.1(b) of the Plan as follows:

Options	Performance Hurdle	Exercise Price
2,500,000	Exercisable immediately following their date of issue	\$0.08
2,500,000	Exercisable upon completion of an update of the feasibility study for the Company's Edna May open pit project	\$0.10
2,500,000	Exercisable upon the completion of financing (both debt and equity) for the Edna May open pit project	\$0.12
2,500,000	Exercisable upon successful commissioning of the Company's Edna May open pit project and the key operating parameters have been achieved	\$0.14

6. The Options will not be listed for Official Quotation on ASX Limited and are not transferrable other than to a related party of the holder.
7. A certificate will be issued for the Options ("Option Certificate"). On the reverse side of the Option Certificate there will be endorsed a statement of the rights of the optionholder and a notice that is to be completed when exercising the Options ("Exercise Notice"). If there is more than one Option comprised in this certificate and prior to the Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
8. The Options shall be exercisable by completing and lodging the Exercise Notice set out in the Option Certificate at any time on or before the Expiry Date.
9. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may in its absolute discretion impose other conditions on the exercise of an option.
10. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board will exercise their discretion under clause 26 of the Plan and vary the terms of grant of the options to remove any Performance Hurdles that remain at the time of the takeover offer being made.
11. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 7 ASX Business Days after the issue is announced.

12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (“**Bonus Issue**”), each optionholder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue (“**Bonus Shares**”) to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

## ANNEXURE C

### CHAIRMAN'S OPTIONS

#### Terms and Conditions of Options

The last three tranches of the options are issued under the terms of the Catalpa Resources Limited Employees and Contractors Option Plan ("Plan"). The full terms of the options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The Options shall be issued for nil consideration.
2. The Options shall expire 5 years from the date of issue ("Expiry Date").
3. Each Option shall confer the right to subscribe for one fully paid ordinary share, ranking pari passu with the fully paid ordinary Shares of the Company on issue at the date of allotment of such Shares.
4. The exercise price for each Option shall be 8, 10, 12 and 14 cents respectively.
5. The exercise of the options shall be subject to Performance Hurdles in accordance with clause 11.1(b) of the Plan as follows:

Options	Performance Hurdle	Exercise Price
500,000	Exercisable immediately following their date of issue	\$0.08
500,000	Exercisable upon achievement of a balanced board composition	\$0.10
500,000	Exercisable upon the completion of financing (both debt and equity) for the Edna May open pit project	\$0.12
500,000	Exercisable upon successful commissioning of the Company's Edna May open pit project and the key operating parameters have been achieved	\$0.14

6. The Options will not be listed for Official Quotation on ASX Limited and are not transferrable other than to a related party of the holder.
7. A certificate will be issued for the Options ("Option Certificate"). On the reverse side of the Option Certificate there will be endorsed a statement of the rights of the optionholder and a notice that is to be completed when exercising the Options ("Exercise Notice"). If there is more than one Option comprised in this certificate and prior to the Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
8. The Options shall be exercisable by completing and lodging the Exercise Notice set out in the Option Certificate at any time on or before the Expiry Date.
9. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may in its absolute discretion impose other conditions on the exercise of an option.
10. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board will exercise their discretion under clause 26 of the Plan and vary the terms of grant of the options to remove any Performance Hurdles that remain at the time of the takeover offer being made.
11. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 7 ASX Business Days after the issue is announced.

12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (“**Bonus Issue**”), each optionholder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue (“**Bonus Shares**”) to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

## ANNEXURE D

### NON-EXECUTIVE DIRECTORS' OPTIONS

#### Terms and Conditions of Options

The last three tranches of the options are issued under the terms of the Catalpa Resources Limited Employees and Contractors Option Plan ("Plan"). The full terms of the options are set out in the Plan a copy of which may be obtained from the Company. The following is a summary of those terms. In the event of any inconsistency between the terms of the Plan and the summary set out below, the terms of the Plan will prevail.

1. The Options shall be issued for nil consideration.
2. The Options shall expire 5 years from the date of issue ("Expiry Date").
3. Each Option shall confer the right to subscribe for one fully paid ordinary share, ranking pari passu with the fully paid ordinary Shares of the Company on issue at the date of allotment of such Shares.
4. The exercise price for each Option shall be 8, 10, 12 and 14 cents respectively.
5. The exercise of the options shall be subject to Performance Hurdles in accordance with clause 11.1(b) of the Plan as follows:

Options	Performance Hurdle	Exercise Price
250,000	Exercisable immediately following their date of issue	\$0.08
250,000	Exercisable upon completion of an update of the feasibility study for the Company's Edna May open pit project	\$0.10
250,000	Exercisable upon the completion of financing (both debt and equity) for the Edna May open pit project	\$0.12
250,000	Exercisable upon successful commissioning of the Company's Edna May open pit project and the key operating parameters have been achieved	\$0.14

6. The Options will not be listed for Official Quotation on ASX Limited and are not transferrable other than to a related party of the holder.
7. A certificate will be issued for the Options ("Option Certificate"). On the reverse side of the Option Certificate there will be endorsed a statement of the rights of the optionholder and a notice that is to be completed when exercising the Options ("Exercise Notice"). If there is more than one Option comprised in this certificate and prior to the Expiry Date those Options are exercised in part, the Company will issue another certificate for the balance of the Options held and not yet exercised.
8. The Options shall be exercisable by completing and lodging the Exercise Notice set out in the Option Certificate at any time on or before the Expiry Date.
9. An option may only be exercised after that option has vested, after any conditions associated with the exercise of the option are satisfied and before its expiry date. The Board may determine the vesting period (if any). On the grant of an option the Board may in its absolute discretion impose other conditions on the exercise of an option.
10. If the Company enters into a scheme of arrangement, a takeover bid is made for the Company's Shares, or a party acquires a sufficient interest in the Company to enable them to replace the Board (or the Board forms the view that one of those events is likely to occur) then the Board will exercise their discretion under clause 26 of the Plan and vary the terms of grant of the options to remove any Performance Hurdles that remain at the time of the takeover offer being made.
11. There are no participating rights or entitlements inherent in the options and holders will not be entitled to participate in new issues of capital offered to Shareholders during the currency of the options. However, the Company will ensure that the record date for determining entitlements to any such issue will be at least 7 ASX Business Days after the issue is announced.

12. If the Company makes an issue of Shares to Shareholders by way of capitalisation of profits or reserves (“**Bonus Issue**”), each optionholder holding any options which have not expired at the time of the record date for determining entitlements to the Bonus Issue shall be entitled to have issued to him upon exercise of any of those options the number of Shares which would have been issued under the Bonus Issue (“**Bonus Shares**”) to a person registered as holding the same number of Shares as that number of Shares to which the optionholder may subscribe pursuant to the exercise of those options immediately before the record date determining entitlements under the Bonus Issue (in addition to the Shares which he or she is otherwise entitled to have issued to him or her upon such exercise).
13. In the event of any reconstruction (including a consolidation, subdivision, reduction or return) of the issued capital of the Company prior to the expiry of any options, the number of options to which each optionholder is entitled or the exercise price of his or her options or both or any other terms will be reconstructed in a manner determined by the Board which complies with the provisions of the ASX Listing Rules.

## ANNEXURE E

20 October 2008

**By post**

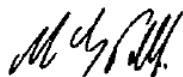
Catalpa Resources Limited  
Level 1, 9 Havelock Street,  
West Perth WA 6005

**Attention: Graham Anderson**

Dear Sirs

**NOMINATION OF AUDITOR**

For the purposes of Section 328(1) of the Corporations Act (2001), I, Murray Pollock, hereby nominate PKF of Level 7, BGC Centre, 28 The Esplanade, Perth, Western Australia 6000 for appointment as auditor of the Company at the Annual General meeting of the Company convened for 10:30am at the Meeting Room 5, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth, WA, 6000 at 10:30am (WDST) on Thursday, 27 November 2008.



Murray Pollock

**CATALPA RESOURCES LIMITED  
ACN 084 669 036**

Level 1, 9 Havelock Street, West Perth WA 6005  
(PO Box 1300, West Perth WA 6872)  
Facsimile: +(08) 9321 8804

**PROXY FORM**

**Shareholder Details**

Name: .....

Address: .....

Contact Telephone No: .....

Contact Email Address: .....

Contact Name (if different from above): .....

**Appointment of Proxy**

I/We being a shareholder/s of Catalpa Resources Limited and entitled to attend and vote hereby appoint

The Chairman  
of the meeting

**OR**

Write here the name of the person you are appointing if this person is someone other than the Chairman of the Meeting.

(mark with an 'X')

or failing the person named, or if no person is named, the Chairman of the Meeting, as my/our proxy to attend and act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the proxy sees fit) at the Annual General Meeting of Catalpa Resources Limited to be held at Meeting Room 5, Sheraton Perth Hotel, 207 Adelaide Terrace, Perth WA, 6000 on 27 November 2008 at 10:30am WDST and at any adjournment of that meeting.

**IMPORTANT**

If the Chairman of the General Meeting is your nominated proxy, or may be appointed by default, and you have not directed your proxy how to vote, please place a mark in this box with an 'X'. By marking this box you acknowledge that the Chairman of the General Meeting may exercise your proxy even if he has an interest in the outcome of the resolutions and that votes cast by him, other than as a proxy holder, would be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chairman of the General Meeting will not cast your votes on the resolutions and your votes will not be counted in computing the required majority if a poll is called. The Chairman of the General Meeting intends to vote undirected proxies in favour of each resolution.




**Voting directions to your proxy – please mark  to indicate your directions**

**Special Business**

		For	Against	Abstain*
Resolution 1	Adoption of Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Re-election of Mr John Rowe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Re-election of Mr Barry Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Re-election of Mr Nigel Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Employees and Contractors Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval of Directors' Fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7	Issue of Options to Mr Bruce McFadzean	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 8	Issue of Options to Mr John Rowe	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 9	Issue of Options to Mr Murray Pollock	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 10	Issue of Options to Mr Barry Sullivan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 11	Issue of Options to Mr Nigel Johnson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 12	Change of Auditor	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>OR</b>	If you do NOT wish to direct your Proxy how to vote			<input type="checkbox"/>

\*If you mark the Abstain box for a particular Resolution, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

\*Appointment of a second proxy (see instructions attached).

\*If you wish to appoint a second proxy, state the % of your voting rights applicable to the proxy appointed by this form

%
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**PLEASE SIGN HERE** This section must be signed in accordance with the instructions attached to enable your directions to be implemented

Individual or Shareholder 1

--

Sole Director and  
Sole Company Secretary

Shareholder 2

--

Director

Shareholder 3

--

Director/Company Secretary