Media Release / ASX Announcement

12 October 2009

CATALPA RESOURCES

CATALPA – LION SELECTION MERGER UPDATE: COURT TIMETABLE SET

Catalpa Resources (ASX:CAH) the Perth-based gold developer, advises that the Supreme Court of Victoria has made an order convening a meeting of Lion Selection Limited (ASX:LST) shareholders to consider the merger of Lion Selection with Catalpa. Lion Selection has also today released its Scheme Booklet which includes an Independent Expert Report by Grant Samuel recommending that the merger is in the best interest of Lion Selection shareholders.

Catalpa will also convene a shareholder meeting on 17 November 2009 at which shareholders will be asked to approve the merger and the consolidation of Catalpa shares based on an 11 for 1 ratio. The Notice of Meeting and accompanying Explanatory Memorandum will be dispatched to Catalpa shareholders shortly.

The merger will amalgamate Lion Selection's two gold assets, namely 30% of the Cracow Gold Mine (Newcrest) and a 47% holding in Catalpa, with Catalpa which owns the 100 000+ ozpa Edna May Gold Operation.

Bruce McFadzean, Catalpa Resources' Managing Director confirmed the news is positive for both Catalpa and Lion Selection, as it progresses their planned merger to unlock value for both parties' shareholders.

"The broader market has responded extremely positively to news of the merger. Since announcing the Merger Implementation Agreement, shares in LST have risen by more than 80% and Catalpa by almost 90%," Mr McFadzean said.

"The implied market support for the merger is very encouraging and reflects the opinion of both Catalpa's and Lion Selection's directors, who have indicated their unanimous intention of voting their respective shares in favour of the merger, in the absence of a superior competing proposal."

Catalpa and Lion Selection have amended the End Date of the Merger Implementation Agreement from 30 November 2009 to 18 December 2009.

The timetable for the restructure is:

▪ Scheme Booklet dispatched to LST shareholders	16 October 2009
▪ LST General and Scheme Meetings	17 November 2009
▪ CAH General Meeting	17 November 2009
▪ Anticipated Second Court Hearing date (Subject to LST shareholder approval of the merger)	27 November 2009
▪ Completion of demerger of LSG, payment of cash distribution and the merger with Catalpa	Early December 2009

ENDS

ASX Code: **CAH**

Total number of shares on issue:
1,171,785,846

Share Price Current:
$0.165 (9 October 2009)

12 month range:
$0.17 *(high)* - $0.021 *(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

Senior Management

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

Major Shareholders

Auselect Limited	46.86%
HSBC Custody Nominees	6.65%
National Nominees Limited	3.36%
ANZ Nominees Limited	3.19%
Reneagle Pl	1.62%
Goldrich Holdings Pty Ltd	1.37%
Nefco Nominees Pty	1.14%
Bennett Robert W + D G	0.92%
Springtide Capital	0.85%
Prospect Cust Ltd	0.78%

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ABOUT CATALPA RESOURCES

Perth-based **Catalpa Resources Limited** (ASX: CAH) is on the cusp of a new phase of development, following the successful raising of more than $106 million in debt and equity to advance its A$92 million Edna May (open-pit gold) Operations to production by July 2010.

As part of the Edna May finance facility, Catalpa has sold forward 352,316 ounces of gold at an exceptional price of A$1,557 per ounce.

Catalpa plans to utilise Edna May's solid annual cash operating margins to fund its growth and become Australia's next mid tier gold producer.

In keeping with this strategy, Catalpa and its largest shareholder, Lion Selection Limited (ASX:LST), signed a Merger Implementation Agreement in June 2009 to bring together Lion Selection's 47% shareholding in Catalpa's 100% owned and operated 100 000+ oz pa Edna May Operations in Western Australia and Lion Selection's 30% stake in the Newcrest managed, 100 000 oz pa Cracow Gold Operations in Queensland, under Catalpa's experienced management team. As part of the merger, Catalpa will also acquire a pre-emptive right over Newcrest's 70% stake in Cracow.

Following implementation of the merger, expected in the December quarter 2009, Catalpa will be a cashflow positive gold producer from its 30% stake in Cracow. From mid 2010 when production commences at the Edna May Operations Catalpa will produce more than 130 000 oz pa.

Catalpa has an experienced Board and management team that is committed to realising a timely production and cash flow profile at the Edna May Operations. With a buoyant outlook on the gold price, the Board believes that Catalpa Resources presents a sound investment opportunity with significant upside potential.

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

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