CATALPA RESOURCES

ASX Codes

Shares: CAH

Options: CAHOB

Shares on issue:

178,014,015

Share Price Current:

A$1.69 (16 May 2011)

12 month range:

A$2.27 (high) - A$1.36 (low)

Market Capitalisation:

A$301 million

Board of Directors

Mr Peter Maloney	Non-executive Chairman
Mr Bruce McFadzean	Managing Director and CEO
Mr John Rowe	Non-executive Director
Mr Barry Sullivan	Non-executive Director
Mr Graham Freestone	Non-executive Director
Mr Murray Pollock	Non-executive Director

Senior Management

Mr Erik Palmbachs	Chief Financial Officer and Company Secretary
Mr Stuart Pether	Chief Operating Officer
Mr Nick Winnall	Manager Exploration
Mr Adrian Pelliccia	Manager Business Development
Mr John Winterbottom	Manager Geology
Ms Raelene Wyatt	Manager HR
Mr John Fraser	General Manager - Edna May

Media Release / ASX Announcement

17 May 2011

SIGNIFICANT UPGRADE OF INFERRED RESOURCES AT EDNA MAY UNDERGROUND

HIGHLIGHTS

- Potential of Edna May Underground continues to firm; Catalpa progresses Resource upgrade to support a possible underground operation
- Revised Underground Indicated and Inferred JORC compliant Mineral Resource of 166,000 ounces
- Successful upgrade of 60% Inferred Resources to Indicated as targeted
- Underground Mineral Resource estimated to a relatively shallow depth of 550 metres below surface; strong potential for further growth at depth and along strike
- Fully funded drilling programmes ongoing in 2011 targeting expansion and definition of Resources
- Underground mining studies underway targeting the supply of high grade feed to the Edna May process plant in 2012
- Two main domains of mineralisation identified by drilling:
    - high grade quartz reef mineralisation – 200,000 tonnes at 9.4g/t for 67,000 gold ounces; and
    - halo mineralisation – 500,000 at 6.5g/t for 99,000 gold ounces
- New reefs defined with potential for further growth
- New targets generated from re-interpretation of Edna May reef system for immediate follow-up

CATALPA RESOURCES

Catalpa Resources Limited (ASX:CAH), the emerging mid-tier Australian gold producer, is pleased to present an update of the underground Mineral Resource at its 100%-owned Edna May Gold Operations. The revised underground Mineral Resource comprises a total Indicated and Inferred Resource of 700,000 tonnes for 7.4g/t for a total of 166,000 contained ounces of gold.

This result is in line with expectations and highlights the success of 2010/2011 drilling campaigns in upgrading a high proportion of Inferred Resources to Indicated. It compares to an Inferred only Mineral Resource category for the Edna May Underground in the November 2010 estimate.

Significantly, the underground Mineral Resource has only been defined to 550 metres below surface. Infill drilling to date has strategically prioritised the upgrade of Inferred Resources close to the existing decline, beneath the open pit operation (Figure 1). The Mineral Resource remains open at depth and along strike.
Accelerated drilling programmes targeting priority areas for further Resource upgrade and Resource expansion continue with latest drilling aimed at testing possible depth extensions to mineralisation. To date, this has resulted in the definition of additional reefs in the hanging wall of the Edna May Gneiss and successfully defined strong grade continuity both laterally and at depth.

Importantly, new drill targets for immediate follow-up have been identified within the Edna May reef system following improved geological and structural understanding derived from 2010/2011 diamond drilling and pit mapping. Targets include possible reefs to the east and west of defined mineralisation and to the south of the pegmatite dyke. The area adjacent to the Edna May Gneiss footwall is also targeted to determine whether a mineralised southern 'limb' structure is present adjacent to the arcuate reefs (Figure 2).

Underground mining studies at Edna May are being progressed, in alignment with Catalpa's 5 year growth strategy to increase Edna May production by concurrent mining of high grade underground ore with existing open pit operations.

Bruce McFadzean, Managing Director and CEO of Catalpa Resources Limited commented:

"*The potential for an underground development at the multi-million ounce Edna May gold system continues to firm as one of the key elements of our organic growth strategy. The high level of conversion from Inferred to Indicated Resources is an excellent result, and our knowledge of the historic Edna May system continues to improve.*

The Edna May Resource remains open at depth and along strike, and the recent drilling programme has delivered a number of promising new targets that we plan to follow up immediately, in tandem with our ongoing underground mining studies. Our exploration programme at Edna May is fully funded and we look forward to reporting additional results from Edna May over the coming months."

EDNA MAY UNDERGROUND MINERAL RESOURCE ESTIMATE

The revised Mineral Resource estimate comprises 700,000 tonnes at 7.4g/t for 166,000 ounces of which 60% is classified as Indicated Mineral Resource category. The upgrade in Mineral Resource confidence was enabled through an improved geological and structural understanding following interpretation of recent diamond drilling information.

The May 2011 Edna May Underground Mineral Resource was estimated using Pangeos Ordinary Kriging block modelling techniques, based on a 3g/t Au cut-off grade within geologically and grade defined mineralisation envelopes and is reported in accordance with the Australian JORC Code.

Two geologically defined domains were defined for grade estimation: high grade quartz reef mineralisation and corresponding halo mineralisation. A total of eight mineralised reefs were interpreted corresponding to down dip extensions of historically mined reefs together with newly identified hanging wall reefs to the Edna May Gneiss. (Figure 1).

Table 1: Edna May Underground Mineral Resource Statement May 2011 (> 3.0g/t lower gold cut off)

Edna May Underground Mineral Resource Statement (including Ore Reserves)												
	Measured			Indicated			Inferred			Total Measured, Indicated & Inferred		
	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces
High Grade Reefs				0.1	8.6	35	0.1	10.5	33	0.2	9.4	67
Halo Mineralisation				0.3	6.7	63	0.2	6.0	36	0.5	6.5	99
TOTAL	-	-	-	0.4	7.3	98	0.3	7.6	69	0.7	7.4	166

The previous Mineral Resource estimate for the Edna May Underground was reported above a 3g/t cut-off in November 2010 and comprised a total of 660,000 tonnes at 9.1g/t gold for 195,000 ounces and was classified as Inferred.

Figure 1: Edna May Oblique Section (facing East) showing Underground Mineral Resource Location

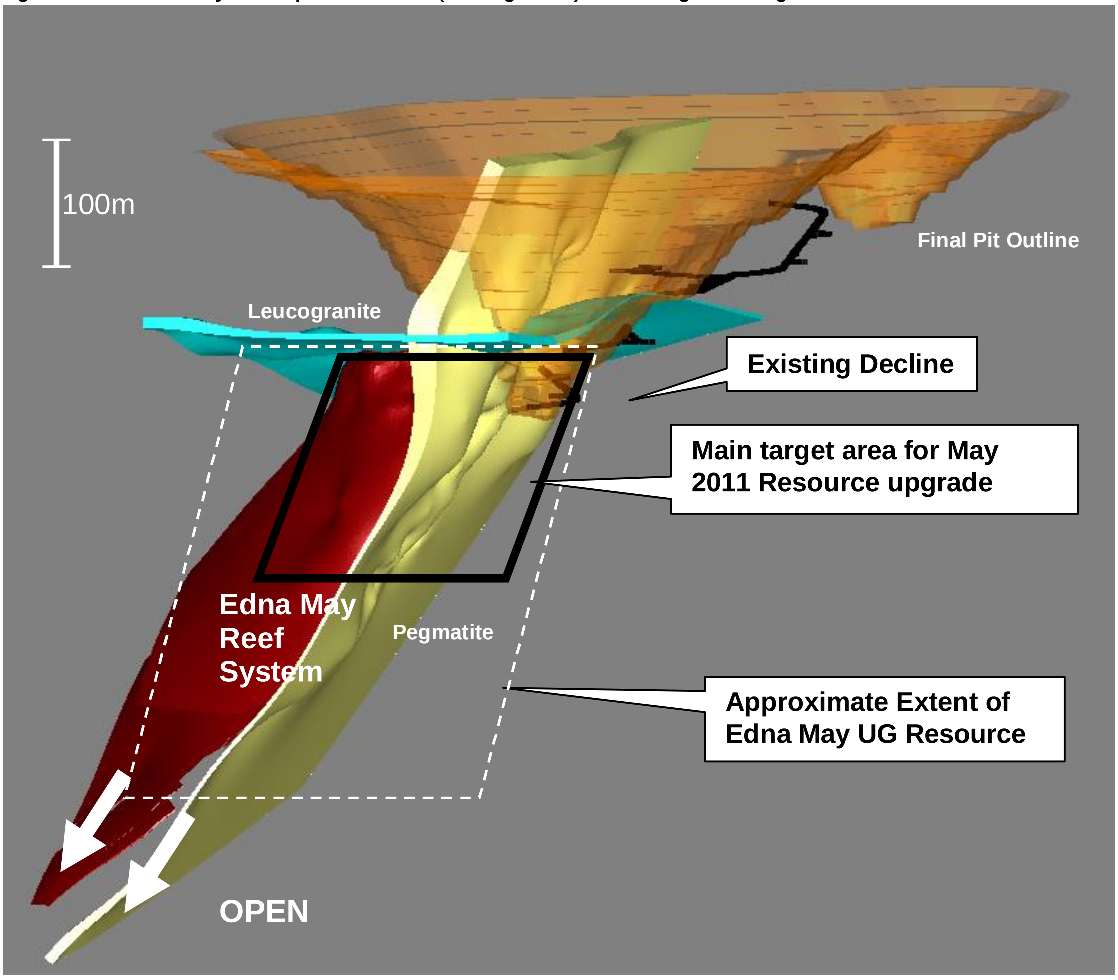
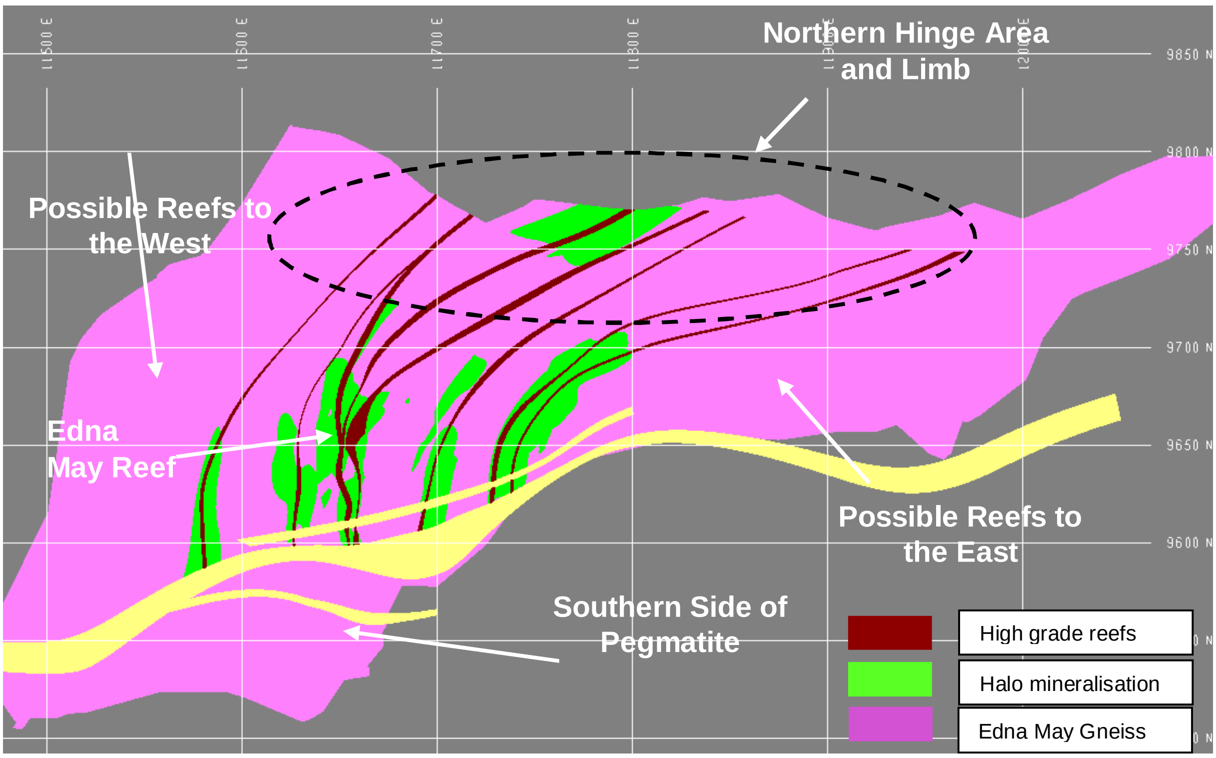


Figure 2: Plan view of interpreted reefs and associated haloes highlighting areas for further drilling (1050mRL)



GROUP MINERAL RESOURCES AND ORE RESERVES

Group Mineral Resource Statement (including Ore Reserves)												
	Measured			Indicated			Inferred			Total Measured, Indicated & Inferred		
	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces
Greenfinch	0.9	1.1	30	2.5	1.0	80	0.6	1.2	20	4.0	1.1	130
Edna May & Golden Point	21.0	1.1	707	15.8	1.0	503	10.1	0.9	278	46.8	1.0	1,488
Edna May Underground*	-	-	-	0.4	7.3	98	0.3	7.6	69	0.7	7.4	166
Cracow JV	0.1	9.5	39	0.2	8.3	49	1.0	6.2	190	1.3	6.8	278
Stockpiles				1.4	0.6	27	-	-	-	1.4	0.6	27
TOTAL	22.0	1.1	776	20.3	1.2	757	12.0	1.5	557	54.2	1.2	2,089

As at December 31, 2010
**Note Edna May Underground updated as at May 15, 2011*

Group Ore Reserve Statement									
	Proved			Probable			Total Proved and Probable		
	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces	Mt	Gold g/t	'000 Ounces
Greenfinch	0.8	1.1	28	1.7	1.0	58	2.5	1.1	86
Edna May & Golden Point	15.7	1.1	549	8.7	1.1	305	24.4	1.1	854
Cracow JV	0.1	7.7	24	0.1	8.1	33	0.2	7.9	56
Stockpiles				1.4	0.6	27	1.4	0.6	27
TOTAL	16.6	1.1	601	11.9	1.1	423	28.5	1.1	1,023

As at December 31, 2010

Effective Holdings
Catalpa Resources Limited owns 100% of Edna May Operations Ltd Pty which in turn owns 100% of the Edna May Gold Operations
Catalpa Resources Limited owns 100% of Sedimentary Holdings Ltd Pty which in turn owns 30% of the Cracow Gold Operations

Notes to Group Mineral Resource

Edna May and Greenfinch Footnotes

Edna May April 2010 and Greenfinch December 2009, Mineral Resources, were estimated using Hellman & Schofield MIK block modeling techniques, based on a (0.4g/t) Au cut-off grade within a geologically and grade defined mineralisation envelopes and in accordance with the Australian JORC Code.

- *The Resources are estimates of recoverable tonnes and grades using Multiple Indicator Kriging with block support correction into 25 metres (East) by15 metre (North) by 5 metre (Elevation) model blocks and assuming smallest mining unit for ore selection in mine grade control of 5 metres (East) by 3 metres (North) by 2.5 metres (Elevation).*
- *Measured and Indicated resources lie in areas where drilling is available at a maximum of 25 x 25 metre spacing, Inferred resources exist in areas of broader spaced drilling, generally peripheral to the Measured and Indicated panels.*
- *Edna May and Greenfinch Mineral Resource figures are stated at the 31 December, 2010 on an attributable basis, with depletion by production where relevant.*
- *There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Mineral Resources.*
- *Mineral Resources are inclusive of Ore Reserves. The stated contained Mineral Resource metal ounces are considered insitu; beneficiation recovery factors have not been applied.*
- *Due to rounding of figures small discrepancies may exist.*

Cracow Footnotes

- *Cracow Mineral Resource figures are stated on a 30% attributable basis, with depletion by production where relevant. to 31 December 2011*
- *Due to rounding of figures small discrepancies may exist.*
- *Cracow is an unincorporated joint venture between Catalpa (30%) and Newcrest (70%). Further details on CGJV Ore Reserve are available on the Newcrest website www.newcrest.com.au*

Edna May Underground Footnotes

- *Edna May Underground Mineral Resources, were estimated using Ordinary Kriging techniques by Catalpa Resources Limited, based on a 3g/t Au cut-off grade within a geologically and grade defined mineralisation envelopes and in accordance with the Australian JORC Code.*
- *Edna May Underground Mineral Resources figures are stated at the 15 May, 2011 on an attributable basis, with depletion by production where relevant.*

Notes to Group Ore Reserve Statement

Edna May and Greenfinch Footnotes

The Edna May & Greenfinch Ore Reserve, which was estimated using Whittle Software based on relevant diluted mining Au cut-off grades in accordance with the Australian JORC Code, is summarised in the following table:

- *A gold price of A$1,250 has been assumed in estimating the Greenfinch and Edna May Ore Reserves*
- *The economic cut-off grade applied to the Edna May and Greenfinch Ore Reserve was 0.4g/t Au*
- *Edna May and Greenfinch Ore Reserve figures are stated at the 31 December, 2010 on a 100% attributable basis, with depletion by production where relevant.*
- *There are no known environmental, permitting, legal, taxation, political or other relevant issues that would materially affect the estimates of the Ore Reserves.*
- *Due to rounding of figures small discrepancies may exist.*

Cracow Footnotes

- *Cracow Ore Reserve figures are stated on a 30% attributable basis, with depletion by production where relevant to 31 December 2011*
- *Due to rounding of figures small discrepancies may exist.*
- *Metal price assumptions used by Newcrest to convert Mineral Resource to Ore Reserves are US$650/oz gold.*
- *Cracow is an unincorporated joint venture between Catalpa (30%) and Newcrest (70%). Further details on CGJV Ore Reserve are available on the Newcrest website www.newcrest.com.au*

Competent Persons Statement

The reported Edna May Underground Mineral Resource has been compiled by Mr John Winterbottom (Manager Geology), who is a Member of the Australian Institute of Geoscientists (AIG) and a full-time employee of Catalpa Resources Limited. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves" (JORC Code). Mr Winterbottom consents to the inclusion in the report of the matters based upon his information in the form and context in which it appears.

The information in this report that relates to Mineral Resources is based on work completed by Mr Nicolas Johnson, who is a Member of the Australian Institute of Geoscientists. Mr Johnson is a full time employee of Hellman and Schofield Pty Ltd and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Johnson consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to Ore Reserves is based on work completed by Mr Harry Warries, who is a Member of the Australian Institute of Geoscientists. Mr Warries is a full time employee of Coffey Mining and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Warries consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

The information in this report that relates to the Cracow Mineral Resource is based on work completed by Mr Craig Irvine, who is a Member of the Australian Institute of Mining and Metallurgy. Mr Irvine is a full time employee of Newcrest and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Newcrest gives Catalpa Resources Limited consent to use this estimate for reporting purposes.

The information in this report that relates to the Cracow Ore Reserve is based on work completed by Mr Justin Woodward. Mr Woodward is a Member of the Australian Institute of Mining and Metallurgy and an employee of Newcrest. He has sufficient experience, relevant to the style of mineralisation and type of deposit under consideration and to the activity he is undertaking, to qualify as a Competent Person as defined in the 'Australasian Code for Reporting of Mineral Resources and Ore Reserves' of December 2004 ("JORC Code") as prepared by the Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy, the Australian Institute of Geoscientists and the Minerals Council of Australia. Newcrest gives Catalpa Resources Limited consent to use this estimate for reporting purposes.

Glossary

$ or A$ - Australian Dollars (M – million)

AIFR – All Injury Frequency Rate

Anomaly – an area which exploration has shown to be different from the surrounding area or region

Assay – a test to determine the level of a particular element in a sample

Ag – the symbol for silver (Argentum) on the Periodic Table

Au – the symbol for gold (Aurum) on the Periodic Table

Diamond drilling – a method of drilling in which a cylinder of rock is recovered by drilling with a diamond-impregnated bit

Footwall – the rock which lies below the ore

g – gram – a measure of weight

g/t – gram per tonne – the grade of a precious metal deposit

Grade – the level of a valuable mineral or element in a rock

Hanging wall – the rock which lies above ore

JORC Code – Joint Ore Reserve Committee Code – sets the standard for reporting Mineral Resources and Ore Reserves

Ktpa – kilo ('000s) tonnes per annum

koz – kilo ('000s) ounces (see definition for ounce)

Moz – million ounces (see definition for ounce)

Mtpa – million tonnes per annum

Mt – million tonnes

Ore Reserve – the economically mineable part of an Indicated or Measured Resource. An Ore Reserve allows for losses which may arise from an inability to extract the entire resource, and for dilution by material which doesn't contain the valuable component. A feasibility study assessing the legal, environmental, social, cultural heritage and governmental aspects of the project as well as the technical aspects of mining, processing and marketing is required, coupled with financial analysis to confirm the viability of the project, prior to reporting a reserve

Ounce (Troy) – 31.1034 grams – a measure of the weight of a precious metal

Resource – an in-situ mineral deposit from which valuable minerals may be recovered. Under the JORC Code there are Inferred, Indicated and Measured resources, depending on the level of information available, with "Inferred" the least known, and "Measured" offering the greatest level of confidence. On completion of a positive feasibility study, the Indicated Resource will generate a Probable Reserve, and the Measured Resource will generate a Proven Reserve.

Reverse Circulation (RC) drilling – a method of percussion drilling which minimises contamination of the sample

Rotary Air Blast (RAB) drilling – a method of drilling where the drilling tool is turned in the hole without any percussive or hammer effect

About Catalpa Resources Limited

Catalpa Resources Limited (ASX: CAH) is a fast-growing mid-tier gold producer with two exciting gold assets; a 100% interest in the 100,000 ounces per annum Edna May Gold Operations in Western Australia and a 30% interest in the 100,000 ounces per annum Cracow Gold Operations in Queensland (70% Newcrest Mining Limited).

The Company recently announced an updated high grade underground Resource of 700,000 tonnes at 7.4g/t gold for 166,000 ounces. Mining studies are in progress with a view to establishing an underground operation concurrent with existing open pit operations in 2012.

The Cracow Gold Operations has a history of steady underground gold production of over 100,000 ounces per annum for the past five years and it is considered to have considerable exploration upside.

With a combined Mineral Resource of more than 2 million ounces and a combined Ore Reserve of more than one million ounces of gold, the Cracow and Edna May Gold Operations provide a sustainable long life cash flow to fund Catalpa's growth strategy and provide shareholder returns.

Catalpa is confident that both Edna May and Cracow offer further Reserve and Resource growth potential, with ongoing exploration programmes at both operations. In parallel, the Company strives to proactively identify and assess other production growth opportunities.

The Company has a motivated and technically accomplished management team and a highly-experienced and supportive Board, committed to realising shareholder value from the Company's asset portfolio.

For further enquiries contact:

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