



20 January 2010

ASX Limited
Companies Announcements Office

NOTICE OF MEETING

As announced to the market earlier today Catalpa Resources Limited has today sent to all shareholders the attached Notice of Meeting and Explanatory Memorandum in relation to the proposed cancellation of approximately 50 million Catalpa shares.

Yours faithfully
CATALPA RESOURCES LIMITED

A handwritten signature in black ink, appearing to read "G. Anderson".

Graham Anderson
Company Secretary

Catalpa Resources Limited
ACN 084 669 036

Notice of Meeting

and

Explanatory Memorandum
to Shareholders

A proxy form is enclosed

Please read the Notice and Explanatory Memorandum carefully.

If you are unable to attend the meeting please complete and return the enclosed proxy form in accordance with the specified instructions.

Notice of general meeting

Notice is given that a general meeting of Catalpa Resources Limited ACN 084 669 036 will be held at The Celtic Club, 48 Ord Street, West Perth WA 6005, on Thursday, 18 February 2010 at 12.00 noon (WST).

Agenda items

Special business

1 Selective share buy-back

To consider, and if thought fit, to pass the following resolution as a **special resolution**:

That, in accordance with section 257D of the *Corporations Act 2001*, and for all other purposes, approval is given for the Company to make a selective buy-back of 49,922,703 ordinary shares in the Company, being shares held by Auselect Limited, a wholly owned subsidiary of the Company, for nil consideration, on the terms and conditions set out in the Explanatory Statement.

Explanatory memorandum

Shareholders are referred to the explanatory memorandum accompanying and forming part of this notice of meeting.

Entitlement to vote

1 Snapshot date

It has been determined that under regulation 7.11.37 of the *Corporations Regulations 2001* (Cth), for the purposes of the annual general meeting, shares will be taken to be held by the persons who are the registered holders at 5.00pm (WST) on Wednesday, 17 February 2009. Accordingly, share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the meeting.

2 Voting exclusion

In accordance with section 257D(1) of the Corporations Act, the Company will disregard any votes cast on the resolution by Auselect, or any of its associates, unless the vote is cast in the following circumstances:

- by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
- by the person chairing the meeting as a proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxies

A shareholder entitled to attend and vote has a right to appoint a proxy to attend and vote instead of the shareholder. A proxy need not be a shareholder and can be either an individual or a body corporate.

A shareholder that is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If no proportion or number is specified, each proxy may exercise half of the shareholder's votes.

A Proxy Form accompanies this Notice and to be effective must be received by Catalpa's Share Registry before 5.00pm (WST) on 15 February 2010:

By Mail: Security Transfer Registrars Pty Ltd
PO Box 535
Applecross WA 6953

By hand: Suite1, 770 Canning Highway
Applecross WA 6153

By Fax: +61 8 9315 2233

You are encouraged to submit your proxy by mail or fax.

Any corporate shareholder who has appointed a person to act as its corporate representative at the extraordinary general meeting should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company in advance of the meeting or handed in at the meeting when registering as a corporate representative. An appointment of corporate representative form is available upon request from the Company Secretary.

By Order of the Board

date 20 January 2010 _____

sign here ►



Company Secretary

Explanatory memorandum to shareholders

This Explanatory Memorandum has been prepared to help shareholders understand the business to be put to shareholders at the forthcoming general meeting.

1 Outline of proposal

It is proposed that shareholders of the Company approve a selective share buy-back (**Buy-Back**) by the Company of 49,922,703 fully paid ordinary shares in the Company (**Buy-Back Shares**) held by a wholly-owned subsidiary of the Company, Auselect Limited (**Auselect**), for nil consideration, on the terms set out in a buy-back agreement between the Company and Auselect (**Buy-Back Agreement**). If the Buy-Back is approved, the Buy-Back Shares will then be cancelled.

Shareholders should note that no money or other assets will be provided by the Company to Auselect in exchange for the cancellation of the Buy-Back Shares – as described in detail below, the purposes of the Buy-Back are simply to allow the Company to cease controlling shares in itself as required under the *Corporations Act 2001* (Cth) (**Corporations Act**) and have a more efficient capital structure.

The following sets out details required by the Corporations Act to be provided to all shareholders in connection with the approval of the Buy-Back.

2 Corporations Act requirements

2.1 Buy-Back

Section 257A of the Corporations Act provides that the Company may only buy back its shares if:

- (a) the buy-back does not materially prejudice the company's ability to pay back its creditors; and
- (b) the company follows the procedures contained in the Corporations Act.

2.2 Shareholder approval

Pursuant to section 257D(1) of the Corporations Act, a selective buy-back must be approved by either:

- (a) a special resolution (that is, passed by at least 75% of votes cast) passed at a general meeting of the Company, with no votes being cast in favour of the resolution by any person whose shares are proposed to be bought back or by their associates; or
- (b) a resolution agreed to, at a general meeting, by all ordinary shareholders in the Company.

2.3 Suspension of shares

Once the Company has entered into the Buy-Back Agreement, all rights attaching to the Buy-Back Shares are suspended.

2.4 Cancellation of the Buy-Back Shares

Immediately after the registration of the transfer to the Company of the Buy-Back Shares, the shares are cancelled.

3 Summary of Buy-Back agreement

Under the terms of the Buy-Back Agreement, subject to the Company's shareholders approving the Buy-Back in accordance with section 257D(1) of the Corporations Act, the Company will buy the Buy-Back Shares for nil consideration. Auselect gives a warranty relating to its title to the Buy-Back Shares. The Buy-Back Agreement contains no unusual terms or conditions.

4 Reason why the Buy-Back is proposed

The Buy-Back has been proposed as a result of the merger of the Company and Lion Selection Limited on 10 December 2009. As a result of the merger, Auselect, which holds the Buy-Back Shares, became a wholly-owned subsidiary of the Company. Section 259D of the Corporations Act provides that if a company obtains control of an entity that holds shares in the company, then, within 12 months, the entity must cease to hold the shares or control the entity. Accordingly, the Company proposes to buy-back the Buy-Back Shares from Auselect for nil consideration on the terms set out in the Buy-Back Agreement.

The main advantages of the Buy-Back are:

- it provides an efficient mechanism for dealing with the Buy-Back Shares;
- it prevents a large parcel of shares being disposed on-market which could potentially have the effect of depressing the Company's share price;
- there will be a lesser number of shares on issues with no consequential diminution in the assets or contributed equity of the Company, such that the ownership interest in the Company of each shareholder will increase and it is anticipated that financial metrics calculated on a per share basis will be enhanced; and
- it assists in achieving a more efficient capital structure for the Company.

The main disadvantage of the Buy-Back is that the Company (via Auselect) will not receive the net proceeds of a sale of the Buy-Back Shares.

Based on the information available, including that contained in this Explanatory Memorandum and the advantages and disadvantage outlined above, the directors consider that the Buy-Back is in the best interests of shareholders and Catalpa and unanimously recommend that you vote in favour of the resolution.

5 Impact of Buy-Back on Company's share capital

The Company currently has 194,581,040 ordinary shares on issue.

The Buy-Back will reduce the Company's share capital by 49,922,703.

The Buy-Back will reduce the amount of ordinary shares on issue by approximately 25.66%.

On completion of the Buy-Back, the Buy-Back shares will be cancelled resulting in 144,658,337 ordinary shares remaining on issue.

As a result of the Buy-Back, the percentage interest of each shareholder in the Company will increase. The Buy-Back will not have any material effect on the control of the Company.

6 Prior notice to Australian Securities & Investments Commission

As required by section 257F of the Corporations Act, copies of the notice and this Explanatory Memorandum as sent to the shareholders were lodged with the ASIC prior to their dispatch to the shareholders.

7 Trading price of shares

The closing price of the Company's shares on 15 January 2010 was \$1.50.

8 Other relevant information

There is no further information known to the Company that is material to the decision on how to vote on this resolution. If you are in doubt as to how to vote on the resolution or if there is anything you do not understand, you should seek advice from your financial adviser, accountant, lawyer or other professional adviser as soon as possible.

9 Director's recommendation

The directors of the Company consider that the Buy-Back is fair and reasonable to the Company's members as a whole. The cancellation will reduce the number of ordinary shares in the Company on issue from 194,581,040 to 144,658,337. However, as Auselect's shares will be cancelled for no consideration, there will be no effect as a result of the cancellation on the Company's contributed equity, cash reserves or its ability to pay its creditors.

The directors confirm that they intend to vote in favour of the resolution. No director has an interest in the Buy-Back other than as holders of securities in the Company.

