



catalyst
METALS LTD

ABN 54 118 912 495

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2011

CATALYST METALS LIMITED

| CONTENTS | PAGE |
|--|-------------|
| CORPORATE DIRECTORY | 2 |
| CHAIRMAN'S REVIEW | 3 |
| DIRECTORS' REPORT | 4 |
| AUDITOR'S INDEPENDENCE DECLARATION | 15 |
| CONSOLIDATED STATEMENT OF FINANCIAL POSITION | 16 |
| CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME | 17 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 18 |
| CONSOLIDATED STATEMENT OF CASH FLOWS | 19 |
| NOTES TO THE FINANCIAL STATEMENTS | 20 |
| DIRECTORS' DECLARATION | 41 |
| INDEPENDENT AUDIT REPORT | 42 |
| CORPORATE GOVERNANCE STATEMENT | 44 |
| ADDITIONAL INFORMATION | 48 |

CATALYST METALS LIMITED

CORPORATE DIRECTORY

DIRECTORS

Stephen Boston (Non-Executive Chairman)
Robin Scrimgeour (Non-Executive Director)
Gary Schwab (Non-Executive Director)
Bruce Kay (Non-Executive Director)

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

Level 3
50 Colin Street
West Perth, Western Australia 6005

Telephone: +618 9383 2825
Facsimile: +618 9284 5426
Email: admin@catalystmetals.com.au
Website: www.catalystmetals.com.au

AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth, Western Australia 6000

SHARE REGISTRY

Security Transfer Registrars Pty Ltd
770 Canning Hwy
Applecross, Western Australia 6153

Telephone: +618 9315 2333
Facsimile: +618 9315 2233
Email: registrar@securitytransfer.com.au
Website: www.securitytransfer.com.au

STOCK EXCHANGE LISTING

Catalyst Metals Limited is listed on ASX Limited
Home Exchange – Perth
ASX code: CYL

CATALYST METALS LIMITED

CHAIRMAN'S REVIEW

Dear Shareholders

The past 12 months have seen the Company add a new highly qualified member to the board; conduct a number of recapitalisations of the Company (via placement) at a premium to market and enter into a farm-in joint venture agreement over the highly prospective Four Eagles Gold Project, located north of Bendigo in Victoria.

During the year the Company raised a total of \$1,235,000 in equity funds through a private placement of 4,500,000 ordinary shares at a subscription price of 13 cents per share in October 2010 and a private placement of 3,250,000 ordinary shares at a subscription price of 20 cents per share in March 2011. Both of these capital raisings were conducted at a premium to the prevailing market price of the Company's shares. The Company also issued 2,000,000 unlisted options to a number of key corporate and technical consultants which was ratified at a general meeting of the Company held on the 2 July 2010.

In November 2010, the Company entered into a memorandum of understanding with a private company, Providence Gold and Minerals Pty Ltd to form a joint venture to further explore and develop the Four Eagles Gold Project (EL 4525 and EL 5295). A formal heads of agreement to form a joint venture was completed in December 2010 between Providence Gold and Minerals Pty Ltd and the Company's newly formed wholly owned subsidiary, Kite Gold Pty Ltd. On the 28 January 2011 the Victorian Department of Primary Industries renewed EL 4525 for a further 2 years, thereby satisfying the condition precedent for the heads of agreement. In accordance with the heads of agreement, Providence Gold and Minerals Pty Ltd was paid \$150,000 for the partial reimbursement of expenditure incurred on the tenements and 750,000 ordinary shares in the Company.

On 9 February 2011 the Company was very proud to announce the appointment of Mr Bruce Kay as a Non-Executive Director of the Company.

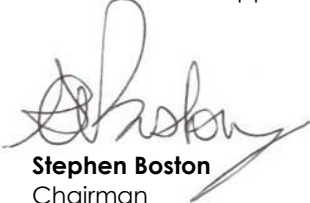
Diamond and aircore drilling commenced on 7 March 2011 on the Four Eagles Project (within 6 weeks of the agreement being finalised) and was completed on 6 May 2011 after the completion of 78 holes for a total of 7,913 metres. Two diamond drillholes were completed in early April 2011 for a total of 867 metres. In summary the aircore drilling intersected two new high grade zones with 3.0 metres @ 15.3g/t Au from 81 metres (FE471) and 3 metres @ 14.7g/t Au from 57 metres (FE415). The first diamond drillhole intersected a narrow high grade gold mineralisation of 0.8 metres @ 17.5g/t Au from 173.2 metres. Gold and arsenic values and quartz vein intersections broadly delineated three parallel zones of gold mineralisation up to 5 kilometres long (Osprey, Harrier and Goshawk zones).

During the year the Company continued to advance work on the Minnie Creek project. Work undertaken on Eudamullah (E09/1174) and Bluebush Well (E09/1303) tenements consisted of rock sampling, mapping, night-time UV lamp prospecting and sampling traverses.

The Board would like to extend a warm welcome to all our new shareholders who joined the register during the year. The Board would like to again thank our incredibly loyal and supportive shareholder base who joined the register in the previous year and all the original shareholders who have continued to support the Company from its listing on the ASX in 2006.

As all shareholders are aware - your Board is committed to adding value for the benefit of all shareholders. Your Board is hopeful that the next twelve months will deliver a company making project to your Company.

On behalf of the Board I would like to again thank all shareholders and consultants for their dedication and continued support of our Company and its projects.



Stephen Boston
Chairman

29 September 2011

CATALYST METALS LIMITED

DIRECTORS' REPORT

The Directors of Catalyst Metals Limited present their report on the consolidated entity for the year ended 30 June 2011.

DIRECTORS

The names of the Directors in office at any time during or since the end of the financial year are:

Stephen Boston
Robin Scrimgeour
Gary Schwab
Bruce Kay (appointed on 9 February 2011)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Frank Campagna

FINANCIAL POSITION

The net assets of the Group are \$2,167,638 as at 30 June 2011 (2010: \$2,023,694).

CORPORATE STRUCTURE

Catalyst Metals Limited is a company limited by shares that is incorporated and domiciled in Australia.

PRINCIPAL ACTIVITIES

The principal activity of the Group during the financial year was mineral exploration and evaluation. There was no significant change in the nature of the activities during the year.

RESULTS OF OPERATIONS

The operating loss after income tax of the Group for the year ended 30 June 2011 was \$1,276,945 (2010: \$223,171).

DIVIDENDS

No dividend has been paid during or is recommended for the financial year ended 30 June 2011.

REVIEW OF OPERATIONS

During the year Catalyst continued to advance work on the Minnie Creek and Everton Molybdenum projects plus significant work was carried out on the Four Eagles Gold Project.

Four Eagles Gold Project (Victoria)

In November 2010, Catalyst Metals Limited entered into a memorandum of understanding with a private company, Providence Gold and Minerals Pty Ltd ("Providence Gold") to form a joint venture to further explore and develop the Four Eagles Gold Project (EL4525 and EL5295). The Four Eagles Gold Project is located generally along strike of the Bendigo Goldfield and west of the towns of Mitiamo and Raywood in central Victoria, extending from 20 to 70 kilometres north of Bendigo (Figure 1).

A formal heads of agreement to form a joint venture was completed in December 2010 between Providence Gold and the Company's wholly owned subsidiary, Kite Gold Pty Ltd ("Kite Gold") and all Conditions Precedent were satisfied on 20 January, 2011.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Aircore and diamond drilling commenced on 7 March, 2011, within 6 weeks of agreement finalisation and the aircore programme finished on 6 May, 2011 after the completion of 78 holes for a total of 7,913 metres. Two diamond drillholes were completed for a total of 867 metres.

Analysis of gold and arsenic values in conjunction with quartz vein occurrence has enabled the delineation of at least three parallel zones of gold mineralisation at the Four Eagles project. Gold values occur over a strike length of 3 to 5 kilometres on the Goshawk and Harrier Zones respectively but the eastern Osprey Zone is less well defined (Figure 2).

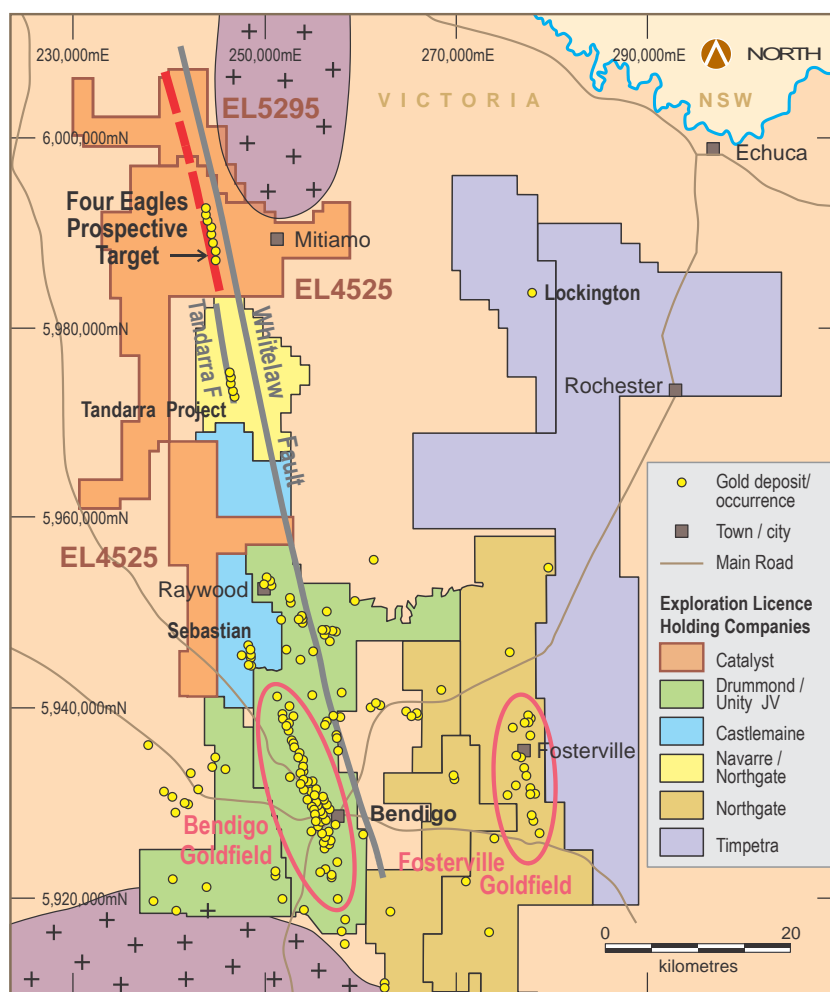


Figure 1 – Four Eagles Gold Project Location and tenements of other North Bendigo Explorers

Best gold intersections from the aircore programme were 3 metres @ 14.7g/t Au from 57 metres in FE415 and 3 metres @ 15.3g/t Au from 81 metres and 3 metres @ 5.5g/tAu from 75 metres in FE471. Each of these intersections represents a new zone that will require further testing.

Aircore drilling is an excellent first pass drilling technique to establish the presence of gold and gold bearing zones under cover but produces a lower quality sample compared to diamond drilling. For this reason, it is appropriate and economically sensible that drill samples are composited at the drill site into minimum sample intervals of 3 metres. Aircore drilling is unable to provide information on strike or dip of the basement lithologies and intersections are unlikely to be true width. For example, a three metre mineralised zone may include narrower intervals of much higher grade. Best intersections in each of the parallel zones are summarised below and include all previously reported data.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

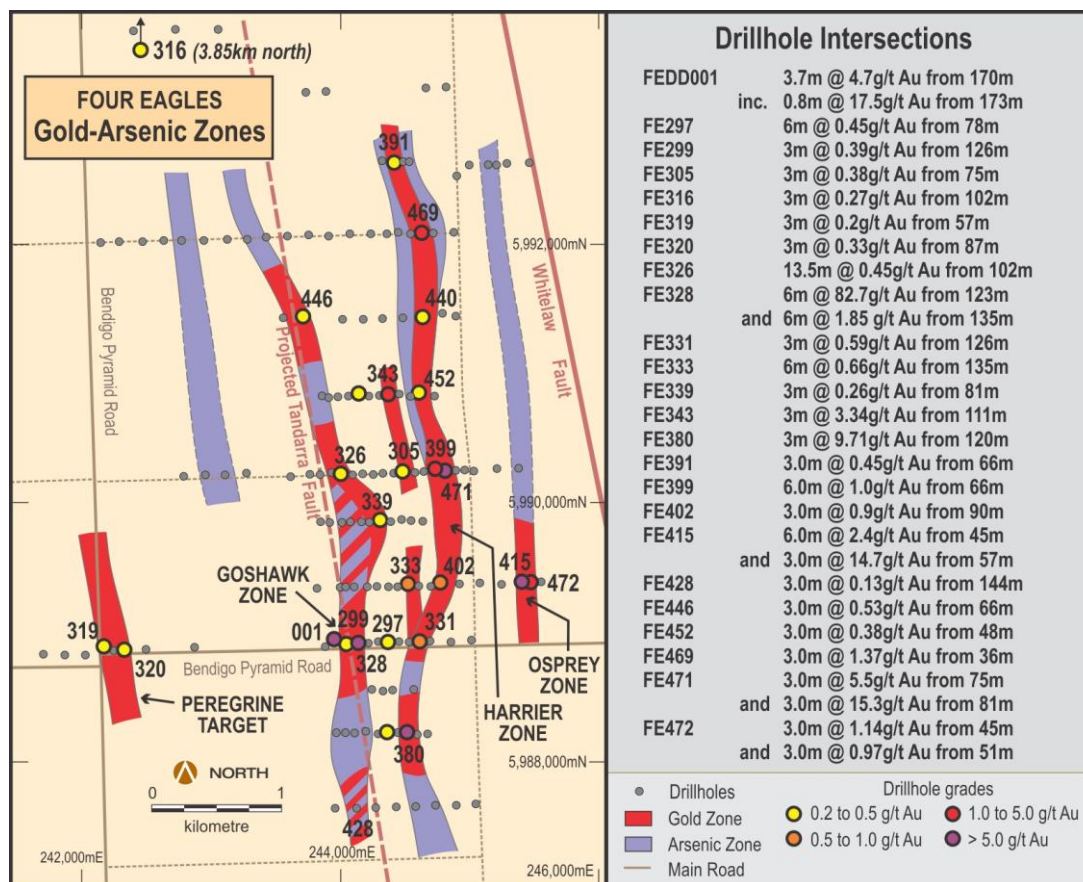


Figure 2 – Gold Zones at Four Eagles Gold Project

Goshawk Zone (from south to north)

- 6.0 metres @ 82.70g/t Au from 123 metres (FE328)
- 6.0 metres @ 1.85g/t Au from 135 metres (FE328)
- 0.8 metres @ 17.50g/t Au from 173 metres (FEDD001)
- 3.0 metres @ 0.39g/t Au from 126 metres (FE299)
- 3.0 metres @ 0.26g/t Au from 81 metres (FE339)
- 13.5 metres @ 0.45g/t Au from 102 metres (FE326)
- 3.0 metres @ 0.53g/t Au from 66 metres (FE446)

Harrier Zone (from south to north)

- 3.0 metres @ 9.71g/t Au from 120 metres (FE380)
- 3.0 metres @ 5.50g/t Au from 75 metres (FE471)
- 3.0 metres @ 15.30g/t Au from 81 metres (FE471)
- 3.0 metres @ 0.59g/t Au from 126 metres (FE331)
- 3.0 metres @ 0.90g/t Au from 90 metres (FE402)
- 6.0 metres @ 0.66g/t Au from 135 metres (FE333)
- 6.0 metres @ 1.00g/t Au from 66 metres (FE399)
- 3.0 metres @ 0.38g/t Au from 48 metres (FE452)
- 3.0 metres @ 3.34g/t Au from 111 metres (FE343)
- 3.0 metres @ 1.37g/t Au from 36 metres (FE469)
- 3.0 metres @ 0.45g/t Au from 66 metres (FE391)

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Osprey Zone

- 3.0 metres @ 14.7g/t Au from 57 metres (FE415)
- 6.0 metres @ 2.40g/t Au from 45 metres (FE415)
- 3.0 metres @ 1.14g/t Au from 45 metres (FE472)
- 3.0 metres @ 0.97g/t Au from 51 metres (FE472)

The 2011 aircore drill programme has identified at least three parallel gold trends with high grade gold mineralisation intersected on each zone. Gold is mostly associated with quartz veins and assay variability suggests that it is quite nuggety in character, similar to that encountered in the Bendigo goldfield.

For this reason, assays above 0.5 g/t Au are considered very significant as drilling has shown that these values are often in close proximity to high grade gold intersections. All drilling other than two diamond drillholes and two aircore holes has been vertical so it is highly encouraging that the Group has intersected so many vertical quartz veins with high grade gold values at such a wide drill spacing.

Results were received for diamond drillholes completed at the end of the March 2011 quarter. The holes were drilled to help understand the structure and lithology of the basement below the high grade intersection on FE328 (6 metres @ 82.7g/tAu from 123 metres). Hole FEDD001 steepened considerably and was stopped at 355 metres and hole FEDD002 was also too deep and only just intersected the fold axis at 490 metres depth.

Analysis of the drillcore shows that a shallower test will be required probably along the northern plunge of drillhole FE328. In spite of this setback, drillhole FEDD001 intersected a new zone of high grade gold mineralisation in a fault zone about 120 metres west of the high grade zone in FE328. The fault zone contained the following intersections:

- 0.7 metres @ 4.83g/t Au from 170.3 metres
- 0.8 metres @ 17.5g/t Au from 173.2 metres
- 0.4 metres @ 2.08g/t Au from 176.2 metres

In summarising the progress at Four Eagles since January 2011, the Aircore and diamond drilling has discovered three new zones with high grade gold mineralisation and confirmed the prospectivity of the regional Whitelaw and Tandarra Faults north of Bendigo. The Four Eagles tenements cover about 25kms of this favourable trend and to date, the Company has only partially tested about 5 kilometres of strike length.

Under the terms of the Heads of Agreement with Providence, Catalyst can earn an interest in the Four Eagles project by exploration expenditure on the tenements and cash and share payments. The Phase 1 commitment involves the payment of \$150,000 and the issuing of 750,000 Catalyst shares, prior to the expenditure of \$450,000 before 20 January, 2012. In Phase 2, to earn a 50% equity, Catalyst must spend a further \$1.65 million in the subsequent 2 years and make payments of \$100,000 and issue a further 750,00 Catalyst shares.

Depending on contributions from Providence, Catalyst has the ability to earn a 75% or higher equity in the project.

Minnie Creek Project (Western Australia)

The Minnie Creek project area is located within the Gascoyne Mineral Field of Western Australia and lies approximately 240kms northeast of Carnarvon.

Minnie Creek is prospective for both molybdenum and tungsten mineralisation in two separate prospects about 20kms apart. Diamond drilling has intersected molybdenum mineralisation at the Minnie Creek prospect with intersections including 62m@0.15%MoS₂ and 31m@0.18%MoS₂.

CATALYST METALS LIMITED

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

Eudamullah - E09/1174

During the year rock sampling, mapping and night-time UV lamp prospecting was performed on the tenement. Low level tungsten anomalism was identified associated with pegmatites and quartz veining within pelitic metasedimentary rocks derived from the metamorphism of shales and sandstones. The intrusives are generally biotite-rich granites.

Night-time Ultra-violet (UV) lamp exploration was utilized to assist in the location of the quartz veins or structures carrying scheelite mineralization. Previous mapping was validated and updated as needed. Quartz veins generally follow the regional trend of the metamorphics irrespective of whether they have a metasedimentary host or an intrusive host. The quartz veins carry tourmaline and occasionally scheelite. The quartz veins individually are usually 10cm to 50 cm wide but sometimes form a cluster of veins with a total width of about 10m. The scheelite observed and sampled by previous workers was used as guide to prospect along strike for extensions to this mineralization.

Low-order scheelite mineralization was encountered extending the known tungsten zone at the Nina Prospect to 4.5 kilometres.

In the southern section of the Eudamullah tenement, east of the previously drilled area, sampling returned anomalous tungsten values of 13ppm tungsten and 40 ppm tungsten within a quartz veined sheared intrusive. The two anomalous samples are separated by about 130m across strike.

Bluebush Well - E09/1303

Bluebush Well is largely underlain by granite to granodiorite intrusives and subordinate pelitic metasedimentary rocks. The intrusives in general have weakly elevated barium strontium, thorium and yttrium concentrations.

Sampling traverses across this tenement did not return significant results. The intrusives generally show no alteration or mineralisation. Best results in this tenement were 4.2ppm tungsten from a relatively thin skarn zone in an intrusive associated with a quartz vein and a weak uranium assay of 14.9ppm uranium was returned from small exposed area of calcrete.

Everton Project (Victoria)

A field programme at Everton had been planned for the June 2011 quarter, however the importance of the Four Eagles Gold Project required that priority of resources was provided to that project. No field work was completed during the June 2011 quarter at Everton. The Company continues to communicate with the land-owner and the relevant statutory authorities.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

Significant changes in the state of affairs of the Group during the financial year were as follows:

- (a) In December 2010, the Group entered into a Heads of Agreement with Providence Gold & Minerals Pty Ltd to form a joint venture to explore and develop the Four Eagles Gold Project. In January 2011 upon satisfaction of the conditions precedent of the Heads of Agreement, Providence was paid \$150,000 cash for the partial reimbursement of expenditure incurred on the Four Eagles Gold Project tenements and the Group issued 750,000 ordinary fully paid shares to Providence.
- (b) During the year the Group raised \$1,235,000 in equity funds through a private placement of 4,500,000 ordinary shares at a subscription price of 13 cents per share in October 2010 and a private placement of 3,250,000 ordinary shares at a subscription price of 20 cents per share in March 2011.

CATALYST METALS LIMITED

DIRECTORS' REPORT

FUTURE DEVELOPMENTS

During the course of the next financial year, the Group will continue its mineral exploration activities and will investigate additional resources projects in which the Group may participate.

In the opinion of the Directors there is no additional information available as at the date of this Group and the expected results of those operations in subsequent years.

SUBSEQUENT EVENTS

On 23 September 2011 a General Meeting of shareholders approved the following resolutions:

- Ratified the issue of 750,000 ordinary fully paid shares to Providence Gold & Minerals Pty Ltd in accordance with the Four Eagles Heads of Agreement;
- Ratified the placement of 3,250,000 ordinary fully paid shares at \$0.20 each on 25 March 2011;
- Authorised the issue of securities under the Catalyst Metals Limited Performance Rights Plan; and
- Approved the issue of 1,000,000 Performance Rights to Mr Bruce Kay.

INFORMATION ON DIRECTORS

Stephen Boston (Non-Executive Chairman)

Mr Boston is the Principal of a Perth based private investment group specialising in the Australian resources sector. Mr Boston previously worked as a stockbroker from 1984 to 1998 in Perth and Sydney. Mr Boston holds a Bachelor of Arts from the University of Western Australia.

Memberships: Senior Associate – Financial Services Institute of Australia
Member - Australian Institute of Company Directors

Special Responsibilities: Chairman

Other Directorships: None

Interests in shares and options: Direct: Nil
Indirect: 4,838,351 Ordinary Shares (held by Trapine Pty Ltd and Merewether Pty Ltd, companies in which Mr Boston holds a relevant interest)

Robin Scrimgeour (Non-Executive Director)

Mr Scrimgeour spent 17 years working for Credit Suisse in London, Tokyo, Hong Kong and Singapore. His most recent experience has been providing structured hybrid financing for corporates in Asia for project and acquisitions concentrated in the primary resources sector. Mr Scrimgeour's previous experience was as a senior equity derivatives trader involved in the pricing of complex structured equity derivative instruments for both private and corporate clients focused in Asia. Mr Scrimgeour holds a Bachelor of Economics with Honours from the University of Western Australia.

Special Responsibilities: Member of audit committee.

Other Directorships: None

Interests in shares and options: Direct: 3,963,778 Ordinary Shares
Indirect: Nil

CATALYST METALS LIMITED

DIRECTORS' REPORT

Gary Schwab (Non-Executive Director)

Mr Schwab is a Certified Practising Accountant with over 40 years of business experience, including 20 years in the resources sector. Mr Schwab was previously Executive Director for a privately owned commodities group. In that role, Mr Schwab was responsible for managing a long term wealth creation strategy (in conjunction with the principal and owner) which culminated in the creation of what is currently one of Australia's wealthiest unlisted private commodities companies.

Special Responsibilities: Chairman of audit committee.

Other Directorships: None

Interests in shares and options: Direct: Nil
Indirect: Nil

Bruce Kay (Non-Executive Director)

Mr Kay is a qualified geologist and former head of worldwide exploration for Newmont Mining Corporation. He is a highly experienced geologist with a resource industry career spanning more than 30 years in international exploration, mine, geological, project evaluation and corporate operations. Mr Kay retired from Newmont in 2003. Based in Denver, Colorado, USA, he managed worldwide exploration for that Group. Prior to this appointment Mr Kay was group executive and managing director of exploration at Normandy Mining Limited where he was responsible for managing its global exploration program.

Special Responsibilities: Technical Director.

Other Directorships: None, however, in the last 3 years Mr Kay was the Chairman of Heemskirk Consolidated Ltd and was a non-executive director of North Queensland Metals Ltd.

Interests in shares and options: Direct: 341,308
Indirect: Nil

Information on Company Secretary

Frank Campagna *B.Bus (Acc), CPA*

Company Secretary of Catalyst Metals Limited since November 2009. Mr Campagna is a Certified Practising Accountant with over 20 years experience as a Company Secretary, Financial Controller and Commercial Manager for listed resources and industrial companies. He currently operates a corporate consultancy practice which provides corporate secretarial services to both listed and unlisted companies.

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Company during the financial year was:

| | Board Meetings | | Audit Committee Meetings | |
|---------------------------------------|------------------------------------|-----------------|------------------------------------|-----------------|
| | Number held and entitled to attend | Number Attended | Number held and entitled to attend | Number Attended |
| Stephen Boston | 7 | 7 | - | - |
| Robin Scrimgeour | 6 | 7 | 2 | 2 |
| Gary Schwab | 7 | 7 | 2 | 2 |
| Bruce Kay (appointed 9 February 2011) | 3 | 3 | - | - |

CATALYST METALS LIMITED

DIRECTORS' REPORT

ENVIRONMENTAL REGULATIONS

The Group is subject to significant environmental regulation in respect to its mineral exploration activities. These obligations are regulated under relevant government authorities within Australia and overseas. The Group is a party to exploration and mining licences. Generally, these licences and agreements specify the environmental regulations applicable to exploration and mining operations in the respective jurisdictions. The Group aims to ensure that it complies with the identified regulatory requirements in each jurisdiction in which it operates.

Compliance with environmental obligations is monitored by the Board of Directors. No environmental breaches have been notified to the Group by any government agency during the year ended 30 June 2011.

The Group's operations are subject to State and Federal laws and regulation concerning the environment.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied for leave of Court to bring proceedings on behalf of the Group or intervene in any proceedings to which the Group is a party for the purpose of taking responsibility on behalf of the Group for all or any part of those proceedings.

SHARE OPTIONS

As at the date of this report, there were 2,000,000 unissued ordinary shares under option. The terms of these options are as follows:

| | Number |
|--|------------------|
| Options over ordinary fully paid shares exercisable: | |
| - at 20 cents each on or before 30 June 2014 | 1,000,000 |
| - at 30 cents each on or before 30 June 2015 | <u>1,000,000</u> |
| | <u>2,000,000</u> |

No person entitled to exercise the options has any right by virtue of the option to participate in any share issue of the parent entity or any other corporation.

REMUNERATION REPORT (AUDITED)

This report sets out the current remuneration arrangements for directors and executives of the Group. For the purposes of this report, key management personnel is defined as those persons having authority and responsibility for planning, directing and controlling major activities of the Group, including any director of the Group, and includes the executives in the consolidated entity receiving the highest remuneration. The information provided in this report includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*.

Principles used to determine the nature and amount of remuneration

Directors and executives remuneration

Overall remuneration policies are determined by the Board and are adapted to reflect competitive market and business conditions. Within this framework, the Board considers remuneration policies and practices generally, and determines specific remuneration packages and other terms of employment for any executive directors and senior management. Executive remuneration and other terms of employment are reviewed annually by the Board having regard to performance, relevant comparative information and expert advice.

The Group's remuneration policy for any executive directors and senior management is designed to promote superior performance and long term commitment to the Group. Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

Executive directors and senior executives receive a base remuneration which is market related, together with performance based remuneration linked to the achievement of pre-determined milestones and targets.

The Group's remuneration policies are designed to align executives' remuneration with shareholders' interests and to retain appropriately qualified executive talent for the benefit of the Group. The main principles of the policy are:

- reward reflects the competitive market in which the Group operates; and
- individual reward should be linked to performance criteria.

The structure of remuneration packages for any executive directors and other senior executives comprises:

- a fixed sum base salary plus superannuation benefits;
- short term incentives through eligibility to participate in a performance bonus scheme if deemed appropriate; and
- long term incentives through any executive directors being eligible to participate in share option schemes with the prior approval of shareholders.

Fixed and variable remuneration is established for each executive director by the Board. The objective of short term incentives is to link achievement of the Group's operational targets with the remuneration received by executives charged with meeting those targets.

The objective of long term incentives is to reward executives in a manner which aligns this element of their remuneration with the creation of shareholder wealth.

Performance incentives may be offered to any executive directors and senior management through the operation of performance bonus schemes. A performance bonus, based on a percentage of annual salary, may be payable upon achievement of agreed operational milestones and targets.

Non-executive directors' remuneration

In accordance with current corporate governance practices, the structure for the remuneration of non-executive directors and senior executives is separate and distinct. Shareholders approve the maximum fees payable to non-executive directors, with the current approved limit being \$200,000 per annum. The Board is responsible for determining actual payments to directors. Non-executive directors are entitled to statutory superannuation benefits. The Board approves any consultancy arrangements for non-executive directors who provide services outside of and in addition to their duties as non-executive directors.

Non-executive directors may be entitled to participate in equity based remuneration schemes. Shareholders must approve the framework for any equity based compensation schemes and if a recommendation is made for a director to participate in an equity scheme, that participation must be specifically approved by the shareholders.

All directors are entitled to have premiums on indemnity insurance paid by the Group.

Details of Remuneration for Year Ended 30 June 2011

Details of the remuneration for each director and key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Group during the year are set out in the following tables.

CATALYST METALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

| 2011 | Short-term employment benefits | | Post-employment benefits | Share-based payments | Total |
|--|--------------------------------|----------|--------------------------|----------------------|----------------|
| | Cash salary and fees | Other | Superannuation | Options | |
| <i>Non-executive directors</i> | | | | | |
| S Boston | 30,000 | - | 2,700 | - | 32,700 |
| R Scrimgeour | 32,700 | - | - | - | 32,700 |
| G Schwab | 32,700 | - | - | - | 32,700 |
| B Kay | 12,530 | - | - | 12,500 | 25,030 |
| Total key management personnel compensation | 107,930 | - | 2,700 | 12,500 | 123,130 |

| 2010 | Short-term employment benefits | | Post-employment benefits | Share-based payments | Total |
|--|--------------------------------|----------|--------------------------|----------------------|---------------|
| | Cash salary and fees | Other | Superannuation | Options | |
| <i>Non-executive directors</i> | | | | | |
| B Dixon | 7,500 | - | - | - | 7,500 |
| N McMahon | 9,417 | - | - | - | 9,417 |
| M Thompson | 7,500 | - | - | - | 7,500 |
| S Boston | 15,000 | - | 1,350 | - | 16,350 |
| R Scrimgeour | 16,350 | - | - | - | 16,350 |
| G Schwab | 18,500 | - | - | - | 18,500 |
| Total key management personnel compensation | 74,267 | - | 1,350 | - | 75,617 |

Letters of appointment have been entered into with each director of the Company. No duration of appointment or termination benefits are applicable. Non-executive directors receive remuneration of \$30,000 plus statutory superannuation.

The company secretary is deemed to be an executive by virtue of being an officer of the parent entity. The role performed by the company secretary does not meet the definition of key management person under AASB 124, hence this officer has been excluded from the key management personnel disclosures in the financial report.

The company secretary has an agreement on normal commercial terms for the provision of services at the rate of \$3,500 per month.

SHARE-BASED COMPENSATION

Options over shares in the Company are granted under the Catalyst Metals Limited Employee Share Option Plan (Plan). The purpose of the Plan is to provide employees, directors, executive officers and consultants with an opportunity, in the form of options, to subscribe for ordinary shares in the Group. The Directors consider the Plan enables the Group to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to contribute to the growth and future success of the Group.

During the financial year the following options were issued:

| | Number |
|--|------------------|
| Options over ordinary fully paid shares exercisable: | |
| - at 20 cents each on or before 30 June 2014 | 1,000,000 |
| - at 30 cents each on or before 30 June 2015 | 1,000,000 |
| | <u>2,000,000</u> |

CATALYST METALS LIMITED

DIRECTORS' REPORT

SHARE-BASED COMPENSATION (Continued)

Of the above options Mr Bruce Kay received 250,000 of the 20 cent options expiring on 30 June 2014 and 250,000 of the 30 cent options expiring on 30 June 2015. These options were granted to Mr Kay in July 2010 in his capacity as a consultant to the Group prior to his appointment as a director in February 2011.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Group has entered into indemnity agreements with each of the directors and officers of the Group. Under the agreements, the Group will indemnify those officers against any claim or for any expenses or costs which may arise as a result of work performed in their respective capacities as officers of the Group or any related entities.

NON-AUDIT SERVICES

The board of directors, in accordance with advice from the audit committee, is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that any non-audit services did not compromise the external auditor's independence for the following reasons:

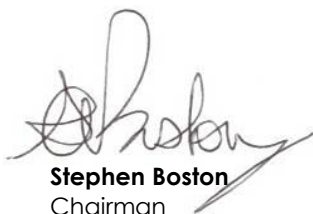
- all non-audit services are reviewed and approved by the audit committee prior to commencement to ensure they do not adversely affect the integrity and objectivity of the auditor; and
- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid/payable to the external auditors during the year ended 30 June 2011.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and immediately follows the Directors' Report.

This report is made in accordance with a resolution of the Directors.



Stephen Boston
Chairman

Perth, Western Australia
29 September 2011

RSM Bird Cameron Partners
8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsml.com.au

AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of the financial report of Catalyst Metals Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners
RSM BIRD CAMERON PARTNERS
Chartered Accountants

scubitt

S C CUBITT
Partner

Perth, WA
Dated: 29 September 2011

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--|------|------------------|------------------|
| Current Assets | | | |
| Cash and cash equivalents | 6 | 1,918,840 | 1,773,365 |
| Trade and other receivables | 7 | 67,675 | 22,927 |
| Other financial assets | 8 | 120 | 120 |
| Total Current Assets | | <u>1,986,635</u> | <u>1,796,412</u> |
| Non-Current Assets | | | |
| Property, plant and equipment | 9 | 7,629 | 12,585 |
| Exploration and evaluation expenditure | 10 | 283,537 | 275,277 |
| Total Non-Current Assets | | <u>291,166</u> | <u>287,862</u> |
| TOTAL ASSETS | | <u>2,277,801</u> | <u>2,084,274</u> |
| Current Liabilities | | | |
| Trade and other payables | 11 | 110,163 | 60,580 |
| Total Current Liabilities | | <u>110,163</u> | <u>60,580</u> |
| TOTAL LIABILITIES | | <u>110,163</u> | <u>60,580</u> |
| NET ASSETS | | <u>2,167,638</u> | <u>2,023,694</u> |
| Equity | | | |
| Contributed equity | 12 | 5,407,344 | 4,025,455 |
| Share-based payments reserve | 13 | 121,609 | 82,609 |
| Accumulated losses | 13 | (3,361,315) | (2,084,370) |
| TOTAL EQUITY | | <u>2,167,638</u> | <u>2,023,694</u> |

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the Year Ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|--|------|--------------------|------------------|
| Revenue | 2 | 113,378 | 71,545 |
| Expenses | | | |
| Occupancy costs | | - | (8,505) |
| Professional fees | | (102,494) | (64,006) |
| Administration costs | | (54,151) | (26,712) |
| Personnel | | (149,630) | (75,617) |
| Corporate | | (117,471) | (70,462) |
| Exploration costs written off | | (966,577) | (49,414) |
| Loss before income tax expense | 3 | <u>(1,276,945)</u> | <u>(223,171)</u> |
| Income tax expense | 5 | - | - |
| Loss for the year | | <u>(1,276,945)</u> | <u>(223,171)</u> |
| Other comprehensive income | | - | - |
| Total comprehensive loss for the year | | <u>(1,276,945)</u> | <u>(223,171)</u> |
| Total comprehensive income attributable to members of the Parent entity | | <u>(1,276,945)</u> | <u>(223,171)</u> |
| Basic loss per share (cents per share) | 4 | (3.6) | (0.8) |
| Diluted loss per share (cents per share) | 4 | (3.6) | (0.8) |

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY For the Year Ended 30 June 2011

| | Contributed Equity \$ | Accumulated losses \$ | Share-based payments reserve \$ | Total \$ |
|---|-----------------------------|-----------------------------|--|------------------|
| Balance at 30 June 2009 | 3,356,710 | (1,861,199) | 82,609 | 1,578,120 |
| Total comprehensive loss for the year | - | (223,171) | - | (223,171) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of shares | 703,000 | - | - | 703,000 |
| Share issue expenses | (34,255) | - | - | (34,255) |
| Balance at 30 June 2010 | 4,025,455 | (2,084,370) | 82,609 | 2,023,694 |
| Total comprehensive loss for the year | - | (1,276,945) | - | (1,276,945) |
| Transactions with owners in their capacity as owners: | | | | |
| Issue of options | - | - | 39,000 | 39,000 |
| Issue of shares | 1,400,000 | - | - | 1,400,000 |
| Share issue expenses | (18,111) | - | - | (18,111) |
| Balance at 30 June 2011 | 5,407,344 | (3,361,315) | 121,609 | 2,167,638 |

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS For the Year Ended 30 June 2011

| | Note | 2011 \$ | 2010 \$ |
|---|------|-------------------------|-------------------------|
| Cash Flows from Operating Activities | | | |
| Payments for exploration and evaluation | | (760,335) | (90,910) |
| Payments to suppliers, contractors and employees | | (400,099) | (226,851) |
| Interest received | | 97,280 | 72,164 |
| Proceeds from R&D tax offset | | - | 32,885 |
| | | <u>-</u> | <u>32,885</u> |
| Net cash flows used in operating activities | 14 | <u>(1,063,154)</u> | <u>(212,712)</u> |
| Cash Flows from Investing Activities | | | |
| Payments for property, plant and equipment | | - | (12,680) |
| Proceeds from sale of property, plant and equipment | | - | 2,011 |
| Payments for exploration tenement acquired | | (8,260) | (40,000) |
| Proceeds from sale of financial assets | | - | 2,300 |
| | | <u>-</u> | <u>2,300</u> |
| Net cash flows used in investing activities | | <u>(8,260)</u> | <u>(48,369)</u> |
| Cash Flows from Financing Activities | | | |
| Proceeds from issue of shares and other equity securities | | 1,235,000 | 653,000 |
| Share issue expenses | | (18,111) | (34,255) |
| | | <u>1,216,889</u> | <u>618,745</u> |
| Net cash flows from financing activities | | <u>1,216,889</u> | <u>618,745</u> |
| Net increase in cash and cash equivalents | | 145,475 | 357,664 |
| Cash and cash equivalents at the beginning of the financial year | | <u>1,773,365</u> | <u>1,415,701</u> |
| Cash and cash equivalents at the end of the financial year | 6 | <u><u>1,918,840</u></u> | <u><u>1,773,365</u></u> |

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

This financial report of Catalyst Minerals Limited ('the Company') for the year ended 30 June 2011 comprises of the company and its controlled entities (collectively referred to as 'the consolidated entity' or 'group'). The separate financial statements of the parent entity, Catalyst Metals Limited, have not been presented within this financial report as permitted by the Corporations Act 2001.

The Company is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange. The financial report was authorised for issue in accordance with a resolution of directors dated 29 September 2011.

(b) Basis of preparation

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in a financial report containing relevant and reliable information about transactions, events and conditions to which they apply. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of this financial report are presented below. They have been consistently applied unless otherwise stated.

The financial report has been prepared on an accruals basis and is based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

(c) Consolidation

A controlled entity is any entity Catalyst Metals Limited has the power to control the financial and operating policies so as to obtain benefits from its activities.

All inter-Group balances and transactions between entities in the consolidated entity, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiary have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

Where controlled entities have entered or left the consolidated entity during the year, their operating results have been included/ excluded from the date control was obtained or until the date control ceased.

(d) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(e) Impairment

At each reporting date, the Group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with less than 30 days to maturity.

(g) Trade and other receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

(h) Financial instruments

Recognition and Initial Measurement

Financial instruments, incorporating financial assets and financial liabilities, are recognised when the entity becomes a party to the contractual provisions of the instrument. Trade date accounting is adopted for financial assets that are delivered within timeframes established by marketplace convention.

Financial instruments are initially measured at fair value plus transaction costs where the instrument is not classified as at fair value through profit or loss. Transaction costs related to instruments classified as at fair value through profit or loss are expensed to profit or loss immediately. Financial instruments are classified and measured as set out below.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

Classification and Subsequent Measurement

(i) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognised in profit or loss.

(ii) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to-maturity when the Group has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Investments that are intended to be held-to-maturity, such as bonds, are subsequently measured at amortised cost. This cost is computed as the amount initially recognised minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initially recognised amount and the maturity amount.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Financial instruments (Continued)

This calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums and discounts. For investments carried at amortised cost, gains and losses are recognised in profit or loss when the investments are derecognised or impaired, as well as through the amortisation process.

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

(iv) Available-for-sale investments

Available-for-sale investments are those non-derivative financial assets that are designated as available-for-sale or are not classified as any of the three preceding categories. After initial recognition available-for-sale investments are measured at fair value with gains or losses being recognised as a separate component of equity until the investment is derecognised or until the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is recognised in profit or loss.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an impairment has arisen. Impairment losses are recognised in the income statement.

(i) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The Group performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the income statement.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(i) Exploration and Evaluation Expenditure (Continued)

Expenditure is not carried forward in respect of any area of interest unless the Group's right of tenure to that area of interest is current. Expenditures incurred before the Group has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

(j) Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(k) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(l) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits, and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

(m) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Income tax (Continued)

However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(n) Intangibles

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

(o) Equity based payments

The Group determines the fair value of options issued to employees as remuneration and recognises the expense in the income statement. This policy is not limited to options and also extends to other forms of equity based remuneration.

Fair value is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

(p) Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(r) Property, Plant and Equipment

Plant and equipment are measured on the cost basis and therefore carried at cost less accumulated depreciation and any accumulated impairment. In the event the carrying amount of plant and equipment is greater than the estimated recoverable amount, the carrying amount is written down immediately to the estimated recoverable amount and impairment losses are recognised in profit or loss. A formal assessment of recoverable amount is made when impairment indicators are present.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount from these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets, but excluding freehold land, is depreciated on a straight-line basis over the asset's useful life to the consolidated group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

| Class of Fixed Asset | Depreciation Rate |
|-----------------------------------|--------------------------|
| Computer equipment | 25%-33.33% |
| Furniture, fittings and equipment | 33.33% |

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the statement of comprehensive income.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Group.

Significant judgments, estimates and assumptions made by management in the preparation of these financial statements are outlined below:

Exploration and evaluation

The Group's accounting policy for exploration and evaluation is set out in note 1(h). The application of this policy necessarily requires management to make certain estimates and assumptions as to future events and circumstances, in particular the assessment of whether economic quantities of reserves may be found. Any such estimates and assumptions may change as new information becomes available. If, after having capitalised expenditure under the Group's policy, management concludes that the Group is unlikely to recover the expenditure by future exploitation or sale, then the relevant capitalised amount will be written off to the income statement.

Impairment of assets

In determining the recoverable amount of assets, in the absence of quoted market prices, estimations are made regarding the present value of future cash flows using asset-specific discount rates. For intangible assets, expected future cash flow estimation is based on, future production profiles, commodity prices and costs.

(t) Adoption of New and Revised Accounting Standards

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current financial year. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from those previously made available.

In the current year, the group has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the consolidated entity's accounting policies.

New standards issued but not yet effective

At the date of this financial report the following standards, which may impact the entity in the period of initial application, have been issued but are not yet effective:

| Reference | Title | Summary | Application date (financial years beginning) | Expected Impact |
|-----------|----------------------------------|--|--|----------------------------------|
| AASB 9 | <i>Financial Instruments</i> | Replaces the requirements of AASB 139 for the classification and measurement of financial assets. This is the result of the first part of Phase 1 of the IASB's project to replace IAS 39. | 1 January 2013 | No expected impact on the entity |
| AASB 124 | <i>Related Party Disclosures</i> | Revised standard. The definition of a related party is simplified to clarify its intended meaning and eliminate inconsistencies from the application of the definition | 1 January 2011 | Disclosure only |

The group has decided against early adoption of these standards.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|---|----------------------|----------------------|
| 2. Revenue | | |
| Interest received | 113,378 | 70,493 |
| Other revenue | - | 1,052 |
| | <hr/> 113,378 | <hr/> 71,545 |
| 3. Expenses | | |
| <i>Loss before income tax includes the following specific expenses:</i> | | |
| Directors fees | 110,630 | 75,617 |
| Exploration written off (refer note 1 (i)) | 966,577 | 49,414 |
| Share based payments (refer note 17) | 39,000 | - |
| Depreciation | 4,956 | 6,601 |
| | <hr/> 4,956 | <hr/> 6,601 |
| 4. Earnings per Share | 2011 | 2010 |
| | No. of Shares | No. of Shares |
| Weighted average number of ordinary shares for basic and diluted earnings per share (i) | <hr/> 35,082,747 | <hr/> 28,678,822 |

- (i) In 2011 diluted earnings per share were calculated after classifying all options on issue remaining unconverted at 30 June 2011 as potential ordinary shares. As at 30 June 2011, the Group had 2,000,000 options over unissued capital and has incurred a net loss. As the notional exercise prices of these options is greater than the current market price of the shares, they have not been included in the calculations of the diluted earnings per share as they are anti-dilutive for all periods presented. As at 30 June 2010, there were no options over unissued capital outstanding.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

5. Income tax

| | 2011 \$ | 2010 \$ |
|---|-------------|------------|
| Loss before tax | (1,276,945) | (223,171) |
| Prima facie tax on operating loss before income tax at 30% | 383,084 | 66,951 |
| Tax effect of: | | |
| - non deductible items | (17,779) | (15,582) |
| - deductible capital raising expenditure | - | - |
| Deferred tax asset not brought to account at the reporting date as realisation of the benefit is not probable | (365,305) | (51,369) |
| Income tax attributable to operating loss | <u>-</u> | <u>-</u> |

Unrecognised deferred tax balances

The Group has \$3,634,139 (2010: \$2,416,457) tax losses arising in Australia that are available indefinitely for offset against future profit of the companies in which the losses arose.

The potential deferred tax asset, arising from tax losses and temporary differences (as disclosed above), has not been recognised as an asset because recovery of tax losses and temporary differences is not considered probable.

The potential deferred tax asset will only be obtained if:

- the relevant Group derives future assessable income of a nature and an amount sufficient to enable the benefit to be realised;
- the relevant Group continues to comply with the conditions for deductibility imposed by tax legislation; and
- no changes in tax legislation adversely affect the relevant Group in realising the benefit from the deduction for the losses.

| | 2011 \$ | 2010 \$ |
|---------------------------------------|------------------|------------------|
| 6. Cash and cash equivalents | | |
| Cash at bank | <u>1,918,840</u> | <u>1,773,365</u> |
| 7. Trade and other receivables | | |
| Sundry debtors | <u>67,675</u> | <u>22,927</u> |

Fair value and credit risk

Due to the short term nature of the receivables, their carrying value is assumed to approximate their fair value.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

| | 2011 \$ | 2010 \$ |
|---|------------|------------|
| 8. Financial assets at fair value through profit or loss | | |
| Current | | |
| Securities in listed corporations - at fair value | 120 | 120 |

Listed securities at fair value

The fair value of listed investments has been determined directly by reference to published price quotations in an active market. Changes in fair values of financial assets at fair value through profit or loss are recorded in other income or other expense in the income statement.

9. Property, plant and equipment

| | Computer equipment \$ | Furniture, fittings and equipment \$ | Total \$ |
|--------------------------------------|-----------------------------|--|-------------|
| Year ended 30 June 2011 | | | |
| Opening net book amount 1 July 2010 | 12,403 | 182 | 12,585 |
| Additions | - | - | - |
| Disposals | - | - | - |
| Depreciation charge | (4,774) | (182) | (4,956) |
| Closing net book amount 30 June 2010 | 7,629 | - | 7,629 |
| At 30 June 2011 | | | |
| Cost or fair value | 20,092 | 11,572 | 31,664 |
| Accumulated depreciation | (12,463) | (11,572) | (24,035) |
| Net book amount | 7,629 | - | 7,629 |

| | 2011 \$ | 2010 \$ |
|---|------------|------------|
| 10. Exploration and evaluation expenditure | | |
| Opening balance | 275,277 | 162,294 |
| Additions | 974,837 | 162,397 |
| Exploration written off (refer note 1 (i)) | (966,577) | (49,414) |
| Closing balance | 283,537 | 275,277 |

11. Trade and other payables

Current Payables

| | | |
|-----------------|---------|--------|
| Trade creditors | 46,495 | 46,855 |
| Accruals | 63,668 | 13,725 |
| | 110,163 | 60,580 |

Due to the short term nature of these payables, their carrying value is assumed to approximate their fair value. Trade and other payables are non-interest bearing and normally settled on 30-day terms.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

| | | 2011 Number | 2011 \$ | 2010 Number | 2010 \$ |
|------------------------------------|-----|----------------|------------------|----------------|------------------|
| 12. Contributed Equity | | | | | |
| (a) Share capital | | | | | |
| Ordinary shares | | | | | |
| Fully paid | (c) | 39,088,226 | 5,407,344 | 30,588,226 | 4,025,455 |
| (b) Other equity securities | | | | | |
| Options – Unlisted | (d) | 2,000,000 | - | - | - |
| Total contributed equity | | | <u>5,407,344</u> | | <u>4,025,455</u> |

(c) Movements in Ordinary Shares

| Details | Number of Shares | Issue Price | \$ |
|---|---------------------|----------------|------------------|
| Balance at 30 June 2009 | 23,558,137 | | 3,348,710 |
| Issue of shares | 6,530,000 | \$0.10 | 653,000 |
| Issue of shares – Everton acquisition | 500,000 | \$0.10 | 50,000 |
| Issue of shares – Incentive shares converted | 89 | - | 8,000 |
| Share issue expenses | - | - | <u>(34,255)</u> |
| Balance at 30 June 2010 | 30,588,226 | | 4,025,455 |
| Issue of shares | 4,500,000 | \$0.13 | 585,000 |
| Issue of shares – Four Eagles Gold Project | 750,000 | \$0.22 | 165,000 |
| Issue of shares | 3,250,000 | \$0.20 | 650,000 |
| Share issue expenses | - | | <u>(18,111)</u> |
| Balance at 30 June 2011 | <u>39,088,226</u> | | <u>5,407,344</u> |

(d) Movements in other equity securities

| Details | Number of Options | Issue Price | \$ |
|-------------------------|----------------------|----------------|----|
| Unlisted Options | | | |
| Balance at 30 June 2009 | 1,050,000 | | - |
| Lapsed options | <u>(1,050,000)</u> | - | - |
| Balance at 30 June 2010 | - | | - |
| Issue of options | <u>2,000,000</u> | | - |
| Balance at 30 June 2011 | <u>2,000,000</u> | | - |

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

12. Contributed Equity (Continued)

(e) Ordinary shares

On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

(f) Options

Unlisted Options

Options over ordinary fully paid shares exercisable:

| | Number |
|--|------------------|
| - at 20 cents each on or before 30 June 2014 | 1,000,000 |
| - at 30 cents each on or before 30 June 2015 | 1,000,000 |
| | <u>2,000,000</u> |

(h) Capital risk management

When managing capital, management's objective is to ensure the entity continues as a going concern as well as to maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the entity.

In order to maintain or adjust the capital structure, the entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, enter into joint ventures or sell assets.

The entity does not have a defined share buy-back plan.

No dividends were paid in 2011 and no dividends are expected to be paid in 2012.

There is no current intention to incur debt funding on behalf of the Group as on-going exploration expenditure will be funded via cash reserves, equity or joint ventures with other companies.

The Group is not subject to any externally imposed capital requirements.

(i) Details of subsidiaries

Details of the Group's subsidiaries at 30 June 2011 are:

| Name of subsidiary | Principal activity | Place of incorporation and operation | Proportion of ownership interest and voting power held |
|----------------------------|---------------------|--------------------------------------|--|
| Silkfield Holdings Pty Ltd | Mineral Exploration | Australia | 100% |
| Kite Gold Pty Ltd | Mineral Exploration | Australia | 100% |

Silkfield Holdings Pty Ltd was incorporated on 31 August 2009 and Kite Gold was incorporated on 7 December 2010.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

13. Reserves & Accumulated Losses

(a) Reserves

| | 2011 \$ | 2010 \$ |
|--------------------------------------|----------------|---------------|
| <i>Share-based payments reserve</i> | | |
| Balance at the beginning of the year | 82,609 | 82,609 |
| Share-based payments expense | 39,000 | - |
| Balance at the end of the year | <u>121,609</u> | <u>82,609</u> |

The share-based payments reserve records the value of share options issued by the Group.

(b) Accumulated losses

| | | |
|--------------------------------------|--------------------|--------------------|
| Balance at the beginning of the year | (2,084,370) | (1,861,199) |
| Loss for the year | <u>(1,276,945)</u> | <u>(223,171)</u> |
| Balance at the end of the year | <u>(3,361,315)</u> | <u>(2,084,370)</u> |

14. Notes to the Cash Flow Statement

(a) Reconciliation of net cash used in operating activities to operating loss after income tax

| | 2011 \$ | 2010 \$ |
|---|--------------------|------------------|
| Operating loss after tax | (1,276,945) | (223,171) |
| <i>Add non cash items:</i> | | |
| Depreciation | 4,956 | 6,601 |
| (Gain)/loss on fair value of other financial assets | - | (1,052) |
| Share based payment | 39,000 | - |
| Exploration paid in shares | 165,000 | - |
| <i>Changes in net assets and liabilities</i> | | |
| Increase/(decrease) in receivables | (44,747) | 35,637 |
| Increase/(decrease) in payables | 49,582 | (7,742) |
| (Increase) in exploration | - | <u>(22,985)</u> |
| Net cash outflow from operating activities | <u>(1,063,154)</u> | <u>(212,712)</u> |

(b) Non-cash financing and investing activities

The Group did not have any non-cash financing or investing activities during the year (2010: \$50,000), other than the payment for the Four Eagles Gold Project of the Everton Molybdenum project by the payment of \$165,000 in ordinary fully paid shares.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

15. Key Management Personnel Compensation

(a) Directors and Specified Executives

The names and positions held by key management personnel in office at any time during the year are:

Directors

| | |
|--------------|---|
| S Boston | Non-Executive Chairman (appointed 1 September 2009) |
| R Scrimgeour | Non-Executive Director (appointed 1 September 2009) |
| G Schwab | Non-Executive Director (appointed 8 December 2009) |
| B Kay | Non-Executive Director (appointed 9 February 2011) |

All of the above persons were also key management persons during the year ended 30 June 2011.

(b) Key management personnel remunerations

| | 2011 | 2010 |
|------------------------------|---------|--------|
| Short-term employee benefits | 107,930 | 74,267 |
| Post-employment benefits | 2,700 | 1,350 |
| Share based payments | 12,500 | - |
| | 123,130 | 75,617 |

Detailed remuneration disclosures are provided in the Remuneration Report section of the Director's Report.

(c) Equity instrument disclosures relating to key management personnel

(i) *Options provided as remuneration and shares issued on exercise of such options*
Details of options provided as remuneration and share issued on the exercise of such options, together with terms and conditions of the options, can be found in the Remuneration Report section of the Directors' Report.

(ii) *Option holdings*
The number of options over ordinary shares in the Company held during the year by each director of the Company and other key management personnel, including their personally related parties, are set out below:

2011

| Directors | Balance at beginning of year | Granted as compensation | Exercised | Other changes (i) | Balance at end of year | Vested and exercisable |
|--------------|------------------------------|-------------------------|-----------|-------------------|------------------------|------------------------|
| S Boston | - | - | - | - | - | - |
| R Scrimgeour | - | - | - | - | - | - |
| G Schwab | - | - | - | - | - | - |
| B Kay (i) | - | - | - | 500,000 | 500,000 | 500,000 |

(i) Options were issued to Mr Kay prior to his appointment as a director.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

15. Key Management Personnel Compensation (Continued)

(c) Equity instrument disclosures relating to key management personnel (Continued)

2010

| Directors | Balance at beginning of year | Granted as compensation | Exercised | Other changes (i) | Balance at end of year | Vested and exercisable |
|----------------|------------------------------|-------------------------|-----------|-------------------|------------------------|------------------------|
| S Boston | - | - | - | - | - | - |
| R Scrimgeour | - | - | - | - | - | - |
| G Schwab | - | - | - | - | - | - |
| M Thompson (i) | 1,050,000 | - | - | (1,050,000) | - | - |
| B Dixon | - | - | - | - | - | - |
| N McMahon | - | - | - | - | - | - |

(i) 1,050,000 unlisted options expired on 16 July 2009.

(iii) Shareholdings Ordinary Shares

The number of ordinary shares in the Group held during the financial year by each director and other key management personnel of the Group, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

2011

| Directors | Balance at beginning of year | Purchased | Other changes (i) | Balance at end of year |
|--------------|------------------------------|-----------|-------------------|------------------------|
| S Boston | 3,819,628 | 555,457 | - | 4,375,085 |
| R Scrimgeour | 1,870,561 | 2,093,217 | - | 3,963,778 |
| G Schwab | - | - | - | - |
| B Kay | - | - | 292,308 | 292,308 |

(i) This represents the shares held by Mr Kay prior to his appointment as a director of the Company.

2010

| Directors | Balance at beginning of year | Purchased | Other changes (i) | Balance at end of year |
|--------------|------------------------------|-----------|-------------------|------------------------|
| S Boston | - | 431,534 | 3,388,094 | 3,819,628 |
| R Scrimgeour | - | 770,561 | 1,100,000 | 1,870,561 |
| G Schwab | - | - | - | - |
| M Thompson | 1,265,250 | - | (1,265,250) | - |
| B Dixon | - | - | - | - |
| N McMahon | 900,000 | - | (900,000) | - |

(i) This represents the shares held by Messrs Thompson and McMahon when they resigned as directors of the Company and the shares held by Messrs Boston and Scrimgeour when they were appointed as directors of the Company.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

15. Key Management Personnel Compensation (Continued)

(d) Equity instrument disclosures relating to key management personnel

Incentive shares

The number of incentive shares in the Company held during the financial year by each personally related parties, are set out below:

2011

| Directors | Class A Incentive Shares | | | Class B Incentive Shares | | |
|--------------|------------------------------|---------------|------------------------|------------------------------|---------------|------------------------|
| | Balance at beginning of year | Other changes | Balance at end of year | Balance at beginning of year | Other changes | Balance at end of year |
| S Boston | - | - | - | - | - | - |
| R Scrimgeour | - | - | - | - | - | - |
| G Schwab | - | - | - | - | - | - |
| B Kay | - | - | - | - | - | - |

2010

| Directors | Class A Incentive Shares | | | Class B Incentive Shares | | |
|----------------|------------------------------|---------------|------------------------|------------------------------|---------------|------------------------|
| | Balance at beginning of year | Other changes | Balance at end of year | Balance at beginning of year | Other changes | Balance at end of year |
| S Boston | - | - | - | - | - | - |
| R Scrimgeour | - | - | - | - | - | - |
| G Schwab | - | - | - | - | - | - |
| M Thompson (i) | 1,000,000 | (1,000,000) | - | 1,000,000 | (1,000,000) | - |
| B Dixon | - | - | - | - | - | - |
| N McMahan | - | - | - | - | - | - |

(i) On 27 July 2009, the incentive shares lapsed and converted to 89 ordinary fully paid shares.

(e) Other transactions with key management personnel

A former director, Nathan McMahan is a director and shareholder of Cazaly Resources Limited. In 2010 Catalyst Metals Limited had an agreement based on normal commercial terms and conditions to reimburse for office rental and administration and overheads.

A former director, Mark Thompson is a related party of Red Dog Prospecting Pty Ltd. In the previous financial year, Catalyst Metals Limited had agreed to engage Red Dog Prospecting Pty Ltd based on normal commercial terms and conditions for the provision of exploration and development services and vehicle hire.

Aggregate amounts of each of the above types of other transactions with key management personnel of Catalyst Metals Limited:

| | 2011 \$ | 2010 \$ |
|-------------------------------------|------------|------------|
| <i>Purchases</i> | | |
| Rent of office building | - | 6,930 |
| Administrative and office overheads | - | 3,657 |

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2011

16. Related Party Disclosures

Key Management Personnel

Red Dog Option and Joint Venture Agreement (Red Dog Agreement)

The Group has a joint venture agreement on the Minnie Creek project with Red Dog Prospecting Pty Ltd, a company in which a former director, Mark Thompson has a financial interest, The Group is manager of the joint venture and whilst it is sole funding exploration costs up to completion of a feasibility study, it has conduct of the joint venture operations as it sees fit.

Mr Scrimgeour's directors' fees of \$32,700 (2010: \$16,350) were paid to Culloden Capital Pte Ltd, a company in which Mr Scrimgeour has a relevant interest.

In 2010 Mr McMahon's directors' fees of \$9,417 were paid to Kingsreef Pty Ltd, a company in which Mr McMahon has a relevant interest.

In 2010 Mr Thompson's directors' fees of \$7,500 were paid to Red Dog Prospecting Pty Ltd, a company in which Mr Thompson has a relevant interest.

In 2010 Mr Dixon's directors' fees of \$7,500 were paid to Warrior Strategic Pty Ltd, a company in which Mr Dixon has a relevant interest.

17. Employee share option plan

The Company has adopted an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Group. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share options issued under the plan are at the discretion of the Board.

500,000 options were granted during the year.

Consultant options

The company has issued equity based payments to key corporate and strategic consultants of the company to provide an incentive for their future involvement and commitment.

| | 2011 | | 2010 | |
|-------------------------|-------------------|------------------------------------|-------------------|------------------------------------|
| | Number of Options | Weighted Average Exercise Price \$ | Number of Options | Weighted Average Exercise Price \$ |
| Opening amount | - | | 1,050,000 | 0.30 |
| Granted during the year | | | | |
| - Consultant options | 2,000,000 | 0.25 | - | - |
| - Lapsed | - | - | (1,050,000) | - |
| Closing amount | 2,000,000 | 0.25 | - | - |

| Issue date | Expiry date | Balance at start of year | Number issued during year | Number exercised during year | Number expired during year | Balance at end of year | Number exercisable at end of year |
|-------------|-------------|--------------------------|---------------------------|------------------------------|----------------------------|------------------------|-----------------------------------|
| 2 July 2010 | 30 Jun 2014 | - | 1,000,000 | - | - | 1,000,000 | 1,000,000 |
| 2 July 2010 | 30 Jun 2015 | - | 1,000,000 | - | - | 1,000,000 | 1,000,000 |

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

17. Employee share option plan (Continued)

Consultant options (Continued)

The following table gives the assumptions made in determining the fair value of the options granted:

| <u>Expiry date</u> | <u>30 Jun 2014</u> | <u>30 Jun 2015</u> |
|----------------------------------|--------------------|--------------------|
| Type | Consultant | Consultant |
| Dividend yield (%) | - | - |
| Expected price volatility (%) | 50% | 50% |
| Risk-free interest rate (%) | 5.50% | 5.50% |
| Expected life of options (years) | 4 | 5 |
| Option exercise price (\$) | \$0.20 | \$0.30 |
| Share price at grant date | \$0.09 | \$0.09 |
| Number of options issued | 1,000,000 | 1,000,000 |

| | 2011 | 2010 |
|-----------------------------------|-------------|-------------|
| | \$ | \$ |
| 18. Auditors' Remuneration | | |

Amounts received or due and receivable by the auditors for:

| | | |
|-------------------|---------------|---------------|
| Auditing accounts | 19,000 | 17,500 |
| Other services | - | - |
| | <u>19,000</u> | <u>17,500</u> |

19. Commitments

There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2011 other than:

| | 2011 | 2010 |
|--|----------------|----------------|
| | \$ | \$ |
| (a) Tenement commitments | | |
| No later than 1 year | 139,500 | 216,200 |
| Later than 1 year but not later than 5 years | - | - |
| | <u>139,500</u> | <u>216,200</u> |

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

20. Financial Instruments

| | Notes | Floating Interest Rate \$ | 1 year or less \$ | Over 1-5 years \$ | Non interest bearing \$ | Total \$ |
|---|-------|------------------------------|----------------------|----------------------|----------------------------|-------------|
| 2011 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 6 | 5.66% | 1,918,840 | - | - | 1,918,840 |
| Trade and other receivables | 7 | - | - | - | 67,675 | 67,675 |
| Other financial assets | 8 | - | - | - | 120 | 120 |
| Total financial assets | | | 1,918,840 | - | 67,795 | 1,986,635 |
| Financial liabilities | | | | | | |
| Trade and other payables | 11 | | - | - | 110,163 | 110,163 |
| Total financial liabilities | | | - | - | 110,163 | 110,163 |
| Net financial assets/(liabilities) | | | 1,918,840 | - | (42,368) | 1,876,472 |

| | Notes | Floating Interest Rate \$ | 1 year or less \$ | Over 1-5 years \$ | Non interest bearing \$ | Total \$ |
|---|-------|------------------------------|----------------------|----------------------|----------------------------|-------------|
| 2010 | | | | | | |
| Financial assets | | | | | | |
| Cash and cash equivalents | 6 | 4.15% | 1,773,365 | - | - | 1,773,365 |
| Trade and other receivables | 7 | - | - | - | 22,927 | 22,927 |
| Other financial assets | 8 | - | - | - | 120 | 120 |
| Total financial assets | | | 1,773,365 | - | 23,047 | 1,796,412 |
| Financial liabilities | | | | | | |
| Trade and other payables | 11 | | - | - | 60,580 | 60,580 |
| Total financial liabilities | | | - | - | 60,580 | 60,580 |
| Net financial assets/(liabilities) | | | 1,773,365 | - | (37,533) | 1,735,832 |

Reconciliation of net financial assets to net assets

| | 2011 \$ | 2010 \$ |
|-----------------------------|------------|------------|
| Net Financial Assets | 1,876,472 | 1,735,832 |
| Property, plant & equipment | 7,629 | 12,585 |
| Exploration expenditure | 283,537 | 275,277 |
| Net Assets | 2,167,638 | 2,023,694 |

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

20. Financial Instruments (Continued)

The Group's principal financial instruments comprise cash, short-term deposits and financial assets at fair value through comprehensive income.

The main purpose of these financial instruments is to finance the Group's operations. The Group has various other financial assets and liabilities such as sundry receivables, and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are cash flow interest rate risk and equity price risk. Other minor risks are either summarised below and Note 13 with respect to capital risk management. The Board reviews and agrees policies for managing each of these risks.

Market Risks

Interest rate risks

The Group's exposure to the risks of changes in market interest rates relates primarily to the Group's short-term deposits with a floating interest rate. These financial assets with variable rates expose the Group to cash flow interest rate risk. All other financial assets and liabilities in the form of receivables and payables are non-interest bearing. The Group does not engage in any hedging or derivative transactions to manage interest rate risk.

Interest rate sensitivity

At 30 June 2011, if interest rates had changed by 100 basis points during the entire year with all other variables held constant, profit for the year and equity would have been \$19,188 (2010: \$17,734) lower/higher, mainly as a result of lower/higher interest income from cash and cash equivalents.

A sensitivity of 100 basis points has been selected as this is considered reasonably possible in the current economic environment. Based on the sensitivity analysis only interest revenue from variable rate deposits and cash balances are impacted resulting in a decrease or increase in overall income.

Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

Liquidity risk

The responsibility for liquidity risk management rests with the Board of Directors. The Group manages liquidity risk by maintaining sufficient cash or credit facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2011

21. Segment Information

The Group operates predominantly in one business segment and in one geographical location. The operations of the Group consist of mineral exploration, within Australia.

22. Subsequent Events

On 23 September 2011 a General Meeting of shareholders approved the following resolutions:

- Ratified the issue of 750,000 ordinary fully paid shares to Providence Gold & Minerals Pty Ltd in accordance with the Four Eagles Heads of Agreement;
- Ratified the placement of 3,250,000 ordinary fully paid shares at \$0.20 each on 25 March 2011;
- Authorised the issue of securities under the Catalyst Metals Limited Performance Rights Plan; and
- Approved the issue of 1,000,000 Performance Rights to Mr Bruce Kay.

23. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets at 30 June 2011.

24. Parent Entity Disclosure

| | 2011 \$ | 2010 \$ |
|------------------------------|-------------|-------------|
| Total current assets | 2,270,037 | 2,071,923 |
| Total assets | 2,277,666 | 2,084,508 |
| Total current liabilities | 81,493 | 60,580 |
| Total liabilities | 81,493 | 60,580 |
| Equity | | |
| Contributed equity | 5,407,344 | 4,025,455 |
| Share based payments reserve | 121,609 | 82,609 |
| Accumulated losses | (3,332,780) | (2,084,136) |
| Total equity | 2,196,173 | 2,023,928 |
| Loss for the year | (1,248,643) | (222,937) |
| Total comprehensive income | (1,248,643) | (222,937) |

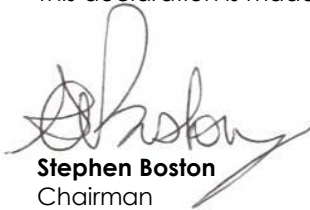
CATALYST METALS LIMITED

DIRECTORS' DECLARATION

The Directors of the Company declare that in the opinion of the Directors:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year then ended;
2. the financial statements and notes thereto also comply with International Financial Reporting Standards, as disclosed in Note 1;
3. the directors have been given the declarations required by s295A of the Corporations Act 2001; and
4. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a circular resolution of the Board of Directors.



Stephen Boston
Chairman

Dated at Perth this 29th day of September 2011

RSM Bird Cameron Partners
8 St George's Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9101
www.rsml.com.au

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CATALYST METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Catalyst Metals Limited, which comprises the consolidated statement of financial position as at 30 June 2011, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

RSM Bird Cameron Partners

Chartered Accountants

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Catalyst Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

- (a) the financial report of Catalyst Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and
- (b) the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report contained within the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion the Remuneration Report of Catalyst Metals Limited for the year ended 30 June 2011 complies with section 300A of the *Corporations Act 2001*.



RSM BIRD CAMERON PARTNERS
Chartered Accountants



S C CUBITT
Partner

Perth, WA

Dated: 29 September 2011

CATALYST METALS LIMITED

CORPORATE GOVERNANCE STATEMENT

A description of the Company's main corporate governance practices is set out below. These practices, unless otherwise stated, were in place for the entire financial year. Copies of relevant corporate governance policies and charters are available in the corporate governance section of the Company's web-site at www.catalystmetals.com.au.

Good corporate governance will evolve with the changing circumstances of a company and must be tailored to meet these circumstances. Catalyst Metals Limited is a junior exploration company which currently operates with no permanent staff and no executive directors.

BOARD OF DIRECTORS

The Board is responsible for guiding and monitoring the Company on behalf of shareholders by whom they are elected and to whom they are accountable. The Board's primary role is to formulate the strategic direction of the Company and to oversee the Company's business activities and management.

The Company has established functions reserved for the Board and those to be delegated to senior management, as set out in the Company's Board charter. The charter states that the Board is responsible for:

- the overall strategic direction and leadership of the Company;
- approving and monitoring management implementation of objectives and strategies;
- approving the annual strategic plan and monitoring the progress of both financial and non-financial performance;
- the corporate governance of the Company, and
- the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Company.

Due to the level and nature of the Company's current activities, there is presently no designated Managing Director position within the Company. A Managing Director will be appointed for the Company when the level of activities and circumstances warrant. Upon the appointment of a Managing Director, day to day management of the Company's affairs and the implementation of corporate strategies will be formally delegated by the Board to the Managing Director.

Board composition and independence

The Board charter states that the Board is to comprise an appropriate mix of both executive and non-executive directors and where possible, the roles of Chairman and Managing Director are not to be combined.

The Company has a four member Board comprising four non-executive directors, including the Chairman. Mr Boston and Mr Scrimgeour are not considered independent by virtue of their respective major shareholdings in the Company, neither is Mr Kay by virtue of financial remuneration during the year. Mr Schwab is considered an independent director based on the principles set out below.

Board members should possess complementary business disciplines and experience aligned with the Company's objectives, with a number of directors being independent and where appropriate, major shareholders being represented on the Board. Under present circumstances, there is not a majority of directors classified as being independent, according to ASX guidelines. Where any director has a material personal interest in a matter, the director must declare his interest and is not permitted to be present during discussions or to vote on the matter.

The current composition of the Board is considered suitable for the Company's current size and level of operations and includes an appropriate mix of skills, expertise and experience relevant to the Company's business. Details of the experience, qualifications and term of office of directors are set out in the Directors' Report.

CATALYST METALS LIMITED

CORPORATE GOVERNANCE STATEMENT

Having regard to the share ownership structure of the Company, it is considered appropriate by Board that a major shareholder may be represented on the Board and if nominated, hold the position of Chairman. Such appointment would not be deemed to be independent under ASX guidelines. The Chairman is expected to bring independent thought and judgement to his role in all circumstances. Where matters arise in which there is a perceived conflict of interest, the Chairman must declare his interest and abstain from any consideration or voting on the relevant matter.

The Board has adopted ASX recommended principles in relation to the assessment of directors' independence, which identifies shareholdings, executive roles and contractual relationships which may affect independent status. Financial materiality thresholds used in the assessment of independence are set at 10% of the annual gross expenditure of the Company and/or 25% of the annual income or business turnover of the director.

Directors have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense, subject to the prior written approval of the Chairman, which shall not be unreasonably withheld.

Performance assessment

The Board has adopted a policy for an annual self assessment of its collective performance, the performance of individual directors and of Board committees. The Chairman meets with each non-executive director separately to discuss individual performance and the Board as a whole discusses and analyses its performance over the previous 12 months and examines ways in which the Board can better perform its duties. No formal assessment was undertaken during the year, however, the chairman assesses the performance of the Board, individual directors and Board committees on an ongoing basis and undertakes informal appraisals with relevant directors.

The performance of senior executives will be reviewed annually by the Board through a formal performance appraisal and interview. Currently, the Board is collectively responsible for the evaluation of any senior executives. Executive remuneration and other terms of employment will be reviewed annually by the Board having regard to performance, relevant comparative information and where appropriate, expert advice. The Company does not presently have any senior executive positions and accordingly, no formal evaluation of senior executive performance was undertaken during the year.

BOARD COMMITTEES

The Board has established a separate audit committee. Matters determined by the committee are submitted to the full Board as recommendations for Board consideration.

Membership of the audit committee comprises two non-executive directors, Mr Schwab (chairman) and Mr Scrimgeour. Details of the qualifications of committee members and attendance at audit committee meetings are set out in the Directors' Report.

The audit committee operates in accordance with a written charter. The audit committee oversees accounting and reporting practices and is also responsible for:

- reviewing and approving statutory financial reports and all other financial information distributed externally;
- co-ordination and appraisal of the quality of the audits conducted by the Company's external auditor;
- determination of the independence and effectiveness of the external auditor;
- assessment of whether non-audit services have the potential to impair the independence of the external auditor;
- reviewing the adequacy of the reporting and accounting controls of the Company.

The current size of the Board and the stage of development of the Company do not warrant the establishment of separate remuneration or nomination committees. The directors as a whole are responsible for the functions normally undertaken by these committees. In circumstances where the growth or complexity of the Company changes, the establishment of separate committees will be reconsidered.

CATALYST METALS LIMITED

CORPORATE GOVERNANCE STATEMENT

The Board reviews all remuneration policies and practices for the Company, including overall strategies in relation to executive remuneration policies and compensation arrangements for any executive directors and senior management, as well as all equity based remuneration plans. The structure for the remuneration of non-executive directors and senior executives is separate and distinct. Details of the Company's remuneration policies are set out in the Remuneration Report section of the Directors' Report.

Board nomination procedures

The current size of the full Board permits it to act as the nomination committee and to regularly review membership. When a Board vacancy occurs, the Board identifies the particular skills, experience and expertise that will best complement Board effectiveness and then undertakes a process to identify candidates who can meet those criteria.

EXTERNAL AUDITORS

The performance of the external auditors is reviewed annually. RSM Bird Cameron was appointed as external auditors in May 2006. The current audit engagement partner has conducted the audit since December 2006 with rotation due no later than five years from that date.

The external auditors provide an annual declaration of their independence to the Board. The auditors are requested to attend annual general meetings and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Corporate reporting

The chief executive officer (or equivalent) and chief financial officer provide a declaration to the Board that the Company's external financial reports present a true and fair view of the Company's financial condition and operational results and that the declaration in relation to the integrity of the Company's external financial reports is founded on sound risk management and internal control systems and that those systems are operating effectively in relation to financial reporting risks.

RISK MANAGEMENT

The Board is responsible for the oversight of the Company's risk management and control framework. Responsibility for control and risk management will be delegated in the future to the appropriate level of management within the Company with the Managing Director (or equivalent) having ultimate responsibility to the Board for the risk management and control framework.

The Company's risk management systems are evolving and it is recognised that the extent of the systems will develop with the growth in the Company's activities. Internal controls are designed to manage both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial and non-financial information.

As the Board currently has responsibility for the monitoring of risk management it has not required a formal report regarding the material risks and whether those risks are managed effectively.

CODE OF CONDUCT

A formal code of conduct has been established and applies to all directors and employees, to guide compliance with the legitimate interests of all stakeholders. The code aims to encourage the appropriate standards of conduct and behaviour of the directors, employees and contractors of the Company. All personnel are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Company.

The Company's share trading policy prohibits the purchase or disposal of securities by directors, senior executives and other designated persons in the period of one week prior to the release of quarterly reports and the Company's annual and half-year financial results. Any proposed transactions to be undertaken must be notified to the Chairman in advance. Directors are also required to immediately advise the Company of any transactions conducted by them in the securities of the Company.

CATALYST METALS LIMITED

CORPORATE GOVERNANCE STATEMENT

Where the Company grants securities under an equity based remuneration scheme, participants are prohibited from entering into arrangements for the hedging, or otherwise limiting their exposure to risk in relation to unvested shares, options or rights issued or acquired under the scheme.

CONTINUOUS DISCLOSURE AND SHAREHOLDER COMMUNICATIONS

The Company has a formal written policy for the continuous disclosure of any price sensitive information concerning the Company. The Board has also adopted a formal written policy covering arrangements to promote communications with shareholders and to encourage effective participation at general meetings.

The Chairman and Company Secretary have been nominated as the Company's primary disclosure officers. All information released to the ASX is posted on the Company's web-site immediately after it is disclosed to the ASX. When analysts are briefed on aspects on the Company's operations, the material used in the presentation is released to the ASX and posted on the Company's web-site.

All shareholders are entitled to receive a copy of the Company's annual report. In addition, the Group makes all market announcements, media briefings, details of shareholders' meetings, press releases and financial reports available on the Company's web-site.

CATALYST METALS LIMITED

ADDITIONAL INFORMATION

The following information was reflected in the records of the Group as at 26 September 2011.

Distribution of share and option holders

| | Number of holders | |
|---|-------------------|------------------|
| | Fully paid shares | Unlisted options |
| 1 - 1,000 | 25 | - |
| 1,001 - 5,000 | 44 | - |
| 5,001 - 10,000 | 56 | - |
| 10,001 - 100,000 | 115 | - |
| 100,001 and over | 45 | 6 |
| | <u>285</u> | <u>6</u> |
| Including holdings of less than a marketable parcel | 26 | |

Substantial shareholders

The following shareholders have lodged a notice of substantial shareholding in the Group.

| Shareholder | Number of shares | % |
|---------------------------|------------------|-------|
| Trapine Pty Ltd | 4,828,351 | 12.35 |
| Robin Scrimgeour | 3,963,778 | 10.14 |
| Toby Mountjoy | 2,928,126 | 7.49 |
| Gavin Caudle | 2,730,768 | 6.99 |
| Kenneth Raymond Teagle | 2,417,599 | 6.18 |
| Drill Investments Pty Ltd | 2,250,000 | 5.75 |
| Chepalix Pty Ltd | 2,000,000 | 5.12 |

Twenty largest holders of fully paid shares

| Shareholder | Shares | % |
|--|-------------------|--------------|
| 1. Trapine Pty Ltd | 4,682,585 | 11.98 |
| 2. Robin Scrimgeour | 3,963,778 | 10.14 |
| 3. Toby Mountjoy | 2,928,126 | 7.49 |
| 4. Gavin Caudle | 2,730,768 | 6.99 |
| 5. Drill Investments Pty Ltd | 2,350,000 | 6.01 |
| 6. Kenneth Raymond Teagle <No.2 A/C> | 2,045,524 | 5.23 |
| 7. Chepalix Pty Ltd | 2,000,000 | 5.12 |
| 8. National Nominees Ltd | 1,538,462 | 3.94 |
| 9. Vestcourt Pty Ltd | 1,000,000 | 2.56 |
| 10. John Paul Sisterson | 769,231 | 1.97 |
| 11. Providence Gold & Minerals Pty Ltd | 750,000 | 1.92 |
| 12. Mining Tenement Management Pty Ltd | 600,000 | 1.53 |
| 13. Kimberley Downs Pty Ltd | 590,000 | 1.51 |
| 14. Kenneth Raymond Teagle | 574,839 | 1.47 |
| 15. Lafferty AH & Boston SJ <Sarah Boston A/C> | 554,240 | 1.42 |
| 16. Silverpeak Nominees Pty Ltd | 500,000 | 1.28 |
| 17. Lindway Investments Pty Ltd | 500,000 | 1.28 |
| 18. HSBC Custody Nominees Australia Ltd | 500,000 | 1.28 |
| 20. Roger George Davis | 499,166 | 1.28 |
| 19. Peter & Denise McClure | 470,000 | 1.20 |
| | <u>29,546,719</u> | <u>75.60</u> |

CATALYST METALS LIMITED

ADDITIONAL INFORMATION

Classes of shares and voting rights

At meetings of members or classes of members, each member entitled to vote may vote in person or by proxy or attorney. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy is entitled to one vote, and on a poll, every person present in person or by proxy has one vote for each ordinary share held.

Unquoted securities

The following classes of unquoted securities are on issue:

| Security | Number on issue | Holders of greater than 20% of each class of security | | |
|---|--------------------|---|---------|------|
| | | Name of holder | Number | % |
| Options over fully paid shares exercisable: | | | | |
| - at 20 cents each on or before 30.06.14 | 1,000,000 | John Arbuckle | 375,000 | 37.5 |
| | | Frank Campagna | 375,000 | 37.5 |
| | | Bruce Kay & Henriette Kay | 250,000 | 25.0 |
| - at 30 cents each on or before 30.06.15 | 1,000,000 | John Arbuckle | 375,000 | 37.5 |
| | | Frank Campagna | 375,000 | 37.5 |
| | | Bruce Kay & Henriette Kay | 250,000 | 25.0 |

Tenement directory

| Project | Tenement number | Beneficial interest |
|--------------------------|-----------------|---------------------|
| Western Australia | | |
| Eudamullah | E09/1174 | 90% |
| Michelles Well | E09/1291 | 90% |
| Bluebush Well | E09/1303 | 90% |
| Wanna | E09/1776 | 90% |
| Victoria | | |
| Everton | EL4866 | 100% |

Competent persons statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Bruce Kay, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is a non-executive director of Catalyst Metals Limited. Mr Kay has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that 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 Resource and Ore Reserves'. Mr Kay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.