



catalyst
METALS LTD

ABN 54 118 912 495

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2019

CATALYST METALS LIMITED

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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

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West Perth, Western Australia 6005

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

AUDITORS

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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

GENERAL INFORMATION

The financial statements cover Catalyst Metals Limited as a consolidated entity consisting of Catalyst Metals Limited and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Catalyst Metals Limited's functional and presentation currency.

Catalyst Metals Limited is a listed public company limited by shares, incorporated and domiciled in Australia.

A description of the nature of the consolidated entity's operations and its principal activities are included in the Directors' Report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of Directors, on 27 September 2019. The Directors have the power to amend and reissue the financial statements.

CATALYST METALS LIMITED

DIRECTORS' REPORT

Dear Shareholder,

The 2019 financial year saw your Company continue to be re-rated through the delivery of numerous additional positive technical results and corporate initiatives whilst both the domestic and global markets became more aware of the "Central Victorian Gold Rush".

On 18 July 2018, St Barbara Limited were issued 318,528 ordinary fully paid shares at 50 cents per share pursuant to an underwriting agreement for the shortfall from the exercise of listed options which expired on the 30 June 2018. 100,000 additional ordinary shares were issued following the exercise of unlisted options exercisable at \$1.00 each.

On 3 September 2018, the Company announced a new zone of gold mineralisation at Cunneens Prospect within the Four Eagles Gold Project.

On 30 October 2018, the Company announced that Diamond drilling had confirmed depth potential of high grade gold mineralisation at the Four Eagles Gold Project.

On 28 November 2018, the annual general meeting of the Company was held in Melbourne where a new Constitution was adopted by shareholders.

On 27 December 2018, the Company announced that the Tandarra Joint Venture Agreement had been executed.

On 15 March 2019, the Company issued 8,680,000 ordinary fully paid shares at \$1.50 to Gold Exploration Victoria Pty Ltd (a wholly owned subsidiary of Hancock Prospecting Pty Ltd & 50% Joint Venture Partner of the Four Eagles Gold Project) which raised \$13.02 million. This resulted in GEV becoming an 11% shareholder and our Company becoming fully funded through to 2022.

On 12 March 2019, the Company announced exceptional high grade gold mineralisation intersected at Boyd's Dam zone at the Four Eagles Gold Project.

On 29 April 2019, the Company announced its best ever gold assay of 1,675g/t Au at Boyd's Dam at the Four Eagles Gold Project.

On 17 June 2019, the Company lodged a prospectus with ASIC and ASX in respect of a non-renounceable entitlement offer of one option for every ten shares held at a subscription price of 2 cents per option to raise up to \$157,785 before costs. Each Option will be exercisable into one fully paid share in the Company at \$2.45 each on or before 31 May 2022.

Our Technical Director Bruce Kay publicly stated that "He believed that our Company controls one of the great gold belts of the world – which has never really been explored before". To get a better feel for the thinking behind this statement, I would commend all shareholders to read the detailed "Review of Operations" section which appears in the Directors' Report of this annual report.

In closing off on another "best year yet" for our Company - your Board would like to again acknowledge and thank all of its many loyal shareholders (old and new), our Joint Venture Partners, and our incredible technical and corporate teams for everything they have done to enhance your Company in 2019, as the Company continues to position itself to make a future major high grade gold discovery in Victoria.



Stephen Boston
Chairman
27 September 2019

CATALYST METALS LIMITED

DIRECTORS' REPORT

The Directors of Catalyst Metals Limited present their report on the consolidated entity for the year ended 30 June 2019.

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

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 \$16,383,072 as at 30 June 2019 (2018: \$4,818,624).

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 2019 was \$1,686,017 (2018: \$4,241,647).

DIVIDENDS

No dividend has been paid during or is recommended for the financial year ended 30 June 2019.

REVIEW OF OPERATIONS

The Company's exploration program through 2018/19 focussed on its advanced gold discoveries at the Four Eagles and Tandarra joint venture projects, while continuing to progress reconnaissance activities throughout its prospective exploration licences. Significant developments during the financial year included the following:

- **Material advancement of the Four Eagles Gold Project:**
 - the progressive upgrade of understanding of the structural controls of gold mineralisation and shapes of individual mineralised bodies within the Boyd's Dam prospect;
 - including the best-ever intersection from Boyd's Dam gold prospect (8m @ 212.3g/t Au including 1.0m @ 1,675g/t Au);
 - the commencement of geotechnical, hydrogeological and environmental studies to investigate some of the engineering practicalities of mine development at Boyd's Dam;
 - the continued exploration of Boyd North mineralisation revealing multiple parallel plunging gold-mineralised zones;
 - intersections in deeper diamond drilling indicating the presence and extended strike length of repeat gold-mineralised structures beneath Boyd's Dam; and

DIRECTORS' REPORT

- the intersection of gold mineralisation within the line of strike and in newly identified structures at Pickles and Cunneens gold prospects.
- **Material advancement of the Tandarra Gold Project:**
 - the grant of Retention Licence RL006660, providing secure title for a further ten (10) years over the Tomorrow gold prospect and associated mineralised zones;
 - the formation of the Tandarra Joint Venture between JV partners Catalyst Metals Limited and Navarre Minerals Limited
 - the southerly extension of the strike length of the Tomorrow gold prospect by 300 metres and the potential for additional southerly strike extension
 - the confirmation by diamond drilling of multiple parallel gold-mineralised horizons at depth beneath the Tomorrow Zone, mimicking the multiple shallow-plunging mineralised zones which characterise the Bendigo goldfield; and
 - the demonstration by air core drilling of significant gold mineralisation in the southern extension of the Macnaughtan gold-mineralised zone.
- **Significant reconnaissance results at Drummartin**
 - Interpretation of gravity geophysical data at Drummartin has identified numerous targets for future reconnaissance drilling.

WHITELAW BELT

The Whitelaw Belt is the structural zone thought to control the location of the Bendigo gold prospects, which extends in a generally northerly direction within favourable Ordovician rocks beneath a covering veneer of younger Murray Basin sediments. Similarly, parallel structural belts extend northwards from adjacent goldfields beneath this cover; including those hosting the Fosterville and Inglewood mining centres. (Figure 1). Catalyst has significant interests in thirteen (13) exploration licences (EL's) and two Retention Licences (RL's) covering most of the known Whitelaw Belt and portions of adjacent, parallel belts (Figure 1). The area covered totals approximately 2,100 square kilometres.

In particular, the Company's Four Eagles and Tandarra projects, (respectively about 55 and 40 kilometres north-north-west of Bendigo) contain potentially economic gold prospects similar in style to those of the historic Bendigo goldfield (Figure 1). In addition to these gold prospects identified and outlined by Catalyst, these structural zones remain untested or at best sparsely tested and highly prospective for the discovery of new gold prospects of the Bendigo and Fosterville styles.

EXPLORATION RESULTS

All available detailed exploration data has been released during the 2019 financial year in quarterly reports, presentations and special ASX announcements and the reader is referred to this information in addition to the brief summary presented in this report.

FOUR EAGLES GOLD PROJECT (RL006422, EL5295, EL5508, EL006859, EL006887)

The Four Eagles Gold Project is a joint venture between Catalyst 100% owned subsidiary Kite Gold Pty Ltd and Gold Exploration Victoria Pty Ltd (GEV) (a wholly owned subsidiary of Hancock Prospecting Pty Ltd). The project is managed by Catalyst and is jointly funded (50:50) by Catalyst and GEV within the Four Eagles Joint Venture.

The Four Eagles Joint Venture includes RL006422 and several adjoining EL's. The RL covers an envelope of gold mineralisation about 6 kilometres long and 2.5 kilometres wide with high grade gold occurring in at least three structural zones trending roughly north-south (Boyd's Dam-Boyd North, Hayanmi and Pickles; as detailed on Figure 2). Additional prospective structural zones are shown including the Cunneens Prospect to the west. They have been identified by interpretation of detailed gravity geophysical datasets but are as yet only lightly explored.

DIRECTORS' REPORT

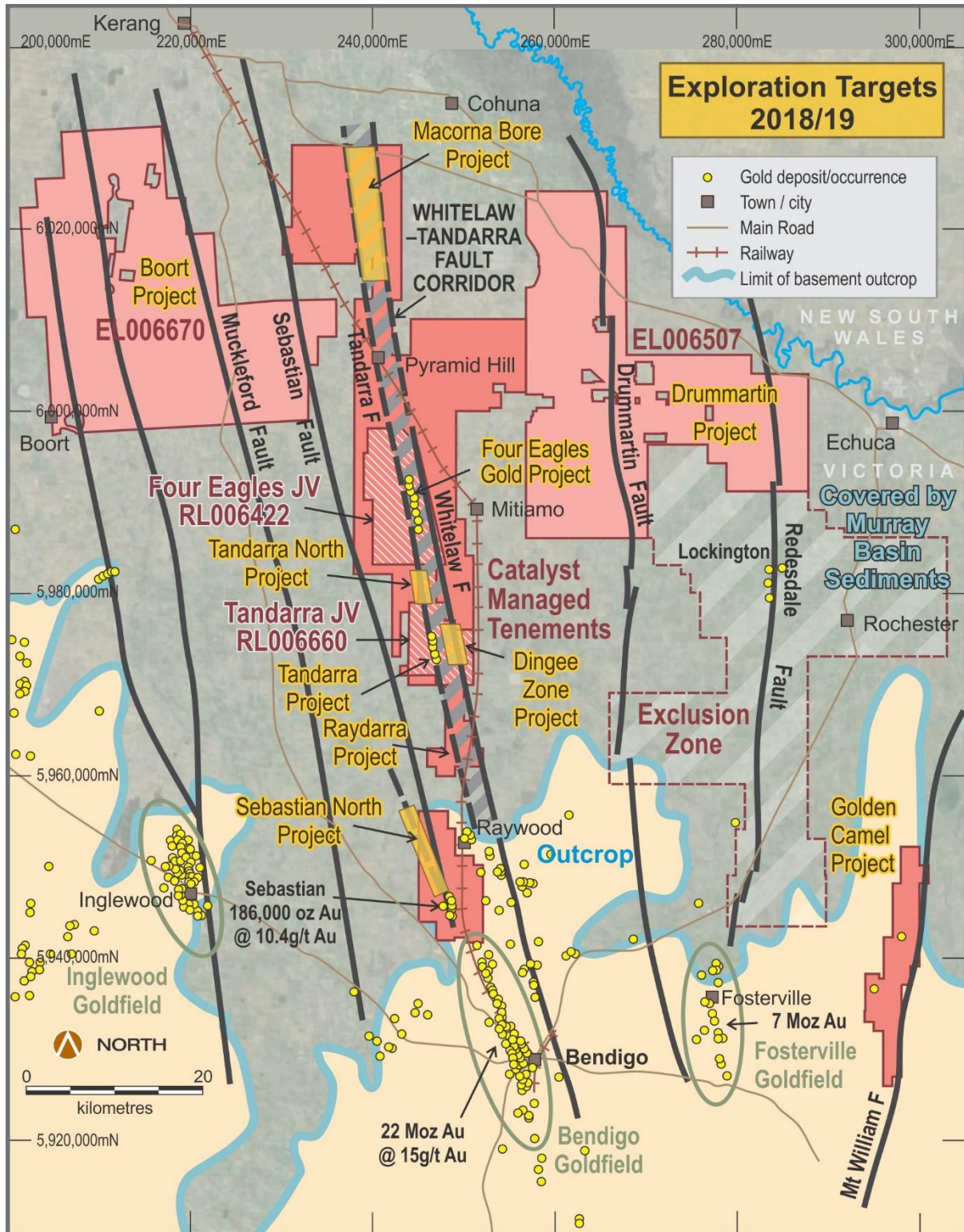


Figure 1: Whitelaw and Adjacent Gold Belts Showing Catalyst Managed Tenement Holdings

DIRECTORS' REPORT

At Boyd's Dam, diamond drilling and reverse circulation drilling results improved definition of the continuity, shapes and structural controls of the mineralisation. At depth, diamond drill holes continued the definition of gently south-plunging mineralised zones parallel to shallower mineralisation, as illustrated in longitudinal projection (Figure 3). Assays are outstanding for the most recent holes, potentially extending deeper mineralisation at Boyd's Dam to the south. Amongst the intersections in hand was the richest yet recorded from the field – 8m @ 212.3g/t Au from 84 metres in FERC236, including 1m @ 1,675g/t Au. This intercept included an exceptional quantity of coarse-grained visible gold as is expected occasionally in this style of mineralisation (Plate 1).

At Boyd North, ongoing reverse circulation drilling yielded intersections of high grade gold and improved definition of prospect outline, including multiple parallel plunging zones (Figure 2).

Preliminary geotechnical, hydrogeological and ecological investigations have been initiated over Boyd's Dam/Boyd North and Hayanmi and adjacent areas to assess engineering and permitting priorities to be incorporated in conceptual mining studies.

Elsewhere in the Four Eagles Gold Project (Figure 3), assays are awaited from four diamond drill holes, the first completed at Pickles Prospect, which revealed structural complexity and geological indications of multiple mineralised features. Additional traverses of reconnaissance air core drilling at Cunneens Prospect encountered gold mineralisation, defining a second, parallel mineralised zone and enhancing the overall prospectivity of this still lightly-tested feature.

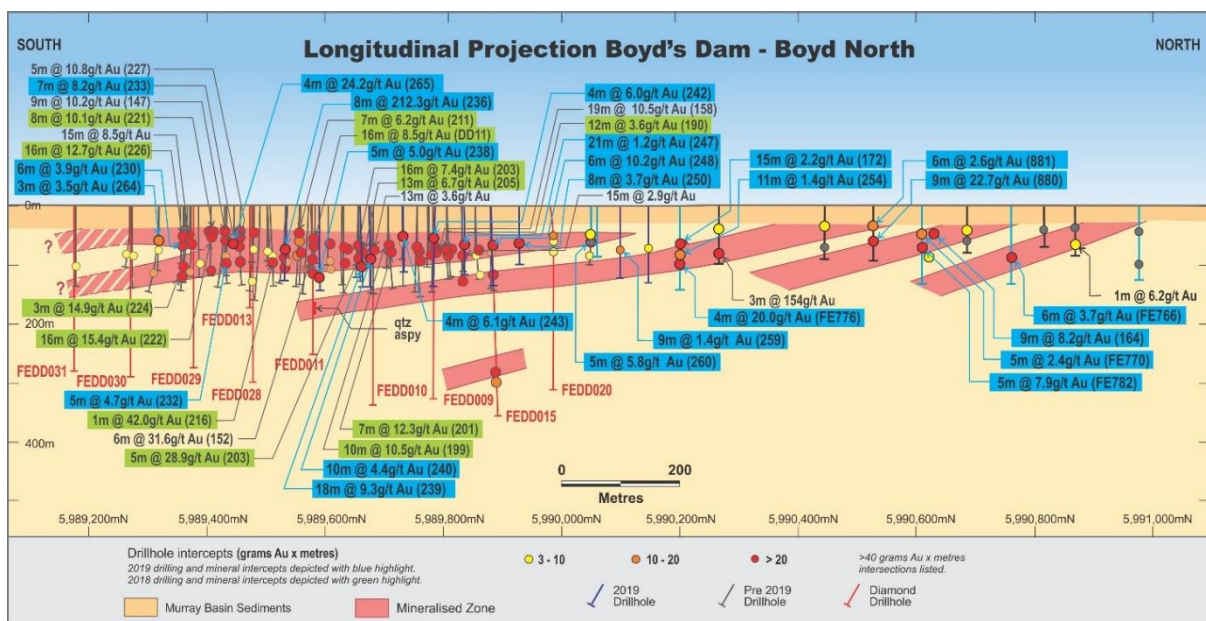


Figure 2: Boyd's Dam - Boyd North longitudinal projection showing potential south plunging shoots of gold mineralisation. Significant drill intersections from 2018 and 2019 are highlighted in green and blue respectively.

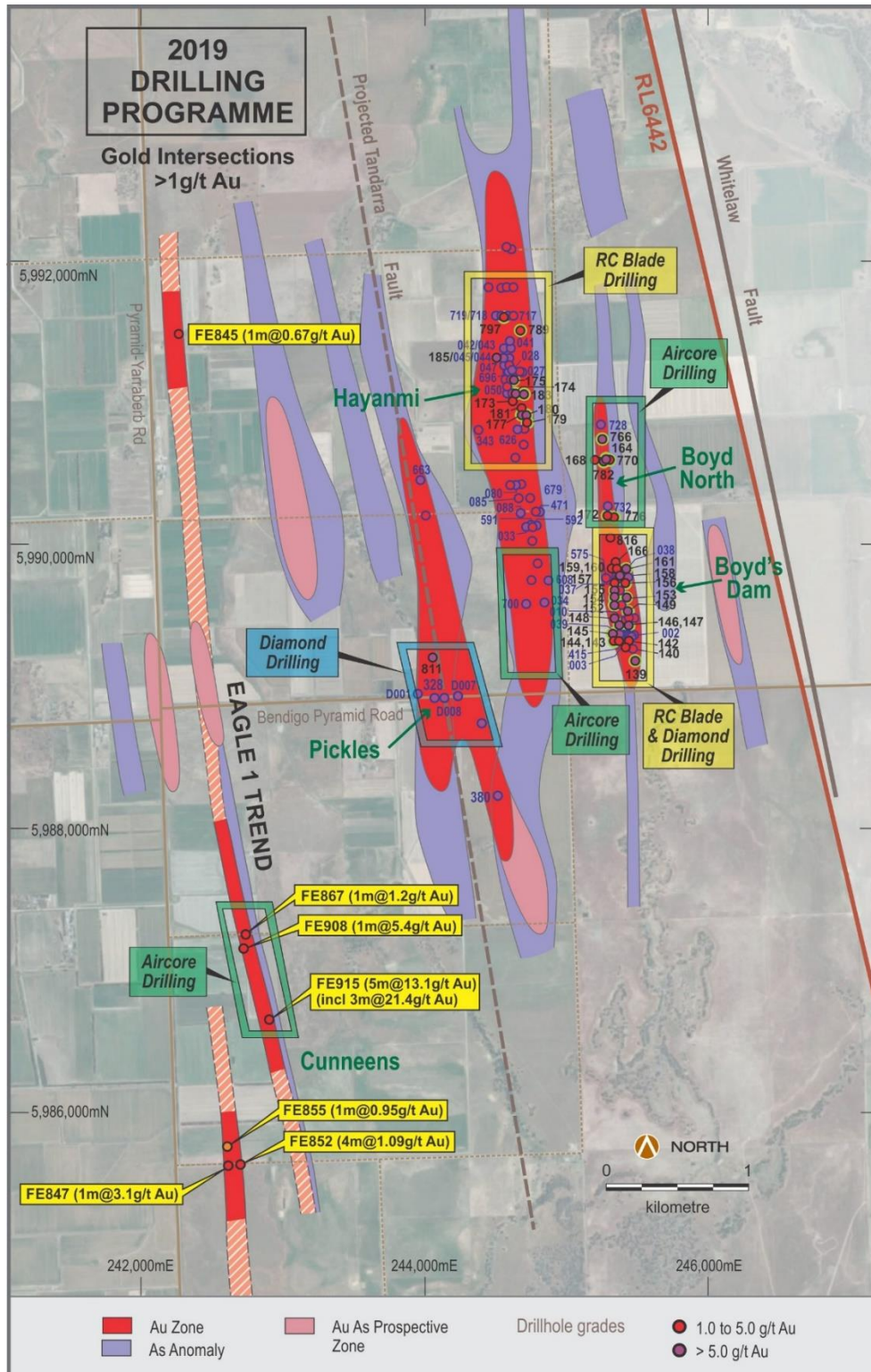


Figure 3: Four Eagles Gold Project showing gold prospects and areas of DD, RC and Air Core Drilling in 2018-19.

DIRECTORS' REPORT



Plate 1: Coarse and fine grained gold panned from FERC 236 at 89 metres depth (1.0m @ 1,675g/t Au). Sample contains abundant quartz and arsenopyrite

TANDARRA GOLD PROJECT (RL006660)

Following the completion of \$3.0 million earn-in expenditure by Catalyst late in 2017-18, the parties in accord with their agreement formed the Tandarra Gold Project as a joint venture between Catalyst 100% owned subsidiary Kite Operations Pty Ltd and Navarre Minerals Ltd (Navarre). The project is managed by Catalyst and is jointly funded (51:49) by Catalyst and Navarre.

A second significant milestone was accomplished with the grant over the Project's land of Retention Licence 006660 in place of the former EL4897. The 10-year life of RL006660 provides a secure title within which the joint venture can continue the exploration, evaluation and economic assessment of the Tomorrow gold prospect and adjacent prospects.

At the main Tomorrow gold prospect, reverse circulation drilling improved definition of the controlling structures and mineralised outlines and confirmed an approximately 300 metre increase in strike length to the south of previously outlined mineralisation (Figures 4 & 5). The extension remains open to the south. A diamond drilling program was completed to test shallow plunging gold prospects at depth below Tomorrow Zone, identified in 2017-18 and illustrated in Figure 5. Geologically, these appear to be confirmed (assay results pending).

The southern end of the Macnaughtan gold-mineralised zone was significantly upgraded by gold intersected in two of three scout air core drilling traverses.

DIRECTORS' REPORT

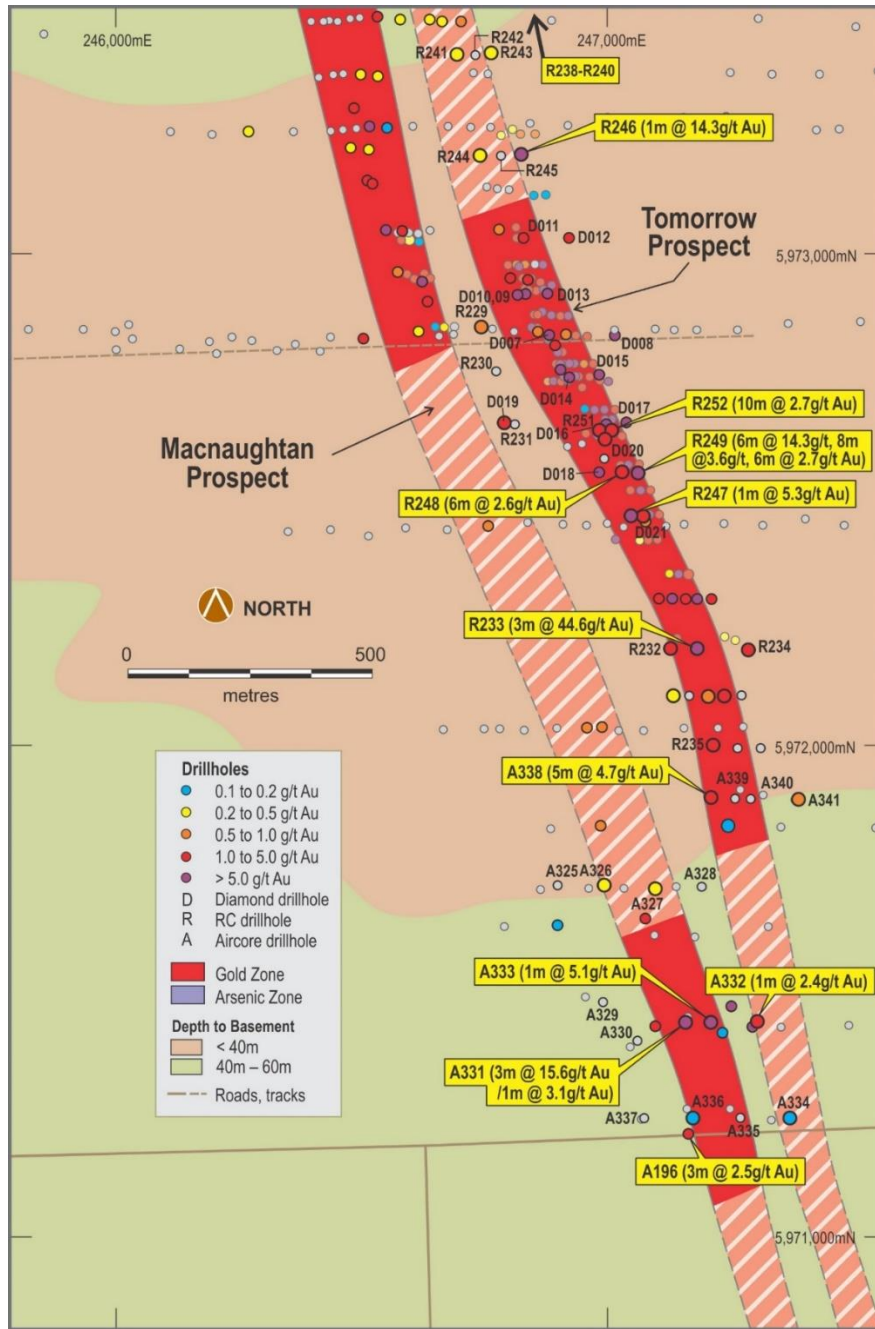


Figure 4: Tandarra Joint Venture Project - Plan View of Tomorrow and Macnaughtan Gold Zones showing location and results of 2019 air core and reverse circulation drill holes.

DIRECTORS' REPORT

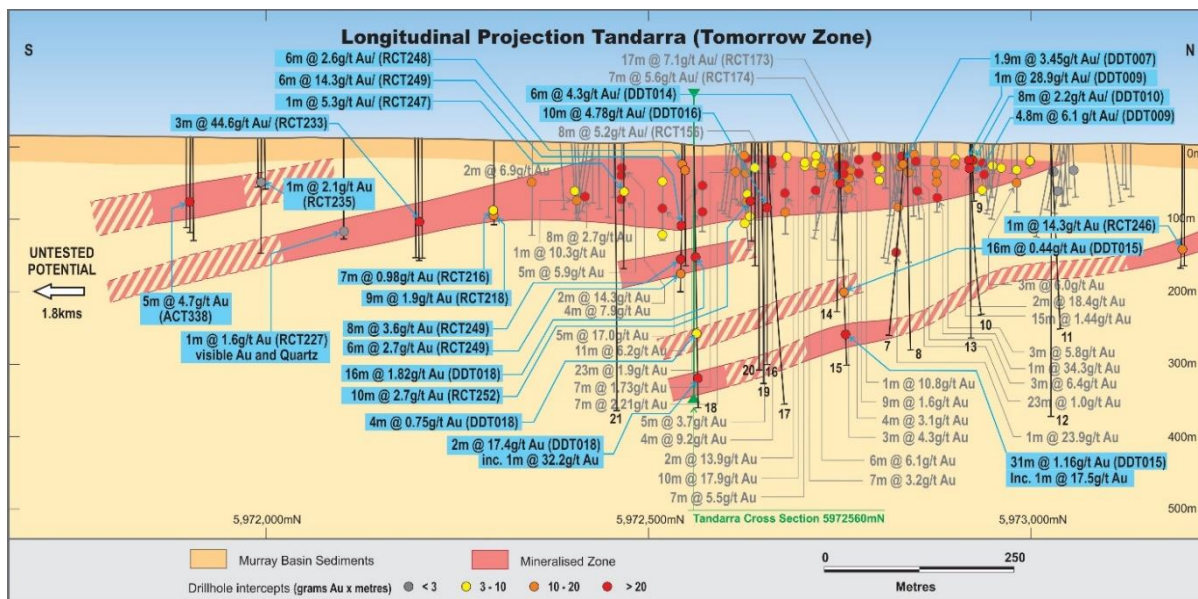


Figure 5: Longitudinal Projection of Tomorrow Zone Gold Prospect showing areas of RC and DD Drilling in 2019. Significant intersections from 2019 are highlighted in blue.

OTHER BENDIGO REGION EXPLORATION

Early-stage reconnaissance exploration was undertaken on several EL's in the Company's 100% owned or partner-owned tenements. In most cases this work provided foundations for more extensive or detailed surveys in 2019-20 and beyond, and where significant was reported in progressive reports to ASX and shareholders.

The most important results included:

- The intersection of previously unknown gold mineralisation in scout RAB drilling at the northern end of the Golden Camel exploration licences (Figure 1)
- The completion of initial limited scout air core drill traverses across several targets in the western part of Drummartin (EL006670), yielding modest geological and geochemical encouragement; followed by an extensive detailed gravity survey over the eastern part of the exploration licence and interpretation of resulting datasets to identify significant anomalies and drilling targets, along strike to the north of the well-documented gold mineralisation at Lockington (Figure 1); and
- The drill-testing of gravity targets within the Macorna Bore and adjacent exploration licence at the northern end of the Whitelaw tenement block, with results confirming well-defined zones of arsenic anomalism, commonly associated with gold mineralisation elsewhere in the region.

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Group during the financial year.

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 report on any likely developments which may materially affect the operations of the Group and the expected results of those operations in subsequent years.

CATALYST METALS LIMITED

DIRECTORS' REPORT

SUBSEQUENT EVENTS

In June 2019 the Company lodged a prospectus for an Entitlements Issue for 1 option for every 10 shares held to raise \$157,785 by each applicant paying \$0.02 per option. The options are exercisable at \$2.45 and expire on 31 May 2022. In August and September the Company advised that 7,889,250 options had been allotted, to raise the full amount of \$157,785.

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.

<i>Memberships:</i>	Senior Associate – Financial Services Institute of Australia
<i>Special Responsibilities:</i>	Chairman
<i>Other Directorships:</i>	None
<i>Interests in securities:</i>	Direct: 190,150 Ordinary Shares & 19,015 Listed Options Indirect: 5,609,727 Ordinary Shares & 449,462 Listed Options (held by Trapine Pty Ltd, Elshaw 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.

<i>Special Responsibilities:</i>	Member of audit committee
<i>Other Directorships:</i>	None
<i>Interests in securities:</i>	Direct: Nil Indirect: 5,310,732 Ordinary Shares & 531,074 Listed Options

Gary Schwab (Non-Executive Director)

Mr Schwab is a Certified Practicing 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.

<i>Special Responsibilities:</i>	Chairman of audit committee
<i>Other Directorships:</i>	None
<i>Interests in securities:</i>	Direct: Nil Indirect: Nil

CATALYST METALS LIMITED

DIRECTORS' REPORT

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 from 1989 until 2002.

Special Responsibilities: Technical Director

Other Directorships: None

Interests in securities: Direct: 2,187,169 Ordinary Shares & 205,301 Listed Options
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 25 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	5	5	-	-
Robin Scrimgeour	5	5	-	-
Gary Schwab	5	5	-	-
Bruce Kay	5	5	-	-

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 2019. The Group's operations are subject to State and Federal laws and regulation concerning the environment.

DIRECTORS' REPORT

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 8,378,648 (2018: 1,000,000) unissued ordinary shares under option. There are 1,000,000 options exercisable at \$1.00 each on or before 31 October 2020 and 7,378,648 options exercisable at \$2.45 each on or before 31 May 2022.

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.

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.

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

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 \$400,000 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.

At the 2018 AGM, 100% of the votes received supported the adoption of the remuneration report for the year ended 30 June 2018. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of Remuneration for Year Ended 30 June 2019

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.

2019 Name	Short-term employment benefits		Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Other	Superannuation	Shares	
<i>Non-Executive Directors</i>					
S Boston	180,800	-	17,176	-	197,976
R Scrimgeour	59,130	-	-	-	59,130
G Schwab	54,000	-	5,130	-	59,130
B Kay	154,448	-	24,873	-	179,321
Total key management personnel compensation	448,378	-	47,179	-	495,557

No performance based remuneration was paid to the Directors during the year.

In 2019, Mr Kay received \$54,000 per annum in Directors' fees and was paid extra fees for managing the Company's exploration programmes at the Four Eagles Gold Project and Tandarra Gold Project. The costs incurred in respect of the Four Eagles Gold Project were partially reimbursed by GEV as part of its earn in expenditure commitments. Furthermore in 2019, Mr Boston received \$80,000 per annum in Directors' fees and was paid extra consulting fees for managing the Company.

CATALYST METALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

2018 Name	Short-term employment benefits		Post-employment benefits	Share-based payments	Total
	Cash salary and fees	Other	Superannuation	Shares	
<i>Non-Executive Directors</i>					
S Boston	165,800	-	15,751	-	181,551
R Scrimgeour	59,130	-	-	-	59,130
G Schwab	54,000	-	5,130	-	59,130
B Kay	116,565	-	16,344	-	132,909
Total key management personnel compensation	395,495	-	37,225	-	432,720

In 2018, Mr Kay received \$54,000 per annum in Directors' fees and was paid extra fees for managing the Company's exploration programmes at the Four Eagles Gold Project and Tandarra Gold Project. The costs incurred in respect of the Four Eagles Gold Project were partially reimbursed by GEV as part of its earn in expenditure commitments. Furthermore in 2018, Mr Boston received \$80,000 per annum in Directors' fees and was paid extra consulting fees for managing the Company.

Letters of appointment have been entered into with each Director of the Company. No duration of appointment or termination benefits are applicable. Effective from 1 July 2017, Non-executive Directors receive remuneration of \$54,000 per annum plus statutory superannuation, whilst the Chairman receives remuneration of \$80,000 per annum plus statutory superannuation. Directors are permitted to salary sacrifice their fees.

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 \$6,000 per month.

SHARE-BASED COMPENSATION

Shares

No shares were issued as compensation during the financial year (2018: Nil).

Options

Options over shares in the Company are granted under the Catalyst Metals Limited Employee Share Option Plan ("Option Plan"). The purpose of the Option 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 Option 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 no options were issued as compensation (2018: Nil).

Performance Rights

Performance Rights over shares in the Company are granted under the Catalyst Metals Limited Performance Rights Plan ("Performance Rights Plan"). The objective of the Performance Rights Plan is to attract, motivate and retain employees, Directors and consultants ("Eligible Participants") of the Company by providing performance related incentives and rewards. Subject to certain criteria being satisfied, the Board may offer Eligible Participants performance rights which upon vesting will entitle the holder to one ordinary fully paid share in the Company for each performance right held.

During the financial year no performance rights were issued as compensation (2018: Nil).

CATALYST METALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

SHARE AND OPTION HOLDINGS

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:

2019 – Options Holdings

Directors	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable
S Boston	-	-	-	-	-	-
R Scrimgeour	-	-	-	-	-	-
G Schwab	-	-	-	-	-	-
B Kay	-	-	-	-	-	-

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.

2019 – Ordinary Share Holdings

Directors	Balance at beginning of year	Purchased	Other changes	Balance at end of year
S Boston	5,835,974	-	-	5,835,974
R Scrimgeour	5,310,732	-	-	5,310,732
G Schwab	-	-	-	-
B Kay	2,232,994	-	-	2,232,994

Performance Rights

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

2019 – Performance Rights Holdings

Directors	Balance at beginning of year	Granted as compensation	Vested	Other changes	Balance at end of year	Vested and exercisable
S Boston	-	-	-	-	-	-
R Scrimgeour	-	-	-	-	-	-
G Schwab	-	-	-	-	-	-
B Kay	-	-	-	-	-	-

OTHER TRANSACTIONS WITH KEY MANAGEMENT PERSONNEL AND THEIR RELATED PARTIES

Mr Boston is also a Director of Raisemetrex Pty Ltd which was paid \$30,000 (2018: \$93,000) by the Company to provide the capital raising platform and corporate advisory services.

CATALYST METALS LIMITED

DIRECTORS' REPORT

REMUNERATION REPORT (Continued)

CONSEQUENCES OF PERFORMANCE ON SHAREHOLDER WEALTH

In considering the Group performance and benefits for shareholder wealth, the factors that are considered to affect total shareholder return are summarised below:

	2019	2018	2017	2016	2015
Net loss for the period	(1,686,017)	(4,241,647)	(1,124,909)	(1,098,840)	(240,105)
Share price at financial year end (\$)	1.96	1.50	0.50	0.59	0.42
Basic loss per share (cents per share)	(2.3)	(6.5)	(2.0)	(2.1)	(0.5)

END OF REMUNERATION REPORT

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.

INDEMNIFICATION AND INSURANCE OF AUDITOR

The Group has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the Group or any related party.

PROCEEDINGS ON BEHALF OF THE GROUP

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Group, or to 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 part of those proceedings.

AUDITOR

RSM Australia Partners continues in office in accordance with section 327 of the *Corporations Act 2001*.

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 2019.

CATALYST METALS LIMITED

DIRECTORS' REPORT

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF RSM AUSTRALIA PARTNERS

There are no officers of the company who are former partners of RSM Australia Partners.

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2019 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
27 September 2019



RSM Australia Partners

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GPO Box R1253 Perth WA 6844

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F +61 (0) 8 9261 9111

www.rsm.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 2019, 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
RSM AUSTRALIA PARTNERS


ALASDAIR WHYTE
Partner

Perth, WA
Dated: 27 September 2019

THE POWER OF BEING UNDERSTOOD
AUDIT | TAX | CONSULTING

RSM Australia Partners is a member of the RSM network and trades as RSM. RSM is the trading name used by the members of the RSM network. Each member of the RSM network is an independent accounting and consulting firm which practices in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

RSM Australia Partners ABN 36 965 185 036

Liability limited by a scheme approved under Professional Standards Legislation

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION As at 30 June 2019

	Note	2019 \$	2018 \$
Current Assets			
Cash and cash equivalents	7	15,897,453	4,954,122
Trade and other receivables	8	132,672	590,251
Total Current Assets		16,030,125	5,544,373
Non-Current Assets			
Property, plant and equipment	9	7,942	10,202
Exploration and evaluation expenditure	10	1,956,481	-
Total Non-Current Assets		1,964,423	10,202
TOTAL ASSETS		17,994,548	5,554,575
Current Liabilities			
Trade and other payables	11	1,414,495	735,951
Other - advances	12	196,981	-
Total Current Liabilities		1,611,476	735,951
TOTAL LIABILITIES		1,611,476	735,951
NET ASSETS		16,383,072	4,818,624
Equity			
Contributed equity	13	33,301,230	20,050,765
Share-based payments reserve	14(a)	372,972	372,972
Accumulated losses	14(b)	(17,291,130)	(15,605,113)
TOTAL EQUITY		16,383,072	4,818,624

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

CATALYST METALS LIMITED

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME For the Year Ended 30 June 2019

	Note	2019 \$	2018 \$
Other income	3	368,398	191,224
Expenses			
Professional fees		(323,201)	(194,623)
Administration, occupancy and travel costs		(166,559)	(206,132)
Personnel		(390,610)	(362,717)
Corporate		(256,279)	(169,127)
Exploration and evaluation expenditure		(917,766)	(3,500,272)
Loss before income tax expense from continuing operations	4	<u>(1,686,017)</u>	<u>(4,241,647)</u>
Income tax expense	6	<u>-</u>	<u>-</u>
Loss after income tax from continuing operations		(1,686,017)	(4,241,647)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive loss for the year		<u>(1,686,017)</u>	<u>(4,241,647)</u>
Total comprehensive loss attributable to members of the Parent entity		<u>(1,686,017)</u>	<u>(4,241,647)</u>
Earnings per share for loss attributable to the owners of Catalyst Metals Limited			
Basic loss per share (cents per share)	5	(2.3)	(6.5)
Diluted loss per share (cents per share)	5	(2.3)	(6.5)

The above Consolidated Statement of Profit or Loss and Other 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 2019

	Contributed Equity	Accumulated losses	Share-based payments reserve	Total
	\$	\$	\$	\$
Balance at 30 June 2017	13,138,803	(11,363,466)	372,972	2,148,309
Total comprehensive loss for the year	-	(4,241,647)	-	(4,241,647)
Transactions with owners in their capacity as owners:				
Issue of shares	6,984,854	-	-	6,984,854
Share issue expenses	(72,892)	-	-	(72,892)
Balance at 30 June 2018	20,050,765	(15,605,113)	372,972	4,818,624
Total comprehensive loss for the year	-	(1,686,017)	-	(1,686,017)
Transactions with owners in their capacity as owners:				
Issue of shares	13,279,264	-	-	13,279,264
Share issue expenses	(28,799)	-	-	(28,799)
Balance at 30 June 2019	33,301,230	(17,291,130)	372,972	16,383,072

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 2019

	Note	2019 \$	2018 \$
Cash Flows from Operating Activities			
Payments for exploration and evaluation		(1,226,041)	(3,569,703)
Payments to suppliers, contractors and employees		(552,455)	(931,805)
Research and development tax offsets received		-	144,341
Other income		303,165	-
Interest received		65,233	46,883
		<u>65,233</u>	<u>46,883</u>
Net cash flows used in operating activities	15	<u>(1,410,098)</u>	<u>(4,310,284)</u>
Cash Flows from Investing Activities			
Payments for property, plant and equipment		-	(10,996)
Payments for exploration and evaluation		(1,259,991)	-
		<u>(1,259,991)</u>	<u>-</u>
Net cash flows used in investing activities		<u>(1,259,991)</u>	<u>(10,996)</u>
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		13,279,264	6,984,854
Share issue expenses		(28,799)	(72,892)
Proceeds from Entitlement Issue Prospectus not allotted		12,073	-
Joint venture exploration advances received	12	2,800,370	1,005,137
Joint venture exploration advances expended		(2,449,488)	(1,171,111)
		<u>13,613,420</u>	<u>6,745,988</u>
Net cash flows provided from financing activities		<u>13,613,420</u>	<u>6,745,988</u>
Net increase in cash and cash equivalents		10,943,331	2,424,708
Cash and cash equivalents at the beginning of the financial year		<u>4,954,122</u>	<u>2,529,414</u>
Cash and cash equivalents at the end of the financial year	7	<u><u>15,897,453</u></u>	<u><u>4,954,122</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 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) **New, revised or amending Accounting Standards and Interpretations adopted**

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

The adoption of AASB 9 Financial Instruments from 1 July 2018 has not affected balances of the consolidated entity because no financial instrument held by the consolidated entity is recognised or measured differently by this standard. The consolidated entity has no expected credit losses on financial instruments.

The adoption of AASB 15 Revenue from Contracts with Customers from 1 July 2018 has not affected balances of the consolidated entity because no revenue or potential revenue of the consolidated entity is recognised or measured differently by this standard.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

(b) **Basis of preparation**

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

(c) **Parent entity information**

In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 25.

(d) **Principles of consolidation**

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Catalyst Metals Limited ('company' or 'parent entity') as at 30 June 2019 and the results of all subsidiaries for the year then ended. Catalyst Metal Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Principles of consolidation (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

(e) Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

(f) Revenue

Revenue from contracts with customers is recognised based on the transfer of promised goods or services to customers with an amount that reflects the consideration to which the Group expects to be entitled to in exchange for those goods or services.

Interest

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

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

(g) 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.

(h) 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.

(i) Trade and other receivables

Trade receivables, loans, and other receivables are recognised at amortised cost, less any allowance for expected credit losses.

**NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2019**

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Financial instruments

Recognition and Initial Measurement

Financial assets are measured at amortised cost if they are held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and are solely principal and interest. All other financial instrument assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income.

Financial assets may be impaired based on an expected credit loss model to recognise an allowance. Such impairment is measured with a 12-month expected credit loss model unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime expected credit loss model is adopted

For financial liabilities, the portion of the change in fair value that relates to the Group's credit risk is presented in other comprehensive income.

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.

(k) 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 such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale.

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.

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.

(l) 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.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) 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.

(n) Employee entitlements

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are recognised in non-current liabilities, provided there is an unconditional right to defer settlement of the liability. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense

Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or 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, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (continued)

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

(o) **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.

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.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(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.

(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 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Issued Capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(t) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

(u) Joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Investments in joint ventures are accounted for using the equity method. Under the equity method, the share of the profits or losses of the joint venture is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the joint venture. Goodwill relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Income earned from joint venture entities reduce the carrying amount of the investment.

(v) New Accounting Standards and Interpretations not yet mandatory or early adopted

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2019. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 16 Leases

This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

However, EBITDA (Earnings before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The consolidated entity will adopt this standard from 1 July 2019. The impact of the new leases standard is that leased asset will be capitalised in the statement of financial position, measured as the present value of the unavoidable future lease payments to be made over the lease term and a liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs.

Management have estimated there will be no material impact from the adoption of this standard.

2. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted.

The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Exploration and evaluation costs

The Group's accounting policy for exploration and evaluation is set out in note 1(k). 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.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

	2019 \$	2018 \$
3. Other income		
Research and development tax offset recovery	-	144,341
Grant funding	186,527	-
Administration recovery fees	116,638	-
Interest received	65,233	46,883
	<u>368,398</u>	<u>191,224</u>

4. Expenses

Loss before income tax includes the following specific expenses:

Depreciation	2,260	794
Directors fees	280,350	362,717
Superannuation expense	821	-
Exploration and evaluation expenditure (refer note 1 (k))	917,766	3,500,272

5. Earnings per Share

	2019 No. of Shares	2018 No. of Shares
Weighted average number of ordinary shares for basic and diluted earnings per share	<u>72,734,434</u>	<u>64,957,128</u>

	2019 \$	2018 \$
6. Income tax		
Loss before tax	(1,686,017)	(4,241,647)
Prima facie tax on operating loss before income tax at 27.5%	463,655	1,166,453
Tax effect of:		
- non deductible items	(73,389)	(20,841)
Deferred tax asset not brought to account at the reporting date as realisation of the benefit is not probable	<u>(390,266)</u>	<u>(1,145,612)</u>
Income tax attributable to operating loss	<u>-</u>	<u>-</u>

Unrecognised deferred tax

The Group has \$16,332,042 (2018: \$14,912,895) 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 of \$4,491,312 (2018: \$4,101,046), 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.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

	2019 \$	2018 \$
7. Cash and cash equivalents		
Cash at bank	15,787,453	4,894,122
Cash on deposit	110,000	60,000
	15,897,453	4,954,122

The cash at bank includes \$1,679,572 (2018: \$16,818) held in trust by Catalyst's subsidiaries, Kite Gold Pty Ltd (50% advanced by Gold Exploration Victoria Pty Ltd as funds provided in advance for exploration expenditure on the Four Eagles Gold Project joint venture) and Tandarra Management Pty Ltd (49% advanced by Navarre Minerals Limited as funds provided in advance for exploration expenditure on the Tandarra Gold Project joint venture).

	2019 \$	2018 \$
8. Trade and other receivables		
GST receivable	132,672	424,277
Receivable from Gold Exploration Victoria Pty Ltd (note 12)	-	165,974
	132,672	590,251

Fair value and credit risk

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

9. Property, plant and equipment

	Computer equipment \$	Furniture, fittings and equipment \$	Total \$
Year ended 30 June 2019			
Opening net book amount 1 July 2018	416	9,786	10,202
Closing net book amount 30 June 2019	265	7,677	7,942
At 30 June 2019			
Cost	21,055	22,115	43,170
Accumulated depreciation	(20,790)	(14,438)	(35,228)
Net book amount	265	7,677	7,942
Year ended 30 June 2018			
Opening net book amount 1 July 2017	-	-	-
Closing net book amount 30 June 2018	416	9,786	10,202
At 30 June 2018			
Cost	21,055	22,115	43,170
Accumulated depreciation	(20,639)	(12,329)	(32,968)
Net book amount	416	9,786	10,202

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

10. Exploration and evaluation expenditure	2019 \$	2018 \$
Opening balance	-	-
Additions (refer note 1(k))	1,956,481	-
Closing balance	1,956,481	-

The ultimate recoupment of balances carried forward in relation to areas of interest still in the exploration or evaluation phase is dependent on successful development, and commercial exploitation, or alternatively sale of the respective areas. The Group conducts impairment testing when indicators of impairment are present at the reporting date.

11. Trade and other payables	2019 \$	2018 \$
Current Payables		
Trade creditors	1,001,372	574,327
Accruals	413,123	161,624
	1,414,495	735,951

Included in the current payables is an aggregate amount of \$437,984 (2018: \$182,792) incurred in relation to the Four Eagles Gold Project and Tandarra Gold Project which is payable by Gold Exploration Victoria Pty Ltd and Navarre Mineral Limited.

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.

12. Advances	2019 \$	2018 \$
Advances from applicants to Prospectus	12,073	-
Opening Balance of Advance from Joint Venture Partners	(165,974)	188,259
Advances received from Joint Venture Partners	2,800,370	1,005,137
Exploration expenditure	(2,449,488)	(1,359,370)
Closing Balance of Advance/(Receivable) from Joint Venture Partners (note 8)	184,908	(165,974)
	196,981	(165,974)

The (receivable)/advance from Joint Venture Partners relates to monies (receivable)/advanced (from)/to Kite Gold Pty Ltd and Kite Operations Pty Ltd for their contribution to exploration expenditure on the Four Eagles Gold Project and Tandarra Gold Project.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

	Note	2019 Number	2019 \$	2018 Number	2018 \$
13. Contributed Equity					
(a) Share capital					
Ordinary shares					
Fully paid	13(c)	78,892,444	33,301,230	69,793,916	20,050,765
(b) Other equity securities					
Options – Listed	18	-	-	-	-
Options – Unlisted	18	1,100,000	-	1,100,000	-
Performance Rights - Unlisted	18	-	-	-	-
Total contributed equity			33,301,230		20,050,765

(c) Movements in Ordinary Shares

Details	Number of Shares	Issue Price	\$
Balance at 30 June 2017	59,413,952		13,138,803
Issue of shares – Prospectus	1,715,833	\$0.50	857,916
Issue of shares – Share Placement	6,410,256	\$0.78	5,000,000
Issue of shares – Exercise of listed options	2,253,875	\$0.50	1,126,938
Capital raising expenses	-	-	(72,892)
Balance at 30 June 2018	69,793,916		20,050,765
Issue of shares – Exercise of listed options	318,528	\$0.50	159,264
Issue of shares – Exercise of unlisted options	100,000	\$1.00	100,000
Issue of shares – Share Placement	8,680,000	\$1.50	13,020,000
Capital raising expenses	-	-	(28,799)
Balance at 30 June 2019	78,892,444		33,301,230

(d) 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.

(e) 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.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

13. Contributed Equity (Continued)

(e) Capital risk management (continued)

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

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.

(f) Details of subsidiaries

Details of the Group's subsidiaries at 30 June 2019 are:

Name of subsidiary	Principal activity	Place of incorporation and operation	Proportion of ownership interest and voting power held	
			2019	2018
Silkfield Holdings Pty Ltd	Mineral Exploration	Australia	100%	100%
Kite Gold Pty Ltd	Mineral Exploration	Australia	100%	100%
Kite Operations Pty Ltd	Mineral Exploration	Australia	100%	100%
Tandarra Management Pty Ltd ¹	Mineral Exploration	Australia	100%	-
Nomad Metals Pty Ltd ²	Mineral Exploration	Australia	100%	-

¹ On 29 October 2018, the Company established a wholly owned subsidiary, Tandarra Management Pty Ltd in Australia.

² On 10 August 2018, the Company established a wholly owned subsidiary, Nomad Metals Pty Ltd in Australia.

14. Reserves & Accumulated Losses

(a) Reserves

	2019 \$	2018 \$
Share-based payments reserve		
Balance at the beginning of the year	372,972	372,972
Movements during the year	-	-
Balance at the end of the year	<u>372,972</u>	<u>372,972</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	(15,605,113)	(12,363,466)
Loss for the year	<u>(1,686,017)</u>	<u>(4,241,647)</u>
Balance at the end of the year	<u>(17,291,130)</u>	<u>(15,605,113)</u>

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

15. Notes to the Cash Flow Statement

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

	2019	2018
	\$	\$
Operating loss after tax	(1,686,017)	(4,241,647)
<i>Add non-cash items:</i>		
Depreciation	2,260	794
<i>Changes in net assets and liabilities</i>		
(Increase)/decrease in receivables	291,605	(355,696)
Increase in payables	(17,946)	286,265
Net cash used in operating activities	<u>(1,410,098)</u>	<u>(4,310,284)</u>

(b) Non-cash financing and investing activities

The Group did not have any non-cash financing or investing activities during the year (2018: Nil).

16. 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 2018.

(b) Key management personnel remunerations

	2019	2018
Short-term employee benefits	448,378	395,495
Post-employment benefits	47,179	37,225
	<u>495,557</u>	<u>432,720</u>

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

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

16. Key Management Personnel Compensation (Continued)

(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:

2019

Directors	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable
S Boston	-	-	-	-	-	-
R Scrimgeour	-	-	-	-	-	-
G Schwab	-	-	-	-	-	-
B Kay	-	-	-	-	-	-

2018

Directors	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable
S Boston	287,061	-	(240,659)	(46,402)	-	-
R Scrimgeour	245,630	-	(245,630)	-	-	-
G Schwab	-	-	-	-	-	-
B Kay	89,668	-	(89,668)	-	-	-

- (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.

2019

Directors	Balance at beginning of year	Purchased	Other changes	Balance at end of year
S Boston	5,835,974	-	-	5,835,974
R Scrimgeour	5,310,732	-	-	5,310,732
G Schwab	-	-	-	-
B Kay	2,232,994	-	-	2,232,994

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

16. Key Management Personnel Compensation (Continued)

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

(iii) Shareholdings (Continued)

2018

Directors	Balance at beginning of year	Purchased	Other changes	Balance at end of year
S Boston	5,741,160	240,659	(145,845)	5,835,974
R Scrimgeour	5,065,102	245,630	-	5,310,732
G Schwab	-	-	-	-
B Kay	2,143,326	89,668	-	2,232,994

17. Related Party Disclosures

Key Management Personnel

- (i) Mr Boston's Directors' fees and consulting fees for the year were \$197,976 (2018: \$181,551) of which \$16,498 was accrued and outstanding at year end. Mr Boston is also a Director of Raisemetrex Pty Ltd which was paid \$30,000 by the Company to provide the capital raising platform and corporate advisory services.
- (ii) Mr Kay's Directors' fees and consulting fees for the year were \$179,321 (2018: \$132,909).
- (iii) Mr Scrimgeour's Directors' fees for the year were \$59,130 (2018: \$59,130).
- (iv) Mr Schwab's Directors' fees for the year were \$59,130 (2018 \$59,130) of which \$14,782 was accrued and outstanding at year end.

All transactions were made on normal commercial terms and conditions and at market rates.

18. Share Based Payments

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. During the year no options were issued (2018: nil).

Options issued

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.

	2019		2018	
	Number of Options	Weighted Average Exercise Price \$	Number of Options	Weighted Average Exercise Price \$
Opening amounts	1,100,000	\$1.00	1,100,000	\$1.00
Issued during the year	-	-	-	-
Exercised during the year	(100,000)	\$1.00	-	-
Closing amount	1,000,000	\$1.00	1,100,000	\$1.00

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

18. Share based payments (Continued)

2019

Issue date	Expiry date	Balance at start of year	Exercise Price	Number issued during year	Number exercised during year	Number expired during year	Balance at end of year	Number exercisable at end of year
7 Nov 2016	31 Oct 2020	1,000,000	\$1.00	-	-	-	1,000,000	1,000,000
1 Aug 2016	31 Jul 2018	100,000	\$1.00	-	(100,000)	-	-	-

2018

Issue date	Expiry date	Balance at start of year	Exercise Price	Number issued during year	Number exercised during year	Number expired during year	Balance at end of year	Number exercisable at end of year
7 Nov 2016	31 Oct 2020	1,000,000	\$1.00	-	-	-	1,000,000	1,000,000
1 Aug 2016	31 Jul 2018	100,000	\$1.00	-	-	-	100,000	100,000

The weighted average share price during the financial year was \$1.77 (2018: \$1.01).

The weighted average remaining contractual life of options outstanding at the end of the financial year was 1.77 years (2018: 1.01 years).

Performance Rights

The Company has adopted a Performance Rights Plan which allows for performance rights to be granted to employees, Directors and consultants of the Group ("Eligible Participants"), by providing performance related incentives and rewards. Subject to certain criteria being satisfied, the Board may offer Eligible Participants performance rights which upon vesting will entitle the holder to one ordinary fully paid share in the Company for each performance right held.

There were no Performance Rights issued in 2019 (2018: Nil).

Directors Shares

There were no Directors shares issued in 2019 (2018: Nil).

19. Auditor's Remuneration

	2019 \$	2018 \$
Audit or review of the financial statements	26,800	24,200
Other services	-	-
	<u>26,800</u>	<u>24,200</u>

20. Commitments

There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 2019 other than:

	2019 \$	2018 \$
(a) Tenement commitments		
No later than 1 year	1,452,600	828,295
Later than 1 year but not later than 5 years	-	-
	<u>1,452,600</u>	<u>828,295</u>

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

21. Financial Instruments

	Notes	Floating Interest Rate	1 year or less \$	Over 1-5 years \$	Non-interest bearing \$	Total \$
2019						
Financial assets						
Cash and cash equivalents	7	0.8%	15,897,453	-	-	15,897,453
Trade and other receivables	8	-	-	-	132,672	132,672
Total financial assets			15,897,453	-	132,672	16,030,125
Financial liabilities						
Trade and other payables	11	-	-	-	1,414,495	1,414,495
Advances	12	-	-	-	196,981	196,981
Total financial liabilities			-	-	1,611,476	1,611,476
Net financial assets			15,897,453	-	(1,478,804)	14,418,649
2018						
Financial assets						
Cash and cash equivalents	7	1.25%	4,954,122	-	-	4,954,122
Trade and other receivables	8	-	-	-	590,251	590,251
Total financial assets			4,954,122	-	590,251	5,544,373
Financial liabilities						
Trade and other payables	11	-	-	-	735,951	735,951
Advances	12	-	-	-	-	-
Total financial liabilities			-	-	735,951	735,951
Net financial assets			4,954,122	-	(145,700)	4,808,422

	2019 \$	2018 \$
Reconciliation of net financial assets to net assets		
Net Financial Assets	14,418,649	4,808,422
Property, plant & equipment	7,942	10,202
Exploration expenditure	1,956,481	-
Net Assets	16,383,072	4,818,624

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

21. Financial Instruments (Continued)

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 2019, 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 \$158,975 (2018: \$49,541) 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.

22. 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.

23. Contingent Liabilities and Contingent Assets

The Group does not have any contingent liabilities or contingent assets at 30 June 2019

24. Subsequent Events

In June 2019 the Company lodged a prospectus for an Entitlements Issue for 1 option for every 10 shares held to raise \$157,785 by each applicant paying \$0.02 per option. The options are exercisable at \$2.45 and expire on 31 May 2022. In August and September the Company advised that 7,889,250 options had been allotted, to raise the full amount of \$157,785.

CATALYST METALS LIMITED

NOTES TO THE FINANCIAL STATEMENTS For The Year Ended 30 June 2019

25. Parent Entity Disclosure

	2019 \$	2018 \$
Total current assets	14,223,409	4,953,047
Total assets	14,231,351	4,963,249
Total current liabilities	503,735	201,630
Total liabilities	503,735	201,630
Equity		
Contributed equity	33,301,230	20,050,765
Share based payments reserve	372,972	372,972
Accumulated losses	(19,946,586)	(15,662,120)
Total equity	13,727,616	4,761,619
Loss for the year	(4,284,466)	(4,266,629)
Total comprehensive loss	(4,284,466)	(4,266,629)

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, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (b) give a true and fair view of the consolidated entity's financial position as at 30 June 2019 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 section 295A 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 27th day of September 2019

RSM Australia Partners

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

Opinion

We have audited the financial report of Catalyst Metals Limited (the Company) and its subsidiaries (the Group), which comprises the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Consolidated Entity in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Corporations Act 2001, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

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

THE POWER OF BEING UNDERSTOOD
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Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed this matter
Capitalised Exploration and Evaluation Expenditure Refer to Note 10 in the Financial Statements	
<p>The Group has capitalised exploration and evaluation expenditure with a carrying value of \$1,956,481 as at 30 June 2019.</p> <p>We considered this to be a key audit matter due to the significant management judgments involved in assessing the carrying value of the asset including:</p> <ul style="list-style-type: none"> • Determination of whether the exploration and evaluation expenditure can be associated with finding specific mineral resources and the basis on which that expenditure is allocated to an area of interest; • Assessing whether any indicators of impairment are present and if so, judgement applied to determine and quantify any impairment loss; and • Assessing whether exploration activities have reached a stage at which the existence of economically recoverable reserves may be determined. 	<p>Our audit procedures included:</p> <ul style="list-style-type: none"> • Ensuring that the right to tenure of the area of interest was current; • Agreeing a sample of additions to supporting documentation and ensuring the amounts are capital in nature and relate to the area of interest; • Enquiring with management and reviewing budgets and other documentation as evidence that active and significant operations in, or relation to, the area of interest will be continued in the future; • Assessing and evaluating management's assessment of whether indicators of impairment existed at the reporting date; • Assessing that the impairment expensed recognised for the year ended was appropriately calculated; and • Through discussions with the management and review of the Board Minutes, ASX announcements and other relevant documentation, assessing management's determination that exploration activities have not yet progressed to the stage where the existence or otherwise of economically recoverable reserves may be determined.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors 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 gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_responsibilities/ar2.pdf. This description forms part of our auditor's report.

Report on the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included within the directors' report for the year ended 30 June 2019.


In our opinion, the Remuneration Report of Catalyst Metals Limited, for the year ended 30 June 2019, complies with section 300A of the Corporations Act 2001.

Responsibilities

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.

RSM

RSM AUSTRALIA PARTNERS

A handwritten signature in black ink that reads "A Whyte".
ALASDAIR WHYTE
Partner

Perth, WA
Dated: 27 September 2019

CATALYST METALS LIMITED

ADDITIONAL INFORMATION

The following information was reflected in the records of the Company as at 18 September 2019.

Distribution of share and option holders

	Number of holders		
	Fully paid shares	Quoted options	Unlisted options
1 - 1,000	232	169	-
1,001 - 5,000	274	96	-
5,001 - 10,000	99	30	-
10,001 - 100,000	195	40	-
100,001 and over	64	13	2
	864	348	2
Including holdings of less than a marketable parcel	69		

Substantial shareholders

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

Shareholder	Number of shares	%
St Barbara Limited	11,149,617	14.13
Gold Exploration Victoria Pty Ltd	8,680,000	11.00
Drill Investments Pty Ltd	5,923,105	7.51
Trapine Pty Ltd	5,799,877	7.35
Robin Scrimgeour	5,310,731	6.73

Twenty largest holders of fully paid shares

Shareholder	Shares	%
1. St Barbara Limited	11,149,617	14.13
2. Gold Exploration Victoria Pty Ltd	8,680,000	11.00
3. HSBC Custody Nominees (Australia) Limited	8,431,685	10.69
4. Drill Investments Pty Ltd	6,175,000	7.83
5. Citicorp Nominees Pty Ltd	6,025,950	7.64
6. Trapine Pty Ltd	4,684,770	5.94
7. Toby Mountjoy	2,548,139	3.23
8. Invia Custodian Pty Ltd	2,066,875	2.62
9. Bruce Kay and Henriette Kay	1,998,843	2.53
10. Providence Gold & Minerals Pty Ltd	1,537,849	1.95
11. Gavin Arnold Caudle	1,373,625	1.74
12. Kimberley Downs Pty Ltd	1,194,635	1.51
13. Gavin Arnold Caudle	1,000,000	1.27
14. Gavin Caudle	897,092	1.14
15. Roger George Davis	772,275	0.98
16. John Paul Sisterson	699,731	0.89
17. Vestcourt Pty Ltd	639,000	0.81
18. Lindway Investments Pty Ltd	613,594	0.78
19. Elshaw Pty Ltd	545,999	0.69
20. Winthrop Cafe Pty Ltd	412,125	0.52
	61,446,804	77.89

CATALYST METALS LIMITED

ADDITIONAL INFORMATION

Twenty largest holders of quoted options

Optionholder	Options	%
1. St Barbara Limited	1,114,962	15.11
2. Gold Exploration Victoria Pty Ltd	868,000	11.76
3. HSBC Custody Nominees (Australia) Limited	728,264	9.87
4. Drill Investments Pty Ltd	617,500	8.37
5. Citicorp Nominees Pty Ltd	586,290	7.95
6. Trapine Pty Ltd	468,477	6.35
7. Toby Mountjoy	256,502	3.48
8. Gavin Arnold Caudle	237,363	3.22
9. Invia Custodian Pty Ltd	206,688	2.80
10. Bruce Kay and Henriette Kay	199,885	2.71
11. Providence Gold and Minerals Pty Ltd	153,785	2.08
12. Kimberley Downs Pty Ltd	119,464	1.62
13. Gavin Caudle	109,079	1.48
14. Roger George Davis	77,228	1.05
15. Vestcourt Pty Ltd	71,000	0.96
16. Philip James Whitmont	70,000	0.95
17. BNP Paribas Nominees Pty Ltd	68,245	0.92
18. Lindway Investments Pty Ltd	61,360	0.83
19. Great Australia Corporation Pty Ltd	50,000	0.68
20. Winthrop Cafe Pty Ltd	41,213	0.56
	<u>6,105,305</u>	<u>82.75</u>

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 \$1.00 each on or before 31.10.20	1,000,000	Maybach Consulting Pty Ltd	500,000	50.0
		Gabrielle Metcalf	500,000	50.0

Voluntary escrow	Number
Ordinary fully paid shares subject to voluntary escrow until 15 March 2020	8,680,000

Corporate governance statement

The Company's 2019 corporate governance statement can be viewed at http://www.catalystmetals.com.au/about_catalyst/corporate_governance.phtml

CATALYST METALS LIMITED

ADDITIONAL INFORMATION

Tenement directory

Project	Tenement number	Beneficial interest
Victoria		
Four Eagles	RL006422, EL5295, EL5508, EL006887, EL006859	50%
Tandarra	RL006660	51%
Pyramid	EL006894	100%
Raydarra East	EL5509	100%
Sebastian	EL5533	100%
Raydarra	EL5266	51% (earning in via farm-in agreement)
Macorna Bore	EL5521	100%
Drummartin	EL006507	100%
Boort	EL006670	100%
Golden Camel	EL5490 and EL5449	50.1% (earning in via farm-in agreement)

Competent person statement

The information in this report that relates to exploration results is based on information compiled by Mr Bruce Kay, a Competent Person, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kay is a non-executive director of the Company and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Kay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Much of the historical information relating to the Four Eagles project was prepared and first disclosed under the JORC Code 2004. This information has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was reported.

Information relating to the Tandarra project was first disclosed by previous tenement holders under the JORC Code 2004. This information has been subsequently reported by the Company in accordance with the JORC Code 2012, refer to announcement dated 1 September 2014 and the quarterly activities report dated 31 July 2014.