



ASX Announcement

23 January 2012

Catalyst proceeds to Phase 2 at Four Eagles Gold Project

- **Independent report prepared by Xstract Mining Consultants Pty Ltd recommends that Catalyst pursue stage 2 of the earn-in agreement based on exploration results to date.**
- **Catalyst provides advice to Providence Gold & Minerals Pty Ltd of its intention to proceed to Phase 2 of the Heads of Agreement**

Catalyst Metals Limited (ASX: CYL) ("Catalyst" or the "Company") is pleased to announce that it has advised Providence Gold & Minerals Pty Ltd ("Providence") of its intention to proceed to Phase 2 of the Heads of Agreement ("HoA") signed on 24 December 2010 for the Four Eagles Gold Project (Figure 1). Catalyst and its wholly owned subsidiary, Kite Gold Pty Ltd, satisfied Phase 1 of the HoA by spending \$450,000 on exploration within the first 12 months from completion (ie 20 January 2011).

To assist with its review of the Four Eagles Gold Project, Catalyst contracted Xstract Mining Consultants Pty Ltd ("Xstract") to provide an independent opinion on whether the Company should proceed to Phase 2. After reviewing the drilling data to date and the exploration strategy of the Company, Xstract recommended Catalyst should pursue stage 2 of the earn in agreement. This recommendation was supported by the internal review of the Four Eagles Gold Project conducted by Mr Bruce Kay, Catalyst's technical director.

Phase 2 of the HoA with Providence involves issuing 750,000 ordinary fully paid shares in Catalyst to Providence and paying \$100,000 in cash within 60 days after 20 January 2012. These payments will entitle Catalyst to earn a 50% interest in the tenements by spending a total of \$2.1 million on the Four Eagles Gold Project before 20 January 2014. To date, Catalyst has spent approximately \$800,000 on the Four Eagles Gold Project, requiring another \$1.3 million to be expended over the next 2 years.

Catalyst has been very encouraged by the drilling results received to date (Figure 2) and intends to recommence its RC drilling programme in early February 2012. With the recently announced Memorandum of Understanding for Catalyst to be provided with a twelve month option to acquire the Kangaroo Flat Gold Plant, related infrastructure and mining and exploration tenements from Unity Mining Ltd, Catalyst intends to accelerate its exploration programme in 2012.

The objective in 2012 will be to test the continuity of the ore zones both along strike and down dip into the primary zone. Further scoping of the prospective corridor parallel and

west of the Whitelaw fault with aircore drilling will also be a priority to see if further shallow ore positions are present.

Catalyst's Technical Director, Mr Bruce Kay, said "The definition of economic primary ore resources is the Company's major objective in 2012."

– ENDS –

For further information, please contact:

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Chairman

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Competent Person Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Bruce Kay, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is a director of Catalyst Metals Limited. Mr Kay has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Kay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

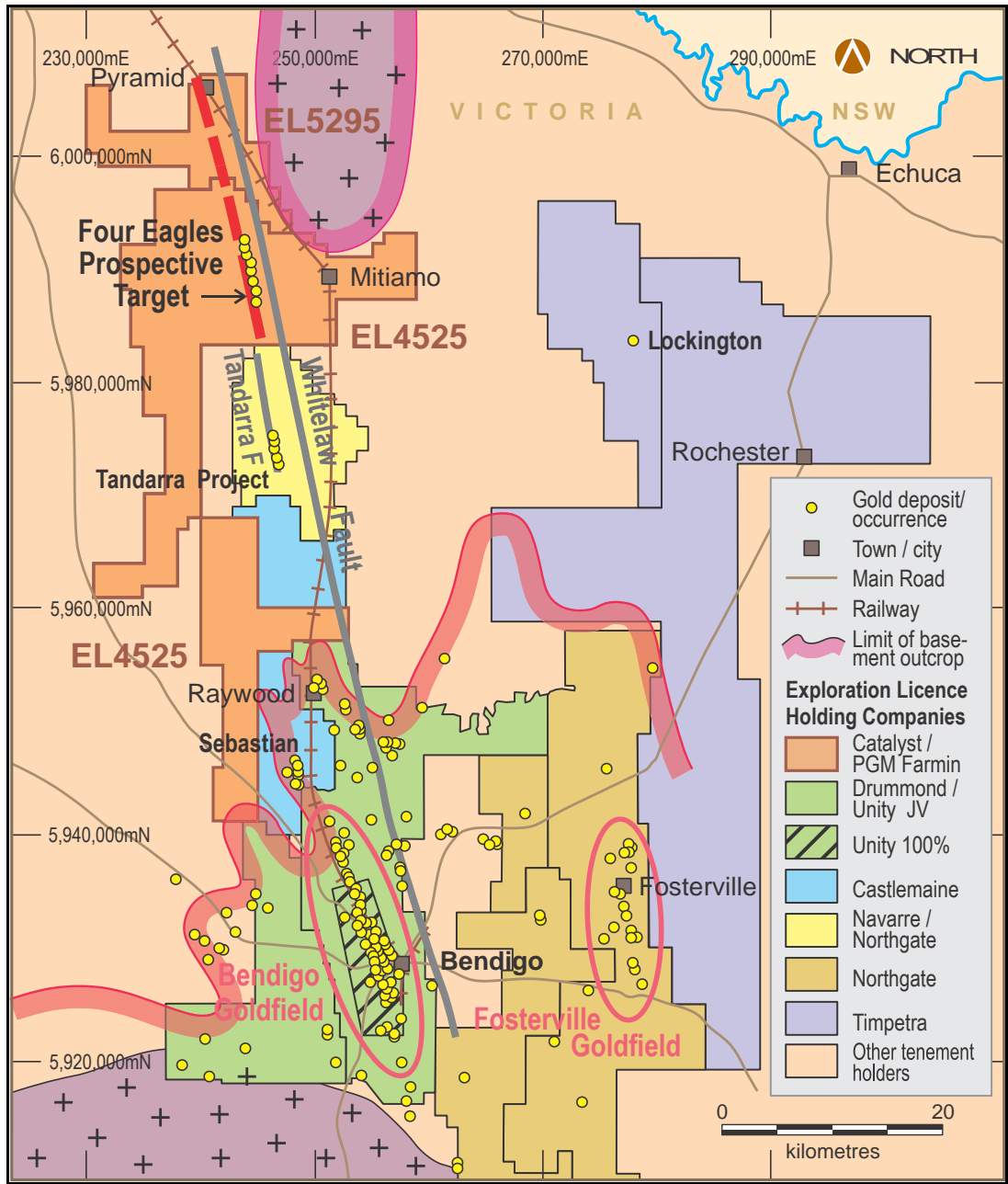


Figure 1: Four Eagles Gold Project Location

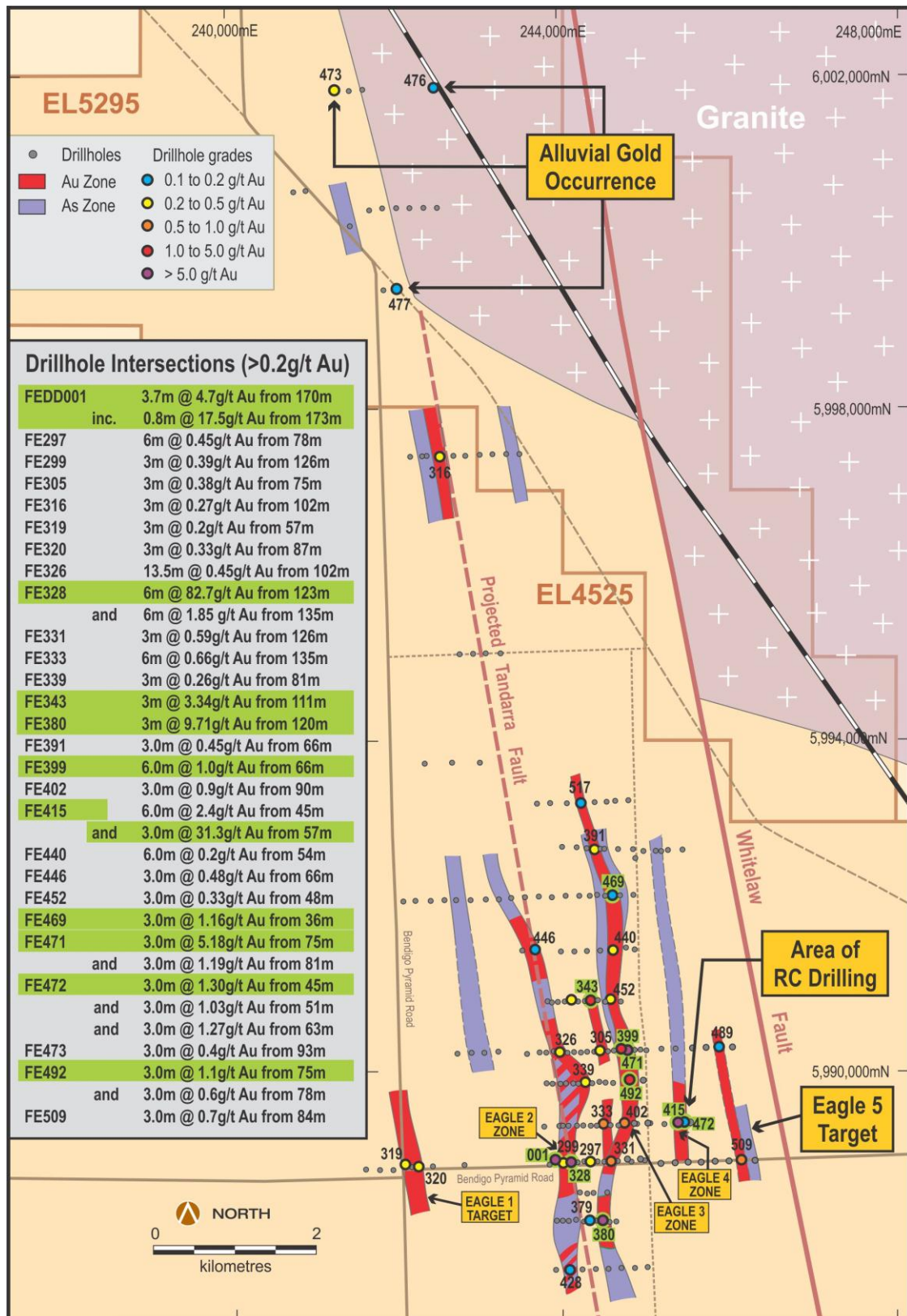


Figure 2: Four Eagles Aircore drilling location and results