



ASX Announcement

24 December 2010

Four Eagles Gold Project

- **Heads of Agreement signed to enter into farm-in joint venture agreement over the Four Eagles Gold Project, north of Bendigo in Victoria**
- **Drilling program to commence in the first quarter 2011 to test targets generated by previous widely spaced reconnaissance aircore drilling which intersected 6 metres @ 82g/t Au and 3 metres @ 9.7g/t Au**
- **Gold anomalism has been shown over a strike length of ten kilometres and a width of three kilometres.**

Catalyst Metals Limited (ASX: CYL) ("Catalyst" or the "Company") is pleased to announce that its wholly owned subsidiary Kite Gold Pty Ltd ("Kite Gold") has signed a Heads of Agreement with Providence Gold and Minerals Pty Ltd ("Providence Gold") to form a joint venture to further explore and develop the Four Eagles Gold Project ("Four Eagles").

The Four Eagles Gold Project (EL4525 and EL5295) is located generally along strike of the Bendigo Goldfield and west of the towns of Mitiamo and Raywood in central Victoria, extending from 20 to 70 kilometres north of Bendigo (Figure 1).

Kite Gold intends to conduct an Aircore and Diamond drilling program (Figures 2 & 3) commencing in the first quarter 2011 to test targets generated by previous drilling conducted by Providence Gold which included **6m @ 82g/t Au and 3m @ 9.7g/t Au**. Kite Gold intends to drill approximately 70 Aircore holes for 7000 metres and 2 Diamond holes for 700 metres.

Previous Aircore drilling by Providence Gold intersected high grade gold mineralisation and defined a prospective structural corridor over 10 kms in length. This trend lies along strike, 50 kms to the north of the Bendigo Gold Field in a similar relationship to the Whitelaw Fault. Gold is observed in quartz veining within the basement rocks of typical Bendigo style sediments.

Catalyst's Chairman, Stephen Boston, said, "This project has the potential to be a repeat of the historical Bendigo Gold Field which has Australia's second highest historic gold production after Kalgoorlie and Catalyst is excited to be involved at this early stage of exploration on a recently discovered gold trend."

Under the terms of the Heads of Agreement, consideration for the farm-in joint venture will be as follows:

- At completion - \$150,000 in cash for partial reimbursement of expenditure incurred by Providence Gold on the tenements and 750,000 fully paid ordinary shares in Catalyst.
- Phase 1 Commitment – during the first 12 months Kite Gold must spend \$450,000 on the tenements to further test the concept of Bendigo style mineralisation under cover on the tenement area and must include a minimum of 1 Diamond hole and 70 Aircore holes. If Catalyst elects to continue after Phase 1 it must pay \$100,000 in cash for further reimbursement of expenditure incurred by Providence Gold on the tenements and issue a further 750,000 fully paid ordinary shares in Catalyst.
- Phase 2 Commitment - To earn a 50% interest in the tenement, Kite Gold must spend a further \$1,650,000 over the next 2 years. Of this expenditure, the exploration program must have a minimum allowable expenditure of \$550,000 per annum. Upon earning its 50% interest, Kite Gold will then become the manager of the joint venture.
- Phase 3 Commitment – should Providence Gold elect not to contribute to joint venture costs, Kite Gold will have the right to earn an additional 25% interest in the tenements by expending a further \$2,100,000 in allowable exploration expenditure over 2 years subject to paying Providence Gold 2,500,000 fully paid ordinary shares in Catalyst and inviting Mr Tom Burrowes (the sole director of Providence Gold) to become a non-executive director of Catalyst.
- Final Phase – if Kite Gold has earned a 75% interest in the joint venture, Providence Gold will be free carried until completion of a feasibility study showing a project with a net present value greater than \$50 million. At this point Kite Gold must apply for a mining licence and a Mining Joint Venture will be formed. Kite Gold will endeavour to retain project financing and assist Providence Gold with funding of its share of the project development. Should Providence Gold elect not to contribute to joint venture costs, Kite Gold will earn a 100% interest in the tenements and Providence Gold will retain a 2.5% net smelter return royalty in respect of gold produced by the project.

At any time following the commencement of Phase 2, Providence Gold has the right to explore and mine alluvial gold on the tenements. If Providence Gold makes a discovery of alluvial gold on the tenements it must notify Kite Gold. If Kite Gold has earned an interest in the tenements, a new joint venture will be formed for the alluvial gold dependent on the interest currently held by Kite Gold.

Providence Gold will also retain the right to sole risk exploration outside of the current areas being actively explored by the joint venture.

In recognition of the previous work conducted by Mr Tom Burrowes and the relationships he has developed within the community at the Four Eagles Gold Project, he will be retained as a consultant at \$40,000 per annum until such time as he is appointed to the board of Catalyst as a non-executive director or Catalyst withdraws from the Project.

Kite Gold has also agreed to reimburse Providence Gold for approximately \$40,000 of exploration expenditure incurred by Providence Gold in December 2010. This expenditure will form part of the Phase 1 Commitment of \$450,000 in the first 12 months.

– ENDS –

For further information, please contact:

Stephen Boston

Chairman

Ph: +61 8 9383 2825

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 consultant to 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.

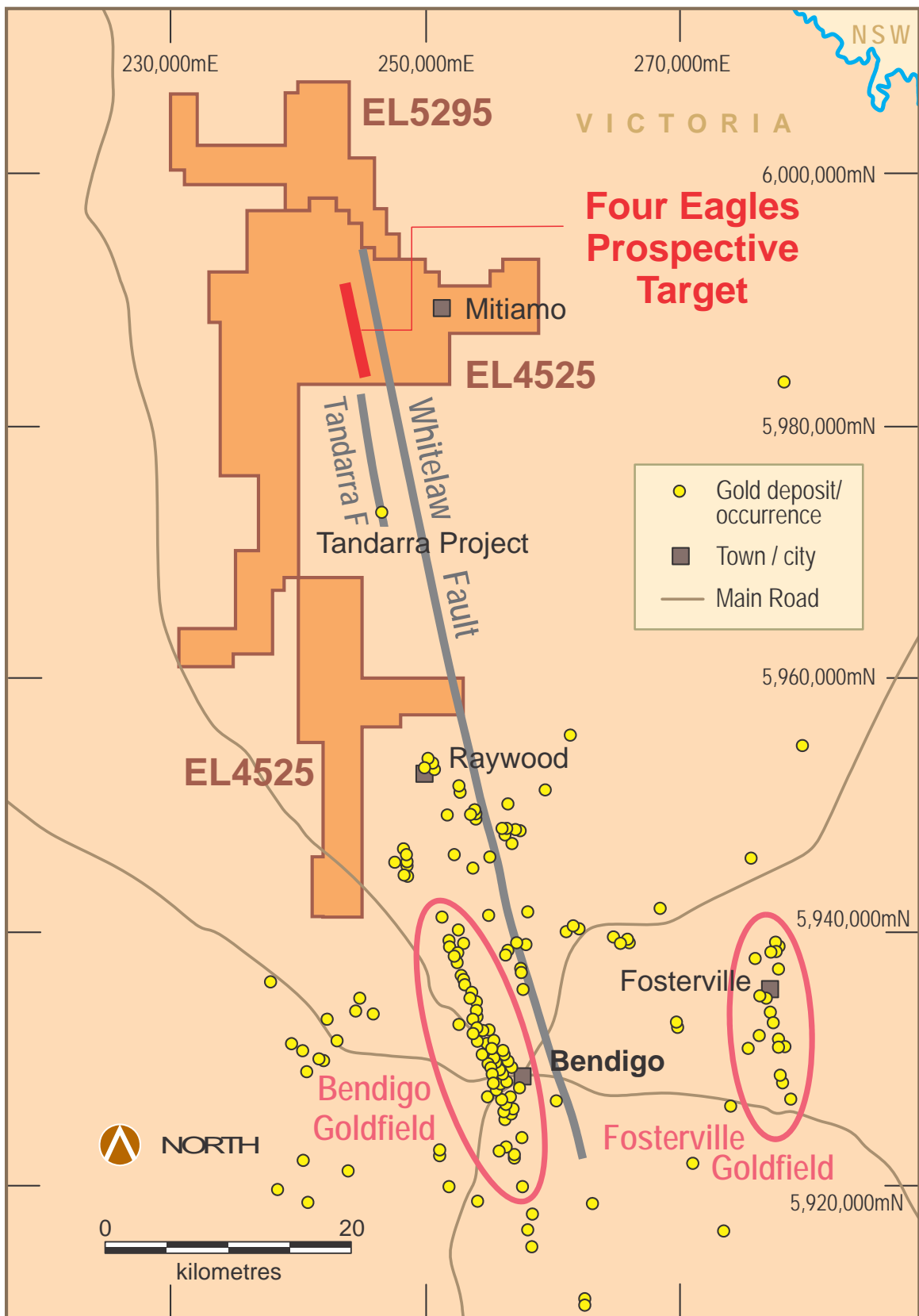


Figure 1 – Four Eagles Gold Project Location

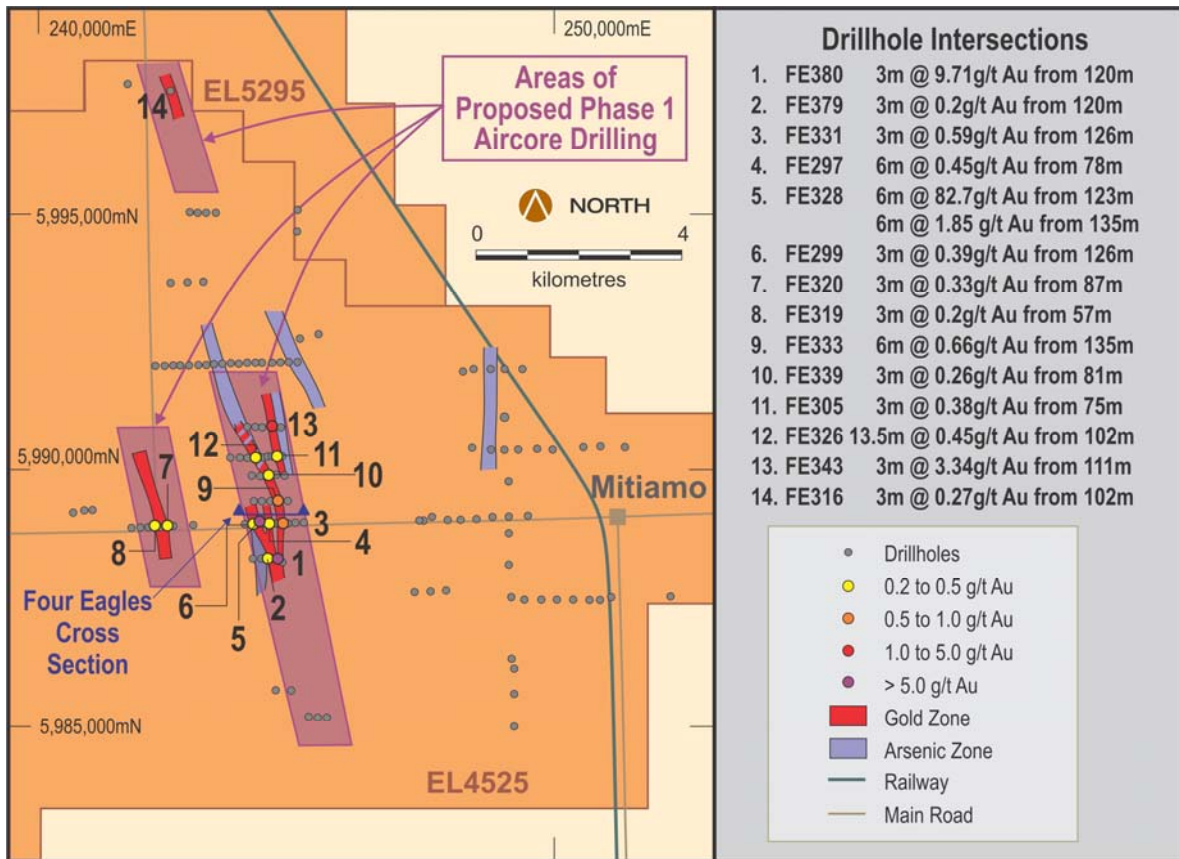


Figure 2 – Proposed Aircore Drilling at Four Eagles Gold Project in February 2011

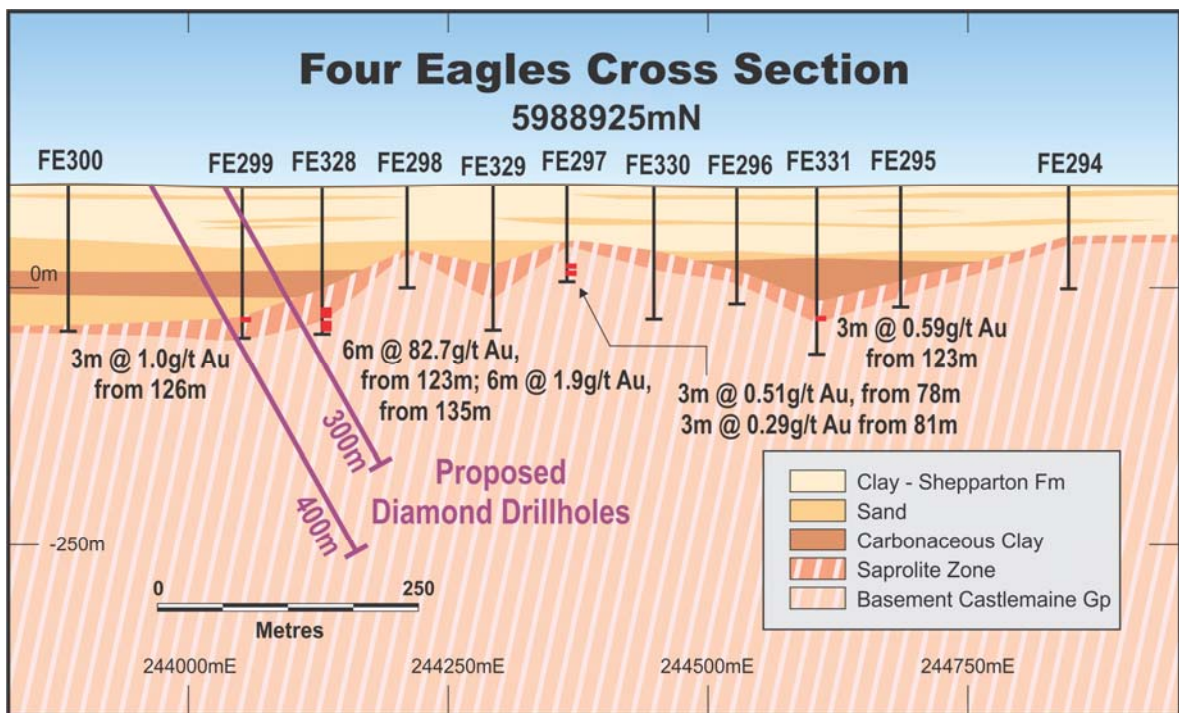


Figure 3 – Proposed Diamond Drilling at Four Eagles Gold Project in February 2011