



18 July 2007

Dear Shareholder

Your Board of Directors of Catalyst Metals Limited comprises Howard Dawson, Jim Malone, Malcolm Carson and Mark Thompson.

On 30 May 2007, your Company received a notice pursuant to section 249D of the Corporations Act to convene a general meeting to seek shareholders approval to replace Howard Dawson and Jim Malone as directors of the company with Bryan Garrie Kenneth Dixon and Nathan Bruce McMahon.

The notice was submitted by Warrior Finance Pty Ltd (sole director Bryan Garrie Kenneth Dixon), Jodie Marwick, who is Mr. Dixon's sister and Lateral Minerals Pty Ltd (sole director Mark Thompson), hereinafter referred to as Mr Dixon et al.

Mr Dixon was asked to resign (and did resign) as a Director of your Company on 22 May 2006. Mr Thompson's services as Exploration Manager of Catalyst were terminated on 7 May 2007 but he remains a Director.

On or about 2 July 2007 you received an explanatory statement from Mr Dixon et al in which various selective and unsubstantiated statements were made to justify their calling of the meeting. **This explanatory statement was not accompanied by any tangible proposal for the advancement of your Company.**

Howard Dawson, Jim Malone and Malcolm Carson do not support the calling of the meeting. At the same time, as a majority of your board, they regard it as important that shareholders be able to make their voting decision based on all of the material facts, not just a selective representation of them. An explanatory statement which provides additional information is therefore attached.

A proxy form is also attached for your convenience. If you haven't done so already, could you please complete the proxy form and forward it to the Company by post or facsimile on +61 (8) 9481 2200. Please note that all proxy forms must be received by the Company no later than 4.30pm (WST) on Wednesday 25 July 2007. If you have already lodged a proxy you may lodge another if your voting intentions are now different.

We hope you will take the time to read the attached explanatory statement so you clearly understand all of the facts before deciding which way to vote. We ask you for your support at the forthcoming General Meeting by voting **against** all four resolutions and thus allowing us the opportunity to carry through with what we set out to do in the first place – create wealth for all Catalyst shareholders.

Yours sincerely

Howard Dawson
Chairman

Catalyst Metals Limited

STATEMENT FROM YOUR DIRECTORS EXCLUDING MARK THOMPSON

The current Board of Directors of Catalyst Metals Limited comprises Howard Dawson, Jim Malone, Malcolm Carson and Mark Thompson.

On 30 May 2007, your Company received a notice submitted by Warrior Finance Pty Ltd (sole director Bryan Garrie Kenneth Dixon), Jodie Marwick (Mr. Dixon's sister) and Lateral Minerals Pty Ltd (sole director Mark Thompson), and hereinafter referred to as Mr Dixon et al, to call and hold a general meeting pursuant to section 249D of the Corporations Act.

The resolutions proposed for this meeting seek shareholders approval to replace Howard Dawson and Jim Malone as directors of the company with Bryan Garrie Kenneth Dixon and Nathan Bruce McMahan.

On or about 2 July 2007, you received an explanatory statement from Mr Dixon et al in which various selective and unsubstantiated statements were made in an attempt to justify their calling of the meeting. **This explanatory statement was not accompanied by any tangible proposal for the advancement of your Company.**

It is important that shareholders are in possession of all of the material facts to make their voting decision, not just a selective representation of them. We therefore respectively ask that you read this document so that you have all the correct information before completing your proxy form.

Catalyst has undertaken an active exploration programme since listing on the ASX.

In November 2006, your Company completed an 18 hole, reverse circulation drilling programme totaling 1,704 metres at Minnie Springs. The programme cost over \$200,000 and was a proper test of the prime molybdenum targets at Minnie Springs. In the explanatory statement this programme was described as "small". This is a surprising criticism to be made by Mr Dixon et al considering that Blackham Resources Limited, an ASX listed company of which Mr Dixon is Managing Director and Mr McMahan and or his associates are a major shareholder, has completed only a single 3 hole drilling programme totaling 300 metres since listing in September 2006.

In addition, Hodges Resources Limited, an ASX listed company of which Mr Dixon and Mr McMahan are both Directors, has conducted no drilling in its own right over the past 12 months.

Catalyst *is* an active explorer. Since the termination of Mr Thompson as Exploration Manager, the exploration efforts and activities of your Company have increased substantially with multiple field visits, evaluation of new targets, the delineation of a number of uranium targets and the commencement of reconnaissance mapping of the Minnie Creek project area.

Importantly, we have also advanced our search for additional projects within Australia and overseas to add to the existing exploration portfolio.

The average Catalyst Share price has not underperformed

Catalyst is an exploration company and consequently our share price will rise and fall with exploration success. Since listing the share price of Catalyst has traded in the range of \$0.17 - \$0.38. After allowance for the 1 for 2 option that shareholders received in November 2006 and which is currently trading around 7 cents, the return to shareholders even at the current price of around \$0.23 is still 30%.

We nevertheless do concede, as the explanatory statement points out, that over the past 12 months there have been companies that have performed more strongly. BHP and RIO for instance have both enjoyed price increases of over 40% over the same period, and paid dividends.

However, as nonsensical as it is to compare the share price performance of Catalyst with BHP and RIO, so it is for Mr Dixon et al to claim that the share price of your company has underperformed compared to companies such as Moly Mines and D'Aguilar Gold. Both of these companies have established resources and have moved beyond the pure exploration stage into mine feasibility studies and project development.

There is no magic wand that can be waved over a project to ensure exploration success regardless of who the Directors are. Exploration success can sometimes happen overnight, but more often than not takes time, luck and plenty of experience and persistence. As an active exploration company, Catalyst has always acted diligently and prudently and its current Directors have worked extremely hard to deliver leverage and value for all shareholders.

Catalyst has lacked the support by some of its founding shareholders

Despite the drilling programme and continued exploration activity it would appear that your company does lack the support of three of your founding shareholders. However, aside from them being the parties who prepared and lodged the explanatory statement, the Company is not aware of other shareholders that may support their unsubstantiated claim that *“a significant portion of shareholders in the Company (including ourselves) no longer support Mr Dawson or Mr Malone as Directors.”*

The Company advises that the Mr Dixon, Ms Marwick and Mr Thompson became founding shareholders following the allotment by the Company to them of 5.485 million ordinary and incentive shares at an issue price of 0.1 cents per share. The cost base of these shares was only \$5,485 compared to the current market value for the ordinary shares alone of \$445,000.

There are no benefits to the shareholders with a newly constituted board

Howard Dawson, Jim Malone and Malcolm Carson are all highly experienced, professionally qualified and have considerable experience in the mining, exploration, commercial, financial and securities industries.

Howard Dawson and Malcolm Carson have a combined 60 years of geological, mining and securities industry experience. Both men have been involved in the discovery and

development of significant Australian mineral resources and have a history of creating value for shareholders. Mr Dawson was a member of the board of Comet Resources Limited which in 2001 returned to shareholders 55 cents per share cash from the proceeds of the sale of the Ravensthorpe nickel laterite project. Mr Carson is currently Chief Geologist and project manager for Cudoco Limited, which is proving up the large Rocklands copper project, one of most significant mineral discoveries of the past 20 years.

Mr Malone has an accounting degree, has extensive experience in the securities industry (both in Australia and the UK) and has held senior management and directorships with a number of exploration entities. Mr Malone delivers to the Company plenty of hands on financial, exploration and project acquisition experience.

The three Directors discussed have world wide contacts in the mining sector and provide Catalyst with the skills to both advance existing projects as well as secure new projects in a variety of geographical locations.

None of the proposed board members (Messrs Dixon and McMahon) nor Mr Thompson hold professional mining or geological qualifications or have experience in mining operations.

There have been a number of recent material events.

- On 14 June 2007 your Company received a letter from lawyers representing Mr Dixon et al warning the Board that it “*must not take any step in relation to the Company which is fundamental or significant; not within the ordinary course of the day to day business of the Company; and not necessary for the proper running of the Company.*” The letter further stated their clients “*reserve their right to immediately seek injunctive relief against you both (i.e. Messrs Dawson and Malone) without further notice.*” This threatening of legal action to restrict the activities of your Company for a period of nearly two months leading up to the general meeting should make all shareholders very concerned. Although it certainly concerned your board we have ignored it and continued to explore and also seek new projects. The threat of injunction has however restricted us into entering into any contracts where we may cause a third party to suffer a loss, such as a drilling contractor.
- On 6 June 2007, Mr John Jordan agreed to join Catalyst Metals as the Company’s new Exploration Manager and on 7 June 2007 a Board meeting ratified his appointment. Mr Jordan is a geologist with over 25 years experience, including nearly 10 years in uranium (which is a rare skill in today’s market) and the Board considers his appointment to be extremely beneficial for the Company. Mr Thompson voted against the appointment of Mr Jordan. The Company was not required to, and did not make a public announcement concerning Mr Jordan’s appointment. On 8 June 2007 Mr Dixon telephoned Mr Jordan and advised him not to accept the position of Exploration Manager with Catalyst.
- On 7 June 2007, the Company appointed Michael Higginson as its Company Secretary. Apart from costing the Company considerably less than the fees charged by Mr Dixon’s private company, Warrior Finance Pty Ltd when he was Company Secretary, Michael has brought to the position a wealth of hands on experience and expertise. Mr Higginson has accumulated over 20 years work history in the management and operations of publicly listed companies and the securities industry. He formerly held a
- senior management position with the ASX and has held numerous directorship and Company Secretarial positions with both ASX and UK listed corporations.
- On 29 May 2007, Mr Malcolm Carson gave his consent to join the board of Catalyst. His appointment was ratified at the next Board meeting which was held on 7 June 2007. Mr Carson’s agreement to join the board was very significant for your Company as he brings an abundance of practical and proven geological and mining expertise. Mr Carson’s appointment was announced to the market on 8 June 2007, the next day after the board meeting. Following the commencement of printing of the Notice of General Meeting Mr Dixon phoned Mr Malone on 18 June 2007 to inform him that he wished an additional resolution for the removal of Mr Carson to be added to the Notice of General Meeting. Aside from his request being made late, Mr Dixon would have been well aware that a verbal request to include an additional resolution in a Notice of General Meeting is inconsistent with section 249D(2)(a) of the Corporations Act, which states that the request must be in writing.
- On 29 June 2007, your Company received another requisition to convene a General Meeting for the purpose of seeking the removal of Mr Carson as a Director. The Board cannot determine why Messrs Dixon and Thompson waited 21 days from the announcement of Mr Carson’s appointment to lodge their requisition. Had they not waited, their resolution could have been included in the Notice of General Meeting for the meeting of members on 27 July 2007. The Board must now incur the cost and distraction of organising a second General Meeting of members. If Mr Dixon et al are truly acting in the interests of shareholders as they claim, your Board questions why they would seek the removal of a Director of the calibre of Mr Carson.

In summary, Mr Dixon et al have provided no tangible proposal for the advancement of your Company other than by making vague, meaningless “motherhood” statements that they will “boost activity levels”. Your Board therefore asks what is the underlying reason for Mr Dixon et al in convening this meeting? **Is it to gain control of your company without having to make a full and proper bid for all of your shares?**

It is therefore very important that all shareholders lodge a proxy so that your vote counts and you exercise your rights as shareholders. If you do not vote it could mean that the outcome of the resolutions being considered at the General Meeting on 27 July 2007 and therefore the future direction of your Company may be determined by shareholders who collectively speak for only a small portion of the Company’s total voting stock and who have paid very little cash for that privilege.

If you have already lodged a proxy you may lodge another if your voting intentions are now different.

A proxy form is attached for your convenience. Please complete the proxy form as directed and send it to the Company by facsimile on +61 (8) 9481 2200. Please note that all proxy forms must be received by the Company no later than 4.30pm (WST) on Wednesday 25 July 2007.

Your Board asks for your support at the forthcoming General Meeting by voting **against** all four resolutions and thus allowing it the opportunity to carry through with what we set out to do in the first place – create wealth for all Catalyst shareholders.

If you have any questions regarding this document, the general meeting or your company’s exploration activities please do not hesitate to contact Howard Dawson or Jim Malone on 08 9322 4855 or on Mr. Malone’s mobile on 0419 537 714.

Kindest Regards,

Catalyst Metals Limited

The Company Secretary
 Catalyst Metals Limited
 GPO Box 2508
 Perth WA, 6001
Facsimile: 61 8
9481 2200

PROXY FORM
CATALYST METALS LIMITED
ABN 54 118 912 495
GENERAL MEETING

Appointment of Proxy

I/We
 Of
 being a member of Catalyst Metals Limited entitled to attend and vote at the General Meeting, hereby
 Appoint
 Name of proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the General Meeting to be held at The Presidents Room, Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 27 July 2007 at 4.30 pm (WST) and at any adjournment thereof. If no directions are given, the Chairman will vote against each resolution.

Voting on Business of the General Meeting

	FOR	AGAINST	ABSTAIN
Resolution 1 – Appointment of Mr Bryan Garrie Kenneth Dixon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 – Appointment of Mr Nathan Bruce McMahon	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 - Removal of Mr Howard Dawson	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 - Removal of Mr Jim Malone	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

OR

If you do **not** wish to direct your proxy how to vote, please place a mark in this box

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him other than as proxy holder will be disregarded because of the interest. The Chairman will vote against all of the resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your Shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signed this day of 2007

By:

Individuals and joint holders

Signature
Signature
Signature

Companies (affix common seal if

Director
Director/Company Secretary
Sole Director and Sole Company

CATALYST METALS LIMITED

ABN 54 118 912 495

Instructions for Completing Proxy Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the proxy form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a proxy form will not prevent individual shareholders from attending the meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the meeting.
5. Where a proxy form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete, sign and return the proxy form by hand to the Principal Office of the Company or by post to The Company Secretary, Catalyst Metals Limited, GPO Box 2508, Perth, Western Australia, 6001 or by facsimile on facsimile number (61 8) 9481 2200,
A proxy form must be received by the Company by no later than 4.30 pm (WST) on 25 July 2007.

Proxy forms received later than this time will be invalid.