



CATALYST METALS LIMITED

ABN 54 118 912 495

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

11 November 2015 at 10.00 a.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

CATALYST METALS LIMITED

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the annual general meeting of shareholders of Catalyst Metals Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Wednesday, 11 November 2015 at 10.00 a.m.

AGENDA

ORDINARY BUSINESS

Financial statements and reports

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2015.

To consider and if thought fit to pass, with or without amendment, the following resolutions as ordinary resolutions.

1. Re-election of Gary Schwab as a director

“That Mr Gary Schwab, being a director of the Company, retires by rotation in accordance with Clause 11.3 of the Constitution and being eligible for re-election, is hereby re-elected as a director of the Company.”

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary, non-binding resolution.

2. Remuneration report

“That for the purposes of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2015.”

A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of any member of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person described above may cast a vote on Resolution 2 if the vote is not cast on behalf of a person described above and either:

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or*
- (b) the Chairman of the meeting is appointed as proxy and the proxy form expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company.*

SPECIAL BUSINESS

The special business of the meeting is to consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary resolution.

3. Authority for issue of securities pursuant to Employee Share Option Plan

“That for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, any issue of securities in the next three years under the Catalyst Metals Limited Employee Share Option Plan (as amended from time to time), further details of which are set out in the explanatory memorandum accompanying the notice of meeting, is approved as an exception to ASX Listing Rule 7.1.”

The Company will disregard any votes cast on Resolution 3 by the directors and any of their associates. However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A person appointed as proxy must not vote on this Resolution on the basis of that appointment if:

- (a) that person is either a member of Key Management Personnel or a Closely Related Party; and
- (b) the appointment does not specify how the proxy is to vote on the proposed resolution;

unless the person appointed is the Chairman of the meeting and that appointment expressly authorises the Chairman to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of Key Management Personnel of the Company.

To consider and if thought fit to pass, with or without amendment, the following resolutions as special resolutions.

4. Approval for 10% placement capacity

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the issue of equity securities totalling up to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any person who may participate in the issue of equity securities under this resolution and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons.

5. Renewal of proportional takeover bid provisions

“That for the purposes of Sections 136(2) and 648G of the Corporations Act and for all other purposes, the Constitution of the Company be amended by re-inserting proportional takeover bid provisions, in the form set out in the explanatory memorandum accompanying the notice of meeting, for a period of three years commencing immediately.

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
28 September 2015

Voting exclusion note

Where a voting exclusion applies, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

Proxy appointments

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member of the Company.

A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.

Voting entitlements

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who held shares in the Company as at 5.00 p.m. on 9 November 2015.

CATALYST METALS LIMITED
EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Catalyst Metals Limited in connection with the business to be considered at the forthcoming annual general meeting of shareholders of the Company and should be read in conjunction with the accompanying notice of meeting.

ANNUAL FINANCIAL REPORT

The financial report of the Company for the year ended 30 June 2015 (including the financial statements, directors' report and auditors' report) was included in the 2015 annual report of the Company, a copy of which is available on the Company's web-site at www.catalystmetals.com.au.

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

RESOLUTION 1 – RE-ELECTION OF GARY SCHWAB AS A DIRECTOR

ASX Listing Rule 14.4 and Clause 11.3 of the Constitution require that a director (other than a managing director) must not hold office without re-election for more than 3 years and that one third of the directors in office (other than a managing director) must retire by rotation at each annual general meeting of the Company.

Mr Gary Schwab therefore retires at the forthcoming annual general meeting in accordance with the Constitution and being eligible, has offered himself for re-election at the meeting.

Mr Schwab is a Certified Practising Accountant with over 40 years 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. Mr Schwab is chairman of the audit committee.

The Board (excluding Gary Schwab) recommends that shareholders vote in favour of the re-election of Mr Schwab as a director of the Company. The Chairman intends to vote undirected proxies in favour of Resolution 1.

RESOLUTION 2 – REMUNERATION REPORT

The Remuneration Report is contained in the Directors' Report section of the Company's 2015 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 2 is not binding on the Company or its directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

Voting exclusion

Under the Corporations Act, members of Key Management Personnel and their Closely Related Parties will be excluded from voting on Resolution 2.

In accordance with Section 250R of the Corporations Act, the Chairman will not vote any undirected proxies in relation to Resolution 2 unless the appointment of the Chairman as proxy specifically authorises the Chairman to exercise the proxy even though it is connected directly or indirectly with the remuneration of members of Key Management Personnel (which includes the Chairman). This authorisation is included in the enclosed proxy form. Alternatively, if you appoint the Chairman as your proxy you can direct the Chairman to vote for or against or abstain from voting on this resolution by marking the appropriate box on the proxy form.

Alternatively, shareholders can nominate as their proxy for the purposes of Resolution 2 a proxy who is not a member of the Company's Key Management Personnel or a Closely Related Party. That person would be permitted to vote undirected proxies.

The Chairman of the meeting intends to vote all available undirected proxies in favour of Resolution 2.

RESOLUTION 3 – AUTHORITY FOR ISSUE OF SECURITIES PURSUANT TO EMPLOYEE SHARE OPTION PLAN

The Catalyst Metals Limited Employee Share Option Plan (**Plan**) was established in 2010 to assist in the recruitment and retention of key personnel. The Plan was last approved by shareholders in November 2013. As at the date of this notice, no Options have been issued under the Plan since its last approval.

ASX Listing Rule 7.1 prohibits a company from issuing new securities representing more than 15% of its issued share capital during the following 12 month period without shareholder approval. ASX Listing Rule 7.2 (Exception 9) provides that securities issued under an employee incentive scheme are excluded from this restriction, provided that, within 3 years before the date of issue, the issue of securities under the scheme have been approved by shareholders in general meeting.

Resolution 3 seeks the approval of shareholders for the potential issue of securities under the Plan for 3 years after the date of the annual general meeting, without those securities being subject to the 15% limit contained in ASX Listing Rule 7.1. If Resolution 3 is not passed, any securities issued under the Plan will count towards the 15% limit in Listing Rule 7.1.

It should be noted that directors of the Company will not be issued securities under the Plan without first obtaining specific shareholder approval.

Summary of key features

The key features of the Plan are as follows:

- Options may be issued under the Plan to employees, directors or consultants (together called "Employees") of the Company (or any associated companies) as nominated by directors;
- the Options will be issued for no consideration and are not transferable;
- the exercise price of the Options shall be determined by the Board but will be not less than the weighted average sale price of the Company's Shares on ASX over the five trading days immediately preceding the date of the offer;
- the expiry date of the Options will be determined by the directors at the time of issue of the Options;
- the directors may elect to issue the Options with vesting conditions whereby the Options will vest to the Employee progressively over a period of time;
- Options that have not vested may be exercised in the event of a takeover offer or a change of control of the Company;
- the maximum number of Options on issue under the Plan cannot be more than 5% of the number of shares on issue in the Company from time to time, subject to certain exceptions;
- the Company will not apply for official quotation of the Options; and
- all shares issued upon exercise of the Options will rank pari passu with existing shares on issue.

The Board also has the authority to vary the terms of the Plan (other than in respect of the maximum number of Options that may be issued under the Plan). Since the last approval of the Plan, the Board has made some minor amendments to the Plan, primarily to reflect the changes to the taxation treatment of options effective from 1 July 2015.

A full copy of the terms and conditions of the Plan is available to shareholders upon request.

Purpose of the Plan

The Plan is designed to assist in attracting and retaining key personnel required for the ongoing management and continued growth and development of the Company in the future. Options issued under the Plan are expected to increase the motivation of Employees of the Company, promote retention of Employees, align Employee interests with those of the Company and its shareholders and to reward Employees who contribute to the growth of the Company.

The future success of the Company is in part dependent on the skills and commitment of the Company's Employees. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The directors consider that the issue of Options under the Plan will provide Employees with an opportunity and an additional incentive to participate in the future growth of the Company.

Voting exclusion

The Company will disregard any votes cast on Resolution 3 by the directors and any of their associates. However the Company need not disregard a vote if:

- (a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- (b) it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

A person appointed as proxy must not vote on this Resolution on the basis of that appointment if:

- (a) that person is either a member of Key Management Personnel or a Closely Related Party; and
- (b) the appointment does not specify how the proxy is to vote on the proposed resolution;

unless the person appointed is the Chairman of the meeting and that appointment expressly authorises the Chairman to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of Key Management Personnel of the Company.

RESOLUTION 4 – APPROVAL FOR 10% PLACEMENT CAPACITY

ASX Listing Rule 7.1A provides that an “eligible entity” may seek shareholder approval at its annual general meeting to allow it to issue equity securities up to maximum of 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Facility is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

If shareholders approve Resolution 4, the number of equity securities that the Company can issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 4 will be to allow the Company to issue equity securities of a maximum of 10% of the Company's ordinary fully paid securities on issue under the 10% Placement Capacity, during the period of up to 12 months from the date of the annual general meeting, without the requirement to obtain subsequent shareholder approval and without using the Company's 15% annual placement capacity available pursuant to ASX Listing Rule 7.1.

Resolution 4 is to be considered as a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting must be in favour of Resolution 4 for it to be passed.

ASX Listing Rule 7.1A

For the purposes of ASX Listing Rule 7.1A, an eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

The Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$17.9 million.

Any equity securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted equity securities. The Company currently has two classes of equity securities on issue, being ordinary shares (ASX trading code: CYL) and options over ordinary shares exercisable at 50 cents each on or before 30 June 2018 (ASX trading code: CYLO).

The exact number of equity securities that the Company may issue under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

A is the number of shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid shares that became fully paid in the previous 12 months;
- (iii) plus the number of shares issued in the previous 12 months with the approval of holders of shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of ordinary fully paid shares under the company's 15% placement capacity without shareholder approval; and
- (iv) less the number of shares cancelled in the previous 12 months.

D is 10%.

E is the number of equity securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

Technical information required by ASX Listing Rule 7.1A

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 4:

(a) Minimum price

The minimum price at which the equity securities may be issued is 75% of the volume weighted average price of equity securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the equity securities are to be issued is agreed; or
- if the equity securities are not issued within 5 ASX trading days of the above date, the date on which the equity securities are issued.

The Company may also issue equity securities under the 10% Placement Capacity as consideration for the acquisition of a new asset, resource or investment, in which case the Company will release to the market a valuation of those equity securities that demonstrates that the issue price of the securities complies with the rule above.

(b) Date of issue

The equity securities may be issued under the 10% Placement Capacity commencing on the date of the meeting and expiring on the first to occur of the following:

- 12 months after the date of the meeting; and
- the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (a significant change to the nature or scale of the Company’s activities) or 11.2 (disposal of the Company’s main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(the “**10% Placement Capacity Period**”).

(c) Risk of voting dilution

Any issue of equity securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If Resolution 4 is approved by shareholders and the Company issues the maximum number of equity securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of equity securities on issue as at the date of this notice of meeting.

The table shows the voting dilution impact for securities issued under the 10% Placement Capacity where the number of Shares on issue (Variable A in the formula) increases by 50% and 100% and the economic dilution where there are changes in the issue price of Shares (based on a 50% decrease to current market price of Shares and 100% increase).

Number of Shares on issue (Variable A in ASX Listing Rule 7.1A2)	Issue price per share	Dilution		
		\$0.17 50% decrease in issue price	\$0.34 issue price	\$0.68 100% increase in issue price
52,765,504 (Current Variable A)	Shares issued (10% voting dilution)	5,276,550	5,276,550	5,276,550
	Funds raised	\$897,013	\$1,794,027	\$3,588,054
79,148,256 (50% increase in Variable A)	Shares issued (10% voting dilution)	7,914,825	7,914,825	7,914,825
	Funds raised	\$1,345,520	\$2,691,040	\$5,382,081
105,531,008 (100% increase in Variable A)	Shares issued (10% voting dilution)	10,553,100	10,553,100	10,553,100
	Funds raised	\$1,794,027	\$3,588,054	\$7,176,108

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require shareholder approval (such as under a pro-rata rights issue or Shares issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

The table above is based on the following assumptions:

1. There are currently 52,765,504 Shares on issue.
2. The issue price set out above is the closing price of Shares on the ASX on 25 September 2015.
3. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
4. The issue of equity securities under the 10% Placement Capacity consists only of Shares. It is assumed that no options are exercised into Shares or performance rights vest before the date of issue of the equity securities.
5. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.

6. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
7. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity, based on that shareholder's holding at the date of the annual general meeting. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the meeting;
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue; and
- the equity securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the equity securities.

(d) Purpose of issue under 10% Placement Capacity

The Company may issue equity securities under the 10% Placement Capacity for the following purposes:

- as cash consideration in which case the Company intends to use funds raised for acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects and any additional projects acquired (funds used for drilling, feasibility studies and ongoing project administration) and general working capital; or
- as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon the issue of any equity securities.

(e) Allocation under the 10% Placement Capacity

The allottees of the equity securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of equity securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- the effect of the issue of the equity securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

(f) Previous approval under ASX Listing Rule 7.1A

The Company obtained approval under ASX Listing Rule 7.1A at the 2014 annual general meeting held on 12 November 2014.

In the 12 months preceding the date of the meeting, the Company issued a total number of 4,836,988 Equity Securities, representing 9.3% of the total number of Equity Securities on issue at the commencement of that 12 month period. The details of all issues of Equity Securities in the 12 months preceding the date of the meeting are set out in Annexure A to this explanatory memorandum.

(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A

When the Company issues equity securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the equity securities and the number of equity securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- the information required by ASX Listing Rule 3.10.5A for release to the market.

Voting exclusion

A voting exclusion statement is included in the notice of meeting. As at the date of this notice, the Company has not invited any existing shareholder to participate in an issue of equity securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution 4.

RESOLUTION 5 – RENEWAL OF PROPORTIONAL TAKEOVER BID PROVISIONS

At the 2012 annual general meeting of the Company, shareholders approved an amendment to the Constitution by the insertion of proportional takeover bid provisions. These provisions prohibit the registration of transfers of shares acquired under a proportional takeover bid unless a resolution is passed by shareholders approving the bid.

Under the Corporations Act, the proportional takeover bid provisions expire three years from shareholder approval, unless renewed by shareholders by a special resolution. The Company is seeking to renew the proportional takeover bid provisions for a further period of three years.

Under Section 648G of the Corporations Act, the Company may renew the proportional takeover bid provisions by amending the Constitution to re-insert those provisions by special resolution of shareholders in accordance with section 136(2) of the Corporations Act. Section 648G(5) specifies certain information that must be provided in the notice of meeting. The following information is provided to satisfy those requirements.

The proportional takeover bid provisions that are to be re-inserted are as set out below:

In Clause 1.1 of the Constitution, the following definitions are inserted:

“Prescribed Resolution means a resolution of the kind referred to in paragraph 1 of schedule 1.”

“Takeover Scheme means a takeover scheme made in accordance with Part 6.3 of the Corporations Act (as contemplated by clause 6.12).”

The following new clause 6.12 is inserted immediately following clause 6.11:

“6.12 Proportional Takeover Scheme

Subject to the Listing Rules, if offers are made relating to a proportion of the shares in a class of shares in accordance with Part 6.3 of the Corporations Act, the Company must not register a transfer giving effect to a contract resulting from the acceptance of an offer made under that takeover scheme unless and until a resolution to approve that takeover scheme is passed in accordance with the provision of schedule 1.”

The following new schedule 1 is inserted as schedule 1 to the Constitution:

“SCHEDULE 1 – PROPORTIONAL TAKEOVER SCHEME

1. *A resolution to approve a Takeover Scheme must be voted on at a meeting of the Members (other than the offeror in respect of the Takeover Scheme and each associate of the offeror) who, as at the end of the day on which the first offer under the Takeover Scheme was made held shares of the class subject to the Takeover Scheme.*
2. *The meeting referred to in paragraph 1 of this schedule must be:*
 - (a) *convened and conducted by the Company;*
 - (b) *except as otherwise provided in this schedule, conducted as if it were a general meeting of the Company; and*
 - (c) *held so that the Prescribed Resolution is voted on before the day which is 14 days before the end of the period during which the offers under the Takeover Scheme remain open.*
3. *At the meeting referred to in paragraph 1 of this schedule, only the persons entitled by paragraph 1 of this schedule to attend the meeting are entitled to vote on the Prescribed Resolution.*
4. *Each Member entitled to vote on the Prescribed Resolution is entitled to one vote for each share the subject of the Takeover Scheme held by that Member.*
5. *A Prescribed Resolution is carried if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is taken to have been rejected.”*

What is a proportional takeover bid

A proportional takeover bid is one in which a bidder offers to buy only a proportion of each shareholder's shares in the target company. This can result in control being transferred to the bidder without shareholders having the chance to sell all their shares. It also means a bidder can obtain control of a company without paying appropriate consideration for gaining such control.

To deal with this possibility, the Corporations Act permits a company to allow its shareholders to consider a resolution to approve a proportional takeover bid before the bid is accepted, by setting out appropriate provisions in its constitution.

The Company wishes to re-insert such provisions in its Constitution for a further period of three years, for the reasons set out in this explanatory memorandum.

Effect of the provisions

If the proportional takeover bid provisions are re-inserted and a proportional takeover bid is subsequently made for a class of shares in the Company, the directors will be required to convene a general meeting of shareholders in that class to vote on a resolution to approve the proportional takeover bid. The resolution must be passed more than 14 days before the last day of the bid period. The bidder and any of its associates will be excluded from voting.

If the resolution is rejected by shareholders, registration of any transfer of shares resulting from the proportional bid will be prohibited. Acceptances will be returned and any contracts formed by acceptances will be rescinded.

If the resolution is approved, transfers of shares to the bidder will be registered provided they comply with the Corporations Act and the other provisions of the Company's Constitution.

If no resolution is voted on by the 14th day before the last day of the bid period, then the resolution approving the proportional bid will be deemed to have been approved.

If approved, the proportional takeover bid provisions will expire after three years, unless renewed again by shareholders by a special resolution.

Reasons for proposing the resolution

The directors consider that shareholders should have the opportunity to vote on a proposed proportional takeover bid. Without the provisions, a proportional takeover bid for the Company might enable a bidder to obtain control of the Company without shareholders having the opportunity to dispose of all their shares or dispose of their shares for an adequate control premium. The provisions give shareholders the opportunity to decide whether a proportional takeover bid should proceed. If it does proceed, individual shareholders can make a separate decision as to whether they wish to accept the offer for their shares.

Present acquisition proposals

As at the date of this explanatory memorandum, none of the directors are aware of a proposal by a person to acquire or to increase the extent of a substantial interest in the Company.

Potential advantages and disadvantages

The proportional takeover bid provisions enable the directors to ascertain the views of shareholders on a proportional takeover bid. Apart from this, there is no specific advantage or disadvantage for directors, in their capacity as directors, in seeking to include the proportional takeover approval provisions in the Constitution.

The potential advantages of the proportional takeover bid provisions for shareholders of the Company are:

- (a) the provisions ensure that all shareholders (other than the bidder and its associates) will have an opportunity to study a proportional takeover bid proposal and vote on whether it should be permitted to proceed;
- (b) the requirements for shareholder approval should ensure that the terms of any future proportional takeover bids are structured to be attractive to a majority of independent shareholders;
- (c) the provisions may help shareholders avoid being locked in as a minority; and
- (d) knowing the view of the majority of shareholders may help individual shareholders assess the likely outcome of a proportional takeover bid and to decide whether to accept or reject that offer.

The potential disadvantages of the proportional takeover bid provisions for shareholders are:

- (a) the need for shareholder approval may make a proportional takeover bid more difficult to achieve and therefore proportional takeover bids may be discouraged;
- (b) this in turn may reduce opportunities which shareholders may have to sell some of their shares at an attractive price to persons securing control of the Company and may reduce an element of takeover speculation from the Company's share price; and
- (c) the provisions arguably constitute an additional restriction on the ability of shareholders to deal freely with their shares.

The directors consider that the potential advantages for shareholders outweigh the potential disadvantages and that the re-insertion of the proportional takeover bid provisions as proposed by Resolution 5 are in the best interests of shareholders. The directors recommend that shareholders vote in favour of Resolution 5.

The Chairman intends to vote undirected proxies in favour of Resolution 5.

GLOSSARY OF TERMS

“**ASX**” means ASX Limited;

“**ASX Listing Rules**” means the official listing rules of ASX;

“**Board**” means the board of directors of the Company;

“**Closely Related Party**” is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of KMP.

“**Company**” or “**Catalyst**” means Catalyst Metals Limited (ABN 54 118 912 495);

“**Constitution**” means the constitution of the Company;

“**Corporations Act**” means the Corporations Act 2001 (Commonwealth);

“**Corporations Regulations**” means the Corporations Regulations 2001 (Commonwealth);

“**Key Management Personnel**” or “**KMP**” means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise) of the Company.

“**Option**” means an option to subscribe for a Share.

“**Share**” means an ordinary fully paid share in the capital of the Company.

ANNEXURE A – SUPPLEMENTARY INFORMATION FOR RESOLUTION 4

The table below sets out the details of all the issues of Equity Securities by the Company in the 12 months preceding the annual general meeting, as required by Listing Rule 7.3A.6(b).

Date	Number	Class	Recipients	Issue price and discount to market price (if any)	Form of consideration
13.11.14	294,007	Shares ¹	Stephen Boston, Robin Scrimgeour and Bruce Kay as approved by shareholders	Deemed issue price of 35 cents per share.	Non-cash. Issue of shares in satisfaction of outstanding directors fees. Current value of \$99,962 ³ .
30.06.15	50,000	Shares ¹	Optionholders upon exercise of unlisted options	30 cents per share	Cash consideration of \$15,000
17.07.15	166,667	Shares ¹	Optionholders upon exercise of unlisted options	30 cents per share	Cash consideration of \$50,000
12.08.15	1,453,130	Shares ¹	Subscribers to share purchase plan offer	32 cents per share (16% discount to 5 day VWAP prior to offer)	Cash consideration of \$465,000
09.09.15	2,623,184	Options ²	Pro-rata bonus issue of options to all shareholders	Nil	Non-cash. Bonus issue for nil consideration. Current value of \$13,115 ⁴ .
21.09.15	250,000	Shares ¹	Navarre Minerals Limited	Nil	Non-cash. Part consideration pursuant to Heads of Agreement on North Bendigo project. Current value of \$85,000 ³ .

Notes

¹ Ordinary fully paid shares.

² Quoted options over fully paid shares exercisable at 50 cents each on or before 30 June 2018.

³ Based on the market price of the Company’s shares of 34 cents as at the date of this notice of meeting.

⁴ Based on the market bid price of the quoted options of 0.5 cents as at the date of this notice of meeting.

CATALYST METALS LIMITED

ABN 54 118 912 495

PROXY FORM

Company Secretary
Catalyst Metals Limited
10 Gloucester Street
Swanbourne Western Australia 6010

FACSIMILE: (08) 9284 5426

Shareholder details

Name: _____

Number of shares held: _____

Appointment of Proxy

I/We being a shareholder of Catalyst Metals Limited holding the number of shares set out above, hereby appoint:

The Chairman of the meeting (mark with an "X") **OR** Write here the name of the person you are appointing if this person is someone other than the Chairman of the meeting.

or failing the person named (or if no person is named), the Chairman of the meeting, as my/our proxy to attend and vote on my/our behalf at the annual general meeting of Catalyst Metals Limited to be held on 11 November 2015 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If you nominate the Chairman as your proxy and do not specify the way Chairman is to vote on Resolutions 2 and 3, you expressly authorise the Chairman to exercise your proxy even though Resolutions 2 and 3 are connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolutions.

Voting directions to your proxy – please mark to indicate your directions

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Gary Schwab as a director	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2	Remuneration report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3	Authority for issue of securities pursuant to ESOP	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4	Approval for 10% placement capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Renewal of proportional takeover bid provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

PLEASE SIGN HERE This section must be signed in accordance with the instructions overleaf.

Dated this _____ day of _____ 2015

Individual or Shareholder 1

Sole Director and Sole Secretary

Shareholder 2

Director

Shareholder 3

Director/Company Secretary

VOTING BY PROXY

1. A member of the Company entitled to attend and vote at the annual general meeting is entitled to appoint a proxy (who need not be a member) to attend and vote on his/her behalf.
2. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. The proxy form must be received at 10 Gloucester Street, Swanbourne Western Australia 6010, or by facsimile on (08) 9284 5426 and in both cases, not less than 48 hours before the time of the holding of the meeting.
4. In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney, duly authorised in writing or, if the appointor is a corporation, under seal. A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney.
6. A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements 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:
 - 2 directors of the company; or
 - 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 Sections 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.

7. If no voting instructions are marked on the proxy form then the proxy may vote as he/she thinks fit or may abstain from voting, unless the proxy form or notice of meeting specifies otherwise.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on a poll and the shares the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned and the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the meeting which do not contain a direction how to vote will be used to support each of the resolutions proposed in the notice of meeting, if permitted by law.