



CATALYST METALS LIMITED

ABN 54 118 912 495

NOTICE OF ANNUAL GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

15 November 2013 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 Friday, 15 November 2013 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 2013.

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

1. Re-election of Robin Scrimgeour as a director

“That Mr Robin Scrimgeour, 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 2013.”

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 resolutions as ordinary resolutions.

3. Ratification of share issue

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the issue by the Company on 15 August 2013 of 250,000 Shares to Providence Gold and Minerals Pty Ltd for the right to earn an additional interest in the Four Eagles project, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by Providence Gold and Minerals Pty Ltd and any of its associates.

4. Approval of share issues to Messrs Stephen Boston, Robin Scrimgeour and Bruce Kay in satisfaction of directors fees

Resolution 4(a) – Share issue to Stephen Boston in satisfaction of directors’ fees

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 115,000 Shares at a deemed issue price of 35 cents per share to Stephen Boston (or his nominee) in satisfaction of outstanding directors fees, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by Stephen Boston and any of his associates.

Resolution 4(b) – Share issue to Robin Scrimgeour in satisfaction of directors’ fees

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 93,000 Shares at a deemed issue price of 35 cents per share to Robin Scrimgeour (or his nominee) in satisfaction of outstanding directors fees, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by Robin Scrimgeour and any of his associates.

Resolution 4(c) – Share issue to Bruce Kay in satisfaction of directors’ fees

“That for the purposes of ASX Listing Rule 10.11 and for all other purposes, shareholders approve the issue of 124,000 Shares at a deemed issue price of 35 cents per share to Bruce Kay (or his nominee) in satisfaction of outstanding directors fees, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by Bruce Kay and any of his associates.

5. Authority for issue of options pursuant to Employee Share Option Plan

“That for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, shareholders approve as an exception to the 15% limit in ASX Listing Rule 7.1, issues of options made within the next three years pursuant to the Catalyst Metals 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.”

The Company will disregard any votes cast on this resolution by any directors of the Company and any of their associates. A person appointed as proxy must not vote on Resolution 5 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 the appointment expressly authorised 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 resolution as a special resolution.

6. 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.

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
2 October 2013

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 10.00 a.m. on 13 November 2013.

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 2013 (including the financial statements, directors' report and auditors' report) was included in the 2013 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 ROBIN SCRIMGEOUR 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 Robin Scrimgeour 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 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.

The Board (excluding Mr Scrimgeour) recommends that shareholders vote in favour of the re-election of Mr Scrimgeour 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 2013 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 shareholder specifically authorises the Chairman to vote in accordance with the Chairman's stated voting intentions. If the Chairman of the meeting is appointed as your proxy (or becomes your proxy by default), you can expressly authorise the Chairman to exercise your proxy on Resolution 2 in accordance with his stated voted intentions, even though it is connected directly or indirectly with the remuneration of members of Key Management Personnel (which includes the Chairman), by marking the appropriate box. 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 proxies to the extent expressly authorised in favour of Resolution 2.

RESOLUTION 3 – RATIFICATION OF SHARE ISSUE

Catalyst became entitled to a 50% interest in the Four Eagles gold project in May 2013 having incurred exploration expenditure in excess of \$2.1 million on the project. Under the Four Eagles Heads of Agreement, Catalyst had the right to earn an additional interest in the project from Providence Gold and Minerals Pty Ltd. The Heads of Agreement was revised and restated in April 2013. As a condition to Catalyst's right to earn an additional interest in the project, the revised agreement provided for a payment of \$30,000 and the issue of 250,000 Shares in Catalyst to Providence Gold and Minerals Pty Ltd. The payment and issue of Shares were made to Providence Gold and Minerals in August 2013.

ASX Listing Rule 7.1 prohibits a listed company from issuing equity securities representing more than 15% of its issued capital in any 12 month period without first obtaining shareholder approval (subject to certain exceptions).

Under ASX Listing Rule 7.4, a company can seek ratification of issues that have been made within the previous 12 month period. The effect of such ratification is that the Shares are then deemed to have been issued with shareholder approval and are therefore not counted towards the 15% limit.

The issue of 250,000 Shares to Providence Gold and Minerals in August 2013 was made within the Company's available 15% capacity at the time of issue. Resolution 3 seeks the ratification by shareholders of the issue of the 250,000 Shares to Providence Gold and Minerals. If the resolution is approved then those Shares will be deemed to have been issued with shareholder approval and will therefore not be counted in the 15% capacity.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 250,000 fully paid shares.
- (b) the Shares were issued pursuant to the Four Eagles Heads of Agreement at a deemed issue price of 30 cents per Share.
- (c) the Shares were allotted and credited as fully paid and rank equally with the existing Shares on issue.
- (d) the Shares were allotted and issued to Providence Gold and Minerals Pty Ltd as consideration for granting the Company the right to earn an additional interest in the Four Eagles project.
- (e) no funds were raised from the issue of the Shares.
- (f) the Company will disregard any votes on Resolution 3 by Providence Gold and Minerals Pty Ltd and any of its associates.

The Board recommends that shareholders vote in favour of Resolution 3 as it refreshes the Company's 15% capacity under ASX Listing Rule 7.1 to the extent of the Shares the subject of the resolution and allows the Company to retain the flexibility to issue further securities up to the 15% capacity in the future. The Chairman intends to vote undirected proxies in favour of Resolution 3.

RESOLUTION 4 – 4(a), 4(b) and 4 (c) – APPROVAL OF SHARE ISSUES TO DIRECTORS

Background

In order to assist in preserving the Company's cash resources during current economic conditions, where many companies are experiencing challenging times raising equity capital, some of the directors of the Company have agreed to forego a portion of their directors' fees in exchange for being issued Shares in the Company. The purpose of Resolutions 4(a) to 4(c) is to seek the approval of shareholders for the issue of Shares to directors in part satisfaction of outstanding directors' fees.

A summary of the amounts payable to the directors to be satisfied by the issue of Shares is outlined below:

Director	Amount	Number of Shares to be issued in satisfaction of fees	Deemed issue price per Share
Stephen Boston	\$40,250	115,000	35 cents
Robin Scrimgeour	\$32,550	93,000	35 cents
Bruce Kay	\$43,400	124,000	35 cents

ASX Listing Rule and Corporations Act requirements

Messrs Boston, Scrimgeour and Kay are directors of the Company and are thereby related parties of the Company. ASX Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party unless an exception applies.

In addition, the proposed issue of Shares to Messrs Boston, Scrimgeour and Kay constitutes the giving of a financial benefit to a related party. Gary Schwab, who is a director of the Company who does not have a material personal interest in the outcome of the proposed resolutions has determined that the proposed issue of Shares constitutes reasonable remuneration, given the circumstances of the Company and the positions held by the directors. Accordingly, the proposed issue of Shares falls within the exception set out in Section 211 of the Corporations Act so that member approval is not required for the purposes of Chapter 2E of the Corporations Act.

Pursuant to the exception in ASX Listing Rule 7.1(14), approval under ASX Listing Rule 7.1 is not required in order to issue Shares to Messrs Boston, Scrimgeour and Kay as approval is being obtained under ASX Listing Rule 10.11. Accordingly, the issue of Shares pursuant to Resolution 4 will not be included in the 15% calculation of the Company's annual placement capacity pursuant to ASX Listing Rule 7.1.

The relevant interests of Messrs Boston, Scrimgeour and Kay in securities of the Company are set out below:

Director	Shares	Performance rights	Unlisted options 20 cents (30.06.14)
Stephen Boston	5,504,135	-	-
Robin Scrimgeour	4,587,500	-	-
Bruce Kay	1,278,808	350,000	250,000

The issue of Shares to the directors will be equal to approximately 0.69% of the Company's fully diluted issued capital (based on the number of Shares and options on issue as at the date of the notice of meeting).

Information required by ASX Listing Rule 10.11

In accordance with the requirements of ASX Listing Rule 10.13, the following information is provided in relation to the proposed issue of Shares to Messrs Boston, Scrimgeour and Kay.

- (a) the Shares will be issued to Stephen Boston, Robin Scrimgeour and Bruce Kay (or their nominees).
- (b) the maximum number of Shares to be issued is 332,000.
- (c) the Shares will be issued no later than 1 month after the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules).
- (d) the Shares will be issued for nil cash consideration as they are being issued in satisfaction of outstanding directors' fees.
- (e) the Shares will rank equally with all existing Shares on issue.
- (f) the deemed issue price of the Shares is 35 cents per Share.
- (g) no funds will be raised from the issue of the Shares except that the liability of the Company to pay the outstanding directors' fees will be extinguished.

Voting exclusion

The Company will disregard any votes cast on Resolutions 4(a), 4(b) and 4(c) by Messrs Boston, Scrimgeour and Kay respectively and any of their associates.

Directors' recommendation

Messrs Boston, Scrimgeour and Kay decline to make a recommendation in relation to any of Resolutions 4(a), 4(b) and 4(c) because of their material personal interest in the outcome of each of those resolutions. The remaining director, Gary Schwab, recommends that shareholders vote in favour of Resolutions 4(a), 4(b) and 4(c) in order to assist in preserving the cash resources of the Company.

RESOLUTION 5 – AUTHORITY FOR ISSUE OF OPTIONS PURSUANT TO EMPLOYEE SHARE OPTION PLAN

The Catalyst Metals Employee Share Option Plan (Plan) was established in 2010, to assist in the recruitment and retention of key personnel. The Plan was approved by shareholders in July 2010 and as at the date of this notice, 500,000 options have been issued under the Plan.

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 options issued under an employee incentive scheme are excluded from this restriction, provided that, within 3 years before the date of issue, the issues of securities under the scheme have been approved by shareholders in general meeting.

Resolution 5 seeks the approval of shareholders for the potential issue of options under the Plan for 3 years after the date of the 2013 annual general meeting, without those options being subject to the 15% limit contained in ASX Listing Rule 7.1.

There is no longer any requirement under the ASX Listing Rules for shareholders to approve the establishment or operation of an employee incentive scheme. Accordingly, if Resolution 5 is not passed, the existing Plan will be maintained, however any options issued under the Plan will count towards the 15% restriction.

It should be noted that directors of the Company will not participate in the new 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 nil consideration and are not transferable;
- the options will be issued at an exercise price of not less than 80% of the market price of the Company's Shares on ASX;
- 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.

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

Purpose of the Plan

The Plan is designed to assist in attracting and retaining key personnel required for the ongoing management and proposed expansion of the Company's activities in the future. Options issued under the Plan are expected to increase the motivation of Employees of the Company, promote the 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 introduction of 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 Resolutions 5 by 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 relevant 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 relevant proxy form to vote as the proxy decides.

A person appointed as proxy must not vote on Resolution 5 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 the appointment expressly authorised 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 6 – 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 6, 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 6 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 6 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 6 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 \$14.6 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 one class of equity securities on issue, being ordinary shares (ASX trading code: CYL).

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 6:

(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:

- (i) the date on which the price at which the equity securities are to be issued is agreed; or
- (ii) 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:

- (i) 12 months after the date of the meeting; and
- (ii) 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 6 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		
		\$0.155 50% decrease in issue price	\$0.31 issue price	\$0.62 100% increase in issue price
47,303,033 (Current Variable A)	Shares issue (10% voting dilution)	4,730,303	4,730,303	4,730,303
	Funds raised	\$733,196	\$1,466,393	\$2,932,787
70,954,549 (50% increase in Variable A)	Shares issue (10% voting dilution)	7,095,454	7,095,454	7,095,454
	Funds raised	\$1,099,795	\$2,199,590	\$4,399,181
94,606,066 (100% increase in Variable A)	Shares issue (10% voting dilution)	9,460,606	9,460,606	9,460,606
	Funds raised	\$1,466,393	\$2,932,787	\$5,865,575

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 47,303,033 Shares on issue.
2. The issue price set out above is the closing price of Shares on the ASX on 27 September 2013.
3. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
4. The Company has not issued any equity securities in the 12 months prior to the annual general meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of equity securities under the 10% Placement Capacity consists only of Shares. It is assumed that no options are exercised into Shares before the date of issue of the equity securities.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. 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%.
8. 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:

- (i) the market price for the Company's Shares may be significantly lower on the issue date than on the date of the meeting;
- (ii) 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
- (iii) 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:

- (i) 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 project/s acquired (funds used for drilling, feasibility studies and ongoing project administration) and general working capital; or
- (ii) 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:

- (i) the purpose of the issue;

- (ii) 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;
- (iii) the effect of the issue of the equity securities on the control of the Company;
- (iv) the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- (v) prevailing market conditions; and
- (vi) 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 has not previously obtained approval under ASX Listing Rule 7.1A and accordingly has not issued any equity securities pursuant to ASX Listing Rule 7.1A in the 12 months preceding the date of the annual general meeting.

(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:

- (i) 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
- (ii) 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 6.

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.

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

CATALYST METALS LIMITED

ABN 54 118 912 495

PROXY FORM

Company Secretary
Catalyst Metals Limited
Level 3
50 Colin Street
West Perth Western Australia 6005

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 Limited to be held on 15 November 2013 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof.

If the Chairman is to be appointed as your proxy and you have not directed your proxy how to vote on a Resolution please tick this box. By marking this box you expressly authorise the Chairman of the meeting to exercise your proxy on Resolutions 2,4 and 5. By marking this box you acknowledge that the Chairman may exercise your proxy even if he has an interest in the outcome of the Resolutions and that votes cast by him (other than as proxy holder) would be disregarded because of that interest. If you do not mark this box and you have not directed your proxy how to vote, the Chairman will not cast your votes on the Resolution. 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 Robin Scrimgeour 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	Ratification of share issue	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(a)	Share issue to Stephen Boston in satisfaction of directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(b)	Share issue to Robin Scrimgeour in satisfaction of directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4(c)	Share issue to Bruce Kay in satisfaction of directors' fees	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5	Authority to issue options under Employee Share Option Plan	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6	Approval for 10% placement capacity	<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 _____ 2013

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 the Company's registered office at Level 3, 50 Colin Street, West Perth, Western Australia, 6005, 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.