

Four Eagles Gold Project: Observations on Gold Mineralisation

- **Review of 2012 drilling results indicates that Four Eagles gold mineralisation may be different style to Bendigo**
- **Mineralisation associated with shear and breccia zones rather than massive quartz and saddle reefs**
- **Gold grades very consistent with good repeatability and little nugget effect**
- **Finely dispersed gold may be less amenable to Bendigo style gravity processing**

Catalyst Metals Limited (**ASX: CYL**) (**Catalyst** or the **Company**) advises that a review of all data from the extensive drilling programme conducted in 2012 indicates that gold mineralisation at the Four Eagles Gold Project (**Four Eagles**) appears to have different characteristics to those observed at Bendigo. Whilst the source and age of the gold mineralisation and the host rock sequence may be the same, and both deposits may be controlled by the major Whitelaw Fault structure, gold mineralisation varies from Bendigo in the following ways:

- Gold from Four Eagles appears to be much more finely divided than Bendigo and shows limited nugget effect. This is extremely important because assay data is repeatable from small and large samples and resource estimation is more reliable.
- Gold from Four Eagles appears to be related to long shear and breccia zones that seem to parallel the limbs of tight folds. Although quartz veinlets are present in the shear zones with other alteration and minor sulphides, massive quartz as observed at Bendigo has to date not been common. It is hoped that this will mean that mineralisation at Four Eagles will be more continuous along strike and down dip.

Figure 1 below shows the comparison of assay data from Four Eagles. The current testing protocol is that a large 1kg to 3kg sample is taken from aircore or diamond drilling but only 30 grams is assayed using atomic absorption/mass spectrometry after an aqua regia leach. If an assay of greater than 0.5g/t Au is obtained from the small assay sample, the total bulk sample is then analysed by a total cyanide leach (Leachwell) and AAS finish.

As shown on Figure 1, the correlation between these two samples is greater than 90%, indicating that gold particles are small and finely dispersed throughout the sample. The value of the LeachWELL assay sample is usually about 10% higher than the small sample.

This is markedly different to gold distribution at Bendigo where considerable sample and assay difficulties were encountered because of the coarse and erratic nature of the gold (termed the “nugget effect”). For example, in Figure 1, the closer the samples lie to the line of correlation, the better the reproducibility between the small and large samples. Correlation is particularly good in the 0 - 5 g/t Au range as shown on the inset diagram.

There are almost no instances from the 104 samples in the Four Eagles data set where an anomalous gold value in the small sample has totally disappeared in the bulk assay. Reproducibility of assays is extremely important in resource estimation as it provides confidence that grade estimation will be consistent and accurate.

The presence of finely distributed gold mineralisation also means that ore processing that involves a high gravity separation component (eg. the Unity Mining Ltd plant at Kangaroo Flat) may not be as applicable to Four Eagles mineralisation. Considerable metallurgical testing will be necessary but it is possible that a combination of gravity and Carbon-in-Pulp (“CIP”) may be more suitable.

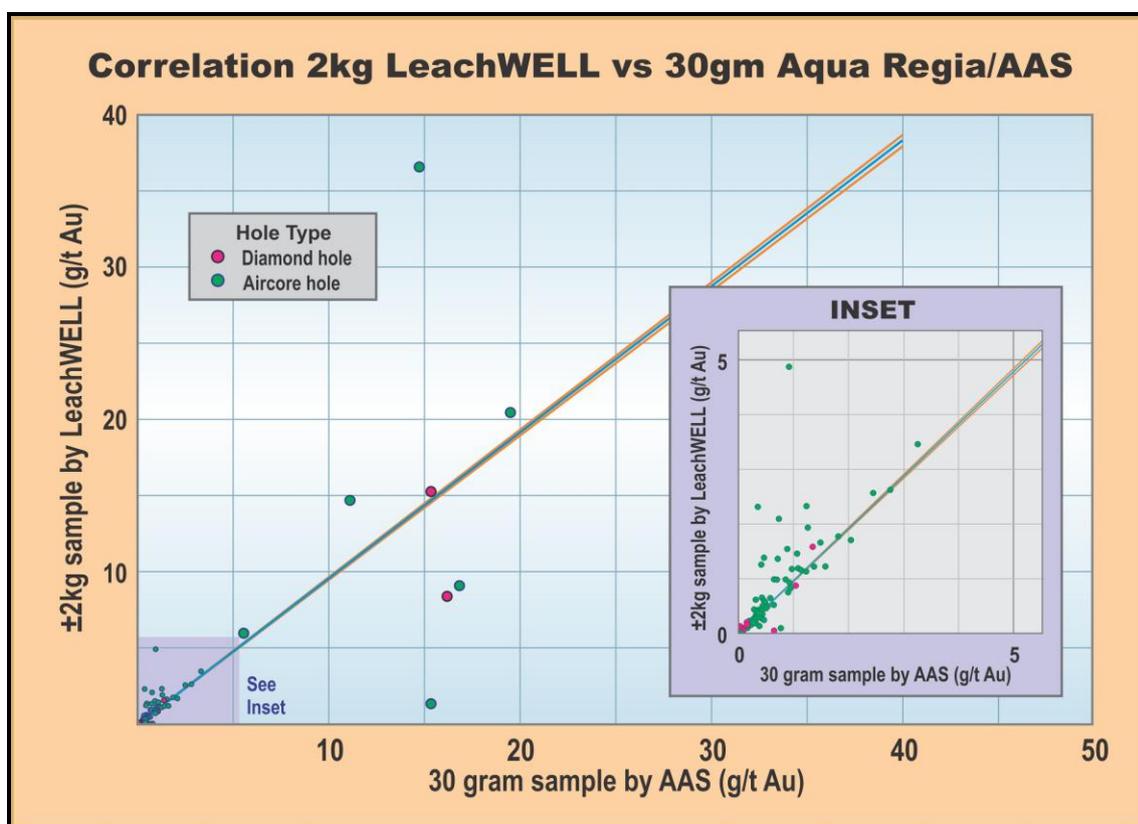


Figure 1: Assay Correlation between 30gm AAS and 2 kg bulk assay (Leachwell)

Catalyst has drilled very few diamond drillholes at Four Eagles but the diamond holes drilled to date indicate that gold mineralisation appears to occur within wide shear or breccia zones with sections of quartz veinlets and puggy clay zones. Minor sulphides are also present.

Figure 2 below shows a photograph of diamond drillcore from FEDD007 which recorded two high grade samples (0.4 metres @ 8.4g/t Au from 167.7 metres and 0.75 metres @ 15.3g/t Au from 170.4 metres). Quartz veinlets in these mineralised zones are usually less than 10 centimetres thick.

Massive quartz with gold mineralisation may be present elsewhere on the licence and we do have instances where aircore drilling could not penetrate quartz veins with gold values.



Figure 2: Photograph of diamond drillcore in FEDD007 showing brecciated shear zones with minor quartz (gold assay 0.75 metres @ 15.3g/t Au from 170.4 metres depth).

Aircore drilling by Catalyst has shown gold bearing structures up to 6 kilometres long on three broad trends (Eagle 2, Eagle 3 and Eagle 4) as shown on Figure 3. It is anticipated that these will contain continuous zones of shear hosted mineralisation with consistent gold grades that can lead to resources.

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Competent Person Statement

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

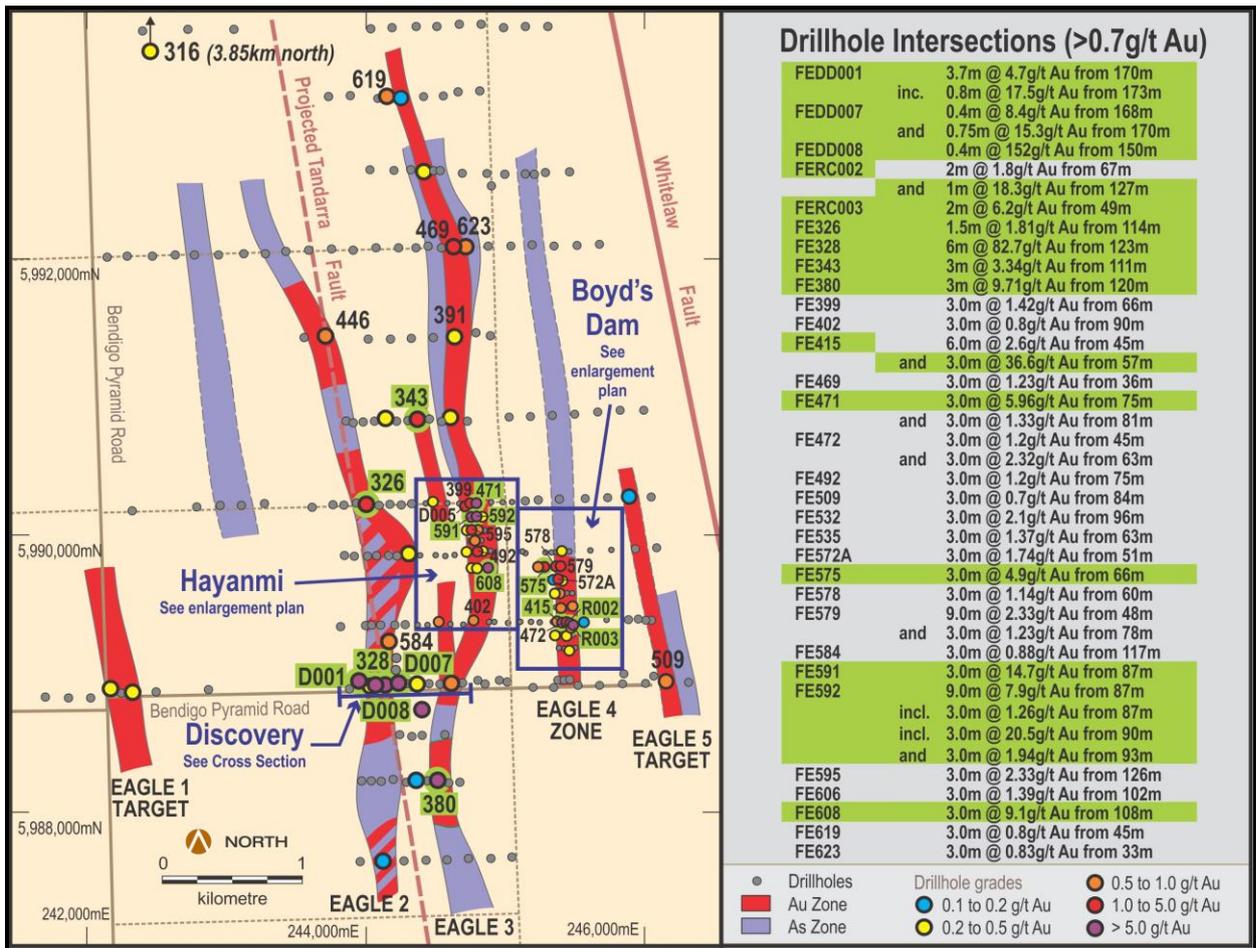


Figure 3: Four Eagles Gold Trends