



ASX: CYL

Quarterly Activities Report

Quarter ended 31 December 2010

SUMMARY

- **Heads of Agreement entered into for a farm-in joint venture agreement over the Four Eagles Gold Project, located north of Bendigo in Victoria.**
- **Drilling programme planned for the first quarter of 2011 to test targets generated by previous widely spaced reconnaissance air-core drilling.**
- **Share placement completed to raise \$585,000 in working capital.**

Four Eagles Gold Project (Victoria)

In November 2010, Catalyst Metals Limited entered into a memorandum of understanding with a private company, Providence Gold and Minerals Pty Ltd (Providence Gold) to form a joint venture to further explore and develop the Four Eagles Gold Project (EL4525 and EL5295). The Four Eagles Gold Project is located generally along strike of the Bendigo Goldfield and west of the towns of Mitiamo and Raywood in central Victoria, extending from 20 to 70 kilometres north of Bendigo.

A formal heads of agreement to form a joint venture was completed in December 2010 between Providence Gold and the Company's wholly owned subsidiary, Kite Gold Pty Ltd.

Kite Gold intends to conduct an air-core and diamond drilling programme commencing in the first quarter of 2011 to test targets generated by previous drilling conducted by Providence Gold which included 6 metres @ 82g/t Au and 3 metres @ 9.7g/t Au, 700 metres apart. The planned drilling programme comprises 60 air-core holes for 6,000 metres and 2 diamond holes for 700 metres.

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

Interpretation of the Bendigo-Mitiamo ground gravity data and imagery produced by the Victorian Department of Primary Industries in conjunction with air-core drilling show that the prospective rocks lie beneath 10-120 metres of alluvial cover.

This ground remained relatively unexplored until recent times as the alluvial cover precluded the discovery of gold by previous explorers without the use of modern geophysical tools.

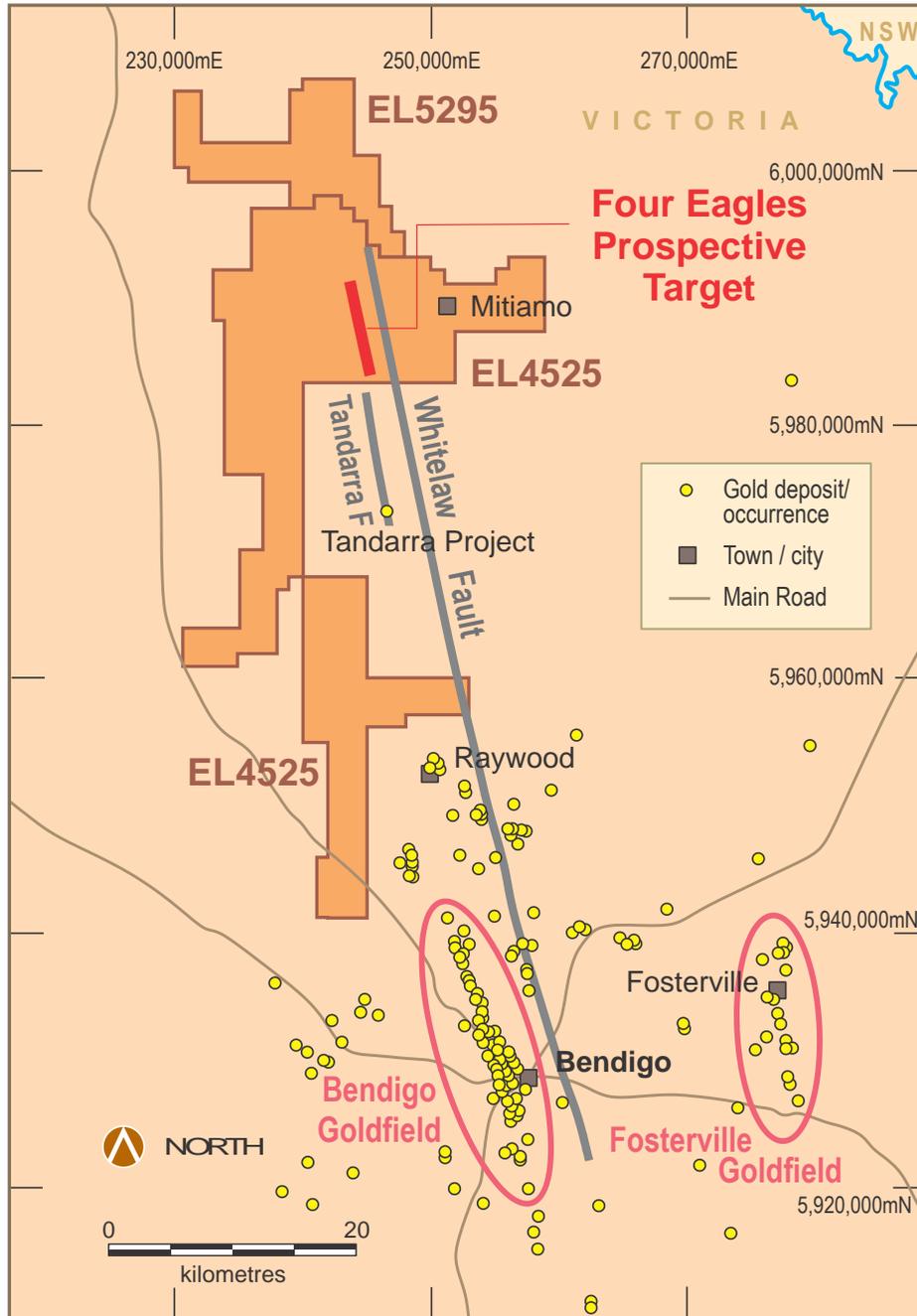


Figure 1: Four Eagles Project location

The key terms of the heads of agreement for the farm-in joint venture are as follows:

- At completion, \$150,000 is payable to Providence Gold for partial reimbursement of expenditure incurred on the tenements and the issue of 750,000 shares in Catalyst.

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

Minnie Creek Molybdenum and Tungsten Project (Western Australia)

The Minnie Creek project contains known molybdenum and tungsten mineralisation that requires further exploration but no field activities were undertaken on the tenements during the period. Planning is underway for the implementation of a programme of mapping, prospecting and sampling beyond known areas of mineralisation. The objective of the programme is to determine the geological controls of mineralisation in the area and to determine the link between the various areas of geochemical anomalies and identifying extensions of these known anomalies.

Everton Molybdenum Project (Victoria)

A field programme consisting of detailed surface channel sampling of the Everton pit has been scheduled for the first half of 2011.

CORPORATE

In October 2010, the Company completed a private share placement of 4,500,000 ordinary fully paid shares at a subscription price of 13 cents per share to raise \$585,000. The funds raised will be used for planned exploration programmes on the Company's existing projects, the review of additional project opportunities and for general working capital purposes.

During the quarter, the registered office of the Company was moved to 6 Outram Street, West Perth, Western Australia 6005.

Enquiries to:

Mr Steve Boston - Chairman
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Visit: catalystmetals.com.au

Corporate summary

ASX trading code	CYL
Quoted shares:	35,088,226
Unlisted options:	2,000,000
Cash balance at end of quarter:	\$2.2 million
Postal address:	PO Box 778 Claremont, Western Australia 6910
Telephone:	(+61 8) 9383 2825
Facsimile:	(+61 8) 9284 5426
E-mail:	admin@catalystmetals.com.au
Web-site:	www.catalystmetals.com.au

Competent persons statement

The information in this report that relates to exploration results is based on and accurately reflects, information compiled by Mr Bruce Kay, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kay is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which 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 Resources and Ore Reserves (the JORC Code). Mr Kay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

CATALYST METALS LIMITED

ABN

54 118 912 495

Quarter ended ("current quarter")

31 December 2010

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(44)	(72)
(b) development	-	-
(c) production	-	-
(d) administration	(55)	(126)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	35	51
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net operating cash flows	(64)	(147)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(64)	(147)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(64)	(147)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	165	585
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	-	-
	Net financing cash flows	165	585
	Net increase (decrease) in cash held	101	438
1.20	Cash at beginning of quarter/year to date	2,110	1,773
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	2,211	2,211

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	45
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payments to directors and director-related entities for directors' fees and superannuation contributions.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Not applicable

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Not applicable

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	400
4.2 Development	-
4.3 Production	-
4.4 Administration	75
Total	475

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	605	532
5.2 Deposits at call	1,606	1,578
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	2,211	2,110

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	E09/1291	Relinquished	90%	Nil
6.2 Interests in mining tenements acquired or increased				

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (cents)	Amount paid up per security (cents)
7.1 Preference +securities				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities Ordinary fully paid shares	35,088,226	35,088,226		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	4,500,000	4,500,000	13 cents	13 cents
7.5 +Convertible debt securities (description)				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options Options over fully paid shares	1,000,000 1,000,000	- -	<i>Exercise price</i> 20 cents 30 cents	<i>Expiry date</i> 30.06.14 30.06.15
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures (totals only)				
7.12 Unsecured notes (totals only)				

+ See chapter 19 for defined terms.

Compliance statement

1. This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
2. This statement does give a true and fair view of the matters disclosed.

Sign here:



Frank Campagna
Company Secretary

Date: 27 January 2011

Print name:

Frank Campagna
Company Secretary

Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
3. **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
4. The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
5. **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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