



ASX: CYL

Quarterly Activities Report

Quarter ended 31 March 2011

SUMMARY

- **Diamond and aircore drilling commenced at the Four Eagles Gold Project, located north of Bendigo in Victoria.**
- **Initial assays from diamond drilling contain narrow high grade gold mineralisation of 0.8 m @ 17.5g/t Au from 173.2 metres**
- **Share placement completed to raise \$650,000 to fund 2011 exploration programme**

Four Eagles Gold Project (Victoria)

In December 2010, Catalyst Metals Limited (Catalyst) entered into a formal heads of agreement with 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 (Figure 1).

Diamond drilling commenced on 7 March 2011 and aircore drilling a few days later. At 31 March 2011, Kite Gold had completed two diamond drill holes for a total of 867 metres and 11 aircore holes for a total of 1312 metres. The objective of the air-core and diamond drilling programme is 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**. Widely spaced aircore drilling has shown that gold mineralisation occurs in an area at least 3 kilometres long by 1 kilometre wide but is only a small proportion of an untested prospective structural corridor that is 25kms long.

Very few assays have been received to date from either drill program but Catalyst is very encouraged by initial assay results from the upper section of diamond drillhole FEDD001 (243930mE, 5988942mN), which contains three significant intervals of gold mineralisation in a six metre zone (refer Figure 2):

- **0.7m @ 4.83g/t Au from 170.3 metres**
- **0.8m @ 17.50g/t Au from 173.2 metres**
- **0.4m @ 2.08g/t Au from 176.2 metres**

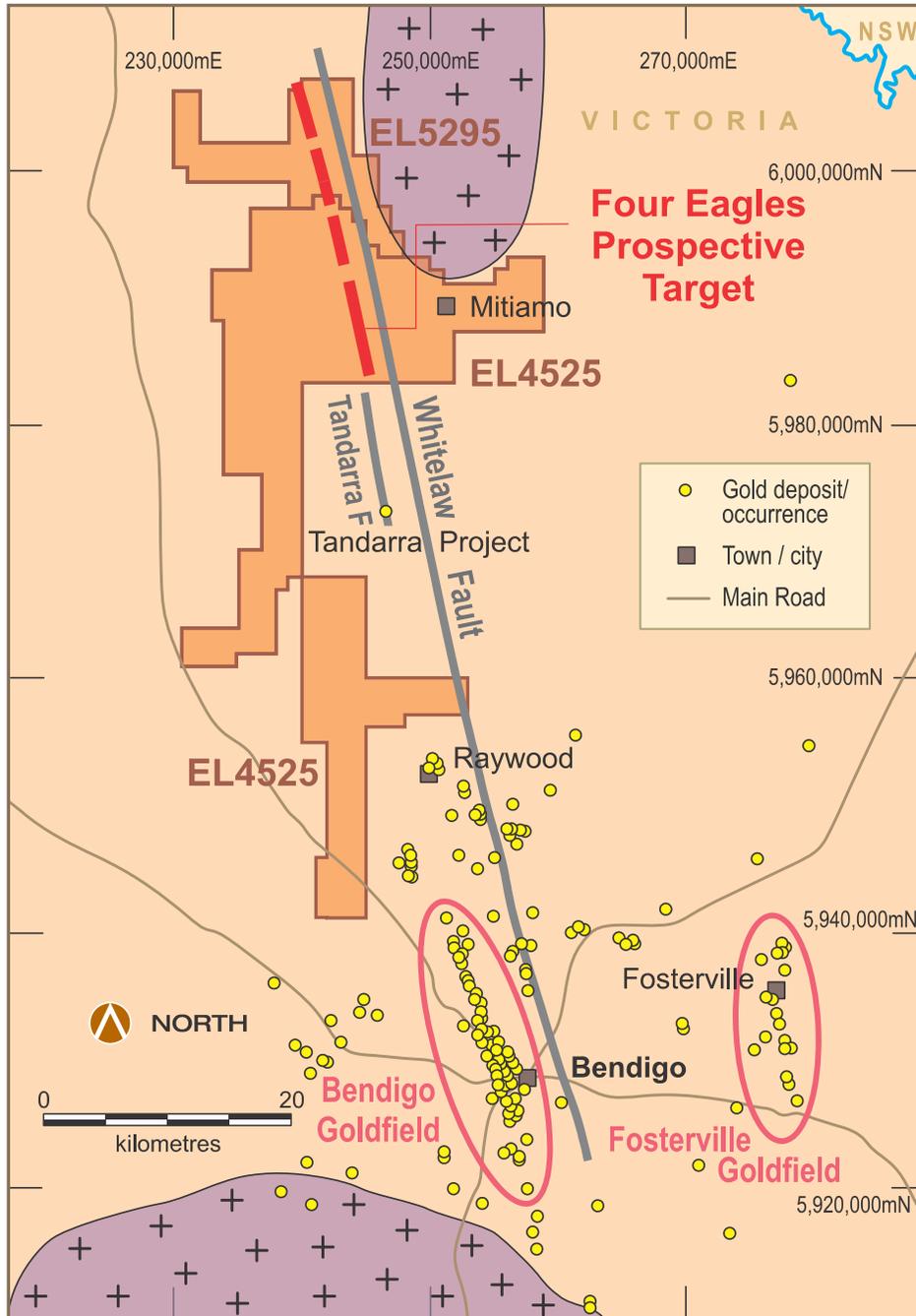


Figure 1 – Four Eagles Gold Project Location

Mr Bruce Kay, Catalyst’s Technical Director, commented “These results are very significant and show high grade gold values in a shear zone about 120 metres west of previous aircore drilling that contained **6m @ 82g/tAu** in FE328. These early results have given the Company confidence to continue actively pursuing its current drilling strategy and will likely conduct further diamond drilling in the December 2011 quarter”.

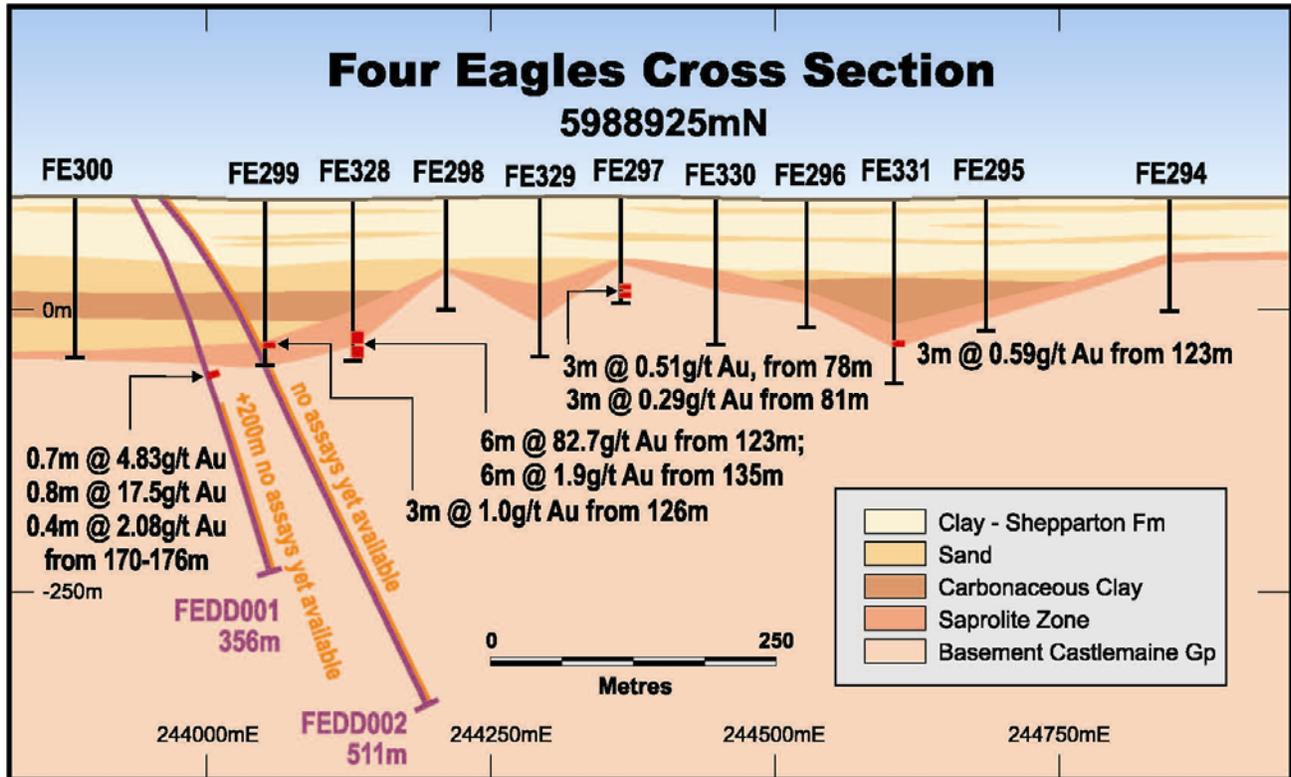


Figure 2 – Four Eagles Cross Section showing Diamond Drill Holes

Although diamond drillhole FEDD001 steepened too much to intersect the anticlinal fold axis, it did intersect several laminated quartz veins and thin quartz carbonate veins containing pyrite. Diamond drillhole FEDD002 was more successful and intersected several laminated quartz veins, a major brecciated fault zone and a clean quartz vein with a trace of chalcopyrite before intersecting the anticlinal fold axis at 490 metres. To date only 50 metres of diamond drillcore in FEDD001 has been assayed but the Company expects further assays for both the diamond and aircore programs to be available in May 2011.

Minnie Creek & Bluebush Well Projects (Western Australia)

In March 2011 a programme of mapping, prospecting and rock chip sampling was carried out on the Nina Project (E09/1174), where Tungsten grades of greater than 1% WO₃ have been obtained in the past. The Company is awaiting assay results, which should become available in the June 2011 quarter. Subject to the results of this work it would be the Company's objective to design a drilling programme which would be scheduled for the September 2011 quarter. At Bluebush Well (E09/1303), a rock sampling traverse covering the tenement was completed. All major rock units were sampled and the results are pending.

Everton Project (Victoria)

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



Figure 3 – Aircore Drill Rig (foreground) and Diamond Drill Rig (rear right) in operation at Four Eagles Gold Project (March 2011)

CORPORATE

On 28 January 2011 the Victorian Department of Primary Industries renewed EL4525 for a further two years, thereby satisfying the condition precedent for the heads of agreement. In accordance with the heads of agreements, Providence Gold was paid \$150,000 for the partial reimbursement of expenditure incurred on the tenements and 750,000 ordinary fully paid shares in Catalyst.

On 10 February 2010 the Company advised that Mr Bruce Kay had been appointed as a Non-Executive Director of the Company. Mr Kay is leading the Company's exploration strategy on the Four Eagles project as well as providing technical input to the Board. Mr Kay is a qualified geologist, a fellow of the AusIMM and a graduate of the Colorado School of Mines with a Masters Degree in Geological Science and holds Bachelor Degrees in Science and Economics from the University of Queensland.

In March 2010, the Company completed a private share placement of 3,250,000 ordinary fully paid shares at a subscription price of 20 cents per share to raise \$650,000 before costs. The funds raised will be used for planned exploration programmes on the Company's existing projects (with a particular focus on the Four Eagles Gold Project), the review of additional project opportunities and for general working capital purposes.

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Corporate summary

ASX trading code	CYL
Quoted shares:	39,088,226
Unlisted options:	2,000,000
Cash balance at end of quarter:	\$2.6 million
Postal address:	PO Box 778 Claremont, Western Australia 6910
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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.