



ASX Announcement

25 March 2011

## Share Placement and Drilling Update

- **Share placement raises \$650,000 to fund 2011 Four Eagles exploration program**
- **Initial diamond drill hole intersects laminated quartz vein, quartz carbonate veins and a significant fault zone**
- **7 day aircore drilling program completes 11 holes for 1,312 metres and will resume again in next two weeks**

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Catalyst Metals Limited (ASX: CYL) ("Catalyst" or the "Company") is pleased to announce that it has raised \$650,000 which will fully fund the 2011 drilling program at the Four Eagles Gold Project in Victoria. The 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).

The Company has completed a 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 placement has been made by way of an excluded offer of ordinary shares under section 708 of the Corporations Act 2001.

As reported on 7 March, 2011, the diamond and aircore drilling programs commenced this month to test targets generated previously by Providence Gold & Minerals Pty Ltd ("Providence") which included intersections of **6m @ 82g/t Au and 3m @ 9.7g/t Au**. This drilling program is part of a 12 month program which intends to better define the extent and distribution of gold mineralisation discovered by Providence in relation to major structures and lithology.

The aircore drilling rig was available only for 7 days due to rain and a prior commitment to another job but will resume in the next 2 weeks. During this time, however, it completed 11 holes for a total of 1,312 metres of a total phase 1 program of 6,000 metres. Some zones of vein quartz were intersected but will require assays to determine their significance.

The first diamond drillhole, FEDD001, was designed to test the anticlinal hinge zone and surrounding rocks and structures about 400 metres below surface. It intersected a major fault zone between 154 and 175 metres depth which is believed to be the regional Tandarra Fault. This fault is significant because of its relationship to gold mineralisation about 20kms to the south at the Tandarra Project (Figure 1).

A laminated quartz vein was intersected at 188 metres depth and a number of thin quartz carbonate veins containing pyrite were intersected in the 340 to 350 metre interval. The hole, however, steepened considerably and was stopped at 355 metres because it would not have reached the main anticlinal axis target until an excessive depth. Favourable intervals have been cut and sent for assay.

A second diamond drillhole, FEDD002, has been commenced to test the anticlinal hinge at a shallower level and with better control to maintain the declination of the hole.

Assays for both aircore and diamond drill programs should be available in May 2011.

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For further information, please contact:  
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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 consultant to 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.*

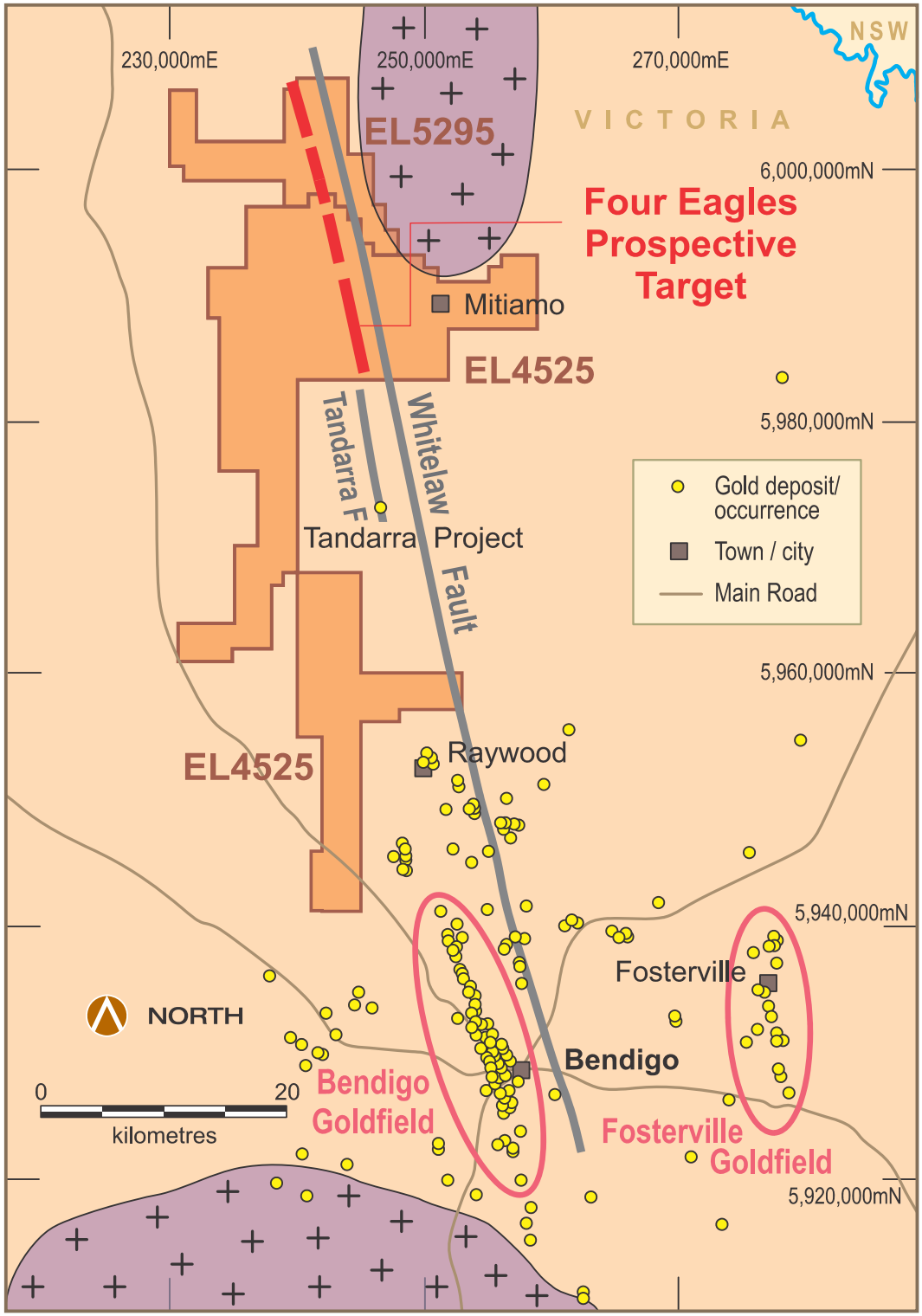


Figure 1 – Four Eagles Gold Project Location