



catalyst
METALS LTD

ABN 54 118 912 495

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2007

CONTENTS	PAGE
CORPORATE DIRECTORY	2
CHAIRMAN'S REPORT	3
DIRECTORS' REPORT	4
AUDITOR'S INDEPENDENCE DECLARATION	13
BALANCE SHEET	14
INCOME STATEMENT	15
STATEMENT OF CHANGES IN EQUITY	16
CASH FLOW STATEMENT	17
NOTES TO THE FINANCIAL STATEMENTS	18
DIRECTORS' DECLARATION	34
INDEPENDENT AUDIT REPORT	35
CORPORATE GOVERNANCE STATEMENT	37
ASX ADDITIONAL INFORMATION	42

CORPORATE DIRECTORY

DIRECTORS

Nathan McMahon (Non Executive Chairman)
Bryan Dixon (Non Executive Director)
Mark Thompson (Non Executive Director)

AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

COMPANY SECRETARY

Lisa Wynne

SHARE REGISTRY

Security Transfer Registrars
770 Canning Hwy
Applecross WA 6153
Telephone: +618 9315 2333
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REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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22 Oxford Close
West Leederville, Western Australia 6007
Phone: +618 93882967
Facsimile: +618 9380 5911
Email: info@catalystmetals.com
Website: www.catalystmetals.com

STOCK EXCHANGE LISTING

The Company is listed on Australian Stock
Exchange Limited
Home Exchange – Perth
ASX Codes: CYL
CYLO

CHAIRMAN'S REPORT

Dear Shareholder,

The past twelve months has been significant for the company in that two of the founding directors were replaced following an Extraordinary General Meeting on 27th July 2007. The current Board acknowledges the strong support by shareholders.

Since that time the Company has been active in planning a drill programme at Minnie Springs where the molybdenum target is yet to be adequately tested. A consultant geologist with specific expertise in porphyry mineralisation has planned a diamond drill programme which will be implemented in the forthcoming months. The Company will also investigate the tungsten, uranium, gold and copper potential of the project area.

World consumption of molybdenum has increased 400% since the mid-1960s to approximately 200,000 tonnes per annum. Over the past two years molybdenum prices have steadily climbed with molybdenum oxide peaking at a 25 year-high of US\$40.00 per lb in May 2005. The current price is approximately US\$32.25/lb. This is in stark contrast to the price of US\$3 to US\$5 paid during the 1990s.

The distribution of molybdenum reserves and production is concentrated in only a few countries in the world, with China, USA, Chile and Canada holding nearly 90% of the reserves. USA, Chile and China are the main producers (75%) with each having outputs in 2003 of approximately 30,000 tonnes.

The roles for molybdenum are varied and increasing across developing and industrialised nations; from stainless steel alloy infrastructure, to catalysts for the production of ultra low sulphur diesel (ULSD), and high temperature pipes for nuclear plants. On the back of strong growth in iron ore and steel minerals markets, world demand for molybdenum continues growing at an estimated 4-6% per annum. The world molybdenum market is now worth well over US\$10 billion annually.

Accordingly, the Company believes that the economic fundamentals of molybdenum remain very strong.

The current Board has a strong track record of acquiring significant mineral assets and providing capital growth for shareholders and we remain committed to a thorough programme of project generation.

Yours sincerely,



Nathan McMahon
Chairman
28 September 2007

DIRECTORS' REPORT

The Directors present their report on Catalyst Metals Limited for the year ended 30 June 2007.

DIRECTORS

The names of directors in office at any time during or since the end of the year are:

Nathan McMahon (Appointed 27 July 2007)
Mark Thompson
Bryan Dixon (Appointed 27 July 2007)
Howard Dawson (Removed 27 July 2007)
James Malone (Removed 27 July 2007)
Malcolm Carson (Resigned 3 August 2007)

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

COMPANY SECRETARY

Lisa Wynne was appointed as Company Secretary 1 August 2007 following the resignation of Michael Higginson.

CORPORATE STRUCTURE

Catalyst Metals Ltd is a company limited by shares that is incorporated and domiciled in Australia. Catalyst Metals Ltd had no controlled entities during the financial year.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was exploration of its Minnie Creek Project north east of Carnarvon in Western Australia.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the year ended 30 June 2007 was \$168,832 (2006: \$47,310).

The Company's basic loss per share for the year was 0.8 cents (2006: 3.0 cents).

DIVIDENDS

No dividend has been paid during or is recommended for the financial year ended 30 June 2007.

EMPLOYEES

The Company employed 3 employees as at 30 June 2007 (2006: 3).

REVIEW OF OPERATIONS

The Company was admitted to the Official List of the ASX during July 2006 following the closure of an initial public offer of 16 million shares to raise \$3,200,000.

The Company drilled the Minnie Springs prospect and reported results in January 2007.

In July 2007 a resolution was put to shareholders to remove Mr Howard Dawson and Mr Jim Malone from office and appoint Mr Nathan McMahon and Mr Bryan Dixon. The resolution was passed by shareholders at a general meeting held 27 July 2007.

A more detailed review of the Company's operations during the financial year is set out in the Chairman's Report.

DIRECTORS' REPORT

SIGNIFICANT CHANGES IN STATE OF AFFAIRS

On 19 July 2006 the Company completed an initial public offering of 16 million shares to raise \$3,200,000 and was admitted to the Official List of the ASX.

On 12 October 2006 the company issued a prospectus offering shareholders the opportunity to participate in a 1 for 2 non-renounceable entitlements issue for a total of 11,500,000 options at 1 cent each to raise \$115,000 before costs of the issue.

On 30 May 2007, the Company received a notice pursuant to section 249D of the Corporations Act to convene a general meeting to seek shareholders approval to replace Howard Dawson and Jim Malone as directors of the company with Bryan Garrie Kenneth Dixon and Nathan Bruce McMahon.

On 27 July at a meeting of shareholders, the shareholders approved the resolutions to re-structure the board and Messers Dixon and McMahon were appointed.

There were no other significant changes in the state of affairs of the Company during the financial year.

FUTURE DEVELOPMENTS

Likely future developments in the operations of the Company are referred to in the Chairman's Report. Other than as referred to in this report, further information as to likely developments in the operations of the Company and expected results of those operations would, in the opinion of the Directors, be speculative and prejudicial to the interests of the Company and its shareholders.

SUBSEQUENT EVENTS

There has not been any matter or circumstance that has arisen since 30 June 2007, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years, other than:

On 30 May 2007, the Company received a notice pursuant to section 249D of the Corporations Act to convene a general meeting to seek shareholders approval to replace Howard Dawson and Jim Malone as directors of the company with Bryan Garrie Kenneth Dixon and Nathan Bruce McMahon. On 27 July at a meeting of shareholders, the shareholders approved the resolutions to re-structure the board and Messers Dixon and McMahon were appointed.

In July 2007, 347,500 options were exercised and converted to ordinary shares raising \$69,500 in funds.

FINANCIAL POSITION

The Company's working capital, being current assets less current liabilities was \$2,592,498 at 30 June 2007 (2006:\$125,690).

In the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

DIRECTORS' REPORT

INFORMATION ON DIRECTORS

Nathan McMahon (Non Executive Chairman – Appointed 27 July 2007)

Mr. McMahon has provided tenement management advice to the mining industry for approximately 14 years to in excess of 20 public listed mining companies. Mr. McMahon has specialised in native title negotiations, joint venture negotiations and project acquisition due diligence. He is a director of several unlisted mining and exploration companies with interests in platinum group elements, base metals, industrial minerals and diamond exploration.

<i>Qualifications:</i>	Bachelor of Commerce
<i>Directorships:</i>	Cazaly Resources Limited Bannerman Resources Limited South China Resources PLC Hodges Resources Limited
<i>Former Directorships:</i>	Graynic Metals Limited (From 2005 to 2006) Northern Mining Limited (From 2005 to 2006)
<i>Special Responsibilities:</i>	Member of both the Nomination and Remuneration Committee and a member of the Audit Committee.
<i>Interests in shares and options:</i>	665,455 ordinary shares

Mark Thompson (Non Executive Director)

Mr Thompson has worked extensively throughout Africa, USA, South America and Australia on mineral exploration, resource development and palaeontologic projects since 1989. Mr Thompson has worked for companies including Western Mining Corp, Equatorial Mining Ltd, Panorama Resources Ltd and Centenary International Mining Ltd. He has successfully vendored the lead properties for other companies such as Image Resources NL and Meteoric Resources Ltd. Prior to returning to full time exploration in 2005, Mr Thompson was based in America to help explore and develop palaeontology resources in Montana and Wyoming. Mr Thompson is a member of the Society of Vertebrate Palaeontology, the National Speakers Association of Australia and an Editorial Board member/author of the Encyclopaedia of Anthropology. He brings to Catalyst a strong technical as well as practical experience in the exploration for mineral deposits.

<i>Special Responsibilities:</i>	Mr Thompson's role encompasses the management of all mineral exploration, identification and operational functions of the company. His responsibilities also include health, safety and environment management.
<i>Directorships:</i>	None
<i>Interests in shares and options:</i>	1,140,250 ordinary shares 1,000,000 Class A incentive shares 1,000,000 Class B incentive shares 545,000 options over ordinary shares 1,050,000 unlisted options over ordinary shares

DIRECTORS' REPORT

Bryan Dixon **(Non-Executive Director - Appointed 27 July 2007)**
(Company Secretary – Resigned 1 February 2007)

Mr Dixon has substantial experience in the mining sector and in the management of public and listed companies. Previously, Mr Dixon has been employed by KPMG, Resolute Samantha Limited, Société Générale and Archipelago Resources Plc. Mr Dixon is a Chartered Accountant and brings additional project development, project acquisition, financing and corporate skills to the Company. Bryan is a member of Company Secretaries Australia and has been Company Secretary with a number of resources companies.

Qualifications: Bachelor of Commerce
Chartered Accountant
Graduate Diploma in Company Secretarial Practice

Special Responsibilities: Ongoing business development, all capital raisings, investor relations, ASX liaison, risk identification, corporate governance and financial management of the Company. Mr Dixon is Chairman of both the Audit Committee and a member of the Nomination and Remuneration Committee.

Directorships: Hodges Resources Ltd – Non Executive Director
Blackham Resources Ltd – Managing Director

Interests in shares and options: 510,000 ordinary shares

Lisa Wynne **(Company Secretary)**

Ms Wynne performed this role from 11 October 2006 to 6 June 2007 following her resignation. Ms Wynne was re-appointed as Company Secretary by the new management on 1 August 2007. Ms Wynne has a Bachelor of Commerce and is a Chartered Accountant with 6 years experience working with listed entities in senior financial roles responsible for management and financial reporting, taxation, and ensuring continuous disclosure and compliance. Lisa presently works with a number of emerging ASX and AIM listed resource companies and specialises in financial and company secretarial transaction and corporate work.

DIRECTORS' MEETINGS

The number of meetings attended by each of the Directors of the Company during the financial year was:

	Board Meetings		Audit Committee Meetings	
	Number held and entitled to attend	Number Attended	Number held and entitled to attend	Number Attended
Mark Thompson	13	13	2	2
Howard Dawson (Removed 27 July 2007)	13	12	2	2
Jim Malone (Removed 27 July 2007)	13	12	2	1
Malcolm Carson (Resigned 1 August 2007)	1	1	-	-

DIRECTORS' REPORT

ENVIRONMENTAL ISSUES

The Company's operations are subject to State and Federal laws and regulation concerning the environment. Details of the Company performance in relation to environmental regulation are as follows:

The Company's exploration activities are subject to the Western Australian Mining Act. The Company has a policy of complying with or exceeding its environmental performance obligations. The Board believes that the Company has adequate systems in place for the management of its environmental requirements. The Company aims to ensure the appropriate standard of environmental care is achieved, and in doing so, that it is aware of and is in compliance with all environmental legislation. The Directors of the Company are not aware of any breach of environmental legislation for the financial year under review.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

SHARE OPTIONS

As at the date of this report, there were 12,202,500 unissued ordinary shares under option.

No person entitled to exercise any option referred to above have or had, by virtue of the option, a right to participate in any share issue of any other body corporate.

REMUNERATION REPORT

This report details the type and amount of remuneration for each director of Catalyst Metals Limited, and for the executives receiving the highest remuneration. The information provided in this report includes remuneration disclosures that are required under Accounting Standard AASB 124 *Related Party Disclosures*. **These disclosures have been transferred from the financial report and have been audited.**

Remuneration Policy

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and Motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Catalyst Metals Limited

The remuneration of an executive director will be decided by the Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The maximum remuneration of non-executive Directors is the subject of Shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All equity based remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

Performance Based Remuneration

The issue of options to directors in accordance with the Company's employee share option plan to encourage the alignment of personal and shareholder returns. The intention of this program is to align the objectives of directors/executives with that of the business and shareholders. In addition all directors and executives are encouraged to hold shares in the Company.

The Company has not paid bonuses to directors or executives to date.

Company Performance, Shareholder Wealth and Directors' and Executives' Remuneration

The remuneration policy has been tailored to maximise the commonality of goals between shareholders and directors and executives. The method applied in achieving this aim to date being the issue of options to directors to encourage the alignment of personal and shareholder interests. The company believes this policy will be the most effective in increasing shareholder wealth.

DIRECTORS' REPORT

Details of Remuneration for Year Ended 30 June 2007

Details of the remuneration for each director and the key management personnel (as defined in AASB 124 *Related Party Disclosures*) of the Company during the year are set out in the following tables:

The key management personnel of the Company includes the directors as per page 4 above and the following executive officer who's remuneration must be disclosed under the Corporations Act 2001 as they are one of the 5 highest remunerated executives:

- Bryan Dixon – Company Secretary (From 7 March 2006 to 1 February 2007)

2007	Short-term employment benefits	Post-employment benefits	Share-based payments	
Name	Cash salary and fees	Superannuation	Options	Total
<i>Non-executive directors</i>				
J Malone #	31,950	1,638	-	33,588
M Carson (from 26 May 2006 to 3 Aug 2007)	-	-	-	-
H Dawson #	36,696	3,302	-	39,998
<i>Executive directors</i>				
M Thompson	119,761	5,367	82,609	207,737
Total key management personnel compensation	188,407	10,307	82,609	281,323
<i>Other company officers</i>				
B Dixon (resigned 1 Feb 2007)	36,528	-	-	36,528
L Wynne (Appointed 11 October 2006, resigned 6 June 2007)	4,592	-	-	4,592

On 27 July 2007, the shareholders voted to remove Messers Dawson and Malone from the board of the Company.

2006

No remuneration was paid to Directors or Executives during the financial year ended 30 June 2006.

Performance Income as a Proportion of Total Remuneration

1,050,000 options were issued to Mark Thompson in July 2006. 47 % of Mr Thompson's remuneration for the financial year consists of options.

Employment Contracts of Directors and Senior Executives

There were no formal contracts finalised as at the completion of the June 2007 financial year for Non-executive Directors. Non-executive Directors are paid under the terms agreed to by a directors resolution at rates detailed below:

Mr Dawson received director's fees of \$40,000 per annum inclusive of superannuation requirements.

Mr Malone received director's fees of \$30,000 per annum inclusive of superannuation requirements.

Mr McMahon will receive director's fees of \$35,000 per annum inclusive of superannuation requirements.

Mr Thompson will receive director's fees of \$30,000 per annum inclusive of superannuation requirements.

Mr Dixon will receive director's fees of \$30,000 per annum inclusive of superannuation requirements.

Mr Thompson had an employment agreement in place during the year whereby he receives up to \$100,000 per annum fully inclusive of superannuation requirements. Lateral Minerals Pty Ltd, a related

DIRECTORS' REPORT

party of Mr Thompson, is engaged by the Company and receives \$3,800 per month for the provision of exploration and development services. These contracts were terminated on 31 May 2007.

The Company Secretary has a monthly agreement on ordinary commercial terms.

SHARE-BASED COMPENSATION

Options over shares in the Company are granted under the Catalyst Metals Limited Employee Incentive Scheme (Scheme). The purpose of the Scheme is to give employees, directors, executive officers and consultants of the Company an opportunity, in the form of options, to subscribe for ordinary shares in the Company. The Directors consider the Scheme will enable the Company to retain and attract skilled and experienced employees, board members and executive officers and provide them with the motivation to make the Company more successful.

The terms and conditions of each grant of options affecting remuneration in the previous, this or future reporting years are as follows:

Grant date	Date vested and exercisable	Expiry date	Exercise price	Value per option at grant date
16 July 2006	16 July 2006	16 July 2009	\$0.25	\$0.088
16 July 2006	16 July 2006	16 July 2009	\$0.30	\$0.078
16 July 2006	16 July 2006	16 July 2009	\$0.35	\$0.070

Details of options over ordinary shares in the Company provided as remuneration to each director and each of the key management personnel of the Company are set out below. When exercisable, each option is convertible into one ordinary share of Catalyst Metals Limited. Further information on the options is set out in note 12 to the financial statements.

Name	Number of options granted during the year		Number of options vested during the year	
	2007	2006	2007	2006
Mark Thompson	1,050,000	-	1,050,000	-

The assessed fair value at grant date of options granted is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the options.

The model inputs for options granted during the year ended 30 June 2007 included:

- a) options are granted for no consideration and vest immediately
- b) exercise price \$0.25, \$0.30 and \$0.35
- c) grant date: 16 July 2007
- d) expiry date: 16 July 2009
- e) share price at grant date: \$0.20
- f) risk-free interest rate: 5.5%

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

There are no insurance policies in place for Directors and Officers insurance. The Directors and Officers have indemnities in place with the Company.

DIRECTORS' REPORT

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the company are important. There were no non-audit services provided by the Company's external auditor during the year.

During the year the following fees were paid or payable for services provided by the auditor of the Company, its related practices and non-related audit firms:

	2007	2006
1. Audit services		
Audit and review of financial reports	16,750	5,000
2. Non-audit services	-	5,000

AUDITOR'S INDEPENDENCE DECLARATION

The lead auditor's independence declaration for the year ended 30 June 2007 has been received and immediately follows the Directors' Report.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Catalyst Metals support and have adhered to the principles of sound corporate governance.

The Board recognises the recent recommendations of the Australian Stock Exchange Corporate Governance Council, and considers that Catalyst Metals is in compliance with those guidelines which are of critical importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's corporate governance statement and disclosures are contained in the annual report.

This report is made in accordance with a resolution of the Directors.



Nathan McMahon
Non Executive Director

Perth, Western Australia
28 September 2007

RSM Bird Cameron Partners

Chartered Accountants

8 St Georges Terrace Perth WA 6000
GPO Box R1253 Perth WA 6844
T +61 8 9261 9100 F +61 8 9261 9111
www.rsmi.com.au

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO DIRECTORS OF CATALYST METALS LIMITED

I declare that to the best of my knowledge and belief, during the year ended 30 June 2007 there have been no contraventions of:

- (i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

SC Cubitt

S C CUBITT
Partner

Perth, WA

Dated:

28 September 2007

BALANCE SHEET

As at 30 June 2007

	Note	2007	2006 \$
Current Assets			
Cash and cash equivalents	6	2,647,576	96,338
Trade and other receivables	7	13,973	8,850
Other current assets	8	-	53,468
Total Current Assets		<u>2,661,549</u>	<u>158,656</u>
Non-Current Assets			
Property, plant and equipment	10	13,102	-
Exploration and evaluation expenditure	9	<u>523,077</u>	<u>-</u>
Total Non-Current Assets		<u>536,179</u>	<u>-</u>
TOTAL ASSETS		<u>3,197,728</u>	<u>158,656</u>
Current Liabilities			
Trade and other payables	11	<u>69,051</u>	<u>32,966</u>
TOTAL LIABILITIES		<u>69,051</u>	<u>32,966</u>
NET ASSETS		<u>3,128,677</u>	<u>125,690</u>
Equity			
Contributed equity	12	3,262,210	173,000
Reserves	13	82,609	-
Accumulated losses	13	<u>(216,142)</u>	<u>(47,310)</u>
TOTAL EQUITY		<u>3,128,677</u>	<u>125,690</u>

The above balance sheet should be read in conjunction with the accompanying notes.

INCOME STATEMENT

For the Year Ended 30 June 2007

	Note	2007 \$	2006 \$
Revenue	2	171,684	1,009
Occupancy costs	3	(31,271)	(1,619)
Professional fees	3	(67,777)	(8,310)
Administration costs	3	(74,414)	(4,747)
Exploration costs	3	(11,781)	(33,643)
Personnel	3	(153,706)	-
Other	3	(1,567)	-
Loss before income tax expense		<u>(168,832)</u>	<u>(47,310)</u>
Income tax expense	5	<u>-</u>	<u>-</u>
Net loss attributable to members of Company		<u><u>(168,832)</u></u>	<u><u>(47,310)</u></u>
Basic loss per share (cents per share)	4	(0.8 cents)	(3.0 cents)
Diluted loss per share (cents per share)	4	(0.8 cents)	(3.0 cents)

The above income statement should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
For the Year Ended 30 June 2007

	Issued Capital	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance on incorporation	-	-	-	-
Loss	-	(47,310)	-	(47,310)
Issue of shares	173,000	-	-	173,000
Balance at 30 June 2006	173,000	(47,310)	-	125,690
Loss	-	(168,832)	-	(168,832)
Equity-based payments	-	-	82,609	82,609
Issue of shares	3,200,000	-	-	3,200,000
Issue of options	115,000	-	-	115,000
Share issue costs	(225,790)	-	-	(225,790)
Balance at 30 June 2007	3,262,210	(216,142)	82,609	3,128,677

The above statement of changes in equity should be read in conjunction with the accompanying notes.

CASH FLOW STATEMENT

For the Year Ended 30 June 2007

	Note	2007 \$	2006 \$
Cash Flows from Operating Activities			
Payments for exploration and evaluation		(421,617)	(31,981)
Payments to suppliers, contractors and employees		(202,498)	(13,066)
Interest received		165,684	1,009
Net cash flows used in operating activities	14	(458,431)	(44,038)
Cash Flows from Investing Activities			
Payments for property, plant and equipment		(15,625)	-
Payments for exploration property		(100,000)	-
Proceeds from disposal of property, plant and equipment		1,090	-
Net cash flows used in investing activities		(114,535)	-
Cash Flows from Financing Activities			
Proceeds from issue of shares and other equity securities		3,315,000	173,000
Share issue expenses		(190,796)	(32,624)
Net cash flows from financing activities		3,124,204	140,376
Net increase cash and cash equivalents		2,551,238	96,338
Cash and cash equivalents at the beginning of the financial year		96,338	-
Cash and cash equivalents at the end of the financial year	6	2,647,576	96,338

The above cash flow statement should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of Compliance

The financial report is a general purpose financial report that has been prepared in accordance with Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Accounting Standards include Australian equivalents to International Financial Reporting Standards ('A-IFRS'). Compliance with the A-IFRS ensures that the financial statements and notes of the Company comply with International Financial Reporting Standards ('IFRS').

(b) Basis of preparation

The financial report covers Catalyst Metals Limited, which is a listed public company, incorporated and domiciled in Australia. Catalyst Metals was admitted to the official list of the Australian Stock Exchange in July 2006.

The financial report has been prepared on an accruals basis and is based on historical costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The following is a summary of the material accounting policies adopted by the Company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(c) Revenue

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

(d) Impairment

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The impairment loss is recognised for the amount by which the assets's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use.

(e) Cash and cash equivalents

For the purpose of the cash flow statement, cash includes cash on hand and at call deposits with banks or financial institutions and investments in money market instruments with less than 30 days to maturity.

(f) Trade and other receivables

Trade receivables, loans, and other receivables are recorded at amortised cost less impairment.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

(g) Exploration and Evaluation Expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Company is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure. Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration expenditure for each area of interest is written off as incurred, except that it may be carried forward provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or
- exploration activities in an area of interest have not, at balance date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves.

The Company performs impairment testing when facts and circumstances suggest the carrying amount has been impaired. If it was determined that the asset was impaired it would be immediately written off to the income statement.

Expenditure is not carried forward in respect of any area of interest unless the Company's right of tenure to that area of interest is current. Expenditures incurred before the Company has obtained legal rights to explore a specific area is expensed as incurred. Amortisation is not charged on areas under development, pending commencement of production.

(h) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(i) Provisions

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date.

(j) Employee entitlements

Provision is made for employee benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, annual leave and any other employee benefits expected to be settled within twelve months of the reporting date are measured at their nominal amounts based on remuneration rates which are expected to be paid when the liability is settled. All other employee benefit liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date.

In determining the present value of future cash outflows, the market yield as at the reporting date on national government bonds, which have terms to maturity approximating the terms of the related liabilities, are used.

Employee benefit expenses and revenues arising in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave benefits, and
- other types of employee benefits are recognised against profits on a net basis in their respective categories.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(k) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior years is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(l) Equity based payments

The Company determines the fair value of options issued to employees as remuneration and recognises the expense in the income statement. This policy is not limited to options and also extends to other forms of equity based remuneration.

Fair value is measured using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period.

(m) Earnings per share

Basic earnings per share is determined by dividing the profit from ordinary activities after related income tax expense by the weighted average number of ordinary shares outstanding during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(n) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

Cash flows are included in the cash flow statement on a gross basis and the GST component of cash flows arising from investing and financial activities, which are recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

(o) Critical accounting estimates and judgments

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the Company.

Examples of those areas which require accounting estimates and judgments include carrying values of exploration expenditure and share-based payments.

NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended 30 June 2007

	2007 \$	2006 \$
2. Revenue		
Interest received	171,684	1,009
3. Expenses		
<i>Loss before income tax includes the following specific expenses:</i>		
Directors fees	28,199	-
Audit fees	16,750	5,000
Web site costs	3,152	2,400
Exploration costs written off (refer note 1(g))	11,781	33,643
Depreciation	1,214	-
Share-based payments	82,609	-
Net loss on disposal of property, plant & equipment	218	-
4. Earnings per Share	2007 No. of Shares	2006 No. of Shares
Weighted average number of ordinary shares outstanding during the year used in calculation of earnings per share	22,210,989	1,600,000
Weighted average number of potential ordinary shares outstanding during the year used in calculation of diluted earnings per share	22,210,989	1,600,000
5. Income taxes		
(a) Income tax recognised in profit		
No income tax is payable by the parent or consolidated entities as they both recorded losses from income tax purposes for the year, as a tax consolidated group		
(b) Numerical reconciliation between income tax expense and the loss before income tax		
	2007 \$	2006 \$
Loss before tax	(168,832)	(47,310)
Income tax benefit at 30% (2006:30%)	(50,650)	(14,193)
Tax effect of:		
- non deductible expenses	869	-
- share based payments	24,783	-
- deductible capital raising expenditure	(13,547)	-
- deductible temporary differences	(155,123)	-
Deferred tax asset not recognised	193,669	14,193
Income tax benefit attributable to loss from ordinary activities before tax	-	-
(c) Unrecognised deferred tax balances		
Tax losses attributable to members of the tax consolidated group	692,873	47,310
Net unrecognised deferred tax asset at 30%	207,862	14,193

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

	2007 \$	2006 \$	
6. Cash and cash equivalents			
Cash at bank	2,647,576	96,338	
7. Trade and other receivables			
Sundry debtors	13,973	8,850	
Provision for doubtful debtors	-	-	
	13,973	8,850	
8. Other current assets			
Prepaid capital raising costs	-	53,468	
9. Exploration and Evaluation Expenditure			
Written down value – opening	-	-	
Exploration expenditure	534,858	33,642	
Write downs (refer note 1(g))	(11,781)	(33,642)	
Written down value – closing	523,077	-	
10. Property, plant and equipment			
	Computer equipment	Furniture, fittings and equipment	Total \$
Year ended 30 June 2007			
Opening net book amount	-	-	-
Additions	5,044	10,580	15,624
Disposals	(1,308)	-	(1,308)
Depreciation charge	(664)	(550)	(1,214)
Closing net book amount	3,072	10,030	13,102
At 30 June 2007			
Cost or fair value	3,590	10,580	14,170
Accumulated depreciation	(518)	(550)	(1,068)
Net book amount	3,072	10,030	13,102
11. Trade and other payables			
Current Payables			
Trade creditors	18,809	25,903	
Accruals	50,242	5,000	
Payments due to directors (see Note 14(e))	-	2,063	
	69,051	32,966	

Trade liabilities are non-interest bearing and normally settled on 30-day terms.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

		2007 Number	2007 \$	2006 Number	2006 \$
12.	Contributed Equity				
	(a) Share capital				
	Ordinary shares				
	Fully paid	(c) 23,000,000	3,151,432	7,000,000	165,000
	Incentive shares				
	Class A	4,000,000	4,000	4,000,000	4,000
	Class B	4,000,000	4,000	4,000,000	4,000
		31,000,000	3,159,432	15,000,000	173,000
	(b) Other equity securities				
	Options – Listed	(d) 11,500,000	102,778	-	-
	Options - Unlisted	1,050,000	-	-	-
	Total contributed equity	43,550,000	3,262,210	15,000,000	173,000

(c) Movements in Ordinary Shares

Details	Number of Shares	Issue price	\$'000
Balance at beginning of year	7,000,000		165,000
Share placement at 0.20 cents	16,000,000	\$0.20	3,200,000
Less: Transaction costs			(213,568)
Balance at end of year	23,000,000		3,151,432

(d) Movements in other equity securities

Details	Number of Shares	Issue price	\$'000
Listed Options			
Balance at beginning of year	-		-
Entitlement issue at 1 cent	11,500,000	\$0.01	115,000
Less: Transaction costs			(12,222)
Balance at end of year	11,500,000		102,778
Unlisted Options			
Balance at beginning of year	-		-
Issued	1,050,000	-	-
Balance at end of year	1,050,000		-

(e) Ordinary shares

On 27 March 2006 the Company completed an initial public offering and raised \$3,200,000 through the issue of 16,000,000 ordinary shares at \$0.20 per share.

On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

12. Contributed Equity (cont)

(f) Incentive Shares

Class A Incentive Shares

- The Class A Incentive shares are a separate class of shares that will be convertible into ordinary shares. They do not carry any voting rights in the company or rights to participate in new issues (whether bonus or rights) in the Company.
- Each incentive share will convert into one ordinary share upon the earlier of:
 - (i) the volume weighted average price for 30 days of Catalyst Metals Limited ordinary shares exceeds \$0.50 or;
 - (ii) the Company directly or indirectly secures an asset with JORC measured, indicated and inferred resources exceeding 150,000 gold equivalent ounces;
 - (iii) a takeover bid becoming unconditional; entering into and the Court approving a solvent scheme of arrangement or reconstruction which has the effect of changing the control of the Company.
- If the above do not occur, within 3 years from the date the Company's ordinary shares are admitted to quotation of ASX, each 100,000 incentive shares will convert into one ordinary share (with any fractional entitlement being rounded up to the nearest whole full paid share).
- The incentive shares are unlisted and non transferable.

Class B Incentive Shares

- The Class B Incentive shares are a separate class of shares that will be convertible into ordinary shares. They do not carry any voting rights in the company or rights to participate in new issues (whether bonus or rights) in the Company.
- Each incentive share will convert into one ordinary share upon the earlier of:
 - (i) the volume weighted average price for 30 days of Catalyst Metals Limited ordinary shares exceeds \$0.75 or;
 - (ii) the Company directly or indirectly secures an asset with JORC measured, indicated and inferred resources exceeding 225,000 gold equivalent ounces;
 - (iii) a takeover bid becoming unconditional; entering into and the Court approving a solvent scheme of arrangement or reconstruction which has the effect of changing the control of the Company; and conditional on the Minnie Creek Project being the main focus of the Company at the time of the (i), (ii) and (iii) above.
- If the above do not occur, within 3 years from the date the Company's ordinary shares are admitted to quotation of ASX, each 100,000 incentive shares will convert into one ordinary share (with any fractional entitlement being rounded up to the nearest whole full paid share).
- The incentive shares are unlisted and non transferable.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

12. Contributed Equity (cont)

(g) Options

1,050,000 options over ordinary shares in the Company were issued to Mark Thompson in July 2006. The options entitle the holders to subscribe for fully paid ordinary shares in the Company and the Option may be exercised at any time until 31 December 2008. The options were issued as three different series, with strike price of \$0.25, \$0.30 and \$0.35 respectively. The Options will lapse at 5.00pm WST on 16 July 2009.

On 7 December 2006 the Company completed a non-renounceable entitlement issue of options and raised \$115,000 through the issue of 11,500,000 options over ordinary shares in the Company.

The options entitle the holders to subscribe for fully paid ordinary shares in the Company and the Option may be exercised at any time until 31 December 2008 at an exercise price of twenty cents (20c) per Option exercised. The Options will lapse at 5.00pm WST on 31 December 2008.

2007	2006
\$	\$

13. Reserves & Retained Profits

a) Reserves

Share-based payments reserve

Balance at the beginning of this year

-	-
---	---

Option expense

82,609	-
--------	---

Balance at the end of the year

82,609	-
--------	---

b) Retained losses

Balance at the beginning of this year

47,310	-
--------	---

Loss for the year

168,832	47,310
---------	--------

Balance at the end of the year

216,142	47,310
---------	--------

14. Notes to the Cash Flow Statement

(a) Reconciliation of net cash used in operating activities to operating loss after income tax

Operating loss after tax	(168,832)	(47,310)
--------------------------	-----------	----------

Add non cash items:

Depreciation

1,214	-
-------	---

Net loss on disposal of non-current assets

218	-
-----	---

Share-based payments expense

82,609	-
--------	---

Changes in net assets and liabilities

Increase in receivables

(7,492)	(8,850)
---------	---------

Increase in payables

56,929	12,122
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Increase in exploration

(523,077)	-
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Net cash outflow from operating activities

(558,431)	44,038
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(b) Non-cash financing and investing activities

The Company did not have any non-cash financing or investing activities during the year (2006: Nil)

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

15. Key Management Personnel Compensation

(a) Directors and Specified Executives

The names and positions held by key management personnel in office at any time during the year are:

Directors

M Thompson	Executive Director
H Dawson	Non-Executive Chairman (From 21 March 2006 to 27 July 2007)
J Malone	Non-Executive Director (From 21 March 2006 to 27 July 2007)
M Carson	Non-Executive Director (From 29 May 2007 to 3 August 2007)

Executives & Officers

B Dixon	Company Secretary (From 21 March 2006 to 1 February 2007)
---------	---

All of the above persons were also key management persons during the year ended 30 June 2006, except M Carson.

(b) Key management personnel remunerations

	2007	2006
Short-term employee benefits	229,167	-
Post-employment benefits	10,307	-
Share based payments	82,609	-
	<u>322,443</u>	<u>-</u>

The Company has taken advantage of the relief provided by Corporations Regulation 2M.6.04 and has transferred the detailed remuneration disclosures to the directors' report. The relevant information can be found in the remuneration report on pages 9 to 11 of the directors report.

(d) Equity instrument disclosures relating to key management personnel

(i) Options provided as remuneration and shares issued on exercise of such options

Details of options provided as remuneration and share issued on the exercise of such options, together with terms and conditions of the options, can be found in the remuneration report on pages 9 to 11 of the directors report.

ii) Option holdings

The numbers of options over ordinary shares in the company held during the year by each director of the Company and other key management personnel, including their personally related parties, are set out below:

2007	Balance at beginning of year	Granted as compensation	Exercised	Other changes	Balance at end of year	Vested and exercisable
Directors						
M Thompson	-	1,050,000	-	545,000	1,595,000	1,595,000
J Malone	-	-	-	457,500	457,500	457,500
H Dawson	-	-	-	395,000	395,000	395,000
M Carson	-	-	-	10,000	10,000	10,000
Other key management personnel						
Bryan Dixon #	-	-	-	220,000	220,000	220,000

Bryan Dixon resigned as company secretary of the Company on 1 February 2007

2006

There were no options held during the 2006 financial year by directors and other key management personnel.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

15. Key Management Personnel Compensation (cont)

(d) Equity instrument disclosures relating to key management personnel

(iii) Shareholdings

Ordinary Shares

The numbers of ordinary shares in the company held during the financial year by each director and other key management personnel of the Company, including their personally related parties, are set out below. There were no shares granted during the year as compensation.

2007	Ordinary Shares			
	Balance at beginning of year	Received during the year on exercise of options	Other changes	Balance at end of year
Directors				
H Dawson	1,040,000	-	-	1,040,000
J Malone	915,000	-	50,000	965,000
M Thompson	1,000,000	-	90,000	1,090,000
M Carson	-	-	20,000	20,000
Other key management personnel				
Bryan Dixon #	415,000	-	-	415,000

Bryan Dixon resigned as company secretary of the Company on 1 February 2007

2006	Ordinary Shares			
	Balance at beginning of year	Received during the year on exercise of options	Other changes	Balance at end of year
Directors				
H Dawson	-	-	1,040,000	1,040,000
J Malone	-	-	915,000	915,000
M Thompson	-	-	1,000,000	1,000,000

Incentive shares

The numbers of incentive shares in the company held during the financial year by each personally related parties, are set out below:

2007	Class A Incentive Shares			Class B Incentive Shares		
	Balance at beginning of year	Other changes	Balance at end of year	Balance at beginning of year	Other changes	Balance at end of year
Directors						
H Dawson	600,000	-	600,000	600,000	-	600,000
J Malone	900,000	-	900,000	900,000	-	900,000
M Thompson	1,000,000	-	1,000,000	1,000,000	-	1,000,000

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

15. Key Management Personnel Compensation (cont)

2006	Class A Incentive Shares			Class B Incentive Shares		
	Balance at beginning of year	Other changes	Balance at end of year	Balance at beginning of year	Other changes	Balance at end of year
Directors						
H Dawson	-	600,000	600,000	-	600,000	600,000
J Malone	-	900,000	900,000	-	900,000	900,000
M Thompson	-	1,000,000	1,000,000	-	1,000,000	1,000,000

(e) Loans to key management personnel

	2007 \$	2006 \$
Amounts payable to Directors and Director related entities at the end of the financial year, included in current liabilities	-	2,063

(f) Other transactions with key management personnel

Messers Dawson and Malone are directors and shareholders of Discovery Capital Limited. Catalyst Metals Limited had an agreement based on normal commercial terms and conditions to reimburse for office rental.

Messers Dawson and Malone are directors of Latin Gold Limited. Catalyst Metals Limited had an agreement based on normal commercial terms and conditions to reimburse for office and administrative expenses.

Mr Thompson, is a related party of Lateral Minerals Pty Ltd. Catalyst Metals Limited has entered into a contract with Lateral Minerals Pty Ltd during the year for the provision of exploration and development services and vehicle hire.

Messers Dawson and Malone are directors of Latin Gold Limited, Discovery Capital Limited and Uranium King Limited, all of whom had an agreement based on normal commercial terms and conditions to reimburse the Company for secretarial services.

Aggregate amounts of each of the above types of other transactions with key management personnel of Catalyst Metals Limited:

	2007 \$	2006 \$
Purchases		
Rent of office building	43,227	-
Administrative and office overheads	21,282	-
Exploration services and vehicle hire	39,996	-
Sales		
Reimbursements for secretarial services	12,254	-

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

16. Related Party Disclosures

Key Management Personnel

Red Dog Option and Joint Venture Agreement (Red Dog Agreement)

Red Dog Prospecting Pty Ltd, a company which Mr Thompson is both a director and shareholder, entered into an Option and Joint Venture Agreement with Catalyst on 25 May 2006. Red Dog granted Catalyst an option to purchase a 90% interest in Tenements E09/1187, E09/1174 and E09/1291 for a purchase price of \$100,000 (Option). Catalyst exercised the Option in July 2006. On the exercise of the Option by Catalyst, a joint venture was established between the parties (with Catalyst having a participating share of 90% and Red Dog having a participating share of 10%) for the purposes of prospecting, exploring and, if so decided by the parties, mining of marketable minerals and other commodities. Catalyst will be required to sole fund all exploration costs up to completion of a feasibility study. Catalyst will be Manager of the joint venture and, whilst it is solely funding exploration costs, it will have conduct of the joint venture operations as it sees fit.

17. Equity-based payments

The Company has entered into an Employee Share Option Plan that allows for share options to be granted to eligible employees and officers of the Company. The number of share options that can be issued under the plan cannot exceed 5% of the total number of shares on issue. The terms and conditions of the share option issued under the plan are at the discretion of the Board however, the maximum term of the share option is five years.

During the year 1,050,000 share options were granted to directors.

All options granted to directors and key management personnel are ordinary shares in Catalyst Metals Limited, which confer a right of one ordinary share for every option held

2007	2006
\$	\$

18. Auditors' Remuneration

Amounts received or due and receivable by the auditors for:

Auditing accounts	16,750	5,000
Other services	-	5,000
	<u>16,750</u>	<u>10,000</u>

19. Commitments

There were no outstanding commitments, which are not disclosed in the financial statements as at 30 June 20067 other than:

(a) Remuneration Commitments

No later than 1 year	-	105,600
Later than 1 year but not later than 5 years	-	105,600
	<u>-</u>	<u>211,200</u>

(b) Tenement commitments

No later than 1 year	312,586	123,500
Later than 1 year but not later than 5 years	-	-
	<u>312,586</u>	<u>123,500</u>
	<u>312,586</u>	<u>334,700</u>

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

20. Financial Instruments

	Notes	Floating Interest Rate \$	1 year or less \$	Over 1-5 years \$	Non interest bearing \$	Total \$
2007						
Financial assets						
Cash and equivalents	cash 6	6.21%	2,600,000	-	47,576	2,647,576
Trade and receivables	other 7	-	-	-	13,973	13,73
Total financial assets			-	-	61,549	2,661,549
Financial liabilities						
Trade and other payables	10		-	-	69,051	69,051
Total financial liabilities			-	-	69,051	69,051
Net financial assets/(liabilities)			-	-	(7,502)	2,592,498
2006						
Financial assets						
Cash and equivalents	cash 6	5.35%	-	-	96,338	96,338
Trade and receivables	other 7	-	-	-	8,850	8,850
Total financial assets			-	-	105,188	105,188
Financial liabilities						
Trade and other payables	10		-	-	32,966	32,966
Total financial liabilities			-	-	32,966	32,966
Net financial assets			-	-	72,222	72,222

Reconciliation of net financial assets to net assets

	2007 \$	2006 \$
Net Financial Assets	2,592,498	72,222
Prepayments	-	53,468
Property, plant & equipment	13,102	-
Exploration	523,077	-
Net Assets	3,128,677	125,690

Interest rate risks

The Company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates. The Company does not have a formal policy in place to mitigate such risks.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

20. Financial Instruments (cont)

Credit risk

The maximum exposure to credit risk at balance date is the carrying amount (net of provision of doubtful debts) of those assets as disclosed in the balance sheet and notes to the financial statements. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded are spread amongst approved counterparties.

Net fair value

The net fair value of all assets approximates their carrying value.

21. Segment Information

The Company operates within one mineral exploration segment in Australia.

22. Subsequent Events

There has not been any matter or circumstance that has arisen since 30 June 2007, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years, other than:

On 30 May 2007, the Company received a notice pursuant to section 249D of the Corporations Act to convene a general meeting to seek shareholders approval to replace Howard Dawson and Jim Malone as directors of the company with Bryan Dixon and Nathan McMahon.

On 27 July at a meeting of shareholder, the shareholders approved the resolutions to re-structure the board and Messers Dixon and McMahon were appointed.

In July 2007, 347,500 options were exercised and converted to ordinary shares raising \$69,500 in funds.

23. Contingent Liabilities and Contingent Assets

The Company does not have any contingent liabilities or contingent assets at 30 June 2007.

NOTES TO THE FINANCIAL STATEMENTS

For The Year Ended 30 June 2007

24. New Accounting Standards and Interpretations

The following Australian Accounting Standards have been issued or amended and are applicable to the Company but are not yet effective. They have not been adopted in preparation of the financial statements as at 30 June 2007

AASB Amendment	Standards Affected	Outline of Amendment	Application Date of Standard	Application Date for Company
AASB 2005–10: Amendments to Australian Accounting Standards	AASB 1: First time adoption of AIFRS AASB 4: Insurance Contracts AASB 101: Presentation of Financial Statements AASB 114: Segment Reporting AASB 117: Leases AASB 133: Earnings per Share AASB 1023: General Insurance Contracts AASB 1038: Life Insurance Contracts AASB 139: Financial Instruments: Recognition and Measurement	The disclosure requirements of AASB 132: Financial Instruments: Disclosure and Presentation have been replaced due to the issuing of AASB 7: Financial Instruments: Disclosures in August 2005. These amendments will involve changes to financial instrument disclosures within the financial report. However, there will be no direct impact on amounts included in the financial report as it is a disclosure standard.	1 Jan 2007	1 July 2007
AASB 7: Financial Instruments: Disclosures	AASB 132: Financial Instruments: Disclosure and Presentation	As above	1 Jan 2007	1 July 2007

DIRECTORS' DECLARATION

The Directors of the Company declare that:

1. the financial statements and notes are in accordance with the Corporations Act 2001 and:
 - (a) comply with Accounting Standards and the Corporations Regulations 2001; and
 - (b) give a true and fair view of the financial position as at 30 June 2007 and of the performance for the year ended on that date of the Company;
2. the Chairman and Chief Financial Officer have each declared that:
 - (a) the financial records of the Company for the financial year have been properly maintained in accordance with section 286 of the Corporations Act 2001;
 - (b) the financial statements and notes for the financial year comply with the Accounting Standards; and
 - (c) the financial statements and notes for the financial year give a true and fair view.
3. in the Directors' opinion there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Nathan McMahon
Chairman

Dated at Perth this 28th day of September 2007

RSM Bird Cameron Partners

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

CATALYST METALS LIMITED

Report on the Financial Report

We have audited the accompanying financial report of Catalyst Metals Limited ("the company"), which comprises the balance sheet as at 30 June 2007 and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration.

We have also audited the remuneration disclosures contained in the directors' report. As permitted by the *Corporations Regulations 2001*, the company has disclosed information about the remuneration of directors and executives ("remuneration disclosures"), required by Accounting Standard AASB 124 *Related Party Disclosures*, under the heading "remuneration report" in the directors' report and not in the financial report.

Directors' Responsibility for the Financial Report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

The directors of the company are also responsible for the remuneration disclosures contained in the directors' report.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement. Our responsibility is to also express an opinion on the remuneration disclosures contained in the directors' report based on our audit.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report and the remuneration disclosures contained in the directors' report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's Opinion on the Financial Report

In our opinion:

- (a) the financial report of Catalyst Metals Limited is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the company's financial position as at 30 June 2007 and of its performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Auditor's Opinion on the AASB 124 remuneration Disclosures Contained in the Directors' Report

In our opinion the remuneration disclosures that are contained in the directors' report comply with Accounting Standard AASB 124.

Perth, WA

Dated: 28 September 2007

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS

Chartered Accountants

S C Cubitt

S C CUBITT

Partner

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Catalyst Metals Limited is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of Catalyst Metals Limited on behalf of the shareholders by whom they are elected and to whom they are accountable.

For further information on corporate governance policies adopted by Catalyst Metals Limited, refer to our website: www.catalystmetals.com

Board Objectives

The Board will develop strategies for the Company, review strategic objectives, and monitor the performance against those objectives. The overall goals of the corporate governance process are to:

- drive shareholders value;
- assure a prudential and ethical base to the Company's conduct and activities; and
- ensure compliance with the Company's legal and regulatory obligations.

Consistent with these goals, the Board assumes the following responsibilities;

- developing initiatives for profit and assets growth;
- reviewing the corporate, commercial and financial performance of the Company on a regular basis;
- acting on behalf of, and being accountable to, the Shareholders;
- identifying business risks and implementing actions to manage those risks; and
- developing and effecting management and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in Board discussions on a fully informed basis.

Structure of the Board

The skills, experience and expertise relevant to the position of director held by each director in office at the date of the annual report is included in the Directors' Report.

Election of Board members is substantially the province of the Shareholders in general meeting. However, the Company commits to the following principles:

- the Board to comprise of Directors with a blend of skills, experience and attributes appropriate for the Company and its business;
- the principal criterion for the appointment of new Directors being their ability to add value to the Company and its business.

The Board has accepted the ASX Corporate Governance Councils definition of an Independent Director contained in their report titled "The Principles of Good Corporate Governance and Best Practice Recommendations – March 2003".

Given the size of the company and the industry in which it operates, the current Board structure is considered to best serve the Company in meeting its objectives, given its small capitalisation, limited resources and existing operations. The composition of the Board is reviewed on an annual basis to ensure that the Board has the appropriate mix of expertise and experience.

There are procedures in place, as agreed by the board, to enable directors to seek independent professional advice on issues arising in the course of their duties at the company's expense.

CORPORATE GOVERNANCE STATEMENT

The term in office held by each director in office at the date of this report is as follows:

Name	Term in office
Nathan McMahon	2 months
Bryan Dixon	2 months
Mark Thompson	19 months

Remuneration and Nomination Committee

The Board appointed a Remuneration and Nomination Committee which operates under a charter of the Board. Mr Dixon and Mr McMahon are both members of the Remuneration and Nomination Committee.

Nomination Arrangements

Where a vacancy is considered to exist, the Committee will select an appropriate candidate through consultation with external parties and consideration of the needs of shareholders and the Company. Such appointments will be referred to shareholders for re-election at the next annual general meeting. All Directors, except the Managing Director, are subject to re-election by shareholders at least every three years.

When a vacancy exists, through whatever cause, or where it is considered that the Board would benefit from the services of a new director with particular skills, the Board will determine the selection criteria for the position based on the skills deemed necessary for the Board to best carry out its responsibilities. The Board will then appoint the most suitable candidate (assuming one is available) who must stand for election at the next annual general meeting.

Performance

During the reporting year the Company did not have a formal process for evaluation of Directors and Executives due to their only being three in total. The Chairman will undertake an annual assessment of the performance of the individual directors and meet privately with each director to discuss this assessment.

Remuneration Arrangements

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. To assist in achieving the objective the Board links the nature and amount of executive directors' emoluments to the company's financial and operational performance. The expected outcomes of this remuneration structure are:

- Retention and motivation of Directors
- Performance rewards to allow Directors to share the rewards of the success of Catalyst Metals Limited

The remuneration of an executive director will be decided by the Remuneration and Nomination Committee. In determining competitive remuneration rates the Committee reviews local and international trends among comparative companies and the industry generally. It also examines terms and conditions for the employee share option plan.

The maximum remuneration of non-executive Directors is the subject of shareholder resolution in accordance with the Company's Constitution, and the Corporations Act 2001 as applicable. The appointment of non-executive Director remuneration within that maximum will be made by the Board having regard to the inputs and value of the Company of the respective contributions by each non-executive Director.

CORPORATE GOVERNANCE STATEMENT

The Board may award additional remuneration to non-executive Directors called upon to perform extra services or make special exertions on behalf of the Company.

There is no scheme to provide retirement benefits, other than statutory superannuation, to non-executive directors.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Options are valued using the Black-Scholes methodology.

Audit Committee

The shareholders in a general meeting are responsible for the appointment of the external auditors of the Company, and the Board from time to time will review the scope, performance and fees of those external auditors.

The Board has established an audit committee in May 2006, which operates under a charter of the Board. It is the Board's responsibility to ensure that an effective internal control framework exists within the Company. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non information. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Company to the audit committee.

The members of the audit committee at the end of the year and date of this report were:

N McMahon
B Dixon
L Wynne

Qualifications of audit committee members

Mr Dixon has a degree in Commerce and is a Chartered Accountant who has extensive experience as an auditor in a big four firm. Mr Dixon is also a member of Chartered Secretaries Australia.

Mr McMahon brings to the Committee additional technical, financial and corporate skills.

Ms Wynne holds the office of Company Secretary. Ms Wynne has a degree in Commerce and is a Chartered Accountant who has extensive experience in financial accounting and audit. Ms Wynne is also a student member of Chartered Secretaries Australia.

For details on the number of meetings of the Audit Committee held during the year and the attendees at those meetings, refer to the Directors' Report.

Identification and Management of Risk

The Board's collective experience will enable accurate identification of the principal risks which may affect the Company's business. Management of these risks will be discussed by the Board at periodic (at least annual) strategic planning meetings. In addition, key operational risks and their management, will be recurring items for deliberation at Board meetings.

Ethical Standards

The Board is committed to the establishment and maintenance of appropriate ethical standards to underpin the Company's operations and corporate practices.

CORPORATE GOVERNANCE STATEMENT

Corporate Governance Disclosures

During the financial year Catalyst Metals has complied with each of the 10 Essential Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1 Structure of the Board	The majority of the Board are not independent directors	The Board has determined that, consistent with the size of the Company and its activities, the Board shall be comprised of three Directors, two of whom, are non-executive. The Board recognises that best practice occurs when the Board comprises a majority of non-executive directors. The Board continues to strive to meet the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying with the ASX Corporate Governance Council Recommendation 2.1 "A majority of the Board should be independent directors" is impractical given the size of the company and the industry in which it operates. The Board instead aims to assess the independence of the Company's non-executive Director on an ongoing basis requiring full disclosure where conflicts of interests arise.
2.2 The Chairperson should be an independent director	The chair, Mr Nathan McMahon is not considered an independent director	The Board refers to the criteria for independence as recommended by the ASX in considering independence of the Chairman. In the interests of disclosure, the Board notes that Mr McMahon is shareholder in the Company. Furthermore, the Board notes that Mr McMahon is not an executive and as such, the Board considers that there is limited scope for Mr Mahon's personal interests to conflict with those of shareholders. The Board (subject to members' voting rights in general meeting) is responsible for selection of new members and succession planning, and has regard to a candidate's experience and competence in areas such as exploration, finance and administration. The wide commercial experience of Mr McMahon assists Catalyst Metals in meeting its corporate objectives and plans.

CORPORATE GOVERNANCE STATEMENT

Best Recommendation	Practice	Notification Departure	of	Explanation of Departure
4.3 Structure of the Audit Committee	Audit Committee's Chairman is not independent			The Board has established an audit committee in May 2006, which operates under a charter of the Board and consists of all Non-Executive Directors. The Board has delegated the responsibility for the establishment and maintenance of a framework of internal control of the Company to the audit committee. The Board recognises that best practice occurs when the Audit committee comprises of only non-executive directors; a majority of non-executive directors; an independent chairperson who is not a chair of the board and at least three members. The Board continues to strive to meet the Principles of Good Corporate Governance and Best Practice Recommendations published by the ASX or other such principles and guidance as the Board may consider appropriate from time to time, however the Board also recognises that complying with the ASX Corporate Governance Council Recommendation 4.3 is impractical given the size of the company and the industry in which it operates.

ASX ADDITIONAL INFORMATION

Additional information required by Australian Stock Exchange Limited and not shown elsewhere in this Annual Report is as follows. The information is made up to 20 September 2007.

DISTRIBUTION OF SHAREHOLDERS

Analysis of numbers of equity security holders by size of holding

	Class of Equity Security Holders	
	Fully Paid Ordinary Shares	Options
1-1,000	3	7
1,001 - 5,000	60	77
5,001 - 10,000	91	55
10,001 - 100,000	261	156
100,001 and over	34	17
	449	312

HOLDERS OF NONMARKETABLE PARCELS

There are no fully paid ordinary shareholders who hold less than a marketable parcel of shares.

TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest quoted equity security holders are:

Ordinary Shares		Number Held	% Held	Options	Number Held	% Held	
1	ANZ Nominees Ltd	1,477,955	6.33	Rober Colefax	1,000,000	8.97	
2.	Lateral Minerals PL	1,000,000	4.28	Kilkenny Enterprises Pty Ltd	687,500	6.16	
3.	Howard G Dawson	990,000	4.24	Lateral Minerals Pty Ltd	500,000	4.48	
4.	Jodie Marwick	935,000	4.00	Asail Investmnets Pty Ltd	400,000	3.59	
5.	Kilkenny Enterprises Pty Ltd	915,000	3.92	Howard G Dawson	395,000	3.54	
6.	Geraldton Agricultural Services	836,754	3.58	Reads It Pty Ltd	268,750	2.41	
7.	Sandy Louise Edwards	600,000	2.57	Sandy Louise Edwards	228,000	2.04	
8.	Widerange Corporation Pty Ltd	534,545	2.29	M & K Korkidas Pty Ltd	175,000	1.88	
9.	Reads IT Pty Ltd	437,500	1.87	Diamond River Pty Ltd	173,044	1.57	
10.	George Krstich	359,543	1.54	David Sundance Vanzyl	170,000	1.55	
11.	David John Sharp	255,000	1.09	Milan mirkovic	163,246	1.52	
12.	LGD Investments WA Pty Ltd	250,000	1.07	Geraldton Argicultural Services	163,000	1.46	
13.	George Marias	250,000	1.07	Byron R Ebert	162,500	1.46	
14.	Any Wu	240,000	1.03	Brian McCubbing	127,500	1.46	
15.	Citicorp Nominees Pty Ltd	220,000	0.94	David J Sharp	117,620	1.14	
16.	Lagbail Pty Ltd	206,000	0.88	Francis J Manners	116,000	1.05	
17.	Jonenderbee Investments Pty Ltd	200,000	0.86	Piew H Kueh	100,000	1.04	
18.	Tuck Lam Lee	200,000	0.86	Jonenderbree Investments Pty Ltd	100,000	0.90	
19.	Colbern Fiduciary Nominees	200,000	0.86	Amber Management Pty Ltd	100,000	0.90	
20.	Gecko Resources Pty Ltd	144,525	0.62	Phillip Nicolaou		0.90	
		10,251,822	43.90			5,357,160	48.02

ASX ADDITIONAL INFORMATION (continued)

UNQUOTED EQUITY SECURITIES

	Number on issue	Number of holders
Class A Incentive Shares	4,000,000	23
Class B Incentive Shares	4,000,000	24
Options exercisable at 25 cents on or before 16 July 2009	350,000	1*
Options exercisable at 30 cents on or before 16 July 2009	350,000	1*
Options exercisable at 35 cents on or before 16 July 2009	350,000	1*

* All unquoted options above are held by Mr Mark Thompson

SUBSTANTIAL SHAREHOLDERS

Jodie Nicole Marwick holds 1,187,500 ordinary shares in the company (5.09% interest)

VOTING RIGHTS

- a) **Ordinary Shares**
On a show of hands, every member present in person or by proxy shall have one vote and, upon a poll, each share shall have one vote.
- b) Class A Incentive Shares
No voting rights
- c) Class B Incentive Shares
No voting rights
- d) Options
No voting rights

TAX STATUS

The Company is treated as a public company for taxation purposes.

FRANKING CREDITS

The Company has nil franking credits.

TENEMENT SCHEDULE

Project	Tenements	Interest
Eudamullah	E09/1174	90%
Minnie Creek	E09/1187	90%
Michelles Well	E09/1291	90%
Bluebush Well	E09/1303	90%
Koonana Hill	E09/1438	Application