



26 November 2008

Dear Shareholders,

The current year has proved to be eventful and difficult for not only Catalyst Metals Ltd, but the entire global economy, including Australian equity markets.

The Board is aware that the global economic downturn will make the conservation of existing cash a key component to prudent company management. Accordingly, the Board has undertaken to reduce all non-core costs, including but not limited to fees payable to Directors. As Chairman I have deferred all fees payable whilst the other directors have agreed to a substantial reduction in directors fees. The Board acknowledges that shareholders have seen a reduction in the value of their shareholdings, whilst this is definitely not limited to Catalyst, we believe that it is only reasonable that the Company take all internal steps to reduce costs.

We have achieved substantial progress in acquiring the Everton project and being accepted as a qualified party to tender on the Chilean “slag – retreatment” project. Both of these projects have real potential to add significant value to shareholders. Whilst the exploration at Minnie Springs has produced economic grades the Company will now focus on the Everton and Chilean “slag – retreatment” projects.

Catalyst acquired the right to earn up to 90% of the Everton molybdenum project located east of Wangaratta in Victoria. It contains the historic Everton Molybdenite Mine, one of the largest producers of molybdenum in Australia to date. It treated approximately 21,000 tonnes ore at an average grade 1.40% MoS₂ (8392ppm Mo) and research of historic mine records show that the annular-shaped ore zones were expanding in size with depth. Importantly, Catalyst has completed geological mapping of the project which has reinforced the significant potential of the project. This basic technical work has never been previously completed and this reinforces the Company’s view that the project is remarkably underexplored.

Catalyst has formed a consortium of metallurgical and financial partners to back the testing and prototyping of techniques for processing the slag, through to completion of feasibility studies if successful with the bid. Catalyst has since received official notice from Codelco that the Catalyst Consortium has qualified for the final stage of the bid. Whilst it is anticipated that expenditure will be reduced to a minimum this project has the potential to be a real “company-maker” for the Company.

The Company is reducing all non-core land holdings and exploration costs to the bare minimum needed to maintain key assets.

In closing, I would like to extend my personal thank you and appreciation to our Board of Directors for their active involvement and wise counsel. I would also like to thank our executives, employees, consultants and contractors for their hard work and dedication to the Company. On behalf of the Board of Directors and Management, I would like to thank our shareholders for their support.

Yours faithfully

Nathan McMahon
Chairman