



CATALYST METALS LIMITED

ABN 54 118 912 495

NOTICE OF GENERAL MEETING

EXPLANATORY MEMORANDUM

PROXY FORM

Date and time of meeting

2 July 2010 at 10.00 a.m.

Place of meeting

Celtic Club
48 Ord Street
West Perth, Western Australia

CATALYST METALS LIMITED

ABN 54 118 912 495

NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of shareholders of Catalyst Metals Limited (Company) will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia on Friday, 2 July 2010 at 10.00 a.m.

AGENDA

To consider and if thought fit to pass, with or without amendment, the following resolutions as ordinary resolutions.

1. Ratification of share issue

“That for the purposes of ASX Listing Rule 7.4 and for all other purposes, shareholders ratify the placement made by the Company in December 2009 of 3,000,000 ordinary fully paid shares at an issue price of 10 cents each, further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any shareholder who participated in the share placement and any of their associates.

2. Authority for issue of options pursuant to Employee Share Option Plan

“That for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, shareholders approve as an exception to the 15% limit in ASX Listing Rule 7.1, issues of options made within the next three years pursuant to the Catalyst Metals Limited Employee Share Option Plan (as amended from time to time), further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any employees or directors of the Company and any of their associates.

3. Grant of options to consultants

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, shareholders approve the grant of 1,500,000 options to consultants of the Company (or their nominees), further details of which are set out in the explanatory memorandum accompanying the notice of meeting.”

The Company will disregard any votes cast on this resolution by any person who may participate in the proposed issue and a person who may obtain a benefit, except a benefit solely in the capacity of a security holder (if the resolution is passed) and any associates of those persons.

By order of the Board

Frank Campagna
Company Secretary

Perth, Western Australia
31 May 2010

VOTING EXCLUSION NOTE

Where a voting exclusion applies, the Company will not disregard a vote if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form, or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

PROXIES

A member of the Company who is entitled to attend and vote at the meeting may appoint a proxy to attend and vote for the member at the meeting. A proxy need not be a member of the Company. A proxy form is attached. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.

In accordance with Regulation 7.11.37 of the Corporations Regulations, the directors have determined that the identity of those entitled to attend and vote at the meeting is to be taken as those persons who held shares in the Company as at 10.00 a.m. on 30 June 2010.

CATALYST METALS LIMITED

ABN 54 118 912 495

EXPLANATORY MEMORANDUM

This explanatory memorandum has been prepared for the information of shareholders of Catalyst Metals Limited in connection with the business to be considered at the forthcoming general meeting of shareholders of the Company and should be read in conjunction with the accompanying notice of meeting.

RESOLUTION 1 – RATIFICATION OF SHARE ISSUE

In December 2009, Catalyst made a placement of 3,000,000 ordinary fully paid shares, at a subscription price of 10 cents each, to raise \$300,000 in additional working capital for the Company. The placement was made by way of an excluded offer of ordinary shares under Section 708 of the Corporations Act.

ASX Listing Rule 7.1 prohibits a listed company from issuing shares representing more than 15% of its issued capital in any 12 month period without obtaining shareholder approval (subject to certain exceptions).

Under ASX Listing Rule 7.4, a company can seek ratification of issues that have been made within the 12 month period. The effect of such ratification is that the issue of shares is then deemed to have been made as if shareholder approval had been obtained, thus not counting towards the 15% limit.

Resolution 1 seeks the ratification by shareholders of the issue of the 3,000,000 shares to sophisticated and professional investors. If the resolution is approved then those shares will be deemed to have been issued pursuant to shareholder approval thus they will not be counted in the 15% capacity.

ASX Listing Rule 7.5 requires that the following information be provided to shareholders for the purposes of obtaining shareholder approval pursuant to ASX Listing Rule 7.4:

- (a) the total number of securities issued was 3,000,000 fully paid shares;
- (b) the issue price of the securities was 10 cents per share;
- (c) the shares were allotted and credited as fully paid and rank equally with the existing shares on issue;
- (d) the shares were allotted and issued to sophisticated and professional investors, who are not related parties of the Company and
- (e) the funds raised are to be used for planned exploration programmes on the Company's existing projects, the review of additional project opportunities and for general working capital purposes.

The Board recommends that shareholders vote in favour of Resolution 1 as it allows the Company to ratify the above issue of shares and to retain the flexibility to issue further securities representing up to 15% of the Company's share capital during the next 12 month period.

RESOLUTION 2 – AUTHORITY FOR ISSUE OF OPTIONS PURSUANT TO EMPLOYEE SHARE OPTION PLAN

The Company proposes to establish a new Employee Share Option Plan (Plan), to assist in the recruitment and retention of key personnel for the ongoing management of the Company's existing and future operations.

ASX Listing Rule 7.1 prohibits a company from issuing new securities representing more than 15% of its issued share capital during the following 12 month period without shareholder approval. ASX Listing Rule 7.2 (Exception 9) provides that options issued under an employee incentive scheme are excluded from this restriction, provided that, within 3 years before the date of issue, the issues of securities under the scheme have been approved by shareholders in general meeting.

Resolution 2 seeks the approval of shareholders for the potential issue of options under the Plan for 3 years after the date of the general meeting, without those options being subject to the 15% limit contained in ASX Listing Rule 7.1. The Plan will be known as the Catalyst Metals Limited Employee Share Option Plan.

There is no longer any requirement under the ASX Listing Rules for shareholders to approve the establishment or operation of an employee incentive scheme. Accordingly, if Resolution 2 is not passed, the Board will proceed with introducing the Plan, however any options issued under the Plan will count towards the 15% restriction.

A previous employee option scheme was adopted prior to the Company's listing on ASX in July 2006, however, no options were issued under that scheme. As at the date of this notice, no options have been issued under the proposed new Plan.

It should be noted that directors of the Company will not participate in the new Plan, without first obtaining specific shareholder approval.

Summary of key features

The key features of the Plan are as follows:

- options may be issued under the Plan to employees, directors or consultants (together called "Employees") of the Company (or any associated companies) as nominated by directors;
- the options will be issued for no consideration and are not transferable;
- the options will be issued at an exercise price of not less than 80% of the market price of the Company's shares on ASX;
- the expiry date of the options will be determined by the directors at the time of issue of the options;
- the directors may elect to issue the options with vesting conditions whereby the options will vest to the Employee progressively over a period of time;
- options that have not vested may be exercised in the event of a takeover offer or a change of control of the Company;
- the maximum number of options on issue under the Plan cannot be more than 5% of the number of shares on issue in the Company from time to time, subject to certain exceptions;
- the Company will not apply for official quotation of the options; and
- all shares issued upon exercise of the options will rank pari passu with existing shares on issue.

A full copy of the terms and conditions of the Plan is available upon request.

Purpose of the Plan

The primary purposes of the Plan are to assist in attracting and retaining key personnel required for the ongoing management and proposed expansion of the Company's activities in the future.

Options issued under the Plan are expected to increase the motivation of Employees of the Company, promote the retention of Employees, align Employee interests with those of the Company and its shareholders and to reward Employees who contribute to the growth of the Company.

The future success of the Company is in part dependent on the skills and commitment of the Company's Employees. It is therefore important that the Company is able to attract and retain people of the highest calibre.

The directors consider that the introduction of the Plan will provide Employees with an opportunity and an additional incentive to participate in the future growth of the Company.

RESOLUTION 3 – GRANT OF OPTIONS TO CONSULTANTS

As previously stated, ASX Listing Rule 7.1 provides generally that a company may not issue shares equal to more than 15% of the company's issued share capital in any 12 months without obtaining shareholder approval.

The Company has entered into arrangements for the provision by external consultants of accounting, corporate and management services to the Company. The Board believes that these arrangements are a cost effective and flexible method of managing the Company's ongoing corporate management and compliance responsibilities. Under the terms of engagement with the consultants, the Company has agreed to grant a total of 1,500,000 unlisted options. 750,000 options will be exercisable at 20 cents each on or before 30 June 2014 (2014 Options) and 750,000 options will be exercisable at 30 cents each on or before 30 June 2015 (2015 Options). The 2014 Options will vest immediately and the 2015 Options will vest on 1 January 2011.

375,000 2014 Options and 375,000 2015 Options are to be granted to John Arbuckle (or his nominee) as part of the provision of accounting and corporate advisory services to the Company. A further 375,000 2014 Options and 375,000 2015 Options are to be granted to Frank Campagna (or his nominee) as part of the provision of corporate secretarial and administration services to the Company.

The issue of the options will represent approximately 4.7% of the Company's fully-diluted share capital.

The maximum number of securities that may be issued under Resolution 3 is 1,500,000 options. The options will be issued as a single allotment within 3 months from the date of the meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules). No funds will be raised from the grant of the options, however, \$375,000 will be raised upon the exercise of these options.

The options will be granted on the terms and conditions set out below. The Company will not apply to ASX for official quotation of the options.

The Board recommends that shareholders vote in favour of Resolution 3 as the grant of options forms part of the Board's strategy of retaining high calibre consultants to manage the accounting, corporate and compliance activities of the Company in a manner which limits cash operating costs.

Terms and conditions of unlisted options

The options entitle the holder to subscribe for ordinary fully paid shares (Shares) in the capital of Catalyst Metals Limited (Company). The 2014 Options are exercisable at 20 cents each on or before 30 June 2014 and vest immediately to the holder. The 2015 Options are exercisable at 30 cents each on or before 30 June 2015 and vest to the holder on 1 January 2011. The 2014 Options and the 2015 Options both also have the following terms and conditions:

- (a) Each option entitles the holder to subscribe for one (1) Share.
- (b) Once vested, the options are exercisable wholly or in part by no later than 5.00 pm (Australian Western Standard Time) on the expiry date.
- (c) If the option holder ceases to be an employee or consultant of the Company, the options that have vested are retained, but those options that have not yet vested will automatically lapse from the date of cessation as an employee or consultant.
- (d) Options may be exercised by completing an option exercise form and delivering it together with the payment for the number of Shares in respect of which the options are exercised to the registered office of the Company. Options not exercised by the expiry date shall automatically lapse.
- (e) Application will not be made to ASX Limited (ASX) for official quotation of the options. Application will be made for official quotation of the Shares issued upon exercise of options.
- (f) The options are not transferable.

- (g) There are no participating rights or entitlements inherent in the options and option holders will not be entitled to participate in new issues of securities offered to shareholders during the currency of the options. However, the Company will ensure that for the purposes of determining entitlements to any such issue, the record date will be at least 9 business days after the issue is announced.
- (h) Shares allotted pursuant to the exercise of options will be allotted following receipt of all the relevant documents and payments and will rank equally with the Company's issued Shares.
- (i) If at any time the issued capital of the Company is reconstructed, all rights of an option holder are to be changed in a manner consistent with the Corporations Act and the ASX Listing Rules.
- (j) If, from time to time, before the expiry of the options the Company makes a pro-rata issue of Shares to shareholders for no consideration, the number of Shares over which an option is exercisable will be increased by the number of Shares which the option holder would have received if the option had been exercised before the date for calculating entitlements to the pro-rata issue.

GLOSSARY OF TERMS

“ASX” means ASX Limited;

“ASX Listing Rules” means the official listing rules of ASX;

“Board” means the board of directors of the Company;

“Company” or “Catalyst” means Catalyst Metals Limited (ABN 54 118 912 495);

“Constitution” means the constitution of the Company;

“Corporations Act” means the Corporations Act 2001 (Commonwealth);

“Corporations Regulations” means the Corporations Regulations 2001 (Commonwealth);

“Plan” means the Catalyst Metals Limited Employee Share Option Plan.

CATALYST METALS LIMITED

ABN 54 118 912 495

PROXY FORM

Company Secretary
Catalyst Metals Limited
18 Emerald Terrace
West Perth Western Australia 6005

FACSIMILE: (08) 9284 5426

I/We _____

being a member of Catalyst Metals Limited,

of (address) _____

holding _____ shares in the capital of the Company,

hereby appoint _____

or failing him/her, the Chairman of the meeting as my/our proxy to vote on my/our behalf at the general meeting of the Company to be held on 2 July 2010 at the Celtic Club, 48 Ord Street, West Perth, Western Australia, and at any adjournment thereof. If no voting directions are given, the Chairman will vote in favour of each resolution.

Instructions on voting

	FOR	AGAINST	ABSTAIN
Resolution 1 Ratification of share issue	☐	☐	☐
Resolution 2 Authority to issue options under Employee Option Plan	☐	☐	☐
Resolution 3 Grant of options to consultants	☐	☐	☐

OR

If the Chairman of the meeting is appointed as your proxy, or may be appointed by default and you do **not** wish to direct your proxy how to vote in respect of the resolutions, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chairman may exercise your proxy even if he/she has an interest in the outcome of the resolution and votes cast by him/her other than as proxy holder will be disregarded because of that interest.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

Dated this _____ day of _____ 2010

Individuals and joint holders to sign:

Companies to sign (affix common seal if applicable):

Signature

Director, or sole director and sole secretary
(delete as applicable)

Signature

Director or Company Secretary

VOTING BY PROXY

1. A member of the Company entitled to attend and vote at the general meeting is entitled to appoint a proxy (who need not be a member) to attend and vote on his/her behalf.
2. If the member is entitled to cast two or more votes at the meeting, they may appoint two proxies. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes.
3. The proxy form must be received at the Company's registered office at 18 Emerald Terrace, West Perth, Western Australia, 6005, or by facsimile on (08) 9284 5426 and in both cases, not less than 48 hours before the time of the holding of the meeting.
4. In the case of joint holders of a share in the Company the vote of the senior who tenders a vote, whether in person or by proxy, attorney or representative, must be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority is determined by the order in which the names stand in the register.
5. An instrument appointing a proxy must be in writing under the hand of the appointor or of the appointor's attorney, duly authorised in writing or, if the appointor is a corporation, under seal. A copy of the power of attorney must be lodged for any proxy appointed under a power of attorney.
6. A proxy for a corporation must be appointed under the common seal of the corporation or signed in accordance with the requirements of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company; or
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary, that director.

For the Company to rely on the assumptions set out in Sections 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

7. If no voting instructions are marked on the proxy form then the proxy may vote as he/she thinks fit or may abstain from voting.

If a proxy is instructed to abstain from voting on an item of business, that person is directed not to vote on the shareholder's behalf on a poll and the shares the subject of the proxy appointment will not be counted in calculating the required majority.

Shareholders who return their proxy forms with a direction on how to vote but do not nominate the identity of their proxy will be taken to have appointed the chairman of the meeting as their proxy to vote on their behalf. If a proxy form is returned and the nominated proxy does not attend the meeting, the chairman of the meeting will act in place of the nominated proxy and vote in accordance with any instructions. Proxy appointments in favour of the chairman of the meeting which do not contain a direction how to vote will be used to support each of the resolutions proposed in the notice of meeting.