



CATALYST METALS LIMITED AND ITS CONTROLLED ENTITIES

ABN 54 118 912 495

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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CORPORATE DIRECTORY

DIRECTORS

Stephen Boston (Chairman)
Robin Scrimgeour (Non-Executive Director)
Gary Schwab (Non-Executive Director)
Bruce Kay (Non-Executive Director)

COMPANY SECRETARY

Frank Campagna

REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

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West Perth, Western Australia 6005

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AUDITORS

RSM Bird Cameron Partners
8 St Georges Terrace
Perth WA 6000

SHARE REGISTRY

Security Transfer Registrars
770 Canning Hwy
Applecross WA 6153

Telephone: +618 9315 2333
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STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange
Home Exchange: Perth
ASX Code: CYL

DIRECTORS' REPORT

The Directors present their report on Catalyst Metals Limited and its subsidiaries for the half-year ended 31 December 2011.

BOARD OF DIRECTORS

DIRECTORS

The names and details of Catalyst Metals Limited ("Company") directors in office during the half-year and up to the date of this report are as follows:

Stephen Boston
Robin Scrimgeour
Gary Schwab
Bruce Kay

Directors were in office for the entire period unless otherwise stated.

REVIEW OF OPERATIONS

Four Eagles Gold Project (Victoria)

In December 2010, Catalyst Metals Limited (**Catalyst**) entered into a formal heads of Agreement with a private company, Providence Gold and Minerals Pty Ltd (**Providence Gold**) to form a joint venture to further explore and develop the Four Eagles Gold Project (EL4525 and EL5295). The Four Eagles Gold Project is located generally along strike of the Bendigo Goldfield and west of the towns of Mitiamo and Raywood in central Victoria, extending from 20 to 70 kilometres north of Bendigo. The final Conditions Precedent were satisfied on 20 January, 2011.

Because of grain crops, most of the drilling activity was undertaken in the six month period ending 30 June, 2011. Further aircore drilling was completed in November and December 2011 with 49 holes drilled for a total of 4,275 metres. This programme discovered a new ore horizon adjacent to the Whitelaw Fault and extended the footprint of the gold anomalism further eastward. Widely spaced reconnaissance drilling on the northern EL 5295 was also conducted and showed minor alluvial gold mineralisation. Reverse Circulation (RC) drilling commenced on 12 December 2011 but was terminated on 19 December 2011 when the contracted drill rig suffered technical problems. One hole was completed to 132 metres and intersected gold values in quartz veins up to 18.3 g/t Au but sample recovery was very poor.

Catalyst Unity MOU signed on Bendigo Assets

On 22 December, 2011, Catalyst and Unity Mining Limited (**Unity**) announced that they had signed a Memorandum of Understanding (**MOU**) for Catalyst to be provided with a twelve month option to acquire the Kangaroo Flat Gold Plant, equipment and facilities, including mining and exploration tenements buildings and freehold land in the Bendigo Area (**Bendigo Assets**). The Option to Purchase Agreement was signed subsequent to the end of the half year on 31 January, 2012.

The Option to Purchase Agreement will provide Catalyst with the right to acquire the 600,000 tonne per annum Kangaroo Flat gold plant which was built by Unity in 2006 at a cost of approximately \$65 million. This is envisaged to provide an accelerated production route for any resources defined at Catalyst's Four Eagles Gold Project north of Bendigo, where high grade gold mineralisation has been identified in shallow drilling conducted by Catalyst during 2011. Catalyst will pay \$450,000 cash to Unity during the Option period.

Further details of the agreement are outlined in separate Catalyst announcements to the ASX.

Minnie Creek Project (Western Australia)

Minnie Creek is prospective for both molybdenum and tungsten mineralisation in two separate prospects about 20 kilometres apart. Diamond drilling has intersected molybdenum mineralisation at the Minnie Creek prospect with intersections including **62m @ 0.15% MoS₂** and **31m @ 0.18% MoS₂**.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

No drilling has been undertaken at the Nina tungsten prospect where surface samples of > 0.5%W indicate a zone about 700 metres long. No field activities were undertaken on the Minnie Creek tenements during the half year, but data review and compilation have been undertaken as a precursor to field activity in the March quarter of 2012.

Everton Project (Victoria)

No field activities took place at the Everton project during the half year. A meeting was held with the Victorian Department of Primary Industries in Benalla to discuss the proposed field programme at Everton which has been delayed because of the inability to contact the relevant landowner.

Corporate

On the 6 October 2011 the Company completed a share placement of 1,256,143 ordinary fully paid shares at a subscription price of 35 cents per share to raise \$439,650 before costs. The placement amount represented the balance remaining under Catalyst's 15% placement capacity and was made by way of an excluded offer of ordinary shares under section 708 of the Corporations Act 2001.

Competent person statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Bruce Kay, who is a Fellow of the Australasian Institute of Mining and Metallurgy and is a non-executive of Catalyst Metals Limited. Mr Kay has sufficient experience that is relevant to the style of mineralisation, type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the 'Australasian Code for Reporting of Exploration, Results, Mineral Resource and Ore Reserves'. Mr Kay consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2011 was \$561,603 (2010: \$239,049).

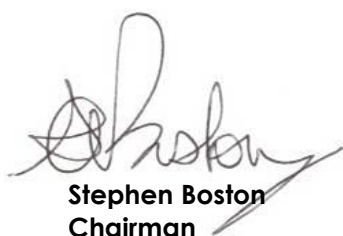
The Company's basic loss per share for the period was 1.42 cents (2010: loss of 0.73 cents per share).

No dividend has been paid during or is recommended for the financial period ended 31 December 2011.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



Stephen Boston
Chairman

Dated: 13 March 2012

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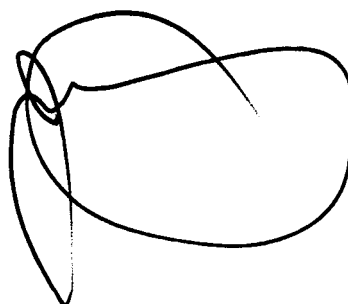
AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the review of the financial report of Catalyst Metals Limited for the half-year ended 31 December 2011, I declare that, to the best of my knowledge and belief, there have been no contraventions of:

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

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants



JAMES KOMNINOS
Partner

Perth, WA
Dated: 13 March 2012

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2011

	Note	31 December 2011 \$	30 June 2011 \$
Current Assets			
Cash and cash equivalents		1,843,707	1,918,840
Trade and other receivables		50,391	67,675
Other financial assets at fair value through profit or loss		-	120
Total Current Assets		1,894,098	1,986,635
Non-Current Assets			
Property, plant and equipment		6,057	7,629
Exploration and evaluation expenditure		288,247	283,537
Total Non-Current Assets		294,304	291,166
TOTAL ASSETS		2,188,402	2,277,801
Current Liabilities			
Trade and other payables		84,046	110,163
TOTAL LIABILITIES		84,046	110,163
NET ASSETS		2,104,356	2,167,638
Equity			
Contributed equity	5	5,839,294	5,407,344
Reserves		187,980	121,609
Accumulated losses		(3,922,918)	(3,361,315)
TOTAL EQUITY		2,104,356	2,167,638

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Half-Year Ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
Revenue	56,637	53,111
Expenses		
Occupancy costs	(600)	-
Professional fees	(69,910)	(60,494)
Administration costs	(50,399)	(23,894)
Personnel	(65,435)	(49,050)
Corporate costs	(74,990)	(82,804)
Share based payment	(66,371)	(41,750)
Exploration and evaluation expenditure written off	(290,535)	(34,168)
Loss before income tax expense	(561,603)	(239,049)
Income tax expense	-	-
Loss for the half year	(561,603)	(239,049)
Other comprehensive income	-	-
Total comprehensive loss for the half year	(561,603)	(239,049)
Total comprehensive income attributable to members of the company	(561,603)	(239,049)
Basic loss per share (cents per share)	1.42	0.73
Diluted loss per share (cents per share)	1.42	0.73

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Half-Year Ended 31 December 2011

	Contributed Equity \$	Accumulated losses \$	Reserves \$	Total \$
Balance at 1 July 2010	4,025,455	(2,084,370)	82,609	2,023,694
Total comprehensive loss for the period	-	(239,049)	-	(239,049)
Transactions with owners in their capacity as owners:				
Issue of shares	585,000	-	-	585,000
Share based payments	-	-	41,750	41,750
Balance at 31 December 2010	4,610,455	(2,323,419)	124,359	2,411,395
Balance at 1 July 2011	5,407,344	(3,361,315)	121,609	2,167,638
Total comprehensive loss for the period	-	(561,603)	-	(561,603)
Transactions with owners in their capacity as owners:				
Issue of shares	439,650	-	-	439,650
Transaction costs	(7,700)	-	-	(7,700)
Share based payments	-	-	66,371	66,371
Balance at 31 December 2011	5,839,294	(3,922,918)	187,980	2,104,356

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the Half-Year Ended 31 December 2011

	31 December 2011 \$	31 December 2010 \$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(232,797)	(128,848)
Interest received	55,649	51,360
Payments for exploration and evaluation	(324,716)	(68,686)
Net cash flows used in operating activities	(501,863)	(146,174)
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	(510)	-
Payments for exploration property capitalised	(4,710)	-
Net cash flows used in investing activities	(5,220)	-
Cash Flows from Financing Activities		
Proceeds from issue of shares	439,650	585,000
Share issue expenses	(7,700)	-
Net cash flows from financing activities	431,950	585,000
Net increase in cash and cash equivalents	(75,133)	438,826
Cash and cash equivalents at the beginning of the half-year	1,918,840	1,773,365
Cash and cash equivalents at the end of the half-year	1,843,707	2,212,191

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2011

1. BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Australian Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001. Compliance with AASB 134 ensures the financial report compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

The half-year report does not include full disclosures of the type normally included in an annual financial report. It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2011 and any public announcements made by Catalyst Metals Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the Corporations Act 2001.

The same accounting policies and methods of computation have been followed in this interim financial report as were applied in the most recent annual financial statements.

Reporting Basis and Conventions

The half-year report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

New and Revised Accounting Standards

In the current year, the consolidated entity has adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board that are relevant to its operations and effective for the current annual reporting period. The adoption of these new and revised Standards and Interpretations has not resulted in a significant or material change to the entity's accounting policies.

2. SEGMENT INFORMATION

The Company operates in one business and geographical segment being mineral exploration in Australia.

3. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE

On 23 January 2012, in accordance with the Heads of Agreement ("HoA") signed on 24 December 2010 with Providence Gold & Minerals Pty Ltd ("Providence Gold"), Catalyst notified Providence Gold that it had satisfied Phase 1 of the HoA by spending \$450,000 on exploration within the first 12 months from completion and that it intended to proceed to Phase 2 by issuing 750,000 ordinary fully paid shares and paying \$100,000 within 60 days to Providence Gold.

On 1 February 2012, Catalyst finalised a 12 month option agreement with Unity Mining Ltd ("Unity") to acquire its Kangaroo Flat Gold Plant. As part of that transaction Catalyst issued 1,000,000 ordinary fully paid shares and paid \$100,000 cash to Unity.

On 8 February 2012, Catalyst advised shareholders of a Share Purchase Plan, allowing all eligible shareholders to acquire up to \$15,000 each of shares at 40 cents per share.

Except for the above item, since the balance date there are no items, transactions or events of a material and unusual nature likely, in the opinion of the Directors, to affect significantly, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

4. CONTINGENCIES

The Company does not have any contingent assets or contingent liabilities as at 31 December 2011.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2011

		31 December 2011		30 June 2011	
		Number	\$	Number	\$
5.	CONTRIBUTED EQUITY				
	(a) Share capital				
	Ordinary shares				
	Fully paid	(c) 40,344,369	5,839,294	39,088,226	5,407,343
	(b) Other equity securities				
	Options – Unlisted	(d) 2,000,000	-	2,000,000	-
	Performance Rights - Unlisted	(e) 1,000,000	-	1,000,000	-
	Total contributed equity		<u>5,839,294</u>		<u>5,407,343</u>
	(c) Movements in Ordinary Shares				
	Details	Number of Shares	Issue Price		\$
	Balance at 30 June 2011	39,088,226			5,407,344
	Issue of shares	1,256,143	\$0.35		439,650
	Transaction costs	-			(7,700)
	Balance at 31 December 2010	<u>40,344,369</u>			<u>5,839,294</u>
	(d) Movements in Unlisted Options				
	Details	Number of Shares	Issue price		\$
	Balance at 30 June 2011	2,000,000			-
	Issue of options	-			-
	Balance at 31 December 2011	<u>2,000,000</u>			<u>-</u>
	(e) Movement in Unlisted Performance Rights				
	Details	Number of Rights	Issue price		\$
	Balance at 30 June 2011	-			-
	Issue of performance rights	<u>1,000,000</u>			-
	Balance at 31 December 2011	<u>1,000,000</u>			<u>-</u>

The options have the following terms:

- (i) 1,000,000 options with an exercise price of 20 cents per option expiring on 30 June 2014; and
- (ii) 1,000,000 options with an exercise price of 30 cents per option expiring on 30 June 2015.

The performance rights issued during the period have the following terms:

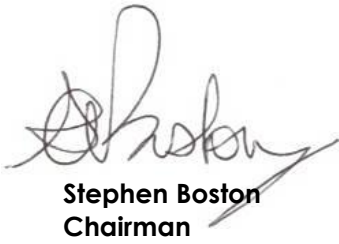
- (i) 300,000 vest on the date that Catalyst elects to continue after Phase 1 of the Four Eagles Heads of Agreement as evidenced by the satisfaction of the relevant conditions precedents to Phase 2 being the issue and allotment of 750,000 Catalyst shares and payment of \$100,000 in cash to Providence Gold; and
- (ii) 700,000 vest on the date that Catalyst becomes entitled to the transfer of a 50% interest in each of exploration licences EL4525 and EL5295 under the Four Eagles Heads of Agreement.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes:
 - a. comply with Accounting Standard AASB 134: Interim Financial Reporting and the Corporations Act 2001; and
 - b. give a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date.
2. 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.



Stephen Boston
Chairman

Dated: 13 March 2012

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**INDEPENDENT AUDITOR'S REVIEW REPORT
TO THE MEMBERS OF
CATALYST METALS LIMITED**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Catalyst Metals Limited which comprises the statement of financial position as at 31 December 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Catalyst Metals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Catalyst Metals Limited, would be in the same terms if given to the directors as at the time of this auditor's review report.

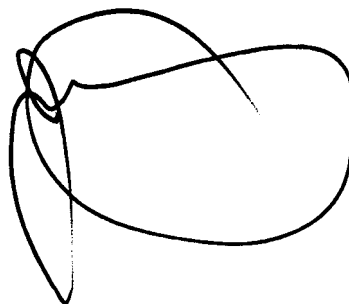
Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Catalyst Metals Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

RSM Bird Cameron Partners

RSM BIRD CAMERON PARTNERS
Chartered Accountants

A large, stylized handwritten signature in black ink, appearing to read 'James Komninou'.

Perth, WA
Dated: 13 March 2012

JAMES KOMNINOS
Partner