



# **CATALYST METALS LIMITED**

ABN 54 118 912 495

## **NOTICE OF ANNUAL GENERAL MEETING**

### **EXPLANATORY MEMORANDUM**

### **PROXY FORM**

#### **Date and time of meeting**

28 November 2018 at 10.30 a.m. (AEST)

#### **Place of meeting**

QT Melbourne  
133 Russell Street  
Melbourne, Victoria

## CATALYST METALS LIMITED

### NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the annual general meeting of shareholders of Catalyst Metals Limited (Company) will be held at Level 1, QT Melbourne, 133 Russell Street, Melbourne, Victoria on Wednesday, 28 November 2018 at 10.30 a.m. (AEST).

#### AGENDA

##### ORDINARY BUSINESS

###### Financial statements and reports

To receive and consider the annual financial report of the Company and the reports of the directors and auditors for the financial year ended 30 June 2018.

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

###### 1. Re-election of Gary Schwab as a director

“That Mr Gary Schwab, being a director of the Company, retires by rotation in accordance with Clause 11.3 of the Constitution and ASX Listing Rule 14.4, and being eligible for re-election, is hereby re-elected as a director of the Company.”

To consider and if thought fit to pass, with or without amendment, the following resolution as an ordinary, **non-binding resolution**.

###### 2. Remuneration report

“That for the purposes of Section 250R(2) of the Corporations Act, the Company adopts the Remuneration Report as contained in the annual financial report of the Company for the year ended 30 June 2018.”

*A vote on Resolution 2 must not be cast (in any capacity) by or on behalf of any member of Key Management Personnel (details of whose remuneration are included in the Remuneration Report) or a Closely Related Party of such a member. However, a person described above may cast a vote on Resolution 2 as a proxy if the vote is not cast on behalf of a person described above and either:*

- (a) the person does so as proxy appointed in writing that specifies how the proxy is to vote on the proposed resolution; or*
- (b) the Chairman of the meeting is appointed as proxy and the proxy form does not specify the way the proxy is to vote on the resolution, and expressly authorises the Chairman to exercise the proxy even if the resolution is connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company.*

##### SPECIAL BUSINESS

The special business of the meeting is to consider and if thought fit to pass, with or without amendment, the following resolutions as ordinary resolutions.

###### 3. Authority for issue of securities pursuant to Employee Incentive Plan

“That for the purposes of ASX Listing Rule 7.2 (Exception 9) and for all other purposes, approval is given for the Company to adopt an employee incentive scheme titled Catalyst Metals Limited Employee Incentive Plan (as amended from time to time) and for the issue of securities under that Plan, on the terms and conditions set out in the explanatory memorandum.”

*The Company will disregard any votes cast in favour of this Resolution by or on behalf of any director except one who is ineligible to participate in any employee incentive scheme in relation to the Company, or any associates of those directors. However, the Company need not disregard a vote if it is cast by a person as a 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.*

*A person appointed as proxy must not vote on this Resolution on the basis of that appointment if:*

- (a) that person is either a member of Key Management Personnel or a Closely Related Party; and*
- (b) the appointment does not specify how the proxy is to vote on the proposed resolution;*

*unless the person appointed is the Chairman of the meeting and that appointment expressly authorises the Chairman to exercise the proxy even if the proposed resolution is connected directly or indirectly with the remuneration of Key Management Personnel of the Company.*

#### **4. Approval for issue of options to Gary Schwab**

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Company to issue up to 700,000 Options as director incentive remuneration to Gary Schwab (or his nominee) on the terms and conditions set out in the explanatory memorandum accompanying the notice of meeting.”

*The Company will disregard any votes cast in favour of this Resolution by or on behalf any director who is eligible to participate in the employee incentive scheme in respect of which the approval is sought, or any associates of those directors (Resolution 4 Excluded Party). However, the Company will not disregard a vote if:*

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of 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.*

*A person appointed as a proxy must not vote, on the basis of that appointment, on this Resolution if:*

- (a) the proxy is either a member of Key Management Personnel; or a Closely Related Party of such a member; and*
- (b) the appointment does not specify the way the proxy is to vote on this Resolution.*

*Provided the chair is not a Resolution 4 Excluded Party, the above prohibition does not apply if:*

- (a) the proxy is the Chair; and*
- (b) the appointment expressly authorises the Chair to exercise the proxy even though this Resolution is connected directly or indirectly with remuneration of a member of Key Management Personnel.*

To consider and if thought fit, to pass the following resolutions as special resolutions.

#### **5. Approval for 10% placement capacity**

“That for the purposes of ASX Listing Rule 7.1A and for all other purposes, approval is given for the Company to issue up to that number of Equity Securities equal to 10% of the issued capital of the Company at the time of issue, calculated in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 and on the terms and conditions set out in the explanatory memorandum accompanying the notice of meeting.”

*The Company will disregard any votes cast in favour of this Resolution by or on behalf of any person who is expected to participate in the issue of Equity Securities under this resolution or a person who will obtain a material benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed, and any associates of those persons. As at the date of this notice of meeting the Company has no specific plans to issue Equity Securities pursuant to ASX Listing Rule 7.1A and therefore it is not known who (if any) may participate in a potential issue of Equity Securities under ASX Listing Rule 7.1A.*

*However, the Company will not disregard a vote if:*

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the proxy form; or*
- (b) it is cast by the chair of 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.*

## **6. Adoption of new constitution**

“That for the purposes of Section 136(2) of the Corporations Act and for all other purposes, the constitution contained in the document tabled at the meeting and signed by the chairman for the purposes of identification, be and is hereby approved and adopted as the new constitution of the Company in substitution for and to the exclusion of the existing Constitution.”

By order of the Board

**Frank Campagna**  
Company Secretary

Perth, Western Australia  
16 October 2018

### ***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.

### ***Proxy appointments***

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 shareholder who is entitled to cast 2 or more votes may appoint 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints 2 proxies and the appointment does not specify the proportion or number of the member's votes, then in accordance with Section 249X(3) of the Corporations Act, each proxy may exercise one-half of the votes.

A proxy form is enclosed. If required it should be completed, signed and returned to the Company's registered office in accordance with the proxy instructions on that form.

### ***Voting entitlements***

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 4.00 p.m. (AEST) on 26 November 2018.

**CATALYST METALS LIMITED**  
**EXPLANATORY MEMORANDUM**

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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 annual general meeting of shareholders of the Company and should be read in conjunction with the accompanying notice of meeting.

**ANNUAL FINANCIAL REPORT**

The financial report of the Company for the year ended 30 June 2018 (including the financial statements, directors' report and auditors' report) was included in the 2018 annual report of the Company, a copy of which is available on the Company's web-site at [www.catalystmetals.com.au](http://www.catalystmetals.com.au).

There is no requirement for shareholders to approve these reports. However, time will be allowed during the annual general meeting for consideration by shareholders of the financial statements and the associated directors' and auditors' reports.

**RESOLUTION 1 – RE-ELECTION OF GARY SCHWAB AS A DIRECTOR**

ASX Listing Rule 14.4 and Clause 11.3 of the Constitution require that a director (other than a managing director) must not hold office without re-election for more than 3 years and that one third of the directors in office (other than a managing director) must retire by rotation at each annual general meeting of the Company.

Mr Gary Schwab was last re-elected in November 2015 and therefore retires at the forthcoming annual general meeting in accordance with the Constitution and ASX Listing Rule 14.4 and being eligible, has offered himself for re-election at that meeting.

Mr Schwab was appointed as an independent non-executive director of the Company in December 2009. Mr Schwab is a Certified Practising Accountant with over 40 years business experience, including 20 years in the resources sector. Mr Schwab was previously Executive Director for a privately owned commodities group. In that role, Mr Schwab was responsible for managing a long term wealth creation strategy (in conjunction with the principal and owner) which culminated in the creation of what is currently one of Australia's wealthiest unlisted private commodities companies. Mr Schwab is chairman of the audit committee.

The Board recommends that shareholders vote in favour of the re-election of Mr Schwab as a director of the Company. The Chairman intends to vote all available undirected proxies in favour of Resolution 1.

**RESOLUTION 2 – REMUNERATION REPORT**

The Remuneration Report is contained in the Directors' Report section of the Company's 2018 annual report. The Remuneration Report describes the underlying principles and structure of the remuneration policies of the Company and sets out the remuneration arrangements in place for directors and senior executives.

The Corporations Act requires that a resolution to adopt the Remuneration Report be put to the vote of shareholders of the Company. Shareholders should note that the vote on Resolution 2 is not binding on the Company or its directors. However, the directors take the discussion at the meeting and the outcome of the vote into account when considering the Company's remuneration practices.

The Chairman of the meeting intends to vote all available proxies in favour of Resolution 2.

### **RESOLUTION 3 – AUTHORITY FOR ISSUE OF SECURITIES PURSUANT TO EMPLOYEE INCENTIVE PLAN**

Resolution 3 seeks the approval of shareholders for the adoption of an employee incentive scheme titled the Catalyst Metals Limited Employee Incentive Plan (**Plan**) in accordance with ASX Listing Rule 7.2 (Exception 9(b)).

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue more equity securities during any 12 month period than that amount which represents 15% of the number of fully paid ordinary securities on issue at the commencement of that 12 month period. ASX Listing Rule 7.2 (Exception 9(b)) sets out an exception to ASX Listing Rule 7.1 which provides that issues under an employee incentive scheme are exempt for a period of 3 years from the date on which shareholders approve the issue of securities under the scheme as an exception to ASX Listing Rule 7.1.

If Resolution 3 is passed, the Company will be able to issue Shares and other securities convertible to Shares under the Plan to eligible participants over a period of 3 years without impacting on the Company's ability to issue up to 15% of its total ordinary securities without shareholder approval in any 12 month period.

Shareholders should note that no securities have previously been issued under the Plan. However, approval is being sought pursuant to Resolution 4 for the issue of incentive options to a director of the Company, Gary Schwab.

The Company has previously established the Catalyst Metals Limited Employee Share Option Plan (**ESOP**) which was last approved by shareholders in November 2015 and the Catalyst Metals Limited Performance Rights Plan (**Rights Plan**) which was last approved by shareholders in November 2017 (**Previous Plans**). Since the last shareholder approvals of the Previous Plans, the Company has issued a total of 1,000,000 Options and has not granted any performance rights under the Previous Plans. It is proposed that the Previous Plans will be replaced by the Catalyst Metals Limited Employee Incentive Plan.

The objective of the Plan is to attract, motivate and retain selected employees, directors and consultants of the Company or any of its subsidiaries (**Eligible Participants**) by providing equity incentives and rewards. It will also enable Eligible Participants, upon becoming shareholders, to participate in the future growth and development of the Company. The directors consider this to be a cost effective and efficient means of providing targeted incentives and rewarding Eligible Participants and expects it to result in ongoing benefits to both the Company and Eligible Participants.

Any future issues of securities under the Plan to a related party or a person whose relation with the Company or the related party is, in ASX's opinion, such that approval should be obtained will require specific shareholder approval under ASX Listing Rule 10.14 at the relevant time.

A summary of the key terms and conditions of the Plan is set out in Annexure A. In addition, a copy of the Plan is available to shareholders upon request to the Company.

### **RESOLUTION 4 – APPROVAL FOR ISSUE OF INCENTIVE OPTIONS TO GARY SCHWAB**

Resolution 4 seeks approval for the issue of up to 700,000 Options (**Director Options**) to a non-executive director of the Company, Mr Gary Schwab, in consideration for his ongoing contribution and commitment to the Company since his appointment as a director in 2009 and in the future. Mr Schwab has been instrumental in the introduction of joint venture partners to the Company's projects and his role has included acting as chair of joint venture management committees and chair of the audit committee, ongoing management of joint venture and stakeholder relationships, evaluation of project opportunities and other additional responsibilities.

The Director Options are to be issued pursuant to the Catalyst Metals Limited Employee Incentive Plan which is subject to the approval of shareholders in accordance with Resolution 3.

### **Chapter 2E of the Corporations Act**

For a public company, or an entity that the public company controls, to give a financial benefit to a related party of the public company, the public company must:

- (a) obtain the approval of the public company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- (b) give the benefit within 15 months following such approval, unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

The grant of Director Options constitutes the giving a financial benefit as Mr Schwab is a related party of the Company by virtue of being a director.

The directors (other than Mr Schwab who has a material personal interest in the Resolution) consider that shareholder approval pursuant to Chapter 2E of the Corporations Act is not required in respect of the grant of the Director Options because the grant of the Director Options is considered reasonable remuneration in the circumstances of the Company and the extensive past and ongoing service of Mr Schwab to the Company.

### **ASX Listing Rule 10.14**

ASX Listing Rule 10.14 also requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities under an employee incentive scheme to a director of the entity, an associate of the director, or a person whose relationship with the entity, director or associate of the director is, in ASX's opinion, such that approval should be obtained.

As the issue of the Director Options involves the issue of securities under an employee incentive scheme to a director of the Company, shareholder approval pursuant to ASX Listing Rule 10.14 is required unless an exception applies. It is the view of the directors that the exceptions do not apply in the current circumstances.

### **Shareholder approvals – ASX Listing Rule 10.15**

In accordance with ASX Listing Rule 10.15, the following information is provided in relation to Resolution 4:

- (a) the Director Options will be granted to Gary Schwab (or his nominee);
- (b) the maximum number of Director Options to be issued is 700,000;
- (c) the exercise price of the Director Options will be nil per Director Option (**Exercise Price**);
- (d) the Director Options will be granted no later than 12 months after the date of the meeting and it is intended that issue of the Director Options will occur on the same date;
- (e) the Director Options will be issued for nil cash consideration, accordingly no funds will be raised;
- (f) all directors of the Company are entitled to participate in the Plan, however, at the current time the Company only intends to make an offer to Mr Schwab. Accordingly, approval is being sought only for the issue of Director Options to Mr Schwab;
- (g) no loan will be provided to Mr Schwab in connection with the issue of Director Options; and
- (h) the terms and conditions of the Director Options are set out in Annexure B.

Approval pursuant to ASX Listing Rule 7.1 is not required for the grant of the Director Options as approval is being obtained under ASX Listing Rule 10.14. Accordingly, the grant of Director Options to Mr Schwab (or his nominee) will not be included in the calculation of the Company's 15% annual placement capacity pursuant to ASX Listing Rule 7.1.

## **RESOLUTION 5 – APPROVAL FOR 10% PLACEMENT CAPACITY**

ASX Listing Rule 7.1A provides that an “eligible entity” may seek shareholder approval by special resolution at its annual general meeting to allow it to issue Equity Securities up to maximum of 10% of its issued capital (**10% Placement Capacity**). The 10% Placement Capacity is in addition to the Company's 15% placement capacity under ASX Listing Rule 7.1.

If shareholders approve Resolution 5, the number of equity securities that the Company can issue under the 10% Placement Capacity will be determined in accordance with the formula prescribed in ASX Listing Rule 7.1A.2 (as set out below).

The effect of Resolution 5 will be to allow the Company to issue equity securities of a maximum of 10% of the Company's ordinary fully paid securities on issue under the 10% Placement Capacity, during the period of up to 12 months from the date of the annual general meeting, without the requirement to obtain subsequent shareholder approval and without using the Company's 15% annual placement capacity available pursuant to ASX Listing Rule 7.1.

Resolution 5 is to be considered as a special resolution. Accordingly, at least 75% of votes cast by shareholders present and eligible to vote at the meeting must be in favour of Resolution 5 for it to be passed.

### **ASX Listing Rule 7.1A**

For the purposes of ASX Listing Rule 7.1A, an eligible entity is one that, as at the date of the relevant annual general meeting:

- (a) is not included in the S&P/ASX 300 Index; and
- (b) has a maximum market capitalisation (excluding restricted securities and securities quoted on a deferred settlement basis) of \$300 million.

As at the date of this notice, the Company is an eligible entity as it is not included in the S&P/ASX 300 Index and has a current market capitalisation of \$121.8 million.

Any Equity Securities issued under the 10% Placement Capacity must be in the same class as an existing class of quoted Equity Securities. The Company currently has one class of quoted Equity Securities on issue, being ordinary Shares (ASX trading code: CYL).

The exact number of Equity Securities that the Company may issue under ASX Listing Rule 7.1A will be calculated according to the following formula:

$$(A \times D) - E$$

Where:

**A** is the number of Shares on issue 12 months before the date of issue or agreement:

- (i) plus the number of Shares issued in the previous 12 months under an exception in ASX Listing Rule 7.2;
- (ii) plus the number of partly paid Shares that became fully paid in the previous 12 months;
- (iii) plus the number of Shares issued in the previous 12 months with the approval of holders of Shares under ASX Listing Rules 7.1 and 7.4. This does not include an issue of ordinary fully paid Shares under the company's 15% placement capacity without shareholder approval; and
- (iv) less the number of Shares cancelled in the previous 12 months.

**D** is 10%.

**E** is the number of Equity Securities issued or agreed to be issued under ASX Listing Rule 7.1A.2 in the 12 months before the date of issue or agreement to issue that are not issued with the approval of holders of ordinary securities under ASX Listing Rule 7.1 or 7.4.

**Technical information required by ASX Listing Rule 7.1A**

In accordance with ASX Listing Rule 7.3A, the information below is provided in relation to Resolution 5:

**(a) Minimum price**

The minimum price at which the Equity Securities may be issued is 75% of the volume weighted average price of Equity Securities in that class, calculated over the 15 ASX trading days on which trades in that class were recorded immediately before:

- the date on which the price at which the Equity Securities are to be issued is agreed; or
- if the Equity Securities are not issued within 5 ASX trading days of the above date, the date on which the Equity Securities are issued.

The Company may also issue Equity Securities under the 10% Placement Capacity as consideration for the acquisition of a new asset, resource or investment, in which case the Company will release to the market a valuation of those Equity Securities that demonstrates that the issue price of the securities complies with the rule above.

**(b) Date of issue**

The Equity Securities may be issued under the 10% Placement Capacity commencing on the date of the meeting and expiring on the first to occur of the following:

- 12 months after the date of the meeting; and
- the date of approval by shareholders of any transaction under ASX Listing Rules 11.1.2 (significant change to nature or scale of the Company’s activities) or 11.2 (disposal of main undertaking) (after which date, an approval under Listing Rule 7.1A ceases to be valid),

(the “10% Placement Capacity Period”).

**(c) Risk of voting dilution**

Any issue of Equity Securities under the 10% Placement Capacity will dilute the interests of shareholders who do not receive any Shares under the issue.

If Resolution 5 is approved by shareholders and the Company issues the maximum number of Equity Securities available under the 10% Placement Capacity, the economic and voting dilution of existing Shares would be as shown in the table below.

The table shows the dilution of existing shareholders calculated in accordance with the formula outlined in ASX Listing Rule 7.1A(2), on the basis of the current market price of Shares and the current number of equity securities on issue as at the date of this notice of meeting.

The table shows the voting dilution impact for securities issued under the 10% Placement Capacity where the number of Shares on issue (Variable A in the formula) increases by 50% and 100% and the economic dilution where there are changes in the issue price of Shares (based on a 50% decrease to current market price of Shares and 100% increase).

Number of Shares on issue (Variable A in ASX Listing Rule 7.1A2)	Issue price per Share	Dilution		
		\$0.85 50% decrease in issue price	\$1.70 Issue price	\$3.40 100% increase in issue price
70,212,444 (Current Variable A)	Shares issued (10% voting dilution) Funds raised	7,021,244 \$5,968,057	7,021,244 \$11,936,115	7,021,244 \$23,872,229
105,318,666 (50% increase in Variable A)	Shares issued (10% voting dilution) Funds raised	10,531,866 \$8,952,086	10,531,866 \$17,904,172	10,531,866 \$35,808,344
140,424,888 (100% increase in Variable A)	Shares issued (10% voting dilution) Funds raised	14,042,488 \$11,936,115	14,042,488 \$23,872,230	14,042,488 \$47,744,459

The number of Shares on issue (Variable A in the formula) could increase as a result of the issue of Shares that do not require shareholder approval (such as under a pro-rata rights issue or Shares issued under a takeover offer) or that are issued with shareholder approval under ASX Listing Rule 7.1.

**The table above is based on the following assumptions:**

1. There are currently 70,212,444 Shares on issue.
2. The issue price set out above is the closing price of Shares on the ASX on 8 October 2018 (\$1.70 per Share).
3. The Company issues the maximum possible number of equity securities under the 10% Placement Capacity.
4. The Company has not issued any Equity Securities in the 12 months prior to the meeting that were not issued under an exception in ASX Listing Rule 7.2 or with approval under ASX Listing Rule 7.1.
5. The issue of equity securities under the 10% Placement Capacity consists only of Shares. It is assumed that no Options are exercised into Shares before the date of issue of the equity securities.
6. This table does not set out any dilution pursuant to approvals under ASX Listing Rule 7.1.
7. The 10% voting dilution reflects the aggregate percentage dilution against the issued share capital at the time of issue. This is why the voting dilution is shown in each example as 10%.
8. The table does not show an example of dilution that may be caused to a particular shareholder by reason of placements under the 10% Placement Capacity, based on that shareholder's holding at the date of the annual general meeting. All shareholders should consider the dilution caused to their own shareholding depending on their specific circumstances.

Shareholders should note that there is a risk that:

- the market price for the Company's Shares may be significantly lower on the issue date than on the date of the meeting;
- the Shares may be issued at a price that is at a discount to the market price for those Shares on the date of issue; and
- the Equity Securities are issued as part of consideration for the acquisition of a new asset, in which case, no funds will be raised by the issue of the Equity Securities.

**(d) Purpose of issue under 10% Placement Capacity**

The Company may issue Equity Securities under the 10% Placement Capacity for the following purposes:

- as cash consideration in which case the Company intends to use funds raised for acquisition of new resources, assets and investments (including expenses associated with such an acquisition), continued exploration expenditure on the Company's current projects and any additional projects acquired (funds used for drilling, feasibility studies and ongoing project administration) and general working capital; or
- as non-cash consideration for the acquisition of new resources assets and investments. In such circumstances the Company will provide a valuation of the non-cash consideration as required by Listing Rule 7.1A.3.

The Company will comply with the disclosure obligations under ASX Listing Rules 7.1A(4) and 3.10.5A upon the issue of any Equity Securities.

**(e) Allocation under the 10% Placement Capacity**

The allottees of the Equity Securities to be issued under the 10% Placement Capacity have not yet been determined. However, the allottees of Equity Securities could consist of current shareholders or new investors (or both), none of whom will be related parties of the Company.

The Company will determine the allottees at the time of the issue under the 10% Placement Capacity, having regard to the following factors:

- the purpose of the issue;
- alternative methods for raising funds available to the Company at that time including, but not limited to, an entitlement issue or other offer where existing shareholders may participate;
- the effect of the issue of the Equity Securities on the control of the Company;
- the circumstances of the Company including, but not limited to, the financial position and solvency of the Company;
- prevailing market conditions; and
- advice from corporate, financial and broking advisers (if applicable).

Further, if the Company is successful in acquiring new resources, assets or investments, it is likely that the allottees under the 10% Placement Capacity will be vendors of the new resources, assets or investments.

**(f) Previous approval under ASX Listing Rule 7.1A**

The Company obtained approval under ASX Listing Rule 7.1A at the 2017 annual general meeting held on 15 November 2017. The Company has issued 6,114,541 Shares pursuant to this previous approval.

In the 12 months preceding the date of the meeting, the Company also issued a further 2,952,492 Shares, representing 4.55% of the total diluted number of Equity Securities on issue in the Company as at 28 November 2017, which was 64,802,188. The details of all issues of Equity Securities in the 12 months preceding the date of the meeting are set out in Annexure C to this explanatory memorandum.

**(g) Compliance with ASX Listing Rules 7.1A.4 and 3.10.5A**

When the Company issues Equity Securities pursuant to the 10% Placement Capacity, it will give to ASX:

- a list of the allottees of the Equity Securities and the number of Equity Securities allotted to each (not for release to the market), in accordance with ASX Listing Rule 7.1A.4; and
- the information required by ASX Listing Rule 3.10.5A for release to the market.

***Voting exclusion***

A voting exclusion statement is included in the notice of meeting. As at the date of this notice, the Company has not invited any existing shareholder to participate in an issue of Equity Securities under ASX Listing Rule 7.1A. Therefore, no existing shareholders will be excluded from voting on Resolution 5.

The Board recommends that shareholders vote in favour of Resolution 5 as it allows the Company to retain the flexibility to issue further securities representing up to 10% of the Company's share capital during the next 12 month period. The Chairman intends to vote all available undirected proxies in favour of Resolution 5.

**RESOLUTION 6 – ADOPTION OF NEW CONSTITUTION**

It is proposed that the existing Constitution of the Company be repealed in its entirety and replaced with a new constitution (**Proposed Constitution**). The existing Constitution was adopted on incorporation of the Company in 2006. The Proposed Constitution is a standard form constitution appropriate for a public company and reflects current Corporations Act and ASX Listing Rule provisions as well as contemporary business practices.

Under the Corporations Act, a company may elect to either amend parts of its constitution or replace the entire document. As there have been a number of changes to the Corporations Act since the adoption of the existing Constitution, the directors believe that it is preferable in the circumstances to repeal the existing document and to replace it with a new constitution.

Pursuant to Section 136(2) of the Corporations Act, a special resolution of shareholders is required for the adoption of a new constitution for the Company.

The Proposed Constitution is broadly consistent with the provisions of the existing Constitution. Many of the proposed changes are administrative or minor in nature including but not limited to updating references to bodies or legislation which have been renamed; and expressly providing for statutory rights by mirroring these rights in the provisions of the Proposed Constitution.

A number of amendments in the Proposed Constitution are to ensure that it is as clear and concise as possible. There have been no fundamental changes to shareholders rights, such as the rights to vote, participate in dividends or in the event of a winding up.

A copy of the Proposed Constitution can be inspected free of charge at the Company's registered office. Alternatively, shareholders may request that a copy of the Proposed Constitution be sent to them.

### ***Summary of material proposed changes***

#### **Minimum Shareholding (clause 3)**

Clause 3 of the Proposed Constitution outlines how the Company can manage shareholdings which represent an "unmarketable parcel" of Shares, being a shareholding that is less than \$500 based on the closing price of the Company's Shares on ASX as at the relevant time.

The Proposed Constitution is in line with the requirements for dealing with "unmarketable parcels" outlined in the Corporations Act such that where the Company elects to undertake a sale of unmarketable parcels, the Company is only required to give one notice to holders of an unmarketable parcel to elect to retain their shareholding before the unmarketable parcel can be dealt with by the Company, saving time and administrative costs incurred by otherwise having to send out additional notices.

Clause 3 of the Proposed Constitution continues to outline in detail the process that the Company must follow for dealing with unmarketable parcels.

#### **Fee for registration of off market transfers (clause 8.4(c))**

In January 2011, ASX amended ASX Listing Rule 8.14 with the effect that the Company may now charge a "reasonable fee" for registering paper-based transfers, sometimes referred to "off-market transfers".

Clause 8.4 of the Proposed Constitution is being introduced to enable the Company to charge a reasonable fee when it is required to register off-market transfers from shareholders. The fee is intended to represent the cost incurred by the Company in upgrading its fraud detection practices specific to off-market transfers.

Before charging any fee, the Company is required to notify ASX of the fee to be charged and provide sufficient information to enable ASX to assess the reasonableness of the proposed amount.

#### **Dividends (clause 22)**

Section 254T of the Corporations Act was amended effective 28 June 2010. There is now a three-tiered test that a company will need to satisfy before paying a dividend replacing the previous test that dividends may only be paid out of profits.

The amended requirements provide that a company must not pay a dividend unless:

- (a) the company's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- (b) the payment of the dividend is fair and reasonable to the company's shareholders as a whole; and
- (c) the payment of the dividend does not materially prejudice the company's ability to pay its creditors.

The existing Constitution reflects the former profits test and restricts the dividends to be paid only out of the profits of the Company. The Proposed Constitution is updated to reflect the new requirements of the Corporations Act. The directors consider it appropriate to update the Constitution for this amendment to allow more flexibility in the payment of dividends in the future should the Company be in a position to pay dividends.

#### **Partial (proportional) takeover provisions (new clause 36)**

A proportional takeover bid is a takeover bid where the offer made to each shareholder is only for a proportion of that shareholder's Shares.

Pursuant to section 648G of the Corporations Act, the Company has included in the Proposed Constitution a provision whereby a proportional takeover bid for Shares may only proceed after the bid has been approved by a meeting of shareholders held in accordance with the terms set out in the Corporations Act.

This clause of the Proposed Constitution will cease to have effect on the third anniversary of the date of the adoption of last renewal of the clause.

#### ***Information required by section 648G of the Corporations Act***

##### **Effect of proposed proportional takeover provisions**

Where offers have been made under a proportional off-market bid in respect of a class of securities in a company, the registration of a transfer giving effect to a contract resulting from the acceptance of an offer made under such a proportional off-market bid is prohibited unless and until a resolution to approve the proportional off-market bid is passed.

##### **Reasons for proportional takeover provisions**

A proportional takeover bid may result in control of the Company changing without shareholders having the opportunity to dispose of all their Shares. By making a partial bid, a bidder can obtain practical control of the Company by acquiring less than a majority interest. Shareholders are exposed to the risk of being left as a minority in the Company and the risk of the bidder being able to acquire control of the Company without payment of an adequate control premium. These amended provisions allow shareholders to decide whether a proportional takeover bid is acceptable in principle, and assist in ensuring that any partial bid is appropriately priced.

##### **Knowledge of any acquisition proposals**

As at the date of this notice of meeting, no director is aware of any proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

##### **Potential advantages and disadvantages of proportional takeover provisions**

The directors consider that the proportional takeover provisions have no potential advantages or disadvantages for them and that they remain free to make a recommendation on whether an offer under a proportional takeover bid should be accepted.

The potential advantages of the proportional takeover provisions for shareholders include:

- (a) the right to decide by majority vote whether an offer under a proportional takeover bid should proceed;
- (b) assisting in preventing shareholders from being locked in a minority position;
- (c) increasing the bargaining power of shareholders which may assist in ensuring that any proportional takeover bid is adequately priced; and
- (d) each individual shareholder may better assess the likely outcome of the proportional takeover bid by knowing the view of the majority of shareholders which may assist in deciding whether to accept or reject an offer under the takeover bid.

The potential disadvantages of the proportional takeover provisions for shareholders include:

- (a) proportional takeover bids may be discouraged;
- (b) lost opportunity to sell a portion of their Shares at a premium; and
- (c) the likelihood of a proportional takeover bid succeeding may be reduced.

#### **Direct voting**

The Proposed Constitution includes a new provision which allows for direct voting. Direct voting is a mechanism by which members can vote directly on resolutions which are to be determined by poll. Votes cast by direct vote by a member are taken to have been cast on the poll as if the member had cast the votes on the poll at the meeting. Directors must elect that votes can be cast via direct vote for all or any resolutions and determine the manner appropriate for the casting of direct votes. The Company does not, however, have any immediate intention to implement direct voting.

The Board recommends that shareholders vote in favour of Resolution 6. The Chairman intends to vote all available undirected proxies in favour of Resolution 6.

#### **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;

**“Closely Related Party”** is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of KMP.

**“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);

**“Equity Securities”** includes a Share, a right to a Share or Option, an Option, a convertible security and any security that ASX decides to classify as an Equity Security

**“Key Management Personnel”** or **“KMP”** means those persons having authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly, including any director (whether executive or otherwise) of the Company.

**“Option”** means an option to subscribe for a Share.

**“Share”** means an ordinary fully paid share in the capital of the Company.

## ANNEXURE A

Outlined below is a summary of the key terms of the Catalyst Metals Limited Employee Incentive Plan.

- (a) **Eligibility:** Eligible Employees include directors (both executive and non-executive), full time and part time employees and casual employees, consultants and contractors of the Company (to the extent permitted by ASIC Class Order 14/1000). Subject to the Board's consent, an Eligible Employee may nominate another person to participate in the Plan in their place.
- (b) **Administration of Plan:** The Board is responsible for the operation of the Plan and has a broad discretion to determine which Eligible Employees will be offered awards under the Plan.
- (c) **Invitation:** The Board may issue an invitation to an Eligible Employee to participate in the Plan (**Invitation**). The Invitation will specify:
  - (i) the number and type of awards (being options, performance rights and/or incentive shares) specified in the Invitation;
  - (ii) any vesting conditions, performance hurdles, performance period, exercise conditions and/or restriction conditions attaching to the awards;
  - (iii) the issue price or exercise price of the awards (as applicable);
  - (iv) an acceptance period;
  - (v) any other terms and conditions attaching to the awards; and
  - (vi) any other information required by ASIC Class Order 14/1000, the Listing Rules or any law to be included in the Invitation.
- (d) **Issue and exercise price:**
  - (i) Options shall be issued for nil cash consideration, and the Board may determine the exercise price in its absolute discretion (including whether to offer the Eligible Employee a cashless exercise facility which will entitle the Eligible Employee to set-off the exercise price against the number of Shares which the Eligible Employee is entitled to receive upon exercise of the Eligible Employee's Options);
  - (ii) Performance rights shall be issued for nil cash consideration, and Shares issued upon the conversion of performance rights shall be issued for nil cash consideration;
  - (iii) The Board shall determine the issue price of any Shares issued under the Plan, which may be nil.
- (e) **Quotation on ASX:** The Company will apply for Shares issued under the Plan and upon the exercise of options and performance rights to be admitted to trading on ASX upon issue of the Share. Quotation will be subject to the ASX Listing Rules and any holding lock applying to the Shares. Options and performance rights issued under the Plan shall not be quoted.
- (f) **Rights attaching to Shares:** Each Share issued under the Plan or on the exercise of an award shall be issued on the same terms and conditions as the Company's issued Shares (other than in respect of transfer restrictions imposed by the Plan) and will rank equally with all other issued Shares from the issue date except for entitlements which have a record date before the issue date. The holder of a Share issued under the Plan shall be entitled to receive notice of, and attend and vote at, shareholder meetings, and to receive any dividends declared by the Company.
- (g) **Rights attaching to options and performance rights:** Subject to the terms of the Plan, the Board may determine the rights attaching the options and performance rights issued under the Plan. The holder of an option or performance right issued under the Plan shall not be entitled to receive notice of, and attend and vote at, shareholder meetings, nor to receive any dividends declared by the Company.
- (h) **Restriction conditions:** Shares may be subject to restriction conditions (such as a period of employment or a performance hurdle) which must be satisfied before the Shares can be sold, transferred, or encumbered (**Restriction Condition**). The Board may waive Restriction Conditions in its absolute discretion, including where a holder dies or is a "good leaver". The Company is authorised to impose a holding lock on the Shares to implement these restrictions.

- (i) **No transfer:** Shares issued under the Plan or any beneficial or legal interest in awards may not be transferred, encumbered or otherwise disposed of, or have a Security Interest granted over them, by a Participant unless:
  - (i) all Restriction Conditions (if any) have been satisfied or waived by the Board;
  - (ii) the prior consent of the Board is obtained which consent may impose such reasonable terms and conditions on such transfer, encumbrance or disposal as the Board sees fit; or
  - (iii) by force of law upon death to the Participant's legal personal representative or upon bankruptcy to the Participant's trustee in bankruptcy.
- (j) **Forfeiture of Shares:** Where a Restriction Condition in relation to Shares is not satisfied by the due date, or becomes incapable of satisfaction (as determined by the Board in its reasonable opinion), and is not waived by the Board, the holder of those Shares forfeits its right, entitlement and interest in and to the Shares and the Company must, unless the Restriction Condition is waived by the Board, either:
  - (i) arrange to buy back and cancel the relevant Shares within 6 months of the date the Restriction Condition was not satisfied (or became incapable of satisfaction) under the Corporations Act at a price equal to the cash consideration paid by the holder for the Shares; or
  - (ii) arrange to sell the Shares on behalf of the holder (using a power of attorney) as soon as reasonably practicable after the Restriction Condition was not satisfied (or became incapable of satisfaction) on the ASX or to an investor who falls within an exemption under Section 708 of the Corporations Act (provided that the sale must be at a price that is no less than 80% of the volume weighted average price of Shares on ASX over the 10 trading days before the sale date), and apply the sale proceeds in the following priority:
    - firstly, to use towards repaying any cash consideration paid by the holder for the Shares; and
    - secondly, any remainder to the Company to cover its costs of managing the Plan.
- (k) **Power of Attorney:** The holder irrevocably appoints each of the Company and each director of the Company severally as his or her attorney to do all things necessary to give effect to the buy back or sale of the holder's Shares in accordance with the Plan.
- (l) **Ceasing to be an Eligible Employee:** If an Eligible Employee ceases to be an employee or director of the Company and:
  - (i) at that time there are unfulfilled Restriction Conditions in relation to Shares under the Plan held by the Eligible Employee or his or her nominee, the Shares are forfeited and the Company must either buy back or sell the Shares in accordance with the Plan;
  - (ii) the termination of employment or engagement is due to wilful misconduct, gross negligence or material breach of employment contract (**Misconduct**), then unvested awards shall lapse and the Board may determine that vested awards that have not been exercised shall also lapse; and
  - (iii) the termination of employment or engagement is not due to Misconduct, then vested awards may be exercised within 6 months from the date of termination of employment, and the Board may in its discretion determine whether to waive any vesting conditions, exercise conditions or restriction conditions to permit the Eligible Employee to exercise awards or sell or retain Plan Shares or other securities.
- (m) **Change of control events:** Unvested awards shall immediately vest and become exercisable if:
  - (i) (**Takeover**) a takeover bid for the Company's issued Shares is declared unconditional;
  - (ii) (**Compromise or Arrangement**): a court approves under Section 411(4)(b) of the Corporations Act a proposed compromise or arrangement for the purposes of or in connection with a scheme for the reconstruction of the Company or its amalgamation with any other company or companies; or

- (iii) **(Sale of main business)**: the Company enters into an agreement to sell its main business undertaking or principal assets and that agreement becomes unconditional.
- (n) **Plan limit**: The Company must take reasonable steps to ensure that the number of Shares to be received on the exercise of awards, when aggregated with:
  - (i) the number of Shares that would be issued if each outstanding offer made or award granted under the Plan or any other employee incentive scheme of the Company were to be exercised or accepted; and
  - (ii) the number of Shares issued during the previous 3 years under the Plan (or any other employee share scheme extended only to eligible employees),

does not exceed 5% of the total number of Shares on issue at the time of an offer (but disregarding any offer of Shares or Awards that can be disregarded in accordance with relevant ASIC Class Orders).

**ANNEXURE B**  
**TERMS AND CONDITIONS OF DIRECTOR OPTIONS**

The Options entitle the holder to subscribe for Shares in the capital of the Company on the following terms and conditions:

- (a) The Options will vest to the holder 12 months from the date of issue and otherwise in accordance with the terms of the Catalyst Metals Limited Employee Incentive Plan.
- (b) Following vesting of the Options, the Options are exercisable at any time on or before 5.00 pm (Australian Western Standard Time) on 31 July 2024 (**Expiry Date**).
- (c) Each Option entitles the holder to subscribe for one (1) Share in the Company at an Option exercise price of \$Nil (\$0.00) per share.
- (d) If the Option holder ceases to be director of the Company, the Options that have vested will be retained by the holder and those Options which have not yet vested will lapse, unless the Board decides otherwise in its absolute discretion.
- (e) Options may be exercised by completing an Option exercise form and delivering it to the Company's share registry together with payment for the number of Shares in respect of which the Options are exercised. Options not exercised by the Expiry Date shall automatically lapse.
- (f) The Options may be exercisable in whole or in part. If the Options are exercised in part, each notice of exercise must be for not less than 1,000 Shares and thereafter in multiples of 1,000 Shares.
- (g) Application will not be made to ASX Limited for official quotation of the Options. Shares issued upon exercise of the Options will rank equally in all respects with the Company's then existing shares. Application will immediately be made for official quotation of the Shares issued upon exercise of Options.
- (h) The Options are not transferable in whole or in part, except in accordance with the terms of the Catalyst Metals Limited Employee Incentive Plan.
- (i) There are no participating rights or entitlements inherent in the Options to participate in new issues of securities which may be made or offered by the Company to its shareholders from time to time prior to the Expiry Date unless and until the Options are exercised. The Company will ensure that during the exercise period of the Options the Company will notify Option holders of the record date for the purposes of determining entitlements to any such issue in accordance with the applicable timetable set out in the ASX Listing Rules.
- (j) In the event of a reconstruction (including consolidation, subdivision, reduction or return) of the issued capital of the Company, all rights of the Option holder shall be reconstructed in accordance with the ASX Listing Rules.
- (k) There will be no change to the exercise price of an Option or the number of shares over which an Option is exercisable in the event of the Company making a pro-rata issue of shares or other securities to holders of ordinary shares in the Company (other than a bonus issue). If during the currency of the Options, there is a bonus issue of shares (**Bonus Issue**) to the holders of shares in the Company, the number of shares for which an Option is exercisable will be increased by the number of shares which the holder would have received if the Option had been exercised before the record date of the Bonus Issue.

## ANNEXURE C – SUPPLEMENTARY INFORMATION FOR RESOLUTION 5

The table below sets out the details of all issues of Equity Securities by the Company in the 12 months preceding the annual general meeting, as required by Listing Rule 7.3A.6(b).

Date	Number	Class	Recipients	Issue price and discount to market price <sup>2</sup> (if any)	Form of consideration <sup>3</sup>
07.12.17	6,410,256	Shares <sup>1</sup>	St Barbara Limited	78 cents per share (19% discount to market price)	Cash consideration of \$5,000,000 to fund ongoing exploration programmes and as additional working capital for the Company. Amount spent = approx. \$2,000,000
21.12.17 to 30.06.18	2,238,249	Shares <sup>1</sup>	Optionholders upon exercise of listed options	50 cents per share	Cash consideration of \$1,119,124. Amount spent = approx. \$560,000
18.07.18	318,528	Shares <sup>1</sup>	St Barbara Limited, as underwriter of listed options	50 cents per share	Cash consideration of \$159,264. Underwriting of shortfall of exercise of listed options. Amount spent = \$159,264
26.07.18	100,000	Shares <sup>1</sup>	Martin Place Securities Pty Ltd	\$1.00 per share	Cash consideration of \$100,000. Exercise of unlisted options. Amount spent = \$100,000

### Notes

<sup>1</sup> Ordinary fully paid shares (ASX: CYL).

<sup>2</sup> Market price means the closing price on ASX at the date of issue of the Equity Securities.

<sup>3</sup> Cash proceeds received from the issue of shares have been used for ongoing exploration and evaluation of existing mining projects and for general working capital purposes.



# CATALYST METALS LIMITED

ABN 54 118 912 495

REGISTERED OFFICE:  
44 KINGS PARK ROAD  
WEST PERTH WA 6005



**SHARE REGISTRY:**  
Security Transfer Australia Pty Ltd  
**All Correspondence to:**  
PO BOX 52  
Collins Street West VIC 8007  
Suite 913, Exchange Tower  
530 Little Collins Street  
Melbourne VIC 3000  
T: 1300 992 916 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code:

CYL

Holder Number:

## PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

**VOTE  
ONLINE**

Lodge your proxy vote securely at [www.securitytransfer.com.au](http://www.securitytransfer.com.au)

1. Log into the Investor Centre using your holding details.
2. Click on "Proxy Voting" and provide your Online Proxy ID to access the voting area.

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

The meeting chairperson

**OR**

or failing the person named, or if no person is named, the Chairperson of the meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the Annual General Meeting of the Company to be held at 10:30am AEDT on Wednesday 28 November 2018 at QT Melbourne, 133 Russell Street, Melbourne, Victoria and at any adjournment of that meeting.

#### Chairperson authorised to exercise undirected proxies on remuneration related resolutions:

If you nominate the Chairman as your proxy and do not specify the way Chairman is to vote on Resolutions 2, 3 and 4, you expressly authorise the Chairman to exercise your proxy even though Resolutions 2, 3 and 4 are connected directly or indirectly with the remuneration of a member of Key Management Personnel of the Company, which includes the Chairman. The Chairman of the meeting intends to vote undirected proxies in favour of the Resolutions.

**Please note:** If the Chairperson of the meeting is (or becomes) your proxy, you can direct the Chairperson of the meeting how to exercise your proxy on proposed Resolutions 2, 3 and by marking the appropriate box in Section B below.

### SECTION B: Voting Directions

Please mark "X" in the box to indicate your voting directions to your Proxy. The Chairperson of the Meeting intends to vote undirected proxies in FAVOUR of all the resolutions. In exceptional circumstances, the Chairperson of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

#### RESOLUTION

1. Re-election of Gary Schwab as a director

For

Against

Abstain\*

2. Remuneration report

3. Approval for issue of securities under Employee Incentive Plan

4. Approval for issue of options to Gary Schwab

5. Approval for 10% placement capacity

6. Adoption of new constitution

If no directions are given my proxy may vote as the proxy thinks fit or may abstain. \* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

### SECTION C: Signature of Security Holder(s)

This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.

Individual or Security Holder

Security Holder 2

Security Holder 3

Sole Director & Sole Company Secretary

Director

Director/Company Secretary

**Proxies must be received by Security Transfer Australia Pty Ltd no later than 10:30am AEDT on Monday 26 November 2018.**



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