



CATALYST METALS LIMITED AND ITS CONTROLLED ENTITIES
ABN 54 118 912 495

INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2010

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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
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SHARE REGISTRY

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770 Canning Hwy
Applecross WA 6153

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Facsimile: +618 9315 2233
Email: registrar@securitytransfer.com.au
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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 2010.

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 (appointed 10 February 2011)

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

REVIEW OF OPERATIONS

Four Eagles Gold Project (Victoria)

In November 2010, Catalyst Metals Limited entered into a memorandum of understanding 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.

A formal heads of agreement to form a joint venture was completed in December 2010 between Providence Gold and the Company's wholly owned subsidiary, Kite Gold Pty Ltd (**Kite Gold**).

Kite Gold intends to conduct an air-core and diamond drilling program commencing in the first quarter of 2011 to test targets generated by previous drilling conducted by Providence Gold which included 6 metres @ 82g/t Au and 3 metres @ 9.7g/t Au. The planned drilling program comprises 70 air-core holes for 7,000 metres and 2 diamond holes for 700 metres.

Previous air-core drilling by Providence Gold intersected high grade gold mineralisation and defined a prospective structural corridor over 10 kms in length. This trend lies along strike, 50 kms to the north of the Bendigo Gold Field in a similar relationship to the Whitelaw Fault. Gold is observed in quartz veining within the basement rocks of typical Bendigo style sediments.

Interpretation of the Bendigo-Mitiamo ground gravity data and imagery produced by the Victorian Department of Primary Industries in conjunction with air-core drilling show that the prospective rocks lie beneath 10-120 metres of alluvial cover. This ground remained relatively unexplored until recent times as the alluvial cover precluded the discovery of gold by previous explorers without the use of modern geophysical tools.

The key terms of the heads of agreement for the farm-in joint venture are as follows:

- At completion, \$150,000 is payable to Providence Gold for partial reimbursement of expenditure incurred on the tenements and the issue of 750,000 shares in Catalyst.
- Phase 1 commitment – during the first 12 months Kite Gold must spend \$450,000 on the tenements to further test the concept of Bendigo style mineralisation under cover on the tenement area. If Catalyst elects to continue after Phase 1 it must pay \$100,000 as further reimbursement of expenditure incurred by Providence Gold and issue a further 750,000 shares in Catalyst.
- Phase 2 commitment - to earn a 50% interest in the tenements, Kite Gold must spend a further \$1,650,000 over the next 2 years. Of this expenditure, the exploration programme must have a minimum allowable expenditure of \$550,000 per annum. Upon earning its 50% interest, Kite Gold will then become the manager of the joint venture.

DIRECTORS' REPORT

REVIEW OF OPERATIONS (Continued)

- Phase 3 commitment – should Providence Gold elect not to contribute to joint venture costs, Kite Gold will have the right to earn an additional 25% interest in the tenements by expending a further \$2,100,000 in allowable exploration expenditure over 2 years, subject to paying Providence Gold 2,500,000 shares in Catalyst and inviting Mr Tom Burrowes (the sole director of Providence Gold) to become a non-executive director of Catalyst.
- Final phase – if Kite Gold has earned a 75% interest in the joint venture, Providence Gold will be free carried until completion of a feasibility study showing a project with a net present value greater than \$50 million. At this point Kite Gold must apply for a mining licence and a Mining Joint Venture will be formed. Should Providence Gold elect not to contribute to joint venture costs, Kite Gold will earn a 100% interest in the tenements and Providence Gold will retain a 2.5% net smelter return royalty in respect of gold produced by the project.

Minnie Creek Project (Western Australia)

Minnie Creek is prospective for both molybdenum and tungsten mineralisation in two separate prospects about 20kms apart. Diamond drilling has intersected molybdenum mineralisation at the Minnie Creek prospect with intersections including **62m@0.15%MoS₂** and **31m@0.18%MoS₂**. 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, with efforts focussed on a comprehensive review of the geological database of the project. Work completed included data validation and compilation of all historic data. Up to date maps of geochemical, geological and historic drilling results were produced.

Planning is underway for the implementation of a program of mapping, prospecting and sampling beyond known areas of mineralisation. The objective of the program is to determine the geological controls of mineralisation in the area and to determine the link between the various areas of geochemical anomalies and identifying extensions of these known anomalies.

Everton Project (Victoria)

No field activities took place at the Everton project during the half year. Projects maps were produced to assist in the development and review of future work programs.

A field program consisting of detailed surface channel sampling of the Everton pit has been scheduled for the first half of 2011.

Corporate

In October 2010, the Company completed a private share placement of 4,500,000 ordinary fully paid shares at a subscription price of 13 cents per share to raise \$585,000. The funds raised will be used for planned exploration programs on the Company's existing projects, the review of additional project opportunities and for general working capital purposes.

RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2010 was \$239,049 (2009: \$107,560).

The Company's basic loss per share for the period was 0.73 cents (2009: loss of 0.4 cents per share).

No dividend has been paid during or is recommended for the financial period ended 31 December 2010.

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.

DIRECTORS' REPORT

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



Stephen Boston
Chairman

Dated: 9 March 2011

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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 2010, 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

Simon Cubitt

SIMON CUBITT
Partner

Perth, WA

Dated: *9 March 2011*

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 December 2010

	31 December 2010	30 June 2010
Note	\$	\$
Current Assets		
Cash and cash equivalents	2,212,191	1,773,365
Trade and other receivables	11,590	22,927
Other financial assets at fair value through profit or loss	120	120
Total Current Assets	<u>2,223,901</u>	<u>1,796,412</u>
Non-Current Assets		
Property, plant and equipment	9,811	12,585
Exploration and evaluation expenditure	283,117	275,277
Total Non-Current Assets	<u>292,928</u>	<u>287,862</u>
TOTAL ASSETS	<u>2,516,829</u>	<u>2,084,274</u>
Current Liabilities		
Trade and other payables	105,434	60,580
TOTAL LIABILITIES	<u>105,434</u>	<u>60,580</u>
NET ASSETS	<u>2,411,395</u>	<u>2,023,694</u>
Equity		
Contributed equity	5 4,610,455	4,025,455
Reserves	124,359	82,609
Accumulated losses	(2,323,419)	(2,084,370)
TOTAL EQUITY	<u>2,411,395</u>	<u>2,023,694</u>

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the Half-Year Ended 31 December 2010

	31 December 2010 \$	31 December 2009 \$
Revenue	53,111	28,576
Expenses		
Occupancy costs	-	(8,505)
Professional fees	(60,494)	(17,321)
Administration costs	(23,894)	(15,540)
Personnel	(49,050)	(26,526)
Corporate costs	(82,804)	(41,314)
Share based payment	(41,750)	-
Exploration and evaluation expenditure written off	(34,168)	(26,930)
Loss before income tax expense	(239,049)	(107,560)
Income tax expense	-	-
Loss for the half year	(239,049)	(107,560)
Other comprehensive income	-	-
Total comprehensive loss for the half year	(239,049)	(107,560)
Total comprehensive income attributable to members of the company	(239,049)	(107,560)
Basic loss per share (cents per share)	0.73	0.40
Diluted loss per share (cents per share)	0.73	0.40

The accompanying notes form part of this financial report.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the Half-Year Ended 31 December 2010

	Contributed Equity	Accumulated losses	Reserves	Total
	\$	\$	\$	\$
Balance at 1 July 2009	3,356,710	(1,861,199)	82,609	1,578,120
Total comprehensive loss for the period	-	(107,560)	-	(107,560)
Transactions with owners in their capacity as owners:				
Issue of shares	703,000	-	-	703,000
Transaction costs	(34,255)	-	-	(34,255)
Balance at 31 December 2009	4,025,455	(1,968,759)	82,609	2,139,305
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
Options issued	-	-	41,750	41,750
Balance at 31 December 2010	4,610,455	(2,323,419)	124,359	2,411,395

The accompanying notes form part of this financial report

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
For the Half-Year Ended 31 December 2010

	31 December 2010 \$	31 December 2009 \$
Cash Flows from Operating Activities		
Payments to suppliers, contractors and employees	(128,848)	(139,984)
Interest received	51,360	25,637
Payments for exploration and evaluation	(68,686)	(40,725)
Proceeds from R&D tax offset	-	32,885
Net cash flows used in operating activities	(146,174)	(122,187)
Cash Flows from Investing Activities		
Proceeds from sale of property, plant and equipment	-	2,011
Payments for exploration property	-	(48,275)
Net cash flows used in investing activities	-	(46,264)
Cash Flows from Financing Activities		
Proceeds from issue of shares	585,000	653,000
Share issue expenses	-	(34,255)
Net cash flows from financing activities	585,000	618,745
Net increase in cash and cash equivalents	438,826	450,294
Cash and cash equivalents at the beginning of the half-year	1,773,365	1,415,701
Cash and cash equivalents at the end of the half-year	2,212,191	1,865,995

The accompanying notes form part of this financial report.

NOTES TO THE FINANCIAL STATEMENTS

For The Half-Year Ended 31 December 2010

1. BASIS OF PREPARATION

This general purpose financial report for the half-year reporting period ended 31 December 2010 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.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2010 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 half-year report does not include full disclosures of the type normally included in an annual financial report.

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.

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 28 January 2011, in accordance with the Heads of Agreement signed on 24 December 2010 with Providence Gold & Minerals Pty Ltd ("Providence Gold"), upon satisfaction of the conditions precedent the Company's wholly owned subsidiary, Kite Gold Pty Ltd, paid Providence Gold \$150,000 for the partial reimbursement of expenditure incurred on the Four Eagles Gold project tenements and the Company issued 750,000 ordinary fully paid shares to Providence Gold.

On 10 February 2011, Mr Bruce Kay was appointed as a director of Catalyst Metals Ltd.

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 2010.

NOTES TO THE FINANCIAL STATEMENTS
For The Half-Year Ended 31 December 2010

		31 December 2010		30 June 2010	
		Number	\$	Number	\$
5.	CONTRIBUTED EQUITY				
	<i>(a) Share capital</i>				
	<i>Ordinary shares</i>				
	Fully paid	(c) 35,088,226	4,610,455	30,588,226	4,025,455
	<i>(b) Other equity securities</i>				
	Options – Unlisted	(d) 2,000,000	-	-	-
	Total contributed equity		<u>4,610,455</u>		<u>4,025,455</u>

(c) Movements in Ordinary Shares

Details	Number of Shares	Issue Price	\$
Balance at 30 June 2010	30,588,226		4,025,455
Issue of shares	<u>4,500,000</u>	\$0.13	<u>585,000</u>
Balance at 31 December 2010	<u>35,088,226</u>		<u>4,610,455</u>

(d) Movements in Unlisted Options

Details	Number of Shares	Issue price	\$
Balance at 30 June 2010	-		-
Issue of options	<u>2,000,000</u>		<u>-</u>
Balance at 31 December 2010	<u>2,000,000</u>		<u>-</u>

The options granted during the period had the following terms:

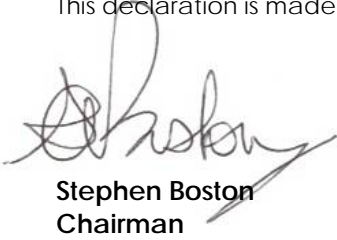
- (i) 1,000,000 options with an exercise price of 20 cents per option expiring on 30 June 2014; and
- (ii) 1,000,000 options with an exercise price of 30 cents per option expiring on 30 June 2015.

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 2010 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: 9 March 2011

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 condensed consolidated statement of financial position as at 31 December 2010, and the condensed consolidated statement of comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated 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 2010 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.

RSM Bird Cameron Partners

Chartered Accountants

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 2010 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
Chartered Accountants



SIMON CUBITT
Partner

Perth, WA
Dated:

9 March 2011