



ASX ANNOUNCEMENT

30 October 2012

BENDIGO ASSETS OPTION AGREEMENT REPLACED BY RIGHT OF FIRST REFUSAL ON PLANT COMPONENTS

- Catalyst and Unity agree to terminate the Kangaroo Flat Option Agreement
- Unity now open to use Kangaroo Flat plant components for Merged Unity/Cortona Group projects including the Dargues Reef development in New South Wales
- Catalyst granted Right of First Refusal on surplus components to 30 June 2013
- Investigations by Catalyst have identified alternative gold processing options in the Bendigo region

Catalyst Metals Limited (**Catalyst**) (**ASX: CYL**) and Unity Mining Limited (**Unity**) (**ASX:UML**) have agreed to terminate the Option Agreement to acquire the Kangaroo Flat gold processing plant, associated infrastructure and mining tenements of Unity (**Bendigo Assets**) located near Bendigo in Victoria.

This provides an opportunity for Unity to consider the use of components of the Kangaroo Flat gold processing plant for the development of the Dargues Reef mine in NSW, subject to completion of its merger with Cortona Resources Limited, or on other Group projects. In return, Catalyst will be granted a right of first refusal until 30 June 2013 to purchase any components not required by Unity.

The Option Agreement, signed on 31 January 2012, provided Catalyst with a 12 month exclusive option to purchase the Bendigo Assets. It was envisaged that the option would provide Catalyst with an accelerated production route for any resources defined at Catalyst's Four Eagles Gold Project (**Four Eagles**) located north of Bendigo, where high grade gold mineralisation has been discovered in shallow drilling during 2011 and 2012, eg:

- 0.4m @ 152.0g/t Au (FEDD008)
- 6.0m @ 82.7g/t Au (FE328)
- 1.0m @ 18.3g/t Au (FERC002)
- 3.0m @ 36.6g/t Au (FE415)
- 0.8m @ 17.5g/t Au (FEDD001)
- 3.0m @ 20.5g/t Au (FE592)
- 3.0m @ 9.1g/t Au (FE608)
- 0.8m @ 15.3g/t Au (FEDD007)

Although exploration at Four Eagles in 2012 has significantly enhanced the size and grade of the gold zones, it has become clear to Catalyst that it would not be able to define a sufficient resource at Four Eagles before the Option expiry date of 31 January 2013 in order to justify the purchase price of the Bendigo assets. The Right of First Refusal will provide Catalyst with further time during the drilling season in January to May 2013 to obtain additional information on the nature and extent of gold mineralisation at Four Eagles.

During 2012, Catalyst has also had an opportunity to explore alternative processing options in the Bendigo region, including existing gold processing facilities and the potential for construction of a modular processing facility in proximity to any identified deposit. These have the potential to provide better economic returns and may be more appropriate for the type of mineralization being intersected at Four Eagles.

Catalyst's drilling campaigns during the 2012 field season have continued to upgrade the prospectivity of the Four Eagles Gold project with three advanced prospects defined at Hayanmi, Boyd's Dam and Discovery. Each of these prospects contains high grade gold intersections that will require further testing to determine continuity of the mineralisation. Exploration has also highlighted large areas of gold potential where the basement is less than 50 metres deep.

Catalyst will continue to focus efforts on further drilling at Four Eagles in 2013 whilst investigating other processing options that could lead to early cash flow. Catalyst will have no further obligations under the Option Agreement and no further option installments are payable to Unity.

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Competent person's statement

The information in this report that relates to exploration results is based on and accurately reflects, information compiled by Mr Bruce Kay, who is a Fellow of the Australasian Institute of Mining and Metallurgy. Mr Kay is a consultant to the Company and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which 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 Resources and Ore Reserves (the JORC Code). Mr Kay consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.