

# **Catalina Resources PLC**

## **Annual Report 2008**

# Catalina Resources PLC

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# Catalina Resources PLC

## Corporate Information

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Company Registration Number (England):	05837907
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Chile Office:	Minera Catalina S.A. Augusto Leguia Norte 100, Of 510 Las Condes Santiago Chile
Directors:	Peter S Bridges Andrew J Shaw Cristián F Amunátegui Garcia-Huidobro Ceri L Phipps
Secretary and Solicitor:	Christopher M Bate Bryn-y-Môr Bangor Gwynedd LL57 2HG
Financial Advisers	Loeb Aron & Company Ltd Georgian House 63 Coleman Street London EC2R 5BB
Independent Auditors:	Kendall Wadley LLP Granta Lodge 71 Graham Road Malvern Worcestershire WR14 2JS
Bankers:	Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XP

# Catalina Resources PLC

## Review of Operations

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### Corporate

One of the main corporate objectives of Catalina Resources PLC ("Catalina") is to make initial investors' shareholdings liquid by gaining admission of the Company's shares to the Alternative Investment Market (or similar) as soon as possible. However, recent developments in capital markets have not created the most favourable conditions for a flotation and further delays are inevitable. Alternatives have been sought and a proposal from Loeb Aron & Company Ltd ("Loeb") to arrange two private placings was accepted in order to meet this objective. The Loeb proposals comprised:

- An initial Private Placing for £200,000 to meet the Company's immediate working capital requirements, and
- A subsequent Institutional Placing for up to £1,500,000 to fund further exploration, continuing with the options on some or all of Catalina's mineral properties in Chile (as appropriate), to acquire new projects of merit and to cover the listing expenses of an IPO in approximately 10 months time.

Loeb is a London-based corporate finance company founded in 1996 which specialises in raising funds for and producing detailed research on mining and exploration companies worldwide as well as early-stage and start-up financing of all kinds. Management is qualified in all aspects of mining, mineral exploration, geophysics and numerical modelling. This provides a sound basis for evaluating natural resource and physical science based companies.

Implementation of certain of the Loeb proposals required shareholder approval and an Extraordinary General Meeting of the Company was held on short notice on 11 June 2008 to approve a number of Special Resolutions. Over 99% of the returns were either votes in favour or votes at the Chairman's discretion. There were no votes cast against, nor any abstentions.

The Corporate Finance Agreement ("CFA") covering the initial Private Placing was completed and the Private Placing itself closed on 8 September 2008 raising a total of £200,550 in extremely difficult market conditions. Certain of the directors participated in the Private Placing. A second CFA covering the proposed Institutional Placing will be completed in due course.

### Joint Venture with Gold Fields Limited

One of the more significant developments during the last year was the agreement of terms of a Joint Venture agreement with Gold Fields Limited (one of the world's largest unhedged producers of gold) over Catalina's La Falda Project in Chile's Andean Cordillera. The agreed terms of the proposed Joint Venture were approved by Gold Field's Executive Committee and work is now underway to prepare and complete a comprehensive Joint Venture agreement.

The terms of the Joint Venture can be summarised:

- Gold Fields can earn a 60% interest in the La Falda Project by funding the next US\$5 million in exploration over a four-year period, with a minimum commitment of US\$1.5 million in the first year and a minimum of US\$750,000 each year thereafter.
- Within 90 days of completion, Gold Fields will have the right to earn a further 15% (for a total of 75%) by sole-funding the lesser of the cost of further exploration work towards a feasibility study, or US\$10 million within a four-year period.
- Should Gold Fields elect to earn 75%, upon completion Catalina may elect to either participate at the 25% level, or grant Gold Fields an additional 5% (taking Gold Fields to a new total of 80%) in return for arranging finance for Catalina's proportionate share of subsequent expenditures - which will be deemed a loan against Catalina's interest in the project and payable out of profits from production.
- Gold Fields has undertaken to take a shareholding (maximum 9.9%) in Catalina through an Initial Public Offering if it is completed within 10 months of signature of the full Joint Venture Agreement.

# Catalina Resources PLC

## Review of Operations

### Project Reviews

#### 1 The La Falda Project

The original exploration target at La Falda was relatively small tonnage but high-grade epithermal gold mineralisation. Recent developments mean this target has been superseded by the newly-discovered gold-porphyry target which has the potential for much larger gold resources in a high tonnage-lower grade deposit. This deposit type is similar to other producing mines and advanced exploration projects in the Maricunga Belt of the Chilean Andes.

#### *Gold Deposits in the Maricunga Belt of Chile*

Gold in the Maricunga district of Chile is produced from a variety of epithermal, porphyry and gold-porphyry deposits. The La Falda Project is in the northern part of the district, to the north of the Maricunga (formerly Refugio), Volcan, Lobo-Marte and La Pepa porphyry gold deposits. The locations of some of these deposits are shown in Figure 1.



Figure 1: Map showing the location of principal epithermal, gold-porphyry and porphyry copper-gold deposits in the northern part of the Maricunga Belt.

# Catalina Resources PLC

## Review of Operations

In order to give some idea of potential scale of these operations, Table 1 below lists published combined reserve and resource data from three of the principal gold porphyry deposits in the Maricunga Belt.

Name of Mine	Mining Company	Million oz's of Au	Grade (g/t *)	Project/Mine Status
Maricunga	Kinross	5.4 <sup>a</sup>	0.73	In production (205,750 oz's in 2007)
Lobo/Marte	Teck & Anglo	5.86 <sup>c</sup>	1.70	Updating 1998 feasibility study
Volcan (0.5 g/t cut-off)	Andina	6.62 <sup>b</sup>	0.79	Drilling / exploration

Table 1: *Published Resources of gold-porphyry deposits in the Maricunga Belt.*

a Proven and probable reserves

b Measured and indicated

c Historic resource estimate predating NI 43-101

\* Grams/tonne gold

A key exploration indicator for gold porphyry deposits in the Maricunga Belt is the presence of characteristic, banded quartz veins occurring in structurally controlled vein swarms. Veins of this type are found at all the examples above. The presence of these black-banded veinlets is considered by some to be one of the prime controls on the location of gold in the Maricunga district.

Mapping and sampling by Catalina, in 2007, located the first examples of banded veins at La Falda. Further mapping and sampling in 2008 uncovered additional areas underlain by porphyry intrusions (Norte and Central) also with banded quartz veining. Both the Central and Norte porphyry bodies at La Falda host these typical banded quartz veins. Grab samples of vein material have returned values in the range 0.5 – 1.26 g/t gold.

At Volcan, gold mineralisation occurs within swarms of banded grey to black coloured quartz veinlets and to a lesser extent as disseminated grains within the host rock. It is considered that gold grades are largely a function of the density of the banded grey to black (and white) coloured silica veinlets and that they are best developed in zones of intense advanced argillic alteration.

In the Maricunga mine, gold mineralisation is found both in porphyry-hosted stockworks and in sub-vertical sheeted veins systems with a strong structural control. This structural control is seen at outcrop scale but it is also reflected in the northwest alignment of intrusives and the three centres of mineralisation in the district, Verde, Pancho and Guanaco.



Figure 2a: *Banded quartz veinlets from Andina Minerals' Volcan Project (from Andina's website).*

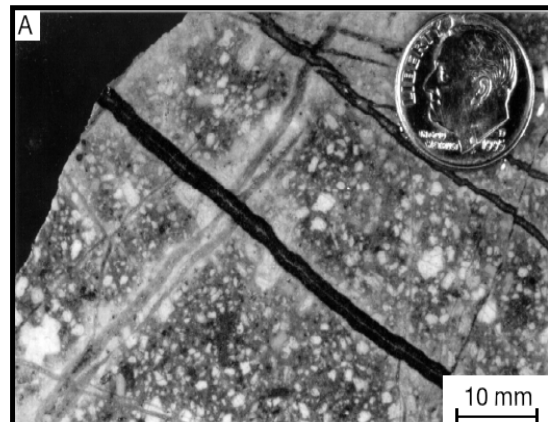


Figure 2b: *Banded quartz veinlets from Refugio - Muntean & Enaudi (2001).*

# Catalina Resources PLC

## Review of Operations

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Field observations suggest that the banded quartz veins in these deposits occur very close to the tops of the original porphyry intrusions and elsewhere in the Maricunga District the vein swarms have been proven to vertical depths of over 300 m.

The gold porphyry mineralisation discovered to date at La Falda is centred on two out of three known porphyry intrusions, distributed over 3 km in a north-south direction. Banded quartz veins very similar to those found in the gold porphyry deposits in the Maricunga Belt have been found at surface in two of these intrusions. Recent mapping by Catalina has located two discrete areas of such veining and sampling has returned values of up to 1.26 g/t gold.



Figure 3: Banded quartz veins at La Falda. Compare the similarity in appearance and occurrence to those shown in Figure 2.

These Maricunga-style gold porphyry deposits are not widely distributed and, in order to ensure that our interpretations on the geology of La Falda are as accurate as possible, we have engaged the services of Dr Jeffrey W Hedenquist of Ottawa, Canada, an independent geological consultant specialising in epithermal and porphyry Cu-Au deposits world-wide.

In his February 2008 report, following a field visit to La Falda, Dr Hedenquist summarised:

*“These observations indicate that the very top of the porphyry intrusions is exposed, with both Central and Norte host to banded quartz veins typical of the style of veins that are related to mineralisation in other Maricunga porphyry gold deposits; vertical intervals in these ore deposits are up to at least 300m. As a result of this strong similarity between La Falda and porphyry gold deposits in the Maricunga district, this prospect has taken on a completely new and positive perspective.”*

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*Figure 4: View southwest of the Falda Norte lithocap on the left on-lapping Central Porphyry on the right. Porphyry Norte is the greenish coloured hill in the middle distance.*

La Falda lies at an altitude between 4,200 and 4,700 metres in Chile's Andean Cordillera. While mines at this altitude in Chile can continue operations year-round, exploration activities are severely curtailed between the months of April and November. Consequently, fieldwork under the Joint Venture is not expected to start in earnest until December 2008 although every effort will be made to start earlier, if possible. Dependent on the weather, fieldwork will start to be scaled back again with the onset of the Chilean winter in March 2009.

Gold Fields has already started detailed technical due-diligence on the Project. Selected material from the suites of petrological samples collected by Catalina have been sent for relict sulphide analysis. Once access can be gained to the site a ground magnetic survey will be undertaken, quotations from suitable contractors are presently being sought. New roads are being planned in order to facilitate an extensive systematic geochemical sampling survey of rock outcrops and talus along with detailed geological mapping. Discussions with drilling companies have taken place in order to try to secure a rig to conduct an initial 5-hole, 1,500 m drilling programme.



# Catalina Resources PLC

## Review of Operations

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### 2 The Kahuna Project

No fieldwork has been completed recently at Kahuna and its status remains unchanged.

The Kahuna project contains two separate targets both with cobalt and copper mineralisation.

Target A lies along the sheared and altered contact between Palaeozoic metamorphic rocks and a large diorite intrusive. The contact zone varies in width from 50 to 100 m and would be amenable to open pit mining. Reverse-circulation drilling along strike in a neighbouring claim is reported to have returned economic grades of cobalt and copper.

Target B is a second series of veins which horse-tails away from the contact and can be traced north-eastwards towards the old Carrizal Alto Mine - a mining district with recorded copper production from high-grade veins. The Carrizal Alto mines were worked continuously for over 100 years and were some of the largest copper producers in Chile during the 19<sup>th</sup> century. Mining is reported to have reached 500 metres in depth but ceased when the deeper workings were flooded.

Geophysical surveys by Catalina in 2007 demonstrated that the vein structures exploited at Carrizal Alto extend to the southeast into the Target B area at Kahuna.

A programme of reverse-circulation drilling is planned to investigate the geophysical anomalies with the intention of establishing inferred resources in both areas during 2008 following the proposed Institutional Placing.

### 3 The La Perla Project

The La Perla Project is centred on a major shear structure above a granitic intrusive. Reverse-circulation drilling by Catalina in 2007 returned potentially economic grades and mineable widths. Copper and silver mineralisation is being exploited in the shear zone in adjacent properties to both the northwest and southeast.

A local mining company has recently opened an adit into the Perla shear zone where it crosses over into an adjacent concession. The adit was driven 200 m north along the zone until it intersected a skarn deposit developed where the shear zone has intersected a carbonate horizon. Analytical data on the mineralisation are not available.



*Figure 5: Recent mine workings on the Perla shear zone. The photograph has been taken looking north from Catalina ground.*

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Geological mapping has indicated that in the vicinity of the workings the shear zone dips to the east, at depth enters ground controlled by Catalina and that the shear zone in the Catalina area will be unaffected by the carbonate horizon.

The next phase of Catalina's exploration would incorporate diamond drilling to provide better samples on which to study the geology and structure of this mineralisation and the remainder of the shear zone. The exploration target at Perla is the identification of an open pit copper resource within the shear structure. The oxide, supergene enriched zones and the underlying sulphide resource will be explored.

The programme of reverse-circulation drilling is planned to lead to the establishment of an indicated resource in 2009.

#### **4 Blanca de Huequi:**

Two pitting programmes in the beach deposits at Blanca de Huequi confirmed the presence of gold and chromium but found no evidence to corroborate previous reports of alluvial platinum mineralisation. Anomalous levels of chromium were found in pit samples and it is likely that the original 1931 reports were in error and the material previously reported as platinum, was probably chromite.

The levels of chromite and gold in the alluvial sediments were too low to be economic and the property was relinquished and the full carrying value of the project has been written off in this year's profit and loss account. There are no residual environmental or legal obligations.

#### **5 New Opportunities**

Catalina staff in Chile have developed a wide network of contacts in the mining districts and in Santiago, who regularly bring new opportunities for review. On completion of the Institutional Placing, some funds will be set aside for the appraisal of new projects and for securing Option-to-Purchase agreements on those that show most potential.

#### **Operating Risks and Uncertainties**

In addition to the project specific risks discussed above, the Group also faces a number of generic risks including:

- susceptibility to political and socio-economic risks;
- exploration, development and financing risks;
- operational and environmental risks;
- risks associated with fluctuations in mineral prices;
- co-investor risks;
- dependence on key personnel and infrastructure; and
- dependence on successful diversification.

Many significant aspects of these risks are beyond the Group's control but where it can, the Group is putting in place appropriate mechanisms to minimise or mitigate them.

# Catalina Resources PLC

## Directors' Report

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The Directors present their report together with the audited Group financial statements for the year ended 30 June 2008.

### Principal activity

The Company is the parent undertaking of a group which is involved in the exploration for and the development of gold, platinum, copper and other metals and minerals in Chile, either alone or in joint venture.

### Financial results

Details of the results are set out in the Group Profit and Loss Account on page 14. The Directors do not recommend the payment of a dividend.

### Share capital

In November 2007, the Company issued 66,000 ordinary shares of £1.00 each at £3.00 per share, partly-paid. The first instalment of £1.50 per share was paid in 2007 and the second equal instalment was paid in January 2008. On 28<sup>th</sup> February 2008 a further 1,320 ordinary shares were allotted, fully paid, to Phipps & Company Limited ("Phipps & Co") in respect of this issue.

On 9<sup>th</sup> June 2008 the Company issued 6,000 ordinary shares of £1.00 each at £3.00 per share.

On 11<sup>th</sup> June 2008 the authorised share capital of the Company was increased to £1.5 million and the Directors were authorised to allot up to £1.0 million nominal value of the Company's share capital.

On 23<sup>rd</sup> September 2008 the Company issued 57,300 ordinary shares of £1 each at £3.50 per share together with 28,650 Series A warrants to subscribe for new ordinary shares of £1 each at £4.20 per warrant for up to two years from issue. Upon admission of the ordinary shares of the Company to trading on a public market within the life of the warrant the warrant will then become exercisable for twelve months from admission and with the exercise price increased to £7.00 per warrant. These shares and warrants were issued pursuant to a private placing arranged by Loeb Aron & Company Ltd ("Loeb") in respect of which they will receive a cash commission and a Series B five year warrant exercisable at £4.20 per warrant in respect of 49,062 ordinary shares of £1.00 each. Also, Loeb subscribed for 5,700 ordinary shares at £3.50 per share in the Private Placing and received 2,850 Series A warrants.

### Corporate

Details of the terms of the Joint Venture with Goldfields Limited in relation to the La Falda Project and further details of the arrangements with Loeb Aron are given in the Review on page 3.

### Extraordinary General Meeting

Notice of the Extraordinary General Meeting is set out on page 22.

### Going concern

The Directors consider that they have every reasonable expectation that the Group will have adequate resources to continue its operations for the foreseeable future.

### Substantial shareholdings

At 23 September 2008 the Directors were aware of the following substantial interests, apart from their own beneficial holdings as set out on page 11, in the share capital of the Company:

Shareholder	Ordinary Shares of £1	
	Fully paid	%
Phipps & Co	62,929	12.83%
John Drinkwater	42,600	8.68%
Peter Finnegan	21,300	4.34%
Howard Appleby	19,363	3.95%
Lee Morton	19,363	3.95%
Dermot Coleman	16,363	3.34%

*Phipps & Co has an option to purchase 5,500 ordinary shares of £1 at a price of £1 per share exercisable (other than in certain exceptional circumstances) after 1 February 2010. Mr C L Phipps has a non-controlling interest in Phipps & Co.*

# Catalina Resources PLC

## Directors' Report

### Events since the year-end

Information relating to events since the end of the year is given in the notes to the financial statements.

### Directors

The present Directors of the Company are Mr P S Bridges, Mr A J Shaw, Mr C F Amunátegui Garcia-Huidobro and Mr C L Phipps.

**Peter Bridges (UK)**, Managing Director, has 39 years experience in mining and mineral exploration including 16 years experience as a Director, later Chief Executive, of Greenwich Resources plc - a British listed public company. He is a Fellow of the Geological Society of London, a Fellow of the Institute of Mining, Metals and Materials, a Chartered Engineer, a Euro Engineer and a Chartered Geologist.

**Andrew Shaw (UK & Chile)**, Exploration Director, has 33 years experience in mineral exploration with the British Geological Survey and with Greenwich Resources plc – mainly in South America and Europe. He was heavily involved in the discovery of several mineral deposits in Venezuela and the Sappes epithermal Gold deposit in Greece. He speaks fluent Spanish and is resident in Chile.

**Cristián Amunátegui (Chile)** is a lawyer with 22 years experience in all legal aspects of the Chilean resource industry and has supplied or offered legal, logistic and mining services to many junior companies in Chile. He has been a legal mining advisor for a number of Chilean, Australian, Canadian and American companies with interests in mining, gas pipelines and energy.

**Ceri Phipps (UK)**, Non-Executive Director, has 23 years experience working initially as a geologist with TMOG Resources then Greenwich Resources plc, before holding various roles within the power industry. He currently holds a number of non-executive roles within the Phipps & Co group.

The services of Mr Bridges are provided through Torridon Investments Limited and the services of Mr Amunátegui are provided through Exploration & Mining Service S.A., a company incorporated in Chile.

### Secretary

**Christopher Bate** has acted as Legal Adviser and in most cases as Company Secretary to the Robertson Group plc, Greenwich Resources plc, Highland Energy Holdings Limited, RWE Dea AG and Caledonia Oil and Gas Limited. Christopher specialises in business law with particular experience in natural resource companies and venture capital.

### Directors' interests

The Directors held the following beneficial interests in the share capital of the Company at the end of the period and at 23 September 2008:

Director	Ordinary Shares of £1 each	
	30 June 2008	23 September 2008
	Fully paid	Fully paid
Peter Sinclair Bridges	73,600	76,400
Andrew Jack Shaw	63,636	65,036
Cristián Fernando Amunátegui Garcia-Huidobro	61,636	61,636
Ceri Lewis Phipps <sup>See note below*</sup>	-	-

Notes:

1. In addition Peter Sinclair Bridges was interested in 1,400 Series A warrants and Andrew Jack Shaw in 700 Series A warrants.
2. Mr Phipps holds a 25% equity interest in Phipps & Co. The interests of Phipps & Co are shown under the paragraph headed 'Substantial Shareholdings' (30 June 2008: 62,929. 23 September 2008: 62,929).

### Creditor payment policy

Liabilities are recognised for amounts to be paid in the future for 'services received'. Trade Accounts are normally settled within 30 days.

# Catalina Resources PLC

## Directors' Report

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### **Political and charitable donations**

The Group made no political or charitable donations throughout the year.

### **Share option schemes**

The Company continues to review the timing for introduction of appropriate schemes for rewarding executives and proposals will be laid before shareholders once a final decision is taken.

### **Environmental policy**

The Company has adopted an environmental policy designed to comply with relevant environmental laws and implement best practice in its activities. It is designed to ensure that employees and third party contractors are aware of the impact of exploration activities on the environment and know how to avoid, manage and minimise any adverse effects.

### **Health and safety**

The Company has a Health and Safety Policy that seeks to adhere to best practice.

### **Statement of Directors' responsibilities**

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company and of the profit or loss of the company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Statement of disclosure to auditors**

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware. Additionally, the Directors have taken all the necessary steps that they ought to have taken as Directors in order to make themselves aware of all relevant audit information and to establish that the Group's auditors are aware of that information.

By order of the Board

**Christopher M Bate**

Secretary

23 September 2008

Registered Office:

3 St Peter's Road

Malvern

Worcestershire

WR14 1QS

# Catalina Resources PLC

## Independent Auditors Report to the Shareholders of Catalina Resources PLC

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We have audited the financial statements of Catalina Resources PLC for the year ended 30 June 2008 set out on pages 14 to 21. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of the Directors and Auditors

The Directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

### Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 30 June 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

**Kendall Wadley LLP**  
Chartered Accountants  
Registered Auditor

.....  
23 September 2008

Granta Lodge  
71 Graham Road  
Malvern  
Worcestershire  
WR14 2JS

# Catalina Resources PLC

## Group Profit and Loss Account

For the year ended 30 June 2008

	Notes	2008 £	2007 £
<b>Operating income</b>		-	-
Exploration costs written-off	2	(57,044)	(50,527)
Administrative expenses	2	(86,426)	(63,762)
Total administrative expenses		<u>(143,470)</u>	<u>(114,289)</u>
<b>Operating loss</b>	4	<b>(143,470)</b>	<b>(114,289)</b>
Interest received		1,141	4,811
<b>Loss on ordinary activities before taxation</b>		<b>(142,329)</b>	<b>(109,478)</b>
Tax on loss on ordinary activities	6	-	-
<b>Loss for the year</b>	12	<b>(142,329)</b>	<b>(109,478)</b>

All transactions arise from continuing operations.

There were no recognised gains or losses other than the loss for the financial year.

*The accompanying accounting policies and notes form an integral part of these financial statements.*

# Catalina Resources PLC

## Group Balance Sheet

At 30 June 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Intangible assets	7	742,110	476,132
Tangible assets	8	8,093	7,582
		<b>750,203</b>	483,714
<b>Current assets</b>			
Bank & cash		15,285	158,491
Debtors	9	3,030	10,005
		<b>18,315</b>	168,496
<b>Current Liabilities</b>			
Creditors: amounts falling due within one year	10	(74,325)	(31,688)
		<b>(56,010)</b>	136,808
<b>Net current assets</b>			
		<b>694,193</b>	620,522
<b>Total assets less current liabilities</b>			
		<b>694,193</b>	620,522
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	11	433,320	360,000
Share premium	12	512,680	370,000
Profit and loss account	12	(251,807)	(109,478)
		<b>694,193</b>	620,522
<b>Equity shareholders' funds</b>			
		<b>694,193</b>	620,522

### P S Bridges

Director

23 September 2008

*The accompanying accounting policies and notes form an integral part of these financial statements.*



# Catalina Resources PLC

## Company Balance Sheet

At 30 June 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Investment in subsidiary undertaking		745,497	521,997
<b>Current assets</b>			
Bank		9,289	118,965
Debtors		3,030	10,005
Other debtors		189,190	96,591
		<b>201,509</b>	225,561
<b>Current liabilities</b>			
Creditors: amounts falling due within one year		(57,048)	(28,327)
<b>Net current assets</b>		<b>144,461</b>	197,234
<b>Total assets less current liabilities</b>		<b>889,958</b>	719,231
<b>Net assets</b>		<b>889,958</b>	719,231
<b>Capital and reserves</b>			
Called up share capital	11	433,320	360,000
Share premium	12	512,680	370,000
Profit and loss account	12	(56,042)	(10,769)
<b>Equity shareholders' funds</b>	13	<b>889,958</b>	719,231

### P S Bridges

Director

23 September 2008

*The accompanying accounting policies and notes form an integral part of these financial statements.*

# Catalina Resources PLC

## Group Statement of Cash Flows

For the year ended 30 June 2008

	Notes	2008	2007 £
<b>Net cash outflow from operating activities</b>	14	<b>(36,814)</b>	(42,079)
<b>Returns on investments and servicing of finance</b>			
Interest received		<u>1,141</u>	4,811
<b>Net cash inflow from investments and servicing of finance</b>		<b>1,141</b>	4,811
<b>Capital expenditure</b>			
Payments to acquire fixed assets		<u>(323,533)</u>	(367,554)
<b>Net cash outflow from capital expenditure</b>		<b>(323,533)</b>	(367,554)
<b>Acquisitions and disposals</b>			
Purchase of subsidiary undertakings		<u>-</u>	(166,687)
<b>Net cash outflow from acquisitions and disposals</b>		<b>-</b>	(166,687)
<b>Net cash outflow before management of liquid resources and financing</b>		<u><b>(359,206)</b></u>	(571,509)
<b>Financing</b>			
Issue of ordinary share capital		<u>216,000</u>	730,000
<b>Net cash inflow from financing</b>		<b>216,000</b>	730,000
<b>(Decrease)/increase in cash in year</b>	15/16	<u><b>(143,206)</b></u>	158,491

*The accompanying accounting policies and notes form an integral part of these financial statements.*

# Catalina Resources PLC

## Notes to the Accounts

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### 1 Accounting policies

The principal accounting policies of the Group, adopted during the period, are set out below.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

These financial statements present information about the Company as the parent undertaking of a group.

#### *Basis of consolidation*

The Group accounts incorporate the results and assets and liabilities of Company and its subsidiary undertakings for the year ended 30 June.

#### *Going concern*

The financial statements have been prepared on a going concern basis.

#### *Tangible fixed assets*

The Group uses the full-cost method of accounting for mining operations. The costs of exploring for and developing mineral reserves, which include acquisition costs, geological and geophysical costs, costs of drilling, costs of mine production facilities, and an appropriate share of directly attributable administrative costs, are treated as tangible fixed assets.

The capitalised mineral expenditure is accumulated in one or more full-cost pools as determined from time to time by the nature and scope of the Group's operations. Currently, these are reviewed on a global basis.

Expenditure in each pool is amortised using a unit-of-production basis when commercial production commences.

The aggregate amount of mineral expenditure subject to amortisation and carried forward in each pool is stated at not more than the assessed value of commercially recoverable reserves in that pool.

The Group compares the carrying value of capitalised mineral expenditure with its recoverable amount (net realisable value) on a regular basis. Any permanent impairment arising is charged to the profit and loss account.

#### *Fixed asset investments*

Fixed asset investments are included at cost less amounts written off.

#### *Foreign currencies*

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange prevailing at the balance sheet date. Transactions in foreign currencies are recorded at the rate of exchange prevailing on the date of the transactions. Exchange differences thus arising are dealt with in the profit and loss account.

For consolidation purposes, the accounts of those overseas subsidiary undertakings which are considered to be integrated foreign operations are translated on the following basis:

- Revenue and expenditure at average exchange rate cost for the period.
- Current and other monetary assets and liabilities at the rate prevailing at the balance sheet date.
- Other assets and liabilities at rates prevailing when acquired or incurred.

This basis gives rise to translation gains or losses, the net amounts of which are included in the profit and loss account.

# Catalina Resources PLC

## Notes to the Accounts

### 2 Administrative expenses

Costs include the overheads of the UK parent company, currency gains on accounting for an overseas subsidiary undertaking, and the write down of aborted project costs in Chile.

### 3 Loss attributable to the holding company

As permitted by section 230 of the Companies Act 1985, the Company's profit and loss account has not been included in these financial statements. The loss for the financial period dealt with in the accounts of the Company was £45,273.

### 4 Operating loss

The Group operating loss is stated after charging:	<b>2008</b>	2007
	£	£
Fees payable to the Group's auditor for the audit of group accounts	<b>2,575</b>	2,500

### 5 Directors and employees

There were no employees of the company during the year other than the directors. The directors were remunerated by way of consultancy fees for technical services provided as follows:

<b>Director:</b>	<b>2008</b>	2007
	£	£
Peter S Bridges	<b>40,200</b>	30,150
Andrew J Shaw	<b>40,200</b>	30,150
Cristián F Amunátegui Garcia-Huidobro	<b>40,200</b>	30,150
Ceri L Phipps*	-	-

\*Phipps & Co has an option to purchase 5,500 ordinary shares of £1 at a price of £1 per share exercisable (other than in certain exceptional circumstances) after 1 February 2010.

### 6 Taxation

There is no charge to corporation tax on the result for the year (2007 – nil) due to the loss for the year.

### 7 Intangible fixed assets

	<b>Goodwill</b>	<b>Exploration &amp; Evaluation</b>	<b>Total</b>
	£	£	£
Cost			
At 1 July 2007	166,687	309,445	476,132
Additions	-	323,022	323,022
Less amounts written off	-	(57,044)	(57,044)
<b>At 30 June 2008</b>	<b>166,687</b>	<b>575,423</b>	<b>742,110</b>

Details of the Company's subsidiary undertaking are as follows:

	<b>Country of Holdings</b>	<b>Country of incorporation</b>	<b>Country of operations</b>
Minera Catalina SA	100%	Chile	Chile

### 8 Tangible fixed assets

	<b>Plant &amp; Equipment</b>	<b>Total</b>
	£	£
Cost		
At 1 July 2007	7,582	7,582
Additions	511	511
<b>At 30 June 2008</b>	<b>8,093</b>	<b>8,093</b>

# Catalina Resources PLC

## Notes to the Accounts

<b>9 Debtors</b>		
	<b>2008</b>	2007
	£	£
Other debtors	<b>3,030</b>	10,005
<b>10 Creditors: amounts falling due within one year</b>		
	<b>2008</b>	2007
	£	£
Trade creditors	<b>66,825</b>	20,887
Accruals	<b>7,500</b>	10,881
	<b>74,325</b>	31,688
<b>11 Share capital</b>		
	<b>2008</b>	2007
		£
Authorised 1,500,000 ordinary shares of £1 each	<b>1,500,000</b>	1,000,000
Allotted, called up and fully paid 433,320 ordinary shares of £1 each	<b>433,320</b>	360,000
<b>12 Reserves</b>		
	<b>Share premium</b>	<b>Profit and loss account</b>
	£	£
At 1 July 2007	370,000	(109,478)
Shares issued during the period	142,680	-
Loss for the period	-	(142,329)
<b>At 30 June 2008</b>	<b>512,680</b>	<b>(251,807)</b>
<b>13 Reconciliation of movements in shareholders' funds</b>		
	<b>2008</b>	2007
	£	£
Shareholders' funds at 1 July 2007	<b>620,522</b>	-
Shares issued during the period	<b>216,000</b>	730,000
Loss for the financial period	<b>(142,329)</b>	(109,478)
Shareholders' funds at 30 June 2008	<b>694,193</b>	620,522
<b>14 Reconciliation of operating loss to net cash outflow from operating activities</b>		
	<b>2008</b>	2007
	£	£
Operating loss	<b>(143,470)</b>	(114,289)
Fixed assets written down	<b>57,044</b>	50,527
Decrease/(increase) in debtors	<b>6,975</b>	(10,005)
Increase in creditors	<b>42,637</b>	31,688
Net cash outflow from operating activities	<b>(36,814)</b>	(42,079)

# Catalina Resources PLC

## Notes to the Accounts

### 15 Analysis of net funds

	1 July 2007 £	Cash flow £	30 June 2008 £
Net cash:			
Cash at bank and in hand	158,491	(143,206)	<b>15,285</b>
Bank deposits	-	-	-
Net funds	158,491	(143,206)	<b>15,285</b>

### 16 Reconciliation of net cash flow to movement in net funds

	2008	2007
(Decrease)/increase in cash in year	<b>(143,206)</b>	158,491
Movement in net funds in the year	<b>(143,206)</b>	158,491
Opening net funds	<b>158,491</b>	-
Closing net funds	<b>15,285</b>	158,491

### 17 Capital commitments

The Company had no capital commitments at 30 June 2008.

### 18 Contingent liabilities

There were no contingent liabilities at 30 June 2008.

### 19 Transactions with related parties

Other than disclosed above there are no related party transactions.

# Catalina Resources PLC

## Notice of Extraordinary General Meeting

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Notice is hereby given that an Extraordinary General Meeting of Catalina Resources PLC will be held at 3 St Peter's Rd, Malvern, Worcestershire WR14 1QS on Tuesday, 28 October 2008 at 12.30 p.m. for the following purpose:

To receive the Directors' Report and Financial Statements for the year ended 30 June 2008 together with the Auditors' Report.

Dated 23 September 2008

By order of the Board

**Christopher Bate**  
Company Secretary

*Registered Office:*

3 St Peter's Road  
Malvern  
Worcestershire  
WR14 1QS

*Notes:*

A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and (on a poll) vote instead of him. A proxy may not be a member of the Company. A proxy card is enclosed.