



## **Annual Report 2009**

# 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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Website:	www.catalinaresourcesplc.co.uk
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

#### *a) La Falda*

The past year has seen excellent progress at Catalina's La Falda Project. The completion of two geophysical surveys and further mapping and sampling have strengthened the view that La Falda is a new discovery of a Maricunga gold-porphyry and has the potential to host a multi-million ounce gold resource.

The proposed Joint Venture agreement with Gold Fields Limited over La Falda, described in last year's Annual Report, was not completed. Work on a comprehensive Joint Venture agreement was halted when it came to light that third parties had registered claims over the main exploitation concession at La Falda. Gold Fields subsequently advised Catalina that it wished to postpone signature of the JV Agreement until the situation had been resolved to its satisfaction.

Catalina has been advised that it has complete security in its rights to its land-holdings at La Falda and that there is no fundamental problem with tenure although it may be some time before the full legal process has run its course. Over-pegging exploration concessions in Chile is not uncommon but can take time to clear.

On 28 March 2009, the Company completed a binding Letter of Intent to form a Joint Venture over La Falda with Minera IRL Limited ("MIRL"). Upon signature of the LOI, MIRL advanced US\$250,000 to Catalina to cover vendor and mining lease payments, an Induced Potential survey and a signature fee. Comprehensive Option and Management Agreements have been negotiated and, following combined site visits earlier in the year, a US\$700,000 exploration programme is being prepared in anticipation of the coming field season, prior to an Option exercise date of 31 July 2010. Upon exercising the Option, MIRL will commit another US\$2.3 million to be used for the final vendor payment and/or exploration, plus a final payment of US\$200,000 to Catalina in order to earn a 75% interest in the project

MIRL is based in Lima, Peru. It is a mining, development and exploration company listed on the London AIM and the Lima BVL stock exchanges. It is the holding company of precious metals mining and exploration companies focused on the Andean Cordillera of South America. MIRL operates the Corihuarmi Gold Mine in the Peruvian Andes which was brought into production in March 2008 and produces strong cash flow. Minera has a portfolio of projects in various stages of advancement in Peru and Argentina. MIRL has carried out extensive due diligence on the La Falda property.

#### *b) La Perla*

The substantial fall in the price of copper in the last quarter of 2008 combined with a shortage of working capital and the requirement to pay a further instalment on the La Perla option-to-purchase agreement prompted a critical review of the benefits of maintaining the contract. In the event, it was decided that despite the fact that reverse circulation drilling by Catalina in 2007 had returned potentially economic grades and mineable widths, further expenditure on La Perla could not be justified and the option-to-purchase contract was allowed to lapse.

#### *c) Finance*

Shareholders were previously advised of the corporate finance proposals received from Loeb Aron & Company Ltd ("Loeb") at the start of the financial year. 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. The Loeb proposal was to conduct two private placings to raise working capital for the Company:

- an initial Private Placing for £200,000, and
- a later Institutional Placing for up to £1,500,000

The initial Private Placing was completed on 8 September 2008 raising a total of £200,550 despite extremely difficult market conditions. The persistence of difficult markets and the general economic climate of the last year led to the cancellation of the planned Institutional Placing and created shortages of working capital for the Company.

The Directors are actively seeking further finance.

# Catalina Resources PLC

## Review of Operations

### Technical

The following map shows the relative locations of the Company's prospects in Chile.



**Figure 1: Location of the La Falda and Kahuna Projects**

### The La Falda Project

#### a) Introduction

Catalina was first attracted to the La Falda area by its potential for both high-grade epithermal and large-scale gold-porphyry mineralisation. Geological mapping resulted in the discovery of two porphyry intrusives which host banded quartz veins very similar to those mined and explored in some of the large gold-porphyry deposits of Chile's Maricunga belt. The banded quartz veins at La Falda carry highly anomalous gold values.

Recent geological and geophysical surveys have supported and strengthened those initial views and a drilling programme planned for Q4 2009 will determine whether its undoubted potential can be realised. The results of the geophysical surveys are discussed below.

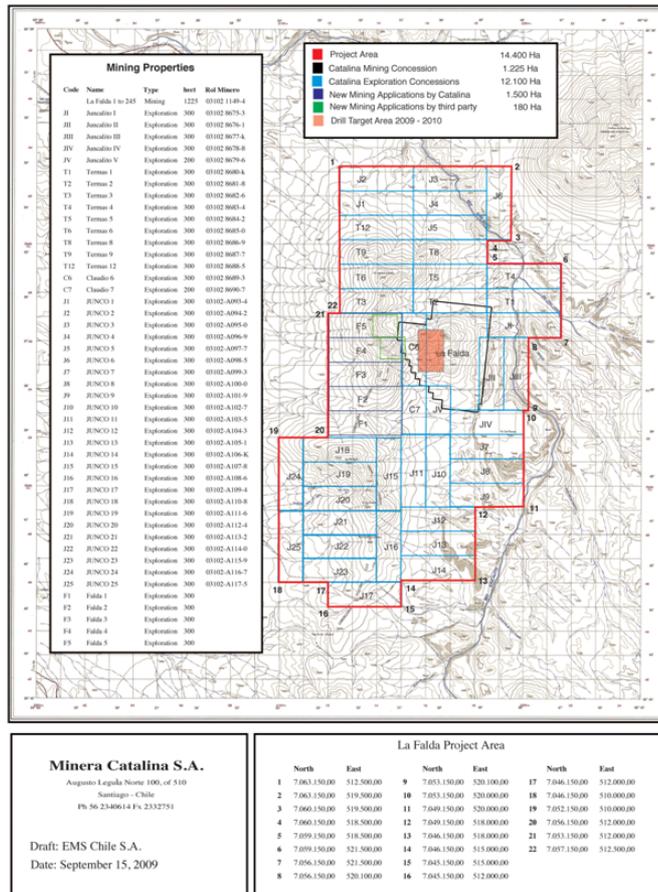
#### b) Catalina's Current Land-Holding at La Falda

The total combined and contiguous property position is 14,387.5 ha, as outlined in red on Figure 2 below. The original La Falda 1-245 exploitation concession is the irregularly-shaped block in the centre of the plan and the surrounding rectangular blocks are mostly 300 or 200 hectare exploration claims controlled by Catalina. These have been pegged to cover areas with either the potential to host further mineralisation or which may be used by mine infrastructure. The Falda 4 & 5 exploration concessions, which cover ground previously held by Teck Cominco, overlap an area of 200 ha pegged previously.

# Catalina Resources PLC

## Review of Operations

### Catalina Resources Plc. Mining Properties for La Falda Project



**Figure 2: Catalina's current land-holding at La Falda**

### c) The Ground Magnetic Survey at La Falda

A Ground Magnetic survey was conducted in November 2008 over much of the La Falda 1-245 exploitation concession. A total of 274 line kilometres were surveyed along E-W trending lines spaced at 50 m intervals.

The magnetic survey (see Figure 3) has revealed a number of interesting anomalies and structures in and around the known porphyry intrusions. In the central portion of the grid, weak magnetic highs (pink) are flanked and cut by strong magnetic lows (blue). This is a similar pattern to magnetic anomalies observed at other gold-porphyry projects in the Maricunga District where weak magnetic highs (pink) represent the weakly elevated magnetite content associated either with the geological processes which resulted in the formation of banded quartz veins (the main gold-bearing structures) or potassic alteration. Strong magnetic lows (blue) can sometimes be seen flanking or encircling these weak magnetic highs and these often correlate closely with argillic alteration or structures on the periphery of the mineralised intrusives.

Of particular interest is the circular feature outlined in Figure 3. This is over 800 m across and may be due to a later intrusion. An isolated 200 x 200 m pink-coloured anomaly to the northeast of the Porphyry Central may represent a third body with no surface expression.

### d) The Induced Polarisation Survey at La Falda

An induced polarization (IP) survey was completed in April 2009. This covered the area underlain by the magnetic anomalies in the La Falda 1-245 concession but it was also extended south into the Catalina exploration properties. Seven N-S trending lines varying from 2.5 to 5.1 km in length, with a combined

# Catalina Resources PLC

## Review of Operations

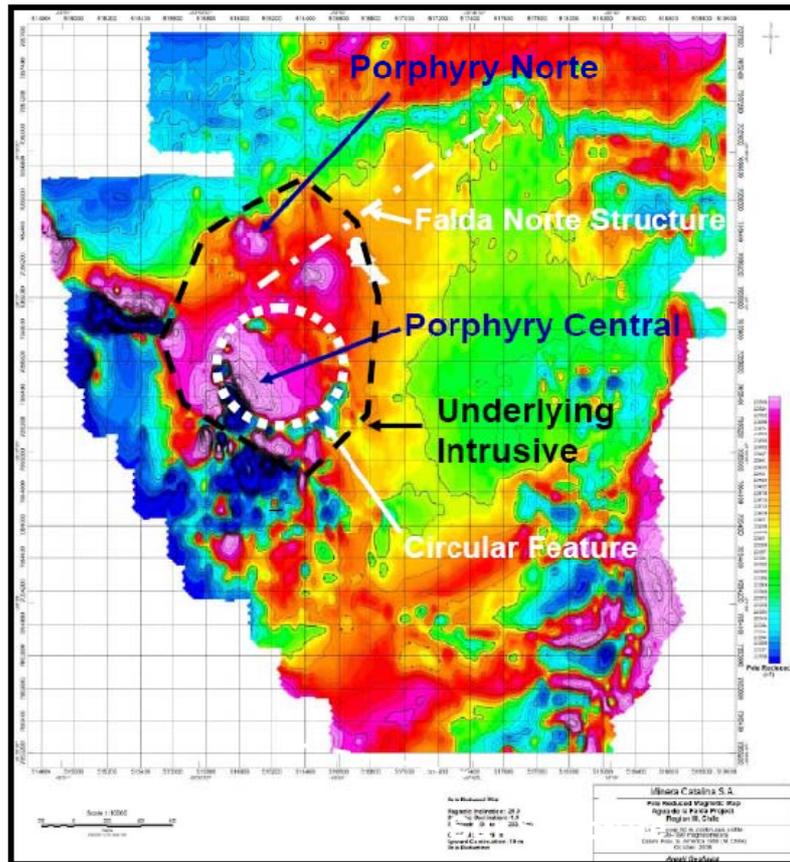


Figure 3: A Pole Reduced Magnetic Map. Each square measures 200 by 200 m.

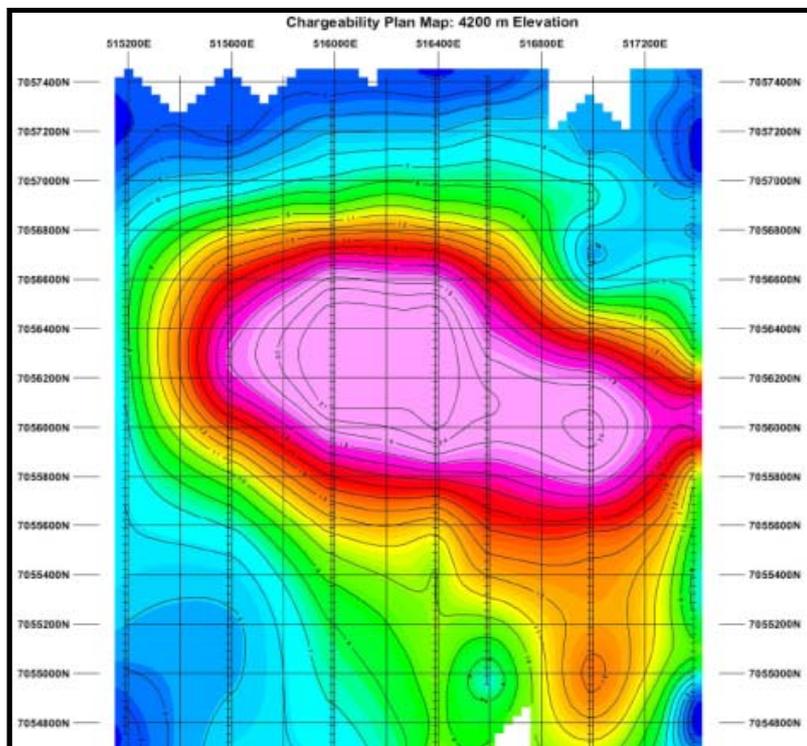


Figure 4: The chargeability anomaly (4200 m elevation).

# Catalina Resources PLC

## Review of Operations

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length of 25.1 km, were surveyed. The spacing between the lines was generally 400 m although one infill line was 200 m from the adjacent line to the west.

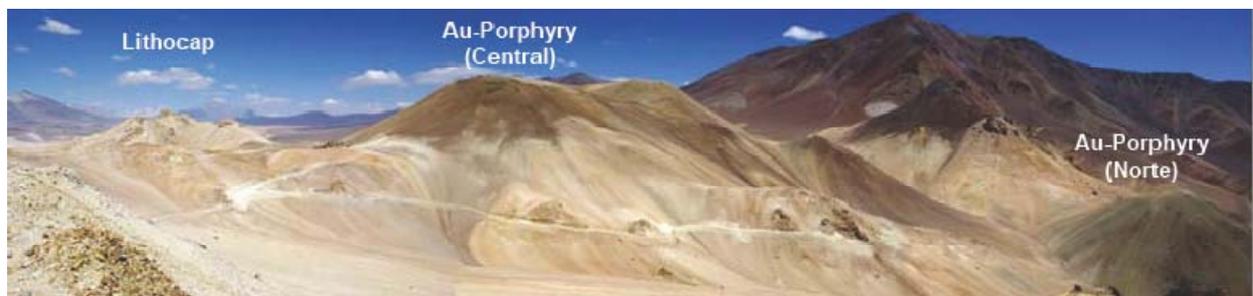
The aim of the survey was to map:

- trends in chargeability - a possible reflection of the presence of sulphide mineralization at depth
- trends in resistivity – an indication of underlying lithology, structural features and rock alteration.

The survey revealed a large chargeability anomaly (the red area in Figure 4) encompassing the entire magnetic anomaly.

Strong chargeabilities are seen in the north of the survey area with weaker chargeability anomalies at depth in the central and southern portions of the grid. Low resistivities form a halo around both the weak magnetic anomaly and the chargeability anomaly.

In summary, the recent geophysical surveys have outlined a very interesting hydrothermal alteration system at La Falda and identified a number of geophysical responses which are similar to those found in other gold-bearing hydrothermal systems elsewhere in the Maricunga district. These observations combined with the geological and geochemical data further support the view that Maricunga-style gold-porphyry mineralisation is present at La Falda.



**Figure 5: A view looking south at two of the porphyry intrusives at La Falda**

### e) Drill Target Definition

A combination of geology and geophysics will be used to define drill targets for a programme planned for the next summer field season starting in October 2009.

The ground magnetic survey outlined a large, weak magnetic “high” measuring approximately 2 km by 1 km. A large IP anomaly, measuring at least 2.4 km by 2 km, encompasses the entire magnetic anomaly.

Whilst all the system has the potential to host gold mineralisation, several portions of the system are particularly interesting and form priority drill targets:

- A One promising target zone lies within the strong chargeability anomaly located on the northern portion of the IP lines. It measures approximately 2 km E-W by 600 m N-S.
- B A second promising target zone is in the central portion of the grid that hosts higher resistivities near the surface. It measures approximately 1 km by 400 m and is located in the approximate centre of the high resistivity zone.
- C Target B is also coincident with a portion of the recently-identified “Circular Magnetic Target”. Both the Circular Magnetic Target and the Resistivity High are excellent exploration targets.
- D The strong chargeability anomaly in Figure 3, which is probably indicative of higher sulphide content at depth, forms a highly prospective drill target measuring some 800 m by 400 m. This drill target correlates with several magnetic highs, the projection of the Falda Norte Structure and the Porphyry Norte hill where gold-bearing banded quartz veins have been found at surface.
- E An area of higher resistivities, measuring 1 km by 1 km, lies within the central resistive zone and may be related to quartz veining or weak silicification. Underlying this are areas of low resistivity and weak chargeability, at depths of 200 to 400m, possibly indicative of the presence of alteration with some sulphide mineralisation. The heart of this zone includes the Porphyry Central hill (see Figure 4) and it partially coincides with a circular magnetic feature outlined on Figure 3 that is again characteristic of other Maricunga deposits.

# Catalina Resources PLC

## Review of Operations

### f) Technical Reporting and Programme Assessment

A comprehensive Technical Report on La Falda (in compliance with the requirements of Canadian National Instrument 43-101F) nears completion. The report covers the work performed and the results obtained by Catalina since the acquisition of La Falda in 2007.

The authors have reviewed the similarities between La Falda and known Maricunga-style porphyry gold mineralization elsewhere in the district and it is their opinion that the La Falda Gold Project is of sufficient merit to warrant the current Phase I and Phase II Exploration Programmes and Budgets.

### The Kahuna Project

No fieldwork was undertaken on the Kahuna project during the year and its status remains unchanged. The Kahuna project contains two separate targets with cobalt and copper mineralisation. An in-fill programme of IP geophysics, to define potential drill targets more clearly, will be followed by a programme of reverse circulation drilling.

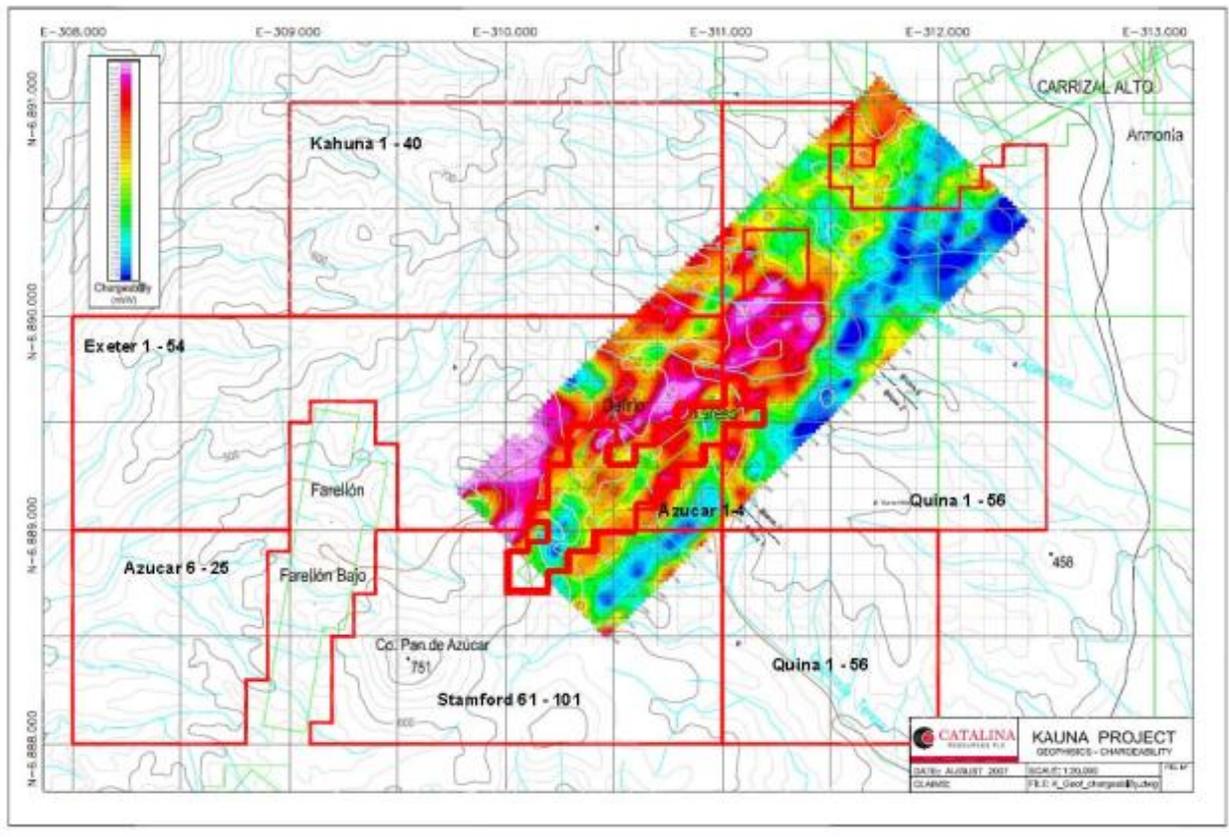


Figure 6: The leases and chargeability anomalies at Kahuna

# Catalina Resources PLC

## Review of Operations

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### Future Developments

The main objectives for the coming months following completion of the Joint Venture with Minera IRL are to start a full programme of geological exploration, including trenching and drilling, as soon as safe access to La Falda can be gained at the end of the Chilean winter.

While our understanding of Catalina's current properties and their potential has greatly increased over the last few months, the assessment and acquisition of new mining concessions to develop Catalina's portfolio of projects in selected areas of interest will continue in order to generate new opportunities. Catalina regards its current projects, as presented in this document, as merely the first of a steady flow which will result from our wide range of contacts in Chile.

Future acquisitions will be by means of direct applications for free ground, completion of option-to-purchase agreements with concession owners, outright purchase or joint venture. They will range in scale from grass-roots exploration projects to existing small-scale mines where a lack of exploration has precluded expansion but where the geology suggests an opportunity to discover further resources.

Most areas of known mineral potential in Chile are covered by numerous small mineral properties and concessions, mainly in private hands. These are often under-funded and, due to the scattered and divided nature of the individual holdings, the true potential of a district can be difficult to realise. Rectification of such situations in the past has resulted in the development of some of Chile's largest mining operations.

A thorough knowledge of the local situation and land-owners is essential to maintaining a steady stream of new opportunities. Consideration will always be given to the possible reactivation of mining operations in the short-term to deliver a positive cash flow for Catalina.

The above has created a requirement to raise further capital.

It remains the Company's intention to source further capital and achieve admission of the Company's share capital to a recognised Stock Exchange, either in the UK or in Canada by either an IPO, merger or acquisition.

### 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 2009

### Principal activity

The Company is the parent undertaking of a group which is involved in the exploration for and the development of gold, 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

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 received 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.

On 1<sup>st</sup> June 2009 the Company issued 1,800 ordinary shares of £1.00 each at £3.00 per share to Loeb in part-consideration for services provided.

### Corporate

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

### Annual General Meeting

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

Mr P S Bridges, who retires by rotation and being eligible, offers himself for re-election.

As Special Business the Company is seeking shareholder approval, by way of resolutions 4 & 5, to renew the authority of the Directors to issue shares and to disapply pre-emption rights. Resolution number 5 will be proposed as a Special Resolution.

### Electronic Communications

The majority of shareholders have opted for shareholder communications to be made electronically, (typically, via email or posted on the Company's website). Certain shareholders have opted out as they wish to receive communications in hard copy format.

### Substantial shareholdings

At 16 September 2009 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	12.78%
John Drinkwater	42,600	8.65%
Peter Finnegan	21,300	4.33%
Howard Appleby	19,363	3.93%
Lee Morton	19,363	3.93%
Dermot Coleman	16,363	3.32%

*Phipps & Co Limited 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

### 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.

### 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 40 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 34 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 23 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 24 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 16 September 2009:

Director	Ordinary Shares of £1 each	
	30 June 2009	16 September 2009
	Fully paid	Fully paid
Peter Sinclair Bridges <small>See note 1 below</small>	76,400	76,400
Andrew Jack Shaw	65,036	65,036
Cristián Fernando Amunátegui Garcia-Huidobro	61,636	61,636
Ceri Lewis Phipps <small>See note 2 below</small>	-	-

Notes:

1. In addition Peter Sinclair Bridges has an interest 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 2009: 62,929. 16 September 2009: 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.

### Political and charitable donations

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

# Catalina Resources PLC

## Directors' Report

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### Health and safety

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

### 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.

### Statement of Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year and to be satisfied that the financial statements give a true and fair view. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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 UK 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 adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### 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

16 September 2009

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 2009 set out on pages 14 to 21. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with sections 495 and 496 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state 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 directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements.

### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's and Group affairs as at 30 June 2009 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

**M A Ashworth FCA (Senior Statutory Auditor)**  
for and on behalf of Kendall Wadley LLP

.....  
16 September 2009

**Chartered Accountants**  
**Statutory Auditor**

Granta Lodge  
71 Graham Road  
Malvern  
Worcestershire  
WR14 2JS

# Catalina Resources PLC

## Group Profit and Loss Account

For the year ended 30 June 2009

	Notes	2009 £	2008 £
<b>Operating income</b>		-	-
Exploration costs written-off	2	<b>(236,261)</b>	(57,044)
Administrative expenses	2	<b>(109,146)</b>	(86,426)
Total administrative expenses		<b>(345,407)</b>	(143,470)
<b>Operating loss</b>	4	<b>(345,407)</b>	(143,470)
Interest received		<b>316</b>	1,141
<b>Loss on ordinary activities before taxation</b>		<b>(345,091)</b>	(142,329)
Tax on loss on ordinary activities	6	-	-
<b>Loss for the year</b>	13	<b>(345,091)</b>	(142,329)

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 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Intangible assets	7	852,026	742,110
Tangible assets	9	-	8,093
		<b>852,026</b>	750,203
<b>Current assets</b>			
Bank & cash		51,539	15,285
Debtors	10	38,493	3,030
		<b>90,032</b>	18,315
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	11	(80,453)	(74,325)
		<b>9,579</b>	(56,010)
<b>Net current assets</b>			
		<b>861,605</b>	694,193
<b>Total assets less current liabilities</b>			
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	11	(346,646)	-
		<b>514,959</b>	694,193
<b>Net assets</b>			
<b>Capital and reserves</b>			
Called up share capital	12	492,420	433,320
Share premium	13	619,437	512,680
Profit and loss account	13	(596,898)	(251,807)
		<b>514,959</b>	694,193
<b>Equity shareholders' funds</b>	14		

Approved by the Board  
and authorised for issue on  
16 September 2009

**P S Bridges**  
Director

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

# Catalina Resources PLC

## Company Balance Sheet

At 30 June 2009

	Notes	2009 £	2008 £
<b>Fixed assets</b>			
Investment in subsidiary undertaking	8	965,487	745,497
<b>Current assets</b>			
Bank		1,902	9,289
Debtors		38,493	3,030
Other debtors		211,987	189,190
		<b>252,382</b>	201,509
<b>Current liabilities</b>			
Creditors: amounts falling due within one year		(16,035)	(57,048)
<b>Net current assets</b>		<b>236,347</b>	144,461
<b>Total assets less current liabilities</b>		<b>1,201,834</b>	889,958
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year		(202,182)	-
<b>Net assets</b>		<b>999,652</b>	889,958
<b>Capital and reserves</b>			
Called up share capital	12	492,420	433,320
Share premium	13	619,436	512,680
Profit and loss account	13	(112,204)	(56,042)
<b>Equity shareholders' funds</b>	14	<b>999,652</b>	889,958

Approved by the Board  
and authorised for issue on  
16 September 2009

**P S Bridges**  
Director

*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 2009

	Notes	2009	2008 £
<b>Net cash inflow/(outflow) from operating activities</b>	15	<b>79,066</b>	(36,814)
<b>Returns on investments and servicing of finance</b>			
Interest received		<b>316</b>	1,141
<b>Net cash inflow from investments and servicing of finance</b>		<b>79,382</b>	1,141
<b>Capital expenditure</b>			
Payments to acquire fixed assets		<b>(338,084)</b>	(323,533)
<b>Net cash outflow from capital expenditure</b>		<b>(338,084)</b>	(323,533)
<b>Net cash outflow before management of liquid resources and financing</b>		<b>(258,702)</b>	(359,206)
<b>Financing</b>			
Joint Venture: Capital contribution		<b>129,099</b>	-
Issue of ordinary share capital		<b>205,950</b>	216,000
Less share issue costs		<b>(40,093)</b>	-
<b>Net cash inflow from financing</b>		<b>294,956</b>	216,000
<b>Increase/(decrease) in cash in year</b>	16/17	<b>36,254</b>	(143,206)

*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, applied throughout 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 408 of the Companies Act 2006, the holding 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 £56,163.

### 4 Operating loss

	<b>2009</b>	2008
The Group operating loss is stated after charging:	<b>£</b>	£
Fees payable to the Group's auditor for the audit of group accounts	<b>2,675</b>	2,575

### 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>2009</b>	2008
	<b>£</b>	£
Peter S Bridges*	<b>40,200</b>	40,200
Andrew J Shaw*	<b>40,200</b>	40,200
Cristián F Amunátegui Garcia-Huidobro	<b>40,200</b>	40,200
Ceri L Phipps**	-	-

\* For the period ending 30 June 2009, under deeds dated 30 June 2009, the Directors have deferred payment of their entitlement to fees and expenses amounting to £101,280.

\*\*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 (2008 – nil) due to the loss for the year.

### 7 Intangible fixed assets

	<b>Goodwill</b>	<b>Exploration &amp; Evaluation</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cost			
At 1 July 2008	166,687	575,423	742,110
Additions	-	338,084	338,084
Less amounts written off	-	(228,168)	(228,168)
<b>At 30 June 2009</b>	<b>166,687</b>	<b>685,339</b>	<b>852,026</b>

### 8 Subsidiary undertaking

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

### 9 Tangible fixed assets

	<b>Equipment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
Cost		
At 1 July 2008	8,093	8,093
Written off	(8,093)	(8,093)
<b>At 30 June 2009</b>	<b>-</b>	<b>-</b>

# Catalina Resources PLC

## Notes to the Accounts

### 10 Debtors

	2009	2008
	£	£
Trade debtors	38,493	3,030

### 11 Creditors

	2009	2008
	£	£
<i>Amounts falling due within one year</i>		
Trade creditors	46,468	66,825
Accruals	33,985	7,500
	<b>80,453</b>	<b>74,325</b>

#### *Amounts falling due after one year*

Trade creditors	126,967	-
Loans	75,215	-
Accruals	15,365	-
Joint Venture: Capital contribution from Minera IRL	129,099	-
	<b>346,646</b>	<b>-</b>

All loans are repayable within 5 years.

### 12 Share capital

	2009	2008
		£
Authorised		
1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called up and fully paid		
492,420 ordinary shares of £1 each	492,420	433,320

On 23<sup>rd</sup> September 2008 the Company issued 57,300 ordinary shares of £1.00 each at £3.50 per share and on 1<sup>st</sup> June 2009 the Company issued 1,800 ordinary shares of £1.00 each at £3.00 per share.

### 13 Reserves

	Share premium	Profit and loss account
	£	£
At 1 July 2008	512,680	(251,807)
Shares issued during the period	146,850	-
Issue costs	(40,093)	-
Loss for the period	-	(345,091)
<b>At 30 June 2009</b>	<b>619,437</b>	<b>(596,898)</b>

### 14 Reconciliation of movements in shareholders' funds

	2009	2008
	£	£
Shareholders' funds at 1 July	694,193	620,522
Shares issued during the period	165,857	216,000
Loss for the financial period	(345,091)	(142,329)
Shareholders' funds at 30 June	<b>514,959</b>	<b>694,193</b>

# Catalina Resources PLC

## Notes to the Accounts

### 15 Reconciliation of operating loss to net cash inflow from operating activities

	2009	2008
	£	£
Operating loss	<b>(345,407)</b>	(143,470)
Fixed assets written down	<b>236,261</b>	57,044
(Increase)/decrease in debtors	<b>(35,463)</b>	6,975
Increase in creditors	<b>223,675</b>	42,637
Net cash inflow/(outflow) from operating activities	<b>79,066</b>	(36,814)

### 16 Analysis of net funds

	1 July 2008	Cash flow	30 June 2009
	£	£	£
Net cash:			
Cash at bank and in hand	15,285	36,254	<b>51,539</b>
Net funds	15,285	36,254	<b>51,539</b>

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

	2009	2008
	£	£
Increase/(decrease) in cash in year	<b>36,254</b>	(143,206)
Movement in net funds in the year	<b>36,254</b>	(143,206)
Opening net funds	<b>15,285</b>	158,491
Closing net funds	<b>51,539</b>	15,285

### 18 Capital commitments

The Company had no capital commitments at 30 June 2009.

### 19 Contingent liabilities

There were no contingent liabilities at 30 June 2009.

### 20 Transactions with related parties

Other than disclosed above there are no related party transactions.

# Catalina Resources PLC

## Notice of Annual General Meeting

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Notice is hereby given that the second Annual General Meeting of Catalina Resources PLC will be held at 3 St Peter's Rd, Malvern, Worcestershire WR14 1QS on Tuesday, 20 October 2009 at 12.30 p.m. for the following purpose:

1. To receive the Directors' Report and Financial Statements for the year ended 30 June 2009 together with the Auditors' Report.
2. To re-elect Mr Peter Sinclair Bridges who, in accordance with the Company's articles, retires by rotation.
3. To re-appoint Kendall Wadley LLP as auditors to hold office until the conclusion of the next Annual General Meeting and to authorise the Directors to set their remuneration.

### Special Business

To consider and, if thought fit, pass the following resolution which will be proposed as an Ordinary Resolution:

4. That the Directors be authorised, in accordance with the provisions of Section 80 of the Companies Act 1985, until the 2010 Annual General Meeting, to allot relevant equity securities up to a maximum nominal amount of £1,007,580.

To consider and, if thought fit, pass the following resolution which will be proposed as a Special Resolution:

5. That the Directors be authorised, in accordance with the provisions of Section 95 of the Companies Act 1985, until the 2010 Annual General Meeting, to disapply the statutory pre-emption rights and allot relevant equity securities for cash, other than to existing shareholders, up to a maximum nominal amount of £1,007,580.

By order of the Board

**Christopher Bate**  
Company Secretary  
16 September 2009

### *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.