



# **Annual Report 2010**

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## Corporate Information

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Company Registration Number (England):	05837907
Registered and UK Office:	Catalina Resources PLC 3 St Peter's Road Malvern Worcestershire WR14 1QS
Telephone:	01684 560502
E-mail:	info@catalinaresourcesplc.co.uk
Website:	www.catalinaresourcesplc.co.uk
Directors:	Peter S Bridges Andrew J Shaw 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

## Review of Operations

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



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

### The La Falda Project

*An update on recent events:*

Between December 2009 and April 2010, fourteen diamond drillholes were completed at Catalina's La Falda Project. The work was undertaken by Minera IRL Ltd acting under the Joint Venture Agreement completed between Minera and Catalina in September 2009. Andrew Shaw, Catalina's Exploration Director, was Project Manager.



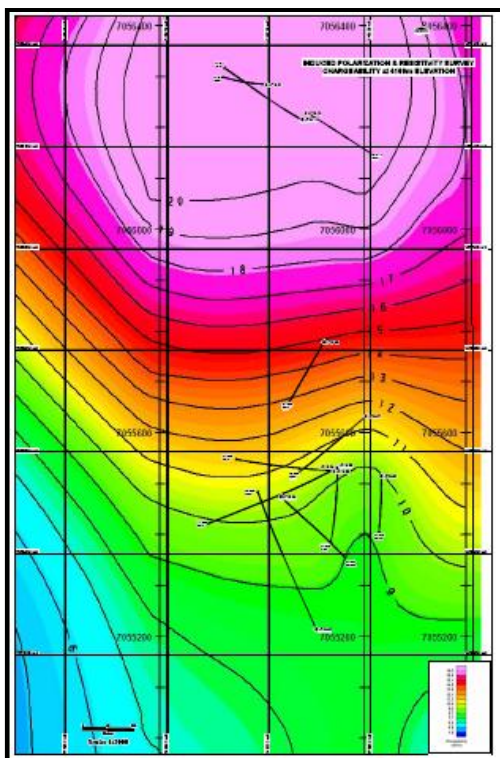
**Fig. 2** Panoramic view looking east showing trenching and diamond drilling on the Central Porphyry at La Falda

## Review of Operations

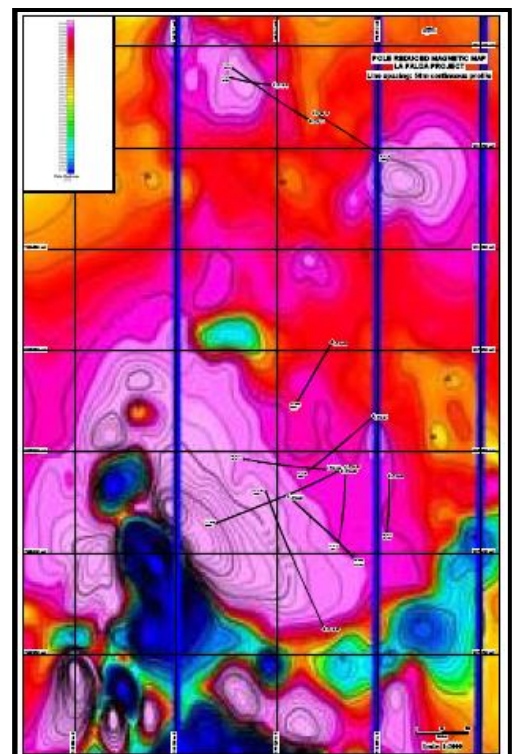
Drillholes were sited using results from previous programmes of surface sampling, geological mapping and geophysical (magnetic and IP) anomalies. Geological mapping and sampling had defined zones and stockworks of quartz veinlets, some of which showed variable development of the black-banded quartz veining (“BQV”) typical of the large tonnage gold porphyry deposits in the Maricunga area of Chile. Assays on samples from these veins returned highly anomalous gold values.

Surface mapping had also outlined extensive areas of intrusive porphyritic diorite, monzonite and andesite (all of which are rock-types typical of the geological setting of a Maricunga style gold-porphyry deposit) with variable propylitic, silicic and potassic alteration (characteristic features of porphyry mineralisation) - overprinted by the late stage epithermal alteration.

The geophysical surveys defined coincident magnetic and chargeability anomalies, some of which were also coincident with the anomalous gold geochemistry in surface chip samples. In particular, a strongly anomalous magnetic high trending northwest over a distance of 700 m is located approximately 300 m west of the BQV discovery outcrops at La Falda – see Fig 4 below.



**Fig 3. Drillhole traces on the plan showing the chargeability anomaly at 4100 m elevation**



**Fig 4. Drillhole traces on plan showing the magnetic anomalies.**

Previous exploration results clearly justified a drilling programme with the objectives of testing the closely associated geophysical and geochemical anomalies defined over the BQV occurrences, determining the presence or otherwise of potentially economic gold mineralization at depth and confirming the existence of Maricunga-style porphyry gold mineralization at La Falda. Drilling in such deposits commonly return intersections in excess of 100 m in length with grades approaching 1 g/t gold.

The drilling programme was focussed on areas with mapped outcrops of porphyry and BQV. Eight drillholes (numbered LF10-02, 03, 04, 05, 06, 07, 08 and 09) tested the area within a radius of 250 m from the BQV outcrops. Four drillholes (LF10-02, 04, 05, and 09) tested the margins of the very strong 700–1,000 m long magnetic anomaly. Two other holes, LF10-12 and 13 tested potential low-sulphidation epithermal targets. One hole, LF10-14, was drilled towards the prominent La Falda high-sulphidation target but was abandoned in poor ground conditions before reaching the planned target.

## Review of Operations

It is possible that the drilling has clipped the margins of a very much larger mineralised magnetic zone as shown in the above plan (Fig. 3) of interpreted magnetic anomalies. This suggests that mineralisation could be developed in the magnetic anomalies over a distance of 1.5 to 2 km.

**TABLE 1 - SIGNIFICANT ASSAYS FROM DRILLING**

Hole No	From (m)	To (m)	Interval (m)	Grade (g/t Au)	Total Depth (m)	Comments
LF10-01	40.00	44.00	4.00	<b>0.87</b>	332.00	
	50.00	52.00	2.00	<b>0.33</b>		
LF10-02	20.00	22.00	2.00	<b>0.38</b>	437.95	
	181.00	184.00	3.00	<b>0.39</b>		
	224.00	227.00	3.00	<b>0.51</b>		
LF10-03	103.60	105.60	2.00	<b>0.87</b>	431.30	
LF10-04	330.00	333.00	3.00	<b>0.36</b>	497.00	
	349.00	350.00	1.00	<b>0.36</b>		
	354.00	356.00	2.00	<b>0.56</b>		
	363.00	384.00	21.00	<b>0.73</b>		
	433.00	436.00	3.00	<b>0.33</b>		
LF10-05	296.00	298.00	2.00	<b>0.36</b>	502.00	
	310.00	318.00	8.00	<b>0.53</b>		
	334.00	366.00	32.00	<b>0.57</b>		See Note 2
	384.00	386.00	2.00	<b>0.61</b>		
	434.00	502.00	68.00	<b>0.41</b>		
LF10-06	120.00	136.00	16.00	<b>0.33</b>	419.00	
LF10-07	180.00	182.00	2.00	<b>0.37</b>	350.00	
LF10-08			No significant assays returned		395.00	
LF10-09	240.00	242.00	2.00	<b>0.34</b>	430.00	
	262.00	264.00	2.00	<b>0.34</b>		
	268.00	272.00	4.00	<b>0.36</b>		
	344.00	356.00	12.00	<b>0.42</b>		
LF10-10			No significant assays returned		349.00	
LF10-11	318.00	320.00	2.00	<b>0.38</b>	421.00	
	350.00	356.00	6.00	<b>0.48</b>		
	406.00	410.00	4.00	<b>0.39</b>		
LF10-12			No significant assays returned		211.00	
LF10-13			No significant assays returned		217.00	
LF10-14			No significant assays returned		181.00	See Note 3
<b>Total Metres Drilled</b>					<b>5,176.25</b>	

**Notes:**

1. All the intervals above were calculated using a lower cut-off of 0.3 g/t gold. This cut-off grade is commonly used in the Maricunga region as a lower cut off grade to define mineralisation suitable for mining in an open pit. At a current (but not necessarily future) gold price of ~\$1200/oz, a grade of 0.3 g/t gold represents an in-situ value of \$11.57/tonne. This may represent a lower cut off grade for a major porphyry type open pit gold mine, but it cannot carry any significant waste nor is it likely to be viable as an underground mine at La Falda.
2. In LF10-05 use of a 0.1 g/t Au cut-off indicates a 214 m intersection (from 288.00 m to 502.00 m) at an average grade of >0.2 g/t Au.
3. Samples from porphyry intrusives were routinely assayed for silver but seldom exceeded 1 g/t. Although LF10-14 was abandoned before reaching the main target zone, an interval from 28.00 m to 46.00 m (18.00 m) returned an average grade of 0.04 g/t gold and highly anomalous silver and mercury (18.2 g/t Ag and 11 ppm Hg) possibly indicative of epithermal gold mineralisation associated with the Falda North Structure.

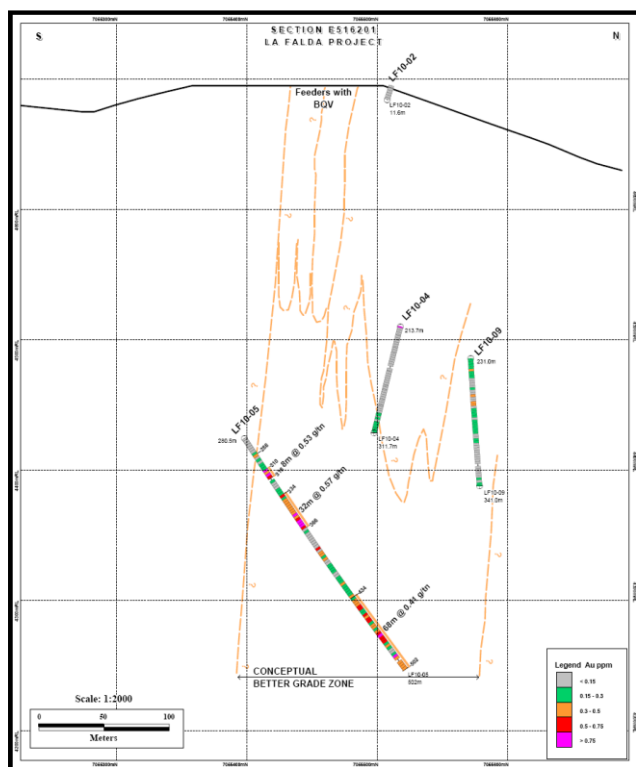


Fig 5. Section E516201

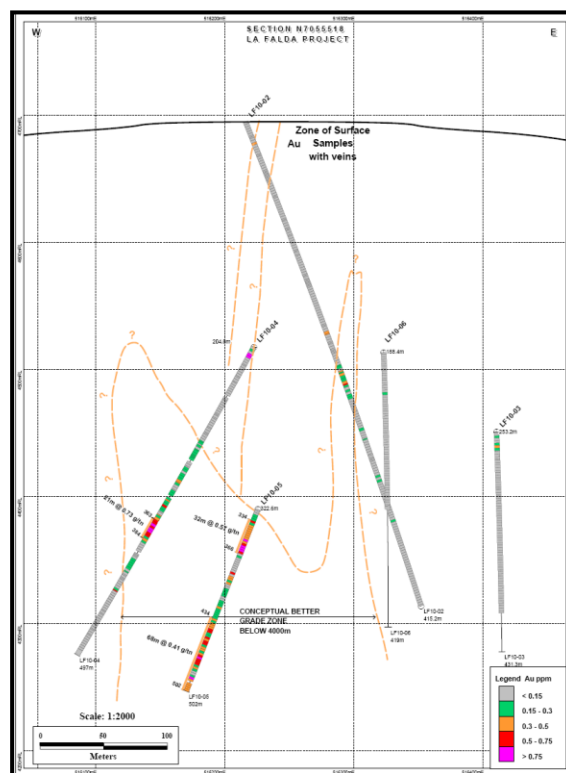


Fig 6. Section N705518

The above sections show the interpreted outline of the porphyry intrusive hosting the gold-bearing BQVs.

### Discussion

Nine of the drillholes completed have demonstrated that porphyry style gold mineralisation is present at depth at La Falda and is associated with banded quartz veins cutting a series of igneous intrusive rocks (see Figs 5 & 6 above) – an association typical of the large gold porphyry deposits of the Maricunga Belt.

Drilling has established a broad correlation between the shoulders of the magnetic anomaly and the development of better grades of gold. If this relationship can be proved to be consistent, then the highly magnetic zone revealed in geophysical surveys indicates that potentially mineralised material at La Falda should extend to the northwest from the main area drilled, swing to the west and then trend south before resuming a northwest direction.

It is likely that this structural behaviour is associated with the presence of several significant northwest and northeast trending faults.

The total strike length of the potentially mineralised magnetic zones is over 2 km and widths of 200 m are present along the shoulders of the magnetic anomalies.

A simple analysis of the shapes suggests that the tonnages available at a 0.3 g/t gold lower cut-off might be in the region of hundreds of millions of tonnes. However, the main intersections of such material were mostly shown by the drilling only to occur at a depth of at least 200 m below the surface.

Testing this concept would require a follow-up drilling programme on the possible northwest extensions to extend holes such as LF10-04, 05 and 09 deeper than that so far attempted.

Drilling was successful in intersecting gold values in the range 0.1 to 1.78 g/t gold at depths of between 20 m and over 450 m below surface with the best gold grades being intersected at depth. The grid in the sections above is 100 x 100 m. While gold grades have shown a steady increase from the surface to vertical depths of over 200 m, the grades would need to increase further for the mineralisation to warrant consideration as an underground mining target as it is too deep to be mined by open pit.

## Review of Operations

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Minera IRL Ltd informed Catalina that such further testing was beyond its current means and as a result, the date at which Minera had to exercise its Option under the Joint Agreement with Catalina was extended to 30 September 2010 to allow time to seek another party for the next phase of exploration. However, this was not successful; the final payment was not made and the option-to-purchase was cancelled. Consequently, the Directors expect that the full amount of capitalised project expenditure will have to be written off in the year ending 30 June 2011.

### **The Kahuna Project**

During September 2009, after careful consideration, it was decided not to renew the option-to-purchase contract but to concentrate on trying to locate new projects while exploration proceeded at La Falda under the Joint Venture with Minera IRL Ltd. Consequently, Kahuna was relinquished and the project costs have been written off.

### **Corporate Finance**

Under a Corporate Finance Agreement (“CFA”) with Loeb Aron Ltd. dated 21 December 2009, a Private Placing was completed on 26 February 2010 and a total of £192,312 was raised by a combination of cash subscriptions and debt conversion from new and existing shareholders. Certain of the Directors participated in the Placing by converting a portion of unpaid professional fees.

### **New Developments**

While the most attention over the year has been focussed on La Falda, the assessment and acquisition of new mining concessions to develop Catalina’s portfolio of projects in selected areas of interest has continued in order to generate new opportunities.

In the last six months, over 20 new opportunities have been reviewed and more detailed reviews have been completed on three new gold projects in the north of Chile with a view to their acquisition. These are located in areas where access is good and less severe winter weather than in the Maricunga Belt mean that fieldwork can continue throughout the year.

The projects are being acquired through a combination of direct applications for free ground, completion of option-to purchase agreements with concession owners and will be advanced either by Catalina alone or through joint venture. Projects 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.

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.



## Directors' Report

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The Directors present their report together with the audited Group financial statements for the year ended 30 June 2010

### 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 12. The Directors do not recommend the payment of a dividend.

### Share capital

On 6 November 2009 the Company issued 300 ordinary shares of £1.00 each at £3.50 per share to John Glanville in consideration for services provided.

On 11 January 2010 the Company issued 1,800 ordinary shares of £1.00 each at £3.00 per share to Loeb Aron & Company Ltd ("Loeb") in part-consideration for services provided.

Between 26 February and 5 March 2010 the Company issued 113,906 ordinary shares of £1 each at £2.00 per share. These were issued pursuant to a private placing arranged by Loeb in respect of which they received a cash commission and 7,623 Series C five-year warrants exercisable at £2.00 per warrant in respect of 7,623 ordinary shares of £1.00 each.

On 26 February 2010 the Company issued 69,625 ordinary shares of £1 each at £2.00 per share in part settlement of fees for services provided.

On 23 April 2010 the Company issued a further 1,800 ordinary shares of £1.00 each at £3.00 per share to Loeb in part-consideration for services provided.

### Annual General Meeting

Notice of the Annual General Meeting is set out on page 20.

Mr C L Phipps, 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 and 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 29 October 2010 the Directors were aware of the following substantial interests, apart from their own beneficial holdings as set out on page 9, in the share capital of the Company:

Shareholder	Ordinary Shares of £1	
	Fully paid	%
Phipps & Company Limited	75,679	11.13%
John Drinkwater	51,214	7.53%
Peter Finnegan	25,600	3.77%
Lee Morton	24,363	3.58%
Howard Appleby	23,363	3.44%

*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.*

## 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, all of whom served throughout the year, are Mr P S Bridges, Mr A J Shaw and Mr C L Phipps. Mr C F Amunategui resigned on 4 February 2010.

**Peter Bridges (UK)**, Managing Director, has 41 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 35 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.

**Ceri Phipps (UK)**, Non-Executive Director, has 25 years experience working initially as a geologist with TMOC 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.

### 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. He specialises in business law with particular experience in natural resource companies.

### Directors' interests

The Directors held the following beneficial interests in the share capital of the Company at the end of the period and at 29 October 2010:

Director	Ordinary Shares of £1 each	
	30 June 2010	29 October 2010
	Fully paid	Fully paid
Peter Sinclair Bridges <small>See note 1 below</small>	101,525	101,525
Andrew Jack Shaw <small>See note 1 below</small>	88,536	88,536
Ceri Lewis Phipps <small>See note 2 below</small>	-	-

Notes:

1. In addition Mr Bridges has an interest in 1,400 Series A warrants and Mr 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 2010: 75,679. 29 October 2010: 75,679).

### Directors' Indemnities

Under the Articles of Association of the Company the Directors are, in certain circumstances when acting as Directors of the Company, entitled to be indemnified out of the assets of the Company.

### 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.

## 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

29 October 2010

Registered Office:

3 St Peter's Road

Malvern

Worcestershire WR14 1QS

## **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 2010 set out on pages 12 to 19. 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 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 directors and auditors**

As explained more fully in the Directors' Responsibilities Statement set out on page 10, 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 2010 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 matters 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

.....  
29 October 2010

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

Granta Lodge  
71 Graham Road  
Malvern  
Worcestershire  
WR14 2JS

## Group Profit and Loss Account

For the year ended 30 June 2010

	Notes	2010 £	2009 £
<b>Operating income</b>		-	-
Exploration costs written-off	2	<b>(225,351)</b>	(236,261)
Administrative expenses	2	<b>(163,053)</b>	(109,146)
Total administrative expenses		<b>(388,404)</b>	(345,407)
<b>Operating loss</b>	4	<b>(388,404)</b>	(345,407)
Interest received		<b>283</b>	316
Interest paid		<b>(4,082)</b>	-
<b>Loss on ordinary activities before taxation</b>		<b>(392,203)</b>	(345,091)
Tax on loss on ordinary activities	6	-	-
<b>Loss for the year</b>	12	<b>(392,203)</b>	(345,091)

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.*

## Group Balance Sheet

At 30 June 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Intangible assets	7	<b>911,874</b>	852,026
		<b>911,874</b>	852,026
<b>Current assets</b>			
Bank & cash		<b>105,102</b>	51,539
Debtors	9	<b>4,840</b>	38,493
		<b>109,942</b>	90,032
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	<b>(85,173)</b>	(80,453)
		<b>24,769</b>	9,579
<b>Net current assets</b>			
		<b>936,643</b>	861,605
<b>Total assets less current liabilities</b>			
		<b>936,643</b>	861,605
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year	10	<b>(462,673)</b>	(346,646)
		<b>473,970</b>	514,959
<b>Net assets</b>			
		<b>473,970</b>	514,959
<b>Capital and reserves</b>			
Called up share capital	11	<b>679,851</b>	492,420
Share premium	12	<b>783,220</b>	619,437
Profit and loss account	12	<b>(989,101)</b>	(596,898)
		<b>473,970</b>	514,959
<b>Equity shareholders' funds</b>			
		<b>473,970</b>	514,959

Approved by the Board  
and authorised for issue on  
29 October 2010

**P S Bridges**  
Director

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

## Company Balance Sheet

At 30 June 2010

	Notes	2010 £	2009 £
<b>Fixed assets</b>			
Investment in subsidiary undertaking	8	1,033,760	965,487
<b>Current assets</b>			
Bank		95,397	1,902
Debtors		4,840	38,493
Other debtors		298,968	211,987
		<b>399,205</b>	252,382
<b>Current liabilities</b>			
Creditors: amounts falling due within one year		(79,147)	(16,035)
<b>Net current assets</b>		<b>320,058</b>	236,347
<b>Total assets less current liabilities</b>		<b>1,353,818</b>	1,201,834
<b>Non-current liabilities</b>			
Creditors: amounts falling due after one year		(53,315)	(202,182)
<b>Net assets</b>		<b>1,300,503</b>	999,652
<b>Capital and reserves</b>			
Called up share capital	11	679,851	492,420
Share premium	12	783,220	619,436
Profit and loss account	12	(162,568)	(112,204)
<b>Equity shareholders' funds</b>	13	<b>1,300,503</b>	999,652

Approved by the Board  
and authorised for issue on  
29 October 2010

**P S Bridges**  
Director

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

## Group Statement of Cash Flows

For the year ended 30 June 2010

	Notes	2010 £	2009 £
<b>Net cash (outflow)/inflow from operating activities</b>	14	<b>(288,913)</b>	79,066
<b>Returns on investments and servicing of finance</b>			
Interest received		283	316
Interest paid		<b>(4,082)</b>	-
<b>Net cash (outflow)/inflow from investments and servicing of finance</b>		<b>(3,799)</b>	316
<b>Capital expenditure</b>			
Payments to acquire fixed assets		<b>(285,199)</b>	(338,084)
<b>Net cash outflow from capital expenditure</b>		<b>(285,199)</b>	(338,084)
<b>Net cash outflow before management of liquid resources and financing</b>		<b>(577,911)</b>	(258,702)
<b>Financing</b>			
Joint Venture: Capital contribution		<b>280,260</b>	129,099
Issue of ordinary share capital		<b>371,460</b>	205,950
Less share issue costs		<b>(20,246)</b>	(40,093)
<b>Net cash inflow from financing</b>		<b>631,474</b>	294,956
<b>Increase in cash in year</b>	15/16	<b>53,563</b>	36,254

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



## 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.

## Notes to the Accounts

### 2 Administrative expenses

Costs include the overheads of the UK parent company, currency gains, 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 £50,364.

### 4 Operating loss

	<b>2010</b>	2009
	<b>£</b>	<b>£</b>
The Group operating loss is stated after charging:		
Fees payable to the Group's auditor for the audit of group accounts	<b>2,750</b>	2,675

### 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>2010</b>	2009
	<b>£</b>	<b>£</b>
Peter S Bridges*	<b>26,800</b>	40,200
Andrew J Shaw*	<b>26,800</b>	40,200
Cristián F Amunátegui Garcia-Huidobro***	<b>23,890</b>	40,200
Ceri L Phipps**	-	-

\* For the period ending 30 June 2010, under deeds dated 30 June 2009 and 27 February 2010, Mr P S Bridges and Mr A J Shaw have deferred repayment of loans amounting to £13,513 and £39,802 respectively.

\*\*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.

\*\*\* Additionally, Mr Amunátegui, who resigned from the board on 4 February 2010, received a payment in full settlement of his contract for services amounting to approximately £45,025.

### 6 Taxation

There is no charge to corporation tax on the result for the year (2009 – nil) due to the loss for the year.

### 7 Intangible fixed assets

Cost	Exploration		Total
	Goodwill	& Evaluation	
	£	£	£
At 1 July 2009	166,687	685,339	852,026
Additions	-	274,969	274,969
Less amounts written off	-	(215,121)	(215,121)
<b>At 30 June 2010</b>	<b>166,687</b>	<b>745,187</b>	<b>911,874</b>

### 8 Subsidiary undertakings

	Country of Holding	Country of incorporation	Country of operations
Minera Catalina SA	100%	Chile	Chile
Minera La Falda SA	100%	Chile	Chile
La Falda Resources Limited	100%	Jersey	Jersey

## Notes to the Accounts

### 9 Debtors

	2010	2009
	£	£
Trade debtors	4,840	38,493

### 10 Creditors

	2010	2009
	£	£
<i>Amounts falling due within one year</i>		
Trade creditors	22,878	46,468
Accruals	21,213	33,985
Loan	41,082	-
	<b>85,173</b>	<b>80,453</b>

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

Trade creditors	-	126,967
Loans	53,314	75,215
Accruals	-	15,365
Joint Venture: Capital contribution from Minera IRL	409,359	129,099
	<b>462,673</b>	<b>346,646</b>

All loans are repayable within 5 years.

### 11 Share capital

	2010	2009
	£	£
Authorised 1,500,000 ordinary shares of £1 each	1,500,000	1,500,000
Allotted, called up and fully paid 679,851 ordinary shares of £1 each	679,851	492,420

*Details of the shares issued by the Company during the year are set out in the Directors' report on page 8.*

### 12 Reserves

	Share premium	Profit and loss account
	£	£
At 1 July 2009	619,437	(596,898)
Shares issued during the year	184,029	-
Issue costs	(20,246)	-
Loss for the year	-	(392,203)
<b>At 30 June 2010</b>	<b>783,220</b>	<b>(989,101)</b>

### 13 Reconciliation of movements in shareholders' funds

	2010	2009
	£	£
Shareholders' funds at 1 July	514,959	694,193
Shares issued during the period	351,214	165,857
Loss for the financial period	(392,203)	(345,091)
Shareholders' funds at 30 June	<b>473,970</b>	<b>514,959</b>

## Notes to the Accounts

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

	2010	2009
	£	£
Operating loss	<b>(388,404)</b>	(345,407)
Fixed assets written down	<b>225,351</b>	236,261
Decrease/(increase) in debtors	<b>33,653</b>	(35,463)
(Decrease)/increase in creditors	<b>(159,513)</b>	223,675
Net cash (outflow)/inflow from operating activities	<b>(288,913)</b>	79,066

### 15 Analysis of net funds

	1 July 2009	Cash flow	30 June 2010
	£	£	£
Net cash:			
Cash at bank and in hand	51,539	53,563	<b>105,102</b>
Net funds	51,539	53,563	<b>105,102</b>

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

	2010	2009
	£	£
Increase in cash in year	<b>53,563</b>	36,254
Movement in net funds in the year	<b>53,563</b>	36,254
Opening net funds	<b>51,539</b>	15,285
Closing net funds	<b>105,102</b>	51,539

### 17 Capital commitments

The Company had no capital commitments at 30 June 2010.

### 18 Contingent liabilities

There were no contingent liabilities at 30 June 2010.

### 19 Transactions with related parties

Other than disclosed above there are no related party transactions except as follows:

During the year Mr C L Phipps, through his 25% non-controlling equity holding in Phipps & Co, was interested in the Loan Agreement agreed between the Company and Phipps & Co on 15 September 2009 for the sum of £62,500. The balance at 30 June 2010, including accrued interest was £41,082.

## Notice of Annual General Meeting

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Notice is hereby given that the third Annual General Meeting of Catalina Resources PLC will be held at 3 St Peter's Rd, Malvern, Worcestershire WR14 1QS on Tuesday, 23 November 2010 at 12.30 p.m. for the following purpose:

1. To receive the Directors' Report and Financial Statements for the year ended 30 June 2010 together with the Auditors' Report.
2. To re-elect Mr C L Phipps 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 551(7) of the Companies Act 2006, until the 2011 Annual General Meeting, to allot relevant equity securities up to a maximum nominal amount of £820,149.

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 571(1) of the Companies Act 2006, until the 2011 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 £820,149.

By order of the Board

**Christopher Bate**  
Company Secretary  
29 October 2010

### *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.