CATALINA
RESOURCES PLC

Annual Report 2015

Company Number: 05837907

CATALINA
RESOURCES PLC

Contents

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Corporate Information

Company Registration Number (England):	05837907
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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
Independent Auditors:	Kendall Wadley LLP Granta Lodge 71 Graham Road Malvern Worcestershire WR14 2JS
Banker:	Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XP

Review of Operations

Introduction

Through its wholly-owned Chilean subsidiary, Minera Catalina SA, Catalina Resources PLC (“the Company” or “the Group”) holds the Jiguata and the Toculla concessions in northern Chile.

Although the year 2014/15 has been a year of relatively low activity due to financial constraints, the Company has continued to ensure that all land taxes and other necessary ownership requirements at both project areas have been maintained. All the concession titles remain in good standing at both projects.

Following the success of the geophysical surveys at Jiguata in 2014, much of the past year has been spent trying to find a potential joint venture partner or purchaser for the Jiguata Project. Unfortunately, the continuing slump in base and precious metal prices has resulted in cross-the-board reductions in exploration budgets and aversion to the adoption of early-stage exploration projects. Although our efforts have yet to be successful, efforts to this end continue.

This review provides a brief description of the geology of Catalina’s projects, outlines their geological significance and discusses what this could mean for Catalina.

Project Locations

Jiguata is located approximately 150 km east-northeast of the city of Iquique in Region I of Chile. Access is straightforward – a 3-hour drive by 4x4 vehicle from Iquique.

The small settlement of Lirima lies 7 km to the southwest and the project lies at an elevation of between 4,600 and 4,700 m (~15,000 feet) above sea level (Figure 1).

Toculla is located approximately 140 km northeast of Iquique in Region I of Chile. Total transit time from Iquique is $3^{1}/_{2}$ hours and access is gained through the village of Camiña which lies an hour’s drive southwest of Toculla. The project lies at an elevation of between 3,700 and 4,000 m above sea level.

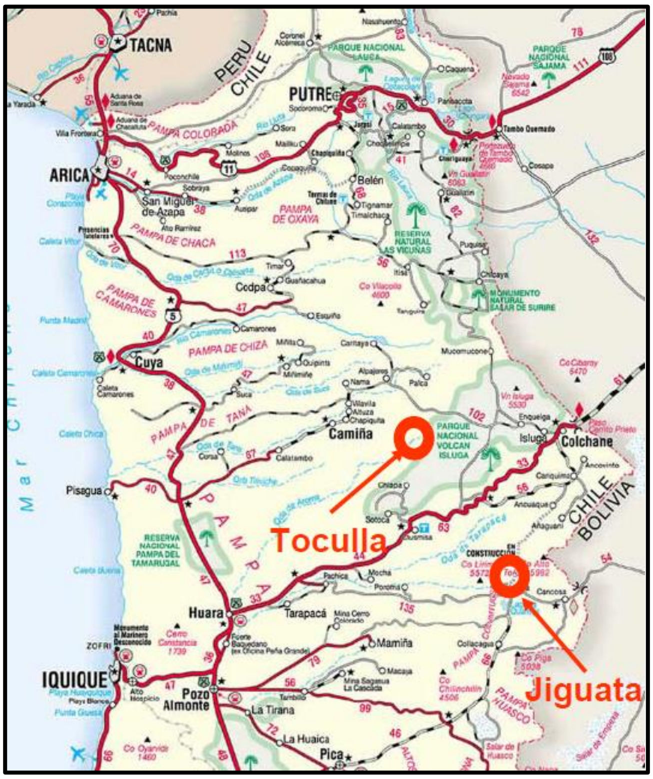

Figure 1: Location of the Jiguata and Toculla Projects.

The Jiguata Concessions

Catalina holds 35 “pedimentos mineros” or exploration concessions at Jiguata, covering an area of 10,000 hectares. The concession ownership map (catastro minero) of the Jiguata area shows the layout of the various concessions (Figure 2).

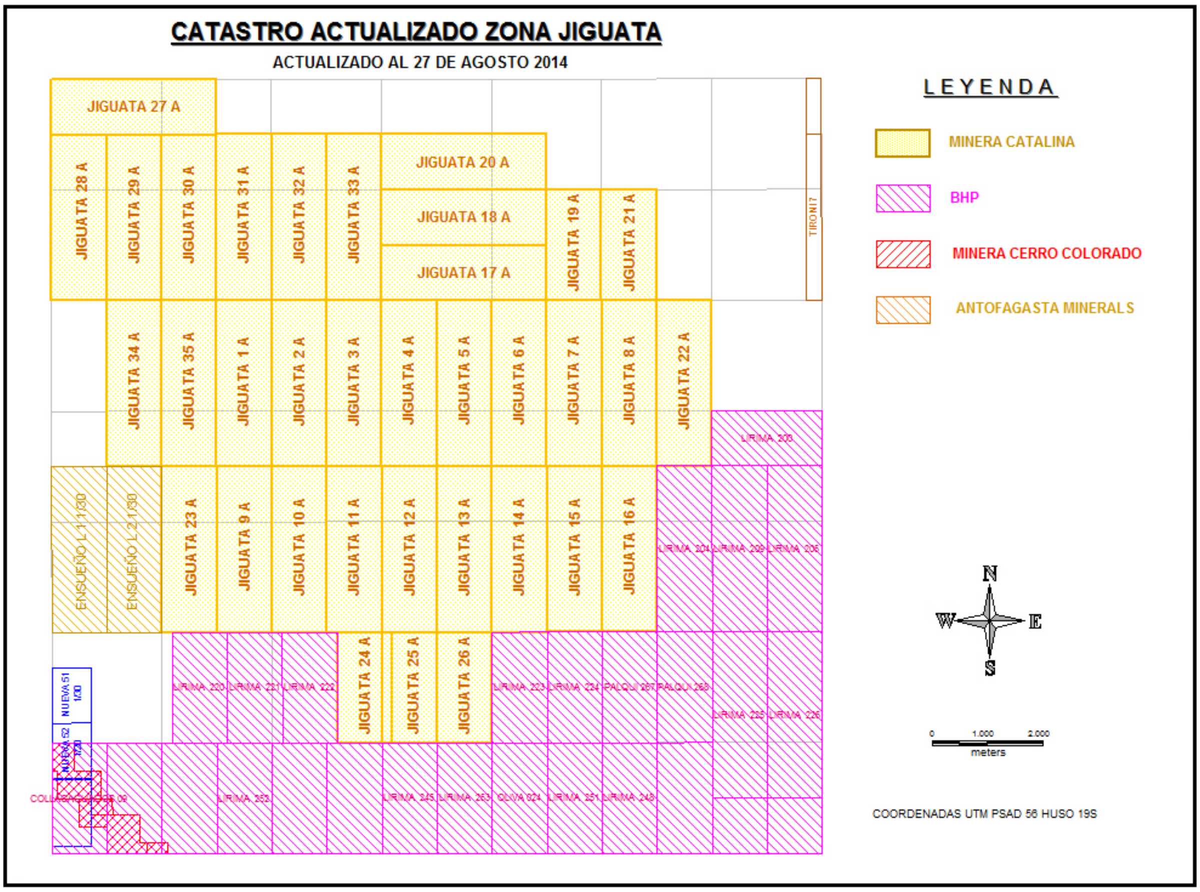

Figure 2: The Jiguata Concessions.

The concessions cover all areas of geological interest and all of the chargeability and resistivity anomalies revealed by geophysical surveys completed in 2014.

The Toculla Concessions

At Toculla, Catalina holds 14 exploration concessions covering a total area of 3,300 hectares.

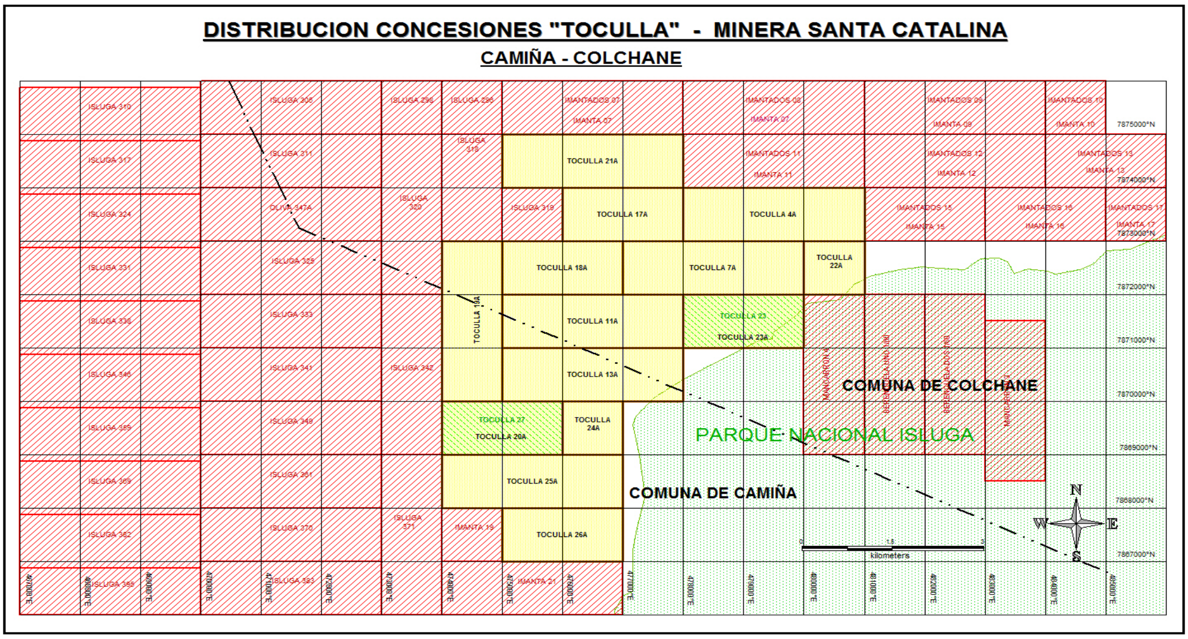

Figure 3: The Toculla Concessions.

A Description of the Jiguata Project

The Geological Setting

Although initially targeted as a high-sulphidation epithermal gold project, geochemical and geophysical surveys completed by Catalina have prompted a re-classification and efforts are now directed towards the discovery of an underlying porphyry-copper target. This view strengthened by analogies with the large Collahuasi copper mines located 120 km to the south.

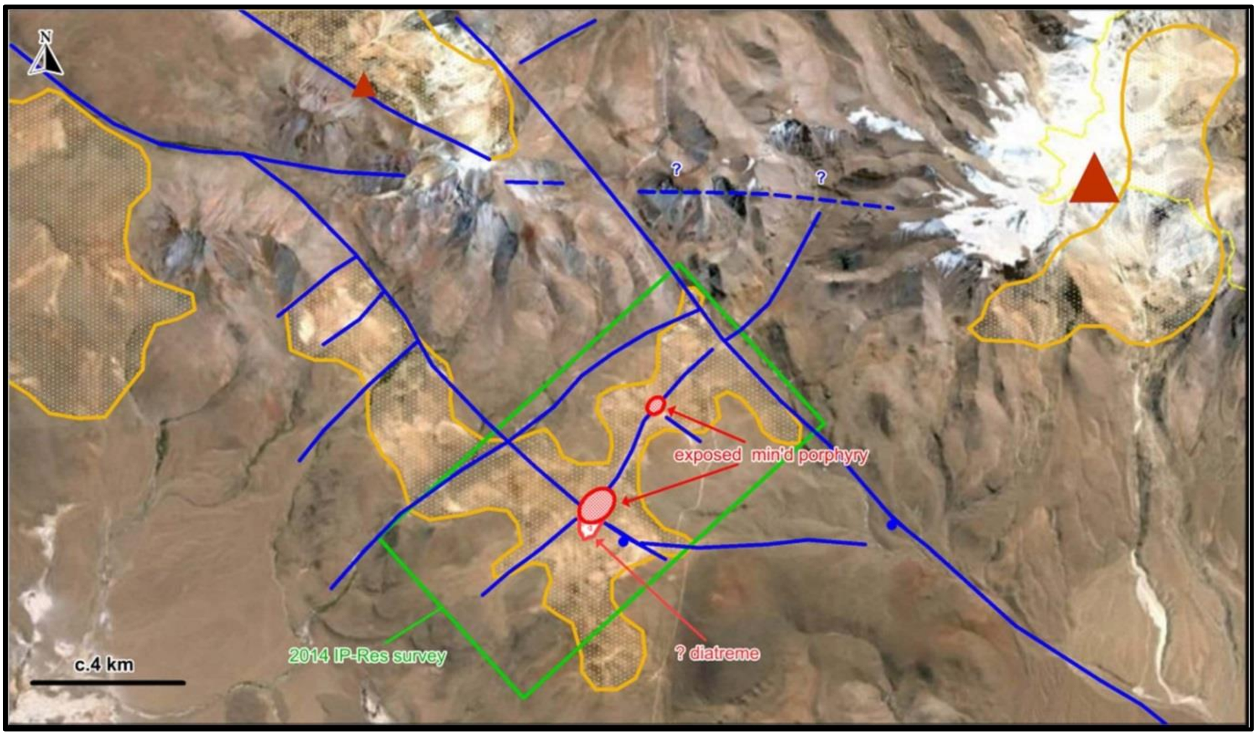

Figure 4: Satellite image of the Jiguata area.

Figure 4 is a district-scale satellite image of the Jiguata Project with the main geological features superimposed. The approximate area of the 2014 IP-resistivity survey is outlined in green and the size of the area is indicated by the scale-bar in the lower left of the image.

The orange line delineates the surface exposure of the oldest rocks in the area - a sequence of steam-heated, hydrothermally altered lavas and ashes with chalcedony replacement, partially obscured by a younger volcanic sequence originating from two Miocene volcanic complexes to the north and northeast of Jiguata – the two red triangles. On the image the older sequence is generally lighter-coloured; the younger lavas and pyroclastics are darker.

Figure 4 also shows that the limits of the alteration at Jiguata are strongly controlled by district-scale NW- and NE-trending faults (blue). Similar structural controls on the distribution of alteration are reported from the large Rosario porphyry copper deposit 120 km to the south.

The alteration types can be sub-divided into the following assemblages which are roughly stacked above each other:

- High-level "steam-heated" advanced-argillic alteration (opal-cristobalite-alunite-kaolinite-sulphur)
- Mid-level stratabound chalcedony ± opaline silica horizons (indicative of palaeo-water table levels)
- Deeper, blanket-like, hypogene alunite-bearing (and pyritic) advanced-argillic alteration assemblages partly exposed at the lowest elevations in the base of valleys cutting the area.

In the older sequence, where valleys have cut through the steam-heated blanket a deeper hypogene alteration, with a core of residual quartz grading outward to quartz-alunite, and silicic-clay, is exposed. Two small outcrops of mineralised porphyry-style veining are found within the hydrothermally altered rocks.

This zonation indicates that erosion has only reached relatively shallow levels in the hydrothermal system. Argillic alteration of the porphyry-style veining indicates some telescoping of the alteration package and correlates with strongly anomalous molybdenum values in both rock samples at surface and in two shallow RC boreholes drilled by Codelco some 20 years ago.

The holes reported several zones of quartz-veinlet stockwork with anomalous Cu-Mo geochemistry. Analyses of samples from the two holes returned:

- An upper zone of 76 m (52-128 m) with average grades of 251 ppm copper and 107 ppm molybdenum, with maximum values of 5,555 ppm Cu and 250 ppm Mo.
- A lower zone of 163 m (138-301 m) with average grades of 102 ppm copper and 192 ppm molybdenum with maximum values of 1,240 ppm Cu and 933 ppm Mo.

In 2014 it was decided to investigate the porphyry potential at Jiguata by undertaking a broad-based IP and resistivity survey.

The 2014 Geophysical Survey at Jiguata

The geophysical survey comprised six lines, one-kilometre apart, varying in length from 7,600 to 9,600 metres for a total of 53.8 line kilometres.

The data, presented in a series of sections and plans, show the geophysical response at different elevations and demonstrate the presence of large chargeability and resistivity anomalies. The sections also show a variety of features which vary from section to section, as shown in Figure 7.

Chargeability Anomalies

Strong chargeability anomalies from 20 to 35 mV/V are outlined on all six lines. In several areas, they are fairly close to the surface but in most areas, the anomalies are at a depth of 100 to 400 m with each line showing relatively continuous, deep, chargeable zones over 5 km wide. The anomalies may be closing to the southwest and northeast but additional coverage is required to confirm closure.

Lines 3000N and 8000N both show strong chargeability anomalies indicating that the chargeable zone remains open to the SE and NW and it is likely that the chargeability anomaly (blue outline in Figures 5 and 6) measures approximately 7x7 km.

Figure 5 shows a plan view of inverted chargeability at a constant elevation of 4,100 m which is approximately from 100 to 400 m deep. The two strongest and shallowest chargeability anomalies occur on Lines 5000N and 6000N and correspond closely with the two known outcrops of porphyry-style veining. A third strong, shallow anomaly occurs on the southern portion of Line.

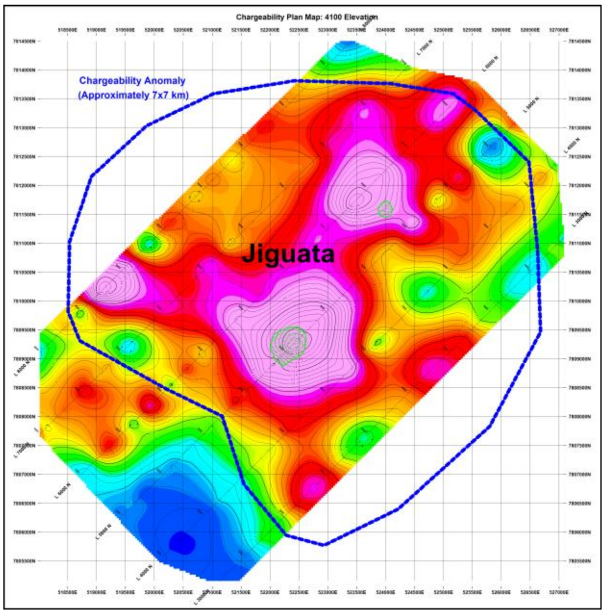

Figure 5: Inverted Chargeability Slice at 4,100 m.

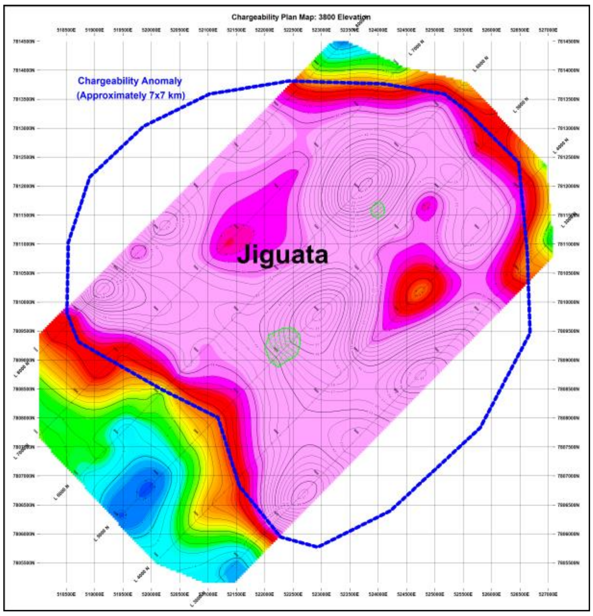

Figure 6: Inverted Chargeability Slice at of 3,800 m elevation.

The chargeability plan view at the deeper 3,800 m elevation (Figure 6) shows a significant increase in the areal extent of the chargeability anomalies with amplitudes that match the chargeabilities observed over the porphyry mineralisation on the 4,100 m map. Thus, it is possible that porphyry mineralisation is widespread at depth below the post-mineral cover and steam-heated alteration.

When the inverted chargeability data are viewed in stacked sections (Figure 7), it is apparent that the anomalies extend to at least 800 m - the approximate limit of depth penetration of the survey. Typically, sulphide mineralisation associated with porphyries extends to great depths, so the deeply-rooted anomalies at Jiguata are consistent with expected anomalies over porphyry mineralisation.

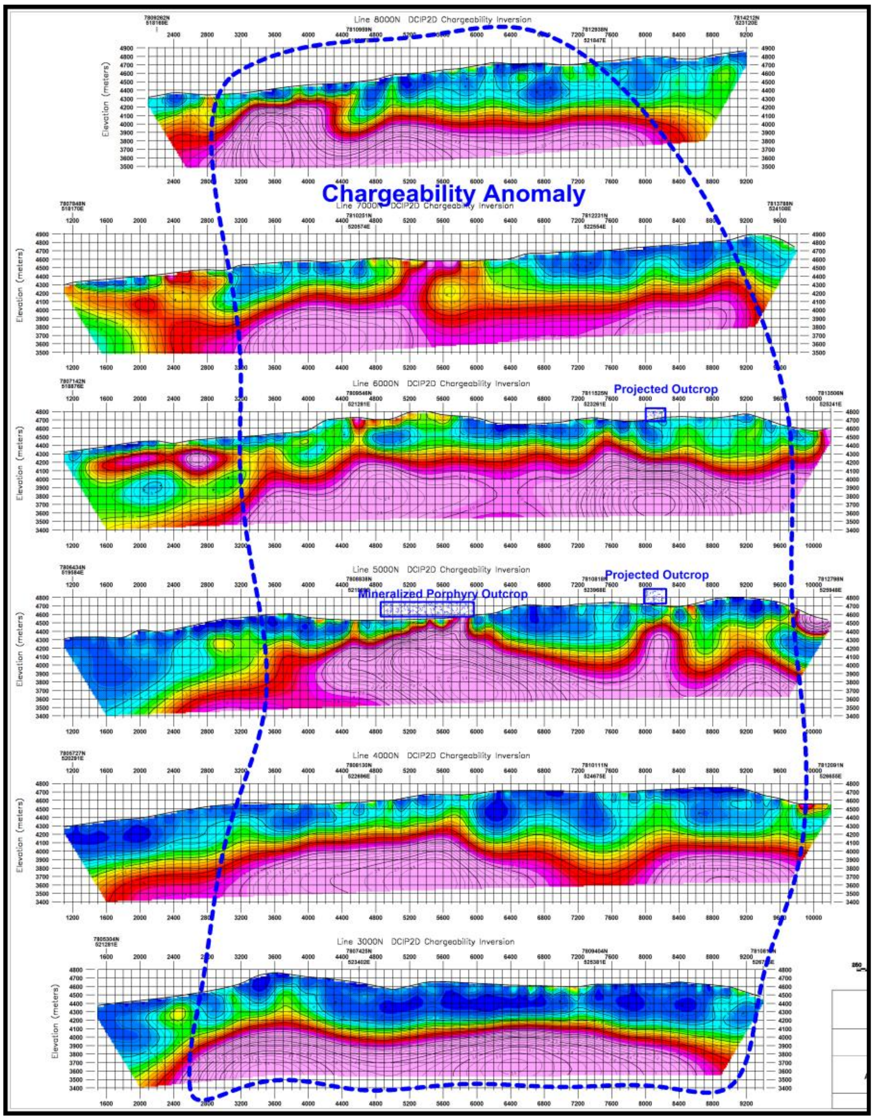

Figure 7: Stacked Inverted Chargeability sections – looking northwest.

Figure 7 also shows several shallower chargeability anomalies with weaker amplitudes and limited depth extension, particularly on the SW portion of lines 5000N, 6000N, and 7000N. These “perched” chargeability zones appear to be caused by a different chargeable source than the stronger, deeper anomalies near the exposed porphyry mineralisation. These could be due either to epithermal argillic alteration with pyrite or strata-bound epithermal mineralisation – the original epithermal exploration targets.

Resistivity Anomalies

A deep conductor, the “Inner Deep Conductor”, is located to the northeast of the NW Resistive zone. It correlates with high chargeabilities, lies between the two known outcrops of mineralised porphyry-style veining and is considered prospective for deep porphyry mineralisation.

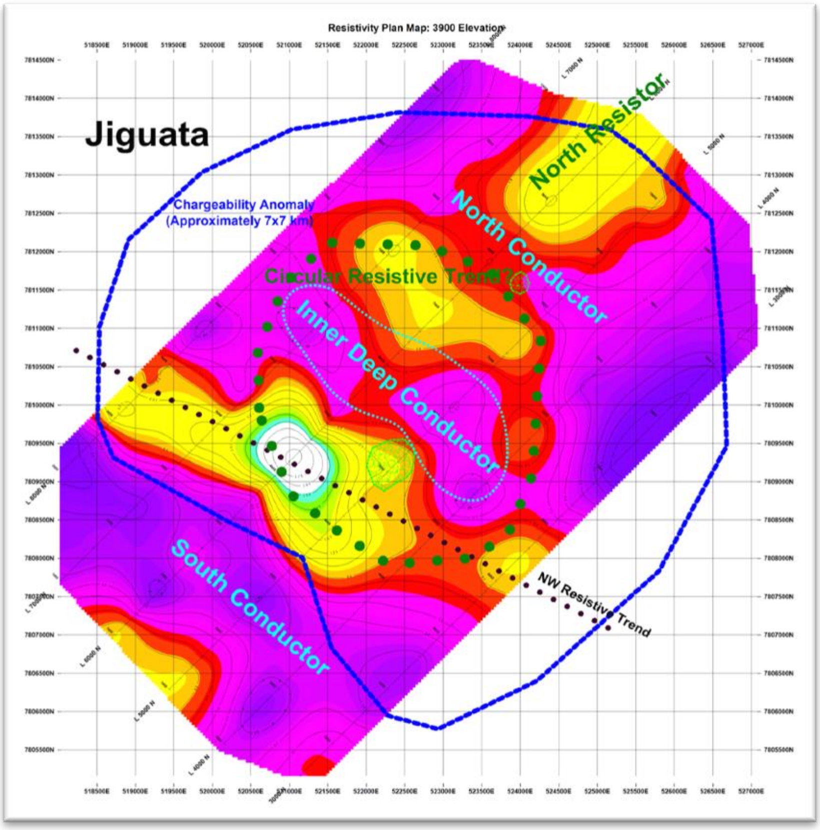

Figure 8: Resistivity at 3900m elevation.

The "North Conductor" is located immediate NE of the circular resistive trend and the strong chargeability anomaly. This zone is also considered prospective for porphyry mineralisation.

Strong, deep conductors are observed on the central and northern portions of the two outer lines, 3000N and 8000N, associated with strong chargeability anomalies.

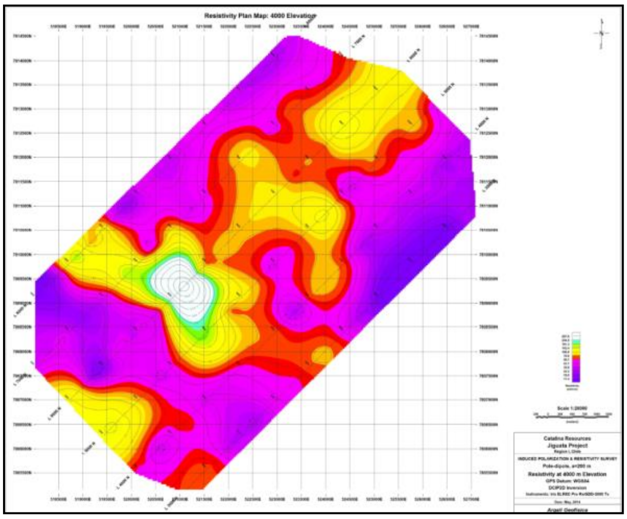

Figure 9: Resistivity at 4000m elevation.

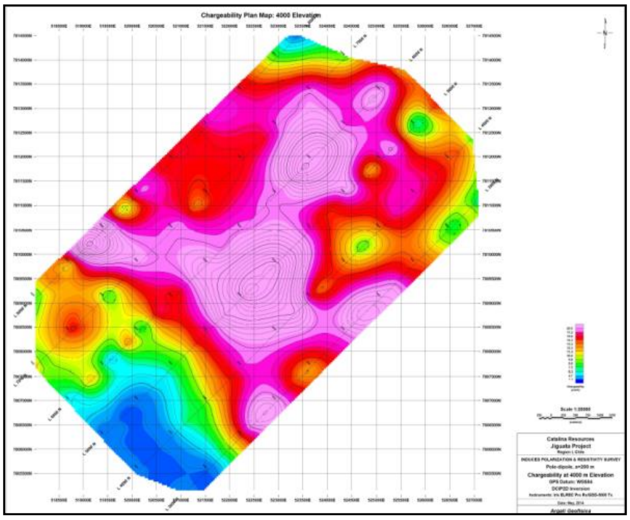

Figure 10: Chargeability at 4000m elevation.

Comparison between Jiguata and other porphyry copper deposits in northern Chile

Jiguata lies in prime exploration country to the north of Chile's Eocene–Oligocene Metallogenic Belt – one of the most prolific copper mining regions in the world. Much of the Jiguata area is covered in younger Miocene volcanics, obscuring the older rocks below.

The Belt includes over thirty Cu/Mo porphyry deposits containing 220 million tonnes of copper metal and contains many world-class mining operations the nearest of which are the mines of the Collahuasi complex (the Rosario, Copaquire, Quebrada Blanca and Ujina porphyry intrusions) which lie approximately120-130 km to the south.

A comparison of the geophysical anomalies at Jiguata and those at Collahuasi reveals:

- Porphyry intrusions at Collahuasi all host large chargeability anomalies covering areas from 4 to 6 km in diameter.
- The Jiguata chargeability anomaly is somewhat bigger than both the Rosario and the Ujina anomalies.
- The circular resistivity anomaly at Jiguata is approximately the same size as the chargeability anomaly at Ujina.
- At Collahuasi, the strongest chargeabilities are typically on the outer portion of the anomalous zone and are often considered to be part of the "pyritic halo" that surrounds some types of copper porphyries. Typically, economic mineralisation is located closer to the centre of the anomalous zone and inside of the strong chargeability associated with the pyritic halo.
- The intensity of the chargeability and resistivity anomalies at Jiguata are similar to those observed over the Collahuasi deposits.

Thus, the dimensions of the Jiguata anomaly are consistent with the dimensions of other known porphyry deposits in the region.

Summary

Strong chargeability anomalies outlined at Jiguata cover a large area measuring at least 6-7 km in diameter. Most of the chargeability anomalies commence at 100 to 300 m depth, typically below a shallow resistive layer that is attributed to post-mineral cover or overprinting by steam-heated epithermal alteration.

The strongest and shallowest chargeability anomalies correlate closely to two outcrops of mineralised porphyry-style veining. Chargeability anomalies associated with known or inferred pyrite-bearing epithermal argillic alteration are weak to moderate in comparison to the anomalies near the outcropping porphyry-style veining. Consequently, the strong, deep chargeability anomalies at Jiguata may also be associated with porphyry mineralisation.

The two historic drill holes are located near strong chargeability anomalies; however, these relatively shallow (250m vertical depth) drill holes did not test the main part of the deeper chargeability anomaly, nor did they test the deeper conductive zones. Both holes encountered anomalous gold and copper and high molybdenum values. High molybdenum values are characteristic of the large porphyries south of Jiguata at Rosario, Ujina, Quebrada Blanca, and Copaquire.

The Jiguata anomalies are considered an excellent target for large-scale Cu-Mo porphyry mineralisation. However, the post-mineral cover and the over-printing epithermal alteration complicate both the chargeability and resistivity anomalies observed. The interpretation of the geophysical anomalies is therefore more complex and ambiguous than in areas hosting only porphyry mineralisation.

The interpretation of the geology and geophysics presented above greatly expands the geological potential of the Project because, although there is no guarantee at this stage that these newly-identified targets carry economic mineralisation, the focus of Jiguata has shifted from an epithermal gold target to one or more possible copper porphyry targets – an increase of several orders of magnitude.

Follow-up detailed geological mapping and geochemical sampling and additional geophysical surveys are planned. The IP survey has yet to define the full limits of the underlying porphyry intrusives and the purpose of this work will be to define the extent and principal parameters of the potential porphyries before seeking a joint venture partner to assist with the funding of more detailed, later-stage exploration.

The geophysical survey has demonstrated clearly that IP reflects the underlying geology and additional surveys, on more closely-spaced lines, will be valuable in defining targets for future scout drilling.

The Toculla Gold Project

The geological setting of the region around Toculla consists of a series of probable Miocene ignimbrites and andesitic–rhyolitic lavas (the "younger volcanics") covering older volcano-sedimentary formations.

Catalina's concessions at Toculla overlie the eastern sector of an extensive area of the older volcano-sedimentary rocks exposed in a "window" where the otherwise ubiquitous cover of younger volcanics has been stripped away by erosion.

The darker areas in Figure 11 are indicative of fresh, unaltered younger volcanics; the older volcano-sedimentary rocks are lighter in colour due to extensive hydrothermal alteration.

Figure 11: Structural Control on Hydrothermal Systems near Toculla.

Toculla lies on a large regional-scale, NW-SE-trending structure - the Toculla-Puchuldiza Fault. This fault hosts active hydrothermal systems at Toculla, Uscana, Huancure, Tuja and Puchuldiza. The structure appears to exert a profound control on the geological setting of the Toculla concessions.

The gold-bearing Puchuldiza-Tuja geothermal system lies on the fault some 30-40 km to the southeast and hosts a "non-JORC" resource of circa 1 million oz. of gold and other precious metals in veins and stockworks developed in explosion breccias and silicified zones.

NW – SE structural trends such as the Toculla-Puchuldiza Fault are significant in both Argentina and Chile where prominent sets of similar lineaments strike across the Cordillera from east of the Puna in Argentina to the Chilean coast. Research suggests that repeated reactivation of these left-lateral strike-slip systems creates sites for mineral deposition.

At Toculla, there is evidence of two, high-level, high-sulphidation ("HS") epithermal complexes in the eastern and central part of the concession area.

Some 500 m to the north of these, an extensive, roughly east-west trending zone of silicification (Silica Ridge) is flanked by argillic alteration. It is over 1,100 m long and approximately 200 m wide (Figure 12). It lies on strike with several hot, hydrogen-sulphide emitting thermal springs and is intruded by a series of hydrothermal breccias.

The proximity of the HS systems and the hot spring–silicification zone raises the intriguing possibility of interaction between the two and the remobilisation and re-concentration of precious metal mineralisation – possibly associated with a series of younger hydrothermal breccias.

Samples from the hydrothermal breccias have returned low precious metal values consistent with those found in the upper levels of epithermal complexes. Arsenic and barium are anomalous; lead, antimony, tellurium, zinc and cadmium are elevated and molybdenum values are high. Mercury values are particularly high with a maximum value of 23 ppm.

Toculla presents a similar geological, stratigraphic and structural setting to that in which the gold-silver mineralisation has been developed at Puchuldiza-Tuja. Similar precious metal mineralisation may well have developed at Toculla.

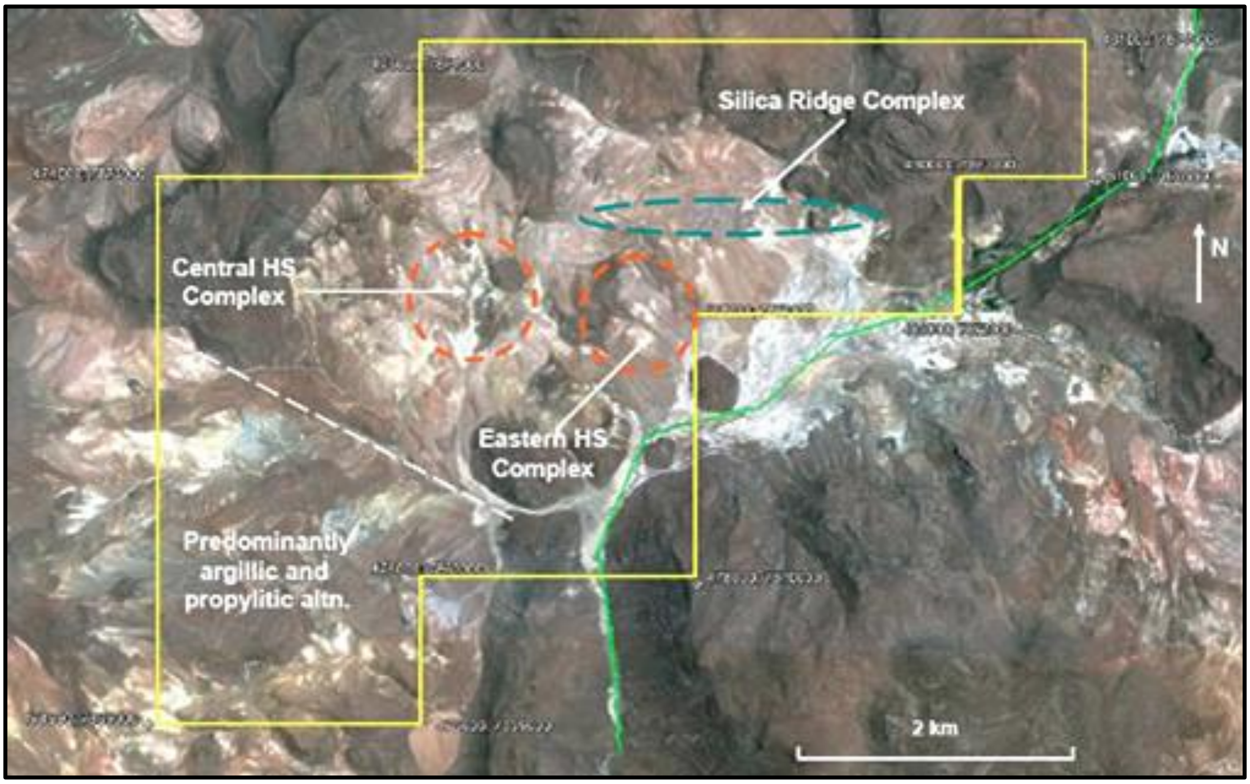

Figure 12: Satellite image of the Toculla area.

Corporate

Conditions in the mining sector of the financial markets during the past twelve months have remained largely unsupportive and so further equity-raising has, again, not been possible.

As reported previously, Phipps & Company Limited ("Phipps & Co"), on 1 July 2014, completed its subscription for 5% Convertible Unsecured Loan Stock 2016 amounting to £200,000 in full settlement of all of its short-term loans and the accumulated interest thereon. To meet current working capital requirements an additional subscription amounting to £50,000 was made during the year by Phipps & Co and incorporated into the existing Convertible Loan Stock.

Further details of the 5% Convertible Unsecured Loan Stock 2016 are set out in the Directors' Report on page 13.

No other significant fund-raisings have taken place either during or since the yearend.

Costs continue to be kept to an absolute minimum with all efforts being directed towards maintaining the Group's Chilean assets in good standing pending increased investor interest in the financing of early-stage exploration projects.

Operating Risks and Uncertainties

In addition to any direct project-specific risks and uncertainties which could, potentially, arise in any of the active prospects discussed above, the Group also faces a number of generic risks which may often be beyond its direct control. Wherever possible, appropriate mechanisms are deployed to eliminate, minimise or mitigate them. These include the following categories:

- susceptibility to political and socio-economic risks;
- exploration, development and financing risks;
- operational and environmental risks;
- risks associated with fluctuations in mineral prices;
- joint-venture and co-investor risks;
- dependence on key personnel and infrastructure risks including data security; and
- the potential risks associated with diversification.

Directors' Report

The Directors present their report together with the audited Group financial statements for the year ended 30 June 2015.

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 17. The Directors do not recommend the payment of a dividend.

Share capital

On 18 July 2014 and 16 January 2015 the Company issued 1,000 and 1,000 ordinary shares of £1.00 each at £2.00 per share to Gavin Jacobs in consideration for on-going services.

On 16 January 2015 the Company issued 2,500 ordinary shares of £1.00 each at £1.50 per share to Nicholas Callan in part payment for services rendered.

On 18 March 2015 the Company issued 45,000 ordinary shares of £1.00 each at £1.50 per share to Joseph Jordan in part payment for services rendered.

Convertible Loan Stock

On 1 July 2014 and 1 March 2015 the Company issued a further £200,000 and £50,000 respectively in 5% Convertible Unsecured Loan Stock 2016 to Phipps & Co (represented by 133,333 and 33,333 ordinary shares of £1 each at an exercise price of £1.50 per share) in full settlement of loans advanced to the Company since September 2009. As at 30 June 2015 interest amounting to £42,546 (represented by a further 28,364 ordinary shares of £1 each at an exercise price of £1.50 per share) had accrued. The interests of the Directors are given in note 6 on page 22.

Annual General Meeting

Notice of the Annual General Meeting is set out on page 27.

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

It is proposed 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.

Resolutions 4 and 5: The Company is seeking shareholder approval to renew the authorities of the Directors to issue shares and to dis-apply pre-emption rights.

Substantial shareholdings

At 5 November 2015 the Directors were aware of the following substantial interests, apart from their own beneficial holdings as set out on page 14, in the share capital of the Company:

Shareholder	**Ordinary Shares of £1 Fully paid**	**%**
Phipps & Company Limited (Phipps & Co)*	75,679	10.23%
Soc. de Inversiones Iugetanuma SA	61,636	8.33%
John Drinkwater	51,214	6.92%
Joseph Jordan	45,000	6.08%
Peter Finnegan	25,600	3.46%
Lee Morton	24,363	3.29%
Howard Appleby	23,363	3.16%

** Phipps & Co has subscribed for £250,000 in 5% Redeemable Convertible Loan Stock 2016 which, including accrued interest, may result in the issue of 180,631 ordinary shares of £1 each at a price of £1.50 per share. Mr C L Phipps has a non-controlling interest in Phipps & Co.*

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.

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.

The Bribery Act 2010

The Company has adopted procedures to prevent persons associated with it bribing another person on its behalf. The Company has adopted, at Board level, a risk-based approach to managing bribery risks proportionate with the Company's operations and in accordance with the Bribery Act 2010 guidelines.

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.

Peter Bridges (UK), Managing Director, has 46 years' experience in mining and mineral exploration including 16 years as a Director, later Chief Executive, of Greenwich Resources plc – at that time a British listed public company. He is a Fellow of the Geological Society of London, a Fellow of the Institute of Materials, Minerals and Mining, a Chartered Engineer, a Euro Engineer and a Chartered Geologist.

Andrew Shaw (UK & Chile), Exploration Director, has 40 years' experience in mineral exploration with the British Geological Survey and with Greenwich Resources plc – mainly in South America and Europe. He speaks fluent Spanish and is resident in Chile.

Both of the above were heavily involved in the discovery of several mineral deposits in Venezuela and the Sappes epithermal gold deposit in Greece.

Ceri Phipps (UK), Non-Executive Director, has 30 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 (UK) Limited 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 5 November 2015:

	Ordinary Shares of £1 each	
	30 June 2015	**5 November 2015**
Director	**Fully paid**	**Fully paid**
Peter Sinclair Bridges	101,525	101,525
Andrew Jack Shaw	88,536	88,536
Ceri Lewis Phipps See note below	-	-

Note:
Mr Phipps holds a 25% equity interest in Phipps & Co. The interests of Phipps & Co are shown on page 13 under the paragraph headed 'Substantial Shareholdings' (30 June 2015 - 75,679 and 5 November 2015 - 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. Deferred terms have been agreed with certain of the creditors extant at the balance sheet date. Amounts due to trade creditors represent 13 days outstanding (2014 - 2 days).

Political and charitable donations

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

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 Bate
Company Secretary
5 November 2015

Registered Office:
6 Stone Close
Colwall
Malvern
Worcestershire WR13 6QZ

Independent Auditors Report to the Shareholders of Catalina Resources PLC

We have audited the financial statements of Catalina Resources PLC for the year ended 30 June 2015 set out on pages 17 to 26. 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 Chapter 3 of Part 16 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 15, 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.

In addition we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2015 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

Chartered Accountants
Statutory Auditor
5 November 2015

Granta Lodge
71 Graham Road
Malvern
Worcestershire WR14 2JS

Group Profit and Loss Account

For the year ended 30 June 2015

	Notes	**2015** **£**	2014 £
Operating income	2	**-**	-
Exploration costs written off	3	**-**	-
Amortised goodwill	3	**(33,337)**	(33,337)
Administrative expenses	3	**(5,286)**	(68,963)
Total administrative expenses		**(38,623)**	(102,300)
Operating loss	5	**(38,623)**	(102,300)
Interest received		**-**	-
Interest paid		**(36,412)**	(18,690)
Loss on ordinary activities before taxation		**(75,035)**	(120,990)
Tax on loss on ordinary activities	7	**-**	-
Loss for the year	14	**(75,035)**	(120,990)

All transactions except exploration costs written-off 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 2015

	Notes	2015 £	2014 £
Fixed assets			
Intangible assets	8	**546,855**	525,860
Tangible assets	9	**1,008**	1,228
		547,863	527,088
Current assets			
Bank & cash		**31,342**	62,754
Debtors	11	**137**	375
		31,479	63,129
Current liabilities			
Creditors: amounts falling due within one year	12	**(27,497)**	(124,999)
Net current assets/(liabilities)		**3,982**	(61,870)
Total assets less current liabilities		**551,845**	465,218
Non-current liabilities			
Creditors: amounts falling due after one year	12	**(835,680)**	(749,268)
Net liabilities		**(283,835)**	(284,050)
Capital and reserves			
Called up share capital	13	**738,651**	689,151
Share premium	14	**820,070**	794,320
Profit and loss account	14	**(1,842,556)**	(1,767,521)
Equity shareholders' funds	15	**(283,835)**	(284,050)

Approved by the Board
and authorised for issue on
5 November 2015

P S Bridges
Director

Company Registration No. 05837907

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

Company Balance Sheet

At 30 June 2015

	Notes	2015 £	2014 £
Fixed assets			
Investment in subsidiary undertaking	10	**588,560**	569,273
Tangible assets	9	**1,008**	1,229
		589,568	570,502
Current assets			
Bank		**29,600**	60,081
Debtors	11	**69**	200
Other debtors: amounts falling due from subsidiary after one year	11	**755,912**	716,698
		785,581	776,979
Current liabilities			
Creditors: amounts falling due within one year	12	**(24,647)**	(122,148)
Net current assets		**760,934**	654,831
Total assets less current liabilities		**1,350,502**	1,225,333
Non-current liabilities			
Creditors: amounts falling due after one year	12	**(835,680)**	(749,268)
Net assets		**514,822**	476,065
Capital and reserves			
Called up share capital	13	**738,651**	689,151
Share premium	14	**820,070**	794,320
Profit and loss account		**(1,043,899)**	(1,007,406)
Equity shareholders' funds		**514,822**	476,065

Approved by the Board
and authorised for issue on
5 November 2015

P S Bridges
Director

Company Registration No. 05837907

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 2015

	Notes	2015 £	2014 £
Net cash (outflow)/inflow from operating activities	16	**(27,080)**	148,636
Returns on investments and servicing of finance			
Interest paid		**-**	-
Net cash outflow from investments and servicing of finance		**-**	-
Capital expenditure			
Payments to acquire fixed assets		**(54,332)**	(181,090)
Net cash outflow from capital expenditure		**(54,332)**	(181,090)
Net cash outflow before management of liquid resources and financing		**(81,412)**	(32,454)
Financing			
New loans		**50,000**	79,822
Net cash inflow from financing		**50,000**	79,822
(Decrease)/increase in cash in year	17/18	**(31,412)**	47,368

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

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 2015.

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

Tangible fixed assets
Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life as follows:

Fixtures, fittings and equipment - 18% reducing balance.

Intangible 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 intangible 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.

Goodwill is amortised on a straight-line basis over 5 years.

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.

2 Operating income

Operating income comprises fees for services, which are recognised when the service is provided, and option payments received, which are recognised in accordance with a staged agreement.

3 Administrative expenses

Costs include the overheads of the UK parent company, currency gains and amortised goodwill. There were no exploration costs (2014 - nil) written off during the year.

4 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 £36,493 (2014 - loss £57,498).

5 Operating loss

	2015	2014
The Group operating loss is stated after charging:	**£**	£
Fees payable to the Group's auditor for the audit of group accounts	**2,500**	2,500
Foreign exchange loss	**47**	1,354

6 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:

Director:	**2015**	2014
	£	£
Peter S Bridges*	**-**	30,150
Andrew J Shaw*	**-**	30,150
Ceri L Phipps**	**-**	-

* *For the period ending 30 June 2015, and subject to and in accordance with the terms of the 5% Redeemable Convertible Loan Stock 2016 agreement*, *Mr P S Bridges and Mr A J Shaw received all outstanding fees and certain expenses in loan stock. The respective balances, including accrued interest, as at 30 June 2015 were as follows: Mr P S Bridges - £185,520 (represented by 123,680 ordinary £1 shares at an exercise price of £1.50) - Mr A J Shaw - £189,692 (represented by 126,461 ordinary shares at an exercise price of £1.50). Additionally, the repayment of loans amounting to £13,513 and £37,492 respectively has been deferred indefinitely.*

7 Taxation

There is no charge to corporation tax on the result for the year (2014 – nil) due to the loss for the year.

Reconciliation of tax charge	**2015**	2014
	£	£
Result for the year	**(75,032)**	(120,990)
Corporation tax at 20.75% (2014 – 22.5%)	**(15,569)**	(27,223)
Adjusted for the effects of:		
Unutilised losses	**8,651**	19,722
Amortisation of goodwill	**6,918**	7,501
Charge per the accounts	**-**	-

The Group has trading losses of approximately £328,777 (2014 - £312,000) available for offset against future trading profits.

8 Intangible fixed assets

	Goodwill	Exploration & Evaluation	Total
Net book value	£	£	£
At 1 July 2014	33,337	492,523	525,860
Additions	-	54,332	54,332
Less amortised goodwill	(33,337)	-	(33,337)
Less amounts written off	-	-	-
At 30 June 2015	**-**	**546,855**	**546,855**

9 Tangible fixed assets

	Computers
Cost	£
At 1 July 2014	2,355
Additions	-
At 30 June 2015	2,355
Depreciation	
At 1 July 2014	1,127
Charge for the year	220
At 30 June 2015	1,347
Net book amount	
At 1 July 2014	1,228
Net book amount	
At 30 June 2015	**1,008**

10 Subsidiary undertakings

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

11 Debtors

	2015	2014
Group	**£**	£
Trade debtors	**137**	375
Company	**£**	£
Trade debtors	**69**	200
Other debtors: amounts falling due from subsidiary after one year*	**755,912**	716,698
	755,981	716,898

**Other debtors represent amounts due from the Company's subsidiary Minera Catalina SA*

12 Creditors

	2015	2014
Group	**£**	£
Amounts falling due within one year		
Trade creditors	**2,472**	3,247
Accruals	**25,025**	121,752
Loans	**-**	-
	27,497	124,999
Amounts falling due after one year		
Trade creditors	**-**	-
Loans*	**51,005**	251,005
5% Redeemable Convertible Loan Stock 2016	**742,129**	492,129
Accruals	**42,546**	6,134
	835,680	749,268

All loans are repayable within 5 years.

12 Creditors (continued)

	2015	2014
Company	**£**	£
Amounts falling due within one year		
Trade creditors	**122**	897
Accruals	**24,525**	121,251
Loans	**-**	-
All loans are repayable within 5 years.	**24,647**	122,148
Amounts falling due after one year		
Trade creditors	**-**	-
Loans*	**51,005**	251,005
5% Redeemable Convertible Loan Stock 2016	**742,129**	492,129
Accruals	**42,546**	6,134
	835,680	749,268

**Loans comprise £51,005 due to the Directors of the Company over which settlement has been informally deferred until such time as funds permit.*

13 Share capital

	2015	2014
	£	£
Allotted, called up and fully paid		
738,651 ordinary shares of £1 each	**738,651**	689,151

Details of shares issued by the Company during the year are set out in the Directors' Report on page 13.

As at 30 June 2015 share options over 1,000 ordinary shares of £1 each were outstanding at £1.80 exercisable (other than in certain exceptional circumstances) until 7 April 2017 (30 June 2014 - 1,000).

On 25 February 2015 share warrants (designated Series C) over 7,623 ordinary shares of £1 each lapsed (30 June 2014 - 7,623).

On 1 July 2014 and 1 March 2015 the Company issued £200,000 and £50,000 respectively in 5% Convertible Unsecured Loan Stock 2016 to Phipps & Co (represented by 166,666 ordinary shares of £1 each at an exercise price of £1.50 per share) in settlement of loans advanced to the Company since September 2009.

As at 30 June 2015 the balance, including interest, of the 5% Convertible Unsecured Loan Stock 2016 amounted £784,675 (represented by 523,116 ordinary shares of £1 each at an exercise price of £1.50 per share) amounting to £42,546 (represented by 28,364 ordinary shares of £1 each at an exercise price of £1.50 per share).

14 Reserves

	Share premium	Profit and loss account
	£	**£**
At 1 July 2014	794,320	(1,767,521)
Shares issued during the year	25,750	-
Loss for the year	-	(75,035)
At 30 June 2015	**820,070**	**(1,842,556)**

The loss dealt with in the accounts of the parent company is £36,493 (2014 - loss £57,498).

15 Reconciliation of movements in shareholders' funds

	2015	2014
	£	£
Shareholders' funds at 1 July	**(284,050)**	(167,060)
Shares issued during the period	**75,250**	4,000
Loss for the financial period	**(75,035)**	(120,990)
Shareholders' funds at 30 June	**(283,835)**	(284,050)

16 Reconciliation of operating loss to net cash inflow from operating activities

	2015	2014
	£	£
Operating loss	**(38,623)**	(102,300)
Transactions dealt with by share issue or loan notes	**(11,162)**	113,428
Fixed assets written down	**-**	-
Amortised goodwill	**33,337**	33,337
Depreciation	**220**	270
Foreign exchange movement	**-**	1,326
Decrease in debtors	**238**	615
(Decrease)/increase in creditors	**(11,090)**	101,960
Net cash (outflow)/inflow from operating activities	**(27,080)**	148,636

17 Analysis of net debt

	1 July 2014	Cash flow	Non-cash changes	**30 June 2015**
	£	£	£	**£**
Net cash:				
Cash at bank and in hand	62,754	(31,412)	-	**31,342**
Net debt:				
Debts falling due in more than one year	(749,268)	-	(86,412)	**(835,680)**
	(749,268)	-	(86,412)	**(835,680)**
Net debt	(686,514)	(31,412)	(86,412)	**(804,338)**

18 Reconciliation of net cash flow to movement in net debt

	2015	2014
	£	£
(Decrease)/increase in cash in the year	**(31,412)**	47,368
Cash outflow from increase in debt	**-**	(79,822)
Change in net debt resulting from cash flows	**(31,412)**	(32,454)
Issue of loan notes in settlement of loans, fees and accumulated interest	**(86,412)**	(510,818)
Foreign currency translation difference	**-**	(1,326)
Movement in net debt in the year	**(117,824)**	(544,598)
Opening net debt	**(686,514)**	(141,916)
Closing net debt	**(804,338)**	(686,514)

19 Capital commitments

The Company had no capital commitments at 30 June 2015.

20 Contingent liabilities

There were no contingent liabilities at 30 June 2015.

21 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 Loan Agreements (dating from 15 September 2009) agreed between the Company and Phipps & Co amounting to £200,000 including accrued interest. The balance at 30 June 2015 was nil (2014 - £200,000).

On 1 July 2014 Phipps & Co agreed, in full settlement of its loans to the Company, to subscribe for £200,000 of 5% Convertible Unsecured Loan Stock 2016 (represented by 133,333 ordinary shares of £1 each at an exercise price of £1.50 per share). On 1 March 2015 Phipps & Co agreed to subscribe for a further £50,000 of 5% Convertible Unsecured Loan Stock 2016 (represented by 33,333 ordinary shares of £1 each at an exercise price of £1.50 per share).

During the year, interest due to Phipps & Co of £11,027 (2014 – nil) has been added to the principal sum of the 5% Convertible Unsecured Loan Stock 2016 in accordance with the terms of the loan note.

As at 30 June 2015 the balance held by Phipps & Co in 5% Convertible Unsecured Loan Stock 2016, (including interest of £11,027), was £261,027 (2014 – nil).

During the year, interest due to Mr P S Bridges, through his controlling interest in Torridon Investments Limited, and Mr A J Shaw of £8,987 and £9,189 (2014 - £2,179 and £2,228) respectively has been added to the principal sums of the 5% Convertible Unsecured Loan Stock 2016 in accordance with the terms of the loan note.

As at 30 June 2015 the balance held by Mr P S Bridges, through his controlling interest in Torridon Investments Limited, in 5% Convertible Unsecured Loan Stock 2016, including interest of £11,166 (2014 - £2,179), was £185,520 (2014 – £176,553).

As at 30 June 2015 the balance held by Mr A J Shaw in 5% Convertible Unsecured Loan Stock 2016, including interest of £11,417 (2014 - £2,228), was £189,692 (2014 – £180,503).

Also during the year Mr P S Bridges, through his controlling interest in Torridon Investments Limited, was interested in an agreement to provide office services amounting to nil (2014 - £4,594).

Notice of Annual General Meeting

Notice is hereby given that the eighth Annual General Meeting of Catalina Resources PLC will be held at 6 Stone Close, Colwall, Malvern, Worcestershire WR13 6QZ on Tuesday, 1 December 2015 at 12.30 p.m. for the following purposes:

1. To receive the Directors' Report and Financial Statements for the year ended 30 June 2015 together with the Auditors' Report.
2. To re-elect Mr P S 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 resolutions:

4. **Ordinary Resolution:** That the Directors be and are hereby empowered, in accordance with the provisions of Section 551 of the Companies Act 2006, until the 2016 Annual General Meeting, to allot relevant equity securities up to a maximum nominal amount of £3,500,000.
5. **Special Resolution:** That the Directors be and are hereby empowered, in accordance with the provisions of Section 571 of the Companies Act 2006, until the 2016 Annual General Meeting, to dis-apply the statutory pre-emption rights and allot relevant equity securities for cash, other than to existing shareholders, up to a maximum nominal amount of £3,500,000.

By order of the Board

Christopher Bate
Company Secretary
5 November 2015

Registered Office:

6 Stone Close
Colwall
Malvern
Worcestershire
WR13 6QZ

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.