

Lima, March 28, 2009

Mr. Peter Bridges
Managing Director
Catalina Resources PLC
3 St Peters Rd
Malvern, Worcestershire,
WR14 1QS
United Kingdom

Ref: Binding Letter of Intent, La Falda Project Joint Venture Proposal

Dear Peter,

It is the pleasure of Minera IRL Ltd (IRL) to present Catalina Resources PLC (Catalina) (and/or their respective affiliates, as defined below), the terms of a possible joint venture association to explore the La Falda Project (the "Project"), located in Diego de Almagro, III Region, Chile. These terms are in line with our recent discussions and are the following:

1.- In consideration of Catalina's acceptance with the terms of the offer made by IRL to enter into a joint-venture agreement for the development of the La Falda Project, IRL has agree to pay to Catalina a total amount of US\$250,000 (two hundred and fifty thousand US dollars) of which US\$200,000 have been wire transfer to a Catalina designated account on March 24, 2009 and the remainder US\$50,000 shall be paid to Catalina through wire transfer to its designated account within the next fifteen (15) labor days. . Of such total amount, US\$50,000 are considered a payment for the direct benefit of Catalina and the remainder US\$200,000 are to be used by Catalina for the following purposes: a) make to the owners of the properties La Falda 1/245 a payment due on March 31, 2009 of US\$100,000 and which is contemplated in the option agreement between Catalina and the owner "Sociedad Hormazabal y Masso Ltda" dated January 24, 2007 as amended on June 20, 2008 through public deeds issued before Santiago Notary Public Mr. Eduardo Avello (the "La Falda Option"); b) pay the 2009-2010 annual mining payments due for the Project mining properties, for a total of approximate US\$48,000 annual patents; and, c) carry on further geophysical survey and limited field work.

2.- Following Catalina acceptance to this LOI, IRL shall have a term that will end on August 30, 2009 for conducting a due-diligence of the Project which includes legal, environmental and technical information review. In the event that in accordance to IRL legal counsel the Project mining properties totally or partially are invalid or present overlapping situations which are considered that cannot be resolved in a satisfactory manner for the Project development by IRL, then IRL may decide at its own discretion not to proceed and in such case Catalina will reimburse IRL the amount of US\$50,000 within the next ten (10) days from the notice by IRL.

3.- If on or before August 30, 2009 and as a consequence of the positive results of the due-diligence as determined in IRL sole discretion, IRL decides to enter into an option agreement with Catalina (the "Definitive Agreement"), then within 30 calendar days after the notice given by IRL to Catalina both parties shall execute an option agreement pursuant to the provisions of the Código de Minería of Chile, as customary in Chile, whereby Catalina will grant IRL (or to a Chilean subsidiary of its parent company Minera IRL Ltd) the right to explore the Properties

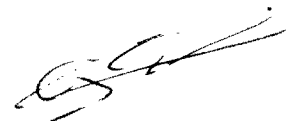


during a 12 month period and to acquire a 75% of ownership interest in the mining properties which comprehend the La Falda Project and which are described in Annex A to this LOI (the "Properties") or in a new company to which such Properties are transferred or assigned (the "Option").

4.- The Option shall be exercised by IRL not later than July 31, 2010, provided that IRL has comply with and commits to the following obligations: (i) within a period commencing on the date of execution of the Definitive Agreement and ending on June 30, 2010, spend not less than US\$ 700,000 (seven hundred thousand U.S. dollars) in exploration activities in the Properties / expenses that shall include field work, laboratory tests, chemical analysis, administrative overheads, as customary in this type of agreements) including in such amount the mining patents to be paid for the year 2010-2011 and which will be due on March of 2010. The exploration activities shall be determine and decide by IRL at its discretion and shall be informed to Catalina; (ii) pay on behalf of Catalina both on September 30, 2009 and March 30, 2010 and to the La Falda Option offeror, Sociedad Hormazabal y Masso Ltda, the amount of US\$100,000 in each date; (iii) pay to Catalina the amount of US\$200,000.- within the next 30 days from the date of IRL notice to Catalina of its decision to exercise the Option and subject to the satisfaction of the obligations above referred – provided that payment to Catalina be kept in escrow until the incorporation of the SCM at IRL Chilean counsel satisfaction.

It is agreed that for the development of the La Falda Project the Parties will create a new legal vehicle in the form of a "sociedad contractual minera" ("SCM") in accordance to the SCM by-laws to be contemplated as an Annex to the Definitive Agreement. Any such vehicle(s) for the development of the Project must be tax-efficient and shall be determined by the parties. Such new vehicle ("SCM") may involve a corporate structure based on the establishment of a new company or be derived from the split of Minera Catalina such that the La Falda assets are in a new company in Chile, the shares in which become owned by IRL and Catalina. IRL shall agree to pay the reasonable expenses of Catalina in establishing the appropriate structure and shall indemnify Catalina against any tax liability, which expenses must be agreed before incurring in them. .. The Properties, including the La Falda Option, shall be transfer and assign by Catalina to this SCM at the time of its incorporation. The contribution of IRL to the SCM for its 75% interest shall be all the studies and data which are the result of the initial exploration activities plus the amount of US\$2,350,000 ((two million three hundred and fifty thousand US dollars) to be paid on or before September 30, 2010. Such amount shall be used by the SCM to pay to the La Falda Option offeror, Sociedad Hormazabal y Masso Ltda, the final payment that for the exercise of the La Falda 1/245 mining properties concession is due on September 30, 2010 for the same amount and, in the event such installment has been renegotiated and rescheduled, to timely make the agreed payment that enables the SCM to acquire the 100% ownership of the La Falda 1/245 mining concessions and to apply any remainder for further La Falda Project exploration activities. In the unlikely event that IRL does not make such contribution, then its shareholding interest in the SCM shall be entirely transferred to Catalina at a nominal cost of US\$1,000 (one thousand US dollars).

It is agreed that until the date when the Properties are contributed or transferred to the SCM, it shall be the entire responsibility and cost of Catalina to maintain and secure the Properties, conducting all actions and activities necessary for maintaining their preferential rights over the areas comprised by each of them. In any event and as previously agreed in writing with IRL, the costs to be incurred by Catalina for these purposes can be funded by IRL and considered in such case as part of the exploration activities expenditures contemplated in numeral (i) of this numeral.



5.- As of the date when IRL satisfies its contribution to the SCM (US\$2,350,000) both parties shall contribute its proportionate share of the costs and expenses of the SCM after a request therefore (a "Cash Call") pursuant to a work plan and budget approved by the SCM Board of Directors. If Catalina elects not to contribute its proportionate share to such Cash Call; provided, then Catalina's interest shall be diluted in a proportion of a 1% of its interest diluted over each US\$100,000 contributed by IRL to such Cash Call. If dilution results in Catalina holding an interest of less than ten percent (10%) in the SCM, then IRL shall convert Catalina's interest into a net smelter royalty of one and a half percent ("1.5% NSR").

6.- The Board of Directors of the SCM shall have such duties and powers as will be defined in the Definitive Agreement and its by-laws. The Board of Directors will be composed by three (3) members and up to three alternates. IRL shall have the right to designate two (2) members and their alternates and Catalina the remainder until it holds a minimum of a 10% interest in the SCM. IRL shall elect the Chairman of the Board of Directors, who shall also be the President of the SCM and of the shareholders' meetings.

7.- The Definitive Agreement and the by-laws of the SCM will provide: (i) the quorum and voting requirements for shareholders meetings and Board of Directors meetings and the protection (veto) rights for the adoption of resolutions; (ii) the solution of deadlock situations; (iii) the limitation (to the extent permitted by Chilean law) on the sale, transfer, assignment and/or encumbrance of the equity participation by each of the parties hereto, and the preferential right of each party to acquire the equity participation of the other party at market price.

8.- Either Party may transfer its interest under this LOI to an affiliate, provided that such affiliate agrees, in writing, to be bound by the terms of this LOI. Neither Party may transfer any portion of its rights nor any of its obligations under this LOI or of the Definitive Agreement to a non-affiliate third party until IRL have the right to exercise the Option. The Definitive Agreement shall include the appropriate language to reflect that upon the termination or exercise of the Option the Parties may transfer its interest to a non-affiliated third party but such transfer shall be subject to a right of first refusal for the non-transferring Party.

9.- If IRL or Catalina is prevented or delayed in complying with any provisions of the LOI by reason of strikes, lockouts, labour shortages, power shortages, fires, wars, acts of God, governmental regulations restricting normal operations or other comparable reasons beyond the control of IRL or Catalina, as the case may be, the time limited for the performance of the various provisions of this LOI shall be extended by a period of time equal in length to the period of such prevention and delay. IRL or Catalina, as the case may be, shall, as soon as practicable, give written notice to the other Party of the particulars of the reasons for any prevention or delay under this paragraph, and shall take all reasonable steps to remove the cause of such prevention or delay and shall give written notice to IRL or Catalina, as the case may be, as soon as such cause ceases to exist. The Definitive Agreement shall include a comparable Force Majeure provision.

10.- During the term of the LOI and the Definitive Agreement, there shall be an area of interest ("Area of Interest") which will comprise those lands included within one (1) kilometre of the outermost boundary of the Properties. If either party acquires any mineral properties within the Area of Interest, it will offer to have those rights or properties included in this LOI or the Definitive Agreement. Notwithstanding anything in the previous paragraph, the Parties expressly



agree that the Area of Interest shall exclude and will not affect in any way the mining petitions, claims, permits, concessions or other property interests requested, optioned or acquired by IRL or its affiliates prior to the date of this LOI.

11.- This LOI and the Definitive Agreement OJVA shall be governed by the laws of the Republic of Chile.

12.- Any question, difficulty or discrepancy arising between the parties concerning this Agreement or modifications hereto, relating to the interpretation, performance, validity, execution or termination of same or any other cause relating to this LOI and/or the Definitive Agreement or obligations here and there under, shall be resolved by arbitration pursuant to the current Rules of the Arbitration Procedure of the Arbitration and Mediation Center of Santiago. For the above purposes, the parties shall appoint by mutual agreement and from among the persons on the roster of said Arbitration and Mediation Center the arbitrator who shall resolve the difficulty or dispute. The parties confer an irrevocable special power of attorney upon the Santiago Chamber of Commerce so that it may, at the written request of any thereof, appoint the arbitrator from among the members of the arbitration corps of the Santiago Arbitration and Mediation Center. The parties expressly reserve the right to object to or veto up to ten arbitrators of the ones proposed by the Chamber. The decision of the arbitrator appointed pursuant to this Section shall be final and the parties hereto expressly waive any right they may have to any appeal against such decision. The arbitrator appointed pursuant to this Section shall be expressly empowered to resolve any matters relating to his power and jurisdiction.

13.- A party shall promptly deliver to the other party all notices concerning the Property or operations thereon that it receives from any person. All notices required or permitted to be given by a party under this LOI shall be in writing and in the English language, and (unless some other mode of giving the same is specified or accepted in writing by the recipient) shall be effective upon the first to occur of the following:

- (a) if delivered by courier during normal business hours at the addressee party's principal address, on the day of delivery, or, if not delivered during normal business hours, on the next business day following such delivery, or
- (b) on the day it shall have been received by facsimile transmission at the addressee party's principal address, if received during business hours, or, if not received during normal business hours, on the next business day following such receipt.

Until otherwise specified by notice, the addresses for any notice shall be:

If to IRL, to its principal address for notice at:

Attn: **Courtney Chamberlain**
Address: **Minera IRL Ltd**
Ordnance House
31 Pier Road, St Helier
Jersey JE4 8PW



Telephone: + 511 4181230
Mobile: + 61408888803
Telecopier: + 511 712 0099
E-mail:

And at:

Attn: **Diego Benavides**
Address: **Av. José Pardo 601 Of-904**
Miraflores, Lima 18
Peru
E-mail:

Telephone: + 511 4181230
Mobile: + (511) 99352 3948
Telecopier: + 511 712 0099

If to Catalina, to the principal address of their representative at:

Attn: Peter Bridges
Address: 3 St Peters Rd.,
Malvern, Worcestershire
WR14 1QS
United Kingdom

Telephone: + 44 1684 560 502
Mobile: + 44 7785 258 094
Telecopier: + 44 7006 093 625
E-mail:
psbridges:Googlemail.com

And at:

Attn: Andrew Shaw
Address: _____



14.- Subject to the following sentence, IRL and Catalina agree that non-public information respecting the LOI and the Definitive Agreement ("**Confidential Information**") coming into the possession of the Parties and their employees, agents, contractors and affiliates by virtue of this LOI, the existence of this LOI and the terms and conditions set forth herein will not be disclosed to the public or to any third party (other than each party's respective advisors, agents, counsel and financiers), without the prior written consent of the other party (not to be unreasonably withheld). Each Party acknowledges and agrees that the other Party shall be permitted to disclose Confidential Information, this LOI and the terms hereof to the extent that any such disclosure is required under regulatory rules and laws applicable to such Party, provided that:

- (a) the non-disclosing Party is given at least two (2) days' prior notice and the opportunity to consult with the disclosing Party on any such disclosure; and
- (b) the text of any news releases or other public statements which any Party desires to make with respect to this LOI shall be subject to the prior approval of the other Party, which approval shall not be unreasonably withheld. A Party shall provide its approval within 24 hours, unless the disclosing Party receives an opinion of counsel that immediate disclosure is required, in which case it may make the requisite disclosure without regard to (a) and (b) above, provided that in such event it shall still provide prior notice to the non-disclosing Party.

It is agreed that the parties shall restrict to disclose the terms and conditions of this LOI without the previous written consent of their counterpart, and therefore they shall treat this LOI as Confidential Information.

15.- Each Party hereby represents and warrants to the other that such Party has full power and authority to execute and deliver this LOI, that the execution and delivery of this LOI by such Party has been authorized by all requisite action on the part of such Party and that this LOI constitutes a legal and binding obligation of such Party enforceable against such Party in accordance with its terms.

16.- If any one or more of the provisions contained in this LOI should be invalid, illegal or unenforceable in any respect under the laws of any jurisdiction, the validity, legality and enforceability of such provision shall not in any way be affected or impaired thereby under the laws of any other jurisdiction and the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

17.- Nothing herein shall constitute or be construed to be or to create any partnership (general or limited) between the Parties.

18.- Each of IRL and Catalina shall pay its own legal fees and expenses in connection with this LOI.

19.- This LOI shall not be amended except by a written instrument executed by all of the Parties hereto.

20.- This LOI set forth the entire understanding of the Parties with respect to the matters addressed herein. Where the context so requires, the singular shall be construed to include the plural and the plural the singular.

21.- This LOI may be executed in two counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The Parties agree that facsimile signature



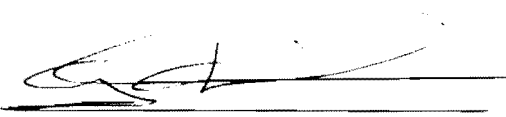
pages or scanned signature pages delivered electronically shall be effective as original signature pages.

22.- IRL and Catalina are each referred to herein individually as a "Party" and collectively as the "Parties" and the term "affiliate" shall mean with respect to either Party, any other entity controlling such Party or controlled by, or under common control with, such Party.

If the foregoing, together with the other matters set forth in this LOI, accurately sets forth our mutual understanding, please so signify by executing this LOI in the space provided below.

Very truly yours,

MINERA IRL Limited

By: 
Name: Courtney Chamberlain
Title: Executive Chairman

The terms of this LOI are hereby acknowledged and accepted this 27 day of March, 2009.

CATALINA Resoruces Plc

By: _____
Name: Peter Bridges
Title: Managing Director