EL ORO LTD

Annual Report
Audited Financial Statements
for the year ended 30 June 2010

Group founded 1 November 1886

El Oro Ltd, ("the Company") is the Group holding company for the following subsidiary companies:

Active subsidiary companies:
- El Oro and Exploration Company Limited;
- Investigations and Management Limited;

Dormant subsidiary companies:
- El Oro Mining and Exploration Company Limited;
- General Explorations Limited; and
- Group Traders Limited.

The Company is registered in Guernsey and each subsidiary company is registered in England and Wales. All companies are collectively referred to as "the Group" throughout this document.

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GROUP OPERATIONS

Investment objective
The main aim of the Group since 1938 has been to increase the net asset value of shares in issue, whilst increasing the annual dividend. The Group's investment objective is to realise value from a portfolio of securities, providing a growing annual dividend payment to shareholders.

Investment outlook
The Chairman's statement reviews the highs and lows of the year in review and the outlook for the Group.

Financial highlights

	30 June 2010	30 June 2009
Net asset value per share	**652.9 pence**	480.8 pence
Dividends per Share paid to external Shareholders during the year ended	**26.0 pence**	14.0 pence
Total dividends paid to external Shareholders in respect of the year ended	**£2.8 million**	£1.5 million

This Annual Report contains the consolidated financial statements of El Oro Ltd, ("the Company"), which has operated as a closed-ended investment company since 19 March 2009 when the Company's Shares were listed on the Channel Islands Stock Exchange ("CISX"). The Company is incorporated and resident in Guernsey. Prior to the successful completion of a Scheme of Arrangement during the year to 30 June 2009, the Group was domiciled in the United Kingdom. The former parent company of the Group is now the UK subsidiary El Oro and Exploration Company Limited, incorporated in England and Wales, which was delisted from the Alternative Investment Market ("AIM"), a market of the London Stock Exchange, on 17 March 2009.

Purchase and cancellation of own shares
The Company is authorised to purchase Shares under the Articles subject to Shareholder authorisation. The Board is seeking authorisation from the Shareholders at the AGM to purchase up to 10.0% of the Company's Shares in the market for the purpose of managing any discount to net asset value, should the Shares trade at a sufficient discount. The Board advises that there will be occasions where the Company is precluded from making such purchases because it possesses unpublished price sensitive information. Any such purchase will be made at the prevailing market price. At the date of this report, the number of Shares in issue is 10,776,501.

Authority for market acquisitions
For the avoidance of doubt and to ensure compliance with the provisions of the Companies (Guernsey) Law, 2008, the Company's authority for market acquisitions as set forth in the Company's Articles of Incorporation should be restated in an ordinary resolution. Accordingly, the Board recommends that resolution number 4 set forth in the Notice of the Annual General Meeting should be passed.

Annual General Meeting
The Annual General Meeting will be held at 12 noon on 19 November 2010 at 41 Cheval Place, London SW7 1EW. The Annual Report can be downloaded in electronic format from www.eloro.com.

CHAIRMAN'S STATEMENT

The El Oro Group's profit before tax for the year-ended 30 June 2010 was £23,397,408 (year-ended 30 June 2009 was a loss of £30,381,174). The Group's net assets at 30 June 2010 were £70,355,851 or 652.9 pence per share (2009: £51,810,400 or 480.8 pence per share).

The Board paid on 31 March 2010 a first interim dividend of 12.0 pence per Share for the full year ended 30 June 2010, a final dividend of 5 pence has been proposed for payment on 10 December 2010 to Members registered on the books of the Company at the close of business on 8 December 2010, representing a full year's YIELD on the mid-price at 30 September 2010 of 4.0%.

The Group's net asset value per Share ("NAV") showed an increase over the year of 35.8% while the FTSE All Share Index was up by 17.1%.

For when they shall say, Peace and Safety, then sudden destruction cometh upon them as travail upon a woman with child and they shall not escape. (1. Thessalonians V.3)

The warmth of summer fades along with memories of dreamy days in June, gloriously hot despite the gloom of long range forecasters; the Autumn tints tickle the trees and whilst we can still bask in the glow of a substantial recovery in our main markets, a more chilling expectation confronts us.

These figures reflect the huge turnaround in our favoured areas of Precious Metals and Resources, along with many areas of British industry. Whilst the Brewers have moved marginally ahead, the mines have stormed forward on their carbon-crusted diet of soaring metal prices. It would be hard to choose between the successes of the portfolio, despite a subsequent pull-back post the year-end which shows some profit taking.

A few of the portfolio securities held for the Growth portfolio (Guernsey) including Troy, Archipelago Resources, Exeter, Shanta, & Medusa, are described below, and have excelled.

Within the UK Growth and Income portfolio, exposure to Maudore Minerals, along with trading in Bullion and Mining Shares via CFDs has brought rewards. Many have loped ahead and in some cases shown a substantial second wind in recent weeks.

Troy's Casposo mine in San Juan Province approaches production driven by the inestimable Ken Nilsson's superb construction achievement following the mill's arrival from South Australia; we are hopeful that new Reserves will in due course be delineated once further drilling takes place; the project has been hugely enhanced by recent rises in the price of both Gold and Silver, and many obstacles surmounted under the capable leadership of its CEO Paul Benson.

Archipelago Resources, now half owned by PT Rajawali, anticipates reaching production early in 2011. One would normally resent a project coming in some 5 years behind schedule, but at a price difference in Gold Bullion of nearly $1000 we will not complain.

Exeter is now split between Extorre with its Argentine project in Santa Cruz, where Goldcorp is purchasing Andean Resources for a mammoth sum, and Exeter in Chile high in the Andes with its huge but low grade Caspiche project, containing both Gold and Copper.

Shanta, whose Tanzanian deposits show every sign of becoming significant gold producers earns the mining veteran Walton Imry a new paean of praise and perhaps the pursuit of more big game; Medusa – whose production in the Philippines has been nothing short of phenomenal and Maudore, in the UK portfolio, appears to be assembling a significant gold resource in Quebec.

Not to be outdone, James Halstead (UK portfolio) continues to provide a solid footing, whilst MP Evans' (Guernsey portfolio) hopes are not to be palmed off. The effervescent Cliff Richards' youthful profile is reflected in the performance of Young's; Fuller, Smith and Turner's exemplary dividend and profits' record gladdens the heart of its shareholders and those full of London Pride, two of the UK portfolio's Stars.

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The paste jewels amongst this glittering galaxy have somewhat spoilt the party; in our UK portfolio Infrastrata's delay in finding finance for its Portland Gas storage has resulted in a substantial fall in its price; Amerisur developing oil fields in Columbia, hampered by opaque management, has yet to deliver the results of which it must be deemed worthy, and Sovereign Reversions fell out of its Shelter into the grasp of Grainger (which we hold in our Guernsey portfolio) at a price that perhaps ultimately reflects the catatonic stupor of the housing market.

Unfortunately our dividend from BP was sacrificed on the altar of political opportunism and $20 billion of shareholders' money set aside to assuage the appetite of American lawyers, although the damage to the environment would appear to be far less than predicted by the 'experts'. Sadly neither BP's reputation nor that of its leadership will be so swiftly reestablished.

The malevolent mutterings of Mr Malema about mine nationalisation are a continuing cause of concern in South Africa, as are the actions of the government of the Democratic Republic of the Congo, in seizing and selling the assets of First Quantum at Kolwezi and Frontier, abetted by ENRC in allegedly buying stolen goods.

In happier climes, the Guernsey portfolio has also benefited from its holdings in Kalahari which has marked time on its price progress as development of its Namibian Uranium resource run by Extract Resources (also in the Guernsey portfolio), hones its financial structure; we remain hopeful of further progress and a recovery in the price of Uranium as a new generation of power stations come into production.

We have rewarded shareholders with a second dividend paid in March and now propose a dividend of 5 pence bringing the total for the last year to 17 pence.

"I place economy among the first and most important virtues and Public Debt as the great danger to be feared. To preserve our independence, we must not let our leaders load us with perpetual debt. We must make our choice between Economy and Liberty, or profusion and servitude." Thomas Jefferson.

Charlie Munger: 'Basically, it's over' 21 February 2010.

Shareholders of long or even recent standing will not be surprised to sense a certain excitement in scanning the daily prices to see the ascendant price of gold, followed, or in some cases fed by the prices of other Precious Metals such as Silver, Platinum, Palladium, Copper and even the humble Cotton thread attaching our buttons to our shirt. Whilst your portfolio has been constructed to benefit from the ownership and production of such assets, we find it hard to exult in the asinine idiocy that lead to this exuberance.

Delightful as it is to have shaken off, albeit incompletely the incompetent, wanton, greedy, blind and obtuse acolytes of the previous administration, along with their insouciant savants who have wreaked such deep and disastrous damage on Britain and its prospects for years to come; and refreshing as it is to hear the confident and clear voice of our new Prime Minister, we cannot help feel that their sortie, however necessary the cuts with which they intend to scythe down the State sector, will stumble if they heed the siren call of Quantitative Easing; or even the wild comments of the Bank of England's Deputy Governor Bean, calling for more Spending from the Consumer, an elementary and inherent part of the present problem. Perhaps he should have paused for longer in BP's Wild Bean cafes before stating his preference for such a policy. The pressures from their coalition allies and mumblings of discontent emerging from within the nation are likely to rise to a crescendo of disgust as the long overdue adjustment in the structure of our economy takes place.

We are disappointed that an area of Excellence, namely our Armed Forces, and the superb training they receive and impart into civilian life after serving their country, is to be cut further. We feel an essential and productive part of the Nation's fabric is being diminished, whilst the Foreign Aid Budget remains sacrosanct, sloshing resources into areas where little evidence exists of its productivity or longevity, when undertaken by Government.

The same has to be said many times over about the 'ring-fenced' NHS, whose Gargantuan appetite could surely be tempered by the application of a tourniquet or gastric band. The advantages of an education in discipline and practical training would seem to us to outweigh those of employing huge numbers of mainly overseas people in short term activities within the Health Service. We now contemplate a Navy consisting of Bath-Tub Battleships, and the loss of

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the Dartmouth Naval Academy, joining the ranks of famous British buildings consigned to the 'Luxury Apartment' Sector. Where Nelson once walked, Interior Designers will now ply their craft. We cannot pretend to be reassured by this sea-change.

The abuse of the Sub-Prime mortgage sector by the Investment Bank hooligans, so forcefully illustrated in Michael Lewis' book; 'The Big Short', led to the downfall of Lehman's, Bear Sterns, AIG, Citibank, Washington Mutual, Freddie Mac, Fannie Mae, Countrywide, Household, Century Financial and a myriad of others, and yet the response of the Federal Reserve has been to refinance the surviving banks, continue funding the mortgage institutions and offer preferential treatment on repayments and repossessions to the recipients of mortgages who are unable to meet their payments.

The result is that a tide of effluence has been sloshed over the Taxpayer and Saver, while the miscreants both in the US & UK have departed clutching substantial and often obscene pay-offs; asset prices have been boosted, the dollar has weakened and the dollar price of Gold is at a new high. London restaurants are full of the new Rich, many from far-off lands of which few have heard, and a new Babel of languages is heard on the streets of London. The environs of Cheval Place now resemble Arabian Knightsbridge, especially in summer.

Into this toxic mix a new Tsunami of 'Quantitative Easing' is proposed which will achieve the same as the last one: no material change in the basic economy but an exacerbated impoverishment and indebtedness of the tax payer. The policy is quite simply insane: the legacy of a dead economist from a far-away era, dealing in a world where the West was the only economic power of consequence, and who regularly warned against debasement of the Currency.

The policy resembles the instruction issued by the Captain of the Titanic after the first impact with the iceberg occurred 'Full Steam Ahead'. The result as we know, was irrevocable damage and the death of so many from the speedy sinking.

Capitalism relies on allowing weak businesses to fail and overvalued assets to decline to a price at which someone thinks them worth buying. The Dance of Death between the Irish Leprechaun and the Dwarf Nemesis, or Greek Goddess, has now moved to the Ballroom of the Berkeley Hotel, the ownership of which, which along with that of its venerable partners, Claridges and the Connaught is perhaps the most egregious examples of the collapse of a magnificent mirage, pumped to the full by the front runner of the Irish property boom, the Anglo-Irish Bank. All those sipping champagne or chewing cucumber sandwiches in those hallowed halls can muse on the madness of the European monetary system and its progeny the Euro, whose 'one size fits all' interest' rates has brought Ireland to the edge of oblivion and will probably succeed in the same way in destroying one or all of the finances of Spain, Italy, Greece and possibly Portugal.

The culprits should perhaps be forced to stand in the ruins of Battersea Power Station on a wet day in November, or even a wet month in January, to reflect on their folly, or in the forlorn court-yard of another failed property empire, the In and Out Club, where in more prosperous times Lord Palmerston reputedly expired on the Billiard Table.

Somewhere on a plinth the Ozymandian inscription can be carved: Look on my Works, ye Mighty, and despair! Nothing beside remains. Round the decay of that Colossal Wreck, Boundless and bare the lone and level sands stretch far away.

The great and glorious transformation of Britain achieved following Margaret (Lady) Thatcher's accession to power in 1979 provided the renascence of the British economy. A combination of stripping away exchange controls, lowering taxes, liberating the State sector into private hands and selling off council houses gave the average Briton a significant capital investment into which he could commit his energy and capital without it reverting to the State. All these measures were opposed at the time by the cognoscenti and those wonderfully erudite economists who poured scorn on Geoffrey Howe's programme of public expenditure cuts.

We have today reached a critical juncture in the future of Britain where the State is reputedly regarded as an equal partner and even revered with an element of awe. Taxation levels of 50% and even lower are regarded not only as equitable but almost de rigueur. Every conceivable item of evidence indicates that this belief is both false, futile and counterproductive, just as those false prophets of the early 80's were so grievously mistaken. Just as the Chilean

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National Pension scheme when transferred to and transferrable by the individual, has proved to be a resounding success and amongst the best funded in the World, so Britain's future rests on a return to the incentive of market forces and low taxation and throwing out the failed theories of other worldly-economists and their Fabian ideals of fairness.

Re-establishing a Private Pension scheme with full tax relief from the wreckage left by Mr Brown could well provide the financial incentive needed to inspire a new generation of investors; whose funds can be used to rebuild Britain as well as restoring the vitality and confidence of an earlier capitalist age. Only by ceasing the obscene assault on private wealth and income will the trickle, soon to become a flood, of emigrating individuals and companies be reversed and Britain once again be able to thrive and flourish.

Sadly far too few, if any, of those in authority today recall the full horror of taxation at 103% nor the exhilaration and relief when those barbarous shackles such as investment income surcharge, super tax and exchange controls were hewn away and consigned to the furnace.

The example of progress accomplished without re-imposed Socialist ideals is to be seen today in those parts of the world that we forsook in favour of our allegiance to a sclerotic European union, its ever-expanding raft of rules and regulations and obsession with worker rights, working time directives and other measures inimical to profitable business growth; the latest being Safety controls on Oil exploration in the North Sea, and Mr Barnier's Financial Regulations. These Countries include Australia with its superb resources base, admirably led for so long by Mr Howard: Its citizens now have the pleasure of perusing English Contemporary Art Shows, an example of discretionary spending last provided during the wool boom during the Korean War in 1954; New Zealand which made a bonfire of its own subsidies more than 15 years ago; and a land so bountiful and blessed that the destroyer New Zealand emerged unscathed from the battle of Jutland whilst its captain wore the grass skirt given by the Maoris, having been promised protection as long as he wore it. Malaysia, now home of Dyson production; Singapore with its authoritarian yet safe society and ever expanding financial sector; and now India whose technical skills, educational breadth and burgeoning population will one day propel it to surpass China as the world's greatest economic power as it was in the era of the Mughal 'Akbar the Great' in 1511 join this refulgent retinue.

A classic example for those who doubt the importance of a Capitalist economy allied to sound government has to be the contrast between the drive from Buenos Aires to Aeropuerto Ministro Pistarini, sometimes an hour-long journey, during which it is rare to see a car of less than 20 years old. This in a country, which at the turn of the last century ranked amongst the wealthiest three on the planet. A similar journey from Perth Airport to the City reveals hardly a car of more than 2 years old and a road network in the prime of health: this for two countries blessed with a very similar range of natural resources but the former being cursed by Peron and his successors who have pillaged the possessions of a great swathe of the population in the pursuit, it would appear of a better deal for the 'descamisados'. The reality is that the entire nation has been impoverished, pensions and the national reserves have been seized and its citizens pushed into penury when they should all be rejoicing in the returns on its resources. The ultimate irony is to see the Chinese being invited to rebuild the once wonderful railways wrecked by a previous administration. Only a few still live like Lords on the back of assets beyond the reach of the grasping hand of government.

The moment of truth now approaches for Britain and many parts of the Western World: will the Irish prefer to honour the promises provided by their government, and bail out the Bank bonds of Billionaire Russian football club-owners, or do as the Icelanders and allow all to be swept away, foregoing the folly of a government guaranteeing bonds beyond its ability to pay? Similarly in the United States where the tax payer has taken on the liability for Detroit tenements, Las Vegas condominiums and AIG Bond Holders to the pent-up fury of the Tea Party and a huge swathe of American society.

This huge raft of dead or dying assets should be allowed to float on its funeral pyre far out to sea, whilst the survivors can swim to the shore and Robinson Crusoe-like rebuild their lives. The present and proposed policies will otherwise prolong the pain, impeding and perverting any proper recovery. Private enterprise, with its progenitors retaining the vast proportion of its profits, must be unleashed to rebuild our economies. We stand at this significant and perhaps terminal crossroads, and face stark choices: to go with the subsidies such as for Electric cars, to enhance sales of Teslas, the increased cost of power from the Windmill fantasy, inflicting all power-users; workers' rights and working time directive and all its constraints from the European Union; or the way of the market, with its tremendous improvements in fuel economy in every-day cars achieved by the simple profit motive, and other innovations reflected

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across a great swathe of our industry. The growth of Apple by a factor of 30 in less than 10 years shows what can be achieved when technological innovation is allied to design brilliance. Happy them to have avoided the curse of Government assistance.

Ultimately, if Money is allowed to 'Fructify in the pockets of the people' all will be well. If not, we will happily bumble along on Boris' Brilliant Bicycles, their use noticeably absent in the environs of oligarch land in Knightsbridge; wonder at the Wealth of London and its Ancient architectural glories, and try to ensure and enhance our exposure to Gold, Precious Metals and its miners in lands safe from Government assault, along with the Gems of British industry and those of the emerging economies of the World, which will undoubtedly keep on growing whatever setbacks they suffer on the way.

We look for stability at the head of our Investee Companies, and the traumatic changes within HSBC were for a while echoed at Manchester United: now we hope, happily resolved. Likewise in America, mid-term elections threaten the Obama hegemony, and suggest the ingress of a new slate of legislators, though change on change could perhaps prove beneficial.

The situation is indeed hopeless, but not serious.

Your company is in strong heart, 'in a good place' and remains excellent value amidst so much dross. As the saying goes, "if you like the Service, tell a Friend, if you do not like it, tell us'.

We take comfort and joy at the release of the Chilean Miners, and salute the achievement of their rescuers and Country.

I would also like to thank the many managers and teams amongst our investments, who have assisted in making 2010 such a successful year: a look down the list of our top holdings will indicate whom you should acknowledge. We see no reason why such progress should not continue, in the absence of malign bureaucratic or political intervention (evident sadly in so many countries, not least Australia with its albeit-watered down Resources Tax).

As always, my thanks go especially to our own team at Cheval Place, who have admirably coped with an ever-expanding range of investments and the complications of a Guernsey listing. We are making inroads on these challenges: the increasing dividend is amongst the measures the Board hopes will assist in reducing the discount to NAV whilst exploring other alternatives. The more timely release of our NAV has been our goal for some time, whilst liquidity issues on share dealing remain under review. Whether a dual listing would improve the price visibility and ease of trading is difficult to determine, but shareholders should be reassured to learn that your Board is very conscious of the need to significantly reduce the discount. We are also intent on growing the value of your Company's Assets as our prime objective, which if successful should in due course create an irresistible bargain for savvy investors.

Steven, Abbie, Vicky, Nick and Melwin have all done Sterling Silver Service. Jonathan Persent has taken up the reins at Capita, for which we are grateful.

I would also like to thank my Fellow Directors for more travelling and more Wisdom and Caution, as the strategic planning and decision making for the El Oro Group is now conducted in the more placid climes of St Peter Port, with brain cells sharpened by a swim in the bracing waters of Fermain Bay, and hunger pangs assuaged at the Beach Cafe.

None of which would be possible without the support of my long-suffering wife Lucinda, who somehow manages to juggle the care of 4 children, a large home and various Operatic, Parochial and School duties whilst still retaining a smile.

Our various Brokers and advisers around the World have also performed admirably and deserve a large round of applause.

Robin Woodbine Parish
26 October 2010

INVESTMENTS WITH A FAIR VALUE EXPOSURE GREATER THAN £500,000 based upon fair values at 30 June 2010

	Investment	Local Currency	Fair Value GBP	Fair Value Cumulative GBP	% of financial assets
1	Young & Co	GBP	6,755,710	6,755,710	
2	Troy Resources	AUD	6,709,972	13,465,682	
3	M P Evans Group	GBP	3,640,909	17,106,591	
4	James Halstead	GBP	3,316,950	20,423,541	
5	Archipelago Resources	GBP	2,490,000	22,913,541	
6	Fuller, Smith & Turner	GBP	2,378,742	25,292,283	
7	Hurricane Exploration	GBP	1,807,818	27,100,101	
8	Mountview Estates	GBP	1,675,055	28,775,156	
9	Blackrock Funds	GBP	1,475,746	30,250,902	
10	Kuala Lumpur Kepong	MYR	1,466,736	**31,717,638**	**31.4%**
11	Anglo Platinum	ZAR	1,270,647	32,988,285	
12	Amerisur Resources	GBP	1,261,566	34,249,851	
13	Shamika Resources	CAD	1,218,086	35,467,937	
14	Daejan Holdings	GBP	1,190,800	36,658,737	
15	Dee Valley Group	GBP	1,166,994	37,825,731	
16	Ceravision	GBP	1,130,336	38,956,067	
17	Vietnam Funds	USD	1,101,607	40,057,674	
18	Exeter Resources	CAD	1,085,923	41,143,597	
19	Gold Fields	ZAR	1,040,840	42,184,437	
20	Petropavlovsk	GBP	1,034,430	**43,218,867**	**42.9%**
21	Impala Platinum	ZAR	909,005	44,127,872	
22	PZ Cussons	GBP	872,704	45,000,576	
23	Centamin Egypt	GBP	853,840	45,854,416	
24	Gold Bullion	USD	831,495	46,685,911	
25	Kalahari Minerals	GBP	829,408	47,515,319	
26	Shanta Gold	GBP	825,000	48,340,319	
27	Patagonia Gold	GBP	810,844	49,151,163	
28	Maudore Minerals	CAD	801,988	49,953,151	
29	Wadworth & Co.	GBP	794,153	50,747,304	
30	Eldorado Gold	USD	789,109	**51,536,413**	**51.1%**
31	Medusa Mining	GBP	758,209	52,294,622	
32	Davis Service Group	GBP	731,600	53,026,222	
33	Latham James	GBP	586,120	53,612,342	
34	Mc Mullen	GBP	568,750	54,181,092	
35	Lihir Gold	AUD	557,064	54,738,156	
36	Jersey Electric Company	GBP	550,400	55,288,556	
37	R.E.A. Holdings	GBP	540,000	55,828,556	
38	Sovereign Reversion	GBP	524,286	56,352,842	
39	Thwaites (Daniel)	GBP	523,338	56,876,180	
40	Lowland Investment Company	GBP	521,050	**57,397,230**	**56.9%**
41	Vatukoula Gold	GBP	518,375	57,915,605	
42	Lindsell Train Funds	USD	503,681	**58,419,286**	**57.9%**
	Other			**42,436,520**	**42.1%**
	Total financial assets			**100,855,806**	**100.0%**

DIRECTORS' REPORT

The Directors present the Annual Report and the Group's Consolidated Financial Statements for the year ended 30 June 2010.

The principal activity of the Group is dealing in investments world-wide, with investments in UK companies forming the larger portion of the portfolio. It is the Directors' intention to continue managing the Group's affairs in accordance with its stated business objectives, the progress of this endeavour is shown in the table of historical financial data on pages 12 and 13. The Chairman's statement, which begins on page 2 provides a comprehensive review of the Group's activities. Investments where the Group's exposure has a fair value greater than £500,000 on 30 June 2010 are listed on page 7. There was no change in the Group's activities during the current year, operationally the management of the consolidated portfolio is co-ordinated as two separate portfolios, the Growth and Income portfolio managed in the UK (trading company) and the Growth portfolio managed in Guernsey (holding company).

The Company is a Registered Closed ended investment scheme registered pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and the Registered Collective Investment Scheme Rules 2008 issued by the Guernsey Financial Services Commission (the "Commission"). The Commission, in granting registration, has not reviewed this document but has relied upon specific warranties provided by Capita Fund Administrators (Jersey) Limited, the Company's designated manager. The Commission takes no responsibility for the financial soundness of the Scheme or for the correctness of any of the statements made or opinions expressed with regard to it.

Results and dividend

The Group's profit on ordinary activities after taxation for the year was £21,347,341 (loss 2009: £21,319,700).

For the year ended 30 June 2010, a first interim dividend of 12.0 pence was paid on 31 March 2010 (2009: 14.0 pence) per Share, a final dividend of 5 pence is proposed for payment on 10 December 2010 to Shareholders registered in the books of the Company at the close of business on 8 December 2010.

Principal Risks and Risk Mitigation

The Group's assets consist mainly of listed securities and its principal risks are therefore market and currency related. A detailed explanation of these risks and how they are managed is contained in note 22 to the accounts.

Directorate

The Directors are noted on page 36, which forms part of this Directors' report.

Directors' interests in Shares

The interests of the Directors who held office during the year in the Company's Shares were as follows:

		El Oro Ltd	El Oro and Exploration Company Limited	
	30 June 2010 beneficial	**30 June 2010 non-beneficial**	30 June 2009 beneficial	30 June 2009 non-beneficial
CRW Parish	**1,076,762**	**1,851,535**	1,056,216	1,786,083
SB Kumaramangalam	**1,065,562**	**551,651**	1,065,562	551,651
RE Wade	**71,212**	**–**	67,712	–
JA Wild	**25,000**	**–**	25,000	–

CRW Parish is a beneficiary and trustee of several family trusts, which results in a degree of duplication on his interests in the non-beneficial Shares of the Company. The substantial Shareholders interests are also detailed in the Directors' report. No changes to the Directors interests occurred before the date of this report or from the year ended 30 June 2010. Of the Shares in issue 5,841,933 or 54.21% are not in public hands at the year ended 30 June 2010.

DIRECTORS' REPORT *continued*

No Director had a beneficial interest other than those mentioned in Note 21, in any contract that the Company or any of the subsidiary companies were party to during the year. The Group maintains insurance against certain liabilities that could arise from a negligent act or a breach of duty by its Directors and Officers in the discharge of their duties. Details of other risks are reviewed in note 22.

Non-executive Directors
In the opinion of the Board, all non-executive Directors (who are noted below) are independent.

Substantial interests
So far as the Directors are aware, at no time during the year, nor up to the date of this Directors' report, has any Shareholder, who is not a Director of the Company, held an interest comprising 3% or more of the issued capital of the Company with the exception of those Shareholders disclosed below:

Shareholders	%	Shares	Beneficial	Non-beneficial
Mrs SW Kumaramangalam	15.00	1,617,213	1,065,562	551,651
Mr WB & Mrs P Fraser	18.45	1,988,758	7,515	1,981,243
JM Finn Nominees Limited	17.47	1,883,097	–	1,883,907
Mr G & Mrs CW Zegos	11.84	1,276,007	712,032	563,975

Mrs SW Kumaramangalam, Mr WB & Mrs P Fraser, JM Finn Nominees Limited and Mr G & Mrs CW Zegos are trustees of several family trusts, which results in a degree of duplication of their interests in the non-beneficial interests in the Shares of the Company.

Remuneration Committee
The Remuneration Committee of the Company is comprised of three independent non-executive Directors: Messrs. SB Kumaramangalam, RE Wade and JA Wild (Chairman). The Remuneration Committee of the Company was formed by a Board resolution on 17 September 2009.

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the executive and non-executive Directors, including performance-related bonus schemes, pension rights and compensation payments.

Directors' emoluments
The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2010:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)	–	242,619	377,563	1,445	30,000	651,627
Non-executive						
SB Kumaramangalam	8,000	–	–	–	–	8,000
RAR Evans	15,000	–	–	–	–	15,000
RE Wade	24,878	–	–	–	–	24,878
JA Wild	31,444	–	–	–	–	31,444
Total	79,322	242,619	377,563	1,445	30,000	730,949

* The Directors remuneration includes fees received from the Company and the UK subsidiary.

DIRECTORS' REPORT *continued*

The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2009:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)	–	223,523	143,489	1,257	30,000	398,269
Non-executive						
SB Kumaramangalam	3,711	–	–	–	–	3,711
RAR Evans	6,958	–	–	–	–	6,958
RE Wade	23,469	–	–	–	–	23,469
JA Wild	30,361	–	–	–	–	30,361
Total	64,499	223,523	143,489	1,257	30,000	462,768

The Chairman's emoluments for the year ended 30 June 2010 are detailed in the Director's remuneration table. The benefit in kind relates to payments made for medical insurance, the performance bonus is conditional upon a dividend of at least 1 pence per Share being paid and is then payable at a maximum rate of 5% on the remaining realised net profit after taxation less a return of 20% on the issued capital. The Remuneration Committee recommended, and the Directors agreed that a performance bonus of £534,010 (2009: £143,489) is payable for the year ended 30 June 2010. No Director waived emoluments for either of the years ended 30 June 2010 or 30 June 2009.

Directors' pension entitlement
The Group contributes to a Self Investing Personal Pension Plan for CRW Parish and contributions are payable up to normal retirement age of 65 years on 5 January 2015 or earlier retirement. The premium of £30,000 was paid during the year ended 30 June 2010.

Auditor
PricewaterhouseCoopers CI LLP were re-appointed during the year as the Company's auditor and have indicated their willingness to continue in office as Auditor, In accordance with The Companies (Guernsey) Laws, 2008, a resolution for the re-appointment of PricewaterhouseCoopers CI LLP as auditor of the Company is to be proposed at the Annual General Meeting. Prior to the Business reconstruction, PricewaterhouseCoopers LLP (UK) was the Group's Auditor and they continue to audit the Group subsidiaries.

By order of the Board
Capita Financial Administrators (Guernsey) Ltd
Secretary
26 October 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare consolidated Financial Statements for each financial year. Under that law they have elected to prepare the consolidated Financial Statements in accordance with International Financial Reporting Standards and applicable law.

The consolidated Financial Statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these consolidated Financial Statements, the Directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the consolidated Financial Statements; and
- prepare the consolidated Financial Statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Group and to enable them to ensure that the consolidated Financial Statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

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

The consolidated financial statements are published on the Group's website www.eloro.com. The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the Auditor does not involve consideration of these matters and, accordingly, the Auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

The Board of Directors approved and authorised the Group's Financial Statements for issue on 26 October 2010.

HISTORICAL FINANCIAL DATA

	THE EXPLORATION COMPANY plc			EL ORO MINING AND EXPLORATION COMPANY plc		
Period[4] £	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS) £	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS)
1950	2,991	157,777	107,261	1,644	292,202	160,047
1951	22,951	157,777	129,574	24,655	292,202	184,725
1952	6,104	157,777	136,398	1,363	292,202	186,686
1953	29,756	157,777	166,518	36,925	166,972	22,933
1954	47,134	157,777	237,627	60,470	166,972	319,256
1955	13,230	320,634	552,845	7,318	185,922	353,165
1956	20,600	320,634	580,245	17,533	186,972	375,284
1957	13,851	375,000	624,903	3,754	236,972	404,899
1958	98,297	375,000	836,633	56,519	236,972	544,862
1959	90,125	375,000	1,294,943	65,846	300,000	1,021,310
1960	72,850	400,000	1,185,437	53,327	300,000	855,431
1961	97,029	600,000[1]	1,261,848	44,870	450,000	892,466
1962	120,509	600,000	1,336,996	56,125	450,000	962,447
1963	136,085	600,000	1,651,454	92,859	450,000	1,188,391
1964	126,781	600,000	2,008,771	86,576	450,000	1,474,511
1965	157,264	600,000	2,258,181	104,685	450,000	1,651,027
1966	126,317	600,000	2,084,257	89,228	450,000	1,516,048
1967	184,054	600,000	3,256,899	139,202	450,000	2,492,348
1968	280,914	600,000	4,773,113	164,591	450,000	3,722,257
1969	176,789	600,000	5,194,065	132,968	450,000	3,963,291
1970	210,573	600,000	4,190,789	167,726	450,000	3,213,921
1971	378,863	600,000	4,413,814	322,473	450,000	3,315,685
1972	274,672	600,000	5,655,161	234,987	450,000	4,254,626
1973	256,814	600,000	4,029,713	176,011	450,000	3,210,061
1974	231,264	602,646[3]	3,875,955	182,673	451,113	3,052,782
1975	443,110	602,646	5,091,975	355,833	451,113	3,821,366
1976	559,879	602,646	4,393,499	456,732	451,113	3,377,804
1977	702,992	602,646	5,922,335	544,471	451,113	4,257,605
1978	780,287	602,646	6,417,405	566,937	451,113	4,589,108
1979	711,962	602,646	7,673,981	551,087	451,113	5,654,320
1980	947,985	602,646	9,709,921	739,037	451,113	7,147,841
1981	1,032,601	602,646	9,554,229	745,668	451,113	6,699,295
1982	926,667	602,646	11,463,211	739,873	451,113	7,881,703
1983	1,295,151	602,646	14,682,943	1,040,894	451,113	11,040,026
1984	1,111,935	602,646	15,440,172	882,791	451,113	11,504,985
1985	1,225,978	602,646	15,233,310	1,011,557	451,113	11,586,431
1986	1,451,334	602,646	20,238,397	1,185,397	451,113	15,823,277
1987	1,859,803	602,646	24,851,990	1,447,315	451,113	19,710,991
1988	2,189,351	602,646	26,606,199	1,712,278	451,113	19,741,508
1989	2,879,131	602,646	32,328,183	2,567,259	451,113	25,448,777
1990	2,961,319	602,646	26,581,117	2,382,239	451,113	20,418,932
1991	2,075,120	602,646	29,887,400	1,666,051	451,113	25,423,822
1992	2,481,252	602,646	30,588,772	1,935,122	451,113	26,944,101
1993	1,722,587	602,646	40,510,012	1,546,932	451,113	36,927,938
1994	2,296,357	602,646	38,468,620	1,884,186	451,113	31,414,422
1995	2,331,234	602,646	42,692,619	1,962,909	451,113	40,609,985
1996	3,074,173	602,646	49,066,701	2,746,454	451,113	41,950,851
1997	2,204,613	602,646	50,279,497	1,840,458	451,113	45,087,651
1998	5,406,542	602,646	44,128,780	4,271,443	451,113	35,861,218
1999	5,621,549	602,646	51,650,997	4,036,102	451,113	44,300,703
2000	1,690,006	602,646	47,333,362	2,076,730	451,113	43,656,695
2001	(75,552)	602,646	40,924,033	1,921,428	451,113	37,942,826
2002	2,049,124	602,646	37,353,176	1,434,175	451,113	36,830,273

HISTORICAL FINANCIAL DATA *continued*

EL ORO AND EXPLORATION COMPANY LIMITED
(formerly: "The Exploration Company plc")

Period[4]	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS) £
2002	2,321,415	597,146	52,724,264[1]
2003	3,938,278	597,146	64,963,076[1]
2004	3,005,700[2]	592,045	67,905,581
2006	12,018,986	541,785	72,214,062
2007	5,427,232	538,825	103,451,384
2008	(543,872)	538,825	87,484,641

EL ORO LIMITED

Period	Profit/(loss) before tax £	Issued capital £	Net assets at fair value £
2009	(30,381,174)	538,825	54,480,674
2010	23,397,408	538,825	73,543,776

El Oro Ltd completed a Scheme of Arrangement with El Oro and Exploration Company plc, with a share exchange offer of one new El Oro Ltd share for each El Oro and Exploration Company plc stock unit of 5 pence. The above table for The Exploration Company plc and El Oro Mining and Exploration Company plc indicates the progress of the two companies from 1950 to 2002 applying the accounting principles adopted throughout that period. The table for El Oro and Exploration Company plc indicates the progress for the Group since then, applying the currently adopted accounting principles as outlined in the notes to the accounts, note 1. Since, 2002 the net assets at fair value (IFRS) is calculated from the IFRS accounts of the parent Company as follows:

	30 June 2010 £	30 June 2009 £
Net assets	**70,332,028**	51,810,400
Add: deferred tax	**4,407,623**	3,376,146
Less: tangible assets	**(1,195,875)**	(705,872)
Net assets at fair value	**73,543,776**	54,480,674

The figures for El Oro Ltd during 2008/2009 include the subsidiaries financials from July 2008 to March 2009 when the Group reconstruction occurred.

The amounts paid or pending since 1958:	
Dividends	32,915,769
Taxation	17,677,487
	50,593,256

[1] Bonus issue of one unit for every two units held.
[2] From 2004 the Group accounts have been prepared under IFRS and the measurement of net assets at fair value or up to and including 2004 had excluded the potential charge to corporation tax for the excess net value over book cost, while for 2005 this charge is included.
[3] 52,925 stock units issued to members exercising their options to take additional stock units in lieu of cash dividend.
[4] To 2004 the period end of the Group was the twelve months to 31 December. The period for 2006 relates to the eighteen months to 30 June 2006.

From 1970 to 2002 the accounts incorporate the Company's share of the result of their associated undertakings.
The middle market price per stock unit at 30 June 2010 was 425.0 pence and at 30 June 2009 was 375.0 pence (which with 1 for 2 bonus in 1961 equals 303.0 pence) compared with a middle market price of 2.0 pence per stock unit at 31 December 1950.

INDEPENDENT AUDITORS REPORT

to the Members of EL ORO Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of El Oro Limited and its subsidiaries (the "Group") which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated cash flow statement and the consolidated statement of changes in equity for the year ended 30 June 2010 and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Consolidated Financial Statements

The directors are responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards and with the requirements of Guernsey Law. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as of 30 June 2010 and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other Legal and Regulatory Requirements

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the consolidated financial statements. The other information is as detailed in the table of contents.

In our opinion the information given in the Directors' report is consistent with the consolidated financial statements.

The maintenance and integrity of the El Oro Limited website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers CI LLP
Chartered Accountants
Guernsey, Channel Islands
26 October 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to 30 June 2010

	Notes	**30 June 2010** **£**	30 June 2009 £
Revenue	2 a	**1,939,446**	1,834,605
Net gains / (losses) on investments	2 b	**24,564,533**	(28,558,626)
Total income / (loss)		**26,503,979**	(26,724,021)
Expenses	3	**(2,087,814)**	(2,681,073)
Profit / (loss) before finance costs and taxation		**24,416,165**	(29,405,094)
Finance costs			
Interest expense		**(1,018,757)**	(976,080)
Profit / (loss) before taxation		**23,397,408**	(30,381,174)
Taxation	5	**(2,050,067)**	9,061,474
Profit / (loss) for the period and total comprehensive income		**21,347,341**	(21,319,700)
Earnings per stock unit (basic and diluted)	6	**198.1p**	(197.8p)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2010

	30 June 2010 **£**	30 June 2009 £
Opening capital and reserves attributable to equity holders	**51,810,400**	74,638,810
Total comprehensive income: Profit / (loss) for the period	**21,347,341**	(21,319,700)
Dividends paid	**(2,801,890)**	(1,508,710)
Closing capital and reserves attributable to equity holders	**70,355,851**	51,810,400

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

The Group does not have any “Other Comprehensive income” and hence the “Profit/(loss) for the period” as disclosed above is the same as the Group’s Total Comprehensive Income.

CONSOLIDATED BALANCE SHEET
as at 30 June 2010

	Notes	**30 June 2010** £	30 June 2009 £
Non-current assets			
Property, plant and equipment	7	**733,937**	705,872
		733,937	705,872
Current assets			
Trade and other receivables	9	**618,279**	936,347
Financial assets at fair value through profit or loss:			
Investments held at fair value	10 - 11	**100,855,806**	77,595,228
Cash and bank balances	22	**1,302,353**	1,494,213
Net current assets		**102,776,438**	80,025,788
Current liabilities			
Borrowings	11	**9,450,278**	7,849,712
Trade and other payables	12	**862,839**	1,355,986
Financial liabilities			
Financial liabilities at fair value	11	**2,634,452**	726,835
Net financial liabilities at fair value		**2,634,452**	726,835
Current tax liabilities	13	**799,332**	612,581
Net tax liabilities		**799,332**	612,581
Net current liabilities		**13,746,901**	10,545,114
Net current assets		**89,029,537**	69,480,674
Non-current liabilities			
Borrowings	11	**15,000,000**	15,000,000
Deferred tax liabilities	14	**4,407,623**	3,376,146
		19,407,623	18,376,146
Net assets		**70,355,851**	51,810,400
Capital and reserves attributable to equity holders			
Share capital	17	**538,825**	538,825
Reserves	18		
Share premium		**6,017**	6,017
Capital redemption reserve		**347,402**	347,402
Merger reserve		**3,564**	3,564
Retained earnings		**69,460,043**	50,914,592
Total equity		**70,355,851**	51,810,400
Net asset value per share	19	**652.9 p**	480.8 p

The Board of Directors approved and authorised the Group's financial statements for issue on 26 October 2010.

Signed on behalf of the Board by:

CRW Parish
Chairman and Managing Director

JA Wild
Director

The accompanying notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 30 June 2010

	Notes	**30 June 2010**	30 June 2009
		£	£
Operating activities			
Net profit/(loss) from operating activities		**23,397,408**	(30,381,174)
Depreciation		**37,443**	22,548
Foreign exchange gains		**(435,723)**	(2,563,853)
Movement in fair value of investment properties		**–**	9,671
Net unrealised (gains) / losses on fair value investments through the profit or loss		**(18,299,456)**	31,679,456
Finance costs		**1,018,757**	976,080
Cash flow from operations before changes in working capital		**5,718,429**	(257,272)
Movement in financial assets at fair value through profit or loss		**(2,274,239)**	10,321,458
Decrease in trade and other receivables		**326,800**	683,584
(Decrease) / Increase in trade and other payables		**(499,941)**	481,742
Cash flow from operations		**3,271,049**	11,229,512
Income taxes paid		**(843,591)**	(1,487,188)
Cash flow from operating activities		**2,427,458**	9,742,324
Investing Activities			
Purchase of property, plant and equipment		**(65,508)**	(20,347)
Sale of investment properties		**–**	134,619
Cash flow from investing activities		**(65,508)**	114,272
Financing activities			
Interest paid		**(1,011,963)**	(923,679)
Dividends paid to Shareholders		**(2,801,890)**	(1,508,710)
Cash flow from financing activities		**(3,813,853)**	(2,432,389)
Net (increase) / decrease in cash and cash equivalents		**(1,451,903)**	7,424,207
Cash and cash equivalents at 30 June		**(6,355,499)**	(12,371,588)
Effect of foreign exchange rate changes		**(340,523)**	(1,408,118)
Cash and cash equivalents at 30 June	15	**(8,147,925)**	(6,355,499)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

The Group's accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements:

1.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect at the date of this document.
The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of financial instruments and investment properties. The principal accounting policies are set out below.

Group reconstruction accounting - comparative period

On 19 March 2009, the Company completed its Scheme of Arrangement with El Oro and Exploration Company plc ("Group Reconstruction"). The Group Reconstruction, affected through an exchange of equity interests, was accounted for as a reverse acquisition in accordance with IFRS 3, "Business Combinations". The Group Reconstruction Business Combination required no accounting adjustments to achieve consistency of accounting policies.

1.2 Basis of consolidation

The consolidated financial statements are for the Company and its wholly owned UK subsidiaries group which are controlled by the Company. Inter-company balances and income and expenses arising from inter-company transactions, are eliminated in the preparation of the consolidated financial statements.

1.3 Investments held at fair value through profit or loss

All investments (including securities, interest rate swaps, commodity forward contracts and contracts for difference) are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which provides the proceeds of sale less any transaction cost. The fair value of the financial instruments (securities, interest rate swaps, commodity forward contracts and contracts for difference) in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains / (losses) on investments".

Derivative agreements have been entered into for varying purposes as follows:

- Interest rate SWAPS[1] for the purpose of fixing the interest rate payable on the Group's funding;
- Commodity forward (1 year) contracts in precious metals such as gold bullion to gain direct exposure to the commodity price; and
- Contracts For Difference ("CFDs") for the purpose of gearing into equities and generating trading income.

None of these derivatives are classified as a hedge in a hedging relationship.

From time-to-time the Group makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss. Further details on the derivative agreements are to be found in Note 11.

Other financial liabilities include:

- Trade payables and other monetary liabilities that are short term in nature are stated at their nominal value; and
- Bank borrowings that are initially recognised at the amount advanced net of transaction costs that are directly attributable to the issue of the instrument. These interest bearing liabilities are subsequently measured at the amortised cost using the effective interest rate method to ensure that any interest expense over the period is at a constant rate on the balance of the liability carried in the balance sheet. In this context, "interest expense" includes initial transaction costs and premiums payable on redemption, plus the interest or coupon payable while the liability is outstanding.

1.4 Income

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method. Bank deposit interest is recognised on an accruals basis.

1.5 Expenses

All expenses and interest payable are accounted for on an accruals basis.

[1] Interest rate swaps: the subsidiary company El Oro and Exploration Company Limited has two interest rate swaps with Lloyds TSB Bank plc as at 30 June 2010. The swaps are as follows:
(1) £10 million fixed at 4.1% over 20 years; and
(2) £5 million fixed at 4.15% over 15 years.
In the event that the Company closes these swaps it will likely realise a gain or loss at that point in time, the unrealised gain or loss for the swaps at balance date is recognised under IFRS in the consolidated accounts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.6 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

1.7 Foreign currency

The Group's investors are mainly from the United Kingdom, with the shares denominated in British Pounds. The performance of the Group is measured and reported to the investors in British Pounds.

The Directors consider the British Pound to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The consolidated financial statements are presented in British Pounds, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in foreign currency are translated into the British Pounds using the exchange rate prevailing at the balance sheet date. Foreign exchange gains and losses arising from translation are included in the consolidated statement of comprehensive income.

1.8. Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

1.9 Trade and other receivables

Trade and other receivables are short term in nature and carry no interest. These amounts are recognised initially at fair value and subsequently measured at amortised cost; any difference is recognised in the statement of comprehensive income.

1.10 Property, plant and equipment

Items of freehold property, plant and equipment are stated at cost less accumulated depreciation.

The Group uses the fair value model and depreciation is not provided for on investment properties, which are held for rental income and the potential for capital appreciation. Investment properties are initially recognised at cost and revalued to fair value by a professionally qualified independent valuer for both interim and annual balance dates. Rental income is accounted for on an accruals basis and any gain or loss arising from revaluing to a fair value of an investment property is recognised in the statement of comprehensive income.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment.

The rates of depreciation are as follows:
- Freehold property 2%
- Paintings 2%
- Computer equipment 33%
- Fixtures and fittings 33%

Residual values and useful lives are reviewed each year end and adjusted as required, where an asset's carrying amount is greater than its estimated recoverable amount, it is immediately written down to its estimated recoverable amount.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.11 Equity

When the Company repurchases share capital that is recognised as equity, all consideration paid, including any directly attributable cost; is recognised as a change in equity.

Equity dividends are recognised when they are paid, final dividends are authorised for payment by shareholders at the Annual General Meeting, interim dividends are authorised for payment by Board resolution.

1.12 Segmental reporting

The Group has adopted IFRS 8 ‘Operating Segments’ for the first time, replacing the previous reporting under IAS 14 ‘Segment Reporting’. Under IFRS 8, operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The chief operating decision maker has been identified as the Managing Director (with oversight from the Board).

The Directors are of the opinion that the Group has two operating segments, being the parent company El Oro Ltd, which has the objective of value and growth; holding stocks selected in pursuit of a blended value / growth investment style that seeks to identify companies with good growth prospects and which have not yet been fully recognised and priced into the market. While the subsidiary El Oro and Exploration Company Limited has an income portfolio with a focus on stocks in relatively mature sectors (e.g. some, but not all, brewing, utility, and mining stocks) which are typically characterised by high yields. An analysis of financial results and balances by business segment is set out in note 24. The amounts presented for each segment are based upon the accounting policies adopted in the Group Accounts.

Discrete financial information for these segments is reviewed regularly by the Chairman and Managing Director who allocates resources and the Board who oversees the Chairman and Managing Director’s performance.

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 24.

Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

1.13 Key estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in note 1.3.

At the year end, unquoted investments represented 14.9% of net assets.

1.14 Pension costs

The Group contributes to Self Investing Personal Pension plans for CRW Parish, with contributions recognised when payable.

1.15 Standards, amendments and interpretations becoming effective in the current financial year adopted by the Group:

- IAS 1 (revised), ‘Presentation of financial statements’. The revised standard requires the separate presentation of changes in equity attributable to the owners (equity shareholders) and other non-owner changes. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). The Group has applied IAS 1 (revised) from 1 July 2009 and has elected to present solely a statement of comprehensive income. Where an entity restates or reclassifies comparative information, they are also required to present a restated balance sheet as at the beginning of the comparative period. The adoption of this revised standard has not resulted in a significant change to the presentation of the Group’s performance statement, as the Group has no elements of other comprehensive income not previously included in its income statement.
- IFRS 7 (Amendment), ‘Financial Instruments: Disclosures’. Introduced new disclosure requirements whereby financial instruments must be categorised under a three-level fair value hierarchy. A reconciliation is required for any investment categorised as Level 3, the additional disclosures resulting from this amendment have been included in note 10. The amendments to IFRS 7 also introduce some additional disclosures on liquidity risk which are included in note 22.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- IAS 32 (amendment), 'Financial instruments: Presentation', and IAS 1 (amendment), 'Presentation of financial statements – Puttable financial instruments and obligations arising on liquidation'. The amendment provides exemptions from financial liability classification for (a) puttable financial instruments that meet certain conditions; and (b) certain instruments or components of instruments that impose on the entity an obligation to deliver to another party a pro-rata share of the net assets of the entity only on liquidation as equity. Adoption did not have any impact on the Group's financial statements.
- IFRS 8, 'Operating Segments'. Replaces IAS 14 and aligns segment reporting with the requirements of the US standard SFAS 131. The new standard requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard has resulted in additional disclosure within the Group's financial statements.
- IAS 23 (Amendment), 'Borrowing Costs'. Requires borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset to be capitalised; this is not currently relevant to the Group, which has no qualifying assets.
- IAS 27 (revised), 'Consolidated and separate financial statements' (effective from 1 July 2009) introduces significant changes to the accounting for transactions with non-controlling interests (minority interests), the accounting for a loss of control and the presentation of non-controlling interests in consolidated financial statements. The revised standard is not expected to have a significant effect on the Group's financial statements.
- IAS 39 (amendment), 'Financial instruments: Recognition and measurement' (effective from 1 July 2009). Adoption is unlikely to have a significant effect on the Group's financial statements.

1.16 Standards, amendments and interpretations to existing standards become effective in future accounting periods and have not been adopted early by the Group:

- IAS 24 (revised), 'Related Party Disclosures' (effective for financial periods beginning on or after 1 January 2011, subject to EU endorsement). This change revises the definition of related parties, with its adoption is unlikely to have a significant effect on the Group's financial statements.
- IFRS 9 (new), 'Financial Instruments: Classification and measurement.'

1.17 The following standards, amendments and interpretations to existing standards become effective in future accounting periods, but are not relevant for the Group's operations:

- IFRS 5 (amendment), 'Non-current Assets Held for Sale and Discontinued Operations'.
- IAS 17 (amendment), Leases.
- IAS 28 (amendment), 'Investments in Associates' (effective for periods beginning on or after 1 July 2009). Consequential amendments arising from revisions to IFRS 3.
- IAS 32 (amendment), 'Financial Instruments: Presentation' – Amendments relating to classification of rights issues.
- IFRS 2 (amendments), 'Group cash-settled share-based payment transactions' (effective from 1 January 2010).
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009).

2. INVESTMENT INCOME

	30 June 2010	30 June 2009
	£	£
a. **Revenue analysis**		
Dividends from investments	**1,921,904**	1,834,042
Other income	**17,542**	563
	1,939,446	1,834,605
b. **Net gains on investments**		
Net unrealised gains / (losses) on fair value of investments through the profit or loss	**18,299,456**	(31,679,456)
Net realised gains on fair value of investments through the profit and loss	**5,488,831**	556,977
Net foreign exchange gains	**776,246**	2,563,853
Net gains / (losses) on investments	**24,564,533**	(28,558,626)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPENSES

	30 June 2010	30 June 2009
	£	£
Employment costs	**1,199,734**	728,386
Employer's national insurance contributions and similar taxes	**31,683**	64,000
Pension costs	**30,000**	30,000
	1,261,417	822,386
Benefits in kind included within employment costs	**1,445**	1,257

	30 June 2010	30 June 2009
	£	£
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial services	**141,650***	101,125
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**36,150**	25,432
	177,800	126,557

* Includes additional fee of £42,300 for year-ended 30 June 2009, accrued and billed during 2010.

	30 June 2010	30 June 2009
Average staff (including executive Director)		
Investing	**1**	1
Administration	**3**	3
	4	4

Full details of the fees and emoluments for each Director are provided in the Directors' remuneration report on pages 9 and 10.

4. DIVIDENDS

	Paid during period to	
	30 June 2010	30 June 2009
	£	£
Interim dividend of 26.0* pence (2009: 14.0 pence) paid per ordinary Share declared	**2,801,890**	1,508,710

Dividends paid and proposed
The Directors approved a first interim dividend of 12.0 pence (interim 2009: 14.0 pence) per Share totalling £1,293,180 (2009: £1,508,710). Dividends are accounted for when paid. The first interim dividend was paid on 31 March 2010. A final dividend of 5 pence will be declared for payment on 10 December 2010 to Members registered on the books of the Company at the close of business on 8 December 2010.

* Interim dividend of 14.0 pence paid per Ordinary Share declared (to 30 June 2009). Interim dividend of 12.0 pence paid per ordinary share declared (to 30 June 2010).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. TAXATION

5.1 Local tax – Guernsey

The Company is resident for tax purposes in Guernsey. The Company is exempt from Guernsey income tax under the Income Tax (Exempt Bodies) (Guernsey) Ordinances 1989 and 1992 and is charged an annual exemption fee of £600.

5.2 Foreign tax – United Kingdom

The Company's subsidiaries are resident for tax purposes in the United Kingdom.

	30 June 2010	30 June 2009
	£	£
Analysis of tax charge		
Current tax		
UK corporation tax on profits for the period	**1,024,591**	1,248,768
Overseas tax charge		59
Adjustment in respect of previous year	**(6,002)**	(600)
Total current tax	**1,018,589**	1,248,227
Deferred tax		
Origination and reversal of timing differences	**1,031,478**	(10,309,701)
Total deferred tax	**1,031,478**	(10,309,701)
Tax on profit / (loss) from ordinary activities	**2,050,067**	(9,061,474)

Factors affecting tax charge

The tax assessed is lower (2009: lower) than the standard rate of corporation tax in the UK of 28.0% (2009: 28.0%).

The differences are explained below		
Profit / (loss) on ordinary activities before tax	**23,397,408**	(30,381,174)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.0% (2009: 28.0%)	**6,551,274**	(8,506,728)
Effects of		
Expenses not deductible for tax	**30,818**	432,787
Income not subject to tax	**(4,530,281)**	(989,325)
Increase in excess tax losses	–	3,508
Overseas tax	–	59
Depreciation in excess of capital allowances	**4,258**	(1,175)
Adjustments to tax charge in respect of prior year	**(6,002)**	(600)
Total tax charge for the year	**2,050,067**	(9,061,474)

The Group anticipates claiming capital allowances in excess of depreciation in future periods reversing the position previously where depreciation has been higher than capital allowances.

6. EARNINGS PER SHARE

	30 June 2010	30 June 2009
	£	£
Profit after tax	**21,347,341**	(21,319,700)
Weighted average number of shares in basic and diluted EPS	**10,776,501**	10,776,501
Earnings per share (basic and diluted)	**198.1 p**	(197.8 p)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold property (at cost) £	Fixtures, fittings paintings and computer equipment (at cost) £	Property plant and equipment £	Investment and properties (at value) £	Total £
Year-ended 30 June 2009					
Opening net book value	677,222	30,851	708,073	131,941	840,014
Additions	–	20,348	20,348	–	20,348
Depreciation for period	(14,844)	(7,705)	(22,549)	–	(22,549)
Disposal of investment properties	–	–	–	(131,941)	(131,941)
Closing net book value	662,378	43,494	705,872	–	705,872
Year-ended 30 June 2010					
Opening net book value	662,378	43,494	705,872	–	705,872
Additions	1,303	65,537	66,840	–	66,840
Depreciation for period	(14,845)	(22,598)	(37,443)	–	(37,443)
Disposals - net book value	–	(1,332)	(1,332)	–	(1,332)
Closing net book value	648,836	85,101	733,937	–	733,937

The subsidiary company El Oro and Exploration Company Limited sold the remaining investment property in New Zealand during December 2008.

8. SUBSIDIARY COMPANIES

The Company held the entire issued share capital and voting power of the following companies all of whom are registered in England and Wales and operate in England as at the 30 June 2010.

	No. shares	Nominal value	Net assets £'000	Profit /(loss) before tax £'000	Book value £
Investment companies					
El Oro and Exploration Company Limited	10,776,501	ord. 5p shares	15,427	7,289	538,825
Investigations and Management Limited	5,000	ord. £1.00 shares	65	14	3,080
Dormant companies					
El Oro Mining and Exploration Company Limited	4,511,135	ord. 10p shares	454	–	456,110
General Explorations Limited	1,000,000	ord. 5p shares	50	–	2,747
Group Traders Limited	30,040	ord. 5p shares	2	–	37,500

9. TRADE AND OTHER RECEIVABLES

	30 June 2010 £	30 June 2009 £
Amounts due from brokers - unsecured and receivable on demand	–	713,183
Other debtors	**618,279**	223,164
	618,279	936,347

Trade receivables are settled on the requirements of the relevant stock exchange, which is normally within one week of trade date. Other receivables are mainly accrued dividend income, normally due within a 30 day period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INVESTMENTS AT FAIR VALUE THROUGH PROFIT AND LOSS

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy.

Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in note 1.3.

There have been no transfers during the year between the levels. A reconciliation of fair value measurements in level 3 is set out below.

	30 June 2010 **£**
Level 1 - quoted prices (unadjusted)	85,800,994
Level 2 - observable price inputs	3,602,958
Level 3 - unobservable price inputs	11,451,854
	100,855,806

Reconciliation of fair value measurements in level 3	**30 June 2010** **£**
Opening balance	8,379,987
Acquisitions	3.836,207
Disposal proceeds	(1,075,743)
Transfers out of Level 3	–
Total gains / (losses) included in the Consolidated Statement of Comprehensive Income	
on assets sold	(61,701)
on assets held at the year end	373,104
Closing balance	**11,451,854**

11. FINANCIAL LIABILITIES – BORROWINGS AND DERIVATIVES

	30 June 2010 **£**	30 June 2009 £
Current		
Bank overdrafts	**4,810,037**	4,793,165
Amounts due to brokers	**4,640,241**	3,056,547
	9,450,278	7,849,712
Financial liabilities at fair value	**2,634,452**	726,835
	12,084,730	8,576,547

	30 June 2010 **£**	30 June 2009 £
Non-current		
Bank loan	**15,000,000**	15,000,000
	15,000,000	15,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The subsidiary company El Oro and Exploration Company Limited has overdraft facilities that are repayable on demand and additionally a bank loan that is not recallable for five years with Lloyds TSB plc. These facilities are comprised of a fully drawn loan of £15 million, with a further £5 million for working capital and liquidity management. There is a registered charge on all of the assets in favour of Lloyds TSB plc, the Group's bankers, as security for all liabilities and obligations owed by the Group to the bank.

Financial instruments at fair value comprise short derivative financial instruments; this category is carried in the balance sheet at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

The subsidiary company El Oro and Exploration Company Limited has a line of credit for commodity forward contracts with each of HSBC Bank plc (up to USD 2.5 million) and Lloyds TSB plc (up to £ 5.0 million). The commodity forward positions as at 30 June 2010 have been recognised as an investment in the consolidated financial statements under IFRS.

There is a general lien on assets in favour of HSBC Bank plc as security for any liabilities and obligations owed by the Group to the bank.

Within the amounts due to brokers, there is a lien on all assets held in favour of M F Global Limited, as brokers, as security for all liabilities and obligations owed in respect of contracts entered into by the Group to M F Global Limited. The securities placed with M F Global as collateral for Group CFD trading is valued at market rates.

	30 June 2010	30 June 2009
	£	£
Collateral placed with broker for financial liabilities at fair value		
M F Global Limited	**2,220,228**	1,696,787

12. TRADE AND OTHER PAYABLES

	30 June 2010	30 June 2009
	£	£
Amounts due to brokers - unsecured and payable on demand	–	468,955
Other tax and social security taxes	–	16,694
Other payables	**21**	4,532
Accruals	**737,121**	703,718
Unclaimed dividends	**125,697**	162,087
	862,839	1,355,986

13. CURRENT TAX LIABILITIES

	30 June 2010	30 June 2009
	£	£
Corporation tax	**799,332**	612,581

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES

	30 June 2010 £	30 June 2009 £
Opening balances at 1 July	**3,376,146**	13,685,845
Net gains / (losses) in investments	**1,027,219**	(10,308,524)
Depreciation under / (over) capital allowances	**4,258**	(1,175)
Closing balances at 30 June	**4,407,623**	3,376,146

Deferred tax is calculated in full on temporary differences under the liability method using an average tax rate of 28% (2009: 28%) and is calculated at the rate at which the deferred tax is expected to reverse. As the UK Group subsidiary companies adopted UKGAAP for their underlying accounts, no tax is payable on these deferred tax calculations.

Fair value adjustments are taken with non capital items through the consolidated statement of comprehensive income.

15. CASH AND CASH EQUIVALENTS

	30 June 2010 £	30 June 2009 £
Cash available on demand	**1,302,353**	1,494,213
Bank overdraft	**(4,810,037)**	(4,793,165)
Amounts due to brokers	**(4,640,241)**	(3,056,547)
	(8,147,925)	(6,355,499)

16. COMMITMENTS AND CONTINGENT LIABILITIES

Within the normal course of business, the Group has committed to subscribe for securities, as at 30 June 2010 this commitment totalled £206,384 (2009: £218,679).

In the normal course of business, the Group had pledged security investments as collateral at 30 June 2010 with a value of £2,220,228 (2009: £1,696,787).

17. SHARE CAPITAL

	El Oro Ltd		El Oro Ltd	
	30 June 2010 No.	**30 June 2010 £**	30 June 2009 No.	30 June 2009 £
Authorised	**unlimited**	**unlimited**	unlimited	unlimited

	El Oro Ltd		El Oro Ltd	
Issued and fully paid	**30 June 2010 No.**	**30 June 2010 £**	30 June 2009 No.	30 June 2009 £
Shares with no par value	**10,776,501**	**538,825**	10,776,501	538,825

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EQUITY RESERVES

	Share premium £	Capital redemption reserve £	Merger reserve £	Retained earnings £
At 30 June 2009	6,017	347,402	3,564	50,914,592
Profit for the period	–	–	–	21,347,341
Dividends paid	–	–	–	(2,801,890)
As at 30 June 2010	6,017	347,402	3,564	69,460,043

Share premium
The share premium reserve maintains the amount that has been subscribed for share capital in excess of the share capital's par, or nominal value. This reserve relates to the subsidiary companies.

Capital redemption reserve
The capital redemption reserve maintains the par or nominal value amount that is transferred from share capital on the cancellation of issued shares. This reserve relates to the subsidiary companies.

Merger reserve
The Merger reserve was created on 5 September 2003 when merging the accounts from the El Oro Mining Company Limited (formerly plc) and Exploration Company plc, plus the subsequent adjustment on the disposal of Danby Registrars Limited. This reserve relates to the subsidiary companies.

Retained earnings
This reserve maintains the net gains and losses as recognised in the consolidated statement of comprehensive income. The distributable retained earnings for El Oro Ltd is included in the Company's balance sheet and not the Group's Consolidated balance sheet.

19. NET ASSETS PER SHARE

The net assets per Share figure is based on net assets of £70,355,851 (2009: £51,810,400) divided by 10,776,501 (2009: 10,776,501) Shares in issue at the year end.

20. CASH FLOW – MATERIAL NON-CASH ITEMS

The Company's Shares were issued during the year to 30 June 2009 on a 1:1 swap with El Oro and Exploration Company Limited (formerly plc), there was no cash consideration pursuant to the share swap.

The Company received investments with an aggregate value of £2,496,024 (2009: £35,585,876) through a dividend-in-specie from El Oro and Exploration Limited (formerly plc), there was no cash consideration pursuant to the dividend, nor on acquiring the investments.

21. RELATED PARTY TRANSACTIONS

The Company and its subsidiary companies are related parties; as such, any transactions between these related parties have been eliminated in consolidating the Group's figures.

During the year the subsidiary company El Oro & Exploration Company Limited purchased goods amounting to £13,935 (2009: £5,228) from Danby Registrars Limited, a company wholly owned by CRW Parish, an executive Director of the Company.

El Oro & Exploration Company Limited owns the UK Group subsidiaries' registered office, 41 Cheval Place.

The Hon. Mrs. EC Parish and EW Houston paid accommodation costs to the Company for the use of the property during the year to 30 June 2010 this amounted to £439 (2009: £198). No amounts remain outstanding at the year ended 30 June 2010 (2009: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE

The Group's financial instruments are contained within its portfolio in investments, derivatives and commodities, cash balances, receivables and payables that arise directly from its operations, such as sales and purchases awaiting settlement, and bank borrowings used to partly finance the Group's operations.

The principal activity of the Group is dealing in investments. Investments in UK companies form the bulk of the portfolio. The Group's main aim is to steadily increase the net asset value and dividend. The Group deals in listed and unlisted investments or other financial instruments, including derivatives and commodities. The Group is exposed to certain inherent risks that could result in either a reduction in the net assets, or a reduction in the profits available for distribution by way of dividends.

The Group finances its operations through retained profits, bank overdrafts and secured borrowings on transactions with brokers.

The Group has little exposure to credit and cash flow risk as a large proportion of its current assets are in readily realisable investments. Unlisted investments in the portfolio may not be immediately or readily realisable, this is generally not significant in normal market conditions as the majority of the Group's investments are listed on recognised stock exchanges and are generally liquid. Hence, liquidity risk is not considered to be significant. The Directors take this risk into account before making such investments and when determining the valuation of these assets. Additionally, the Group takes account of these risks when setting investment policy and making investment decisions, by monitoring economic and market data to minimise the Group's exposure.

Credit risk is the potential exposure of the Group to loss in the event of a non-performing counterparty. The Group manages the credit risk that arises during normal commercial operations, within the guidelines set by the Board. The Group also has credit exposures in financial and specialised markets as a result of dealing in investments and other financial instruments, including derivatives and commodities. The Group controls the related credit risk in financial and specialised markets by only entering into contracts with counterparties who are duly registered securities dealers that are in the Board's estimation, and on the basis of past performance, historically sound and consequently, highly credit-rated.

The contractual maturities of the financial liabilities at 30 June 2010, based on the earliest date on which payment can be required to be made was as follows:

As at 30 June 2010	Repayable on demand £'000	3 months or less £'000	Not more than 1 year £'000	Not more than 5 years £'000	More than 5 years £'000	Total £'000
Creditors: amounts due within one year						
Financial liabilities at fair value through profit or loss	–	128	378	2,026	6,171	**8,703**
Overdrafts – due on demand	9,450	–	–	–	–	**9,450**
Other creditors	–	–	737	126	–	**863**
Commodities – forward contracts	–	–	719	–	–	**719**
Creditors: amounts due after one year						
Bank loan	–	–	–	15,000	–	**15,000**
	9,450	**128**	**1,834**	**17,152**	**6,171**	**34,735**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

The contractual maturities of the financial liabilities at 30 June 2009, based on the earliest date on which payment can be required to be made was as follows:

As at 30 June 2009	Repayable on demand £'000	3 months or less £'000	Not more than 1 year £'000	Not more than 5 years £'000	Total £'000
Creditors: amounts due within one year					
Overdrafts – due on demand	7,850	–	–	–	**7,850**
Brokers	–	511	–	–	**511**
Other creditors	–	21	704	**162**	**887**
Commodities – forward contracts	–	125	559	–	**684**
Creditors: amounts due after one year					
Bank loan	–	–	–	**15,000**	**15,000**
	7,850	**657**	**1,263**	**15,162**	**24,932**

Fair values of financial assets and financial liabilities
The purpose of the following table is to summarise the fair and book value of the financial assets together with the financial liabilities. There is no difference between the book value and fair value and this summary excludes short-term debtors and creditors. The Group's policy in relation to the role of financial instruments and risk and is consistent with the position throughout the year and also during the comparative period.

	30 June 2010 Fair and book value £	30 June 2009 Fair and book value £
Financial assets		
Cash and bank balances	**1,302,353**	1,494,213
Listed available for sale investments	**87,294,609**	66,589,430
Unlisted available for sale investments	**12,729,702**	10,102,932
Commodities*	**831,495**	567,464
Derivatives**	**–**	335,402
	102,158,159	79,089,441
Financial liabilities		
Bank loan and overdrafts	**4,810,037**	4,793,165
Options – short positions	**845,012**	167,569
Amounts due to broker	**4,640,241**	3,056,547
Commodities*	**718,869**	559,266
Derivatives**	**1,070,571**	–
	12,084,730	8,576,547
Financial liabilities		
Bank loan	**15,000,000**	15,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

* Commodity forward contracts are contractual obligations to buy or sell the underlying commodity at a future date. When a contract matures, the contractual obligation is to exchange the actual commodity with the counterparty, open positions are closed by entering into an opposite contract to buy or sell prior to a settlement date when physical positions. The commodity forward contracts in the portfolio are valued at market rates.

At 30 June 2010 the Group held one contract for 1,000 ounces of Gold with a fair value of £831,495. At 30 June 2009 the Group held one contract for 1,000 ounces of Gold with a fair value of £567,464.

** Derivatives comprise two interest rate swaps with Lloyds TSB Bank plc, the swap details are in Note 1.
(1) £10 million fixed at 4.1% over 20 years; and
(2) £5 million fixed at 4.15% over 15 years.

In the event that the swaps had been closed on 30 June 2010 it would have realised a loss of £1,070,571 (2009: gain of £335,402). This amount has been recognised as a current asset under financial assets at fair value through profit or loss in the consolidated financial statements under IFRS. The fair value of the swap on 30 June 2010 is a liability of £1,070,571 based upon the valuation confirmation provided by Lloyds TSB Bank plc.

Fair value is determined from the bid price on the purchase of an investment.

The principal risks the Group faces in its portfolio management activities are:

- market price risk (movements in the value of investment holdings caused by factors other than interest rate or currency movement);
- currency risk;
- interest rate risk; and
- liquidity risk.

Market price risk
The Group exposure to market price risk is mainly contained in potential movements in the fair value of its investments, including equities, property and commodities. The Group manages this price risk within its long-term investment strategy to manage a diversified exposure to the market, principally in commodities and the exploration, mining, property and brewing sectors. The Group's investments are not tied to a linear market price risk owing to the portfolio's diversified structure. However, in line with IFRS 7, were each of the equities holdings to experience a 5 percent rise or fall in their fair value this would result in the Group's net asset value and consolidated statement of comprehensive income increasing or decreasing by £5,042,790 or 7.2% (2009: £3,834,618 or 7.4%). Additionally, were each of the commodities holdings to experience a 5 percent rise or fall in their fair value this would result in the Group's net asset value and consolidated statement of comprehensive income increasing or decreasing by £41,575 or 0.06% (2009: £16,770 or 0.03%).

The focus is on a macro strategy for the portfolio, which looks at the long-term. However, trading is managed by monitoring on a daily basis company announcements, market information and having regular contact with stockbrokers on the securities and commodities within the Group's investment universe. The Group directors provide additional support in the course of applying their respective knowledge and advice when monitoring the Group's portfolio.

Currency risk
The Group exposure to currency risk comes from investment in listed overseas stock markets, short-term funding from transactions with overseas stockbrokers and also from foreign currency holdings. The Group does not hedge against currency risk, as the relative strength and weakness of a currency is considered when making an investment decision. Receipts in a currency other than British Pounds are converted only to the extent that they are not required for settlement obligations in that currency. The Group exposure to currency from overseas investment at fair value in British Pounds:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

	30 June 2010	30 June 2009
	£	£
Key currencies		
Australian dollar	**14,250,538**	8,566,690
Canadian dollar	**9,445,378**	5,524,446
South African rand	**4,011,645**	3,587,069
US dollar	**9,080,963**	8,535,456
	36,788,524	26,213,661
Key currencies		
Euro	**480,784**	555,323
Hong Kong dollar	**1,492**	64,024
Japanese yen	**107,939**	192,698
Malaysian ringitt	**1,786,600**	1,115,838
New Zealand dollar	**84,603**	77,186
Norwegian krone	**84,795**	29,915
Swedish krona	**64,407**	55,804
Swiss franc	**226,485**	–
	2,837,105	2,090,788
	39,625,629	28,304,449

It should be noted that for the purposes of IFRS 7, currency risk does not arise from financial instruments that are non-monetary items.

Key currencies	**2010**	2009	Change in currency rate	**Effect on net assets 2010**	Effect on net assets 2009
	£	£	(%)	**(£'000)**	(£'000)
Australian dollar	**14,250,538**	8,566,690	5	**713**	428
Canadian dollar	**9,445,378**	5,524,446	5	**472**	276
South African rand	**4,011,645**	3,587,069	5	**201**	179
US dollar	**9,080,963**	8,535,456	5	**454**	427
	36,788,524	26,213,661		**1,840**	1,310
Other currencies	**2,837,105**	2,090,788	5	**142**	105
	39,625,629	28,304,449		**1,982**	1,415

The rise or fall in the value of the British Pound against other currencies by 5.0 % would result in the Group's net assets value and consolidated statement of comprehensive income, which are denominated in currencies other than British Pounds at balance date, increasing or decreasing by £1,982,000 or 2.8% (2009: £1,415,000 or 2.7%).

Interest rate risk
The Group has both interest bearing assets and liabilities.

The Group has an indirect exposure to interest rate risk, which results from the effect that changes in interest rates might have on the valuation of investments within the portfolio. The majority of the portfolio's financial assets are equity shares that pay dividends, not interest. Interest is charged on the bank overdraft and other bank loans; the interest rate is over various currency base rates or at rates negotiated with other financial institutions. Borrowing at year-end was £24,450,278 (2009: £22,849,712) (see note 11) and if that level of borrowing were maintained for a year with a 1 percent point change in the interest rate (up or down) net revenue before tax would increase or decrease by £244,503 or 0.4 % on net assets (2009: £228,497 or 0.4% on net assets). At a floating interest rate greater than 4.1% or 4.15% the Group will receive payments from the counter party to the interest rate swaps, thereby limiting the Group's interest rate exposure on £15 million to 4.1% on £10 million (20 years) and 4.15% on £5 million (15 years).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

The interest rate profile of the Group's financial assets:

	30 June 2010 Fixed Rate at fair value £	30 June 2009 Fixed Rate at fair value £
Fixed rate notes (assets)	**422,295**	3,049,166

The effective interest rate on these financial assets is 8.7% (2009: 7.2%).

Liquidity risk
The Group's asset mainly comprises, readily realisable securities which may be sold to meet funding requirements as necessary. However, there is a portion of the secutities in the Group's portfolio £15.1 million or 14.9% (2009: £10.1 million or 13.0%) that are unquoted and this might restrict their disposal should the Group wish to realise such securities. The Board monitors the levels of holdings which might affect liquidity owing to a lack of marketability in the securities on a regular basis to ensure that operations are not compromised by a lack of liquidity.

In addition to the financial assets listed above, the subsidiary El Oro and Exploration Company Limited has open forward contracts in commodities, as shown in the consolidated balance sheet.

Capital management policies and procedures
The Group's capital management objectives are to ensure that it will be able to continue as a going concern, and to maximise the income and capital return to Shareholders through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total £15.1 million or 14.9% (2009: £10.1 million or 13.0%) of the total portfolio on a fair value basis. These unquoted investments are held at valuations determined by the Directors, as discussed in note 1.3.

The Group's capital at 30 June comprises equity share capital, reserves and debt as shown in the consolidated balance sheet at a total of £94,806,129 (2009: £74,660,000). The Directors review and consider the broad structure of the Group's capital on an ongoing basis. These considerations include:

- Share repurchases, assessed based upon the share prices' discount or premium to net asset value;
- Equity issues; and
- Dividend policy.

Share repurchases
Under the Articles the Company has the authority to purchase the Shares as described in its Admission document. There may be occasions when the Board is precluded from making such purchases as it is in possession of unpublished price sensitive information relating to the Company, generally the Board will consider Share repurchases whenever Shares trade at a sufficient discount to net asset value and the Company has sufficient funds available. Share repurchases are made on market at the market rate provided that price is less than the net asset value per Share. This generally has the effect of increasing the net asset value attributable to the remaining Shares and boosts return for the Company's remaining shareholders.

The Company is subject to externally imposed capital requirements in that as a public company, the Company is required to have a minimum share capital of £50,000 and is only able to pay dividends from distributable reserves.

The Group has complied with the Board's requirements in relation to the Group's policies and processes for managing the Group's capital, which were unchanged from the Group's requirements in the comparative financial year.

23. SUBSEQUENT EVENTS

In accordance with IAS 10 Events after the balance sheet date, changes in asset prices after the balance sheet date constitute a non-adjusting event as they do not relate to conditions that existed at the balance sheet date. Accordingly, it is not appropriate to reflect any financial effect of these changes in asset prices in the balance sheet as at 30 June 2010.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. SEGMENTAL REPORTING

Geographical Segments
An analysis of the Group's investments held at 30 June 2010 by geographical segment and the related investment income earned during the year to 30 June 2010 is noted below:

	Value of investments at 30 June 2010 £	**Gross income to 30 June 2010 £**	Value of investments at 30 June 2009 £	Gross income to 30 June 2009 £
Africa	**4,011,645**	**60,277**	3,587,069	127,430
Asia	**1,896,030**	**48,734**	1,372,560	60,099
Australia & New Zealand	**14,335,141**	**139,255**	8,643,877	127,666
Europe	**856,471**	**18,984**	641,041	43,520
North America	**18,526,341**	**72,626**	14,059,902	81,541
United Kingdom	**61,230,178**	**1,582,028**	49,290,779	1,393,786
	100,855,806	**1,921,904**	77,595,228	1,834,042

Business Segments
The Directors consider that the Group has two business segments, being the Company, El Oro Ltd with a value and growth portfolio that holds stocks selected in pursuit of a blended value / growth investment style primarily for capital appreciation in accordance with the Company's published investment objective, and its wholly owned subsidiary, El Oro and Exploration Company Limited, which focuses on stocks in relatively mature sectors (e.g. some, but not all, brewing, utility, and mining stocks) which are typically characterised by high yields.

Financial information for both sectors is reviewed regularly by the Chairman and Managing Director and the Board who allocate resources and assess performance. The amounts presented for each segment are based on the accounting policies adopted in the Group accounts.

Business segment financial information

Statement of Comprehensive Income For the twelve months to 30 June	**Company 30 June 2010 £**	**Subsidiary 30 June 2010 £**	Company 30 June 2009 £	Subsidiary 30 June 2009 £
Revenue	**644,200**	**1,295,246**	194,176	1,655,226
Net gains / (losses) on investments	**16,327,922**	**8,236,611**	3,603,369	(32,176,792)
Total income / (loss)	**16,972,122**	**9,531,857**	3,797,545	(30,521,566)
Expenses	**(857,326)**	**(1,230,488)**	(262,450)	(2,418,623)
Profit before finance costs and taxation	**16,114,796**	**8,301,369**	3,535,095	(32,940,189)
Finance costs:				
Interest expense	**(22,348)**	**(996,409)**	(1,794)	(974,286)
Profit / (loss) before taxation	**16,092,448**	**7,304,960**	3,533,301	(33,914,475)
Taxation	**–**	**(2,050,067)**	–	9,061,474
Profit / (loss) for the period and total comprehensive income	**16,092,448**	**5,254,893**	3,533,301	(24,853,001)
Earnings per stock unit (basic and diluted)	**149.3 p**	**48.8 p**	32.8 p	(230.6 p)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. SEGMENTAL REPORTING *continued*

Balance sheet at 30 June	**Company 30 June 2010 £**	**Subsidiary 30 June 2010 £**	Company 30 June 2009 £	Subsidiary 30 June 2009 £
Non-current assets				
Property, plant and equipment	–	**733,937**	–	705,872
Investment in subsidiary	**538,825**	–	538,825	–
	538,825	**733,937**	538,825	705,872
Current assets				
Trade and other receivables	**55,424**	**3,969,151**	556,123	990,699
Financial assets at fair value through profit or loss				
Investments held at fair value	**58,058,736**	**42,797,070**	39,265,210	38,330,018
Cash and bank balances	**609,089**	**693,264**	334,308	1,159,905
Net current assets	**58,723,249**	**47,459,485**	40,155,641	40,480,622
Current liabilities				
Financial liabilities				
Borrowings	–	**9,450,278**	–	7,849,712
Financial liabilities at fair value	–	**2,634,452**	–	726,835
Financial liabilities	–	**12,084,730**	–	8,576,547
Trade and other payables	**3,817,490**	**451,645**	1,036,464	929,997
Current tax liabilities	–	**799,332**	–	612,581
	3,817,490	**13,335,707**	1,036,464	10,119,125
Net current assets	**54,905,759**	**34,123,778**	39,119,177	30,361,497
Non-current liabilities				
Borrowings	–	**15,000,000**	–	15,000,000
Deferred tax liabilities	–	**4,407,623**	–	3,376,146
	–	**19,407,623**	–	18,376,146
Net assets	**55,444,584**	**15,450,092**	39,658,002	12,691,223
Capital and reserves attributable to equity holders				
Share capital	**538,825**	**538,825**	538,825	538,825
Reserves				
Share premium	–	**6,017**	–	6,017
Capital redemption reserve	–	**347,402**	–	347,402
Merger reserve	–	**3,564**	–	3,564
Retained earnings	**54,905,759**	**14,554,284**	39,119,177	11,795,415
Total equity	**55,444,584**	**15,450,092**	39,658,002	12,691,223
Net asset value per share	**514.5 p**	**143.4 p**	368.0 p	117.8 p

OFFICERS

El Oro Ltd (Guernsey)	El Oro and Exploration Company Limited (UK)
DIRECTORS* CRW Parish, M. A. (Oxon) (Chairman and Managing Director) RAR Evans SB Kumaramangalam RE Wade JA Wild * The Directors were all appointed on 9 December 2008.	**DIRECTORS** CRW Parish, M. A. (Oxon) (Chairman and Managing Director) The Hon. Mrs. EC Parish EW Houston DRL Hunting RE Wade JA Wild
REGISTERED OFFICE 22 Smith Street St Peter Port Guernsey GY1 2JQ	**REGISTERED OFFICE** 41 Cheval Place London SW7 1EW Telephone 020 7581 2782 Facsimile 020 7589 0195
SECRETARY Capita Financial Administrators (Guernsey) Ltd	**SECRETARY** S McKeane

ADVISERS

AUDITOR PricewaterhouseCoopers CI LLP Chartered Accountants PO Box 321 Royal Bank Place First Floor 1 Glategny Esplanade Guernsey GY1 4ND Channel Islands	**REGISTRAR** Capita Registrars (Guernsey) Limited Longue Hougue House St Sampson Guernsey GY2 4JN
STOCKBROKER JM Finn & Co. 4 Coleman Street London EC2R 5TA	**SHAREHOLDER CORRESPONDENCE** Capita Registrars The Registry 34 Beckenham Road Beckenham BR3 4TU

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Company's SECOND ANNUAL GENERAL MEETING and the ONE HUNDRED AND SIXTH ANNUAL GENERAL MEETING OF THE EL ORO GROUP will be held on 19 November 2010 at 41 Cheval Place, London SW7 1EW at 12 noon for the following purposes:

Ordinary resolutions:

1. To receive the Directors' report and the consolidated financial statements for the year ended 30 June 2010.
2. To re-appoint PricewaterhouseCoopers CI LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company and to authorise the Directors to fix their remuneration.
3. To authorise the payment of a final dividend of 5 pence for the year-ended 30 June 2010.
4. To authorise the Company generally and unconditionally to make market purchases within the meaning of Section 315 of the Companies (Guernsey) Law 2008, the authority for market acquisitions set forth in Article 4.7 of the Company's Articles of Incorporation be approved and restated on the basis that of its Ordinary Shares in the capital of the Company ("Shares") upon or subject to the following conditions:
   a) the maximum number of Shares hereby authorised to be purchased is 1,077,650;
   b) the maximum price at which Shares may be purchased shall be 5% above the average of the middle market quotations for the Shares as taken from the Channel Islands Stock Exchange Daily Official List for the five business days preceding the date of purchase and the minimum price shall be 5 pence per share, in both cases exclusive of expenses; and
   c) the authority to purchase conferred by this Resolution shall expire on the date falling eighteen months after the date of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, save that the Company may before such expiry enter into a contract of purchase under which such contract may be completed or executed wholly or partly after the expiration of this authority.

The Board recommends that Shareholders vote in favour of all resolutions.

Registered Office
22 Smith Street
St Peter Port
Guernsey
GY1 2JQ

By Order of the Board
Capita Financial Administrators (Guernsey) Limited
Secretary

26 October 2010

Notes

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a Member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude Members from attending or voting at the Meeting, if they so wish. A Member may appoint more than one proxy in relation to a Meeting, provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by them. A Member may appoint more than one proxy provided each proxy is appointed to exercise voting rights in respect of a different Share or Shares held by them.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the office of the Company's Registrar, Capita Registrars, at Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time for holding the Meeting.
3. CREST members may utilise the CREST proxy appointment service by following the directions set out on the form of proxy. Completion and return of the form of proxy will not prevent a Shareholder from subsequently attending the meeting and voting in person if they choose to.
4. A Shareholder must first have their name entered on the register of Members not later than 4.30 p.m. on 16 November 2010.

   Changes to entries in that register after that time shall be disregarded in determining the rights of a Shareholder to attend and vote at such meeting.

FORM OF PROXY

EL ORO Ltd (the "Company")

(Registered in Guernsey no. 49778)

Proxy for the 2010 Annual General Meeting
Before completing this form, please read the explanatory notes below.

I/We (PLEASE USE BLOCK LETTERS) ______________________________

of ______________________________

a member of El Oro Ltd (the "Company") HEREBY APPOINT the Chairman of the Meeting or (see Note 3) ______________________________

____

To be my/our proxy at the Annual General Meeting of the Company to be held on 19 November 2010 at 12 noon and at any adjournment thereof, and to attend, speak and vote for me/us and in my/our name(s) upon all resolutions before such meeting:

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an "X". If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
Resolution 1	☐	☐	☐	Resolution 3	☐	☐	☐
Resolution 2	☐	☐	☐	Resolution 4	☐	☐	☐

As Witness my/our hand(s) this ________ day of ______________________________

Signature(s) ______________________________

Notes to the Proxy Form:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the Meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted in the space provided, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham BR3 4TU.
5. To direct your proxy how to vote on the resolutions, mark the appropriate box with an "X". If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to the Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham BR3 4TU; and
   - received by the Registrars, Capita Registrars no later than 48 hours before the time appointed for the meeting.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. For details of how to change your proxy instructions or revoke your proxy appointment, see the notes to the notice of the meeting.

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Business Reply
Licence Number
RSBH-UXKS-LRBC

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PXS
34 Beckenham Road
BECKENHAM
BR3 4TU

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First fold