EL ORO LTD

Annual Report
Audited Financial Statements

for the year ended 30 June 2011

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.

CONTENTS

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 2011	30 June 2010
Net asset value per share	**911.0 pence**	652.9 pence
Dividends per Share paid to external Shareholders during the year ended	**5.0 pence**	26.0 pence
Total dividends paid to external Shareholders in respect of the year ended	**£539,000**	£2.8 million

This Annual Report contains the consolidated financial statements of El Oro Ltd, ("the Company"), which operates as a closed-ended investment company on the Channel Islands Stock Exchange ("CISX"). The Company is incorporated and resident in Guernsey.

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advises that there will be occasions where the Company is precluded from making such purchases because it possesses unpublished price sensitive information.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 5 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 17 November 2011 at 41 Cheval Place, London SW7 1EW.
This 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 2011 was £30,363,697 (year-ended 30 June 2010 was £23,397,408). The Group's net assets at 30 June 2011 were £98,171,099 or 911.0 pence per share (30 June 2010 were £70,355,851 or 652.9 pence per share).

The Board paid a final dividend of 5 pence per share for the year-ended 30 June 2010 on 10 December 2010 to Members registered on the books of the Company at the close of business on 24 November 2010.

The Group's net asset value per Share ("NAV") showed an increase over the year of 39.5% while the FTSE All Share Index was up by 21.8%.

The Board has resolved to pay a final dividend of 20.0 pence for the year-ended 30 June 2011 on 28 November 2011 to Members registered on the books of the Company at the close of business on 4 November 2011. Additionally, the Board has resolved to make a Bonus Issue to shareholders at a ratio of 1 new share for every existing 5 shares held immediately following the dividend payment.

In order to improve liquidity in the Shares, following the payment of the dividend and the issue of the Bonus shares, the Company is proposing to sub-divide its existing issued share capital on the basis that each issued Share will be sub-divided into five issued Shares, each Split Share having the same rights, terms and obligations as the Existing Shares. Shareholders who hold their Shares in certificated form will receive replacement share certificates following the Share Split and share certificates issued prior to the date of the AGM will no longer be valid. For each existing 100 shares, the bonus issue calculation would be 100 / 5 = 20. The interim number of shares would be 100 + 20 =120. Following which, the share split would provide 120 x 5 = 600.

The brilliance of the Sunshine in the latter days of September, sending swimmers scurrying to the Serpentine and fruit pickers harvesting Nature's Bonanza, encourage one to the view, along with the above results, that 'this is as good as it gets'; certainly the stomach-wrenching falls in World Markets and the wild swings in the price of Gold, have erased much of the gains enjoyed by the main indices since the start of the year. The storm clouds gathering from Greece to Southern Spain, across North Africa and over the Atlantic Ocean, make one wonder whether we are in the eye of the hurricane, whose full effect is yet to be felt. Even some of the plant stalls at the Autumn Flower show have been forsaken in favour of a Wild Food Foraging Course. Primark appear to be the only carrier bags now visible in Oxford Street, and branded bags in Bond Street have replaced bows for those of the lineage of Genghis Khan, who now replicate their ancestor or conqueror in sweeping aside all they survey, albeit only with shoes from Prada or scents from Chanel.

The stocks which constitute the larger echelons of the portfolio have in most part resisted the more recent falls: by the end of June, Troy Resources was still struggling to meet its targeted production, an effort not helped by the coldest winter in 50 years in Argentina. Offsetting its shortfall was the sudden surge in Gold into the ether to reach $1,940 briefly in early August. Happily production from its Brazilian mine at Andorinhas was able to take advantage of these historic highs; more recently Casposo in Argentina has increased production to its design level, at the same time as announcing significant and exciting additional reserves.

CHAIRMAN'S STATEMENT

Young and Co. continue to improve and expand their pub estate, with the vigorous combination of Geronimo and its fast-cycling management; somewhat questionable however, particularly to die-hard Ale enthusiasts is the decision to dispose of its share of the Wells and Young's joint venture in brewing, especially given the almost legendary status of Young's Bitter within London.

James Halstead thrive as ever, and have recently impressed with yet another profit and dividend increase, and MP Evans appear strongly positioned to benefit substantially in years to come from their increased planting of Palm Oil trees. Archipelago have confounded the pessimists in commencing production from their Toka Tindung mine in Sulawesi, and give good indications of expanding their reserves. Fuller, Smith and Turner have shown themselves less surefooted than normal, with their abortive bid for Capital Pub Group, although their excellent pub estate will stand them in good stead.

Patagonia Resources has proved up a reasonable reserve and Extorre, whilst slipping back from the exalted price it reached in August, would seem to have a world-class mine and deposit in Southern Patagonia.

Amongst the more recent additions to the Portfolio, we were privileged to visit Banro's new Twangiza Mine at Bukavu in the Congo in early September. The stature of its recently constructed mill and enthusiasm and ability of its team and Chief Executive Simon Village, were impressive, and one has to hope that the quality of the carvings we collected will be replicated in the mine's output, and that of its other deposits. Certainly, given political stability it has every likelihood of being a signal success, and a tribute to the perseverance of its progenitors. Readers of a historical bent might be interested to learn that the silk fabric for the curtains close to where this is being written were collected by my father in Elizabethville, during an enforced stop in what was the Belgian Congo some 50 years ago, and are as good today. We wish the Banro team every success and await news of their first Gold pour.

Many more of the minnows may yet prove profitable in due course, and we are happy to have received a take-over offer for Anvil Mining from Huanlong in recent weeks, also in the Congo, and also for Sundance, an Australian listed iron-ore company. Even our holding in Earthport, an inter-bank-payments software company, is beginning to show renewed signs of life, and is winning orders. The results of Hurricane Exploration's new drilling programme are awaited with growing excitement, and perhaps Amerisur's Colombian oil will at long last lead to a maintainable lift in the share price.

Beyond the pages of our own stocks, we cannot, however, discern a glimmer of light or honesty over the gravity of the situation confronting the World, and Britain.

In the UK we are led by a Prime Minister who would rather spit blood than adopt a single policy favoured by a majority of the Conservative Party; instead he favours a louche Lothario as Deputy Prime Minister and the Ballroom Boulevardier, also masquerading as the anti-Business Secretary: his goal seems to consist of ever more frivolous and futile taxation tribulations with which to mutilate the British wealth-producing classes. The PM's main concerns in recent days have been to introduce a ban on plastic bags, and legalise gay marriage, this in the week that we are warned that the economic crisis perhaps exceeds that of the 1930's. Our Armed Forces have been decimated and demoralised in a way that not even the fall of Singapore or Dunkirk could achieve, and alongside the cuts imposed the Defence industry itself is shrinking, perhaps beyond repair, as evident from BAE's most recent closures.

CHAIRMAN’S STATEMENT

It is quite insane to be reducing our Defence capabilities at a time of such uncertainties, and an increased likelihood of civil unrest; not to mention obscene in sacking officers and men who have been risking their lives so recently at the behest of their political masters.

The threatened destruction of Bombardier and the handing of the Thameslink contract to Siemens could well eliminate Train manufacture in Britain after 150 years, and have the effect of carrying foreign workers in foreign-made trains, owned by foreign companies to their probably foreign-owned employers. Surely the government of Britain should be making every effort to promote and increase the manufacture of goods and equipment within the boundaries of Britain, rather than grovelling in obeisance to strictures from a foreign, albeit European, power? Throwing the sop of the proposed High Speed Rail line to big business, against all local and economic opinion; is a poor substitute for abandoning such a core element of British industry.

Leaders of the Airline industry repeatedly warn of the effects of the Air Passenger Duty, and suggest up to 7.4m tourists may have by-passed Britain as a result of its imposition. This is exacerbated by the failure to expand Heathrow, or an alternative venue, putting Britain into the second rank of transport destinations, from its previous Ascendancy.

Heavy users of Energy, such as aluminium and Cement manufacture, face the prospect of relocating abroad, to escape the punitive ‘Carbon’ charges imposed by the EU and enhanced by its henchman Mr Huhne, maniacally destroying Britain‘s landscape by cocooning the hills in Wind Pylons, and electrical transmission cables, to produce power that will NEVER be either economic nor sufficient. Meanwhile the scope for production from Nuclear becomes more uncertain, as SSE, once Scottish and Southern Electricity, withdraw from Nuclear development, to concentrate on ‘Renewables’, as does RWE. Even the existing coal plants are to have their closure brought forward, whilst those of Eastern Europe are to be expanded, perhaps even with the assistance of money sequestrated from the British tax-payer. New technologies, for shale extraction and to utilise Britain’s almost limitless supply of coal sitting under our feet, are given scant credence or support, and instead the consumer is crushed under ever-higher ‘Climate change levies’ and the cost of the wind-imbroglio.

Not content with taking the wrecking-ball to the British Armed Forces and Industry generally, the abiding beauty of Britain now faces the threat of changes to the planning regulations, so that yet more rabbit-hutches can be constructed, when it is perfectly apparent that it is almost impossible to sell a house more than 60 miles from London at the present time. Any opponents are branded Nimbies or Luddites, just as critics of Foreign Aid, including Mr. Imran Khan, are decried as uncaring or immoral when they point out the damage it does by enhancing and feeding corruption.

Which brings us to Balaam’s Ass: Numbers XX11, vv 28-30: ‘Balaam smote the ass with a staff. And the Lord opened the mouth of the ass, and she said unto Balaam, What have I done unto thee, that thou hast smitten me these three times? Am I not thine ass, upon which thou hast ridden ever since I was thine unto this day? Was I ever wont to do so unto thee? And he said Nay’.

Substitute for Balaam, Mrs Merkel and the EU, and for the Ass, Greece, and the tragedy unfolding in the Aegean becomes apparent, but sadly neither have seen the Angel of the Lord standing in a narrow place where there was no way to turn. It is perfectly apparent to any sane being that a Greek default is inevitable,

CHAIRMAN'S STATEMENT

and withdrawal from the Euro preferable, before the suffering and impoverishment of Greece becomes a running sore throughout that Southern section, quite possibly embroiling and dragging in Spain, Portugal and Italy. The myopia, vanity and obduracy of Europe's leaders may well bring to pass that violence and war they have so arrogantly believed themselves to be preventing. Meanwhile in Britain, renegotiation or outright withdrawal becomes insistently attractive, although once again blocked by Prime and Foreign Ministers, who claim the economy might be damaged by a vote: it is hard to see how any more pain could occur from challenging this venal, extravagant and obsessive concoction of academic socialists.

The seemingly limitless stream of regulations spewed out of its foaming jaws, in the realm of Health and Safety, Human Rights, Working Time Directives, Financial Solvency and a raft of other areas make Krakatoa seem positively miniscule. All are swallowed by our ever-compliant masters, with barely a murmur or even perhaps being noticed. The time has come to question its whole edifice rigorously and ruthlessly; and release the trading and technological skills so abundant in Britain to forge our own way in the World.

The Regulate and Tax world personified by the EU is replicated in the United States, where the obsession with additional taxation has been espoused so vocally by Mr Buffett, to the delight of Mr Obama. In reality for the United Kingdom and the United States, taxation is not the solution; the over-riding issue is Excess Expenditure, against which none of the tax increases suggested will make the slightest difference.

The ever-expanding role of the State, and the embedded rewards given to its employees, have relentlessly squeezed the Private Sector. The Municipalities of the United States, such as California, are essentially bust, as it is no longer possible to run the state infrastructure, at the same time as paying its index-linked Pensions; similar to the Church of England, which is shrinking the numbers of or not replacing its clergy, in order to be able to pay the Pensions of those who have already retired.

These are the realities of the Western World, where the burden of Public Healthcare, grandiose and crippling foreign wars, and the intrusion of the State into every nook and cranny of civilian life, have unleashed the monstrous Mr Jekyll, whose appetite can only be assuaged by consuming every last penny from the Private purse.

In these circumstances of QE or whatever moniker, the destruction of the saving classes is inevitable along with a rise in inflation and the penury for all those on fixed incomes.

Whilst the public seek safety in Government Bonds, its income collapses, and the private sector is unable to increase employment due to the penal levels of taxation.

Given this predicament, the denial of those in authority to confront the truth, the refusal to abandon perverse regulation and confiscatory taxation, the attempt to solve a crisis of indebtedness by increased borrowing, we can only foresee a long and grinding adjustment to much lower levels of living and wealth. It is now suggested that a figure of 3 TRILLION Euros will be required to re-capitalise the well-nigh bankrupt Banks of Europe and its States: figures well beyond the balance sheet of the IMF or any other Fund in existence.

This is terrifically sad, as it is so unnecessary, but the hard choices required, of cutting the State, and freeing the Private Sector to invest and innovate and create employment whilst retaining a reasonable return on its investment, are all perfectly feasible and achievable.

CHAIRMAN'S STATEMENT

Those of a botanical bent, or even moderately observant, may have noticed the vigorous recuperative powers of Nature, where the casualties of the recent harsh Winter, seemingly dead and cut to the ground are now flourishing once more and even flowering, such as Lady Hillingdon's Rose and Bay trees. The harsh solution of cutting the dead wood to allow re-growth is far too simple for the hordes of Quantitative Economists advising most Western economies.

How sad that the ruthless and exacting and creative and dynamic example of the late-lamented Steve Jobs, who did just that on an epic scale at Apple, transforming it from near death into the second-most powerful company on the planet, could not be used as the template for National revival.

We will not give up hope, but retain our Gold and its miners, our brilliant pub businesses, basic resources, oil wells and technology leaders into this era of uncertainty and wide-spread economic folly and ignorance.

The Ass survived, Balaam saw the error of his ways, England conquers at Cricket, our oarsmen retain their rhythm; Shropshire retains its epic beauty despite attacks from bio-mass and Pylons; only in Rugby do we see a team let down by individual indiscretion and a lack of creative thinking.

The team at Cheval Place thrive and fortify the bounty of your Company; our profound thanks to Steven, Abbie, Nick, Vicky and Melwin for their unstinting effort and contribution. Dexion have proved more than capable successors to Capita, and are congenial and competent Company Secretaries; my directors and advisers also deserve our appreciation and thanks for much sage and astute advice.

The outlook is anything but easy, but we share an increased dividend with our loyal shareholders, along with a distribution from reserves and retain our belief that the range and quality of investments will uphold the company through a multitude of tribulations, should they occur.

Robin Woodbine Parish
19 October 2011

INVESTMENTS WITH A FAIR VALUE EXPOSURE GREATER THAN £500,000 based upon fair values at 30 June 2011

	Investment	Local Currency	Fair Value GBP	Fair Value Cumulative GBP	% of financial assets
1	Troy Resources	AUD	10,976,310	10,976,310	
2	Young & Co.	GBP	8,578,338	19,554,648	
3	James Halstead	GBP	4,714,100	24,268,748	
4	M P Evans Group	GBP	4,117,192	28,385,940	
5	Hurricane Exploration	GBP	3,723,963	32,109,903	
6	Archipelago Resources	GBP	3,240,907	35,350,810	
7	Fuller, Smith & Turner	GBP	2,764,154	38,114,964	
8	Patagonia Gold	GBP	2,498,891	40,613,855	
9	Amerisur Resources	GBP	2,381,100	42,994,955	
10	Kuala Lumpur Kepong	MYR	1,973,078	44,968,033	**34.1%**
11	Mountview Estates	GBP	1,787,406	46,755,439	
12	Blackrock Funds	GBP	1,685,662	48,441,101	
13	Extorre Gold Mines	CAD	1,669,808	50,110,909	
14	Ceravision	GBP	1,614,765	51,725,674	
15	Dee Valley Group	GBP	1,453,742	53,179,416	
16	Daejan Holdings	GBP	1,435,200	54,614,616	
17	Shanta Gold	GBP	1,179,250	55,793,866	
18	Gold Fields	ZAR	1,041,239	56,835,105	
19	Shamika Resources	CAD	1,007,940	57,843,045	
20	Kalahari Minerals	GBP	1,003,435	58,846,480	**44.6%**
21	Berendsen	GBP	967,430	59,813,910	
22	Centamin Egypt	GBP	957,600	60,771,510	
23	Vietnam Funds	USD	930,229	61,701,739	
24	Colt Resources	CAD	919,264	62,621,003	
25	Lydian International	CAD	875,177	63,496,180	
26	Maudore Minerals	CAD	870,918	64,367,098	
27	Impala Platinum	ZAR	869,488	65,236,586	
28	Royal Dutch Shell	GBP	859,894	66,096,480	
29	PZ Cussons	GBP	854,400	66,950,880	
30	Bacanora Minerals	CAD	852,227	67,803,107	**51.4%**
31	Archipelago Metals	USD	843,487	68,646,594	
32	Discovery Metals	AUD	800,213	69,446,807	
33	Lowland Investment Company	GBP	775,625	70,222,432	
34	Vatukoula Gold Mines	GBP	748,018	70,970,450	
35	Anglo American Platinum	ZAR	734,016	71,704,466	
36	PanAust	AUD	696,452	72,400,918	
37	Latham (James)	GBP	619,674	73,020,592	
38	Ampella Mining	AUD	617,550	73,638,142	
39	Diamedica	CAD	608,752	74,246,894	
40	Herald Funds	GBP	608,575	74,855,469	**56.7%**
41	Geiger Counter	GBP	602,379	75,457,848	
42	REA Holdings	GBP	585,200	76,043,048	
43	Exeter Resources	CAD	580,870	76,623,918	
44	Kingsrose Mining	AUD	576,487	77,200,405	
45	Mc Mullen	GBP	568,750	77,769,155	
46	Brookwell	GBP	567,039	78,336,194	
47	Alumina	AUD	561,546	78,897,740	
48	Jersey Electricity	GBP	559,000	79,456,740	
49	City of London Group	GBP	541,844	79,998,584	
50	Wadworth & Co.	GBP	535,217	80,533,801	**61.0%**
51	Cluff Gold	GBP	530,407	81,064,208	
52	Lindsell Train Funds	GBP	527,514	81,591,722	
53	Legal & General Group	GBP	516,795	82,108,517	
54	Overstone Funds	USD	514,883	82,623,400	
55	Aurora Investment Trust	GBP	513,600	83,137,000	
56	Hill & Smith Holdings	GBP	502,433	83,639,433	**63.4%**
				48,387,660	**36.6%**
				132,027,093	**100.0%**

DIRECTORS' REPORT

The Directors present the Annual Report and the Group's Consolidated Financial Statements for the year ended 30 June 2011.

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 investment 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 2011 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 Dexion Capital (Guernsey) 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 £28,343,605 (2010: £21,347,341).

For the year ended 30 June 2011, a final dividend of 20.0 pence per share is proposed for payment on 28 November 2011 to Shareholders registered in the books of the Company at the close of business on 4 November 2011 (2010: 17.0 pence per share).

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 of the financial Statements

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			
	30 June 2011 beneficial	**30 June 2011 non-beneficial**	30 June 2010 beneficial	30 June 2010 non-beneficial
CRW Parish	**1,070,171**	**1,771,535**	1,076,762	1,851,535
SB Kumaramangalam	**1,065,562**	**551,651**	1,065,562	551,651
RE Wade	**71,212**	–	71,212	–
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 2011. Of the Shares in issue 5,752,084 or 53.4% (2010: 5,841,933 or 54.21%) are not in public hands at the year ended 30 June 2011.

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	18.01	1,941,069	–	1,941,069
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 2011:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)*	–	248,920	437,750	1,342	30,000	718,012
Non-executive						
SB Kumaramangalam	8,800	–	–	–	–	8,800
RAR Evans	16,500	–	–	–	–	16,500
RE Wade*	26,178	–	–	–	–	26,178
JA Wild*	32,694	–	–	–	–	32,694
Total	84,172	248,920	437,750	1,342	30,000	802,184

* 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 2010:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)*	–	242,619	534,010	1,445	30,000	808,074
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	534,010	1,445	30,000	887,396

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

The Chairman's emoluments for the year ended 30 June 2011 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. A performance bonus is payable at a maximum rate of 5% of the realised profits after current tax, less a return of 20% on the issued capital of £538,825. The Remuneration Committee recommended, and the Directors agreed that a performance bonus of £437,750 (2010: £534,010) is payable for the year ended 30 June 2011. No Director waived emoluments for either of the years ended 30 June 2011 or 30 June 2010.

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 (2010: £30,000) was paid during the year ended 30 June 2011.

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.

By order of the Board
Dexion Capital (Guernsey) Limited
Company Secretary
19 October 2011

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 19 October 2011.

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
2011	30,363,697	538,825	103,239,075

During 2009, 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 Financial Statements, note 1. Since, 2002 the net assets at fair value (IFRS) is calculated from the IFRS Financial Statements of the parent Company as follows:

	30 June 2011 £	30 June 2010 £
Net assets	**98,171,099**	70,355,857
Add: deferred tax	**5,757,913**	4,407,623
Less: tangible assets	**(689,937)**	(733,937)
Net assets at fair value	**103,239,075**	74,029,543

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	33,454,594
Taxation	19,697,574
	53,152,168

[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 2011 was 625.0 pence and at 30 June 2010 was 425.0 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 balance sheet as of 30 June 2011 and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements
The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and with the requirements of Guernsey Law. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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 2011 and of the financial performance and its 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 comprises only the directors' report.

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
19 October 2011

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to 30 June 2011

	Notes	**30 June 2011** **£**	30 June 2010 £
Revenue	2 a	**2,033,240**	1,939,446
Net gains on investments	2 b	**31,617,492**	24,564,533
Total income		**33,650,732**	26,503,979
Expenses	3	**(2,150,892)**	(2,087,814)
Profit before finance costs and taxation		**31,499,840**	24,416,165
Finance costs			
Interest expense		**(1,136,143)**	(1,018,757)
Profit before taxation		**30,363,697**	23,397,408
Taxation	5	**(2,020,092)**	(2,050,067)
Profit for the year and total comprehensive income	6	**28,343,605**	21,347,341
Basic earnings per share	6	**263.0p**	198.1p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2011

	30 June 2011 **£**	30 June 2010 £
Opening capital and reserves attributable to equity holders	**70,355,851**	51,810,400
Total comprehensive income: Profit for the year	**28,343,605**	21,347,341
Dividends paid	**(528,357)**	(2,801,890)
Closing capital and reserves attributable to equity holders	**98,171,099**	70,355,851

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

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

CONSOLIDATED BALANCE SHEET
as at 30 June 2011

	Notes	**30 June 2011** £	30 June 2010 £
Non-current assets			
Property, plant and equipment	7	**689,937**	733,937
		689,937	733,937
Current assets			
Trade and other receivables	9	**508,323**	618,279
Investments held at fair value through profit or loss	10 – 11	**132,027,093**	100,855,806
Cash and bank balances	15	**580,492**	1,302,353
Current assets		**133,115,908**	102,776,438
Current liabilities			
Borrowings	11	**8,305,528**	9,450,278
Trade and other payables	12	**756,064**	862,839
Financial liabilities at fair value	11	**776,666**	2,634,452
Current tax liabilities	13	**38,575**	799,332
Current liabilities		**9,876,833**	13,746,901
Net current assets		**123,239,075**	89,029,537
Non-current liabilities			
Borrowings	11	**20,000,000**	15,000,000
Deferred tax liabilities	14	**5,757,913**	4,407,623
		25,757,913	19,407,623
Net assets		**98,171,099**	70,355,851
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		**97,275,291**	69,460,043
Total equity		**98,171,099**	70,355,851
Net asset value per share	19	**911.0 p**	652.9 p

The Board of Directors approved and authorised the Group's financial statements for issue on 19 October 2011.

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 2011

	Notes	**30 June 2011** **£**	30 June 2010 £
Operating activities			
Net profit before tax		**30,363,697**	23,397,408
Depreciation		**37,174**	37,443
Foreign exchange gains		**(620,903)**	(435,723)
Net unrealised gains on fair value investments through the profit or loss		**(22,199,717)**	(18,299,456)
Finance costs		**1,136,143**	1,018,757
Cash flow from operations before changes in working capital		**8,716,394**	5,718,429
Movement in financial assets at fair value through the profit or loss		**(10,257,394)**	(2,274,239)
Decrease in trade and other receivables		**87,921**	326,800
Decrease in trade and other payables		**(167,840)**	(499,941)
Cash flow from operations		**(1,620,919)**	3,271,049
Income taxes paid		**(1,430,559)**	(843,591)
Cash flow from operating activities		**(3,051,478)**	2,427,458
Investing activities			
Purchase / (sale) of property, plant and equipment		**6,826**	(65,508)
Cash flow from investing activities		**6,826**	(65,508)
Financing activities			
Interest paid		**(1,075,078)**	(1,011,963)
Dividends paid to Shareholders		**(528,357)**	(2,801,890)
Increased bank loan		**5,000,000**	–
Cash flow from financing activities		**3,396,565**	(3,813,853)
Net decrease / (increase) in cash and cash equivalents		**351,913**	(1,451,903)
Cash and cash equivalents at 30 June	15	**(8,147,925)**	(6,355,499)
Effect of foreign exchange rate changes		**70,976**	(340,523)
Cash and cash equivalents at 30 June	15	**(7,725,036)**	(8,147,925)

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.

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 comprises 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 on investments".

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

- Interest rate SWAPS 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.

1.4 Financial liabilities

Trade payables and other monetary liabilities that are short term in nature are stated at their nominal value.

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.

1.5 Revenue

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.

1.6 Expenses

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.7 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.

1.8 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.

1.9 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.

1.10 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.

1.11 Property, plant and equipment

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

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

1.12 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.

1.13 Segmental reporting

The Group adopted IFRS 8 'Operating Segments' for the first time in 2010, 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 Financial Statements.

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.

1.14 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 18.4% of net assets.

1.15 Pension costs

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

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

IFRS 1 (Amendment), First Time Adoption of International Financial Reporting Standards simplified the structure of IFRS 1 without making any technical changes. No impact on the Group Financial Statements.

IFRS 3 (Revised), Business Combinations harmonised business combination accounting with US GAAP. Not currently relevant to the Group and therefore has no impact on the Financial Statements.

IFRS 5 (Amendment), Non-current Assets Held for Sale and Discontinued Operations (as part of Improvements to IFRS issued in 2009). Not currently relevant to the Group and therefore has no impact on the Financial Statements.

IAS 27 (Revised), Consolidated and Separate Financial Statements introduced changes to the accounting for transactions with non-controlling interests in consolidated financial statements. Adoption did not have any impact on the Group Financial Statements.

IAS 32 (Amendment), Financial Instruments: Presentation – amendments relating to classification of rights issues. No impact on the Group Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

IAS 39 (Amendment), Eligible Hedged Items. The amendment prohibits designating inflation as a hedgeable component of a fixed debt, and, in a hedge of a one-sided risk with options, prohibits including time value in the hedged risk. Not currently relevant to the Group and therefore has no impact on the Financial Statements.

IFRIC 15, Agreements for Construction of Real Estate. Not relevant to the Group.

IFRIC 16, Hedges of a Net Investment in a Foreign Operation. Provides clarification to net investment hedging issues. Not currently relevant to the Group and therefore no impact on the Financial Statements.

IFRIC 17, Distributions of Non Cash Assets to Owners clarifies how an entity should measure distributions of assets other than cash made as a dividend to its owners. Not currently relevant to the Group and therefore no impact on the Financial Statements.

IFRIC 18 Transfer of Assets from Customers. Not relevant to the Group.

Improvements to IFRS issued in 2009 comprised numerous other minor amendments to IFRS, resulting in accounting changes for presentation, recognition or measurement purposes as well as terminology or editorial amendments. These amendments had no impact on the Group Financial Statements.

2. INVESTMENT INCOME

	30 June 2011 £	30 June 2010 £
a. **Revenue analysis**		
Dividends from investments	**2,027,585**	1,921,904
Other income	**5,655**	17,542
	2,033,240	1,939,446
b. **Net gains on investments**		
Net unrealised gains on fair value of investments through the profit or loss	**22,199,717**	18,299,456
Net realised gains on fair value of investments through the profit and loss	**8,796,872**	5,488,831
Net foreign exchange gains	**620,903**	776,246
Net gains on investments	**31,617,492**	24,564,533

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPENSES

	30 June 2011 **£**	30 June 2010 £
Employment costs		
Wages and Salaries	**862,283**	1,199,734
Social Security costs	**67,258**	31,683
Pension costs	**30,000**	30,000
	959,541	1,261,417
Benefits in kind included within employment costs	**1,342**	1,445

	30 June 2011 **£**	30 June 2010 £
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial services	**98,700**	141,650*
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**37,600**	36,150
	136,300	177,800

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

	30 June 2011	30 June 2010
Average staff numbers (including executive Director)		
Investing / research	**2**	1
Administration	**4**	3
	6	4

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

4. DIVIDENDS

	Paid during period to	
	30 June 2011 **£**	30 June 2010 £
Final dividend of 5.0 pence (2010: 26.0 pence) paid per ordinary Share	**538,825**	2,801,890

Dividends paid and proposed
The Directors approved a dividend of 20.0 pence per Share (2010: 26.0* pence per Share) totalling £1,293,180 (2010: £2,801,890*). Dividends are accounted for when paid.

* Interim dividend of 14.0 pence per Share paid per Ordinary Share declared (to 30 June 2009). Interim dividend of 12.0 pence per Share 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 2011	30 June 2010
	£	£
Analysis of tax charge		
Current tax		
UK corporation tax on profits for the year	**669,802**	1,024,591
Adjustment in respect of prior year	**–**	(6,002)
Total current tax	**669,802**	1,018,589
Deferred tax		
Origination and reversal of timing differences	**1,350,290**	1,031,478
Total deferred tax	**1,350,290**	1,031,478
Tax on profit from ordinary activities	**2,020,092**	2,050,067

Factors affecting tax charge

The tax assessed is lower (2010: lower) than the standard rate of corporation tax in the UK of 27.5% (2010: 28.0%).

The differences are explained below		
Profit on ordinary activities before tax	**30,363,697**	23,397,408
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 27.5% (2009: 28.0%)	**8,350,136**	6,551,274
Effects of		
Expenses not deductible for tax	**26,782**	30,818
Income not subject to tax	**(5,945,919)**	(4,530,281)
Tax rate differences	**(410,907)**	–
Depreciation in excess of capital allowances	**–**	4,258
Adjustments to tax charge in respect of prior year	**–**	(6,002)
Total tax charge for the year	**2,020,092**	2,050,067

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 2011	30 June 2010
	£	£
Profit after tax	**28,343,605**	21,347,341
Weighted average number of shares in basic and diluted EPS	**10,776,501**	10,776,501
Earnings per share (basic)	**263.0p**	198.1p

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	Fixtures, fittings paintings and computer equipment £	Total
Year ended 30 June 2010			
At cost	745,503	179,674	925,177
Accumulated depreciation	(96,667)	(94,573)	(191,240)
Net book value	**648,836**	**85,101**	**733,937**
Year ended 30 June 2011			
Opening net book value	648,836	85,101	733,937
Addition	–	18,839	18,839
Write-off	–	(41,020)	(41,020)
Depreciation for year	(14,869)	(22,305)	(37,174)
Depreciation written back on disposal	–	15,355	15,355
Closing net book value	**633,967**	**55,970**	**689,937**

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 30 June 2011.

	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	18,172	8,739	538,825
Investigations and Management Limited	5,000	ord. £1.00 shares	66	1	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 2011 £	30 June 2010 £
Other receivables	**508,323**	618,279
	508,323	618,279

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 2011 **£**	30 June 2010 £
Level 1 - quoted prices (unadjusted)	**109,689,942**	85,800,994
Level 2 - observable price inputs	**7,423,543**	3,602,958
Level 3 - unobservable price inputs	**14,913,608**	11,451,854
	132,027,093	100,855,806

Reconciliation of fair value measurements in level 3	**30 June 2011** **£**	30 June 2010 £
Opening balance	**11,451,854**	8,379,987
Acquisitions	**1,326,806**	3.836,207
Disposal proceeds	**(2,476,992)**	(1,075,743)
Transfers out of Level 3	**(156,685)**	–
Total gains / (losses) included in the Consolidated Statement of Comprehensive Income		
on assets sold	**(157,299)**	(61,701)
on assets held at the year end	**4,587,974**	373,104
Closing balance	**14,575,658**	11,451,854

11. FINANCIAL LIABILITIES – BORROWINGS AND DERIVATIVES

	30 June 2011 **£**	30 June 2010 £
Current		
Bank overdrafts	**3,123,609**	4,810,037
Amounts due to brokers	**5,181,919**	4,640,241
	8,305,528	9,450,278
Financial liabilities at fair value	**776,666**	2,634,452
	9,082,194	12,084,730

	30 June 2011 **£**	30 June 2010 £
Non-current		
Bank loan	**20,000,000**	15,000,000
	20,000,000	15,000,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCIAL LIABILITIES – BORROWINGS AND DERIVATIVES *continued*

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 £20 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 US$ 2.5 million) and Lloyds TSB plc (up to £ 5.0 million). Commodity forward positions are recognised as an investment in the consolidated financial statements under IFRS when held, 30 June 2011 £ nil: (30 June 2010: £831,495).

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 are valued at market rates.

	30 June 2011	30 June 2010
	£	£
Collateral placed with broker for financial liabilities at fair value		
M F Global Limited	**2,397,679**	2,220,228

12. TRADE AND OTHER PAYABLES

	30 June 2011	30 June 2010
	£	£
Other payables	**23**	21
Accruals	**563,663**	737,121
Unclaimed dividends	**192,378**	125,697
	756,064	862,839

13. CURRENT TAX LIABILITIES

	30 June 2011	30 June 2010
	£	£
Corporation tax	**38,575**	799,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES

	30 June 2011 £	30 June 2010 £
Opening balances at 1 July	**4,407,623**	3,376,146
Net gains in investments	**1,350,290**	1,027,219
Depreciation under capital allowances	**–**	4,258
Closing balances at 30 June	**5,757,913**	4,407,623

Deferred tax is calculated in full on temporary differences under the liability method using an average tax rate of 26.0% (2010: 28%) and is calculated at the rate at which the deferred tax is expected to reverse.

15. CASH AND CASH EQUIVALENTS

	30 June 2011 £	30 June 2010 £
Cash available on demand	**580,492**	1,302,353
Bank overdraft	**(3,123,609)**	(4,810,037)
Amounts due to brokers	**(5,181,919)**	(4,640,241)
	(7,725,036)	(8,147,925)

16. COMMITMENTS AND CONTINGENT LIABILITIES

Within the normal course of business, the Group has committed to subscribe for securities, as at 30 June 2011 this commitment totalled £561,808 (2010: £206,384).

In the normal course of business, the Group had pledged security investments as collateral at 30 June 2011 with a value of £2,397,679 (2010: £2,220,228).

17. SHARE CAPITAL

	El Oro Ltd		El Oro Ltd	
	30 June 2011 No.	**30 June 2011 £**	30 June 2010 No.	30 June 2010 £
Authorised	**unlimited**	**unlimited**	unlimited	unlimited

	El Oro Ltd		El Oro Ltd	
Issued and fully paid	**30 June 2011 No.**	**30 June 2011 £**	30 June 2010 No.	30 June 2010 £
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 1 July 2010	6,017	347,402	3,564	69,460,043
Profit for the year	–	–	–	28,343,605
Dividends (net)	–	–	–	(528,357)
As at 30 June 2011	6,017	347,402	3,564	97,275,291

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 Financial Statements 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 £98,171,099 (2010: £70,355,851) divided by 10,776,501 (2010: 10,776,501) Shares in issue at the year end.

20. CASH FLOW – MATERIAL NON-CASH ITEMS

The Company received investments with an aggregate value of £3,983,354 (2010: £2,496,024) through a dividend-in-specie from El Oro and Exploration Company Limited, 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.

The compensation payable to Key Management personnel comprised £802,184 (2010: £887,396) paid by the Group to the Directors in respect of services to the Group. Full details of the compensation for each Director are provided in the Directors' report on pages 9 and 10.

During the year the subsidiary company El Oro & Exploration Company Limited purchased goods amounting to £7,515 (2010: £13,935) 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.

EW Houston paid accommodation costs to the Company for the use of the property during the year to 30 June 2011 this amounted to £867 (2010: £439). No amounts remain outstanding at the year ended 30 June 2011 (2010: £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 2011, based on the earliest date on which payment can be required to be made was as follows:

As at 30 June 2011	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 the profit or loss	–	150	452	2,388	6,533	9,523
Overdrafts – due on demand	8,306	–	–	–	–	8,306
Other payables	–	286	317	192	–	795
Creditors: amounts due after one year						
Bank loan	–	–	–	20,000	–	20,000
	8,306	**436**	**769**	**22,580**	**6,533**	**38,624**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

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 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 the profit or loss	–	128	378	2,026	6,171	**8,703**
Overdrafts – due on demand	9,450	–	–	–	–	**9,450**
Other payables	–	–	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**

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 receivables and payables. 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 2011 Fair and book value £	30 June 2010 Fair and book value £
Financial assets		
Cash and bank balances	**580,492**	1,302,353
Financial assets at fair value through profit or loss		
Listed fair value investments	**113,955,953**	87,294,609
Unlisted fair value investments	**18,071,140**	12,729,702
Commodities*	–	831,495
	132,607,585	102,158,159
Financial liabilities		
Bank loan and overdrafts	**3,123,609**	4,810,037
Options – short positions	–	845,012
Amounts due to broker	**5,181,919**	4,640,241
Commodities*	–	718,869
Derivatives**	**776,666**	1,070,571
	9,082,194	12,084,730
Financial liabilities		
Bank loan	**20,000,000**	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 2011 the Group held no contracts for Gold. At 30 June 2010 the Group held one contract for 1,000 ounces of Gold with a fair value of £831,495.

** Derivatives comprise three interest rate swaps with Lloyds TSB Bank plc.
(1) £10 million fixed at 4.1% over 20 years;
(2) £5 million fixed at 4.15% over 15 years; and
(3) £5 million fixed at 2.84% over 5 years;

In the event that the swaps had been closed on 30 June 2011 it would have realised a loss of £776,666 (2010: loss of £1,070,571). 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 2011 is a liability of £776,666 (2010: £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 £6,601,355 or 6.7% (2010: £5,042,790 or 7.2%). 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 £nil or nil% (2010: £41,575 or 0.06%).

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

	30 June 2011	30 June 2010
	£	£
Key currencies		
Australian dollar	**22,391,988**	14,250,538
Canadian dollar	**15,299,231**	9,445,378
South African rand	**3,501,091**	4,011,645
US dollar	**7,613,874**	9,080,963
	48,806,184	36,788,524
Other currencies		
Euro	**307,701**	480,784
Hong Kong dollar	**482**	1,492
Indonesian rupia	**29,344**	–
Japanese yen	**183,891**	107,939
Malaysian ringitt	**2,341,874**	1,786,600
New Zealand dollar	–	84,603
Norwegian krone	**(14,735)**	84,795
Swedish krona	**111,384**	64,407
Swiss franc	**(25,797)**	226,485
	2,934,144	2,837,105
	51,740,328	39,625,629

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	**2011**	2010	Change in currency rate (%)	**Effect on net assets 2011**	Effect on net assets 2010
	£	£		**(£'000)**	(£'000)
Australian dollar	**22,391,988**	14,250,538	5	**1,119**	713
Canadian dollar	**15,299,231**	9,445,378	5	**765**	472
South African rand	**3,501,091**	4,011,645	5	**175**	201
US dollar	**7,613,874**	9,080,963	5	**381**	454
	48,806,184	36,788,524		**2,440**	1,840
Other currencies	**2,934,144**	2,837,105	5	**147**	142
	51,740,328	39,625,629		**2,587**	1,982

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 sheet date, increasing or decreasing by £2,587,000 or 2.6% (2010: £1,982,000 or 2.8%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

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 £28,305,528 (2010: £24,450,278) (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 £283,055 or 0.3% on net assets (2010: £244,503 or 0.4% on net assets). At a floating interest rate greater than 2.84%, 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 £20 million to 4.1% on £10 million (20 years), 4.15% on £5 million (15 years) and 2.84% on £5 million (5 years).

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

	30 June 2011 Fixed rate at fair value £	30 June 2010 Fixed rate at fair value £
Fixed rate notes (assets)	**335,648**	422,295

The effective interest rate on these financial assets is 4.9% (2010: 8.7%).

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 securities in the Group's portfolio £8.8 million or 6.7% (2010: £15.1 million or 14.9%) 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 may have open forward contracts in commodities from time to time. These are disclosed in the consolidated balance sheet when held.

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 £8.8 million or 6.7% (2010: £15.1 million or 14.9%) 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 2011 comprises equity share capital, reserves and debt as shown in the consolidated balance sheet at a total of £126,476,627 (2010: £94,806,129). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2011.

A number of changes to the UK Corporation tax system were announced in the June 2010 Budget Statement. The Finance (No.2) Act 2010, which was substantively enacted on 20 July 2010, includes legislation reducing the main rate of corporation tax from 28 per cent to 26 per cent from 1 April 2011. Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 24 per cent by 1 April 2014.

Subsequently, the Chancellor of the Exchequer anounced on 23 March 2011 that there will rather be a 2 per cent reduction in the UK Corporation tax from 1 April 2011 and a further 1 per cent thereafter until 1 April 2014.

The changes had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

The Board has resolved to pay a final dividend of 20 pence for the year-ended 30 June 2011 on 28 November 2011 to Members registered on the books of the Company at the close of business on 4 November 2011. Additionally, the Board has resolved to make a Bonus Issue to shareholders at a ratio of 1 new share for every existing 5 shares held immediately following the dividend payment.

In order to improve liquidity in the Shares, following the payment of the dividend and the issue of the Bonus shares, the Company is proposing to sub-divide its existing issued share capital on the basis that each issued Share will be sub-divided into five issued Shares, each Split Share having the same rights, terms and obligations as the Existing Shares. Shareholders who hold their Shares in certificated form will receive replacement share certificates following the Share Split and share certificates issued prior to the date of the AGM shall no longer be valid. Uncertificated Shareholders will receive a statement to confirm new holdings.

The number of shares considered for the calculation of diluted earnings per share reflects the increase in the number of shares as a result of the bonus issue (2011: 219.2 pence per share; 2010: 165.1 pence per share) and share split (2011: 43.8 pence per share; 2010: 33.0 pence per share) as detailed above.

24. OPERATING SEGMENTS

Operating segments

The Directors consider that the Group has two operating 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 segments 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 Financial Statements.

Segment financial information

Statement of comprehensive income For the twelve months to 30 June	**Company** **30 June 2011** **£**	**Subsidiary** **30 June 2011** **£**	Company 30 June 2010 £	Subsidiary 30 June 2010 £
Revenue	**1,371,034**	**1,283,109**	644,200	1,295,246
Net gains on investments	**21,044,534**	**9,927,356**	16,327,922	8,236,611
Total income	**22,415,568**	**11,210,465**	16,972,122	9,531,857
Expenses	**(723,063)**	**(1,403,130)**	(857,326)	(1,230,488)
Profit before finance costs and taxation	**21,692,505**	**9,807,335**	16,114,796	8,301,369
Finance costs:				
Interest expense	**(66,194)**	**(1,069,949)**	(22,348)	(996,409)
Profit before taxation	**21,626,311**	**8,737,386**	16,092,448	7,304,960
Taxation	**–**	**(2,020,092)**	–	(2,050,067)
Profit for the period and total comprehensive income	**21,626,311**	**6,717,294**	16,092,448	5,254,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OPERATING SEGMENTS *continued*

Balance sheet at 30 June	**Company 30 June 2011 £**	**Subsidiary 30 June 2011 £**	Company 30 June 2010 £	Subsidiary 30 June 2010 £
Non-current assets				
Property, plant and equipment	**–**	**689,937**	–	733,937
Investment in subsidiary	**538,825**	**–**	538,825	–
	538,825	**689,937**	538,825	733,937
Current assets				
Trade and other receivables	**55,184**	**5,864,717**	55,424	3,969,151
Investments held at fair value	**84,907,197**	**47,119,896**	58,058,736	42,797,070
Cash and bank balances	**199,195**	**381,297**	609,089	693,264
Net current assets	**85,161,576**	**53,365,910**	58,723,249	47,459,485
Current liabilities				
Financial liabilities				
Borrowings	**–**	**8,305,528**	–	9,450,278
Financial liabilities at fair value	**–**	**776,666**	–	2,634,452
Financial liabilities	**–**	**9,082,194**	–	12,084,730
Trade and other payables	**5,184,977**	**982,665**	3,817,490	451,645
Current tax liabilities	**–**	**38,575**	–	799,332
	5,184,977	**10,103,434**	3,817,490	13,335,707
Net current assets	**80,515,424**	**43,952,413**	54,905,759	34,123,778
Non-current liabilities				
Borrowings	**–**	**20,000,000**	–	15,000,000
Deferred tax liabilities	**–**	**5,757,913**	–	4,407,623
	–	**25,757,913**	–	19,407,623
Net assets	**80,515,424**	**18,194,500**	55,444,584	15,450,092
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	**79,976,599**	**17,298,692**	54,905,759	14,554,284
Total equity	**80,515,424**	**18,194,500**	55,444,584	15,450,092

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OPERATING SEGMENTS *continued*

In accordance with IFRS8, geographical information has been disclosed as follows:

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

	Value of investments at 30 June 2011 £	**Gross income to 30 June 2011 £**	Value of investments at 30 June 2010 £	Gross income to 30 June 2010 £
Africa	**3,501,091**	**231,122**	4,011,645	60,277
Asia	**2,555,591**	**61,295**	1,896,030	48,734
Australia & New Zealand	**22,391,989**	**225,914**	14,335,141	139,255
Europe	**378,553**	**37,059**	856,471	18,984
North America	**22,913,105**	**138,616**	18,526,341	72,626
United Kingdom	**80,286,764**	**1,333,579**	61,230,178	1,582,028
	132,027,093	**2,027,585**	100,855,806	1,921,904

OFFICERS

El Oro Ltd (Guernsey)

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.

REGISTERED OFFICE
1 Le Truchot
Guernsey
GY1 1WD

SECRETARY
Dexion Capital (Guernsey) Limited
(appointed 6 May 2011)
Capita Financial Administrators (Guernsey) Ltd
(resigned 6 May 2011)

El Oro and Exploration Company Limited (UK)

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
41 Cheval Place
London
SW7 1EW
Telephone 020 7581 2782
Facsimile 020 7589 0195

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

STOCKBROKER
JM Finn & Co.
4 Coleman Street
London
EC2R 5TA

REGISTRAR
Capita Registrars (Guernsey) Limited
PO Box 627
St Peter Port
Guernsey
GY1 4PP

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 THIRD ANNUAL GENERAL MEETING and the ONE HUNDRED AND SEVENTH ANNUAL GENERAL MEETING OF THE EL ORO GROUP will be held on 17 November 2011 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 2011.
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 20.0 pence for the year-ended 30 June 2011.
4. That following, and conditional upon, the proposed bonus issue of shares to shareholders on the basis that every shareholder recives one bonus share for every five existing shares held by them on the date of such bonus issue, then pursuant to The Companies (Guernsey) Law, 2008 (as amended) (the **"Companies Law"**), the share capital of the Company be altered by sub-dividing each issued share of no par value in the capital of the Company into five equal shares of no par value.
5. 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 6,465,900;
   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
1 Le Truchot
St Peter Port
Guernsey
GY1 1WD

By Order of the Board
Dexion Capital (Guernsey) Limited
Company Secretary

19 October 2011

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 PXS, 34 Beckenham Road, Beckenham, 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 4 November 2011.

   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 2011 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 17 November 2011 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
Resolution 1	☐	☐	☐
Resolution 2	☐	☐	☐
Resolution 3	☐	☐	☐
Resolution 4	☐	☐	☐
Resolution 5	☐	☐	☐

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.

Please post your completed Form of Proxy in the enclosed reply-paid envelope.