EL ORO LTD 11 April 2013

Interim Results

El Oro Ltd announces its interim results for the six months ended 31 December 2012.

The interim results for the six months ended 31 December 2012 will be posted to shareholders and will be available shortly on the Company’s website [www.eloro.com](http://www.eloro.com).

Extracts from the interim results are set out below.

For further information, please contact:

C Robin Woodbine Parish: Chairman

El Oro Ltd

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EL ORO LTD

CHAIRMAN'S STATEMENT

Interim Report as at 31 December 2012

“The Group total profit before tax for the six month period ended 31 December 2012 was £748,290 (total loss before tax for six months to December 2011: £13,940,144). Group net assets at 31 December 2012 under IFRS, taking all assets at fair value were £74,399,259 (equal to 115.10 pence per share) as compared with £83,928,185 at 31 December 2011 (equal to 129.80 pence per share).”

We have clawed a modest profit from the past 6 months, as the year drew to a close, despite suffering the onslaught of declining Gold and commodity prices, whilst the prophets were crying ‘Peace, Peace’ and the assault on the Euro was temporarily assuaged.

Serendipitous sales of such stocks as Discovery Metals, on the heels of a Chinese takeover offer that subsequently evaporated to the huge chagrin of it remaining shareholders, enabled us to avoid some of the more calamitous falls that have occurred in many of the mining stocks. A weakening Palm Oil price tempered the progress of the producers, whose performance in some cases was exacerbated by torrential rain, whilst the gold miners and explorers set off on a downward spiral that has reached new lows in recent weeks. The property sector and House builders in contrast produced profits or price increases as a degree of stability returned to that sector, a trend that looks to continue as Government involvement increases.

Troy Resources’ price has fallen precipitously and somewhat faster than its producing peers since 31st December, recently announced a takeover offer for Azimuth Resources; a company with Gold resources in Guyana. If this bid is successful, it will provide a useful addition to its flagship Casposo mine in Argentina, and a significant counter-weight to the more absurd policies adopted by that forlorn country’s histrionic leadership.

We anticipate that these delineated deposits will significantly enlarge and extend Troy’s future reserves; the highly capable team at Troy has a proven track record in mine building that will, barring extraneous complications, quickly have a new mine in production, replacing and exceeding the reduced output from Brazil.

Amongst our other holdings, it is pleasing to see that Amerisur had already started its ascent, underpinned by the prospects of drilling success in Colombia, progress that we are pleased to report has accelerated in recent weeks and retains massive promise ahead.

Our brewers have held steady after retreating towards the end of the year, with the recent abandonment of the Beer Levy duty rise a welcome relief. However, pressure from more lowly-taxed micro-breweries, now numbering in their thousands, makes beer sales against the international conglomerates ever more difficult.

In recent weeks, Hurricane Exploration (Guernsey portfolio) has secured a drill rig to more accurately delineate its North Sea reserves; additionally, and as a consequence of a fund raising, we retain our belief that this will prove to be a significant asset, in friendly and now somewhat less-onerously taxed waters.

Our smaller holdings in such stars as Goodwin (Guernsey), Herald Investment Trust, (London portfolio) and Judge’s Scientific (Guernsey) have thrived, while in recent weeks, Hasgrove has announced the sale of a subsidiary for a sum exceeding its market capitalisation at that point in time.

Although the ever-dependable James Halstead (London) has retreated from its highs, it continues to retain a large cash balance, and in recent weeks has announced a further special dividend, whilst warning of slower growth.

Almost alone amongst the miners, Archipelago has maintained a price near its old highs, whilst increasing production and its reserves, as well as paying a dividend.

Papillon has retreated from the levels reached last year, but continues to grow its reserves in Burkino Faso, and we remain hopeful a mine will emerge.

Sadly Simon Village has been shown the door at Banro, where malicious press reports adversely affected the share price during the M3 uprising, but we would pay tribute to his and his team’s huge achievements in developing a second mine to add to Twangisa, and hope his successors can build on those and lift the share price back to a better reflection of its production and reserves.

Excitingly in Australia, Sirius Resources has announced further discoveries at its Youanmi Nickel prospect in Western Australia, and in delineating a new nickel area, looks set to replicate the success which helped drive forward the Exploration Company Ltd and El Oro Mining and Exploration Co Ltd with its holdings built up in Western Mining under my father Major Michael Woodbine Parish in 1968. This established a powerful position for your predecessor companies in the emerging wealth of the West Australian

Mining sector, which remained until Western Mining, headed by another distinguished stroke of a successful Oxford VIII, was taken over by BHP Billiton in 2005 (although by then it had foolishly disposed of its nickel assets and was a shadow of its former self).

At the time of writing, Gold has fallen below the $1,600 level, having failed to breach its old highs above $1,900; and is once again being written off by the unremitting onslaught from the gold gloomsters.

Gold producers have suffered even more severely, sending the ratio of miners to Bullion to the lowest level in many years, causing anguish in that sector as it is assailed by cost increases and greedy governments, hell bent on strangling the golden goose. Ian Bristow of Randgold presenting to the Indaba conference in Cape Town on this very topic, highlighted how unattractive this has made investment South Africa, which now ranks 18th out of 18; also emphasising the deterioration in Mali amongst others, caused as a result of changes to its mining code.

The despoliation and hostility of governments towards mining is sadly nothing new, as is evident from the determination of the British Government to abandon once and for all our huge reserves and destroy our once dominant coal mining sector; at the behest of those doyens of capitalism, the green and eco-lobbies, in Britain and more pertinently in the EU, so powerful in their electoral appeal that they have achieved one member of Parliament out of over 600.

The departure of so many leaders from mining and other sectors due to inopportune takeovers destroying value on a massive scale; reflects the make or break nature of capitalism, and also excess euphoria engendered by seemingly unstoppable price rises: Rio Tinto, Anglo American, Newcrest, BHP, Xstrata, Kinross and Barclays Bank amongst others, have all seen the leaders depart. With all remunerated beyond the dreams of avarice, the voice of such eloquent and impressive individuals with a proven track record as Sir Michael Darringow, formerly of Greggs, is all too seldom heard. The discrepancy between executive pay and that of the work floor has widened to an intolerable degree, abetted by often self-serving Remuneration committees. It is strange but perhaps not surprising to see the former head of the FSA becoming Head of Compliance at Barclays Bank on a reputed bonus of £3 million, where compliance is now the only growth sector within the City, yet is synonymous with blocking business and putting every possible obstruction in its way.

Robespierre, as the founder of the Ministry of National Safety, would be proud of his progeny spawning our own notorious Health and Safety Ministry, where ‘Hi Viz’ has become a substitute for common sense, integrity and a smart appearance, with ‘Diversity’ and EU regulations used to excuse the anticipated arrival of perhaps another 50,000 or more newly admissible East Europeans, rather than citizens with requisite skills from non-EU countries.

Sadly Capitalism, so effective in eliminating failure and favouring and bolstering success, is fighting a losing battle against the tentacles of the Socialist State, which has become so deeply entrenched in the European and Whitehall psyche. The EU has now imposed a cap on bankers’ bonuses which further erodes the discipline of the market place.

In the world of sport and show-business, an equally over-paid area but not so subject to state interference, a similar toll amongst leaders has been exacted, as former idols are shown to have feet of clay, or vials of blood transfusions: Lance Armstrong and Oscar Pistorius spring to mind.

The tragedy for Britain and Europe is that this dearth of competence and integrity is echoed amongst our political leaders: the catastrophic clique of Cameron, Osborne and Maude abetted by May and Hague have hijacked the Conservative party, driven out its supporters and sold the country to a Republican Euro-philic elite; careless of its origins, history, traditions, and the wishes of its own people. Any residual goodwill and fellow-school feeling towards Cameron have been definitively dissolved, as it becomes clear that he is an unmitigated desultory and dismal disaster. A leader who voluntarily closes a significant section of his Country’s power supplies at the diktat of a Foreign Power, approaches the realms of treachery. Moreover, the freedom of the Press has been threatened by a cosy deal between a group of C-list celebrities and the leader of the Opposition, as a result of an inquiry instituted solely at the suggestion of the Prime Minister. Meanwhile, the need for a 3rd Runway at Heathrow has been despatched to the second inquiry since that of 1968 was ignored; Frankfurt, one of London’s foremost competitors, having within the last 10 years, confronted and confounded its Greens, and constructed its third and fourth runways.

The folly of festooning our lovely land with those monstrous and grotesquely inefficient wind turbines, promoted by a former minister who now resides in a cell heated on fossil fuel at Her Majesty’s Expense, is beyond belief: that Drax, built above a coal mine should have resorted to importing wood-chip from the United States, some 3,000 miles away, solely to seek the subsidy to enable it to survive, would only be worthy of parody if it did not sound the death knell for thousands of British citizens who will die from cold due to their inability to pay the exalted prices now demanded for ‘Carbon-free’ energy.

Not content with this shameful record, ethanol is now to be added to Petrol, produced from corn and other agricultural products, as a result of EU legislation; further increasing the price of food and reducing the efficiency of car engines. Meanwhile the head of the NHS, who presided over the deaths of thousands at Stafford General Hospital, remains in his place; and swathes of the countryside are to be released from planning permission, so that a new blitz of undesirable dwellings can blight our beautiful land. All of this is to be financed by a Government lending scheme with all the hallmarks of 5 years earlier; inflating house prices back into the danger zone after a period when they appeared to be gently subsiding to a level at which they might once again be affordable to the prudent saver. This litany of misfortune is allied to the maintenance of an unsustainable level of taxes tugging an ever-greater portion of the population into its claw, and possibly even showing a decline in its overall receipts, certainly in the case of Spirits, as the population becomes more impoverished. Even the admirable architect of reform of the benefits systems admits it is impossible to reduce its size, hamstrung as he is by the Liberal Democrat coalition.

As a result of the Liberal Democrats’ failure to support Boundary Reform, the prospect of the elevation to the Premiership of Ed Miliband son of a Marxist Professor, and grandson of one of the henchmen of Stalin, who assisted that creature in the greatest destruction of wealth and humanity known to man, becomes ever more real: how grotesque the irony should the progeny of a Marxist succeed the son of a successful stockbroker.

Proverbs xx1x v 18 ‘Without vision the people perish’:

How tragic that so much bright hope should be lost like the lambs and ewes of Arran under a surfeit of snow; even in the United States, the failure to restrain spending or reduce the deficit, in similar circumstances yet on a more massive scale than within the United Kingdom, could suddenly threaten faith in the US dollar as a reserve Currency; if genuine concern as to the solvency of the States were to arise. Within Europe, Cyprus has shown Chancellor Merkel’s admirable (from a German perspective) determination to sustain German hegemony, at the same time as tightening the noose around the neck of those societies and countries foolish enough to believe in the panacea and promise of the Euro: the grim reality now dawns that not only is Europe led by political pygmies, but also thieves who have no compunction in assaulting the savings of those with money in possibly solvent banks long after the crisis became apparent and urgent, and also having espoused such a policy as a template for further bail-outs across Europe.

Do not go Gentle into that good night,

Old age should burn and rave at the close of day,

Rage, rage against the dying of the light.

Wild men who caught and sang the sun in flight,

And learn, too late, they grieved it on its way,

Do not go gentle into that good night.

Dylan Thomas

Oxford’s Boat Race Victory, even though on Easter Sunday, led by a combination of a coach and stern Pair arguably the finest in the history of the 159 year-old race, demonstrated what can be achieved by finesse, cohesion, meticulous planning and dogged determination: following on from last year’s unjust and desperate debacle, such an occasion to celebrate gives us hope for the future, even if it will be without many of those who tarnish public service at present by their ineptitude, lack of vision or adherence to misguided and even malicious policies.

It is now painfully obvious that every prognosis and proposal presented by those favouring the Euro was complete piffle, holding within it pure poison of the most lethal kind.

Whilst Christians ponder the Crucifixion and rejoice in the Resurrection of our Lord, the citizens of Cyprus and Greece and mainly those countries south of the Olive Line can have no such expectation of new Life or Hope.

‘Truth, like Gold, is to be obtained not by its growth, but by washing away from it all that is not gold’

Leo N Tolstoy

The time for Truth is impinging urgently upon us: about the state of the economy, the need to cut benefits’ spending and provide in a realistic way for the Pensions of a longer-lived population; more particularly also, for our role in Europe, and the Euro’s role in Southern Europe. Can leadership emerge from somewhere beyond YouTube, Face Book and Twitter culture?

It is especially poignant during this dearth of leaders to learn of the loss of Lady Thatcher, the supreme Patriot and shining beacon of Britain’s revival over the last 30 years. In mourning her death it would be well to recall some of her words, and for them to be engraved on the hearts of our government leaders. ‘I cannot bear Britain to be in decline.’ ‘There can be no liberty unless there is economic liberty.’ ‘I come to office with one deliberate intent: to change Britain from a dependent to a self-reliant society; from a give-it-to-me to a do-it-yourself-nation, a get-up and go, instead of a sit back and wait-for-it-Britain.’ (1984)

How we long for her steadfast gaze and underlying belief to be replicated in a new guise amongst us today.

In the meantime, we maintain our belief that the efficacy of Gold will outlive its detractors and the politicians who have moved us towards the abyss. Our investments remain widely spread, across a range of sectors, and should respond well to any economic improvement, or a change of sentiment towards the Gold sector. Whilst that may well not be rapid, it is encouraging to see the speed with which the primroses are emerging, after such a prolonged and painful winter: there are plenty of primroses within the portfolio which we expect to see blossom over the coming years.

I append my thanks as always to Steven, Abbie, Nick, Melwin and Jessica in keeping the home fires burning, and calming their Chairman after a verbal and almost physical assault from a spiv in an Aston Martin. We are humbled by the example of the late Lord Thurlow, whose funeral in Mapledurham Church coincided with the death of Lady Thatcher. His 101 year quest for enlightenment embraced above all the search for tolerance in the world. We are mindful of this maxim, where neither the confines nor the manners of Cheval Place are what they were. Meanwhile, the continuous cacophony of the Jack hammer burrows ever deeper into the rivers running beneath our streets, beating remorselessly into our brains.

Nevertheless our endeavours to serve our shareholders remain as determined as ever, and is enhanced by the pleasure of working with trustworthy and patient people. I append my appreciation to all my fellow directors and advisers.

Robin Woodbine Parish

11 April 2013

CONSOLIDATED INCOME STATEMENT

(Unaudited)

for the six months ended 31 December

|  |  |  |  |
| --- | --- | --- | --- |
|  | **31 December 2012** |  | 31 December 2011 |
|  | **£**  |  | £  |
| **Revenue** |  |  |  |
| **Net gains / (losses) on investments** | **2,296,643** |  | (12,005,391) |
| **Expenses** | **(857,064)** |  | (1,215,504) |
| **Profit / (loss) before finance costs and taxation** | **1,439,579** |  | (13,220,895) |
| **Finance costs:** |  |  |  |
| Interest | **(691,289)** |  | (719,249) |
|  | **(691,289)** |  | (719,249) |
| **Profit / (loss) before taxation** | **748,290** |  | (13,940,144) |
| **Taxation** | **(412,057)** |  | 1,840,531 |
| **Profit / (loss) for the period** | **336,233** |  | (12,099,613) |
| **Earnings per share** (basic and diluted) |  **0.52 p** |  |  (18.71) p |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited)

for the six months ended 31 December

|  |  |  |  |
| --- | --- | --- | --- |
|  | **31 December 2012** |  | 31 December 2011 |
|  | **£** |  | £ |
| Profit / (loss) for the period | **336,233** |  | (12,099,613) |
| Increase in equity | **-** |  | 107,748 |
| Dividends paid (net) | **(2,242,299)** |  | (2,251,049) |
|  | **(1,906,066)** |  | (14,242,914) |
| Opening capital and reserves attributable to equity holders | **76,305,325** |  | 98,171,099 |
| Closing capital and reserves attributable to equity holders | **74,399,259** |  | 83,928,185 |

CONSOLIDATED BALANCE SHEET (Unaudited)

|  |  |  |  |
| --- | --- | --- | --- |
| As at 31 December |  |  |  |
|  | **31 December 2012** |  | 31 December 2011 |
| **Assets** | **£** |  | £ |
| **Non-current assets** |  |  |  |
| Property, plant and equipment | **676,795** |  | 685,591 |
|  | **676,795** |  | 685,591 |
| **Current assets** |  |  |  |
| Trade and other receivables | **2,213,080** |  | 533,847 |
| Financial assets fair valued through the income statement: |  |  |  |
| * Securities
 | **103,687,210** |  | 110,974,440 |
| * Commodities
 | **3,585,721** |  | 3,045,690 |
| Cash and cash equivalents | **2,248,596** |  | 2,873,914 |
|  | **111,734,607** |  | 117,427,891 |
| **Liabilities** |  |  |  |
| **Current liabilities** |  |  |  |
| Financial liabilities: |  |  |  |
| Borrowings | **5,142,442** |  | 2,637,858 |
| Trade and other payables | **785,337** |  | 909,329 |
| Current tax liabilities | **-** |  | 463,490 |
| Financial liabilities fair valued through the income statement: |  |  |  |
| * Derivatives
 | **7,707,443** |  | 6,696,458 |
|  | **13,635,222** |  | 10,707,135 |
| **Net current assets** | **98,099,385** |  | 106,720,756 |
| **Non-current liabilities** |  |  |  |
| Borrowings | **20,000,000** |  | 20,000,000 |
| Deferred taxation | **4,376,921** |  | 3,478,162 |
|  | **24,376,921** |  | 23,478,162 |
| **Net assets** | **74,399,259** |  | 83,928,185 |
| **Stockholders' equity** |  |  |  |
| Ordinary shares | **646,573**  |  | 646,573  |
| Share premium reserve | **6,017**  |  | 6,017  |
| Capital redemption reserve | **347,402**  |  | 347,402  |
| Merger reserve | **3,564**  |  | 3,564  |
| Retained earnings reserve | **73,395,703** |  | 82,924,629 |
| **Total equity** | **74,399,259** |  | 83,928,185 |
| **Net asset value per share** |  **115.10 p** |  | 129.80 p |

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited)

|  |  |  |  |
| --- | --- | --- | --- |
| for the six months ended 31 December | **31 December 2012** |  | 31 December 2011 |
|  | **£** |  | £ |
|  |  |  |  |
| **Net cash outflow from operating activities** | **3,962,000** |  | 10,852,408 |
| Income tax due / (paid) | **8,047** |  | (11,083) |
|  | **3,970,047** |  | 10,841,325 |
| **Cash flow from investing activities** | **(14,046)** |  | (11,859) |
| **Cash flow from financing activities** | **(2,928,502)** |  | (2,972,900) |
| **Net decrease in cash and cash equivalents** | **1,027,499** |  | 7,856,566 |
| **Cash and cash equivalents at 30 June** | **(3,602,835)** |  | (7,725,036) |
| Effect of foreign exchange rate changes | **(318,510)** |  | 104,526 |
| **Cash and cash equivalents at 31 December** | **(2,893,846)** |  | 236,056 |

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Unaudited Consolidated Interim Financial Statements (“Financial Statements”) for the six months ended 31 December 2012 do not constitute statutory accounts within the meaning of section 238 of the Guernsey Company Law (2008).

The Group’s accounting policies have been applied consistently in dealing with items which are considered material in relation to the audited financial statements of El Oro Ltd for the year ended 30 June 2012.

A final dividend of 3.5 pence was paid in relation to the year ended 30 June 2012 on 23 November 2012.

The Financial Information was approved by the Board of Directors on 10 April 2013.

The Financial Information has not been subject to review or audit by the Group's Auditor PricewaterhouseCoopers CI LLP.

El Oro Ltd is listed on the Channel Islands Stock Exchange (CISX) – ticker (ELX).

El Oro Ltd was admitted to trading on the Stock Exchange Electronic Trading System ("SETSqx") of the London Stock Exchange during June 2011 (ticker ELX).

|  |  |  |
| --- | --- | --- |
| CASH AND CASH EQUIVALENTS | **31 December 2012****£** | 31 December 2011£ |
| Cash available on demand | **2,248,596** | 2,873,914 |
| Bank overdrafts | **(4,876,478)** | (2,365,035) |
| Amounts due to brokers | **(265,964)** | (272,823) |
| **As at 31 December** | **(2,893,846)** | 236,056 |

|  |  |  |
| --- | --- | --- |
| RESERVES | **31 December 2012****£** | 31 December 2011£ |
| **Retained earnings as at 30 June** | **75,301,769** | 97,275,291 |
| Total gains / (losses) for the period | 336,232 | (12,099,613) |
| Dividend paid (net) | (2,242,298) | (2,251,049) |
| **As at 31 December** | **73,395,703** | 82,924,629 |

The other reserves did not change during the period.