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EL ORO LTD

Interim Report

for the six months ended 31 December 2013

Group founded 1 November 1886

CHAIRMAN'S STATEMENT
Interim Report as at 31 December 2013

The Group total profit before tax for the six month period ended 31 December 2013 was £5,375,169 (total profit before tax for six months to December 2012: £748,290). Group net assets at 31 December 2013 under IFRS, taking all assets at fair value were £61,256,865 (equal to 95.0 pence per share) as compared with £74,399,259 at 31 December 2012 (equal to 115.1 pence per share).

As the hammering of the woodpecker and radiance of Camellias replaces the incessant rippling of rain and the dismal drizzle and gloom that has enveloped so much of the West of England over the winter months, enhanced in recent days by a double Rainbow, so the faltering fortunes of our mining portfolio have begun to see steady signs of recovery.

The receipts of our holding in Archipelago Resources, bought out at a price of 58 pence by its controlling shareholder, versus a low of 2 pence in 2008, have helped boost the profitability in the first–half of the year, and obscure the decline in many of our other holdings: It is to be hoped they reached their nadir not long after the turn of the year.

Ryan Giggs has shown at the age of 40, the enduring value of skill and tactical awareness (despite the seeming neglect of his manager, who failed to bale out his ageing team with a star signing, and brought in a bunch of boys to manage men, discarding the select cabal of coaches of his predecessor who together had garnered unparalleled success): so it has been with our portfolio, where the old stalwarts, such as Young's Brewery, Berendsen, Legal and General and James Halstead, have seen off the young pretenders from the mining world so categorically. At least our investment in OEI Mac has perversely benefitted from the dire performance of the Manchester United team, due to the foresight of Crispin Odey's short position.

We shall go gathering Nuts in May has also gladdened our hearts, as the share price of Select Harvests has soared, after shrewd restructuring and helped by the Californian drought decimating that State's almond production. Perhaps even our forlorn investment in Cadiz's underground aquifer might gush its Meribah marvel amongst the nuts and cantaloupes of that State, should its antagonists ever lose their tenacious block on the levers of power. It is grim to think that even if one can wade in an almost unlimited subterranean water supply, currently none is permitted to bring succour to the farmers of the Golden Ursine State. The Australian growers can continue to smile for some time to come.

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Happily the laggards have in recent weeks emerged from the slough of despond, and seen rises of the order of 30-40%, albeit in most cases still way below their exalted price levels of 2 years ago. Many have taken the opportunity to raise money whilst the going is good, as in the case of Troy Resources, for further development of its West Omai mine in Guyana; Perseus, Kingsgate and most recently, Amara (formerly Cluff Gold). Whilst it may well be that the rise of Gold in recent weeks and that of the explorers and producers will suffer a degree of profit-taking, we would hope that we have passed the worst and will in due course see higher Gold and share prices.

Many of our favourites mentioned in previous reports continue to benefit from the recovery now evident in Britain, and companies such as Goodwin, Utilitywise and Judge's Scientific have continued to beat the lights out with admirable and consistent performances. Legal and General has in the past few days been hit by the abolition of the requirement to convert one's pension into an annuity, but hopefully will prove resilient enough to adjust to a different world: one that any believer in the right of an individual to manage his or her own money must surely welcome, especially after the devastating damage inflicted on Savers and Pension plans begun by Mr. Brown, and continued inexorably by his successors.

We can but give Chancellor Osborne credit where it is due, and despite levels of personal taxation remaining grotesquely high, as is the National Debt, we are happy to believe that 'money might fructify in the pockets of the people,' even if some do divert assets to a new Ferrari or Porsche Carrera. From the evidence of Australia, it would appear taxpayers have an essentially cautious and phlegmatic approach to saving for their future; anything that enables the saving ratio to improve from its woeful level around 3% should surely be encouraged.

Other than breathing a sigh of relief at the transition from 13 to 14, apparently also welcomed by prospective brides, who in many cases, other than some shrewd Americans, postponed their weddings to 2014, we are happy to report a sounder start to the second half, and a significant reduction in our borrowing levels.

We believe this will put us in good stead if and when we see a sustainable recovery in the Mining sector. Amongst our Oil holdings, Hurricane Energy languishes after its recent IPO, but may well have reached a more realistic entry level for the brave. Amerisur, with its Colombian production expanding, and good prospects in Paraguay, continues to ascend; our holdings in UK Real Estate, such as Mountview and McKay, which is now trading at a level comfortably above its recent fund-raising price.

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Conygar has also recovered strongly, and been granted planning permission for its Anglesey lorry park adjacent to a new Nuclear Power Station. The Brewers and Industrials continue to thrive, as we believe will our Palm Oil positions, such as REA Holdings and MP Evans where increasing production will hopefully encounter a stable to rising price. In recent weeks we understand that an approach has been made to Asian Plantations that might lead to an offer. We are also comforted by the assumption of a majority position in Equatorial Palm Oil by Kuala Lumpur Kepong, the doyen of the Palm Oil industry, enabling its planting programme to resume, and hopefully underpinning its share price in the newly resurgent Liberia, where Aureus and Hummingbird are also building Gold mines. At home, Herald Investment Trust gradually consolidates its higher price levels, under the ever-watchful eye of its manager, Miss Katie Potts.

We would also at this point mention our on-going preference for the benefits of employment created by such enterprises, and its multiplier effect, rather than the gratuitous splurging of Foreign Aid, so beloved by the Cameroonian clique with its consistently disappointing results, as evidenced by the endless squandering of resources apparent in Africa over the past 50 years, and the enrichment of what is predominantly a fortunate few.

Needless to say there are many clouds on the horizon, already marred by the collapse of English Cricket and of its Premier Football Club. The sorry saga of Syria we believed might have brought a dose of sanity and circumspection to our Foreign Secretary, but instead he has repeated his pointless prattling pontifications and provocation of Russia, in conjunction with the EU's inane attitude towards encouraging Ukraine to ally itself with and ultimately join the EU. Why any sane person or country would want to join the EU is to us a mystery, but for Britain and the EU to tweak the Russian Bear on its own borders, and especially over a country that has always appeared an inalienable part of the Motherland, seems the height of folly.

Especially so, as Britain has abandoned its defence capacity, mutilated its Armed Forces, destroyed its credibility with the United States, and has no effective baton to wield to back up its brave or bravura words. Just as Manchester United has lost its aura of invincibility at Old Trafford, so has Britain relinquished its authority after a series of bruising failures in the field of war: a period of reflection and silence, and rebuilding our defences would be in order. With 800,000 Russians living in London alone, and the London Property and Football market heavily dependent on them, to think sanctions can be imposed without exacting a heavy price is idiocy.

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Sadly it seems that few if any Statesmen harbouring sound sense and discernment have emerged to aver the pursuit of lost causes, and concentrate on rebuilding, in Britain's case, our infrastructure, defence and economic capacity.

It would be laughable if it were not so serious, to hear the Energy Secretary contradicting the leaders of Energy companies warning of the looming threats to our energy supply: he seems to think that as long as our supplies come from Renewables, all will be well in the world, even to the point of it becoming cheaper, abetted by yet another inquiry. 'They sow the wind and shall reap the whirlwind', as Hosea proclaims. Such perverse policies threaten Britain's ability to provide power for its resurgent industries, just as South Africa now endures power cuts due to its failure to invest for the future.

We seek someone of the stature described by the Psalmist in 78 v 72: 'He (David) fed them according to the integrity of his heart; and guided them by the skilfulness of his hands.'

The campaign to construct HS2 continues apace, whilst further cuts to the Armed Forces are imposed, and the switching of resources to the Army Reserve is quite obviously a catastrophic failure. Our local authorities have even had to be given £200 million just to repair potholes; whilst the Environment Agency has proved beyond all doubt that its adherence to the United Nations' Global Bio-Diversity Assessment for the preservation of the non-human environment over that of mankind is inimical to the interests of our taxpayers, whether rural or suburban, and should be brought to book as quickly as possible. Reverting to the nurture of our rivers and roads, drains and ditches, as accomplished by our forefathers over centuries, is now an essential requirement; root and branch reform and rejection of the muddled miasma and foolish theories of the last 20 years, along with the utterly ineffective leadership of the Quangos that have belittled Britain, is a pre-requisite for Renewal and Revival.

This should also include the Welsh Assembly, where residents of that Socialist state find it preferable to travel to London for medical treatment rather than trust themselves to the Welsh Health Service. The numerous passengers desiring to alight or ascend a train at Craven Arms, Church Stretton and sometimes even Ludlow, as often as not find the Arriva train speeding past their station, as the Welsh Assembly has insisted it stops at Ruabon or Chirk in lieu of an English station: the joys of Devolution, devoid of economic rationale or passenger demand: perhaps soon to be seen in its extreme form in Scotland should the pollsters have the referendum voting intentions wrong.

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The principal clouds on the horizon remain the Vampire Squid of the EU, sucking citizens out of their native countries in their inchoate cohorts, and compressing them into cities, especially and above all those of England, in particular London. Their native villages and rural areas are denuded, accentuated by the ghastly, gargantuan and expensive Agricultural and Energy policies, and the EU's iniquitous Common currency; no choice is given as to membership, such as in Latvia where it has been imposed on its citizens by the presumption of its leader.

Perversely our cousins and cobbers from Australia and elsewhere, participants and fellow-fighters on our behalf in two World Wars, not to mention the more recent affrays, are restricted from or denied entry, to the point of the demise of London's Australian pubs and magazines. Citizens of other states, with no historical connection or allegiance to Britain take their place, brought in by the bus-load, made eligible and admissible by laws enacted on our people without either its consent or vote. Even our long-time favourite restaurant, the Brompton Bar and Grill, has now succumbed to the ingress from the Middle East, and the louche boulevardiers, bling cars and coffee quaffers have conquered the congenial resort of diners from a different age.

The Court of Human Rights with its judges nurtured on the milk of Marxism, along with the EU executive assert their suzerainty over the British Parliament and our Labour laws, the Working time directive, and Banking and Investment regulations, both individual and corporate, strangling individual brilliance and free enterprise: brokers, it seems, are now obliged to warn their clients before they will purchase almost any share outside the FTSE index, as being; 'High Risk', although Government stock, deemed by some to be 'resting on a bed of nitro-glycerine' a few years back, is assumed to be a bastion of safety. The advantages and efficacy of the EU and its supervisory regime are to be seen today in the economies of Spain, Portugal, Greece, Ireland and Hungary. This scintillatingly successful super state, born on a bed of Marxism, now seeks to spread its model of success to the Ukraine, apparently oblivious to any of its previous and current failures.

Elsewhere, the Communist state of China, boasting in its Capitalist renascence many of the World's newest billionaires, faces a Credit crisis of unparalleled proportions, with debt levels of around $13 trillion, if some estimates are to be believed.

Any bursting of this bubble might have dire consequences for the price of London apartments, Australian iron ore producers, makers of luxury watches and handbags, amongst many other possible victims. None helped by the overthrow from Labour

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and the Greens in the Senate of the Australian Government's attempt to repeal the Resources Tax.

A headline recently announced that an Al Qaeda splinter group, sadly denominated by the initials ISIS, also the moniker of Oxford's second VIII, has demanded that Christians pay a tax in gold and curb any displays of faith or face the sword. However horrific their demands and actions within that benighted country, it does underline the enduring importance of gold as a store of value and medium of exchange, something unlikely to persist in the case of Bitcoin.

We have in the past proved our inability to correctly forecast the price of Gold, and will not attempt to reinforce that trait at this time. It would however seem eminently sensible to retain some exposure to that metal in times of increasing uncertainty. More particularly, our investments in Mines that are able to produce profitably at anywhere near the current Gold price, would also seem appropriate. Our range of investments in unrelated fields will continue to bring advantages to our loyal shareholders.

Whilst we have little justification for expecting a change in the fortunes of Manchester United, the prospects for the Oxford University Boat Club, stroked by the impeccable Constantine Louloudis are bright, as is the future of British Rowing, following on from our first Gold medal in VIIIs in a World Championship, in Korea last year. We watch them with respect and admiration, and will continue to attempt to fill our portfolio with performers of a similar calibre.

My thanks as always are due to our competent and capable team at Cheval Place, our array of admirable advisers, and my efficacious Board with their consistently shrewd support and counsel.

Sadly we will soon bid farewell and thanks to the effervescent Jessica, as she moves into the world of advertising, in which we wish her every success.

Robin Woodbine Parish
10 April 2014

EL ORO LTD

CONSOLIDATED INCOME STATEMENT (Unaudited)
for the six months ended 31 December

	Note	31 December 2013 £	31 December 2012 £
Revenue			
Net gains on investments	1	**6,880,542**	2,296,643
Expenses		**(810,374)**	(857,064)
Profit before finance costs and taxation		**6,070,168**	1,439,579
Finance costs:			
Interest		**(694,999)**	(691,289)
		(694,999)	(691,289)
Profit before taxation		**5,375,169**	748,290
Taxation		**(1,369,043)**	(412,057)
Profit for the period		**4,006,126**	336,233
Earnings per share (basic and diluted)		**6.22 p**	0.52 p

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)
for the six months ended 31 December

	31 December 2013 £	31 December 2012 £
Profit for the period	**4,006,126**	336,233
Decrease in equity	**(158,287)**	–
Dividends paid (net)	**(2,311,631)**	(2,242,299)
	1,536,208	(1,906,066)
Opening capital and reserves attributable to equity holders	**59,720,657**	76,305,325
Closing capital and reserves attributable to equity holders	**61,256,865**	74,399,259

CONSOLIDATED BALANCE SHEET (Unaudited)
As at 31 December

	Note	**31 December 2013** **£**	31 December 2012 £
Assets			
Non-current assets			
Property, plant and equipment		**1,154,408**	676,795
		1,154,408	676,795
Current assets			
Trade and other receivables		**549,932**	2,213,080
Financial assets fair valued through the income statement:	5		
– Securities		**91,862,340**	103,687,210
– Commodities		**–**	3,585,721
Cash and cash equivalents	2	**715,299**	2,248,596
		93,127,571	111,734,607
Liabilities			
Current liabilities			
Financial liabilities:			
Borrowings	2	**4,079,007**	5,142,442
Trade and other payables		**955,316**	785,337
Current tax liabilities		**293,910**	–
Financial liabilities fair valued through the income statement:			
– Derivatives		**2,030,069**	7,707,443
		7,358,302	13,635,222
Net current assets		**85,769,269**	98,099,385
Non-current liabilities			
Borrowings		**20,000,000**	20,000,000
Deferred taxation		**5,666,812**	4,376,921
		25,666,812	24,376,921
Net assets		**61,256,865**	74,399,259
Stockholders' equity			
Ordinary shares	3	**488,286**	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	4	**60,411,596**	73,395,703
Total equity		**61,256,865**	74,399,259
Net asset value per share		**95.0 p**	115.1 p

CONSOLIDATED CASH FLOW STATEMENT (Unaudited)
for the six months ended 31 December

	Note	**31 December 2013** **£**	31 December 2012 £
Net cash outflow from operating activities		**4,089,752**	3,962,000
Income tax received		**226,912**	8,047
		4,316,664	3,970,047
Cash flow from investing activities		**–**	(14,046)
Cash flow from financing activities		**(2,997,064)**	(2,928,502)
Net decrease in cash and cash equivalents		**1,319,600**	1,027,499
Cash and cash equivalents at 30 June		**(3,829,278)**	(3,602,835)
Effect of foreign exchange rate changes		**(854,030)**	(318,510)
Cash and cash equivalents at 31 December	2	**(3,363,708)**	(2,893,846)

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

The Unaudited Consolidated Interim Financial Statements ("Financial Statements") for the six months ended 31 December 2013 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 2013.

A final dividend of 3.6 pence was paid in relation to the year ended 30 June 2013 on 25 November 2013.

The Financial Information was approved by the Board of Directors on 10 April 2014.

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').

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. INCOME ANALYSIS	**31 December 2013 £**	31 December 2012 £
Dividends	**1,084,037**	1,161,656
Realised gains	**2,664,773**	1,305,054
Unrealised gains / (losses)	**3,129,362**	(171,255)
Other income	**2,370**	1,188
	6,880,542	2,296,643

2. CASH AND CASH EQUIVALENTS	**31 December 2013 £**	31 December 2012 £
Cash available on demand	**715,299**	2,248,596
Bank overdrafts	**(4,079,007)**	(4,876,478)
Amounts due to brokers	**–**	(265,964)
	(3,363,708)	(2,893,846)

3. ORDINARY SHARES	**Shares 2013 #**	Shares 2012 #	**31 December 2013 £**	31 December 2012 £
Issued capital as at 30 June	**64,657,340**	64,657,340	**646,573**	646,573
Treasury - Purchases	**(200,035)**	–	**(158,287)**	–
Treasury - Sales	**–**	–	**–**	–
Issued capital as at 31 December	**64,457,305**	64,657,340	**488,286**	646,573

4. RESERVES	**31 December 2013 £**	31 December 2012 £
Retained earnings as at 30 June	**58,717,101**	75,301,769
Total gains for the period	**4,006,126**	336,232
Dividend paid (net)	**(2,311,631)**	(2,242,298)
Retained earnings as at 31 December	**60,411,596**	73,395,703

The other reserves did not change during the period.

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

5. INVESTMENTS VALUED AT OVER GBP 1 MILLION

		31 December 2013		**31 December 2012**	
Security	**Underlying currency**	**Fair value GBP**	**% of portfolio**	**Fair value GBP**	**% of portfolio**
Young & Co.	GBP	11,983,493	13.04%	9,674,487	9.02%
Amerisur Resources	GBP	5,087,399	5.54%	4,357,684	4.06%
James Halstead	GBP	4,359,621	4.75%	4,688,550	4.37%
M P Evans Group	GBP	2,982,161	3.25%	3,482,310	3.25%
Fuller, Smith & Turner	GBP	2,342,915	2.55%	2,022,577	1.89%
Dee Valley Group	GBP	1,988,157	2.16%	1,562,908	1.46%
Kuala Lumpur Kepong	MYR	1,983,014	2.15%	2,061,019	1.92%
Hurricane Energy	GBP	1,885,203	2.05%	–	– %
Mountview Estates	GBP	1,844,157	2.01%	1,574,258	1.47%
Troy Resources	AUD	1,814,069	1.97%	9,600,697	8.95%
Goodwin	GBP	1,752,000	1.91%	–	– %
Shepherd Neame	GBP	1,604,670	1.75%	1,306,260	1.22%
Blackrock Funds	GBP	1,285,417	1.40%	1,753,102	1.63%
Archipelago Metals	USD	1,227,021	1.34%	–	– %
Vietnam Funds	USD	1,067,337	1.16%	946,169	0.88%
Ceravision Ltd	GBP	1,038,859	1.13%	1,997,718	1.86%
Archipelago Resources	GBP	–	– %	2,646,519	2.47%
Gold Bullion	GBP	–	– %	3,585,721	3.34%
Hurricane Exploration	GBP	–	– %	4,442,485	4.14%
		44,245,493	**48.16%**	**55,702,464**	**51.93%**
	Other holdings	**47,616,847**	**51.84%**	**51,570,467**	**48.07%**
	Portfolio	**91,862,340**	**100.00%**	**107,272,931**	**100.00%**

OFFICERS

EL ORO LTD (GUERNSEY)	EL ORO AND EXPLORATION COMPANY LIMITED (UK)
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CRW Parish, M. A. (Oxon) (Chairman)	CRW Parish, M. A. (Oxon) (Chairman)
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SB Kumaramangalam	EW Houston
RE Wade	DRL Hunting
JA Wild	RE Wade
	JA Wild
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