EL ORO LTD

Annual Report
Audited Financial Statements

for the year ended 30 June 2013

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; and
• Investigations and Management Limited.

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

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

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DIRECTORS' BIOGRAPHIES

C. Robin Woodbine Parish

Robin Woodbine Parish has been a director of companies in the El Oro Group since 1980. He has a BA Hons and an MA from Oxford University. Mr Parish has been involved in Investment Management since 1971 and having monitored Troy Resources Limited for more than ten years, was appointed as a non-executive director by that company in November 2009. He is also a director of several private companies.

J. Anthony Wild

Anthony Wild is a chartered accountant with many years' experience in property and investment matters. He is also a non-executive director of James Halstead plc and a director of several private companies. He has been a non-executive director of companies in the El Oro Group since 2001.

Robert E. Wade

Robert Wade, who is resident in the United States, graduated from NYU School of Law in 1971 and was a sole practitioner in Belvidere, New Jersey until 2008. He also has a BSEC from the Wharton School University of Pennsylvania. He has been a non-executive director of companies in the El Oro Group since 2001. He is also a chairman and director of Franklin Mutual Series Funds Inc. and a director of Templeton Funds Inc.

Rupert A.R. Evans

Rupert Evans practised at the Chancery Bar in London for 14 years before moving to Guernsey in 1976 where he practised as a funds and trust lawyer. In 2005 he was appointed by the Department of Commerce and Employment of the States of Guernsey as Chairman of the Trust Law Working Party to review the existing legislation in Guernsey relating to trusts. He was a partner of Ozannes, a leading firm of Channel Islands lawyers from 1982 to 2003 and is currently a consultant to the firm (now Mourant Ozannes). He has been a non-executive director of El Oro Ltd since 2009. He is also a director of a number of investment companies, some of which are listed.

Subbarayan B. Kumaramangalam

Subbarayan B. Kumaramangalam currently runs a portfolio of private investments and has done so for the past 15 years. He has a BSC in Physics from St Xavier's, Bombay and a Diploma in Agriculture from Cirencester College in the UK. He is also a member of the Royal Society of Asian affairs. As an Indian resident investor, he provides insights into this major market as well as the region. He has been a non-executive director of El Oro Ltd since 2009.

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 2013	30 June 2012
Net asset value per share	**92.4 pence**	118.0 pence
Dividends per Share paid to external Shareholders during the year ended	**3.5 pence**	20.0 pence
Total dividends paid to external Shareholders during the year ended	**£2,250,407**	£2,155,300

The Group's net asset value per Share ("NAV") showed a decrease over the year of 21.8% while the FTSE All Share Index was up by 13.8% and the stock price down by 19.8%. These figures are shown over 3, 4 and 5 years in the following table, demonstrating performance against our benchmark over the longer term.

	FTSE All Share		Share price		NAV	
	2013	2012	2013	2012	2013	2012
Financial year to 30 June	13.8%	-6.6%	-19.8%	1.7%	-21.8%	-22.3%
3 years	29.3%	33.1%	20.1%	69.6%	-15.1%	47.3%
4 years	51.5%	1.3%	36.0%	13.4%	15.4%	2.3%
5 years	15.2%	-15.1%	-9.1%	-12.0%	-19.9%	-8.1%

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 64,561,960.

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

Annual General Meeting
The Annual General Meeting will be held at 12 noon on 21 November 2013 at 41 Cheval Place, London SW7 1EW.
This Annual Report can be downloaded in electronic format from www.eloro.com.

CHAIRMAN'S STATEMENT

The Board paid a final dividend of 3.5 pence per share for the year-ended 30 June 2012 on 23 November 2012 to Members registered on the books of the Company at the close of business on 2 November 2012.

The Board has resolved to pay a final dividend of 3.6 pence for the year-ended 30 June 2013 on 25 November 2013 to Members registered on the books of the Company at the close of business on 1 November 2013.

The El Oro Group's loss before tax for the year-ended 30 June 2013 was £13,688,199 (loss before tax for the year-ended 30 June 2012 was £21,782,577). The Group's net assets at 30 June 2013 were £59,720,657 or 92.4 pence per share (30 June 2012 were £76,305,325 or 118.0 pence per share). Following market volatility, unrealised losses included in the figures for the year-ended 30 June 2013 were £15,953,512 (unrealised losses to 30 June 2012: £25,725,755). The overall cost to the portfolio has been of the order of £19m.

Having started its life as a Silver mine in Mexico, El Oro was bought by my father in 1935 with the liability of maintaining its Railway line: since that time there have been many volatile periods in its history. The dividend flow from its precious metals holdings in Platinum and Gold along with those from its other mining interests have brought great benefit to the company over the past 70 years, and we believe that despite the current downturn, will do so long into the future.

As the suntan fades along with the memories of a sublime summer, it is both salutary and sobering to see the remorseless result that a swoon in the Gold price has had in lowering the asset value from our 2011's highs. Whilst the portfolio has fallen by 17.7% overall, the Gold Price has fallen by 25.4%, and many of our holdings in that sector, and especially our principal holding in Troy Resources, have fallen by significantly more than that.

Whilst being wise after the event is a valueless commodity, it is certainly apparent that many more profits should have been locked in after Gold reached over $1900 in September 2011, even if the consensus at the time was that $2200 or higher was the next objective. We certainly failed to anticipate the speed and extent of the decline that occurred in late March and early April, dragging the price down by nearly $500 in quick time, and decimating some explorers' prices in the true meaning of the word.

In more recent weeks, the Gold price had begun to recover, partly on war-mongering by the British, French and Americans towards Syria. The shares had also shown some recovery from their historical lows in relationship to the Gold price. The putative Putinesque peace plan seems to have put paid to that rally for the time being, and the Goldmanite gloom mongers are yet again beating the drum for further falls to near or below $1000. Needless to say, this would not do wonders for our portfolio, but we can also question whether this particular bandwagon might not have run too far downhill for the time being, or perhaps we are engaging in wishful thinking.

Despite these disappointments, the summer and its unforecast sunshine has brought a smile to the faces of our Brewers, whilst pavements and streets have been burnished by bicycles and the friendship of feet. The sight of street corners outside pubs pullulating with people, perhaps celebrating the prolific panoply of British sporting prowess, where victories at Wimbledon for Andy Murray, the British Lions in Sydney, the English Cricket team in the Ashes and the scintillating sight of the British Eight conquering the Germans in Korea, have all given ample reason for celebrations.

We can certainly add our thanks to the team at Young's, both present and past, who have continued to build an excellent business, with steadily increasing dividends, and indeed the same can be said for Fullers, Shepherd Neame and several others. Whilst the appreciation of London property prices remains outside their control, and

CHAIRMAN'S STATEMENT

continues to increase the asset value of the London-centric brewers, building an increasingly profitable business remains their prime task, and we congratulate their accomplishment to date.

Our Palm Oil holdings have marked time or relapsed somewhat, as the palm oil price retreated from its highs, but the increasing acreage under cultivation for MP Evans, REA Holdings and others in the portfolio, should generate substantial growth in income in the years to come. On the British manufacturing front, it is hugely satisfying to see the progress and success of Goodwin, with its Stoke-on-Trent foundries supplying countries such as the United States and China with castings for the Water and Power generation sectors. The 175 year-old business has adapted successfully to the changed demands of the new millennium, and outlasted their neighbours Wedgwood, ravaged and destroyed by inopportune mergers, outsourcing and ceasing to strive for pre-eminence in its field.

We congratulate the family and management at Goodwin and wish them every success for the next 175 years. They join the select band of Northern Industrial families, running companies such as PZ Cussons, James Halstead and Nicholls (Vimto), who have been good stewards and made such a remarkable success of a diverse range of businesses, in which we remain privileged to participate.

Amongst the other successes, Amerisur continues to build its reserves and production in Colombia, with the prospect of other discoveries that might yet be made in Paraguay: It has been a long haul since its days as Gold Mines of Sardinia, whose main prospect lay buried under an Italian air force base, and we are grateful for the perseverance of its current management and the vision and expertise of its chief executive, John Wardle.

Less happy has been our experience with the unquoted Hurricane Energy, the cancellation of whose rig after a delay on its promised arrival date led to the termination of its planned float. That in itself is regrettable, and even more so is the level of rewards that the management have seen fit to award themselves, for a company that has yet to produce a barrel of oil, and which its shareholders have patiently provided for over several years. The lesson of corporate leanness and parsimony is gradually being adopted across many areas of business, even if not yet in the BBC nor Quangocracy and Government spending generally. We can but hope that managements everywhere will listen more intently, in this less spendthrift era, to the voices of their owners, even though the rewards of Quantitative Easing have been so monstrously deployed, in the Treasury's own assessment, primarily to the already-rich.

Many other areas of our diverse portfolio continue to make steady progress, such as Dee Valley Water, seldom acknowledged as a listed Water company; Berendsen with its cleaning services thriving despite its name change, Mountview and Conygar, both reflecting an improved London property market. Legal and General, in the Financial Sector, has shown its resilience in recovering from the Financial meltdown 5 years ago, and begun to grow again, as has Lloyds TSB, at least until the Government offloads its stake. Were it not for Mr. Miliband's reversion to the socialist philosophy of his forebears, as annunciated at his Party's Conference in recent days, we would have anticipated a steady future for the utilities: however the spectre of price controls with all their pernicious effects brings back the ghastly memories of Ted Heath and the dark days of the 70's.

Troy itself has completed the takeover of Azimuth Resources, with its substantial Gold deposits in British Guyana: it now has a Resource in any excess of anything it its history, with every prospect of low cost production from the West Omai prospect garnering sizeable profits in the years to come.

Whilst the share price has had to absorb selling, we believe that management have done an excellent job in securing Troy's future production, whilst continuing to surmount the challenges of going underground at Casposo in Argentina, with all the inherent problems of that land.

CHAIRMAN’S STATEMENT

The diversity and strength of these businesses give us hope that the current asset value is underpinned and should begin to improve, barring any further collapse in the prices of precious metals, it is even possible that the price of the platinum producers has passed its nadir, although the sector, and South Africa, have been written off in the minds of many.

On the home front, the poisonous legacy of Messrs’ Blair and Brown continues to shackle the Cameroons and their attempt to extract Britain from the morass of debt, bust banks, bloated State Sector and Government expenditure, and an unaffordable National Health Service facing inexhaustible demands: to this must be added the damage done to the Education system, which Mr Gove is struggling valiantly to rectify, as is his counterpart at Social Security, Mr Duncan-Smith. Part of that Labour legacy includes stopping the Badger cull in 1997, leading to the surge in its population and concomitant increase in bovine tuberculosis. Its cost continues to increase and to create untold damage and despair within Britain’s Beef industry.

The vast influx of uncontrolled immigration, unleashed on an unsuspecting British population by the likes of the now-Lord Mandelson, has done more than anything to change the face of Britain forever, and establish a new underclass of English citizens of minimal educational achievement, without prospect of, or perhaps inclination towards employment. The new beneficiaries of British citizenship come primarily from India, Nigeria, Pakistan, China and the Philippines. Little place is left for those stalwart citizens and relations of the British people, proven in past assistance, as the Canadians, New Zealanders, Australians and older Commonwealth countries. Their admittance is often refused, despite the huge role they have played in protecting and building our country and interests around the world. The wilful, unrestrained and alien expansion of the population of the British Isles will only be further exacerbated by the relaxation of restrictions on the entry of Romanians and Bulgarians, due to occur in 2014: the implications of which are being studiously avoided by the present Coalition. Its hands are in any case tied by its submission to the authority of the European Union, futile in Syria, yet fearsome in the control of the sale of un-registered flowers.

The intrusion of the European Union into every nook and cranny of British law and life, even when such idiocies as a proposed ban on open dishes of olive oil in restaurants are overturned, continues to corrode the British body politic, and entangle British business and life with an ever-more complex array of regulations. The EU maintains its adamantine antagonism to a proper audit of its accounts, and to any rebuke to its glorious role in the rebuilding of Europe.

Amongst the other victims of that legacy has been the Energy sector, where the failure to sanction a new generation of Nuclear power stations has left most of the possible providers withdrawing from the fray, and an unseemly dispute with France as one of the only remaining builders, or perhaps it will be Russia’s reprise from Chernobyl. The ever consistent producers of power using conventional resources such as Coal have been forced to cease operations, in compliance with the Cameroonic, or perhaps moronic, obeisance to our brave new Green world; a decision likely to be equally regretted by Germany, as it loses its Chemical and energy intensive production to the United States, fortified by the bonanza of fracking and its cheaper energy. The current energy Secretary appears to regard fracking as a threat to Britain’s renewables sector, rather than as a God-given gift to reduce Britain’s Energy costs and assert its independence from the threat of interruption from foreign suppliers: his ogreish intent to destroy Britain’s landscape is matched only by Mr. Boles’s assault on the Green Belt.

The Coalition refuses to countenance subsidising the storage of gas, so even under cautious Industry forecasts, it seems likely that Britain will face power cuts in the not too-distant future. The decision on a 4th runway at Heathrow has been delayed until after the General Election, following on from its previous delay in 1968: this has not prevented Messrs Osborne and Cameron from extolling the advantages of the HS2 train to Birmingham and beyond, despite mounting evidence of its lack of viability, and the existence of the already-built but mothballed Grand Central line being mostly still in situ.

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St. Matthew 5.13: 'Ye are the salt of the earth: but if the salt have lost his savour, wherewith shall it be salted? It is good for nothing, but to be cast out, and to be trodden under foot of men.' Having been rebuked by their owner, whilst cycling on the Isle de Re between the salt-pans, for fear of sending sand or grit into his drying salt beds, we were reminded of the age-old need for purity on this staple of human life.

Sadly we will see little sign of a casting-away of the old failed policies of the past: instead the national debt has grown remorselessly past the £1 trillion mark, and whatever the veneer of austerity espoused by the Chancellor, he continues spending more than he raises. The recent introduction of 'Help to Buy' has also reawakened fears of over-heating in the Housing Sector, and is already under-scrutiny, even if relished by all house builders. Business rates remain cripplingly high in many places, exacerbating the decline of the High Street.

Despite minor successes over some of Brussels' attempts to foil the Financial Sector, the European Union remains a significant threat to British prosperity, law and independence, and there is no evident and forceful desire to cast outside its machinations and its gargantuan and unquenchable appetite; likewise the dalliance with Green power (or lack of) threatens Britain's prosperity and livelihood on both the individual and corporate level: individual because our electricity is already priced at a premium to provide for subsidies for the solar and wind sectors, thus depleting spendable or saveable income; corporate because as has been proved by the closure of Avonmouth Aluminium refinery and the possible closure of Grangemouth, British industry cannot compete successfully when lumbered with an huge premium on the price of its power. Energy security and pricing are or should be the priority for the Government, rather than posturing about 'green' credentials, and the obscene thought of swathes of prime Agricultural land being adorned with solar panels, subsidised by otherwise successful industries (the same panels that this government decided should not be subsidised on the roofs of industrial buildings).

The less said about the attempted adventure into Syria the better, but at least it is now becoming apparent that the British people will have to be dragged kicking and screaming into another questionable conflict, especially without the support of its hithertofore capable Armed Forces being fully equipped to complete their assignment. Few can relish the lack of leadership and indeed humiliation bestowed on the Western World's foremost powers, but after so many debacles around the world, it is perhaps just as well if we are spared new forays and 'humanitarian' missions. The lacklustre leadership of the US President poses significant threats to Western authority, and his Secretary of State proves why he was not elected President, perhaps better for him to have stuck to beans or even butter.

Perhaps even the paymasters of the various uprisings initially so eagerly endorsed by Hague, Cameron and Obama, will revert to watching their football clubs improving their positions against the successor to Sir Alex, or playing the World Cup in the Winter in an otherwise empty stadium.

Looking further forward, it is possible that a sea-change is occurring, where the fabulous future predicted for Brazil, India and China changes into turpitude or torpidity: certainly India's growth rate and currency have fallen dramatically, as have Brazil's with the pull-back in prices of their metal exports; China's problems with corruption are well-publicised, and Russia's demographics point to the brevity of any revival it might enjoy from high oil prices. We suspect these favoured areas will wax and wane, but it would be as wrong to write them off, as it was to abandon belief in the United States in its darkest days.

Happily, Ludlow Amateur Boxing Club is undergoing a resurgence, led by some exemplary individuals with an appeal for completion of its new Club house; this was launched just as one of the sport's most notable proponents, and Rhodes' Scholar Boxing Blue burst into power, in the form of the 'Mad Monk', Mr Tony Abbott, newly elected Premier of Australia, along with his saintly deputy, Miss Bishop: of all the encouraging events of the year 2013, this has to rank at or near the top, as the scourge of the liberal left, opponent and

CHAIRMAN'S STATEMENT

eliminator of Carbon taxes, sceptic of Anthropogenic Global Warming, and a host of other idiocies that have sadly become embedded in the British conservative party philosophy. It is somewhat ironic that in a week when the Australian leader of the British Green Party takes the stage in Britain, spewing verbal garbage, a pragmatic Briton cycles or surfs to the leadership of the Lucky Country.

Whilst no doubt the future path of the Chinese economy remains the dominant influence on the future of Australia, we feel reinvigorated, just as we were when listening to Ronald Reagan succeeding as President, the desolate Jimmy Carter; despite all its uncertainties, the World already feels better for the presence of such a person, even if it is too much to hope that his place of birth could see its way to adopting even a smidgeon of his policies.

'All of Humanity's problems stem from man's inability to sit quietly in a room alone' Blaise Pascal (1623 – 1662).

Thucydides (410 BC) chronicled the Peloponnesian War, noting that 'these are written that man might avoid war'.

'Don't just do something, stand there' Ronald Reagan.

Sadly the urge by bureaucrats and politicians to interfere is probably insatiable, and sales of Grand Theft Auto V indicate the level of appetite amongst a sector of the world's population for incessant activity, regardless of its morality or inherent goodness.

We have a lot of ground to regain after the battering of the last 9 months, and may well face further headwinds in the Gold sector. Troy has secured an extensive new resource in British Guyana, our Breweries thrive, London remains a boom world, bolstered by 87 varieties of nationalities looking to acquire a foothold within its gates; the United States appears to be recovering circumspectly albeit faced with a prospect of a new Governor of the Federal Reserve and question marks over the need for and extent of 'tapering'; our exposure to a variety of excellent British businesses and their world-wide markets make us confident that in the medium term we can recover some of the gains foregone as a result of the retreat of the Gold price. Whether or not it is a case of 'reculer pour mieux sauter,' time will tell.

My thanks go to the team at Cheval Place, securely led as always by Steven McKeane, and the admirable Abbie, backed up by the knowledgeable and eagle-eyed Nick Wells, despite his affiliations to Crystal Palace, and Melwin's ever-growing knowledge of a swathe of sectors and companies, all held together by Jessica and her incomparable and elegant standard of attire.

My fellow directors and our brokers and advisers continue their exemplary work and we wish Thady Voorspuy of JM Finn every success as he moves from the world of markets and rigmarole to that of Veterinary studies and Equine medicine.

Robin Woodbine Parish
30 September 2013

INVESTMENTS WITH A FAIR VALUE EXPOSURE GREATER THAN £500,000 based upon fair values at 30 June 2013

	Investment	Local Currency	Fair Value GBP	Fair Value Cumulative GBP	% of financial assets
1	Young & Co Brewery	GBP	10,407,477	10,407,477	
2	James Halstead	GBP	4,051,888	14,459,365	
3	Troy Resources	AUD	3,888,628	18,347,993	
4	M P Evans Group	GBP	3,544,170	21,892,163	
5	Amerisur Resources	GBP	3,456,349	25,348,512	
6	Fuller Smith & Turner	GBP	2,283,445	27,631,957	
7	Hurricane Energy	GBP	2,201,927	29,833,884	
8	Archipelago Resources	GBP	2,121,778	31,955,662	
9	Kuala Lumpur Kepong	MYR	1,955,180	33,910,842	
10	Mountview Estates	GBP	1,921,765	35,832,607	**40.1%**
11	Dee Valley Group	GBP	1,960,824	37,793,431	
12	Archipelago Metals	USD	1,272,824	39,066,255	
13	Shepherd Neame	GBP	1,194,750	40,261,005	
14	Goodwin	GBP	1,075,000	41,336,005	
15	Vietnam Enterprise Investment Fund	USD	853,502	42,189,507	
16	Berendsen	GBP	818,950	43,008,457	
17	Gold Bullion	USD	785,011	43,793,468	
18	Hill & Smith Holdings	GBP	757,922	44,551,390	
19	PZ Cussons	GBP	723,870	45,275,260	
20	Legal & General Group	GBP	671,929	45,947,189	**51.5%**
21	Red Leaf Resources	USD	632,936	46,580,125	
22	REA Holdings	GBP	601,447	47,181,572	
23	McMullen & Sons	GBP	568,750	47,750,322	
24	Blackrock Am UK Gold & General	GBP	568,244	48,318,566	
25	Colt Resources	CAD	543,767	48,862,333	
26	OEI Mac	USD	528,897	49,391,230	
27	Jersey Electricity	GBP	507,400	49,898,630	
28	Conygar Investment	GBP	501,500	50,400,130	56.5%
			Investments over £500,000	50,400,130	56.5%
			Other investments	38,852,279	43.5%
			Total investments	**89,252,409**	**100.0%**

DIRECTORS' REPORT

The Directors present the Annual Report and the Group's Consolidated Financial Statements for the year ended 30 June 2013.

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 2013 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 loss on ordinary activities after taxation for the year was £14,354,970 (2012 loss: £19,722,473).

For the year ended 30 June 2013, a final dividend of 3.6 pence per share is proposed for payment on 25 November 2013 to Shareholders registered in the books of the Company at the close of business on 1 November 2013 (2012: 3.5 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 who served during the year and up to the date of signing the financial statements are noted on page 37, 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 2013 beneficial No. of Shares	**30 June 2013 non-beneficial No. of Shares**	30 June 2012 beneficial No. of Shares	30 June 2012 non-beneficial No. of Shares
CRW Parish	6,379,246	10,658,211	6,366,246	10,654,511
SB Kumaramangalam	6,393,368	3,314,407	6,393,368	3,309,907
RE Wade	505,150	–	467,268	–
JA Wild	149,998	–	149,998	–

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 below. No other changes to the Directors interests occurred before the date of this report or from the year ended 30 June 2013. Of the Shares in issue 33,886,700 or 52.4% (2012: 33,886,450 or 52.4%) are not in public hands at the year ended 30 June 2013.

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	9,707,775	6,393,368	3,314,407
Mr WB & Mrs P Fraser	18.45	11,932,545	45,090	11,887,455
JM Finn Nominees Limited	18.01	11,646,410	–	11,646,410
Mr G & Mrs CW Zegos	11.84	7,656,042	4,272,190	3,383,852

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.

The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2013:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)*	–	258,825	35,000	571	–	294,396
Non-executive						
SB Kumaramangalam	9,600	–	–	–	–	9,600
RAR Evans	18,000	–	–	–	–	18,000
RE Wade*	27,478	–	–	–	–	27,478
JA Wild*	33,944	–	–	–	–	33,944
Total	89,022	258,825	35,000	571	–	383,418

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

DIRECTORS' REPORT *continued*

Directors' emoluments
The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2012:

	Fees £	Salary & other £	Performance Bonus £	Benefits in kind £	Pension contribution £	Total £
Executive						
CRW Parish (Chairman)*	–	255,000	259,460	1,790	50,000	566,250
Non-executive						
SB Kumaramangalam	9,600	–	–	–	–	9,600
RAR Evans	18,000	–	–	–	–	18,000
RE Wade*	27,478	–	–	–	–	27,478
JA Wild*	33,944	–	–	–	–	33,944
Total	89,022	255,000	259,460	1,790	50,000	655,272

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

The Chairman's emoluments for the year ended 30 June 2013 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 £646,573. The Remuneration Committee recommended, and the Directors agreed to a performance bonus of £35,000 (2012: £259,460) for the year ended 30 June 2013. CRW Parish waived the balance of £70,723 from his bonus entitlement of £105,723 following an initial payment of £35,000 during the year to 30 June 2013. No Director waived emoluments for the year ended 30 June 2012.

Directors' pension entitlement
The Group made the final contribution to a Self Investing Personal Pension Plan for CRW Parish during 2012.

Independent 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) Law, 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.

Corporate Governance Assurance Statement
On 30 September 2011 the Guernsey Financial Services Commission (the 'Commission') issued the Finance Sector Code of Corporate Governance. This Code comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the Commission can better assess the governance exercised over companies in Guernsey's finance sector.

The Directors have considered the effectiveness of the corporate governance practices of the Company. In the context of the nature, scale and complexity of the Company, the Directors are satisfied with the degree of compliance with the Principles set out in the Finance Sector Code of Corporate Governance as issued by the Commission.

Performance Evaluation
The Board evaluates its performance and considers the tenure and independence of each Director on an annual basis, and believes that the mix of skills, experience and length of services are appropriate to the requirements of the Company. In addition the Board conducted an evaluation of the Chairman and Investment Manager and was completely satisfied with the conduct of the Chairman and his performance as Investment Manager.

By order of the Board
Dexion Capital (Guernsey) Limited
Company Secretary
30 September 2013

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 September 2013.

The Directors have availed themselves of Section 244(5) of The Companies (Guernsey) Law, 2008 and have presented consolidated financial statements of the Company and not the individual stand alone financial statements.

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" and also "El Oro and 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 LTD

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
2012	(21,782,577)	646,573	79,626,616
2013	(13,688,199)	646,573	59,720,657

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 2013 **£**	30 June 2012 £
Net assets	59,720,657	76,305,325
Add: deferred tax	4,372,967	3,995,254
Less: tangible assets	(1,171,682)	(673,963)
Net assets at fair value	62,921,942	79,626,616

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	38,045,265
Taxation	17,908,751
	55,954,016

[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 2013 was 87.0 pence and at 30 June 2012 was 106.0 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 Ltd

Report on the financial statements
We have audited the accompanying consolidated financial statements (the "financial statements") of El Oro Ltd which comprise the consolidated balance sheet as of 30 June 2013 and the consolidated statement of comprehensive income, the consolidated statements 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 financial statements
The directors are responsible for the preparation of 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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 financial statements give a true and fair view of the financial position of the Group as of 30 June 2013, and of the financial performance and cash flows of the Group for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Report on other legal and regulatory requirements
We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises that referred to in the Contents page.

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

This report, including the opinion, has been prepared for and only for the Company'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
30 September 2013

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the twelve months to 30 June 2013

	Notes	**30 June 2013 £**	30 June 2012 £
Revenue	2 a	**2,019,301**	2,103,622
Net losses on investments	2 b	**(12,556,856)**	(20,131,870)
Total loss		**(10,537,555)**	(18,028,248)
Expenses	3	**(1,785,772)**	(2,350,838)
Loss before finance costs and taxation		**(12,323,327)**	(20,379,086)
Finance costs			
Interest expense		**(1,364,872)**	(1,403,491)
Loss before taxation		**(13,688,199)**	(21,782,577)
Taxation	5	**(666,771)**	2,060,104
Loss for the financial year and total comprehensive income	6	**(14,354,970)**	(19,722,473)
Basic loss per share	6	**(22.2p)**	(30.5p)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2013

	Notes	**30 June 2013 £**	30 June 2012 £
Opening capital and reserves attributable to equity holders		**76,305,325**	98,171,099
Total comprehensive income: loss for the financial year		**(14,354,970)**	(19,722,473)
Increase of equity on bonus issue		–	107,748
Dividends paid (net)	4	**(2,229,698)**	(2,251,049)
Closing capital and reserves attributable to equity holders	18	**59,720,657**	76,305,325

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

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

CONSOLIDATED BALANCE SHEET
as at 30 June 2013

	Notes	**30 June 2013**	30 June 2012
		£	£
Non-current assets			
Property, plant and equipment	7	**1,171,682**	673,963
		1,171,682	673,963
Current assets			
Trade and other receivables	9	**2,829,213**	2,162,810
Investments held at fair value through profit or loss	10	**89,252,409**	108,474,423
Cash and cash equivalents	15	**641,495**	490,581
Total current assets		**92,723,117**	111,127,814
Current liabilities			
Borrowings	11	**4,470,773**	4,093,416
Trade and other payables	12	**1,117,339**	1,068,166
Financial liabilities at fair value	11	**4,213,063**	6,339,616
Total current liabilities		**9,801,175**	11,501,198
Net current assets		**82,921,942**	99,626,616
Non-current liabilities			
Borrowings	11	**20,000,000**	20,000,000
Deferred tax liabilities	14	**4,372,967**	3,995,254
Total non-current liabilities		**24,372,967**	23,995,254
Net assets		**59,720,657**	76,305,325
Capital and reserves attributable to equity holders			
Share capital	17	**646,573**	646,573
Reserves	18		
Share premium		**6,017**	6,017
Capital redemption reserve		**347,402**	347,402
Merger reserve		**3,564**	3,564
Retained earnings		**58,717,101**	75,301,769
Total equity		**59,720,657**	76,305,325
Net asset value per share	19	**92.4p**	118.0 p

The Board of Directors approved and authorised the Group's financial statements for issue on 30 September 2013.

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 2013

	Notes	**30 June 2013** **£**	30 June 2012 £
Operating activities			
Net loss before tax		**(13,688,199)**	(21,782,577)
Adjustments for:			
Depreciation		**23,441**	31,434
Foreign exchange gains		**(34,038)**	(605,338)
Net unrealised losses on fair value investments through the profit or loss		**15,953,512**	25,725,755
Finance costs		**1,364,872**	1,403,491
Cash flow from operations before changes in working capital		**3,619,588**	4,772,765
Movement in financial assets at fair value through the profit or loss		**585,848**	3,896,628
Increase in trade and other receivables		**(612,744)**	(1,324,304)
Increase in trade and other payables		**51,529**	316,271
Cash flow from operations		**3,644,221**	7,661,360
Income taxes paid / (reclaimed)		**247,877**	(50,609)
Cash flow from operating activities		**3,892,098**	7,610,751
Investing activities			
Purchase of property, plant and equipment		**(521,160)**	(15,460)
Cash flow used in investing activities		**(521,160)**	(15,460)
Financing activities			
Interest paid		**(1,367,228)**	(1,407,660)
Net dividends paid to Shareholders		**(2,229,698)**	(2,251,049)
Cash flow used in financing activities		**(3,596,926)**	(3,658,709)
Net (decrease) / increase in cash and cash equivalents		**(225,988)**	3,936,582
Cash and cash equivalents at 30 June		**(3,602,835)**	(7,725,036)
Effect of foreign exchange rate changes		**(455)**	185,619
Cash and cash equivalents at 30 June	15	**(3,829,278)**	(3,602,835)

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. 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. All subsidiaries were wholly owned throughout the financial year. Inter-company balances and income and expenses arising from inter-company transactions, are eliminated in the preparation of the consolidated financial statements.

1.3 Financial assets and financial liabilities 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/(losses) on investments".

Not withstanding the above, the variety of valuation bases adopted and quality of management information provided by the underlying investee companies means there are inherent difficulties in determining the value of these investments. Amounts realised on the sale of those investments will differ from the values reflected in these financial statements and the difference may be significant.

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; and
- Commodity forward (1 year) contracts in precious metals such as gold bullion to gain direct exposure to the commodity price.

Derivatives are categorised as financial assets or financial liabilities held for trading.

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 initially recognised at fair value and subsequently measured using the amortised cost method.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.6 Expenses

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

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

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

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

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 21.5% of net assets (2012 = 21.3% of net assets).

1.15 Standards, amendments and interpretations

Effective in the current financial year

Amendment to IAS 1, 'Presentation of financial statements' on other comprehensive income (OCI) (effective 1 July 2012). This amendment the disclosure of items presented in other comprehensive income (OCI) in the statement of comprehensive income.

Effective in the next financial year

IFRS 10 'Consolidated financial statements' (effective 1 January 2013). This standard builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements.

IFRS 12 'Disclosure of interests in other entities' (effective 1 January 2013). This standard includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, special purpose vehicles and other off balance sheet vehicles.

IFRS 13 'Fair value measurement' (effective 1 January 2013). This standard aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs.

IAS 27 'Separate financial statements' (effective 1 January 2013). This standard includes the provisions on separate financial statements that are left after the control provisions of IAS 27 have been included in the new IFRS 10.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1.15 Standards, amendments and interpretations *continued*

Effective in future financial years

IFRS 9 'Financial Instruments' (effective 1 January 2015). Not applicable until 1 January 2015 but is available for early adoption. Issued in December 2009, this addresses the classification and measurement of financial assets. IFRS 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available for sale debt investments will be recognized directly in the profit or loss. The proposals impact entities that have designated financial liabilities at fair value through profit or loss.

2. INVESTMENT INCOME

	30 June 2013	30 June 2012
	£	£
a. **Revenue**		
Dividends from investments	**2,016,404**	2,099,545
Other income	**2,897**	4,077
	2,019,301	2,103,622
b. **Net losses on investments**		
Net unrealised losses on fair value of investments through the profit or loss	**(15,953,512)**	(25,725,755)
Net realised gains on fair value of investments through the profit and loss	**3,362,618**	4,988,547
Net foreign exchange gains	**34,038**	605,338
Net losses on investments	**(12,556,856)**	(20,131,870)

The 'Net unrealised losses on fair value investments through the profit or loss' has a foreign exchange component that was negative £1,135,332 during the financial year (2012: negative £2,024,337).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. EXPENSES

	30 June 2013 £	30 June 2012 £
Employment costs		
Wages and Salaries	**1,006,372**	1,337,375
Social Security costs	**66,380**	83,886
Pension costs	**3,550**	50,000
	1,076,302	1,471,261
Benefits in kind included within employment costs	**571**	1,790

	30 June 2013 £	30 June 2012 £
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial services	**40,000**	75,000
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**35,000**	78,048
	75,000	153,048

	30 June 2013	30 June 2012
Monthly average staff numbers (including executive Director)		
Investing / research	**2**	2
Administration	**4**	4
	6	6

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 2013	30 June 2012
Final dividend of 3.5 pence (2012: 20.0 pence) paid per ordinary Share	**2,250,407**	2,155,300
Bonus shares issued 1:5	**–**	107,749
Dividends unclaimed after 12 years	**(20,709)**	(12,000)
Net dividends	**2,229,698**	2,251,049

Dividends paid and proposed

The Directors approved a dividend of 3.6 pence per Share (2012: 3.5 pence per Share) totalling £2,327,664 (2012: £2,263,007). Dividends are accounted for when paid.

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 2013 £	30 June 2012 £
Analysis of tax charge		
Current tax		
UK corporation tax on profits / (losses) for the year	**276,523**	(280,182)
Adjustment in respect of prior year	**–**	(24,747)
Overseas tax charge	**12,535**	7,484
Total current tax	**289,058**	(297,445)
Deferred tax		
Origination and reversal of timing differences	**377,713**	(1,762,659)
Total deferred tax	**377,713**	(1,762,659)
Tax on losses / (profit) from ordinary activities	**666,771**	(2,060,104)

Factors affecting tax charge

The tax assessed is lower (2012: higher) than the standard rate of corporation tax in the UK of 23.75% (2012: 25.5%).

The differences are explained below		
Loss on ordinary activities before tax	**(13,688,199)**	(21,782,577)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.75% (2012: 25.5%)	**(3,251,292)**	(5,555,204)
Effects of		
Expenses not deductible for tax	**64,648**	90,303
Income not subject to tax	**4,022,642**	3,803,323
Tax rate differences	**(185,038)**	(381,263)
Depreciation in excess of capital allowances	**15,811**	7,484
Adjustments in respect of prior year	**–**	(24,747)
Total tax charge / (credit) for the year	**666,771**	(2,060,104)

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.

On 21 March 2012 the Chancellor of the Exchequer announced a number of changes to the main rate of UK corporation tax. With effect from 1 April 2012 the rate fell from 26% to 24%. This was enacted on 26 March 2012 under the Provisional Collection of Taxes Act 1968. With effect from 1 April 2013 the main rate will fall from 24% to 23%. This was substantively enacted on 3 July 2012 when the Finance Bill 2012 received its third reading in the House of Commons.

Deferred tax balances have been remeasured to 23%. This was the rate enacted at the balance sheet date.

Further changes to the main rate of UK corporation tax were announced by the Chancellor of the Exchequer in his Autumn Statement on 5 December 2012 and in his Budget on 20 March 2013. The rate will fall by 2% to a rate of 21% with effect from 1 April 2014 and by a further 1% to a rate of 20% with effect from 1 April 2015. These changes had not been substantively enacted at the balance sheet date and therefore are not recognised in these financial statements. The directors estimate that the maximum effect of the rate reductions not substantively enacted will not be material.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. LOSS PER SHARE

	30 June 2013	30 June 2012
	£	£
Loss after tax	**(14,354,970)**	(19,722,473)
Weighted average number of shares in basic EPS	**64,657,340**	64,657,340
Loss per share (basic)	**(22.2p)**	(30.5p)

7. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	**Fixtures, fittings, paintings and computer equipment £**	**Total**
Year ended 30 June 2012			
At cost	745,503	172,953	918,456
Accumulated depreciation	(126,446)	(118,047)	(244,493)
Net book value	**619,057**	**54,906**	**673,963**
Year ended 30 June 2013			
Opening net book value	619,057	54,906	673,963
Addition	–	519,427	519,427
Depreciation for year	(14,869)	(8,572)	(23,441)
Written off	–	(30,843)	(30,843)
Depreciation written back on disposal	–	32,576	32,576
Closing net book value	**604,188**	**567,494**	**1,171,682**

The amount of expenditure for new paintings during the year was £504,400 (2012: £9,500). The £500,000 increase in normal acquisitions relates to the purchase of a Jan Siberechts (1627 – 1703) "The River Thames below Culham" signed and date 1682: this is on display at "River and Rowing Museum" in Henley.

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 2013.

	Number of shares	**Nominal value**	**Net assets £'000**	**Profit before tax £'000**	**Book value £**
Investment companies					
El Oro and Exploration Company Limited	10,776,501	ord. 5p shares	15,996	3,259	538,825
Investigations and Management Limited	5,000	ord. £1.00 shares	82	12	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. TRADE AND OTHER RECEIVABLES

	30 June 2013 £	30 June 2012 £
Trade receivables - amounts due from brokers	**2,775,554**	1,832,628
Other receivables	**53,659**	330,182
	2,829,213	2,162,810

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.

10. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

In accordance with IFRS 7 the Company has classified for disclosure purposes fair market measurements in relation to the degree of reliability of these measurements. The classification uses a hierarchy that reflects the significance of the inputs used in making the measurements, using the following levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data. Level 3 includes private equity and corporate debt.

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

A reconciliation of fair value measurements in level 3 is set out below.

	30 June 2013	30 June 2012 £
Level 1 - quoted prices (unadjusted)	**68,829,518**	85,441,222
Level 2 - observable price inputs	**3,973,332**	6,873,833
Level 3 - unobservable price inputs	**16,449,559**	16,159,368
	89,252,409	108,474,423

Reconciliation of fair value measurements in level 3	30 June 2013 £	30 June 2012 £
Opening balance	**16,159,368**	14,913,608
Acquisitions	**1,519,412**	1,020,500
Disposal proceeds	**326,216**	(416)
Transfers in / (out) of Level 3	**3,250,805**	(561,357)
Total gains / (losses) included in the Consolidated Statement of Comprehensive Income		
on assets sold	**46,795**	(11)
on assets held at the year end	**(4,853,037)**	787,044
Closing balance	**16,449,559**	16,159,368

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. FINANCIAL LIABILITIES – BORROWINGS AND DERIVATIVES

	30 June 2013 £	30 June 2012 £
Current		
Bank overdrafts	**4,470,773**	4,093,416
	4,470,773	4,093,416
Financial liabilities at fair value	**4,213,063**	6,339,616
	8,683,836	10,433,032

	30 June 2013 £	30 June 2012 £
Non-current		
Bank loan	**20,000,000**	20,000,000
	20,000,000	20,000,000

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 from 11 March 2011 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 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 2013 £785,011 (30 June 2012: £2,548,288).

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.

12. TRADE AND OTHER PAYABLES

	30 June 2013 £	30 June 2012 £
Other payables	**352,665**	200,185
Accruals	**567,873**	644,428
Unclaimed dividends	**196,801**	223,553
	1,117,339	1,068,166

13. CURRENT TAX LIABILITIES

	30 June 2013 £	30 June 2012 £
Corporation tax	**–**	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. DEFERRED TAX LIABILITIES

	30 June 2013	30 June 2012
	£	£
Opening balances at 1 July	**3,995,254**	5,757,913
Net gains / (losses) in investments	**377,713**	(1,738,425)
Depreciation under capital allowances	**–**	(24,234)
Closing balances at 30 June	**4,372,967**	3,995,254

Deferred tax is calculated in full on temporary differences under the liability method using an average tax rate of 23.75% (2012: 25.5%) and is calculated at the rate at which the deferred tax is expected to reverse.

The estimated timing for the recovery or settlement of the deferred tax asset or liability is likely to be after more than 12 months owing to the nature of the assets on which the provision is determined.

15. CASH AND CASH EQUIVALENTS

	30 June 2013	30 June 2012
	£	£
Cash available on demand	**641,495**	490,581
Bank overdraft	**(4,470,773)**	(4,093,416)
	(3,829,278)	(3,602,835)

16. COMMITMENTS AND CONTINGENT LIABILITIES

Within the normal course of business, the Group has committed to subscribe for securities. As at 30 June 2013 this commitment totalled £204,000 (2012: £63,767).

17. SHARE CAPITAL

	El Oro Ltd		El Oro Ltd	
	30 June 2013	**30 June 2013**	30 June 2012	30 June 2012
	No.	**£**	No.	£
Authorised	**unlimited**	**unlimited**	unlimited	unlimited
Issued and fully paid Shares with no par value	**64,657,340**	**646,573**	64,657,340	646,573

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. EQUITY RESERVES

	Capital £	Share premium £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total equity £
At 1 July 2011	538,825	6,017	347,402	3,564	97,275,291	98,171,099
Loss for the year	–	–	–	–	(19,722,473)	(19,722,473)
Dividends (net)	107,748	–	–	–	(2,251,049)	(2,143,301)
As at 30 June 2012	646,573	6,017	347,402	3,564	75,301,769	76,305,325

	Capital £	Share premium £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total equity £
At 1 July 2012	646,573	6,017	347,402	3,564	75,301,769	76,305,325
Loss for the year	–	–	–	–	(14,354,970)	(14,354,970)
Dividends (net)	–	–	–	–	(2,229,698)	(2,229,698)
As at 30 June 2013	646,573	6,017	347,402	3,564	58,717,101	59,720,657

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 £59,720,657 (2012: £76,305,325) divided by 64,657,340 (2012: 64,657,340) Shares in issue at the year end.

20. CASH FLOW – MATERIAL NON-CASH ITEMS

The Company received investments with an aggregate value of £nil (2012: £nil) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 £383,418 (2012: £655,272) 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 and Exploration Company Limited purchased goods amounting to £6,143 (2012: £3,559) from Danby Registrars Limited, a company wholly owned by CRW Parish, an executive Director of the Company.

El Oro and 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 2012, this amounted to £35 (2012: £630). No amounts remain outstanding at the year ended 30 June 2013 (2012: £nil).

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 2013, based on the earliest date on which payment can be required to be made was as follows:

As at 30 June 2013	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
Current:						
Financial liabilities at fair value through the profit or loss	–	166	492	2,386	4,978	8,022
Overdrafts – due on demand	4,470	–	–	–	–	4,470
Other payables	–	766	–	197	–	963
Commodities - forward contracts	–	127	1,473	–	–	1,600
Non-current:						
Bank loan	–	–	–	20,000	–	20,000
	4,470	**1,059**	**1,965**	**22,583**	**4,978**	**35,055**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22. FINANCIAL INSTRUMENTS AND RISK PROFILE *continued*

The contractual maturities of the financial liabilities at 30 June 2012, based on the earliest date on which payment can be required to be made as follows:

As at 30 June 2012	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
Current:						
Financial liabilities at fair value through the profit or loss	–	149	420	2,220	5,214	8,003
Overdrafts – due on demand	4,360	–	–	–	–	4,360
Other payables	–	845	–	224	–	1,069
Commodities – forward contracts	–	–	2,503	–	–	2,503
Non-current:						
Bank loan	–	–	–	20,000	–	20,000
	4,360	**994**	**2,923**	**22,444**	**5,214**	**35,935**

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 2013 Fair and book value £	30 June 2012 Fair and book value £
Financial assets		
Cash and bank balances	**641,495**	2,750,593
Financial assets at fair value through profit or loss		
Listed fair value investments	**67,370,787**	93,665,816
Unlisted fair value investments	**21,096,611**	12,395,906
Commodities*	**785,011**	2,548,288
	89,893,904	111,360,603
Financial liabilities		
Bank loan and overdrafts	**4,470,773**	4,093,416
Commodities*	**1,599,987**	2,645,692
Derivatives**	**2,740,509**	3,693,924
	8,811,269	10,433,032
Financial liabilities		
Bank loan	**20,000,000**	20,000,000

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 and graded as a Level 1 - quoted prices for the IFRS 7 fair value hierarchy. While the corresponding liability would also be graded at Level 1.

At 30 June 2013 the Group held 4 contracts for a total of 1,000 ounces of Gold with a fair value of £785,011. At 30 June 2012 the Group held three contracts for a total of 2,500 ounces of Gold with a fair value of £2,548,288.

** 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 2013 it would have realised a loss of £2,740,509 (2012: loss of £3,693,924). This amount has been recognised as a financial liability at fair value in the consolidated financial statements under IFRS. The fair value of the swap on 30 June 2013 is a liability of £2,740,509 (2012: £3,693,924) 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 and the swaps are graded as a Level 3 - inputs for the asset or liability that are not based on observable market data.

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 £4,462,620 or 7.5% (2012: £5,430,501 or 7.1%). 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 £39,251 or 0.04% (2012: £127,414 or 0.17%).

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 2013 **£**	30 June 2012 £
Key currencies		
Australian dollar	**7,459,813**	15,109,720
Canadian dollar	**5,721,272**	10,613,912
Malaysian ringitt	**2,153,140**	2,394,654
South African rand	**913,002**	2,438,274
US dollar	**9,222,885**	9,813,182
	25,470,112	40,369,742
Other currencies		
Euro	**206,163**	337,747
Japanese yen	**403,418**	259,476
Norwegian krone	**31,813**	75,589
Swedish krona	**48,717**	151,754
	690,111	824,566
	26,160,223	41,194,308

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	**2013** **£**	2012 £	Change in currency rate (%)	**Effect on net assets 2013 (£'000)**	Effect on net assets 2012 (£'000)
Australian dollar	**7,459,813**	15,109,720	5	**373**	755
Canadian dollar	**5,721,272**	10,613,912	5	**286**	531
Malaysian ringitt	**2,153,140**	2,394,654	5	**108**	120
South African rand	**913,002**	2,438,274	5	**46**	122
US dollar	**9,222,885**	9,813,182	5	**461**	491
	25,470,112	40,369,742		**1,274**	2,019
Other currencies	**690,111**	824,566	5	**35**	41
	26,160,223	41,194,308		**1,309**	2,060

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 £1,309,000 or 2.2% (2012: £2,060,000 or 2.7%).

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 £24,470,773 (2012: £24,093,416 (see note 11) and if that level of borrowing were maintained for a year with a 1 percent point change in the interest rate (up or down) net revenue before tax would increase or decrease by £244,708 or 0.4% on net assets (2012: £240,934 or 0.3% 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 2013 Fixed rate at fair value £	30 June 2012 Fixed rate at fair value £
Fixed rate notes (assets)	**572,162**	335,159

The effective interest rate on these financial assets is 6.0% (2012: 5.0%).

Credit risk
The Group takes on limited exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Group attempts to mitigate this risk by i) diversification within the portfolio of investments, ii) careful selection of investments and iii) active monitoring of the investment's performance.

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 £19.4 million or 21.5% (2012: £16.2 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 £16.5 million or 18.4% (2012: £16.2 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 2013 comprises equity share capital, reserves and debt as shown in the consolidated balance sheet at a total of £84,191,430 (2012: £100,398,741). 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 2013.

The Board has resolved to pay a final dividend of 3.6 pence for the year-ended 30 June 2013 on 25 November 2013 to Members registered on the books of the Company at the close of business on 1 November 2013.

On 2 July 2013, the Company purchased 95,380 shares with no par value into Treasury.

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 2013 £**	**Subsidiary 30 June 2013 £**	Company 30 June 2012 £	Subsidiary 30 June 2012 £
Revenue	**1,047,385**	**1,820,476**	1,041,449	1,058,096
Net (losses) / gains on investments	**(17,048,020)**	**3,642,604**	(14,640,636)	(5,487,157)
Total income	**(16,000,635)**	**5,463,080**	(13,599,187)	(4,429,061)
Expenses	**(781,478)**	**(1,004,294)**	(1,178,083)	(1,220,884)
(Loss) / profit before finance costs and taxation	**(16,782,113)**	**4,458,786**	(14,777,270)	(5,649,945)
Finance costs:				
Interest expense	**(167,525)**	**(1,197,347)**	(129,470)	(1,274,021)
(Loss) / profit before taxation	**(16,949,638)**	**3,261,439**	(14,906,740)	(6,923,966)
Taxation	**11,728**	**(678,499)**	(7,112)	2,067,216
(Loss) / profit for the period and total comprehensive income	**(16,937,910)**	**2,582,940**	(14,913,852)	(4,856,750)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OPERATING SEGMENTS *continued*

Balance sheet at 30 June	**Company 30 June 2013 £**	**Subsidiary 30 June 2013 £**	Company 30 June 2012 £	Subsidiary 30 June 2012 £
Non-current assets				
Property, plant and equipment	–	**1,171,682**	–	673,963
Investment in subsidiary	**538,825**	–	538,825	–
	538,825	**1,171,682**	538,825	673,963
Current assets				
Trade and other receivables	**141,280**	**10,107,770**	155,833	8,450,651
Investments held at fair value	**50,574,193**	**38,678,216**	69,002,973	39,471,450
Cash and bank balances	**253,827**	**387,668**	252,443	238,138
Net current assets	**50,969,300**	**49,173,654**	69,411,249	48,160,239
Current liabilities				
Financial liabilities				
Borrowings	–	**(4,470,773)**	–	(4,093,416)
Financial liabilities at fair value	–	**(4,213,063)**	–	(6,339,616)
Financial liabilities	–	**(8,683,836)**	–	(10,433,032)
Trade and other payables	**(7,286,227)**	**(1,250,949)**	(6,503,803)	(1,068,166)
	(7,286,227)	**(9,934,785)**	(6,503,803)	(11,501,198)
Net current assets	**44,221,898**	**40,410,551**	62,907,446	36,659,041
Non-current liabilities				
Borrowings	–	**(20,000,000)**	–	(20,000,000)
Deferred tax liabilities	–	**(4,372,967)**	–	(3,995,254)
	–	**(24,372,967)**	–	(23,995,254)
Net assets	**44,221,898**	**16,037,584**	63,446,271	13,337,750
Capital and reserves attributable to equity holders				
Share capital	**646,573**	**538,825**	646,573	538,825
Reserves				
Share premium	–	**6,017**	–	6,017
Capital redemption reserve	–	**347,402**	–	347,402
Merger reserve	–	**3,564**	–	3,564
Retained earnings	**43,575,325**	**15,141,776**	62,799,698	12,441,942
Total equity	**44,221,898**	**16,037,584**	63,446,271	13,337,750

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

24. OPERATING SEGMENTS *continued*

In accordance with IFRS 8, 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 2013 £	**Gross income to 30 June 2013 £**	Value of investments at 30 June 2012 £	Gross income to 30 June 2012 £
Africa	**913,002**	**20,204**	2,438,273	97,146
Asia	**2,556,558**	**71,889**	2,654,130	78,397
Australia & New Zealand	**7,459,813**	**323,479**	15,962,940	242,029
Europe	**286,692**	**35,950**	565,090	42,378
North America	**14,944,157**	**157,683**	20,291,508	198,537
United Kingdom	**63,092,187**	**1,407,199**	66,562,482	1,441,058
	89,252,409	**2,016,404**	108,474,423	2,099,545

OFFICERS AND ADVISERS

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

REGISTRAR – until 4 January 2013	REGISTRAR – from 5 January 2013
Capita Registrars (Guernsey) Limited PO Box 627 St Peter Port Guernsey GY1 4PP	Computershare Investor Services (Guernsey) Limited 3rd Floor NatWest House Le Truchot St Peter Port GY1 1WD
SHAREHOLDER CORRESPONDENCE Capita Registrars The Registry 34 Beckenham Road Beckenham BR3 4TU	**SHAREHOLDER CORRESPONDENCE** Computershare Investor Services (Guernsey) Limited c/o Queensway House Hilgrove Street St Helier JE1 1ES

AUDITOR	STOCKBROKER
PricewaterhouseCoopers CI LLP Chartered Accountants PO Box 321 Royal Bank Place First Floor 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND Channel Islands	FinnCap Limited 60 New Broad Street London EC2M 1JJ

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Company's FIFTH ANNUAL GENERAL MEETING and the ONE HUNDRED AND NINTH ANNUAL GENERAL MEETING OF THE EL ORO GROUP will be held on 21 November 2013 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 2013.
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 3.6 pence for the year-ended 30 June 2013.
4. To authorise the Company generally and unconditionally to make market purchases within the meaning of Section 315 of the Companies (Guernsey) Law 2008, the authority for market acquisitions set forth in Article 4.7 of the Company's Articles of Incorporation be approved and restated on the basis that of its Ordinary Shares in the capital of the Company ("Shares") upon or subject to the following conditions:
   a) the maximum number of Shares hereby authorised to be purchased is 6,465,196;
   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.

Special resolution:

5. To amend Article 35.2 of the Company's articles of incorporation as shown below, so that Article 35.2, following approval by special resolution, shall read:

   " To give effect to any such sale the Directors may appoint any person to execute as transferor an instrument of transfer of the said shares and such instrument of transfer of the said shares shall be as effective as if it had been executed by the registered holder of, or person entitled by transmission to, such shares and the title of the purchaser or other transferee shall not be affected by any irregularity or invalidity in the proceedings relating thereto. The net proceeds of sale shall belong to and be an asset of the Company to be used in any manner in accordance with these Articles and, for the avoidance of doubt, upon completion of such sale the Company shall owe no debt or liability in respect of such shares to any former Member or such other person previously entitled to the shares. ~~which shall be obliged to account to the former Member or other person previously entitled as aforesaid for an amount equal to such proceeds and shall enter the name of such former Member or other person in the books of the Company as a creditor for such amount. No trust shall be created in respect of the debt, no interest shall be payable in respect of the same and the Company shall not be required to account for any money earned on the net proceeds, which may be employed in the business of the Company or invested in such investments (other than shares of the Company) as the Directors may from time to time think fit."~~

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

30 September 2013

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, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY 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 19 November 2013.

   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 2013 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 21 November 2013 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	☐	☐	☐
Special Resolution:			
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, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY.
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, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY; and
   - received by the Registrars, Computershare Investor Services (Guernsey) Limited 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.