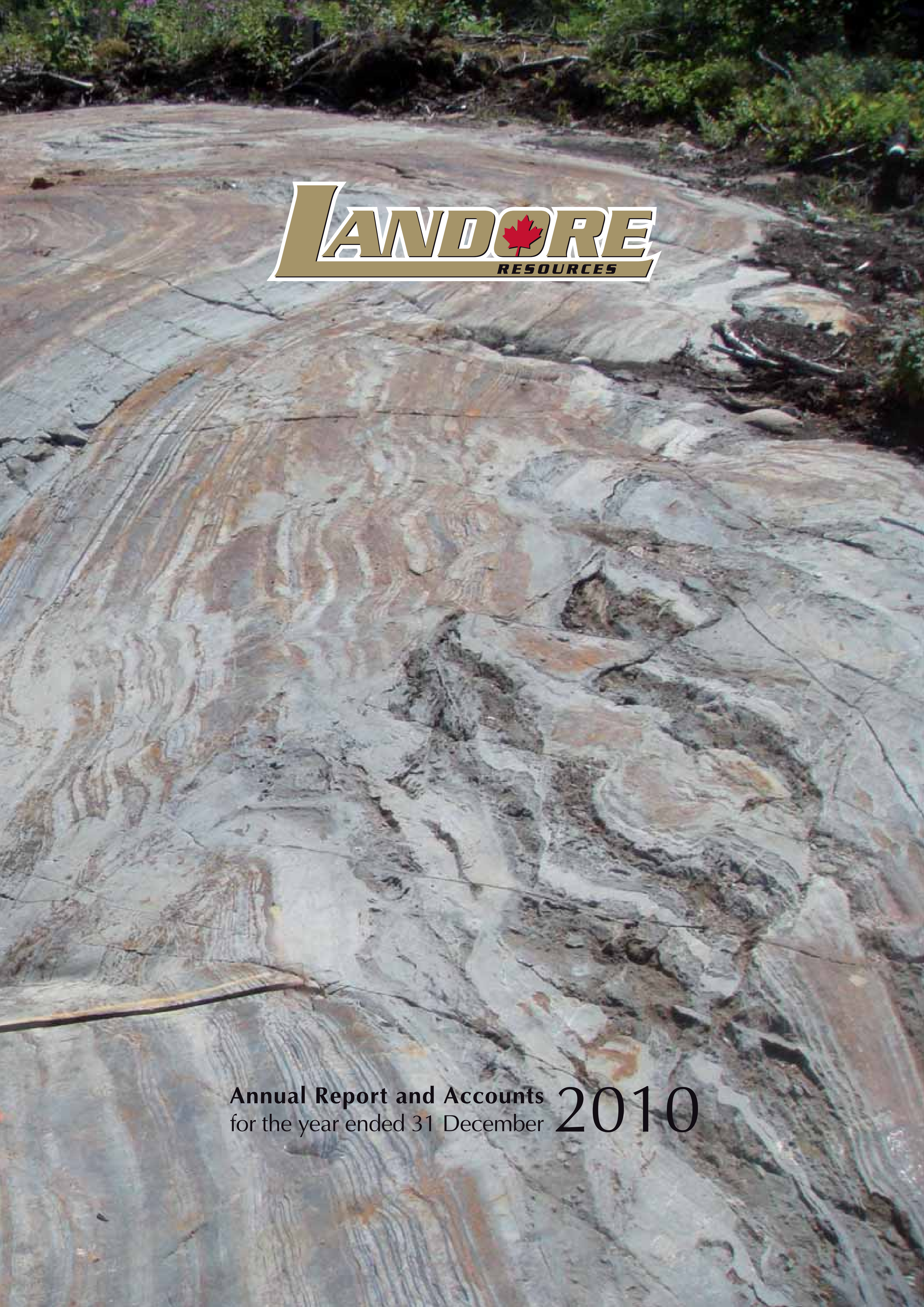

LANDORE RESOURCES

Annual Report and Accounts
for the year ended 31 December 2010

Contents

Company information

Directors	William Humphries	*(Chairman)*
	Richard Prickett	*(Chief Executive Officer and Finance Director)*
	Charles Wilkinson	*(Non-Executive Director)*
	Helen Green	*(Non-Executive Director)*

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Chairman's statement

I am pleased to present the 2010 Annual Report for Landore Resources Limited "The Group".

The Group made excellent progress in the development of the Junior Lake iron and nickel projects during 2010. Full details of these projects are set out in the Operations report which follows.

Financial results

In the year ended 31 December 2010, the Group incurred a loss of £3,773,758 (2009: £3,801,114). This was in line with expectations and the direct exploration expenditure in the period was £2,653,910.

This expenditure has been largely funded with share placements in 2010 which raised approximately £3.84 million.

The Group has no debt but will need to raise further equity to carry out its development programmes as outlined.

The Junior Lake Property

The property is situated 235 kilometres north-northeast of Thunder Bay in the province of Ontario and is highly prospective for numerous metals including; iron ore, nickel, copper, PGEs, gold, and lithium.

Lamaune Iron deposit: Independent studies have confirmed that the Lamaune Iron deposit has a potential size of a minimum half a billion tonnes of iron ore. These encouraging results together with positive metallurgical studies show that the Lamaune Iron deposit has the potential to be economically viable.

In October 2010, Landore Resources Canada Inc (Landore) completed its marketing and transportation study for Lamaune Iron and concluded that a potential market exists for iron pellets or iron nuggets in North America and that transportation of product to these markets, especially in southern Ontario, would be by direct rail.

In addition, Landore has recently staked a large area 25 kilometres to the east-northeast of the Lamaune Iron deposit. The new area, contiguous with the greater Junior Lake property, is host to a significant historic iron deposit, which, once developed, could substantially augment the existing Lamaune Iron deposit.

The Lamaune Iron deposit has significant potential value and will require independent management and funding. We are currently investigating the possibility of separating this asset into a new company for the benefit of all shareholders, who will be advised of the details in due course.

Lamaune Gold prospect: Independent studies have confirmed that the Lamaune Gold prospect has a potential size of a minimum forty thousand ounces of gold with metallurgical studies showing that the gold mineralisation is amenable to low cost heap leach processing and gravity separation. Due to the proximity of the Lamaune Gold prospect to the Lamaune Iron deposit, both deposits could be developed simultaneously with economic savings.

Chairman's statement continued

Junior Lake Nickel deposits: The combined resource of the VW and B4-7 Nickel deposits, delineated on the Junior Lake property to date, is in excess of forty eight thousand tonnes of nickel equivalent. We believe that the above tonnage needs to be 20 per cent. to 30 per cent. greater to make the project economically viable.

Accordingly, during 2010/11 Landore has focused its exploration effort towards the discovery of additional nickel mineralisation in the vicinity of the two main deposits.

Results from exploration drilling on the VW western extension zone, the B4-8 zone and the Swole Lake area, located just 5 kilometres to the north of the B4-7 deposit, are highly encouraging and are being followed up with further drilling at the time of this report.

Infrastructure: This multi-commodity asset benefits from pre-existing infrastructure. Access by good roads all year is a considerable advantage, as is the Canadian National Railway which runs within 13 kilometres of the property. This could provide economic transportation to the port facilities at Thunder Bay, as well as provide access to potential markets elsewhere in North America. In addition, there is plentiful water and also the potential to link into the planned hydropower by 2015.

We will continue with the exploration and development of the Junior Lake projects throughout the rest of this year and regular updates will be released to shareholders.

Landore continues to maintain excellent relationships with the Whitesand and AZA First Nations on whose traditional land our Junior Lake property is located. We have now enjoyed six years of successful co-operation under our joint Memorandum of Understanding.

I would once again like to thank the executive team and all of the staff at Thunder Bay and on site for their excellent performance this year.

William Humphries
Chairman

11 May 2011

Operations report

Landore Properties – Eastern Canada

Introduction

Landore Resources Limited, through its 100 per cent. owned subsidiary Landore Resources Canada Inc. (Landore), is actively engaged in mineral exploration in Eastern Canada. Landore owns or has the mineral rights to six properties in Eastern Canada, owned 100 per cent., of which Mount Fronsac is optioned to a third party. Landore also owns a 30 per cent. interest in the West Graham property currently being advanced by First Nickel Inc.

Landore through its 100 per cent. owned subsidiary Brancote US, owns or has the mineral rights to eight properties for 99 claims in the State of Nevada.

Landore's exploration focus is on the highly prospective Junior Lake property, Ontario.

Operations report continued

JUNIOR LAKE PROPERTY

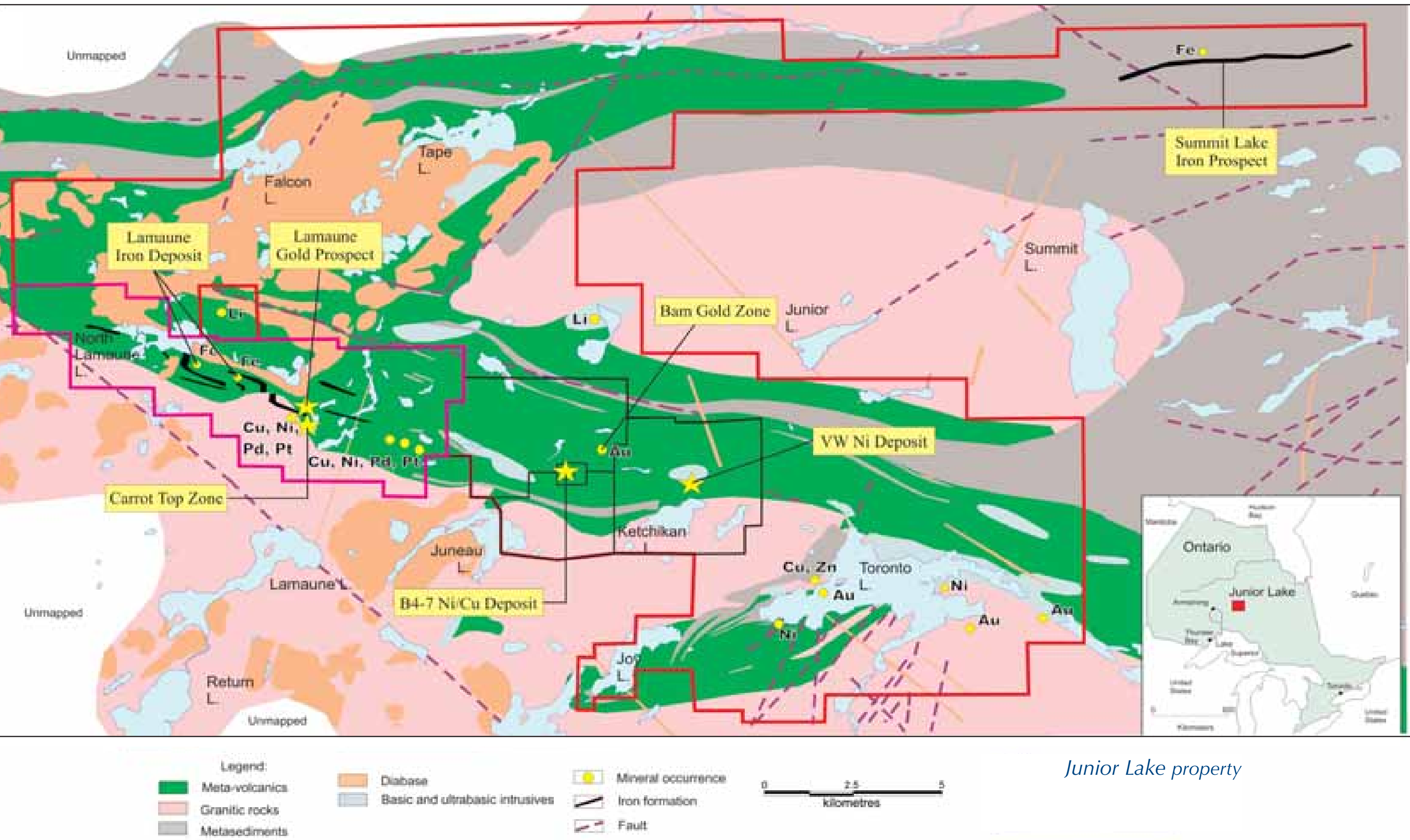
The Junior Lake property, 100 per cent. owned by Landore, is located in the province of Ontario, Canada, approximately 235 kilometres north-northeast of Thunder Bay and is host to; the Lamaune Iron deposit, the Lamaune Gold prospect, the VW Nickel deposit, the B4-7 Nickel-Copper deposit, and numerous other highly prospective mineral occurrences.

Land acquisition

Landore has staked an additional 17 mining claim blocks, for 3,383 hectares, to the east-northeast of the Lamaune area. The new area, north of Summit Lake and contiguous with the greater Junior Lake property, is host to a historic iron deposit delineated by a total of 15 drill holes for 1,738 metres.

Landore intends to conduct a helicopter-borne high resolution 'Impulse' geophysical survey over the Summit Lake anomaly and other potential areas in close proximity, after which three to four drill fences will be drilled along the anomaly to provide an estimate of the potential size and quality. This work is scheduled for completion in Q3 2011.

With the above acquisition, the Junior Lake property now extends for over 38 kilometres and covers an area of 35,699 hectares.



Junior Lake property

Operations report continued

Infrastructure

The city of Thunder Bay is located on the northern shore of Lake Superior and is the main supply hub for the mining centres of northern Ontario including Red Lake, Pickle Lake, and the Musselwhite gold mine. It has extensive port facilities and an airport providing daily flights to major provincial cities, as well as a rail line that provides access to both eastern and western North American markets.

Access to Junior Lake from Thunder Bay is via a sealed highway for 235 kilometres to the town of Armstrong and then via a well maintained forest products unsealed road for 100 kilometres that runs to the property.

The Canadian National Railway runs parallel to the Junior Lake property 13 kilometres to the south providing direct transport access to both the nickel smelting centre of Sudbury and the port facilities at Thunder Bay. In addition, Junior Lake has abundant water resources nearby and is just 10 kilometres from the planned hydro-electric power station on the Little Jackfish River with the connecting and main transmission lines passing through the property.

Lamaune Iron deposit

In October 2008, Landore reported that exploration including geophysical surveys, trenching and drilling, had identified the presence of a large magnetite iron deposit at the western end of the Junior Lake property.

Further exploration works during 2009, including a helicopter-borne high resolution 'Impulse' geophysical survey over 12 kilometres of potential strike, together with additional drilling and trenching, indicated that the deposit could be of economic significance. Accordingly, Landore initiated independent studies to provide an estimate of the potential size and quality of the Lamaune Iron deposit.

Potential size

In February 2010, an independent study was completed for Landore in order to determine the size of the exploration target of its Lamaune Iron prospect. The study was completed using advanced geophysical modelling of the high resolution, high quality geophysical data set acquired in 2009, measurements of core sample magnetism, field work and assay results. This work has identified an exploration target of:

To 400 metres depth:

Cut-off percentage	Cumulative tonnes	Average grade Fe percentage
15	635,313,686	25.7
20	371,435,320	31.9
25	254,519,350	36.6
30	245,519,350	36.6

The potential quantity and grade expressed above is conceptual in nature and in order to define a mineral resource further drilling is required.

Operations report continued

Test work

A test work programme has been carried out to determine the physical and chemical characteristics of the magnetite ore samples supplied from the central zone of the ore body. Ten composite samples, selected from drill holes spaced along the central 3.5 kilometre zone, were submitted for 'Davis Tube Recovery' (DTR) tests. The test determines the recovery and grade of the magnetic product that can be obtained through grinding and magnetic separation only.

The average grade of the submitted composite samples was 32.19 per cent. Fe. The average grade of the DTR tests results was 65.5 per cent. Fe with a weight to concentrate averaging 25.2 per cent.

Preliminary flotation tests have indicated success at reducing silica in the concentrate to acceptable levels and improving iron recoveries. The magnetic separation/flotation circuit is common in the iron mines of Minnesota and Northern Michigan. The flotation tests show that a 68 per cent. Fe, 4.5 per cent. SiO_2, 0.3 per cent. S grade concentrate, at a 72 per cent. product weight recovery and 83 per cent. Fe yield could be achieved.

An estimated feed tonnage of 11.6 Mtpa would be required to produce 2.5 Mtpa of iron pellets. Further flotation test work will be required to optimise this circuit but the initial test work yielded positive results and it is expected that a combined sulphur and silica flotation circuit will produce the final product grade at acceptable yields.

The iron formation outcrops at surface along the central 3.5 kilometre zone providing for a low stripping ratio of ore to waste with associated low mining costs.

Lamaune Iron deposit

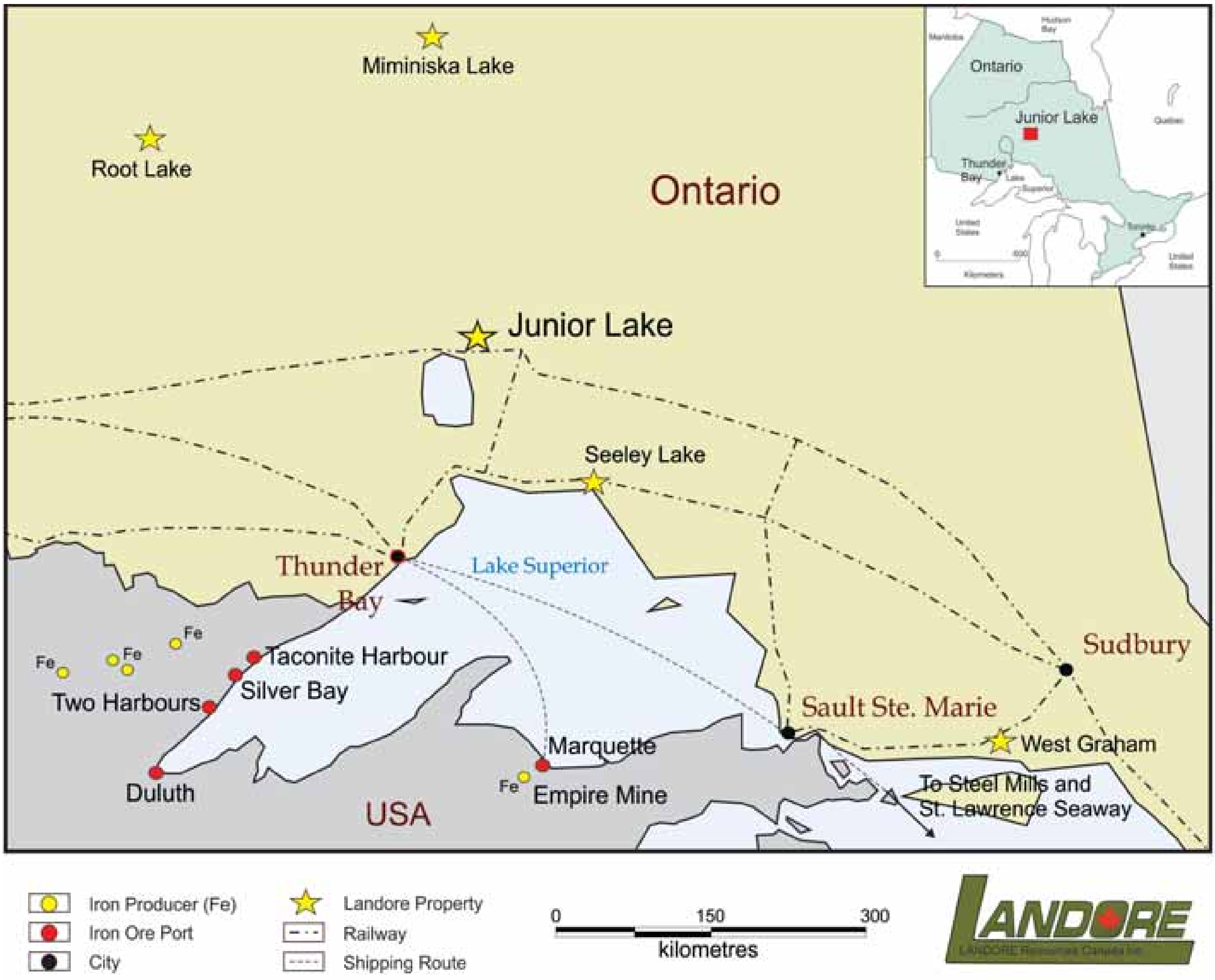
Operations report continued

Marketing and transportation study

In October 2010, Landore completed its marketing and transportation study for Lamaune Iron and concluded that a potential market exists for iron pellets or iron nuggets in North America and that transportation of product to these markets, especially in southern Ontario, would be by direct rail.

The market for the Lamaune Iron pellets are the 23 integrated steel mills in North America with a combined capacity of 69 million tons of annual steel production. These steel mills are predominantly located around the Great Lakes and managed by six corporations.

The encouraging results from exploration works, marketing and transportation study, and independent studies completed to date show that the Lamaune Iron deposit has the potential to be economically viable.



Lake Superior rail network

Operations report continued

Planned

Landore intends to carry out a 30,000 metre in-fill drilling campaign on the 4.5 kilometre central section of the Lamaune Iron deposit to advance that section to a resource compliant with Canadian National Instrument 43-101 (NI 43-101), after which independent engineers will be engaged to commence actively marketing Lamaune Iron.

In addition, a geophysical survey (helicopter airborne 'Aerotem') over the newly acquired Summit Lake Iron deposit will be completed during Q3 2011.

Lamaune Gold prospect

In late 2008, a gold discovery was made on the Junior Lake property in the vicinity of the Lamaune Iron deposit.

A drill campaign, consisting of 75 drill holes for a total of 11,644 metres, was completed on Lamaune Gold in 2009/2010. Drilling intersected narrow vein high grade gold and wide zones of lower grade mineralisation.

The southern broad zone of gold mineralisation, frequently outcropping at surface, has so far been intersected over 500 metres of strike extent and has been drilled to a depth of 200 metres. The zone remains open at depth and to the east along strike.

Potential size

In Q3 2010, an independent geological consultant was contracted by Landore to review and prepare a three-dimensional model and conceptual mineral resource inventory for the Lamaune Gold prospect, based on the drilling data to date. This conceptual model defined an initial exploration target of 1,350,000 to 1,650,000 tonnes of mineralised material containing between forty to fifty thousand ounces of gold (oz-Au) at a cut-off grade of 0.3 grams per tonne (g/t).

The conceptual mineral resource inventory indicates that the Lamaune Gold prospect is a viable exploration target. Its proximity to the Lamaune Iron deposit has the distinct advantage that almost every drill hole intersects both deposits with resultant economic savings. Should they be advanced to development stage these savings will continue with the mining of both deposits simultaneously.

Landore has completed preliminary metallurgical testing of representative samples from the Lamaune Gold prospect which indicates that gold recovery from pulp material (-0.075mm) is 94.4 per cent. Petrographic analysis shows the gold to be "free gold" in the matrix of garnetiferous amphibolite. Metallurgical testing to date indicates the amenability of the low grade gold mineralisation to heap leaching and the high grade to gravity separation. Both are simple and low capital cost extraction methods and could be advanced to production in a relatively short time period.

Operations report continued

Planned

Landore intends to carry out extension drilling on the Lamaune Gold prospect, in conjunction with infill drilling on the Lamaune Iron deposit, commencing in Q4 2011.

Junior Lake Nickel deposits

Landore is exploring the VW and B4-7 deposits with the ultimate aim of developing their reserves in parallel, subject to favourable mining economic studies.

VW Nickel deposit

The VW Nickel deposit (VW deposit), discovered by Landore in late 2005, is located at Ketchikan Lake in the central part of the Junior Lake property and is Landore's most advanced project. From 2005 to 2010, Landore has drilled 142 diamond NQ size holes for 35,339 metres on the VW deposit.

VW Nickel deposit – Katrina zone

Operations report continued

In October 2009, a technical report on the resource estimate upgrade on the VW deposit was completed. The report is compliant to NI 43-101.

The resource estimate, using a Cut-off grade of 0.25 per cent. nickel reported:

- Indicated – 3.73 million tonnes at 0.49 per cent. Nickel Equivalent (NiEq).
- Inferred – 0.72 million tonnes at 0.49 per cent. NiEq.

For a contained **21,760** tonnes NiEq.

84 per cent. of the resource is in the Indicated category. The resource remains open to the east and to the west as well as down dip.

Metallurgical studies completed in 2008 indicate the nickel concentrate grades and recoveries ranging from 14 per cent. Ni at 74 per cent. recovery to 10 per cent. Ni at 80 per cent. recovery are a reasonable representation of the expected plant recovery.

The VW deposit outcrops at surface with the upper 150 metres of the deposit being amenable to lower cost open pit mining. Below 150 metres, the grade improves sufficiently on the main Katrina zone for underground mining.

B4-7 Nickel - Copper - Cobalt - PGEs deposit

The B4-7 Nickel - Copper - Cobalt - PGEs deposit (B4-7 deposit), discovered by International Mogul Inc. in 1969, is located approximately 3 kilometres to the northwest of the VW deposit and is Landore's second most advanced deposit. From 2003 to 2009, Landore has drilled 89 diamond NQ size holes for 19,794 metres on the B4-7 deposit.

The B4-7 deposit, so far delineated over 650 metres of strike, remains open to the east and west along and down plunge to the northwest. A previously completed airborne electromagnetic survey suggests the conductive horizon hosting the B4-7 deposit persists for an additional 500 metres to the west.

In February 2010, a technical report on the resource estimate upgrade on the B4-7 deposit was completed. The report is compliant to NI 43-101.

The resource estimate, using a Cut-off grade of 0.25 per cent. nickel reported:

- Indicated – 2.00 million tonnes at 1.06 per cent. Nickel Equivalent (NiEq).
- Inferred – 0.61 million tonnes at 0.87 per cent. NiEq.

For a contained **26,521** tonnes NiEq.

80 per cent. of the resource is in the Indicated category. The resource remains open to the east and to the west as well as down dip.

Operations report continued

Preliminary metallurgical studies completed in 2010 indicate the nickel concentrate grades and recoveries of 13.5 per cent. Ni at 53 per cent. recovery with 17 per cent. Cu at 87 per cent. recovery is achievable. Marketable concentrate can be achieved with further processing stages to upgrade the nickel, copper and PGM content with the rejection of pyrrhotite.

The B4-7 deposit also outcrops at surface with the upper 150 metres of the deposit being amenable to lower cost open pit mining. Below 150 metres, the grade improves sufficiently for underground mining.

As a result of the above resource estimates, the combined resources of the VW and B4-7 deposits now stand at **48,281** tonnes of NiEq, 82 per cent. of which is in the Indicated category.

Exploration

Preliminary economic assessment work on the Junior Lake VW and B4-7 Nickel deposits indicate that additional tonnage of NiEq would be required to justify the construction of a stand-alone processing plant.

Accordingly, an extensive exploration programme was conducted during the summer of 2010 and the winter of 2010/11 to delineate potential extensions of the VW and B4-7 nickel deposits, to follow up on previously discovered zones of interest for gold and base metal mineralisation, as well as to identify prospective areas for nickel, lithium, and gold in other areas on the Junior Lake property. Exploration activities included field reconnaissance, geological mapping, trenching and sampling, as well as drilling.

VW-B4-7 trend

An exploration diamond drilling campaign consisting of 17 drill holes, for 3,663 metres, commenced in Q4 2010 to investigate the nickel potential west of the VW deposit to the B4-7 deposit. Drilling focused on an east-west trending geophysical anomaly extending between the two deposits, potentially related to the nickel-bearing geophysical anomalies of the VW and B4-7.

Drilling to-date has revealed several anomalous nickel intersections, including 3 metres at 0.23 per cent. Ni from drill hole 0411-294, and 2.5 metres at 0.39 per cent. Ni from drill hole 0411-288. Anomalous gold values were intersected as well, including 1.25 metres at 1.37 g/t gold from drill hole 0410-285, and 1.5 metres at 0.65 per cent. Cu and 0.22 g/t gold from drill-hole 0411-292. Further follow up drilling is warranted.

Operations report continued

Drilling on the B4-8

B4-8 zone

An exploration drilling campaign consisting of six diamond drill holes, for 1,347 metres, was carried out during Q1 2011 on the B4-8 geophysical conductor, in the vicinity and west of the B4-7 Nickel-Copper deposit. Highlights include 1 metre at 0.19 per cent. Ni, 0.52 per cent. Cu and 0.54 per cent. Zn from 0411-298, as well as **5.58 metres at 0.59 per cent. Ni and 0.29 per cent. Cu from 0411-301**. Assay results for the remaining drill holes are pending. Preliminary findings are very prospective.

Swole Lake prospect

Historical work, together with mapping and sampling conducted by Landore in 2009 and 2010, identified the potential for lithium-bearing pegmatite and economic grades of nickel in the Swole Lake area, 4.8 kilometres north of the B4-7 Nickel-Copper deposit.

An exploration drilling campaign consisting of 10 drill holes, for 1,441 metres, was conducted during Q1 2011 to test for lithium-bearing pegmatite and nickel mineralisation hosted in adjacent mafic-ultramafic rocks. Assay results are pending.

Operations report continued

Swole Lake Pegmatite intercept

Grassy Pond zone

An exploration campaign consisting of field reconnaissance, trenching and sampling was conducted during Q3 2010. Encouraging results from these activities prompted a drill campaign of 19 drill holes, for 2,765 metres, conducted during Q4 2010. The drilling targeted prospective geophysical conductors in the area. Highlights of the Fall 2010 drilling campaign include 1.5 metres at 0.74g/t Au from 0410-263, 1 metre at 1.56g/t Au from 0410-268, and 5.9 metres at 0.5 per cent. Cu from 0410-271. Further exploration eastward towards the B4-7 Nickel-Copper deposit is warranted.

Carrot Top zone

Six diamond drill holes and one drill hole extension, for 1,101 metres, were drilled on the Carrot Top zone to further investigate the high grade nickel intersected in the 2008 exploration drilling. Multiple narrow (<2 metre) zones of elevated nickel were intersected, including 0.88 metres at 0.47 per cent. Ni from drill-hole 1110-104, and 4.53 metres at 0.22 per cent. Ni and 0.19 per cent. Cu from drill hole 1110-102. In addition, 1.5 metres at 0.42 g/t Au was intersected in drill hole 1110-103. These findings further indicate the potential this area holds for economic mineralisation.

Operations report continued

Toronto Lake area

Field reconnaissance, mapping and sampling were carried out to the east of the VW deposit in the Toronto Lake area. Grab sampling yielded several >1g/t Au values, the most promising of which being 71.69 g/t Au from a grab sample originating from a historical blast pit.

Encouraged by these results, Landore completed a trenching programme over the southern flank of Toronto Lake during Q3 2010. This programme, comprised of 18 trenches, extended over two sub-parallel zones of anomalous gold mineralisation less than 100 metres apart, with the northern zone being traced over a strike length of 600 metres. Several sawn channel samples from the zone graded over 1 g/t Au. Further exploration, including diamond drilling, is warranted to follow up on these encouraging results.

Tape Lake area

A field reconnaissance and sampling programme was conducted in the Tape Lake area, north of the Lamaune Iron and Gold deposits, during Q3 2010. Two granitic pegmatite dykes were located; grab samples taken from one of the pegmatite dykes returned values of 1.22 and 2.37 per cent. Lithium Oxide (Li_2O), respectively. Further exploration work in this area is warranted to follow up on these encouraging Li_2O results.

Planned

Results from the extensive exploration campaign completed during the past year have been highly successful. Drilling will re-commence on the B4-8 zone and the Swole Lake prospect in mid May 2011 to follow up on the encouraging results.

Toronto Lake channel samples

Operations report continued

Environmental Baseline Studies

Golder Associates of Sudbury, Ontario, have continued with the Environmental Baseline Studies programme initiated on the mining leases containing the VW and B4-7 deposits in the winter of 2007.

Water surface monitoring of lakes and drainage tributaries within the vicinity of the deposits have continued on a bi-annual basis during 2010 and 2011. The area of influence has recently been expanded to include lakes and drainage further out from the leases, including the Lamaune Iron area. The environmental and baseline studies are all pre-requisite for permitting requirements for the development of the VW, B4-7 and Lamaune Iron deposits.

Mining leases

A pre-requisite for the development of the VW and the B4-7 deposits is to secure tenure over an area of land sufficiently large to provide for development, mining, processing, infrastructure and buffer zones around the mining areas and for future expansion.

Landore has been granted three mining leases, which include mining and surface rights, over an area encompassing the VW and the B4-7 deposits. The leases cover 23 existing exploration claims (claims) for a total area of 3,676 hectares and have been granted for 21 years renewable for further terms of 21 years.

Within the Mining Leases Landore has the right, subject to provisions of certain Acts and reservations, to:

- Sink shafts, excavations etc., for mining purposes.
- Construct dams, reservoirs, railways etc., as needed.
- Erect buildings, machinery, furnaces, etc. as required and to treat ores.

Landore is currently engaged in the necessary work requirements to bring the Lamaune Iron deposit claims to mining lease status in preparation for future development.

MIMINISKA LAKE - KEEZHIK LAKE PROPERTIES

Miminiska Lake property

Landore's Miminiska Lake property, 100 per cent. owned by Landore, covers an area of 5,494 hectares and is located approximately 130 kilometres to the north of the Junior Lake property and 115 kilometres to the east of the Pickle Lake mining camp in the highly productive and prospective Uchi Belt. Landore completed four drilling campaigns between 2003 and 2005 on the Miminiska gold occurrence with 47 NQ diamond drill holes for 9,349 metres, focusing on two potential shoots within a known 800 metres strike length. Excellent results were received with grades reporting up to 131 g/t gold over 0.5 metres and 40.2 g/t gold over 2.3 metres.

Operations report continued

An independent technical review was completed in 2009 on the Miminiska Lake property which established the presence of two exploration targets:

- Miminiska Lake – 232,000 tonnes at 5.62 g/t gold
- Frond Lake – 271,000 tonnes at 5.10 g/t gold

for a total of 503,000 tonnes at 5.34 g/t for **86,357 ounces of gold**.

Both these exploration targets are open along strike and at depth and have good potential for expansion and upgrading to a mineral resource.

Keezhik Lake property: Landore holds an additional 41 mining claim blocks, for 9,472 hectares, in the highly prospective Keezhik Lake area, located 20 kilometres north of Landore's Miminiska Lake property and 150 kilometres southeast of Goldcorp's Musselwhite Gold mine. The Keezhik Lake area is adjacent to the North-Caribou – Totogan Shear Zone that is also host to Goldcorp's Musselwhite Gold mine, located 150 kilometres to the northwest. The Musselwhite Gold mine has produced in excess of 2.5 million ounces with 2 million ounces of gold in mineral reserve. The new Keezhik Lake claims are also located in the highly productive and prospective Uchi Belt.

No exploration was carried out on the Miminiska Lake and Keezhik Lake properties during this past year.

Planned: Reconnaissance, mapping and sampling are programmed to be carried out at Keezhik Lake during Q3 2011.

ROOT LAKE LITHIUM PROPERTY

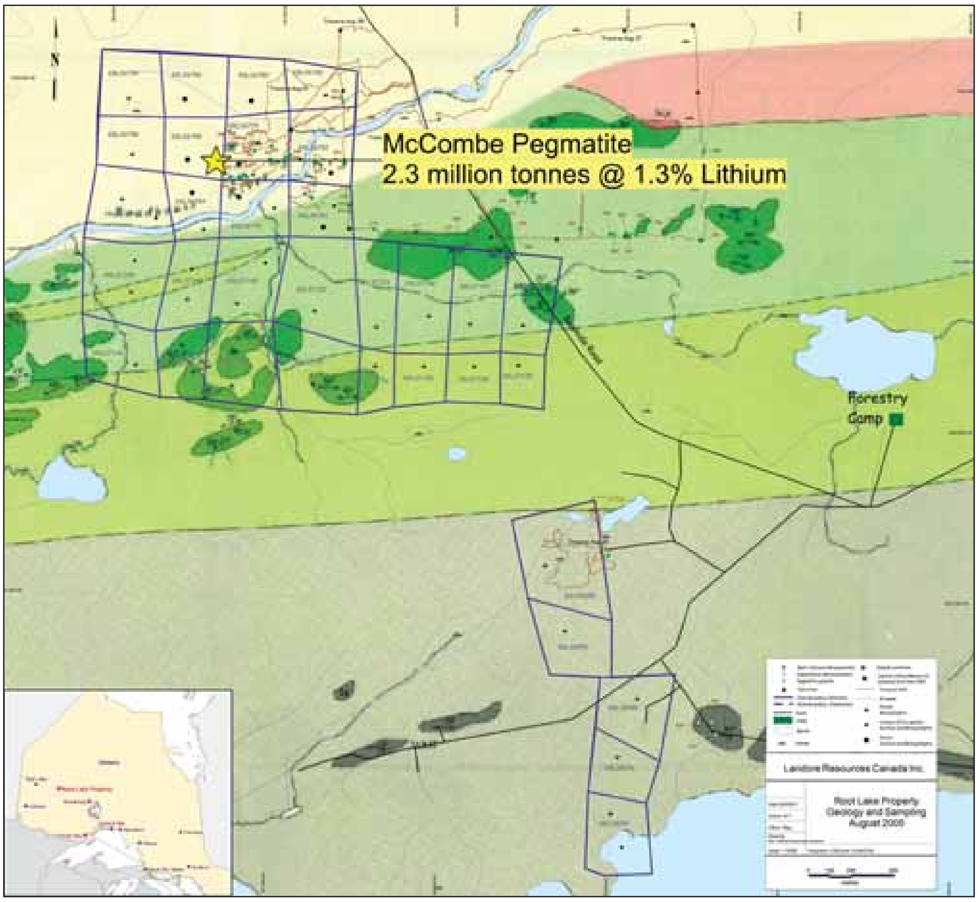
The Root Lake Lithium property, 100 per cent. owned by Landore, is located approximately 300 kilometres northwest of Thunder Bay, and consists of 33 patented claims for a total of 513.43 hectares. It is host to the McCombe Pegmatite, which was initially discovered by Capital Lithium Mines Ltd. in 1956 during an exploration boom for lithium and is one of a number of rare-element pegmatites that occur over a 350 kilometres strike-length of the boundary zone between the Uchi and the English River geological sub-provinces, in the Superior Province of Ontario.

The McCombe Pegmatite, comprising two main spodumene-bearing dykes, has been traced on surface for a strike length of 550 metres with widths up to 19 metres. Capital Lithium Mines Ltd. completed a diamond drilling programme on the Root Lake property in 1956, consisting of 55 drill holes for 10,442 metres, establishing a resource of 2.3 million tonnes grading 1.3 per cent. Lithium Oxide (Li_2O) on the McCombe Pegmatite. (Mulligan1965). *This resource is not compliant to NI 43-101.*

An independent technical review was completed in February 2010 on the Root Lake Lithium property which confirmed the presence of an exploration target of approximate size and grade similar to the historic resource.

Planned: A drilling programme of 2,500 metres has been scheduled to commence in Q3 2011 to increase the confidence level, in-fill and to expand the McCombe exploration target.

Operations report continued



Root Lake Lithium property

LESSARD, COPPER - ZINC - SILVER PROJECT

The Lessard property, located approximately 107 kilometres north of the town of Chibougamau in the province of Quebec, comprises 111 claims for 2,277 hectares. Lessard hosts a copper-zinc-silver deposit with a historic resource reported in a feasibility study in 1975 by Selco Mining Corporation Ltd.

In September 2008, a resource estimate compliant to NI 43-101 was completed on the Lessard deposit. The resource estimate reported 740,000 tonnes at 1.88 per cent. Cu, 3.50 per cent. Zn, 38.62 g/t silver and 0.84 g/t gold using a net smelter return (NSR) value of US$206.52. All of the resource is in the Inferred category. The Lessard deposit remains open down dip. No exploration was carried out on the Lessard property during this past year.

Planned: A field reconnaissance, mapping and sampling campaign is programmed for the Lessard property during Q4 2011.

Operations report continued

WEST GRAHAM/FIRST NICKEL OPTION

The West Graham property consists of one patented lot owned outright by Landore of 130 hectares, located in Northern Ontario, 17 kilometres from Sudbury on the southern rim of the Sudbury Intrusive Complex and contains the historic "Conwest deposit".

First Nickel Inc. entered into an option agreement in November 2005 with Landore to acquire a 70 per cent. interest in the West Graham property which is strategically located immediately to the south of the East Zone of First Nickel's Lockerby Mine. The agreement provides for First Nickel to make cash payments to Landore of C$150,000 and carry out exploration and development expenditures of C$6 million over a four-year period.

First Nickel has drilled and delineated a resource, NI 43-101 compliant, in excess of 84 million pounds of nickel and 58 million pounds of copper on the Conwest deposit, all in the Indicated Resource category.

In 2010, First Nickel earned 70 per cent. of the West Graham property as it successfully concluded Phase One of this agreement. Landore elected not to participate in a joint venture with First Nickel. As such, First Nickel has exercised the Phase Two Option of the agreement and has commenced a Feasibility Study on the property.

OTHER PROPERTIES

Landore has other non-core exploration properties which include grass roots exploration and defined drill targets. Landore is actively seeking joint venture partners for all these projects.

Board of Directors

William Humphries (aged 70) – Chairman

William Humphries has over 35 years' experience in the mining and civil engineering industries. From 1996 to 1998 he was General Manager of Sardinia Gold Mining SpA and from January 1999 to July 2002 he was Managing Director of Brancote Holdings Plc until its merger with Meridian Gold Inc. He has been Managing Director of Patagonia Gold Plc since its inception in November 2000.

Richard Prickett (aged 59) – Chief Executive Officer and Finance Director

Richard Prickett is a chartered accountant and has many years experience in corporate finance. He was Chairman of Brancote Holdings Plc from 1995 until its merger with Meridian Gold Inc in July 2002. He is a Non-Executive Director of Patagonia Gold Plc, The Capital Pub Company Plc, City Natural Resources High Yield Trust Plc and Non-Executive Chairman of The Romania Property Fund Limited and Asian Growth Properties Limited.

Charles Wilkinson (aged 67) – Non-Executive Director

Charles Wilkinson is a solicitor who retired from Lawrence Graham LLP in March 2005. At Lawrence Graham he specialised in corporate finance and commercial law and advised mining companies. He is Chairman of Doric Nimrod Air One Limited and a Non-Executive Director of Premier Energy and Water Trust Plc and Caparo Energy Limited.

Helen Green (aged 48) – Non-Executive Director

Helen Green is a chartered accountant and has been employed by Saffery Champness, a UK top 20 firm of chartered accountants since 1984. She qualified as a chartered accountant in 1988, and became a partner in the London office in 1997. Since 2000 she has been based in the Guernsey office where she is the client liaison director responsible for trust and company administration.

She is a Non-Executive Director of Acorn Income Fund Limited, Tamar European Industrial Fund Limited, Henderson Diversified Income Limited and Advance Frontier Markets Fund Limited.

Directors' report

The Directors submit their report and the audited financial statements of Landore Resources Limited and its subsidiaries for the year ended 31 December 2010.

Principal activity

The Group's principal activity, mainly in Canada, is mineral exploration including the identification, acquisition and development of technically and economically sound mineral projects either alone or with joint venture partners.

Regulation

The Company was registered in Guernsey, Channel Islands on 16 February 2005 under the Companies (Guernsey) Laws 1994 to 1996 (as amended) (the "Old Law") with registered number 42821. The Old Law has now been superseded by the Companies (Guernsey) Law 2008 (the "New Law").

Review of the year

A detailed review of the Group's activities, the development of its business and an indication of likely future developments may be found in the Chairman's statement on pages 3 and 4.

Results and dividends

The loss of the Group for the year, after taxation was £3,773,758 (2009: £3,801,114). The Directors do not recommend payment of a dividend.

Going concern and management plans

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 3 and 4 and the below principal risks and uncertainties. In addition, note 20 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As described in the subsequent events, the Group has raised funding after the year end that strengthens the existing funds. On this basis the Directors have a reasonable expectation that the Company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. If the Company is unable to obtain additional financing as needed, some interest may be relinquished and/or the scope of the operations reduced. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

The Group operates in an uncertain environment that may result in increased risk, costs pressures and schedule delays. The risks that face the Group are common to all of the Group's mining activities. The following are some of the key risks that face the Group:

Directors' report continued

Exploration and development risk

There is no assurance that the Group's exploration activities will be successful, and statistically few properties that are explored are ultimately developed into producing mines. Accordingly, the Group is i) seeking to balance this risk by building a portfolio of projects and prospects that carry a range of differing technical and commercial risks, and ii) keeping under careful review the amount invested in any one project.

The Group's operations may also be curtailed, delayed or cancelled as a result of economic, environmental and political conditions in the area of operation.

Competition

There is strong competition within the mining industry for the identification and acquisition of suitable properties. The Group competes with other exploration and production companies, some of which have greater financial resources than the Group, for the acquisition of properties, leases and other interests as well as for the recruitment and retention of skilled personnel. The challenge to management is to secure transactions without having to over-pay.

Fiscal regimes

Canadian fiscal policies are complex, and it is therefore difficult to distinguish whether a future tax payment is possible or probable. Where a future tax payment is considered to be possible but not probable, no provision has been made in the accounts.

Financing

The development of the Group's properties will depend upon the Group's ability to obtain financing primarily through the raising of new equity capital, but also by means of joint-venture of projects, debt financing, or other means. There is no assurance that the Group will be successful in obtaining the required financing but it should be noted that the Company successfully raised funds after the year end, as described in subsequent events (note 22), to finance working capital and exploration expenditure. If the Company is unable to obtain additional financing as needed, some interests may be relinquished and/or the scope of the operations reduced.

Environmental and other regulatory requirements

Existing and possible future environmental legislation, regulations and actions could cause additional expense, capital expenditures, restrictions and delays in the activities of the Group, the extent of which cannot be predicted. Before exploration and production can commence on any properties, the Group must obtain regulatory approval and there is no assurance that such approvals will be obtained. No assurance can be given that new rules and regulations will not be enacted or existing rules and regulations will not be applied in a manner which could limit or curtail the Group's operations.

Directors' report continued

Development and performance of the business

The information that fulfils the requirements of this part of the business review can be found in the Chairman's statement and the Operations report.

Key Performance Indicators

The legislation requires the Board to lay down relevant Key Performance Indicators (KPIs) which, for a company at Landore's stage of development, are focused on managing the activities inherent in exploration and appraisal operations. The KPIs for the Group are as follows:

Non financial KPIs		Financial KPIs	
Health and safety management	Lost time injury frequency rate Medical treatment injury frequency rate	Shareholder return	Share price performance
Environment management	Strict environmental policies are in place	Exploration expenditure	Funding and development costs measured as per anticipated ounce of metals
Operational success	The number of successful exploration drilling ventures Resources added	Exploration development	Results of scoping and feasibility studies
Human resource management	Employee retention rate		

Exploration costs

The Group continues to devote considerable resources to exploration costs.

Directors

The Directors who have held office since 1 January 2010 are as follows:

Executive

William Humphries *(Chairman)*
Richard Prickett *(Chief Executive Officer and Finance Director)*

Non-Executive

Charles Wilkinson
Helen Green

Directors' report continued

The Directors in office at 31 December 2010 had the following beneficial interest in the shares of the Company:

	Ordinary shares of 1pence each		Options to acquire shares	
	31 December 2010	31 December 2009	31 December 2010	31 December 2009
Executive Directors:				
William Humphries	15,199,000	15,165,000	9,000,000	9,000,000
Richard Prickett	5,732,524	5,732,524	5,000,000	5,000,000
Non-Executive Directors:				
Charles Wilkinson	854,047	854,047	500,000	500,000
Helen Green	127,583	127,583	—	—

Share options

At 31 December 2010 the following share options were outstanding to Directors:

Name	Date granted	Number	Price	Expiry date
William Humphries	5 September 2007	500,000	£0.1500	5 September 2012
William Humphries	22 January 2008	4,500,000	£0.1375	22 January 2013
William Humphries	4 November 2008	3,000,000	£0.1200	4 November 2013
William Humphries	28 October 2009	1,000,000	£0.1400	28 October 2019
Richard Prickett	6 April 2005	2,000,000	£0.0700	30 June 2013
Richard Prickett	19 September 2006	1,000,000	£0.0975	19 September 2011
Richard Prickett	5 September 2007	500,000	£0.1500	19 September 2012
Richard Prickett	4 November 2008	1,500,000	£0.1200	4 November 2013
Charles Wilkinson	6 April 2005	500,000	£0.0700	30 June 2013

Non-Executive Directors

Details in respect of the experience of the Executive and Non-Executive Directors are given on page 21.

Related party transactions

Details regarding transactions with related parties and details of Directors' interests in contracts are given in note 19 to the consolidated financial statements.

Share issues

Details of shares issued in the year are given in Note 12 to the consolidated financial statements.

Subsequent events

On 1 February 2011 the Group issued 11,340,000 new ordinary shares of 1 pence at a price of 15 pence per share.

Directors' report continued

Substantial shareholdings

Apart from the interests of the Directors referred to above, the Company is aware of the following holdings of more than 3 per cent. of the share capital of the Company as at 5 May 2011:

Shareholder name	Ordinary shares of 1 pence each
Lynchwood Nominees Limited	76,918,569
Forest Nominees Limited	18,450,552
Ferlim Nominees Limited	9,077,462
T D Waterhouse Nominees (Europe) Limited	8,600,552
Barclayshare Nominees Limited	7,873,480

Payment policy

The Group applies a policy of agreeing payment terms with each of their main suppliers and the Group aims to abide by these terms, subject to satisfactory performance by suppliers.

Auditors

The Directors review the terms of reference for the auditors and obtain written confirmation that the firm has complied with its ethical guidance on ensuring its independence. Grant Thornton Limited provides audit services to the Company. The level of fees charged is reviewed by the Board to ensure they remain competitive and to ensure no conflicts of interest arise.

A resolution to re-appoint Grant Thornton Limited will be put to the members at the Annual General Meeting.

By Order of the Board

Director of Rysaffe International Services Limited
as Secretary to Landore Resources Limited

11 May 2011

Corporate governance report

Financial aspects of corporate governance

The Group has adopted a framework for corporate governance which it believes is suitable for a company of its size and which aims to ensure it complies with the Principles of Good Governance and Code of Best Practice, ("the Combined Code") prepared by the Committee on Corporate Governance, published in June 2008.

The Board

The Board meets throughout the year and all major decisions are taken by the full Board. The Group's day to day operations are managed by the Executive Directors. All Directors have access to the Company Secretary and any Director needing independent professional advice in the furtherance of his duties may obtain this advice at the expense of the Group.

Corporate Governance Committees

The Board has established two Committees comprising Non-Executive Directors and Executive Directors. The composition of the committees is as follows:

Audit	Remuneration
Charles Wilkinson *(Chairman)*	William Humphries *(Chairman)*
William Humphries	Charles Wilkinson
Helen Green	Helen Green

The Audit Committee

The Audit Committee aims to meet at least twice a year to review the published financial information, the effectiveness of external audit and internal financial controls.

The terms of reference of the Audit Committee are to assist all the Directors in discharging their individual and collective legal responsibilities for ensuring that:

- The Group's financial and accounting systems provide accurate and up-to-date information on its current financial position;
- The Group's published financial statements represent a true and fair reflection of this position; and
- The external audit is conducted in a thorough, efficient and effective manner.

The external auditors are invited to attend the Audit Committee meeting to present their findings and this provides them with a direct line of communication to the Directors.

Corporate governance report continued

Remuneration Committee

The terms of reference of the Remuneration Committee are to:

- recommend to the Board a framework for rewarding senior management, including Executive Directors, bearing in mind the need to attract and retain individuals of the highest calibre and with the appropriate experience to make a significant contribution to the Group; and
- ensure that the elements of the remuneration package are competitive and help in underpinning the performance-driven culture of the Group.

Internal control

The Directors acknowledge their responsibility for the Group's system of internal control, which is designed to ensure adherence to the Group's policies whilst safeguarding the assets of the Group, in addition to ensuring the completeness and accuracy of the accounting records. Responsibility for implementing a system of internal financial control is delegated to the Finance Director. The essential elements of the Group's internal financial control procedures involve:

- *Strategic business planning*

  Detailed financial projections for the current financial year are prepared and subject to formal review at quarterly Board meetings.

- *Performance review*

  The Directors aim to monitor the Group's performance through the preparation of quarterly management accounts and regular reviews of expenditure and projections.

Going concern

The Directors confirm that it is suitable for the financial statements to be drawn up on the going concern basis.

A full explanation of the Directors' reasoning behind this assumption is given on page 22.

Statement of Directors' responsibilities

The Directors are responsible for the preparation of the Directors' report and the financial statements for each financial period which give a true and fair view of the state of affairs of the Company and the Group and of the profit and loss of the Group for that year. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business; and
- state whether applicable accounting policies have been followed, subject to any material departures disclosed and explained in the financial statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the 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.

In accordance with the Companies (Guernsey) Law, 2008 each Director confirms that so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware. The Directors also confirm that they have taken all steps they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent auditor's report

We have audited the consolidated financial statements of Landore Resources Limited for the year ended 31 December 2010 which comprise the Consolidated and Company statement of comprehensive income, the Consolidated and Company statement of financial position, the Consolidated and Company statements of cash flow, the Consolidated and Company statements of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU).

This report is made solely to the Group's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities on page 29 the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit the consolidated financial statements in accordance with applicable legal and regulatory requirements and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the consolidated financial statements.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2010 and of the Group's and the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Independent auditor's report continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where The Companies (Guernsey) Law, 2008 requires us to report to you, if in our opinion:

- the Group has not kept proper accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations, which to the best of our knowledge and belief, are necessary for the purposes of our audit.

Grant Thornton Limited
Chartered Accountants
St Peter Port
Guernsey
Channel Islands

11 May 2011

Consolidated statement of comprehensive loss

for the year ended 31 December 2010

	Notes	Group 31 December 2010 £	Group 31 December 2009 £
Exploration costs	6	(2,653,910)	(2,697,943)
Administrative expenses		(1,124,981)	(1,113,072)
Operating loss		(3,778,891)	(3,811,015)
Finance income	2	5,133	43,727
Loss before income tax		(3,773,758)	(3,767,288)
Income tax expense	5	—	(33,826)
Loss for the financial year	1	(3,773,758)	(3,801,114)
Other comprehensive (loss)/income:			
Exchange difference on translating foreign operations		(29,475)	24,450
Other comprehensive (loss)/income for the year net of tax		(29,475)	24,450
Total comprehensive loss for year		(3,803,233)	(3,776,664)
Loss attributable to:			
Equity holders of the Company		(3,773,758)	(3,801,114)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,803,233)	(3,776,664)
Loss per share for losses attributable to the equity holders of the Company during the year			
– basic	7	(0.017)	(0.021)
– diluted	7	(0.017)	(0.021)

The Group's operating loss relates to continuing operations.

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Company statement of comprehensive income

for the year ended 31 December 2010

	Notes	Company 31 December 2010 £	Company 31 December 2009 £
Administrative expenses		(612,209)	(736,878)
Operating loss		(612,209)	(736,878)
Interest receivable		4,539	11,582
Foreign exchange gain		1,075,915	448,352
Profit/(loss) before income tax		468,245	(276,944)
Income tax expense		—	—
Total comprehensive profit/(loss) for the year	1	468,245	(276,944)

The Company's operating loss relates to continuing operations.

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2010

	Notes	Group At 31 December 2010 £	Group At 31 December 2009 £
Assets			
Non current assets			
Property, plant and equipment	8	119,862	120,370
		119,862	120,370
Current assets			
Trade and other receivables	10	83,390	143,428
Cash and cash equivalents		782,959	792,584
		866,349	936,012
Total assets		986,211	1,056,382
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	2,371,853	1,899,593
Share premium	12	17,951,320	14,691,157
Share options	13	834,958	860,880
Warrants	14	143,659	143,659
Retained earnings	15	(20,688,413)	(16,968,271)
Cumulative translation reserve	16	174,585	204,060
Total equity		787,962	831,078
Liabilities			
Non current liabilities			
Income tax liabilities	11	23,265	28,718
		23,265	28,718
Current liabilities			
Trade and other payables	11	159,474	189,407
Income tax liabilities	11	15,510	7,179
		174,984	196,586
Total liabilities		198,249	225,304
Total equity and liabilities		986,211	1,056,382

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 11 May 2011.

William Humphries
Director

Richard Prickett
Director

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Company statement of financial position

at 31 December 2010

	Notes	Company At 31 December 2010 £	Company At 31 December 2009 £
Assets			
Non current assets			
Investment in subsidiaries	9	94,889	94,889
		94,889	94,889
Current assets			
Trade and other receivables	10	15,367,382	11,105,539
Cash and cash equivalents		724,211	764,854
		16,091,593	11,870,393
Total assets		16,186,482	11,965,282
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	2,371,853	1,899,593
Share premium	12	17,951,320	14,691,157
Share options	13	834,958	860,880
Warrants	14	143,659	143,659
Retained earnings	15	(5,147,088)	(5,668,949)
Total equity		16,154,702	11,926,340
Liabilities			
Current liabilities			
Trade payables	11	31,780	38,942
Total liabilities		31,780	38,942
Total equity and liabilities		16,186,482	11,965,282

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2010

	Share capital £	Share premium £	Share options £	Warrants £	Retained earnings £	Cumulative translation reserve £	Total £
Balance at 1 January 2009	1,811,993	13,619,932	790,306	143,659	(13,198,047)	179,610	3,347,453
Loss for the financial year	—	—	—	—	(3,801,114)	—	(3,801,114)
Other comprehensive gains in the year	—	—	—	—	—	24,450	24,450
Issue of ordinary share capital	87,600	1,071,225	—	—	—	—	1,158,825
Share option adjustment	—	—	70,574	—	30,890	—	101,464
Balance at 31 December 2009	1,899,593	14,691,157	860,880	143,659	(16,968,271)	204,060	831,078
Balance at 1 January 2010	1,899,593	14,691,157	860,880	143,659	(16,968,271)	204,060	831,078
Loss for the financial year	—	—	—	—	(3,773,758)	—	(3,773,758)
Other comprehensive loss in the year	—	—	—	—	—	(29,475)	(29,475)
Issue of ordinary share capital (Note 12)	472,260	3,370,375	—	—	—	—	3,842,635
Issue cost (Note 12)	—	(110,212)	—	—	—	—	(110,212)
Share option adjustment (Note 13)	—	—	(25,922)	—	53,616	—	27,694
Balance at 31 December 2010	2,371,853	17,951,320	834,958	143,659	(20,688,413)	174,585	787,962

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2010

	Share capital £	Share premium £	Share options £	Warrants £	Retained earnings £	Total £
Balance at 1 January 2009	1,811,993	13,619,932	790,306	143,659	(5,422,895)	10,942,995
Loss for the financial year	—	—	—	—	(276,944)	(276,944)
Issue of ordinary share capital	87,600	1,071,225	—	—	—	1,158,825
Share option adjustment	—	—	70,574	—	30,890	101,464
	1,899,593	14,691,157	860,880	143,659	(5,668,949)	11,926,340
Balance at 1 January 2010	1,899,593	14,691,157	860,880	143,659	(5,668,949)	11,926,340
Profit for the year	—	—	—	—	468,245	468,245
Issue of ordinary share capital (Note 12)	472,260	3,370,375	—	—	—	3,842,635
Issue cost (Note 12)	—	(110,212)	—	—	—	(110,212)
Share option adjustment (Note 13)	—	—	(25,922)	—	53,616	27,694
Balance at 31 December 2010	2,371,853	17,951,320	834,958	143,659	(5,147,088)	16,154,702

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2010

	Notes	Group 31 December 2010 £	Group 31 December 2009 £
Cash flows from operating activities			
Operating loss		(3,778,891)	(3,811,015)
Finance income	2	5,133	43,727
Depreciation of tangible fixed assets	8	34,966	28,960
Foreign exchange gain on non-cash items		(32,248)	(486)
Decrease in debtors		60,038	380,119
(Decrease)/increase in creditors		(27,055)	31,829
Net cash outflow from operating activities		(3,738,057)	(3,326,866)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(25,109)	(43,377)
		(25,109)	(43,377)
Cash flows from financing activities			
Issue of ordinary share capital	12	3,842,635	1,158,825
Issue costs	12	(110,212)	—
Share options	13	27,694	101,465
		3,732,423	1,158,825
Net decrease in cash and cash equivalents		(3,049)	(2,109,955)
Cash and cash equivalents at beginning of financial year		792,584	2,882,284
Exchange (loss)/gain on cash and cash equivalents		(6,576)	20,225
Cash and cash equivalents at end of financial year		782,959	792,584

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Company statement of cash flows

for the year ended 31 December 2010

	Notes	Company 31 December 2010 £	Company 31 December 2009 £
Cash flows from operating activities			
Operating loss		(612,209)	(736,878)
Finance income		4,539	11,582
Foreign exchange gain on non cash items		1,075,915	448,352
Increase in debtors		(4,261,843)	(3,075,272)
(Decrease)/increase in creditors		(7,162)	6,259
Net cash outflow from operating activities		(3,800,760)	(3,345,957)
Cash flows from financing activities			
Issue of ordinary share capital	12	3,842,635	1,158,825
Issue costs	12	(110,212)	—
Share options	13	27,694	101,464
		3,760,117	1,260,289
Net decrease in cash and cash equivalents		(40,643)	(2,085,668)
Cash and cash equivalents at beginning of financial year		764,854	2,850,522
Cash and cash equivalents at end of financial year		724,211	764,854

The accounting policies and notes on pages 40 to 59 form part of these financial statements.

Accounting policies

Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), which comprise standards and interpretations approved by the International Accounting Standards Board ("IASB"), the International Financial Reporting Interpretations Committee ("IFRIC"), the International Accounting Standards and Standards Interpretations Committee Interpretations approved by the International Accounting Standards Committee ("IASC") that remain in effect and to the extent that they have been adopted by the European Union.

Applicable new standards and interpretations effective in the year

The Company has adopted the following new and amended IFRSs during the year:

- IAS 7 (amendments as part of improvements to IFRSs issued in 2009), 'Statement of Cash Flows', effective for annual periods beginning on or after 1 January 2010. The amendments to IAS 7 specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. The effect of the amendment has not resulted in a material adjustment to the financial statements.

- IFRS 2 (amendments as part of improvements to IFRSs issued in 2009), 'Share-based Payment', effective for annual periods beginning on or after 1 January 2010. The amendments clarify the scope of IFRS 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award. The effect of the amendment has not resulted in a material adjustment to the financial statements.

- IFRS 3 (amendments as part of improvements to IFRSs issued in May 2010), 'Business Combinations', effective for annual periods beginning on or after 1 July 2010. The effect of the amendment has not resulted in a material adjustment to the financial statements.

- IAS 27 (amendments as part of improvements to IFRSs issued in May 2010), 'Consolidated and Separate Financial Statements', effective for annual periods beginning on or after 1 July 2010. The amendments to IAS 27 relate to a Group's accounting policies regarding changes in ownership interests in its subsidiaries that do not result in loss of control. The effect of the amendment has not resulted in a material adjustment to the financial statements.

Applicable new standards and interpretations effective in the year but not relevant to the Group

- IFRS 1 (amendments as part of improvements to IFRSs issued in 2009), 'First-time Adoption of International Financial Reporting Standards – Additional Exemptions for First-time Adopters', effective for annual periods beginning on or after 1 January 2010.

Accounting policies continued

- IFRS 5 (amendments as part of improvements to IFRSs issued in 2009), 'Non-current Assets Held for Sale and Discontinued Operations', effective for annual periods beginning on or after 1 January 2010. The amendments clarify that all the assets and liabilities of a subsidiary should be classified as held for sale when the Group is committed to a sale plan involving loss of control of that subsidiary, regardless of whether the Group will retain a non-controlling interest in the subsidiary after the sale.
- IAS 32 (amendments as part of improvements to IFRSs issued in 2009), 'Classification of Rights Issues', effective for annual periods beginning on or after 1 February 2010. The classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability.
- IAS 39 (amendments as part of improvements to IFRSs issued in 2009), 'Financial Instruments: Recognition and Measurement', effective for annual periods beginning on or after 1 January 2010. The amendments provide clarification on two aspects of hedge accounting: identifying inflation as a hedged risk or portion, and hedging with options.

Applicable new standards and interpretations not yet effective

The following new Standards, that are relevant to the Company, have been issued but are not effective for the year ending 31 December 2010 and have not been early adopted:

- IAS 1 (amendments as part of improvements to IFRSs issued in 2010), 'Presentation of Financial Statements', effective for annual periods beginning on or after 1 January 2011. The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
- IFRS 7 (amendments as part of improvements to IFRSs issued in 2010), 'Financial Instruments: Disclosures', effective for annual periods beginning on or after 1 January 2011. The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
- IAS 24 (amendments as part of improvements to IFRSs issued in 2009), 'Related Party Disclosure', effective for annual periods beginning on or after 1 January 2011. The amendments to IAS 24 modify the definition of a related party and simplifies disclosures for government-related entities.
- IFRS 9 (amendments as part of improvements to IFRSs issued in 2010),' Financial Instruments: Recognition and Measurement', effective for annual periods beginning on or after 1 January 2013. The amendments introduce new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition.
- IFRIC 14, 'Amendment to IFRIC 14: Prepayments of a Minimum Funding Requirement' (effective 1 January 2011).
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'.

The effect of the new standards and interpretations are not expected to result in a material adjustment to the consolidated financial statements.

Accounting policies continued

Basis of accounting

The financial statements have been prepared on the historical cost basis. The functional currency for the Group is considered to be GBP Sterling. The principal accounting policies adopted are set out below.

As described in the subsequent events, the Group has raised funding of approximately £1.7m after the year end that strengthens the Company's existing funds and balance sheet thus providing a basis to meet the Group's working capital requirements for the foreseeable future. On this basis the Directors have a reasonable expectation that the Company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Landore Resources Limited is domiciled in Guernsey. Its registered office is shown on page 2.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2010. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

On acquisition, the assets and liabilities and contingent liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill. Any deficiency of the cost of acquisition below the fair values of the identifiable net assets acquired (i.e. discount on acquisition) is credited to the income statement in the period of acquisition.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Goodwill

Goodwill arising on consolidation represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition.

Goodwill is recognised as an asset and reviewed for impairment at least annually. Any impairment is recognised immediately in the income statement and is not subsequently reversed. Management review for impairment at each reporting date.

On disposal of a subsidiary, associate or jointly controlled entity, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Accounting policies continued

Deferred exploration expenditure

When the Group has incurred expenditure on mining properties that have not reached the stage of commercial production, the costs of acquiring the rights to such properties, and related exploration and development costs, are deferred where the expected recovery of costs is considered probable by the successful exploitation or sale of the asset. Full provision is made in respect of deferred costs on properties in the case that insufficient exploration has taken place to ascertain future recoverability. Where mining properties are abandoned, the deferred expenditure is written off in full.

Foreign currencies

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in GBP Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Transactions in currencies other than GBP Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the statement of financial position date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Gains and losses arising on retranslation are included in the statement of comprehensive income for the period, except for exchange differences arising on non-monetary assets and liabilities where the changes in fair value are recognised directly in equity.

On consolidation, the assets and liabilities of the Group's overseas operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Profit/loss from operations

Loss from operations is stated before investment income and finance costs.

Interest income

Interest income is recognised as the interest accrues and is credited to the statement of comprehensive income in the period to which it relates.

Accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost less provision for depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost of each asset less its estimated residual value evenly over its estimated useful life, as follows:

Computer hardware	–	30 per cent. declining balance
Office equipment	–	20 per cent. declining balance
Automotive equipment	–	30 per cent. declining balance
Machinery and equipment	–	20 per cent. declining balance
Leasehold improvements	–	term of lease straight line

Non-current investments

Non-current investments relate to the Company's investments in subsidiaries and are stated at cost less provision for any diminution in value.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the period. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other periods and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

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 generally 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Accounting policies continued

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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 income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payments

The Group issues equity-settled payments to certain employees and warrants to investors. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is recognised immediately in the income statement where options have been granted with no conditions attached. Options granted with vesting period conditions are recognised over the vesting period.

Fair value is measured by use of the Black-Scholes model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

Upon exercise of share options, the proceeds received net of any directly attributable transaction cost up to the nominal value of the shares issues are allocated to share capital with any excess being recorded as share premium.

Financial instruments

Financial assets and financial liabilities are recognised on the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the rights to receive cash flows from the assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Cash and cash equivalents

The fair value of cash and cash equivalents is considered to be their carrying amount due to their short term maturity.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value.

Accounting policies continued

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Critical accounting estimates and judgments

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about the estimates and judgments made by the Group to reach their conclusions are contained in the accounting policies and/or the notes to the financial statements, and the key areas are summarised below:

- Classification of mining and exploration interests (note 6).
- Exploration expenditure relating to a particular project will be written off until such time as the Board has determined that the project is viable based on a positive feasibility study and a decision to move into production.

Financial liability and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Operating segments

The Group has only one reportable segment as the Directors are of the opinion that the Group is engaged in a single segment of business being mineral exploration.

The entity wide disclosures are not applicable to the Group at this stage because the Group has no major customers or revenues and is at an exploration stage.

For disclosures regarding geographical areas, please see note 6.

Notes to the financial statements
for the year ended 31 December 2010

1. Loss from operations

	2010 £	2009 £
Loss from operations is stated after charging/(crediting):		
Group		
Depreciation of property, plant and equipment	34,966	28,960
Auditors' remuneration – audit services	35,092	34,772
Auditors' remuneration – services relating to taxation	—	4,155
Non cancellable operating leases	27,999	27,999
Foreign exchange (loss)/gain	(6,576)	20,255
Company		
Auditors' remuneration – audit services	8,500	8,000
Auditors' remuneration – services relating to taxation	—	4,155
Foreign exchange gain/(loss) – Company	1,075,915	(448,352)

2. Finance income – Group

	2010 £	2009 £
Interest receivable on bank account	5,133	43,727

3. Employees

	2010 Number	2009 Number
The average monthly number of persons (excluding Directors) employed by the Group during the period was:		
Management and administration and operations	6	6

	£	£
Staff costs (for the above persons):		
Wages and salaries	350,720	214,468
Social security costs	22,678	31,415
Pension costs	21,385	12,541
	394,783	258,424

Notes to the financial statements continued

for the year ended 31 December 2010

4. Key management compensation

	2010 £	2009 £
Executive Directors:		
William Humphries	100,000	100,000
Richard Prickett	70,000	70,000
	170,000	170,000
Non Executive Directors:		
Helen Green	10,000	10,000
Charles Wilkinson	15,000	15,000
Total	195,000	195,000

Share options in issue to Directors are disclosed on page 25 of these accounts.

5. Taxation

With effect from 1 January 2008, Guernsey abolished the exempt company regime. The Company was therefore taxed at the company standard rate of 0 per cent. with effect from 1 January 2008.

The Company's subsidiary, Landore Resources Canada Inc., is subject to Canadian Federal tax. No tax has been provided in the accounts of Landore Resources Canada Inc. since there were no taxable profits generated by the Company during the year. Landore Resources Canada Inc. has estimated non-capital losses of CA$3,845,000 (2009: CA$3,552,000) as at 31 December 2010 which expire between 2014 and 2030. Landore Resources Canada Inc. also has a subsidiary, Brancote US Inc, which is subject to taxation in the United States. This subsidiary has estimated non-capital losses of US$657,116 (2009: US$1,007,000) which expire between 2011 and 2020.

	2010 £	2009 £
Loss for the year	(3,790,745)	(3,767,289)
Loss for the year multiplied by standard rate of Canadian corporation tax 33 per cent. (2009: 33 per cent.)	(1,250,946)	(1,243,205)
Effect of:		
Losses not utilised in the current year	1,250,946	1,243,205
Other tax adjustments	—	33,826
Income tax expense	—	33,826

Notes to the financial statements continued

for the year ended 31 December 2010

6. Mineral properties – Group

	1 January 2010 £	Net expense in the period £	Accumulated expenditure at 31 December 2010 £
Junior Lake	7,502,349	2,552,794	10,055,143
Lamaune Lake	1,172,288	—	1,172,288
Miminiska Lake	1,170,450	83,469	1,253,919
Frond Lake	72,043	466	72,509
Wottam	61,558	—	61,558
Lessard	643,710	7,273	650,983
Other	33,275	9,908	43,183
	10,655,673	2,653,910	13,309,583

Mineral properties – Company

	1 January 2010 £	Net expense in the at period £	Accumulated expenditure at 31 December 2010 £
Junior Lake	97,314	—	97,314
	97,314	—	97,314

6.1 Junior Lake

Junior Lake is a nickel, copper, platinum group metals and gold exploration project located approximately 250 kilometres north of Thunder Bay in Northern Ontario, Canada. The property consists of five leased claims, wholly owned by the Company.

In addition, Junior Lake includes Auden, a nickel, copper, platinum group of metals and gold exploration project. The property consists of 120 staked mining claims surrounding the five Junior Lake leases and is wholly owned by the Company, except for eight claims that are subject to a 2 per cent. net smelter return ("NSR").

6.2 Lamaune Lake

Effective 5 September 2002, the Company entered into an Option Agreement relating to 18 mining claims located near Lamaune Lake, Ontario. The Lamaune Lake property is contiguous with the Auden and Junior Lake property claims held by the Company. The Company earned 51 per cent. interest in the Lamaune Lake property and has the ability to earn a further 29 per cent. subject to the conditions set forth in the Option Agreement. In October 2008, the Company purchased the remaining 20 per cent. of the property for approximately C$460,000 and it is now wholly owned by the Company and 2 per cent. NSR given to holders of the 20 per cent. interest.

Notes to the financial statements continued

for the year ended 31 December 2010

6. Mineral properties – Group *continued*

6.3 Miminiska Lake

Miminiska Lake, wholly owned by the Company, is a gold exploration project located approximately 115 kilometres east of Pickle Lake in Northern Ontario, Canada. The property consists of 28 patented and two staked claims.

6.4 Frond Lake

Frond Lake is a gold property located about 125 kilometres east of Pickle Lake in Northern Ontario, Canada. The property is comprised of 24 patented claims contiguous to the east of the Wottam property. On 22 December 2005, the Company purchased the property outright subject to underlying 2 per cent. NSR agreements.

6.5 Wottam

The Wottam property is a gold exploration project located 120 kilometres east of Pickle Lake in Northern Ontario, Canada. The property is wholly owned by the Company and includes 20 claims contiguous and between the Miminiska and Frond properties.

6.6 Lessard

Lessard is a zinc, copper property comprised of 111 mining claims located approximately 107 kilometres north of the town of Chibougamau, in the province of Quebec, Canada. The is wholly owned by the Company.

6.7 Swole Lake

Included in other properties Swole Lake is a nickel, copper, platinum group element property comprised of one claim totalling 144 hectares, contiguous to the north of the Auden claims. The property was optioned from Stares Corp. on 19 June 2006. The Company can earn 100 per cent. interest in the property by making payments, aggregating C$50,000. The property is subject to a 2 per cent. NSR.

6.8 West Graham

Included in other properties West Graham is a nickel, copper, platinum group metals property comprised of one patented claim wholly owned by the Company. The property is located 25 kilometres southwest of Sudbury and 1.5 kilometres east of the Lockerby nickel mine. On 21 November 2005, First Nickel Inc. optioned the property from the Company and, under the terms of an agreement, can earn 70 per cent. by making further payments and spending C$6 million in exploration costs over four years with the possibility of earning a further 15 per cent. interest subject to certain conditions.

Notes to the financial statements continued

for the year ended 31 December 2010

7. Loss per share

The calculation of the basic loss per share is based on the loss for the financial year divided by the weighted average number of shares being 215,789,922 (2009: 182,916,757) in issue during the year.

The potential ordinary shares which arise as a result of the options in issue are not dilutive under the terms of IAS 33 because they would reduce the loss per share. Accordingly there is no difference between the basic and dilutive loss per share.

8. Property, plant and equipment – Group

	Automotive equipment £	Computer hardware £	Machinery and equipment £	Office equipment £	Total £
Cost					
At 1 January 2010	129,702	13,598	110,333	10,155	263,788
Additions	12,346	1,294	10,502	967	25,109
Foreign exchange movements	10,501	1,101	8,933	821	21,356
At 31 December 2010	152,549	15,993	129,768	11,943	310,253
Depreciation					
At 1 January 2010	70,517	7,393	59,987	5,521	143,418
Charge for the year	17,193	1,802	14,625	1,346	34,966
Foreign exchange movements	5,903	620	5,022	462	12,007
At 31 December 2010	93,613	9,815	79,634	7,329	190,391
Net book value					
At 31 December 2010	58,936	6,178	50,134	4,614	119,862
At 31 December 2009	59,185	6,205	50,346	4,634	120,370

9. Non current asset investments – Company

	Investment in subsidiaries £
Cost	
At 1 January/31 December 2010 and 2009	4,111,191
Provision for diminution in value	
At 1 January/31 December 2010 and 2009	4,016,302
Net book value	
At 1 January/31 December 2010 and 2009	94,889

Notes to the financial statements continued

for the year ended 31 December 2010

9. Non current asset investments – Company *continued*

At 31 December 2010 the Company held the entire issued share capital of the following subsidiary undertakings:

Subsidiary	Nature of business	Country of incorporation
Landore Resources Canada Inc.	Exploration of precious metals	Canada
Brancote US Inc.*	Exploration of precious metals	United States
Landore Resources (UK) Limited	Administration (dormant)	United Kingdom

*The entire share capital of Brancote US Inc. is held by Landore Resources Canada Inc.

All subsidiaries have been included in the consolidated financial statements.

10. Trade and other receivables

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Due within one year:				
Trade receivables	83,390	7,141	143,428	7,301
Amounts due from subsidiary undertakings	—	15,360,241	—	11,098,238
	83,390	15,367,382	143,428	11,105,539

11. Payables: Amounts falling due within one year

	Group 2010 £	Company 2010 £	Group 2009 £	Company 2009 £
Trade payables	159,474	31,780	189,407	38,942
Current tax liabilities	15,510	—	7,179	—
	174,984	31,780	189,407	38,942

Payables: Amounts falling due after one year

	Group 2010 £	Group 2009 £
Income tax liability maturity analysis		
One to two years (non current liabilities)	23,265	28,718

Notes to the financial statements continued

for the year ended 31 December 2010

12. Share capital

	Company 2010 £	Company 2009 £
Authorised:		
500,000,000 (2009: 250,000,000) ordinary shares of 1 pence each ranking *pari passu*	5,000,000	2,500,000
Issued and fully paid:		
237,185,325 (2009: 189,959,325) ordinary shares of 1 pence each ranking *pari passu*	2,371,853	1,899,593

	Ordinary shares 2010 £	Share premium 2010 £
Issued:		
At 1 January 2010	1,899,593	14,691,157
Issued in the year	472,260	3,260,163
At 31 December 2010	2,371,853	17,951,320

The Company made allotments of 1p ordinary shares with an aggregate nominal value of £472,260 during the period as follows:

	Number of shares	Nominal value £	Share premium £
16 March 2010	500,000	5,000	30,000
6 April 2010	500,000	5,000	50,000
8 April 2010	300,000	3,000	30,000
9 April 2010	2,000,000	20,000	200,000
12 April 2010	6,400,000	64,000	640,000
15 April 2010	1,420,000	14,200	142,000
16 April 2010	350,000	3,500	35,000
22 April 2010	230,000	2,300	23,000
7 July 2010	35,526,000	355,260	2,220,375
	47,226,000	472,260	3,370,375

Issue costs totalling £110,212 were incurred when allocating the shares. The total issue costs were debited against share premium in accordance with IAS 32.

Notes to the financial statements continued

for the year ended 31 December 2010

13. Share options – Group and Company

Grant date	Expiry date	Exercise price £	Number of options	Lapsed/ exercised	No of options at 31 December 2010	Fair value £
8 May 2002*	8 May 2012	0.1310	650,000	—	650,000	5,485
6 April 2006	30 June 2013	0.0700	3,000,000	(500,000)	2,500,000	84,927
19 September 2006	19 September 2011	0.0975	1,700,000	—	1,700,000	85,548
4 April 2007	4 April 2012	0.1000	300,000	—	300,000	9,001
5 September 2007	5 September 2012	0.1500	1,975,000	—	1,975,000	109,582
22 January 2008	22 January 2013	0.1375	4,500,000	—	4,500,000	217,276
4 November 2008	4 November 2013	0.1200	4,500,000	—	4,500,000	230,611
27 April 2009	27 April 2014	0.1025	900,000	—	900,000	22,827
28 October 2009	28 October 2019	0.1400	1,300,000	(1,000,000)	300,000	16,085
28 October 2009(1)	28 October 2019	0.1400	1,000,000	—	1,000,000	53,616
			19,825,000	(1,500,000)	18,325,000	834,958

The share options indicated with an asterisk were issued in exchange for existing options of Landore Resources Canada Inc. on 6 April 2005. Prior to its acquisition by Landore Resources Limited, Landore Resources Canada Inc. operated an employee stock option programme. Under the terms of the acquisition of Landore Resources Canada Inc., all existing share options of that company were exchanged on a one for one basis for new share options in Landore Resources Limited.

The share option indicated with a (1) was granted with a vesting condition of completion of a trial period of six months.

The weighted average exercise prices relating to the above movements in the number of share options are as follows:

	2010 £	2009 £
Outstanding at beginning of the period	0.12	0.11
Granted during the period	—	0.13
Exercised during the period	0.07	0.06
Lapsed during the period	0.14	—
Outstanding at end of the period	0.12	0.12
Exercisable at end of the period	0.12	0.12
Weighted average remaining contractual life of share options outstanding at end of the period	5.8 years	3.47 years
Weighted average share price of share options exercised in year	0.07	0.10

There were no options granted during the year.

Notes to the financial statements continued

for the year ended 31 December 2010

13. Share options – Group and Company *continued*

The movements on the share options reserve are detailed below:

	2010 £	2009 £
Share options reserve as at 1 January	860,880	790,306
Charge in statement of comprehensive loss	27,694	101,464
Transfer to profit and loss reserve for lapsed options	(53,616)	(30,890)
Share options reserve at 31 December	834,958	860,880

14. Warrants – Group and Company

Grant date	Expiry date	Exercise price £	Number of warrants	Lapsed in year	No of warrants at 31 December 2010	Fair value £
19 November 2008	19 November 2011	0.15	3,000,000	—	3,000,000	143,659
			3,000,000	—	3,000,000	143,659

The estimated fair value of the above options was calculated by applying the Black-Scholes pricing model.

The model inputs were:

Warrants granted	19 November 2008
Share price at grant date	17 pence
Expected volatility	27 per cent.
Risk-free interest rate	3 per cent.

No dividends have been assumed in the above calculation. In respect of the fair value calculated for the warrants, nil amount has been included in the financial statements.

15. Retained earnings

	2010 £	2009 £
Group		
At 1 January	(16,968,271)	(13,198,047)
Loss for the year	(3,773,758)	(3,801,114)
Transfer from share options reserve	53,616	30,890
At 31 December	(20,688,413)	(16,968,271)
Company		
At 1 January	(5,668,949)	(5,422,895)
Profit for the year	468,245	(276,944)
Transfer from share options reserve	53,616	30,890
At 31 December	(5,147,088)	(5,668,949)

Notes to the financial statements continued

for the year ended 31 December 2010

16. Cumulative translation reserve

	Translation reserve £
Group	
At 1 January 2010	204,060
Exchange differences on translation of overseas operations	(29,475)
At 31 December 2010	174,585

The translation reserve records exchange differences arising from the translation of the accounts of the foreign currency denominated subsidiary, Landore Resources Canada Inc.

17. Reconciliation of net cash flow to movement in net funds – Group

	2010 £	2009 £
Opening net funds	792,584	2,882,284
Decrease in cash and cash equivalents	(3,049)	(2,109,955)
Net funds before foreign exchange	789,535	772,329
Foreign exchange (loss)/gain	(6,576)	20,225
Closing net funds	782,959	792,584

18. Analysis of net funds – Group

	At 1 January 2010 £	Cash flow £	Exchange gains £	At 31 December 2010 £
Cash and cash equivalents	792,584	(3,049)	(6,576)	782,959
Total	792,584	(3,049)	(6,576)	782,959

19. Related party transactions

Advances were received by Landore Resources Canada Inc. from Landore Resources Limited. These were unsecured, non interest bearing and repayable on demand.

Helen Green, a Director of the Company, is also a Director of Saffery Champness Management International Limited (“SCMIL”) and Rysaffe International Services Limited (“Rysaffe”). SCMIL were paid £56,350 (2009: £45,860) in the period in respect of its role as administrators for the Company and Rysaffe was paid £10,000 (2009: £10,000) in respect of its role as Company Secretary. An amount of £7,610 (2009: £13,265) was owing to SCMIL at the year-end. The amount owing to Rysaffe at year end was £nil (2009: £nil). All transactions are at market value.

Landore Resources Canada Inc. paid management fees to a Director of the Company in the amount of C$30,000 (2009: C$30,000). At the year end, C$60,000 (2009: C$30,000) remains outstanding and has been included in trade payables. The equivalent sterling amount is £38,774.

Notes to the financial statements continued

for the year ended 31 December 2010

19. Related party transactions *continued*

On 9 April 2010, 2,000,000 shares were purchased at 11 pence per share by William Humphries, a Director of the Company. On 7 July 2010, a further 1,400,000 shares were purchased at 7.25 pence per share by William Humphries.

For key management compensation (see note 4).

20. Financial instruments/Financial risk management

In the course of its business, the Group is exposed primarily to liquidity risk. As the Company grows it is expected that capital management risk, foreign exchange risk, credit risk and interest rate risk will also become focuses of the Group's financial risk management policies.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders. The Company meets its capital needs by equity financing. The Group sets the amount of capital it requires in proportion to risk. The Group manages its capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets.

The objectives will be achieved by maintaining and adding value to existing extraction projects and identifying new exploration projects, adding value to these projects and ultimately taking them through to production and cash flow, either with partners or by our own means.

The Group monitors capital on the basis of the carrying amount of equity less cash and cash equivalents as presented on the face of the balance sheet. Capital for the reporting periods under review is summarised in the consolidated statement of changes in equity.

The Group sets the amount of capital in proportion to its overall financing structure, i.e. equity and financial liabilities. The Group manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders in the future, return capital to shareholders or issue new shares.

Liquidity risk

The Group attempts to accurately forecast the cash flow requirements of its ongoing operations and ensures that it has sufficient funding in place to meet these needs. The Group currently uses equity finance as its main source of funding.

Foreign currency risk

The Group primarily operates in Canada but reports its financial results in GBP Sterling. It manages the potential exposure to fluctuations in the GBP Sterling to Canadian Dollar exchange rate by holding its main asset, being its cash reserves, in GBP Sterling. Cash is converted to Canadian Dollars to meet the expenditure requirements of its Canadian business only when required. Currently, the Group's net asset position is not significantly impacted by movements in the exchange rate.

Notes to the financial statements continued

for the year ended 31 December 2010

20. Financial instruments/Financial risk management *continued*

As the Group remains a development phase entity it only has small and infrequent foreign currency transaction exposures.

In addition, the market for metals is principally denominated in United States dollars. As the Group has not reached production stage it does not currently engage in active hedging to minimise exchange rate risk, although this will remain under review.

Interest rate risk

As the Group does not currently have any borrowings it is not exposed to interest rate fluctuations.

Fair values

Group

The fair values of the Group's financial instruments are considered equal to the book value.

The Group's financial instruments were categorised as follows: Trade and other receivables amounting to £83,390 (2009 : £143,428) and trade payables amounting to £159,474 (2009: £189,407).

Company

The following table presents the Company's financial instruments measured at fair value in the statement of financial position in accordance with the fair value hierarchy. This hierarchy groups financial instruments into three levels based on the significance of inputs used in the measuring the fair value of the financial assets and the financial liabilities. The fair value hierarchy has 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 (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the Company's financial instruments is classified is determined based on the lowest level of significant input to the fair value investment.

The financial instruments measured at fair value in the statement of financial position are grouped into the fair value hierarchy as follows:

As at 31 December 2010 and 2009

	Level 1 £	Level 2 £	Level 3 £	Total £
Assets				
Investment in subsidiaries	—	—	94,899	94,899
Fair value	—	—	94,899	94,899

Notes to the financial statements continued

for the year ended 31 December 2010

20. Financial instruments/Financial risk management *continued*

There were no transfers between levels 1 and 2 in the reporting period.

No gains and losses have been recognised in respect of the Company's investment in subsidiaries.

The fair values of the Company's other financial instruments are considered equal to the book value.

The Company's other financial instruments were categorised as follows: Trade and other receivables amounting to £15,367,382 (2009: £11,105,539) and trade payables amounting to £31,780 (2009: £38,942).

21. Commitments

Operating lease commitments

The Group leases its premises under a non-cancellable operating lease which expires on 31 December 2011. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2010 £	2009 £
Land and buildings		
No later than one year	27,999	27,999
Later than one year and no later than five years	—	27,999
	27,999	55,998

Contractual commitments

As at 31 December 2010, the Group had a contractual commitment to purchase drilling services in 2011 in the amount of approximately C$1,000,000.

22. Subsequent events

On 1 February 2011 the Group issued 11,340,000 new ordinary shares of 1 pence at a price of 15 pence per share.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Landore Resources Limited (the "Company") will be held at The Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on Wednesday, 15 June 2011 at 11.00 am at which the following resolutions will be proposed, in the case of resolutions 1 to 5 as Ordinary Resolutions and in the case of resolution 6 as a Special Resolution:

Ordinary Business

1. to receive and adopt the statement of accounts and the balance sheet of the Company with the report of the Directors and the auditors' report for the year ended 31 December 2010;
2. to re-elect William Humphries who retires in accordance with Article 17.12 of the Articles of Association of the Company (the "Articles");
3. to re-elect Richard Prickett who retires in accordance with Article 17.12 of the Articles;
4. to re-appoint Grant Thornton Limited as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration;

Special Business

5. That in substitution for all previous authorities which are hereby revoked, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Article 3.1 of the Articles to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,500,000 provided that this authority shall expire five years from the date of this resolution and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "relevant securities" and references to the allotment of relevant securities shall bear the same respective meanings as in the Articles;
6. That in substitution for all previous authorities which are hereby revoked, the Directors be and they are hereby empowered pursuant to Article 4.8 of the Articles to allot equity securities for cash pursuant to the authority conferred by the previous resolution as if Article 4.1 of the Articles did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

   (a) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

Notice of Annual General Meeting continued

(b) otherwise than pursuant to sub-paragraph (a) above up to an aggregate nominal amount of £1,500,000;

provided that this authority shall expire five years from the date of this resolution and that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "equity securities" and references to the allotment of equity securities shall bear the same respective meanings as in the Articles.

By Order of the Board

Director of Rysaffe International Services Limited
as Secretary to Landore Resources Limited

11 May 2011

Notes

1. A member entitled to attend and vote at the Meeting is entitled to appoint a proxy (or more than one proxy) to attend and, on a poll, vote in his stead. A proxy may demand, or join in demanding, a poll. A proxy need not be a member of the Company.
2. For the convenience of members who may be unable to attend the meeting, a Form of Proxy is attached which should be completed and returned to the registrar's agents, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES not less than 48 hours before the time fixed for the Meeting. The fact that members may have completed Forms of Proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
3. Members who hold ordinary shares in uncertificated form must have been entered on the Company's Register of Members 48 hours prior to the Meeting in order to be entitled to attend and vote at the Meeting. Such members may only vote at the Meeting in respect of ordinary shares in the Company held at that time.

The Cavalry & Guards Club has asked the Company to bring to the attention of shareholders attending the Annual General Meeting that the use of mobile telephones is strictly forbidden in any part of the Club, and that gentlemen should wear a tailored jacket and tie at all times in the public areas of the Club (although jackets may be removed during meetings in function rooms).

For your notes

Produced by Portman Lodge Limited

Form of Proxy for Annual General Meeting

I/We of

....

....

....

being (a) member(s) of the above named Company hereby appoint

....

failing whom, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held at The Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on Wednesday, 15 June 2011 at 11.00 am and at any adjournment thereof and to vote thereat as indicated below.

Please indicate with an "X" in the appropriate space how you wish your votes to be cast:

Ordinary Business	**For**	**Against**
1. Ordinary Resolution to receive and adopt the accounts for the year ended 31 December 2010		
2. Ordinary Resolution to re-elect William Humphries		
3. Ordinary Resolution to re-elect Richard Prickett		
4. Ordinary Resolution to re-appoint Grant Thornton Limited as Auditor and to authorise the Directors to determine the remuneration of the Auditor		
Special Business		
5. Ordinary Resolution to authorise the Directors to allot relevant securities		
6. Special Resolution to authorise the Directors to disapply pre-emption rights in relation to the allotment of equity securities		

Date

....

Signature(s) or common seal

....

Notes

1. A proxy need not be a member of the Company.
2. If you do not indicate how you wish your proxy to use your vote in a particular matter, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting.
3. In the case of a corporation this Form of Proxy must be executed under seal or under the hand of an officer or attorney duly authorised in writing.
4. Forms of Proxy, to be valid, must be signed and must be lodged, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, to the registrar's agents, Computershare Investor Services (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES not less than 48 hours before the time appointed for holding the Meeting.
5. In the case of joint holders, the signature of any one of them will suffice, but if a holder other than the first-named holder signs, it will help the Registrars if the name of the first-named holder is given.
6. Any alteration to this Form of Proxy must be initialled.
7. Completion and return of this Form of Proxy does not preclude a member subsequently attending and voting at the Meeting. An envelope is enclosed for your use.

www.landore.com