Landore Resources Limited

ANNUAL REPORT AND ACCOUNTS
for the year ended 31 December 2006

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Company information

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

Company secretary
Rysaffe International Services Limited

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Chairman's statement

Landore has made significant advances in the development of its mineral resources in Canada during 2006 with the primary focus being on the Nickel project at Junior Lake in the province of Ontario.

Financial results

During the year to 31 December 2006 the Company incurred a loss of £1,966,244 (£4,865,860 in 2005). The majority of these expenses are represented by direct or indirect investments in mineral exploration. The annual overhead for running expenses of the public company and administration costs are approximately £200,000 per annum.

Junior Lake – Nickel project

The principal focus of the Group's activities is the Junior Lake Nickel project situated approximately 235 kilometres northeast of Thunder Bay in the province of Ontario. During 2006 significant exploration success has been achieved on this project. This can be summarised as follows:

- An infill drilling programme completed on the VW Nickel Zone has established a resource containing 14,300 tonnes of nickel and 2,100 tonnes of copper, as verified by an independent consultant.
- The resource has excellent potential to be increased in size and improved in grade, being open at both ends and at depth together with significantly higher grades (+1 per cent. nickel) being reported at the western end of the drilled resource.
- Metallurgical testing of composite material from the VW Zone has returned good recoveries of up to 82 per cent. nickel and 90 per cent. copper.
- The historic B4-7 nickel deposit has been reassessed and shows the potential to become an economic deposit.

The above successes have encouraged us to aggressively push forward this project to a scoping study and development plans for early production in order to take advantage of the current nickel price boom.

Lessard – Copper-zinc project

The Lessard project is centred on a historic VMS deposit located approximately 107 kilometres north of Chibougamau in the province of Quebec. A drilling programme in 2006 has confirmed high grade zinc mineralization, which includes a 0.5 metre section of 48 per cent. zinc. These results, together with other technical surveys, have given us encouragement to advance the Lessard deposit towards possible development.

West Graham – Nickel project

This property is optioned to First Nickel Inc. and is situated in the Sudbury basin. First Nickel, having recently completed their second substantial drilling campaign on Landore's West Graham property, continues to demonstrate its considerable interest in the property.

Excellent results were received from the above campaign, extending the known zone associated with the Conwest Deposit 125m to the east, together with discovering platinum group element (PGE) mineralization in the footwall granites.

First Nickel has proposed a $900,000 exploration programme, primarily drilling, on West Graham this year.

LANDORE RESOURCES

Chairman’s statement continued

Nickel and metal prices

Landore is fortunate to be developing three projects whose mineral assets are predominantly in nickel, zinc and copper. All of these metals are enjoying a price boom, driven largely by Chinese demand and limiting factors on supply. Nickel, which is mainly used in the manufacture of stainless steel, is performing extremely robustly. Recent price levels have been in excess of US$40,000 per tonne and the fundamentals remain strong for the forseeable future.

Funding

Funding of Landore’s exploration programme for 2006 came firstly, from funds carried over from 2005 and secondly, by a private placement to subscribers of 7,343,748 shares for gross proceeds of £705,000 in November 2006.

Further fund raising will be required in the near future to allow Landore to continue with its development programme on the highly prospective Junior Lake and Lessard properties.

Outlook

Landore is planning two further significant drilling campaigns both at the Junior Lake Nickel project and the Lessard copper / zinc project which will add shareholder value and advance the projects towards mine development. Shareholders will be kept informed as results flow from these programmes on a regular basis during 2007.

I would like to thank management and staff at Thunder Bay for their excellent contribution towards the Company’s sound performance this past year. My thanks are extended to my fellow Directors.

William Humphries
Chairman

3 April 2007

Operations report

Eastern Canada

Introduction

Landore Resources Limited through its 100 per cent. owned subsidiary, Landore Resources Canada Inc., is actively engaged in mineral exploration in Eastern Canada.

Landore owns or has the mineral rights to 11 properties owned 100 per cent. and option agreements on a further two properties.

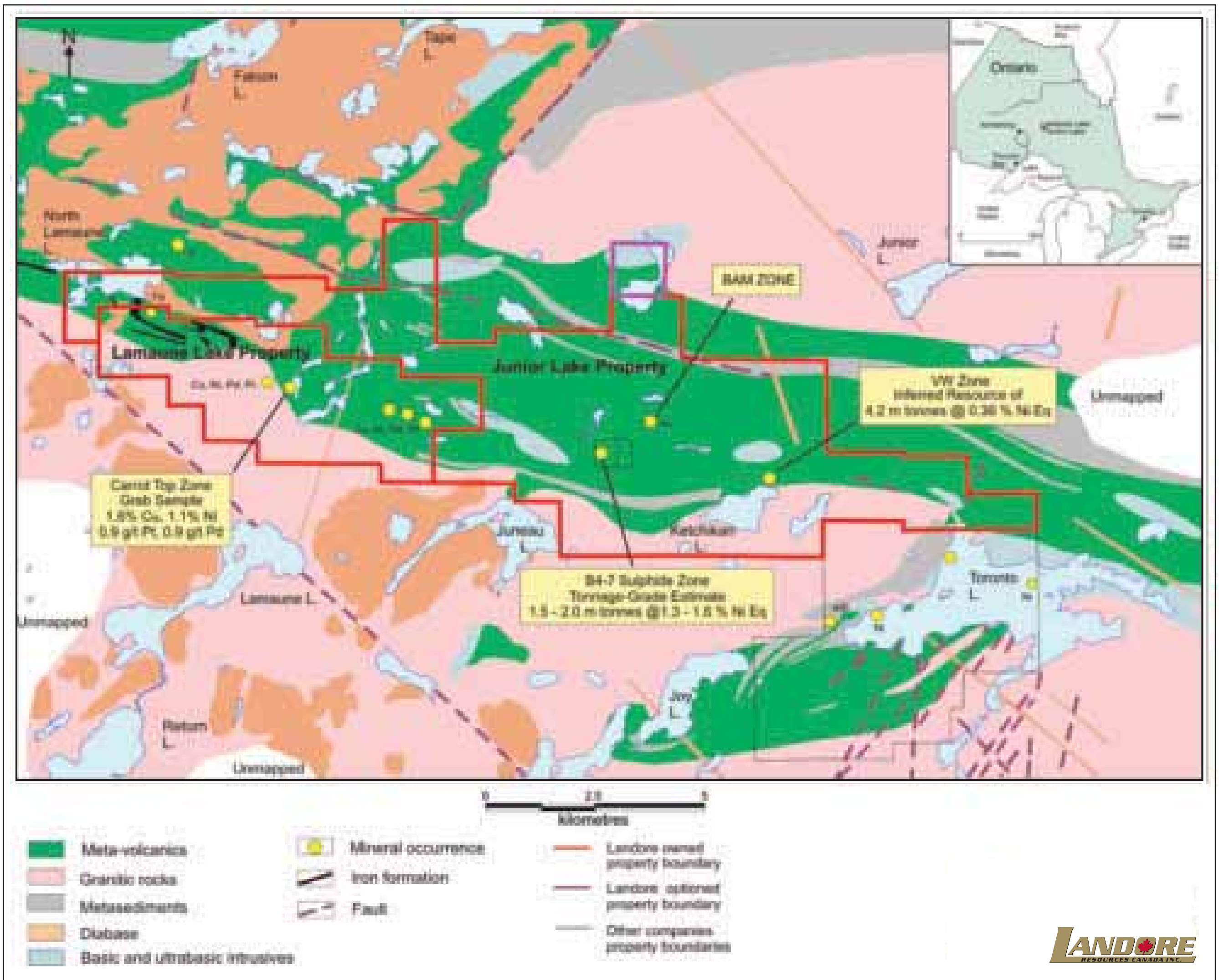
Landore's primary focus is the Junior Lake nickel project followed by the Lessard copper-zinc project. In addition, substantial exploration work is being carried out on the optioned West Graham nickel project by First Nickel Inc.

Operations report continued

The Junior Lake project – Nickel

The Junior Lake properties are located in the province of Ontario, approximately 235 kilometres north-northeast of Thunder Bay and are situated within the Caribou-O-Sullivan Greenstone Belt in the Wabigoon Subprovince.

During 2006 a diamond drilling campaign significantly advanced both the VW Zone nickel deposit and the adjacent B4-7 nickel-copper deposit towards possible mining development.



Junior Lake – Lamaune Lake

The VW Zone Ni Resource

Discovered only in November 2005, is located at the southeastern end of the Junior Lake property. The Zone has been drilled with 45 diamond NQ drill holes for a total of 11,366m at a general grid spacing of 50m x 50m over 300m of strike length x 200m wide and to an average depth of approximately 250m.

Operations report continued

The Junior Lake project – Nickel (continued)

The VW Zone contains 5 sub-zones, the widest and most continuous being 'Katrina', which lies along the southern contact with the ultramafic sequence. The westernmost section drilled on the Katrina horizon has 16 intersections greater than 1 per cent. Ni. The Katrina zone remains open to the east and west and at depth.

Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA"), Toronto, have prepared a resource estimate / NI 43-101 compliant technical report for the VW Zone.

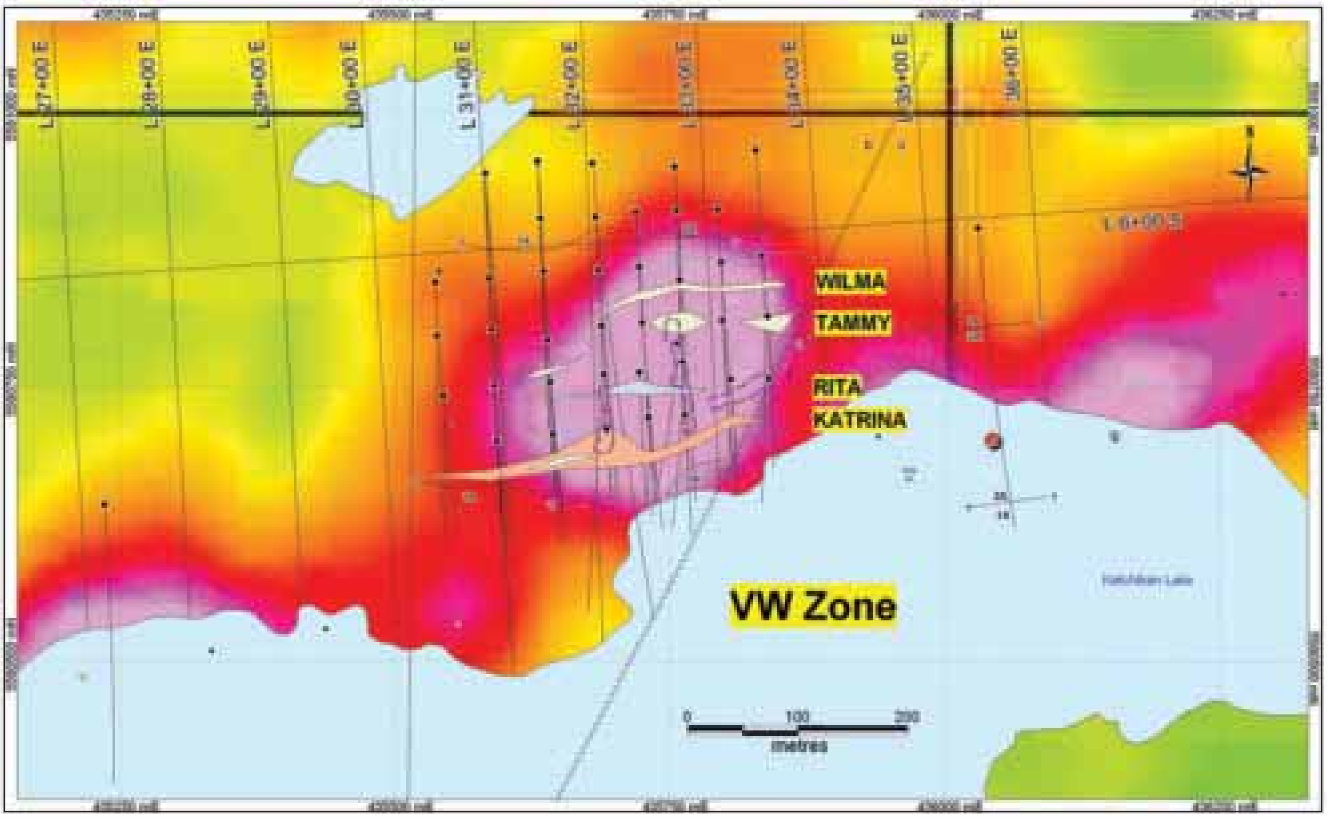
VW Zone Inferred Resource

Tonnes	Ni per cent.	Cu per cent.	Nickel tonnes	Copper tonnes
4,202,776	**0.34**	**0.05**	**14,300**	**2,100**

Based on Scott Wilson RPA's review of metal prices, mill recoveries, generic smelter recoveries and terms, preliminary transport costs and estimate of preliminary open pit mine operating costs likely to apply at the VW Zone site, the 0.2 per cent. Ni cut-off grade is reasonable for the statement of Inferred Resources at this time.

Mineral resources were estimated by Scott Wilson RPA using assumed long term metal US$ prices of $7.00/lb nickel (Ni), $1.50/lb copper (Cu), $875/oz platinum (Pt), $300/oz palladium (Pd) and $500/oz gold (Au).

Current metal prices are significantly higher than the assumed prices.



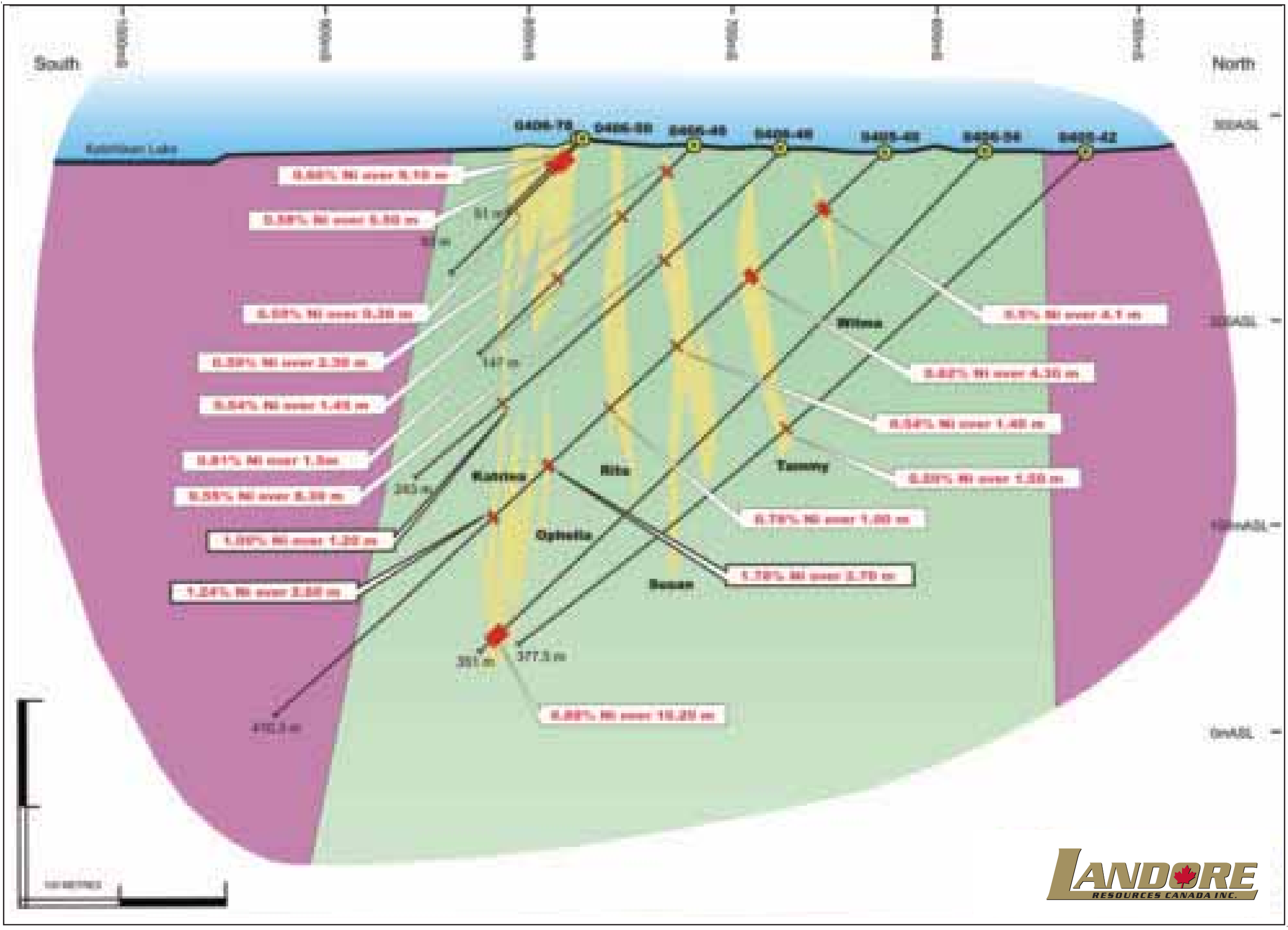
Junior Lake VW Zone drilling – EM Base

![Landore Resources logo]

Operations report continued

The Junior Lake project – Nickel (continued)

These results are very encouraging, particularly as the Inferred Resource has been delineated on just 300m of strike length and to an average depth of approximately 250m. The VW Zone remains open along strike at both ends and to depth where there is potential to develop additional resources.



VW Zone – Section 32+OOE

Accordingly, Scott Wilson RPA have been engaged to undertake a scoping study (preliminary assessment) to determine potential economics for mining the VW and B4-7 Zones and to identify the target resource base that will support mining at the Junior Lake project.

Scott Wilson RPA has recommended additional exploration drilling to expand the resources to depth, particularly on the northern side of the VW deposit where the sub-zones are tested to shallower depths compared to the southerly sub-zones, and on the west side, following which the VW Zone modelling and resource estimate should be updated.

Operations report continued

The Junior Lake project – Nickel (continued)

Contingent on results from the above drilling and the outcome of the Scoping Study, Scott Wilson RPA has recommended that we carry out in-fill drilling where necessary to bring the spacing in the VW Zone to 25m x 25m in order to upgrade resources to Indicated Resources.

The B4-7 Ni-Cu deposit

Lies 3 kilometres west of the VW Zone and has been delineated by 63 diamond drill holes, drilled over a period from 1969 to 2006, for a total of 14,388m over 520m of strike length and to an average depth of approximately 250m.

An independent estimate of exploration potential was prepared for the B4-7 Zone by Scott Wilson RPA in March 2006. 3D computer block modelling and cut-off grade of 0.25 per cent. nickel equivalent were used for the estimate.

B4-7 Deposit estimate of potential tonnage and grade

Tonnes millions	Ni per cent.	Cu per cent.	Co ppm	Au ppb	Pt ppb	Pd ppb	Nickel tonnes	Copper tonnes
1.5 to	**0.6**	**0.40**	**606**	**40**	**90**	**460**	**9,000**	**6,000**
2.0	**0.7**	**0.48**	**670**	**50**	**95**	**525**	**14,000**	**9,600**

The estimate of the exploration potential in March 2006, assumed long term metal US$ prices of $3.50/lb nickel (Ni), $1.10/lb copper (Cu), $750/oz platinum (Pt), $275/oz palladium (Pd) and $400/oz gold (Au).

Again it should be noted that current metal prices are significantly higher than the assumed prices.

The potential quantity and grade of the B4-7 Zone is conceptual in nature and there has been insufficient exploration, primarily metallurgical work, to permit defining a mineral resource. It is uncertain if further exploration work will result in the B4-7 Zone being delineated as a mineral resource.

Scott Wilson RPA recommended at the time that additional drilling be carried out to in-fill gaps in the zone and to provide material for modern metallurgical work to improve nickel recovery.

A 7 hole diamond drill programme was completed late last year on the B4-7 deposit which successfully in-filled several of the gaps and extended the deposit to the west.

A composite of ore has been submitted for preliminary metallurgical testing for the recovery of Ni.-Cu.-PGE minerals. Results are pending.

Proposed works programme 2007

A 15,000m NQ diamond drill campaign is scheduled to commence in April on the VW and B4-7 deposits, of which: 9,000m is allocated for extension and partial in-fill on the VW deposit; 3,000m for in-fill on the B4-7 deposit; 2,000m for metallurgical testing on both deposits and 1,000m for geotechnical work on the VW deposit for open-pit design requirements.

Additional metallurgical flotation testing is scheduled for the VW and the B4-7 deposits to optimize recovery and concentrate grades.

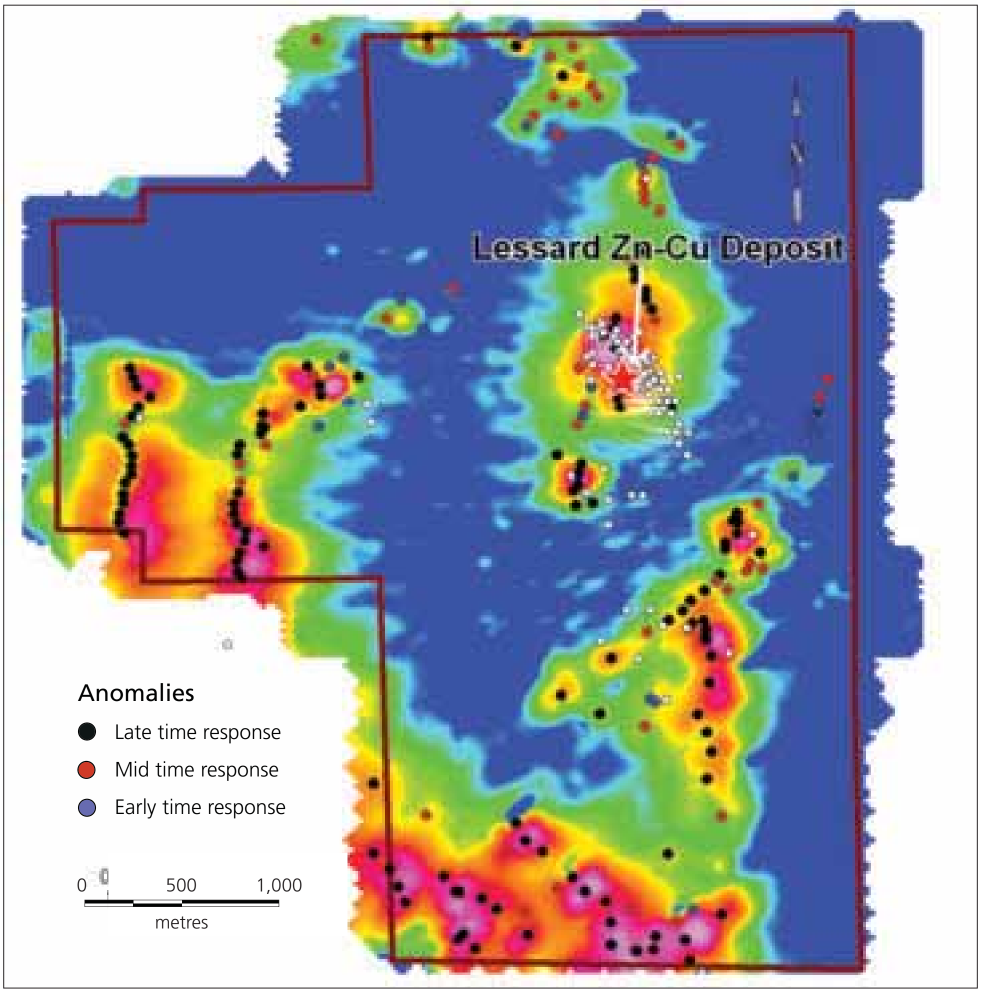
Golder Associates have been retained by Landore to carry out Base Line Aquatic studies on the lakes and drainage tributaries in the vicinity of the Junior Lake projects.

Lessard –
Copper-zinc project

The Lessard property, located approximately 107 kilometres north of the town of Chibougamau, in the province of Quebec, comprising 91 claims for 1,456 hectares, hosts a copper-zinc-silver deposit with a historic resource reported in a feasibility study in 1975 by Selco Mining Corporation Ltd of 1,463,835 tons at 1.73 per cent. Cu, 2.96 per cent. Zn, 1.1oz/t Ag and 0.019oz/t Au after allowance for dilution. (The resource is not compliant with 43-101).

A Geotech VTEM penetrating time-domain airborne electromagnetic and magnetic survey was carried out, in late April 2006, over the entire property. The survey highlighted possible strike extensions of the existing resource and also developed new targets for follow-up exploration.

Lessard –
GeoTECH VTEM time



GeoTECH VTEM time – Domain airborne EM survey – Early time response base

Operations report continued

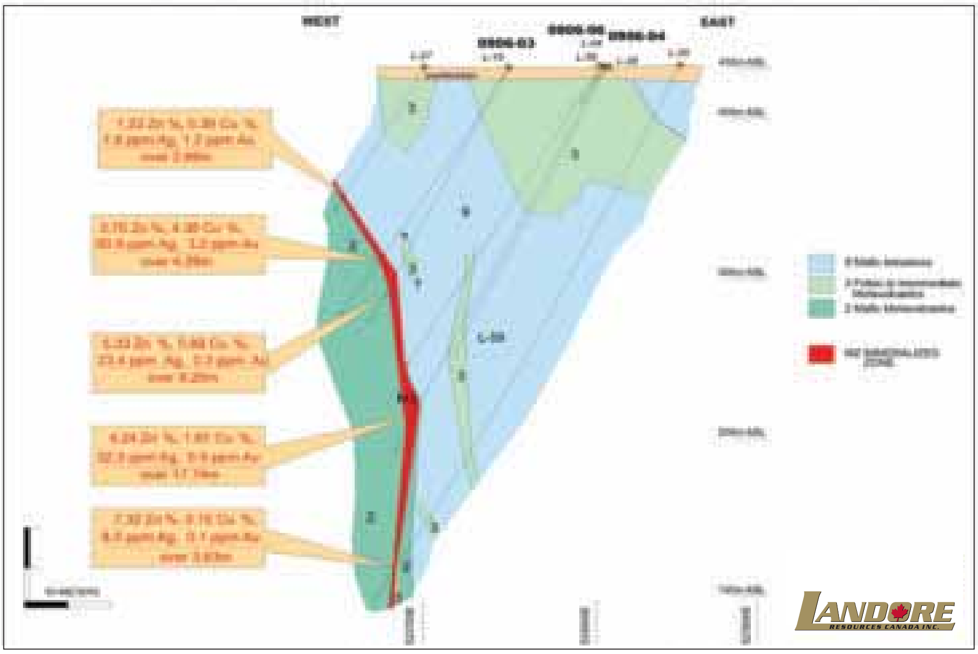
Lessard – Copper-zinc project (continued)

A drilling campaign consisting of 7 holes of NQ size core for 1,731m has recently been completed along the extent of the historic resource. The results generally confirmed the previous drilling carried out by Selco Mining.

Mineralised intersections include

Drill-hole No	From metres	Width metres	Zinc per cent.	Copper per cent.	Silver gpt	Gold gpt
0906-02	85.2	0.9	7.13	1.15	107.0	0.46
0906-03	143.8	9.2	5.33	0.89	23.3	0.30
includes	149.1	2.3	**16.94**			
0906-04	286.8	1.6	1.42	2.06	68.3	0.80
0906-05	381.5	2.9	5.61	2.42	122.0	0.60
0906-06	220.7	6.1	5.96	1.89	39.1	0.70
0906.07	337.5	3.4	12.36	0.22	15.6	0.10
includes	381.5	0.5	**48.00**			

In addition, hole 0906-07 which was designed to target a large gap in the previous drilling, intersected sulphide breccia over 3.4m including semi massive sphalerite over the lower 0.5m (assayed 48 per cent. zinc). The historical and current drilling results indicate that the resource is open along strike to the south and north at depth.



Lessard – Section 5670870N

Proposed works programme 2007

A second drilling campaign is planned for 2007 in order to drill at closer spacing to enable resource estimation, to target possible strike extensions of the existing resource, exploration of other targets generated by the airborne survey and to provide core for metallurgical studies.

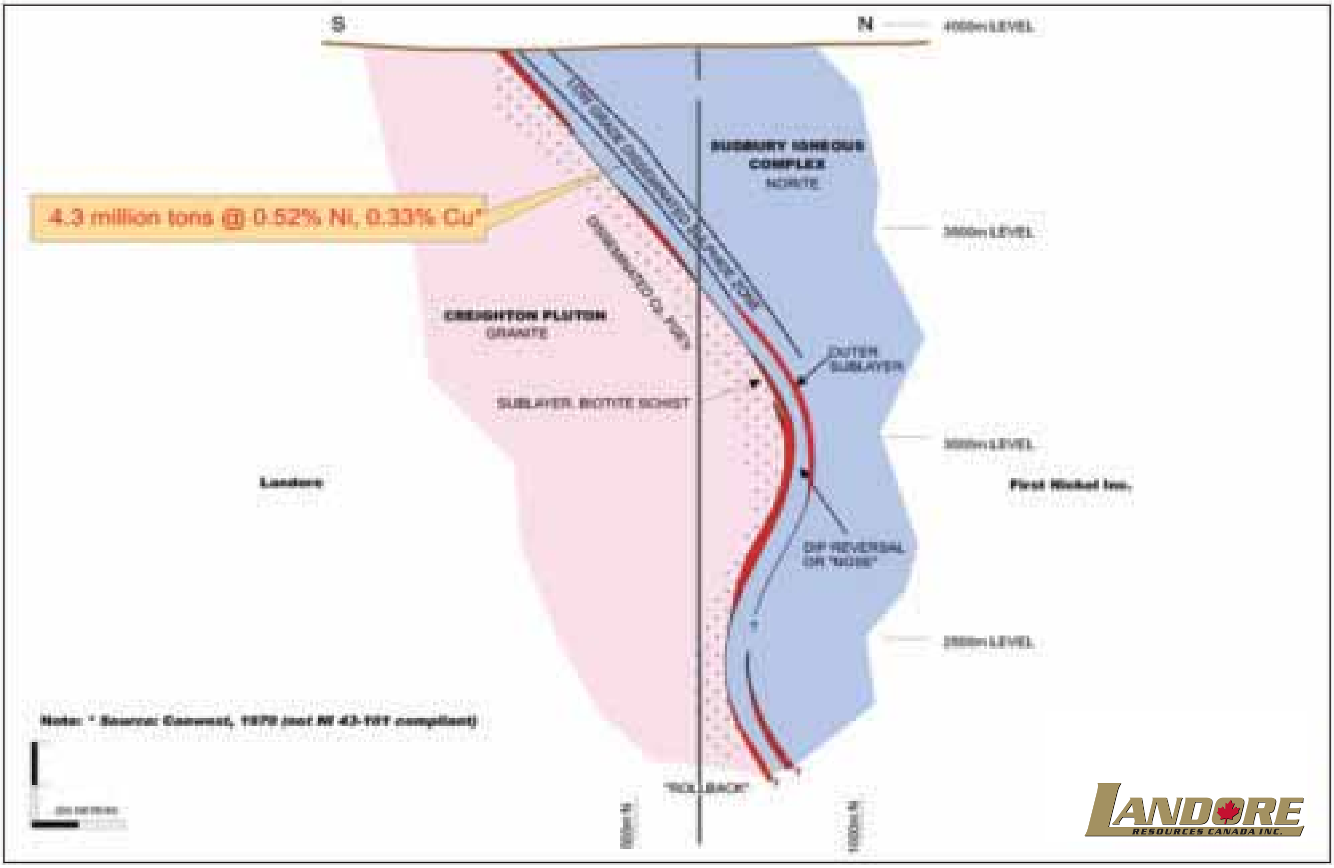
The positive results from the recent confirmation and infill drilling, is sufficiently encouraging to advance the Lessard deposit towards possible development.

Operations report continued

West Graham/First Nickel Option – Nickel

The West Graham property consists of one patented lot owned outright by Landore Resources Inc. of 130 hectares.

First Nickel Inc. entered into an option agreement with Landore Resources Canada Inc. 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 the Lockerby Mine within the Sudbury basin. 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. Should First Nickel fully exercise the option, Landore shall decide whether it wishes to participate to the extent of its 30 per cent. working interest in the development of the property, failing which, First Nickel shall have the right to increase its interest to 85 per cent. by completing a bankable feasibility study within two years thereafter.



West Graham – Generalised cross section

Deposit

A resource estimate completed by the Conwest Exploration Company Limited in the 1960's yielded 4.3 million tons at 0.52 per cent. nickel and 0.33 per cent. copper. This resource should be considered non-compliant with Canadian National Instrument 43-101.

Operations report continued

2006 exploration programme

In December 2006, First Nickel completed their second drilling programme on the West Graham Property, consisting of 21 diamond drill holes for a total of 9,731m.

First Nickel's drilling programme was successful in discovering "no seeum" or low sulphide type platinum group element (PGE) mineralization, hosted in the footwall granites stratigraphically below the Conwest deposit and associated with a Subury breccia and less than 5 per cent. sulphides. Drill hole FNI2020, drilled sub parallel to the Sudbury Igneous Complex (SIC) contact in the footwall of the Conwest deposit, intersected several zones of elevated PGE mineralization including 1.35m of 1.82 gpt Pt, 1.17 gpt Pd and 0.77 gpt Au and 0.57m of 2.7 gpt Pt, 1.93 gpt Pd and 0.13 gpt Au.

In addition, drilling successfully extended the disseminated sulphide zone associated with the Conwest deposit approximately 125m to the east of the previously interpreted edge. Several holes intersected significant widths of disseminated nickel-copper mineralization, including hole FNI2028 that intersected 71.50m of 0.51 per cent. Ni and 0.34 per cent. Cu including 4.80m of 1.04 per cent. Ni and 0.31 per cent. Cu, and FNI2016 that intersected 19.05m of 0.52 per cent. Ni and 0.48 per cent. Cu.

Significant Drill Intercepts in the 2006 West Graham Diamond Drill Hole Programmes

Hole	From	To	Length	Ni	Cu	Co	Au	Pt	Pd	Ag
	Metres			per cent.	per cent.	per cent.	ppm	ppm	ppm	Gpt
FNI2010	450.00	451.10	1.10	**1.79**	0.20	0.040	0.05	0.46	0.08	1.00
FNI2011	425.95	426.45	0.50	**1.59**	0.07	0.030	0.01	0.34	0.09	0.70
FNI2012	297.90	309.10	11.20	0.43	0.36	0.016	0.04	0.08	0.03	1.78
FNI2013	460.60	461.30	0.70	**1.98**	0.41	0.060	0.15	0.06	0.18	1.60
FNI2015	378.30	379.60	1.30	**1.39**	0.65	0.040	0.09	0.17	0.37	3.40
FNI2016	430.80	449.85	19.05	0.52	0.48	0.019	0.05	0.09	0.03	2.23
Incl.	447.25	447.60	0.35	**3.77**	0.36	**0.090**	0.01	0.36	0.04	2.70
FNI2020	663.60	664.95	1.35	0.18	0.14	0.001	0.77	**1.82**	**1.17**	3.31
	673.70	674.00	0.30	0.08	0.04	0.001	0.24	**1.05**	0.56	0.70
	675.43	676.00	0.57	0.21	0.07	0.001	0.13	**2.70**	**1.93**	2.10
	683.95	684.90	0.95	0.06	0.00	0.001	0.04	**1.00**	0.69	1.00
FNI2028	163.00	234.50	71.50	0.51	0.34	0.018	0.02	0.06	0.02	1.70
Incl.	189.00	203.30	14.30	0.83	0.44	0.029	0.02	0.07	0.03	1.85
Incl.	189.00	189.70	0.70	**2.29**	0.93	**0.080**	0.02	0.06	0.06	4.00
Incl.	198.50	203.30	4.80	**1.04**	0.31	0.033	0.02	0.07	0.03	1.29
FNI2029	157.70	169.70	12.00	0.51	0.31	0.023	0.02	0.06	0.02	1.53

All assay intervals reported are core length and do not represent true widths (defined as being measured at right angles to the direction of extension of the sulphide body).

Proposed works programme 2007

A $900,000 exploration programme has been proposed for the West Graham Property in 2007. The exploration programme will consist primarily of diamond drilling with associated borehole geophysics and may include a component of surface stripping and trenching.

Operations report continued

Miminiska Lake project – Gold

The Miminiska Lake property is located 115 kilometres to the east of Pickle Lake, Ontario and 180 kilometres to the southeast of the Placer Dome Musselwhite Mine.

The property consists of three blocks:

- Miminiska Lake – 28 patents and two claims for a total of 800 hectares, owned outright.
- Wottam – 20 claims for a total of 4,160 hectares, contiguous and along strike from Miminiska, owned outright.
- Frond Lake, 24 patents for a total of 485 hectares, owned outright and purchased in December 2005.

The mineralisation is hosted in iron formation in a similar setting to the Musselwhite gold deposit which has so far produced 1.4 million ounces with reserves currently estimated at over 2 million ounces.

Landore has completed four drilling campaigns over the past two years on the Miminiska gold occurrence with 47 NQ diamond drill holes for 9,349m, focusing on two potential shoots within a known 800m strike length.

Significant drill intersections include:

- 40.2g/t gold over 2.4m;
- 9.8g/t gold over 2.2m;
- 132.1 g/t gold over 0.5m
- 9.7g/t gold over 4.3m;
- 9.8 g/t gold over 3.5m;

No further work has been carried during 2006 whilst the Company is focusing all of its efforts on Junior Lake and Lessard projects.

Other properties

The Company has other non-core exploration properties which includes grass roots exploration and defined drill targets. The Company is actively seeking joint venture partners for these properties.

Board of Directors

William Humphries
(aged 66)
Chairman

William Humphries has over 30 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 55)
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, Asian Growth Properties Limited and City National Resources High Yield Trust Plc.

James Garber
(aged 56)
Non-Executive Director and Exploration Manager of Landore Canada

James Garber is a qualified geologist and has been exploration manager of Landore Canada since January 2005. From August 2002 to January 2005 he was senior exploration geologist of Landore Canada. Prior to this, between January 2001 and June 2002, he was consultant geologist at Emerald Geological Services in Timmins, Ontario, and based between January 1999 and January 2001 he was senior geologist at Battle Mountain Gold, based in Timmins, Ontario.

Charles Wilkinson
(aged 63)
Non-Executive Director

Charles Wilkinson is a solicitor and is a former partner of Lawrence Graham LLP. He is currently Chairman of European Utilities Trust Plc and Asset Management Investment Trust Plc and is a Non-Executive Director of Summit Germany Limited as well as a number of private companies.

Helen Green
(aged 44)
Non-Executive Director

Helen Green is a chartered accountant and a partner in Saffery Champness, a UK top 20 firm of chartered accountants. She joined the firm in 1984, qualified as a chartered accountant in 1988, and became a partner in the London office in 1997. Since November 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 Puma Brandenburg Limited, Advance AIM Value Realisation Company Limited, Trio Finance Limited, Kenmore European Industrial Fund Limited and Acorn Income Fund Limited.

Directors' report

The Directors submit their report and the audited financial statements of Landore Resources Limited and its subsidiary for the year ended 31 December 2006.

Principal activity

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

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 page 3.

Results and dividends

The loss of the Group for the year, after taxation was £1,966,244. The Directors do not recommend payment of a dividend.

Exploration costs

The Group continues to devote considerable resources to exploration costs.

Executive Directors

The Directors who have held office since 1 January 2006 are as follows:

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

Non-Executive Directors

James Garber
Charles Wilkinson
Helen Green

The Directors in office at 31 December 2006 had the following beneficial interest in the shares of the Company:

	Ordinary shares of 1 pence each		Options to acquire shares	
	31 December 2006	31 December 2005	31 December 2006	31 December 2005
Executive Directors				
William Humphries	9,823,314	8,792,064	3,800,000	2,800,000
Richard Prickett	5,632,524	4,851,274	3,100,000	2,100,000
Non-Executive Directors				
James Garber	52,083	—	2,000,000	1,000,000
Charles Wilkinson	854,047	645,714	500,000	500,000
Helen Green	99,083	—	—	—

Directors' report continued

Share options

Name	Date granted	Number	Price	Expiry date
William Humphries	06.04.05	100,000	£0.131	08.05.07
William Humphries	06.04.05	700,000	£0.063	15.06.09
William Humphries	06.04.05	2,000,000	£0.070	06.04.10
William Humphries	19.09.06	1,000,000	£0.0975	19.09.11
Richard Prickett	06.04.05	100,000	£0.063	15.06.09
Richard Prickett	06.04.05	2,000,000	£0.070	06.04.10
Richard Prickett	19.09.06	1,000,000	£0.0975	19.09.11
Charles Wilkinson	06.04.05	500,000	£0.070	06.04.10
James Garber	06.04.05	200,000	£0.063	15.06.09
James Garber	06.04.05	300,000	£0.087	27.05.08
James Garber	06.04.05	500,000	£0.070	06.04.10
James Garber	19.09.06	500,000	£0.0975	19.09.11

Non-Executive Directors

Details in respect of the experience of the Executive and Non-Executive Directors are given on page 15.

Related party transactions

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

Details of shares issued in the year are given in note 13 to the financial statements.

Substantial shareholdings

Apart from the interests of the Directors referred to above, the Company has received the following notifications of holdings of more than 3 per cent. of the share capital of the Company as at 22 March 2007:

Shareholder name	Ordinary shares of 1 pence each
Barclayshare Nominess Limited	3,106,397
Chase Nominees Limited	3,340,178
Credit Suisse Securities (Europe) Limited	7,346,758
Forest Nominees Limited	6,766,146
Pershing Keen Nominees Limited/BFCLT	4,214,286
Pershing Keen Nominees Limited/PSL981	8,762,766
R C Greig Nominees Limited	5,134,862
T D Waterhouse Nominees (Europe) Limited	4,430,570

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. KPMG Channel Islands 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 KPMG Channel Islands Limited will be put to the members at the Annual General Meeting.

Directors' report continued

Annual General Meeting

The Company's forthcoming Annual General Meeting will be held on 1 May 2007. Notice of the meeting is set out on pages 46 and 47.

In accordance with the Articles of Association of the Company (the "Articles") each of Mr Humphries and Mr Prickett will retire as Directors and, each being eligible, will offer himself for re-election.

Resolution 5 is proposed as an Ordinary Resolution for the purposes of Article 3.1 of the Articles to give the Directors authority to allot relevant securities up to an aggregate nominal amount of £500,000, representing approximately 50 per cent. of the present issued share capital.

Resolution 6 is proposed as a Special Resolution to approve the disapplication of the pre-emption rights for the purposes of Article 4.8 of the Articles on allotments of relevant securities for cash up to an aggregate nominal amount of £500,000, representing approximately 50 per cent. of the present issued share capital.

The authorities granted by Resolutions 5 and 6 will expire on 1 May 2012. The Directors propose to use these authorities as and when necessary to issue further shares to provide working capital for the ongoing operations of the Company and its subsidiaries.

Resolution 7 is proposed as a Special Resolution to amend the Articles to require shareholders of the Company to notify the Company of certain interests in shares for the purposes of the FSA's Disclosure and Transparency Rules.

By Order of the Board

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

3 April 2007

Corporate Governance report

Financial aspects of corporate governance

The Company 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 1998.

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 Company.

Corporate Governance Committees

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

Audit

Charles Wilkinson *(Chairman)*
William Humphries
Helen Green

Remuneration

William Humphries *(Chairman)*
Charles Wilkinson

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 attend the Audit Committee meeting and as such it 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 32.

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 Group and of the profit and loss of the Group for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 1994. 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.

Independent auditors' report

KPMG Channel Islands Limited

To the members

We have audited the Group and parent company financial statements (the "financial statements") of Landore Resources Limited for the year ended 31 December 2006 which comprise the consolidated and Company income statement, the consolidated and Company balance sheets, the consolidated and Company cash flow statement, the consolidated and Company statement of changes in equity and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 64 of The Companies (Guernsey) Law, 1994. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's 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 Company and the Company'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

The Directors are responsible for preparing the Directors' report and the financial statements in accordance with applicable Guernsey law and International Financial Reporting Standards (IFRS) as set out in the Statement of Directors' Responsibilities on page 21.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with The Companies (Guernsey) Law, 1994. We also report to you if, in our opinion, the Company has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

We read the other information accompanying the financial statements and consider whether it is consistent with those statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Independent auditors' report continued

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with International Financial Reporting Standards, of the state of the Group's and the parent company's affairs as at 31 December 2006 and of the Group's loss for the year then ended; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

KPMG Channel Islands Limited
Chartered Accountants

3 April 2007

Consolidated income statement

for the year ended 31 December 2006

	Notes	31 December 2006 £	Period from 16 February 2005 to 31 December 2005 £
Exploration costs	6	(1,206,156)	(713,986)
Administrative expenses		(935,747)	(727,709)
Impairment of goodwill	8	—	(3,486,377)
Operating loss		(2,141,903)	(4,928,072)
Interest receivable and other income	2	175,659	62,212
Loss before income tax		(1,966,244)	(4,865,860)
Income tax expense	5	—	—
Loss for the period	1	(1,966,244)	(4,865,860)
Attributable to:			
Equity holders of the Company		(1,966,244)	(4,865,860)
Earnings per share for profit attributable to the equity holders of the Company during the year (expressed in £ per thousand shares)			
– basic and diluted	7	(0.021)	(0.066)

The Group's operating loss relates to continuing operations.

The notes on pages 32 to 45 form part of these financial statements.

Company income statement

for the year ended 31 December 2006

	Notes	31 December 2006 £	Period from 16 February 2005 to 31 December 2005 £
Exploration costs		—	—
Administrative expenses		(679,054)	(519,930)
Impairment of fixed asset investment	10	—	(4,016,302)
Operating loss		(679,054)	(4,536,232)
Interest receivable		46,268	52,178
Loss before income tax		(632,786)	(4,484,054)
Income tax expense	5	—	—
Loss for the year		(632,786)	(4,484,054)

The Company's operating loss relates to continuing operations.

The notes on pages 32 to 45 form part of these financial statements.

Consolidated balance sheet

at 31 December 2006

	Notes	Group At 31 December 2006 £	Group At 31 December 2005 £
Assets			
Non current assets			
Goodwill	8	—	—
Property, plant and equipment	9	47,505	63,573
Investments	10	—	—
		47,505	63,573
Current assets			
Trade and other receivables	11	13,663	24,653
Cash and cash equivalents		845,704	1,848,807
		859,367	1,873,460
Total assets		906,872	1,937,033
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,003,470	930,033
Share premium	16	6,021,688	5,410,126
Share options	14	397,905	247,531
Warrants	15	43,571	43,571
Retained earnings	16	(6,827,581)	(4,861,337)
Cumulative translation adjustment		164,664	22,622
Total equity		803,717	1,792,546
Liabilities			
Current liabilities			
Trade payables	12	103,155	144,487
Total liabilities		103,155	144,487
Total equity and liabilities		906,872	1,937,033

These financial statements were approved by the Board of Directors on 3 April 2007.

William Humphries
Director

Richard Prickett
Director

The notes on pages 32 to 45 form part of these financial statements.

Company balance sheet

at 31 December 2006

	Notes	Company At 31 December 2006 £	Company At 31 December 2005 £
Assets			
Non current assets			
Goodwill	8	—	—
Property, plant and equipment	9	—	—
Investments	10	94,889	94,889
		94,889	94,889
Current assets			
Trade and other receivables	11	1,488,748	273,502
Cash and cash equivalents		804,935	1,839,644
		2,293,683	2,113,146
Total assets		2,388,572	2,208,035
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,003,470	930,033
Share premium	16	6,021,688	5,410,126
Share options	14	397,905	247,531
Warrants	15	43,571	43,571
Retained earnings	16	(5,112,317)	(4,479,531)
Cumulative translation adjustment		—	—
Total equity		2,354,317	2,151,730
Liabilities			
Current liabilities			
Trade payables	12	34,255	56,305
Total liabilities		34,255	56,305
Total equity and liabilities	16,17	2,388,572	2,208,035

The notes on pages 32 to 45 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2006

	31 December 2006 £	Period ended 31 December 2005 £
Loss for the financial year	(1,966,244)	(4,865,860)
Lapse of warrants credited to reserves	—	4,523
Translation adjustment on consolidation	142,042	22,622
Net loss recognised directly in equity	(1,824,202)	(4,838,715)
Issue of ordinary share capital	73,437	930,033
Share premium arising on issue of ordinary share capital	631,562	5,875,204
Issue costs	(20,000)	(465,078)
Issue of warrants	—	43,571
Issue of share options	150,374	247,531
Net (decrease)/increase in shareholders' funds	(988,829)	1,792,546
Opening shareholders' funds	1,792,546	—
Closing shareholders' funds	803,717	1,792,546

The notes on pages 32 to 45 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2006

	31 December 2006 £	Period from 16 February 2005 to 31 December 2005 £
Loss for the financial year	(632,786)	(4,484,054)
Lapse of warrants credited to reserves	—	4,523
Net loss recognised directly in equity	(632,786)	(4,479,531)
Issue of ordinary share capital	73,437	930,033
Share premium arising on issue of ordinary share capital	631,562	5,875,204
Issue costs	(20,000)	(465,078)
Issue of warrants	—	43,571
Issue of share options	150,374	247,531
Net increase in shareholders' funds	202,587	2,151,730
Opening shareholders' funds	2,151,730	—
Closing shareholders' funds	2,354,317	2,151,730

The notes on pages 32 to 45 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2006

	Notes	31 December 2006 £	31 December 2005 £
Cash flows from operating activities			
Operating loss		(1,966,244)	(4,865,860)
Depreciation of tangible fixed assets		16,560	36,696
Impairment of goodwill		—	3,486,377
Foreign exchange loss on non-cash items		159,657	—
Share based payment		150,374	169,855
Decrease in debtors		9,167	566
(Decrease)/increase in creditors		(42,459)	18,437
Net cash outflow from operating activities		(1,672,945)	(1,153,929)
Cash flows from investing activities			
Acquisition of subsidiary, net of cash acquired		—	693,642
Purchase of property, plant and equipment	9	(11,653)	(50,078)
		(11,653)	643,564
Cash flows from financing activities			
Issue of ordinary share capital	13	704,999	2,803,084
Issue costs		(20,000)	(447,829)
		684,999	2,355,255
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of year		1,848,807	—
Exchange (losses)/gains on cash and cash equivalents		(3,504)	3,917
Cash and cash equivalents at end of year		845,704	1,848,807

The notes on pages 32 to 45 form part of these financial statements.

Company cash flow statement

For the period ended 31 December 2006

	Notes	31 December 2006 £	31 December 2005 £
Cash flows from operating activities			
Operating loss		(632,786)	(4,484,054)
Impairment of fixed asset investment		—	4,016,302
Share based payment		150,374	169,855
Increase in debtors		(1,215,246)	(273,502)
(Decrease)/increase in creditors		(22,050)	55,788
Net cash outflow from operating activities		(1,719,708)	(515,611)
Cash flows from financing activities			
Issue of ordinary share capital	13	704,999	2,803,084
Issue costs		(20,000)	(447,829)
		684,999	2,355,255
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,839,644	—
Cash and cash equivalents at end of period		804,935	1,839,644

The notes on pages 32 to 45 form part of these financial statements.

Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") interpretations in force or adopted early, as at the time of preparing these financial statements (February 2007).

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

The Directors consider the going concern basis of preparation to be appropriate as the Company has sufficient cash reserves to permit it to continue trading for a period of at least twelve months following the date of approval of these accounts.

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 2006. 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.

The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

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

Transactions in currencies other than UK sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet 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 income statement 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. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

Profit/loss from operations

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

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. on cost
Computer software	—	100 per cent. on cost
Office equipment	—	20 per cent. on cost
Automotive equipment	—	30 per cent. on cost
Machinery and equipment	—	20 per cent. on cost

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.

Accounting policies continued

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.

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 has applied the requirements of IFRS 2 Share-based payments.

The Group issues equity-settled payments to certain employees. 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 as options have been granted with no conditions.

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 as granted with no conditions.

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.

Accounting policies continued

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.

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.

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis to the income statement using effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables

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

Equity instruments

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

Future changes to accounting standards

The following accounting standards have been issued but are not effective for the current financial year. These accounting standards have not been early adopted by the Group.

In August 2005, the International Accounting Standards Board ("IASB") issued IFRS 7 — "Financial Instruments Disclosure" which is effective for accounting periods beginning on or after 1 January 2007. IFRS 7 requires disclosures of the significance of financial instruments for an entity's financial position and performance. These disclosures incorporate many of the requirements of IAS 32 — "Financial Instruments: Disclosure and Presentation". IFRS 7 also requires information about the extent to which the entity is exposed to risks arising from financial instruments, and a description of management's objectives, policies and processes for managing those risks. The Group will apply IFRS 7 for its accounting period commencing 1 January 2007.

In November 2006, the IASB issued IFRS 8 — "Operating Segments" which is effective for accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. The Group will apply IFRS 8 for its accounting period commencing 1 January 2009.

Notes to the financial statements

for the year ended 31 December 2006

1. Loss from operations

	2006 £	2005 £
Loss from operation is stated after charging:		
Impairment of goodwill	—	3,486,377
Depreciation of property, plant and equipment	16,560	36,696
Auditors' remuneration – audit services	25,238	27,500

2. Interest receivable and other income

	2006 £	2005 £
Interest on bank account	52,416	62,212
Property sale and option payment income	123,243	—
	175,659	62,212

3. Employees

	2006 Number	2005 Number
The average monthly number of persons (including Directors) employed by the Group during the year was:		
Management, administration and operations	10	9

	£	£
Staff costs (for the above persons):		
Wages and salaries	261,361	240,074
Social security costs	18,156	11,610
	279,517	251,684

4. Directors' remuneration

The Company have the following share options to Directors in issue:

Name	Date granted	Number	Price	Expiry date
William Humphries	06.04.05	100,000	£0.131	08.05.07
William Humphries	06.04.05	700,000	£0.063	15.06.09
William Humphries	06.04.05	2,000,000	£0.070	06.04.10
William Humphries	19.09.06	1,000,000	£0.0975	19.09.11
Richard Prickett	06.04.05	100,000	£0.063	15.06.09
Richard Prickett	06.04.05	2,000,000	£0.070	06.04.10
Richard Prickett	19.09.06	1,000,000	£0.0975	19.09.11
Charles Wilkinson	06.04.05	500,000	£0.070	06.04.10
James Garber	06.04.05	200,000	£0.063	15.06.09
James Garber	06.04.05	300,000	£0.087	27.05.08
James Garber	06.04.05	500,000	£0.070	06.04.10
James Garber	19.09.06	500,000	£0.0975	19.09.11

Notes to the financial statements continued

for the year ended 31 December 2006

4. Directors' remuneration (continued)

	Total 2006 £	Total 2005 £
Executive Directors		
William Humphries	50,000	50,000
Richard Prickett	50,000	50,000
	100,000	100,000
Non Executive Directors		
Helen Green	10,000	7,500
James Garber	—	72,500
Charles Wilkinson	15,000	11,250
Total	125,000	191,250

5. Taxation

Landore Resources Limited is a Guernsey registered company and is eligible for exemption from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and 1992 as amended. An annual fee of £600 is paid in this respect.

The Company's subsidiary, Landore Resources Canada Inc., is subject to Canadian Federal tax. No tax has been provided in the accounts due to losses incurred by that company to date. That company has estimated non-capital losses of CA$1,020,000 as at 31 December 2006 which expire between 2006 and 2009.

6. Mineral properties

	1 January 2006 £	Expenditure in the year £	Accumulated expenditure at 31 December 2006 £
Miminiska Lake	1,127,214	2,854	1,130,068
Junior Lake	940,179	971,705	1,911,884
Frond Lake	57,791	10,513	68,304
Wottam	61,558	—	61,558
Lamaune	271,362	28,117	299,479
Seeley Lake	80,431	6,232	86,663
Lessard	2,455	170,702	173,157
Other	9,537	16,033	25,570
	2,550,527	1,206,156	3,756,683

6.1 *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 2 staked claims.

6. Mineral properties (continued)

6.2 *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 two 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 34 staked mining claims surrounding the two Junior Lake leases and is wholly owned by the Company, except for a portion that is subject to a 2 per cent. net smelter return ("NSR").

6.3 *Frond Lake*

Frond Lake is a gold property located about 125 kilometres east of Pickle Lake, Ontario. 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.

6.4 *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 claims contiguous to the east of the Miminiska Lake property.

6.5 *Lamaune Lake*

Effective 5 September 2002, the Company entered into an Option Agreement with Michael Stares, Stephen Stares, James Dawson and Stares Contracting Corp. relating to eight 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.

6.6 *Seeley Lake*

Seeley Lake is an industrial minerals nepheline-syenite property, located 250 kilometres to the east of Thunder Bay, Ontario, on the north of Lake Superior. The property is comprised of 18 leased claims wholly owned by the Company.

6.7 *Lessard*

Lessard is a zinc, copper property comprised of 103 mining claims located approximately 107 kilometres north of the town of Chibougamau, in the province of Quebec, Canada. The property is wholly owned by the Company.

6.8 *Swole Lake*

Included in other properties is an amount of $7,566 for Swole Lake, which 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 of $50,000 over three years.

Notes to the financial statements continued

for the year ended 31 December 2006

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 93,767,865 in issue during the year.

Diluted loss per share

The potential ordinary shares which arise as a result of the options in issue are not dilutive under the terms of IAS33 because they would not increase the loss per share. Accordingly there is no difference between the basic and dilutive loss per share.

8. Goodwill – Group

	Goodwill on acquisition £	Total £
Cost		
At 1 January 2006	3,486,377	3,486,377
Acquisitions	—	—
At 31 December 2006	3,486,377	3,486,377
Provision for impairment		
At 1 January 2006	3,486,377	3,486,377
Charge for the year	—	—
At 31 December 2006	3,486,377	3,486,377
Net book value		
At 31 December 2006	—	—

The goodwill arose on acquisition of Landore Resources Canada Inc. on 6 April 2005. The Directors consider the goodwill to be fully impaired as this predominantly relates to mineral property exploration expenditure which is not carried forward as an asset in the Group's accounts in accordance with the accounting policies.

Notes to the financial statements continued

for the year ended 31 December 2006

9. Property, plant and equipment – Group

	Plant and equipment £
Cost	
At 1 January 2006	81,711
Assets acquired on acquisition of subsidiary	—
Additions	11,653
Foreign exchange movements	(17,357)
At 31 December 2006	76,007
Amortisation	
At 1 January 2006	18,138
Charge for the period	16,560
Foreign exchange movements	(6,196)
At 31 December 2006	28,502
Net book value	
At 31 December 2006	47,505
Net book value	
At 31 December 2005	63,573

10. Non current asset investments – Company

	Investment in subsidiaries £
Cost	
At 1 January 2006	4,111,191
Additions	—
At 31 December 2006	4,111,191
Provision for diminution in value	
At 1 January 2006	4,016,302
Charge for the year	—
At 31 December 2006	4,016,302
Net book value	
At 31 December 2006	94,889
At 31 December 2005	94,889

Notes to the financial statements continued

for the year ended 31 December 2006

10. Non current asset investments – Company (continued)

At 31 December 2006 the Company held the entire issued share capital of the following subsidiary undertaking:

	Nature of business
Landore Resources Canada Inc.	Exploration of precious metals
Brancote US Inc.*	Exploration of precious metals
Landore Resources (UK) Limited	Administration (dormant)

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

11. Trade and other receivables

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Due within one year:				
Trade receivables	13,663	3,750	24,653	2,500
Amounts due from subsidiary undertakings	—	1,484,998	—	271,002
	13,663	1,488,748	24,653	273,502

12. Payables: Amounts falling due within one year

	Group 2006 £	Company 2006 £	Group 2005 £	Company 2005 £
Trade payables	103,155	34,255	144,487	56,305
	103,155	34,255	144,487	56,305

13. Share capital

	Company 2006 £
Authorised:	
250,000,000 ordinary shares of 1 pence each	2,500,000
Issued:	
100,347,058 ordinary shares of 1 pence each	1,003,470

	Ordinary shares 2006 £	Total 2006 £
Issued:		
At 1 January 2006	930,033	930,033
Issued in the year	73,437	73,437
At 31 December 2006	1,003,470	1,003,470

Notes to the financial statements continued

for the year ended 31 December 2006

13. Share capital (continued)

The Company made allotments of ordinary 1p shares with an aggregate nominal value of £73,437 during the year as follows:

	Number of shares	Nominal value £	Share premium £
23 November 2006	7,343,748	73,437	631,562
	7,343,748	73,437	631,562

14. Share options

Grant date	Expiry date	Exercise price £	Number of options	Lapsed in period	No of options at 31 December 2006	Fair value at grant date £
08.05.02*	08.05.07	0.131	750,000	—	750,000	6,329
27.05.03*	27.05.08	0.087	300,000	—	300,000	6,591
12.12.03*	12.12.08	0.131	600,000	—	600,000	9,678
15.06.04*	15.06.09	0.063	1,650,000	—	1,650,000	55,078
06.04.05	06.04.10	0.07	5,000,000	—	5,000,000	169,855
01.01.06	31.12.11	0.104	100,000	—	100,000	5,697
19.09.06	19.09.11	0.0975	2,875,000	—	2,875,000	144,677
			11,275,000	—	11,275,000	397,905

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

The model inputs were:

Share price at grant date:	
6 April 2005	7 pence
1 January 2006	10.5 pence
19 September 2006	10 pence
Expected volatility	50 per cent.
Risk-free interest rate	5.0 per cent.

No dividends have been assumed in the above calculations.

In respect of the fair value calculated for the options the following amounts have been included in these financial statements:

	£
Included in equity	150,374
Share based payment charged to the income statement	150,374

Notes to the financial statements continued

for the year ended 31 December 2006

15. Warrants

On acquisition of Landore Resources Canada Inc the company acquired existing warrants of that company on a one for one basis as follows:

Grant date	Expiry date	Exercise price £	Number of warrants	Exercised or lapsed in year	Number of warrants at 31 December 2006	Fair value
5 April 2005	5 May 2008	0.07	1,624,525	—	1,624,525	43,571
			1,624,525	—	1,624,525	43,571

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

The model inputs were:

Share price at grant date	7 pence
Expected volatility	50 per cent.
Risk-free interest rate	4.25 per cent.

No dividends have been assumed in the above calculations.

16. Reserves

	Share premium £	Profit and loss £
Group		
At 1 January 2006	5,410,126	(4,861,337)
Premium on shares issued in the year	631,562	—
Cost of issue	(20,000)	—
Loss for the year	—	(1,966,244)
At 31 December 2006	6,021,688	(6,827,581)
Company		
At 16 January 2006	5,410,126	(4,479,531)
Premium on shares issued in the year	631,562	—
Issue costs	(20,000)	—
Loss for the year	—	(632,786)
At 31 December 2006	6,021,688	(5,112,317)

17. Reconciliation of net cashflow to movement in net funds

	2006 £	2005 £
Opening net funds	1,848,807	—
(Decrease)/increase in cash	(999,599)	1,848,807
Change in net funds resulting from cash flows	849,208	1,848,807
Exchange losses	(3,504)	—
Closing net funds	845,704	1,848,807

Notes to the financial statements continued

for the year ended 31 December 2006

18. Analysis of net funds

	At 1 January 2006 £	Cashflow £	Exchange losses £	At 31 December 2006 £
Cash at bank and in hand	1,848,807	(999,599)	(3,504)	845,704
Total	1,848,807	(999,599)	(3,504)	845,704

19. Related party transactions

During the previous year Mr E Badida, who was a Director of Landore Resources Canada Inc. until 5 April 2005 was paid $47,750 (£23,811) in consulting fees.

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

Mrs H F 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 £39,090 (2005: £58,500) in the period in respect of its role as administrators for the Company and Rysaffe was paid £10,000 (2005: £7,500) in respect of its role as Company Secretary. £7,775 (2005: £6,000) was owing to SCMIL at the year-end.

In addition, Mrs H F Green is a partner of Saffery Champness. That firm provided professional services to the Company amounting to £11,700 (2005: £24,480) in the year. £7,500 (2005: £15,000) was owing to Saffery Champness at the year end.

20. Financial instruments

The Group uses financial instruments, other than derivatives, comprising borrowings, cash, liquid resources and various items such as sundry debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk and currency risk. The Directors review and agree policies for managing these risks and these are summarised below.

Short-term debtors and creditors have been excluded from all the following disclosures.

Liquidity risk

The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. This is achieved by placing surplus funds on deposit.

Currency risk

The Group is exposed to transaction related foreign exchange risk. The majority of the Company's cash reserves are held in UK Sterling in Guernsey. Cash is converted into Canadian Dollars as required. Foreign exchange risk is not mitigated.

20. Financial instruments (continued)

Borrowing facilities and interest rate risk

The Group finances its operations through the issue of equity share capital. There are no borrowings and therefore no exposure to interest rate fluctuations.

Fair values

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

Notice of Annual General Meeting

Notice is hereby given that the Second Annual General Meeting of Landore Resources Limited (the "Company") will be held at the Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on 1 May 2007 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 resolutions 6 and 7 as Special Resolutions:

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 2006;
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 KPMG Channel Islands Limited as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix 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 £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

    (b) otherwise than pursuant to sub-paragraphs (a) above up to an aggregate nominal amount of £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.

Notice of Annual General Meeting continued

7. That the Articles of Association of the Company be amended by the insertion of the following as Articles 9.11 and 9.12 respectively:

   9.11 For long as the Company has any of its share capital admitted to trading on the AIM Market of the London Stock Exchange, or any successor market or any other market operated by the London Stock Exchange, every member shall comply with the notification and disclosure requirements set out in Chapter 5 of the Disclosure and Transparency Rules Sourcebook (as amended and varied from time to time) of the FSA Handbook as if the Company were classified as an "issuer" whose "Home State" is the "United Kingdom" (as such terms are defined in the FSA Handbook).

   9.12 If it shall come to the attention of the Directors that any member has not, within the requisite period made or, as the case may be, procured the making of any notification required by this Article, the Company may (in the absolute discretion of the Directors) serve a notice on such member pursuant to Article 9.1 and in the event that such member fails to comply with such notice and/or continues to fail to comply with Article 9.11 then the provisions of Article 9.4 to 9.8 shall apply.

By Order of the Board

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

3 April 2007

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 (C.I.) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW 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 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 Second Annual General Meeting of the Shareholders of the Company to be held at the Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX, on 1 May 2007 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 2006		
2. Ordinary Resolution to re-elect William Humphries		
3. Ordinary Resolution to re-elect Richard Prickett		
4. Ordinary Resolution to re-appoint KPMG Channel Islands 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		
7. Special Resolution to amend the Articles of Association		

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 (C.I.) Limited, PO Box 83, Ordnance House, 31 Pier Road, St. Helier, Jersey JE4 8PW 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.

Second fold

PLEASE
AFFIX
POSTAGE
STAMP

Computershare Investor Services (C.I.) Limited
PO Box 83
Ordnance House
31 Pier Road
St Helier
JERSEY
Channel Islands
JE4 8PW

First fold

Third fold and tuck in

www.landore.com