LANDORE RESOURCES

Annual Report 2008

Contents

Company information

Directors	William Humphries	*(Chairman)*
	Richard Prickett	*(Chief Executive Officer and Finance Director)*
	James Garber	*(Non-Executive Director) (resigned 23 January 2009)*
	Charles Wilkinson	*(Non-Executive Director)*
	Helen Green	*(Non-Executive Director)*

Company secretary
Rysaffe International Services Limited

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Broker
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Strand Partners Limited (*appointed 7 January 2009*)
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Chairman's statement

During this year of global financial turmoil, Landore has continued to create and increase value for its shareholders. The main focus of our activities has again been on the Junior Lake project in the province of Ontario, Canada.

Financial results

In the year ended 31st December 2008 the Group incurred a loss of £3,947,576 (2007: £2,627,315). This increased loss is a direct result of increased exploration expenditure of £2,550,375 which, in accordance with our prudent accounting policy, is all written off. In addition the losses were increased this year by a non-cash item of £584,955 relating to a charge for new share options and warrants.

The Junior Lake project

As stated above, the principal focus for our exploration activities has been centred on the Junior Lake project which is situated 235 kilometres northeast of Thunder Bay in the province of Ontario. The property is host to numerous metal deposits/occurrences including Nickel, Copper PGE deposits and a significant magnetite Iron Ore deposit. Full details of the project are set out in the operations report which follows my statement. The highlights are:

- the combined resource estimates of the VW and B4-7 deposits now stand in excess of 51,000 tonnes of Nickel equivalent;
- the land holdings and ownership of the Junior Lake project have now been consolidated and extended. In addition mining leases have been granted for the VW and B4-7 nickel projects; and
- our exploration has established and confirmed the presence of a large magnetite Iron Ore deposit extending over a strike length of 3.8 kilometres or more which frequently outcrops at surface. Most significantly this Iron Ore deposit is situated at the western end of the Junior Lake property and is only 11 kilometres from the Canadian National Railway which provides direct access to the Port of Thunder Bay on Lake Superior.

During 2009 we will continue with drilling on the VW and B4-7 deposits with the aim of increasing the resource estimates of those projects. It is our intention to continue advancing these two projects towards development so as to take advantage of the recovery cycle in commodities that is widely expected by analysts.

We will also be continuing with further drilling on the Iron Ore deposit with the aim of producing an inferred resource estimate of tonnage and grade.

Lessard - Copper-zinc project

The Lessard project is a VMS deposit located approximately 107 kilometres north of Chibougamau in the province of Quebec. As a result of the 2008 drilling campaign a compliant resource estimate of 740,000 tonnes @ 1.88 per cent. Copper, 3.5 per cent. Zinc, 38.6 g/t Silver and 0.84 g/t Gold was established.

Chairman's statement continued

During 2009 further exploration will continue to identify similar deposits on the property. It is worth noting that approximately 44 per cent. of all exploration expenditures on projects such as this in Quebec are reimbursed by the provincial government. As a result of 2008 exploration expenditures we are anticipating a reimbursement of C$902,000 later this year.

Funding

We are fortunate, in these difficult times, to have a strong and supportive group of shareholders. During the year a total of approximately £6.2 million was raised by placing new shares and warrants being exercised.

The Company is funded for its 2009 activities and has no long-term debt.

Outlook

Landore will continue to drill the Junior Lake projects as outlined above and increase resource estimates. We believe demand will increase, especially given the financial stimulus packages around the world, which will in turn restore metal prices to a level where projects become financially viable again. As usual we will keep shareholders informed as results become available.

Again I would like to thank management and staff at Thunder Bay and on site for their commitment towards the Company's performance over the past year.

William Humphries
Chairman

23 April 2009

Operations report

Landore Properties – 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 nine properties owned 100 per cent. and has an option agreement on a further property.

Landore's primary focus is the Junior Lake Nickel and Iron projects 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.

JUNIOR LAKE PROPERTY

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

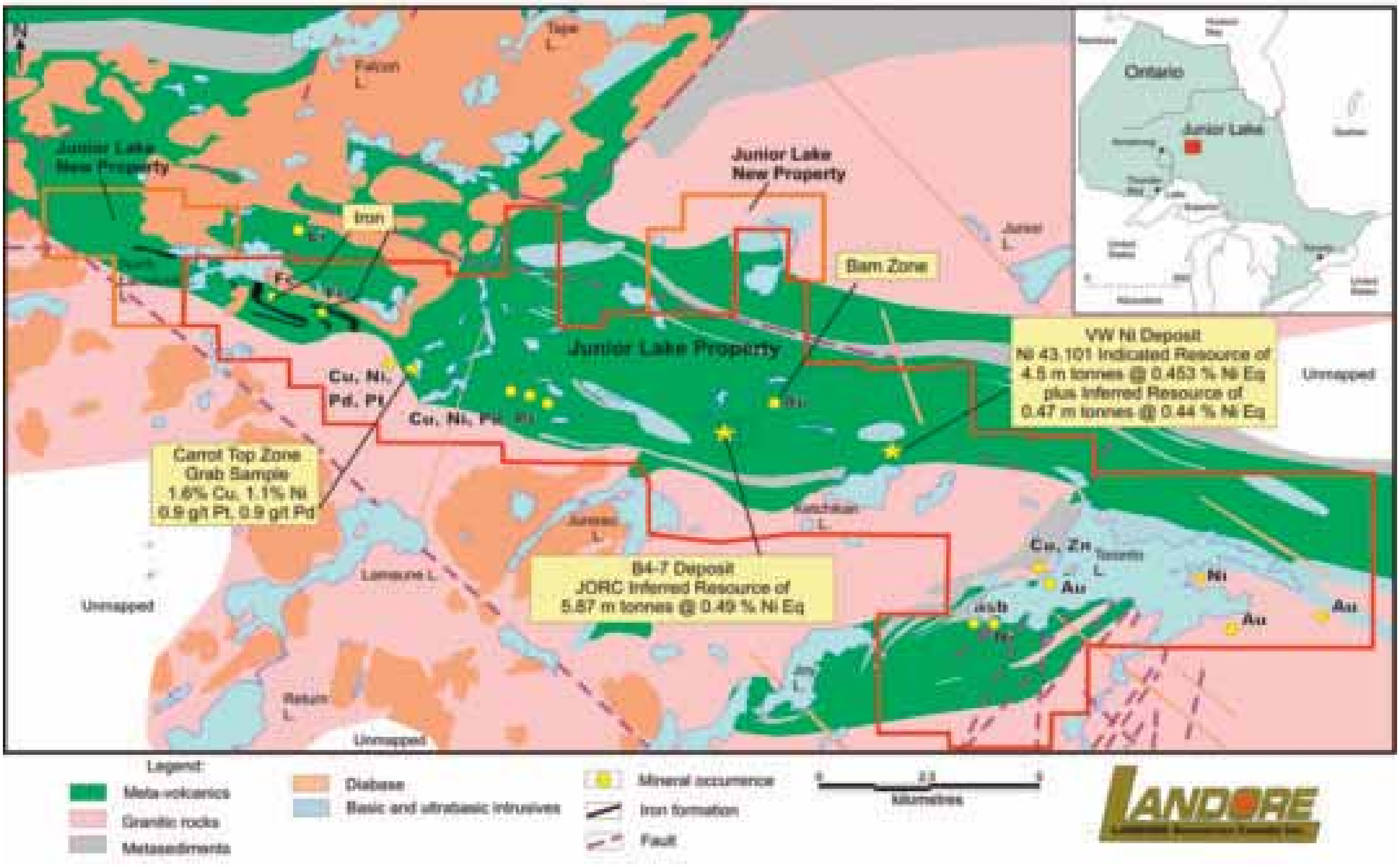
The property is host to the VW Nickel Deposit (VW Deposit), the B4-7 Nickel-copper-cobalt-Platinum Group Elements (Ni-cu-co-PGE) Deposit, (B4-7 Deposit) and the BAM Zone gold occurrence, together with the Carrot Top Zone (Ni-cu-co-PGE), the Grassy Pond Zone (Ni-cu-co-PGE) and a significant Iron occurrence on the recently consolidated Lamaune Lake property.

Land

During 2008 Landore completed a significant consolidation and acquisition programme in and around the highly prospective Junior Lake property.

Consolidation

In October Landore acquired the 20 per cent. share of the Lamaune Lake Property that Landore did not already own, for a consideration of 2,500,002 new ordinary shares of 1p each in the Company.



Junior Lake property

The Lamaune Lake property, consisting of eight claims for a total area of 1,616 hectares, is located at the western end of and is contiguous with the Junior Lake property. Lamaune contains the highly prospective Carrot Top Zone (Ni-cu-PGE), the Grassy Pond Zone (Ni-cu-PGE) and several other areas of interest including a significant Iron occurrence at North Lamaune Lake.

The vendors, Stares Contracting Corporation and James Dawson, have retained a 2 per cent. Net Smelter Returns Royalty ("NSR") on the eight original Lamaune claims and nine claims staked by Landore subsequent to the signing of the original option agreement in 2002. Landore is entitled to purchase 1 per cent. of the NSR for C$1,000,000 in certain specified circumstances.

Lamaune Lake property has now been consolidated into the Junior Lake property.

Acquisition

Four new claims, for a total area of 912 hectares, have been staked at the western end of the Junior Lake property to cover the strike extension of the North Lamaune Lake Iron Deposit.

In addition, four new claims, for a total area of 752 hectares, have been staked around Landore's Swole Lake claim, located on the mid-northern boundary of the Junior Lake property, to cover potentially significant nickel-copper-cobalt mineralization.

With the above consolidation and acquisitions, the Junior Lake property now extends for over 31 kilometres and covers an area of 14,145 hectares.

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 enough 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 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; and
- erect buildings, machinery, furnaces, etc., as required and to treat ores.

VW-Katrina Nickel Zone, 12 metre wide surface outcrop

VW Deposit

The VW Deposit is located at Ketchikan Lake in the central part of the Junior Lake property and is Landore's most advanced project.

In March 2008 a resource estimate upgrade, compliant to Canadian National Instrument 43-101 (NI 43-101) was completed on the VW Deposit.

The resource estimate reported 22,407 tonnes Nickel Equivalent (NiEq) at an average grade of 0.45 per cent. NiEq at a 0.2 per cent. Nickel cut-off grade. 91 per cent. of the resource is in the higher "Indicated" category. The resource remained open to the east and to the west as well as down dip.

In July 2008 a further drilling campaign, comprising 19 holes for 5,189 metres, was completed on the VW Deposit with 11 holes testing the down dip extension of the higher grade Katrina Zone and the remaining eight holes testing the eastern extent of the deposit.

Mineralized intersections included:

Drill-hole No	From Metres	Width Metres	Nickel %	Copper %	Cobalt %
0408-180	299.00	1.00	**1.01**	0.03	0.04
and	313.26	2.74	**2.19**	0.40	0.08
including	315.00	1.00	**3.04**	0.09	0.09
0408-185	216.00	**11.00**	**1.53**	0.07	0.04
including	224.00	2.00	**3.19**	0.08	0.07
and	239.00	1.50	**0.88**	0.03	0.03
and	243.61	1.39	**1.39**	0.13	0.04
0408-187	269.20	2.40	**1.14**	0.03	0.03
and	279.38	1.42	**1.60**	0.09	0.04

Results from the drilling on the western end of the VW Deposit, show the down plunge of the Katrina Zone mineralization to be improving with depth, further enhancing the underground mining potential.

Further drilling is programmed to be carried out on the western end of the VW Deposit in June 2009 and a resource upgrade will be commenced later this year.

B4-7 Deposit

The B4-7 Deposit is located approximately 3 kilometres to the north-west of the VW Deposit and is Landore's second most advanced Deposit.

In May 2008 a resource estimate, Australasian Joint Ore Reserves Committee (JORC) Code compliant (2004), was completed on the B4-7 Deposit.

The resource estimate reported 28,900 tonnes Nickel Equivalent (NiEq) at an average grade of 0.45 per cent. NiEq at a 0.2 per cent. Nickel cut-off grade. All of the resource is in the "Inferred" category. The B4-7 Deposit also remains open to the east and to the west as well as down dip.

As a result of the above resource estimates the combined Resources of the VW and B4-7 Deposits now stand in excess of 51,000 tonnes of NiEq.

A new drilling campaign commenced in March 2009 on the B4-7 Deposit, for approximately 6,000 metres, to advance the resource into an "Indicated" category and to further test the continuity of the hanging wall mineralized zones named 'Alpha' and 'Beta'.

Drilling to date indicates strong westerly continuity of the B4-7 Deposit, with multiple zones of massive, potentially nickeliferous, pyrrhotite encountered in drill-hole 0409-125W' the most westerly hole drilled. The B4-7 Deposit remains open along strike and to depth.

Drilling B4-7

Lamaune Lake Iron Ore Deposit

Exploration by Landore during 2008 has confirmed the presence of a large magnetite Iron Ore deposit at the western end of the Junior Lake property.

The exploration established that:

- strong magnetic anomalies extend over a strike length greater than 3.8 kilometres with banded iron formation (BIF) frequently outcropping at surface; and
- drilling intersected wide bands of BIF, including 78.10 metres (256 feet) in drill-hole 1108-45, and has confirmed the depth potential with drill-hole 1108-54 intersecting continuous BIF to a vertical depth of 192 metres (630 feet).

In late 2007, Landore commissioned a Geophysical review of the historic Zmudzinski-Despard Iron Ore deposit located to the south and south-east of North Lamaune Lake.

The review compared the magnetic anomalies outlined on the Iron Ore deposit in 1960 with Landore's 2004 Aerotem EM/Magnetic survey.

The results of the Geophysical review were sufficiently encouraging to warrant conducting of a detailed ground total field magnetic survey over a 3.8 kilometre trend to the south-east of North Lamaune Lake. The survey was completed in early 2008.

A comparison of the results of the above survey with the 2004 airborne magnetic survey results show a close correlation, with a total of nine anomalous magnetic responses defined by contour values of 64,000nT or greater. The historic anomalies, identified in 1960, were represented within five of these newly defined anomalies with additional strong anomalies between and to the south-east of historic anomalies, suggesting the potential for additional targets and Iron deposits not previously mapped.

Encouraged with the results of the review of the historic information and the recent magnetic surveys, Landore completed trenching and exploratory drilling on the two historic anomalies 'D and E', which were readily accessible by track, with banded BIF outcropping at surface and within an area that had been recently clear felled.

Three trenches, totalling 227 metres long, were excavated and washed, exposing wide bands of BIF. Sawn cut channel samples were taken and analyzed by ALS Laboratories, Thunder Bay, at their branch located in Perth, Western Australia, specializing in Iron analysis.

Iron occurrence – trench and sawn channel

In July 2008, an exploration drilling campaign, consisting of 13 drill-holes, Diamond NQ core, for a total of 1,838 metres was completed on the 'D and E' historic anomalies (seven holes), the 'F and G' historic anomalies (five holes) and hole 1108-52 on an outcrop a further 3 kilometres to the south-east of the known trend.

Results from the BIF intersections received to date included:

Drill-hole No	From Metres	Width Metres	Fe %
1108-41	18.00	14.47	25.97
and	112.91	24.22	26.81
1108-42	29.08	65.74	30.69
and	201.00	23.44	28.29
1108-44	57.00	31.05	29.14
and	97.57	8.28	36.38
1108-45	17.00	78.10	30.44
1108.48	59.30	28.20	29.19
1108.49	6.00	18.18	28.89
1108-50	130.00	19.37	29.56
and	154.85	15.72	29.76
1108-53	130.00	38.20	29.47
and	175.39	10.86	33.76

Note: All holes were drilled at 45 degrees except 1105-54 which was drilled at 75 degrees to test the depth potential. The BIF is generally dipping at 65 to 75 degrees.

Curvilinear airborne magnetic anomalies infer at least two main sub-parallel trends of potential iron formation in a north-west south-east direction with less extensive oblique en-echelon trends.

The above geophysical trends remain untested by drilling for at least 2 kilometres along strike to the north-west and similarly along strike to the south-east providing excellent potential for discovery of additional magnetite iron formation.

Trenching and drilling has confirmed at least three horizons of BIF up to 75 metres wide and historic reports of finely banded magnetite with inter-bedded chert of similar thicknesses. Strong centimetre to metre scale folding is evident and as such likely exists on a larger scale, possibly causing thickening and thinning of the iron formation along the main trends.

Extract from R.V.Oja's 1960 report on the North Lamaune Iron Ore deposit:

"A beneficiation report on a sample of banded iron formation from the west end area, after grinding to -100 mesh shows that the concentrate contains 65.36 per cent. iron, 0.071 per cent. phosphorus, 6.58 per cent. silica and 0.20 per cent. titania. On the basis of the microscopic examination, it is believed a lower silica content could be obtained by finer grinding."

Thus, from the drilling results and the limited historical metallurgical testing, the North Lamaune Iron Ore occurrence has the potential to be economically viable.

In addition the iron formation is on or near surface along the 3.8 kilometre trend providing for a low stripping ratio of ore to waste with associated low mining costs.

The recent magnetic surveys together with the trenching and drilling give promise that a resource many times larger than the historic estimates on the North Lamaune Iron Ore deposit can be expected.

Perhaps the greatest advantage that the North Lamaune Iron Ore deposit has is its proximity (just 11 kilometres) to the Canadian National Railway providing direct access to the Port of Thunder Bay on Lake Superior, from where, up to only 25 years ago, the giant Steep Rock Iron Mines of Atikokan shipped Iron Ore to the iron mills of North America.

The above parameters are sufficiently encouraging for Landore to advance the North Lamaune Iron Ore deposit towards resource status, with additional geophysical surveys, metallurgical and beneficiation testing being carried out in the first half of 2009 together with a substantial drilling campaign programmed to commence in July 2009.

Exploration

Carrot Top Zone

An exploration drilling campaign carried out in May/June 2008, consisting of 12 drill-holes, Diamond NQ core, for a total of 2,028 metres was completed on the Carrot Top and Zap Zones designed to further investigate the previous drilling.

Mineralized intersections included:

Drill-hole No	From Metres	Width Metres	Nickel %	Copper %	Platinum g/t	Palladium g/t	Cobalt %
1108-21	77.30	6.70	0.29	0.26	0.076	0.352	0.03
1108-24	185.20	18.30	0.34	0.32	0.038	0.206	0.03
1108-25	81.00	5.48	0.33	0.15	0.078	0.278	0.02
Including	84.60	0.32	1.29	0.16	0.133	1.064	0.12
1108-26	126.89	0.39	1.44	0.56	0.010	1.678	0.14

The results from the drilling campaigns completed to date show the Carrot Top Zone to have the potential to develop into a resource and therefore warrants follow up drilling.

Grassy Pond Zone

An exploration drilling campaign, consisting of eight drill-holes, Diamond NQ core, for a total of 1,034 metres, has been completed on the Grassy Pond Zone located approximately 3 kilometres to the north east of the B4-7 Nickel Copper PGE's deposit.

Highly anomalous results, including 0.7 metres at 0.39 per cent. nickel, 0.43 per cent. copper and 0.77grams/tonne gold in drill-hole 1108-30, are sufficiently encouraging to warrant follow up drilling.

B4-7 Deposit East Trend

An exploration drilling campaign, consisting of four drill-holes for 796 metres was completed in October 2008, on the 3 kilometre area between the VW Nickel Deposit and the B4-7 Nickel-Copper-PGE's Deposit. Highly anomalous results were sufficiently encouraging to warrant follow up drilling.

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 three monthly basis throughout the year. The area of influence has recently been expanded to include lakes and drainage further out from the leases.

Golders have also completed an 'Environmental Baseline Study' which included the following components:

- terrestrial field survey of the leases to ground-truth existing background information, identify plant communities, and make supplemental observations of wildlife and wildlife habitat;
- aquatic survey (fish community, fish habitat and associated habitat variability's) of selected water bodies within the leases; and
- preparation of the environmental baseline study report using all information obtained from the file review, consultants and field survey.

The above environmental and baseline studies are all pre requisite for permitting requirements for the development of the VW and the B4-7 Deposits.

Junior Lake camp and core storage area

Planned works 2009

VW Deposit

A drilling campaign consisting of three holes, for 1,500 metres, to test the down dip extension of the high grade Katrina Zone. Resource estimate upgrade.

B4-7 Deposit

A drilling campaign consisting of 16 holes, for 6,000 metres, to advance the deposit to 'Indicated' category and test the hanging wall zones. Resource estimate upgrade.

Iron Deposit

High resolution geophysical survey (helicopter airborne 'Impulse') over 8 kilometre Iron trend at 50 metre spacing. (Survey completed – awaiting interpretation).

Metallurgical and beneficiation testing. (In progress).

A drilling campaign, consisting of 20 holes for 8,000 metres, to advance the Iron Ore deposit towards an 'inferred' resource.

Exploration

Geophysical survey (helicopter airborne 'Aerotem') over the eastern third of the Junior Lake property. (Survey completed – awaiting interpretation).

A drilling campaign, consisting of 12 holes for 2,500 metres, to test the area between the VW and B4-7 Deposits.

Consulting geologist Chris Cooper, Senior project geologist Joy Lester (right) with technical staff

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. The resource was not compliant with National Instrument 43-101.

In 2006 Landore completed a successful drilling campaign on the Lessard deposit to confirm the previous drilling results. An airborne geophysical survey was also completed over the entire property which highlighted possible strike extensions to the existing deposit and also developed new targets for follow up exploration.

A drilling campaign consisting of 25 NQ diamond drill holes, for a total of 9,581 metres, was completed in early 2008 on the Lessard deposit in order to provide closer spacing to enable a resource estimate and to target possible strike extensions of the existing deposit.

Mineralised intersections included:

Drill-hole No	From Metres	Width Metres	Zinc %	Copper %	Silver gpt	Gold gpt
0908.11	175.0	9.0	4.94	1.47	24.9	0.44
including	179.0	3.0	0.93	2.63	41.2	0.58
including	183.0	1.0	15.04	1.27	26.3	0.26
0908.14	253.0	2.0	7.44	0.36	5.7	0.04
0908.18	317.0	2.0	5.97	1.16	19.3	0.14
0908.19	294.0	10.0	1.49	1.18	27.2	0.33
including	301.0	1.0	3.63	1.56	32.0	0.02
0908.21	166.5	0.5	5.70	3.88	60.0	0.13
0908.22	358.0	8.0	1.95	1.05	40.5	0.32
0908.27	432.0	2.3	7.60	0.41	23.0	0.27
0908.33	528.0	9.0	4.30	0.70	61.8	0.50
including	534.0	3.0	10.97	0.78	63.5	0.42

In September 2008 a Resource estimate, compliant to Canadian National Instrument 43-101 (NI 43-101) was completed on the Lessard deposit.

The Resource estimate reported 740,000 tonnes @ 1.88 per cent. copper, 3.50 per cent. zinc, 38.62 grams per tonne (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.

Further exploration to identify similar deposits on the property will be carried out during 2009.

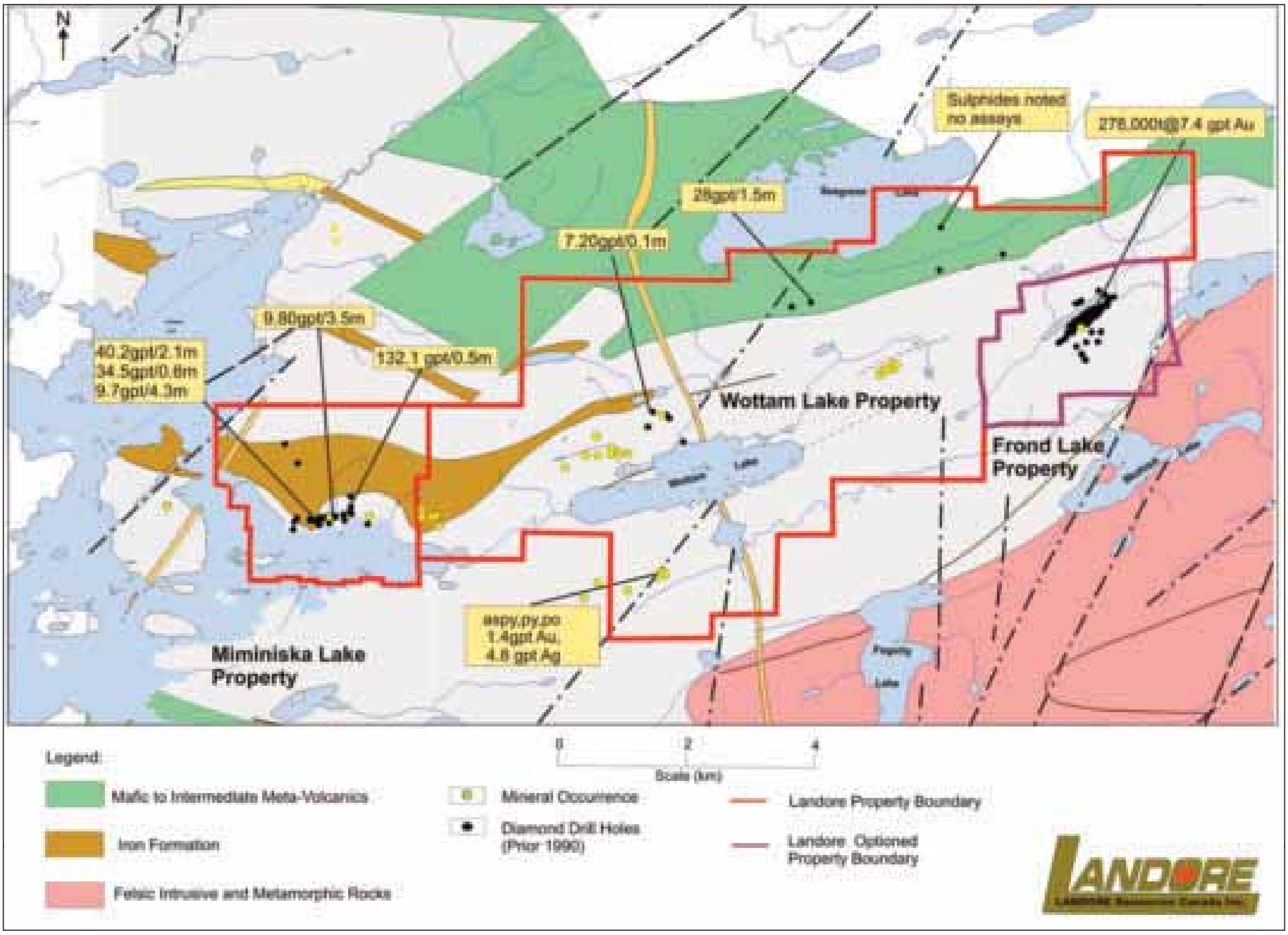
MIMINISKA LAKE - FROND LAKE - WOTTAM GOLD PROJECT

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 and has a total area of 5,445 hectares.

Mineralization is hosted in iron formation in a similar setting to the Musselwhite gold deposit which has so far produced 2.17 million ounces with reserves currently estimated at over 1.77 million ounces.

Landore has 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 131g/t gold over 0.5 metres and 40.2g/t over 2.3 metres.

No further work was carried out during 2008 whilst the Company focused all of its efforts on the Junior Lake and Lessard projects.



Miminiska Lake property

Due to the strong gold price Landore is currently conducting a study on the gold occurrence located on this property with the aim of recommencing exploration, including drilling, in the second half of 2009.

WEST GRAHAM/FIRST NICKEL OPTION - NICKEL

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.

Operations report continued

First Nickel announced in February 2009 the initial mineral resource estimate for the West Graham property, Conwest Zone located approximately 1.5 kilometres to the east of the #2 head-frame of First Nickel's Lockerby Mine.

The Conwest Zone is near surface and contains in excess of 84 million pounds of nickel and 58 million pounds of copper within the in-situ Indicated Resource category. First Nickel is in the process of completing bench scale, metallurgical tests on the Conwest Zone and is investigating alternative processing and treatment options. Exploration will continue on the West Graham property in 2009, targeting the footwall lithologies to the south of the Conwest Zone.

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 all these projects.

Richard Prickett

23 April 2009

Board of Directors

William Humphries (aged 68) – 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 57) – 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, City Natural Resources High Yield Trust Plc and Non-Executive Chairman of Lewis Charles Romania Property Fund Limited.

James Garber (aged 58) – 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. He resigned as Director on 23 January 2009.

Charles Wilkinson (aged 65) – 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 Non-Executive Chairman of both Asset Management Investment Company PLC (an investment trust) and Premier Renewable Energy Fund Limited (a listed investment company) and is a Non-Executive Director of Summit Germany Limited and Origo Resource Partners Limited (both Guernsey based fund companies traded on AIM).

Helen Green (aged 46) – 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 November 2000 she has been based in the Guernsey office where she is the client liaison director responsible for trust and company administration.

Directors' report

The Directors submit their report and the audited financial statements of Landore Resources Limited and its subsidiaries (the "Group") for the year ended 31 December 2008.

The Company's ordinary shares are traded on AIM on the London Stock Exchange, the trading symbol is LND.L.

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.

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"). Under transitional provisions permitted by the New Law, the Company has prepared these financial statements in compliance with the Old Law. Future financial statements will be prepared in compliance with 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 page 3.

Results and dividends

The loss of the Group for the year, after taxation was £3,947,576 (2007: £2,627,315).
The Directors do not recommend payment of a dividend (2007: nil).

Exploration costs

The Group continues to devote considerable resources to exploration costs.

Directors

The Directors who have held office since 1 January 2008 are as follows:

Executive

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

Non-Executive

James Garber (resigned 23 January 2009)
Charles Wilkinson
Helen Green

The Directors in office at 31 December 2008 had the following beneficial interest in the shares of the Company:

	Ordinary shares of 1pence each		Options to acquire shares	
	31 Dec 2008	31 Dec 2007	31 Dec 2008	31 Dec 2007
Executive Directors:				
William Humphries	14,450,000	10,050,000	8,000,000	4,300,000
Richard Prickett	5,632,524	5,632,524	5,100,000	3,600,000
Non-Executive Directors:				
James Garber	102,083	102,083	1,700,000	2,000,000
Charles Wilkinson	854,047	854,047	500,000	500,000
Helen Green	127,583	99,083	—	—

Share options

At 31 December 2008 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
Richard Prickett	6 April 2005	100,000	£0.0630	15 June 2009
Richard Prickett	6 April 2005	2,000,000	£0.0700	6 April 2010
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	6 April 2010
James Garber	6 April 2005	200,000	£0.0630	15 June 2009
James Garber	6 April 2005	500,000	£0.0700	6 April 2010
James Garber	19 September 2006	500,000	£0.0975	19 September 2011
James Garber	5 September 2007	500,000	£0.1500	5 September 2012

On 22 January 2008 William Humphries exercised 3.8 million share options granted to him on 5 April 2006 and 19 September 2006. The closing market price of the Group's shares on this day was 13.62 pence.

On 4 November 2008, William Humphries subscribed to 500,000 ordinary shares with nominal value of 1p each for 10p per share.

On 22 January 2008 4.5 million share options were granted to William Humphries. These options have an expiry date of 22 January 2013 and an exercise price of 13.75 pence.

On 4 November 2008 1.5 million share options were granted to Richard Prickett. These options have an expiry date of 4 November 2013 and have an exercise price of 12.00 pence.

On 4 November 2008 3 million share options were granted to William Humphries. These options have an expiry date of 4 November 2013 and an exercise price of 12.00 pence.

On 27 May 2008 0.3 million share options granted to James Garber on 6 April 2005 lapsed.

Non-Executive Directors

Details in respect of the experience of the Executive and Non-Executive Directors are given on page 20.

Related party transactions

Details regarding transactions with related parties and details of Directors' interests in contracts are given in note 20 to the financial statements.

Share issues

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 16 April 2009.

Shareholder name	Ordinary shares of 1 pence each
Forest Nominees Limited	15,534,331
Ellerston Capital Limited	23,491,490
Lynchwood Nominees Limited	64,478,597

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.

Annual General Meeting

The Directors who retire by rotation are William Humphries and Richard Prickett who, being eligible, offer themselves for re-election.

Resolution 5 is proposed as an Ordinary Resolution to increase the authorised share capital of the Company from £2,500,000 to £4,000,000 by the creation of a further 150,000,000 Ordinary Shares of 1p each ranking *pari passu* in all respects as one class of shares with the Ordinary Shares in the capital of the Company. This will enable the Directors to seek increased authorities for the issue of the new Ordinary Shares covered by Resolutions 6 and 7 below.

Resolution 6 is proposed as an Ordinary Resolution to provide the Directors with authority to issue new Ordinary Shares up to an aggregate nominal value of £500,000 representing 27.6 per cent. of the Company's present issued share capital, such authority will expire on 24 June 2013. Other than any issues of Ordinary Shares which may be required to be made pursuant to the Share Incentive Plans, the Directors have no present intention of issuing any of the authorised but unissued Ordinary Share capital of the Company, but believe it to be in the best interests of the Company for the Board to be granted this authority to take advantage of appropriate opportunities.

A Special Resolution (resolution 7) will also be proposed at the forthcoming Annual General Meeting to approve a disapplication of pre-emption rights on allotments for cash up to an aggregate nominal amount of £500,000 respresenting 27.6 per cent. of the present issued share capital. This Resolution, if approved, will authorise the Board, for the period expiring 24 June 2013, to disapply statutory pre-emption rights up to the level of the Directors' general authority to allot the Company's Ordinary Shares. The Directors have no present intention of exercising this authority.

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.

By Order of the Board

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

23 April 2009

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").

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 is as follows:

Audit

Charles Wilkinson *(Chairman)*
William Humphries
Helen Green

Remuneration

William Humphries *(Chairman)*
Charles Wilkinson
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 positions;
- 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.

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 as the Company has sufficient cash reserves to permit it to continue trading for a period of at least 12 months following the date of approval of these accounts.

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 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 Auditor's Report

to the Members, for the year ended 31 December 2008

We have audited the Group and parent Company financial statements (the "financial statements") of Landore Resources Limited for the year ended 31 December 2008 which comprise the Consolidated and Company income statements, the Consolidated and Company balance sheets, the Consolidated and Company cash flow statements, the Consolidated and Company statements 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 27.

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 Auditor’s 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 IFRS, of the state of the Group’s and the parent Company’s affairs as at 31 December 2008 and of the Group’s and the parent Company’s loss for the year then ended; and
- have been properly prepared in accordance with The Companies (Guernsey) Law, 1994.

Chartered Accountants

23 April 2009

Consolidated income statement

for the year ended 31 December 2008

	Notes	Group 31 December 2008 £	Group 31 December 2007 £
Exploration costs (net)	6	(2,550,375)	(1,739,758)
Administrative expenses		(1,475,103)	(986,572)
Operating loss		(4,025,478)	(2,726,330)
Finance income	2	77,902	99,015
Loss before income tax		(3,947,576)	(2,627,315)
Income tax expense	5	—	—
Loss for the financial year	1	(3,947,576)	(2,627,315)
Attributable to:			
Equity holders of the Company		(3,947,576)	(2,627,315)
Loss per share for losses attributable to the equity holders of the Company during the year			
- basic	7	(0.028)	(0.023)
- diluted	7	(0.028)	(0.023)

The Group's operating loss relates to continuing operations.

The notes on pages 45 to 56 form part of these financial statements.

Company income statement

for the year ended 31 December 2008

	Notes	Company 31 December 2008 £	Company 31 December 2007 £
Exploration costs	6	(97,314)	—
Administrative expenses		(254,620)	(260,805)
Operating loss		(351,934)	(260,805)
Interest receivable		33,495	64,241
Loss before income tax		(318,439)	(196,564)
Income tax expense		—	—
Loss for the financial year	1	(318,439)	(196,564)

The Company's operating loss relates to continuing operations.

The notes on pages 45 to 56 form part of these financial statements.

Consolidated balance sheet

at 31 December 2008

	Notes	Group At 31 December 2008 £	Group At 31 December 2007 £
Assets			
Non current assets			
Property, plant and equipment	9	99,201	96,852
		99,201	96,852
Current assets			
Trade and other receivables	11	523,547	65,787
Cash and cash equivalents		2,882,283	480,184
		3,405,830	545,971
Total assets		3,505,031	642,823
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,811,992	1,218,328
Share premium	13	13,619,932	7,951,780
Share options	14	790,306	501,163
Warrants	15	143,659	43,571
Retained earnings	16	(13,198,046)	(9,446,194)
Cumulative translation adjustment	17	179,610	125,924
Total equity		3,347,453	394,572
Liabilities			
Current liabilities			
Trade payables	12	157,578	248,251
Total liabilities		157,578	248,251
Total equity and liabilities		3,505,031	642,823

These financial statements were approved by the Board of Directors on 23 April 2009.

William Humphries
Director

Richard Prickett
Director

The notes on pages 45 to 56 form part of these financial statements.

Company balance sheet

at 31 December 2008

	Notes	Company At 31 December 2008 £	Company At 31 December 2007 £
Assets			
Non current assets			
Investments	10	94,889	94,889
		94,889	94,889
Current assets			
Trade and other receivables	11	8,030,268	3,908,810
Cash and cash equivalents		2,850,521	441,119
		10,880,789	4,349,929
Total assets		10,975,678	4,444,818
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,811,992	1,218,328
Share premium	13	13,619,932	7,951,780
Share options	14	790,306	501,163
Warrants	15	143,659	43,571
Retained earnings	16	(5,422,894)	(5,300,179)
Total equity		10,942,995	4,414,663
Liabilities			
Current liabilities			
Trade payables	12	32,683	30,155
Total liabilities		32,683	30,155
Total equity and liabilities		10,975,678	4,444,818

The notes on pages 45 to 56 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2008

	Notes	Group 31 December 2008 £	Group 31 December 2007 £
Loss for the financial year		(3,947,576)	(2,627,315)
Translation adjustment on consolidation	17	53,686	(38,740)
Net loss		(3,893,890)	(2,666,055)
Issue of ordinary share capital	13	593,664	214,858
Share premium arising on issue	13	5,855,902	1,930,092
Issue costs	13	(187,750)	—
Issue of warrants	15	143,659	—
Issue of share options	14	441,296	111,960
Net increase/(decrease) in shareholders' funds		2,952,881	(409,145)
Opening shareholders' funds		394,572	803,717
Closing shareholders' funds		3,347,453	394,572

The notes on pages 45 to 56 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2008

	Notes	Company 31 December 2008 £	Company 31 December 2007 £
Loss for the financial year		(318,439)	(196,564)
Net loss		(318,439)	(196,564)
Issue of ordinary share capital	13	593,664	214,858
Share premium arising on issue	13	5,855,902	1,930,092
Issue costs	13	(187,750)	—
Issue of warrants	15	143,659	—
Issue of share options	14	441,296	111,960
Net decrease in shareholders' funds		6,528,332	2,060,346
Opening shareholders' funds		4,414,663	2,354,317
Closing shareholders' funds		10,942,995	4,414,663

The notes on pages 45 to 56 form part of these financial statements.

Consolidated cash flow statement

for the year ended 31 December 2008

	Notes	Group 31 December 2008 £	Group 31 December 2007 £
Cash flows from operating activities			
Operating loss		(4,025,478)	(2,726,330)
Finance income	2	77,902	99,015
Depreciation of tangible fixed assets	9	30,682	23,200
Foreign exchange loss/(profit) on non-cash items		73,626	(130,495)
Share options	14	441,296	111,960
Warrants	15	143,659	—
Exploration expenditure (net)	6	2,550,375	1,739,758
Increase in debtors		(477,772)	(52,124)
(Decrease)/increase in creditors		(105,633)	145,096
Net cash outflow from operating activities		(1,291,343)	(789,920)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(23,355)	(61,440)
Exploration expenditure (net)	6	(2,550,375)	(1,739,758)
		(2,573,730)	(1,801,198)
Cash flows from financing activities			
Issue of ordinary share capital	13	6,449,566	2,144,950
Issue costs	13	(187,750)	—
		6,261,816	2,144,950
Net increase/(decrease) in cash and cash equivalents		2,396,743	(446,168)
Cash and cash equivalents at beginning of financial year		480,184	845,704
Exchange gain on cash and cash equivalents		5,356	80,648
Cash and cash equivalents at end of financial year		2,882,283	480,184

The notes on pages 45 to 56 form part of these financial statements.

Company cash flow statement

	Notes	Company 31 December 2008 £	Company 31 December 2007 £
Cash flows from operating activities			
Operating loss		(351,934)	(260,805)
Finance income		33,495	64,241
Share options	14	441,296	111,960
Warrants	15	143,659	—
Exploration expenditure		97,314	—
Increase in debtors		(4,121,458)	(2,420,062)
Increase/(decrease)in creditors		2,528	(4,100)
Net cash outflow from operating activities		(3,755,100)	(2,508,766)
Cash flows from investing activities			
Exploration expenditure		(97,314)	—
		(97,314)	—
Cash flows from financing activities			
Issue of ordinary share capital	13	6,449,566	2,144,950
Issue costs	13	(187,750)	—
		6,261,816	2,144,950
Net increase/(decrease) in cash and cash equivalents		2,409,402	(363,816)
Cash and cash equivalents at beginning of financial year		441,119	804,935
Cash and cash equivalents at end of financial year		2,850,521	441,119

The notes on pages 45 to 56 form part of these financial statements.

Accounting policies

Significant accounting policies

Statement of compliance

The financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") standards and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the time of preparing these financial statements (February 2009).

Basis of accounting

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.

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

Applicable new standards and interpretations not yet effective

The following new standards have been issued but are not effective for the year ending 31 December 2008 and have not been early adopted:

- IAS 8 requires disclosure of any impending change in accounting policy when an entity has yet to implement a new standard or Interpretation that has been issued but not yet come into effect. In addition, it requires disclosure of known or reasonably estimable information relevant to assessing the possible impact that the application of the new standard will have on the entity's financial statements in the period of initial application.

  In November 2006, the IASB issued IFRS 8 'Operating Segments' which becomes effective for annual accounting periods beginning on or after 1 January 2009. This standard requires disclosures on the financial performance of the operating segments of the entity. IFRS 8 does not affect the Company which only has one segment of business.

- IAS 1 (amendment), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The standard requires entities to make new disclosures to enable users of the financial statements to evaluate the entity's objectives, policies and processes for managing capital. The Company has decided not to adopt the standard until its effective date.

Applicable new standards and interpretations not yet effective (continued)

- IAS 32 (amendment), 'Financial instruments: presentation' and consequential amendments to IAS 1 'Presentation of financial instruments', effective for annual periods beginning on or after 1 January 2009. The objective of the standard is to enhance financial statement users' understanding of the significance of financial instruments to an entity's financial position, performance, and cash flows. In particular, the standard addresses classification of a financial instrument issued by an enterprise as a liability or as equity, disclosures about financial instruments, including information as to their fair values. The Company has decided not to adopt the standard until its effective date.

- IAS 23 (amendment), 'Borrowing costs', effective for annual periods beginning on or after 1 January 2009. The standard requires an entity to capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of the asset. The option of immediately expensing those borrowing costs will be removed. The Company has decided not to adopt the standard until its effective date.

- IAS 1 (revised), 'Presentation of financial statements', effective for annual periods beginning on or after 1 January 2009. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity, requiring 'non-owner changes in equity' to be presented separately from owner changes in equity. All non-owner changes in equity will be required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they will be required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company has decided not to adopt the standard until its effective date.

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 2008. 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.

Accounting policies continued

Basis of consolidation (continued)

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 reviews 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.

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.

Foreign currencies (continued)

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.

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 income statements in the period to which it relates.

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.

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.

Impairment of financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss.

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.

Taxation (continued)

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 as options have been granted with no conditions attached.

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.

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.

Non-derivative financial instruments comprise trade and other receivables including cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses. Due to the short term nature of the Company's financial instruments amortised cost is deemed equal to the nominal value of the financial instrument.

Cash and cash equivalents comprise cash balances and call deposits.

The Company does not have any derivative financial instrument as of 31 December 2008 and 2007.

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.

Critical estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements, 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.

Notes to the financial statements

1 Loss from operations

	2008 £	2007 £
Loss from operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment	30,682	23,200
Auditors' remuneration - audit services	30,467	24,550
Foreign exchange gain - Group	(5,354)	(80,050)
- Company	(816,799)	(448,787)

2 Finance income

	2008 £	2007 £
Interest on bank account	77,902	99,015

3 Employees

	2008 Number	2007 Number
The average monthly number of persons (including Directors) employed by the Group during the period was:		
Management and administration and operations	7	7
	£	£
Staff costs (for the above persons):		
Wages and salaries	130,874	383,278
Social security costs	18,053	30,760
Pension costs	10,189	15,731
	159,116	429,769

4 Directors' remuneration

	2008 £	2007 £
Executive Directors:		
William Humphries	62,500	100,000
Richard Prickett	55,000	100,000
	117,500	200,000
Non Executive Directors:		
Helen Green	10,000	10,000
Charles Wilkinson	15,000	15,000
Total	142,500	225,000

Share options in issue to Directors are disclosed on page 22 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. In the prior year the Company was exempt from taxation under the terms of The Income Tax (Exempt Bodies) (Guernsey) Ordinance 1989 and was liable to pay an annual fee of £600.

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$3,770,000 as at 31 December 2008 which expire between 2008 and 2015. 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$616,000 which expire between 2010 and 2020.

6 Mineral properties – Group

	1 January 2008 £	Net expense in the period £	Accumulated expenditure at 31 December 2008 £
Miminiska Lake	1,131,777	2,747	1,134,524
Junior Lake	3,694,524	1,164,915	4,859,439
Frond Lake	67,686	2,233	69,919
Wottam	61,558	—	61,558
Lamaune Lake	301,139	864,420	1,165,559
Seeley Lake	89,086	—	—
Lessard	118,919	527,051	645,970
Other	31,752	(10,991)	20,761
	5,496,441	2,550,375	7,957,730

Mineral properties – Company

	1 January 2008 £	Net expense in the period £	Accumulated expenditure at 31 December 2008 £
Junior Lake	—	97,314	97,314
	—	97,314	97,314

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 two 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 44 staked mining claims surrounding the five Junior Lake leases and is wholly owned by the Company, except for five claims that are 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 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.

6.4 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 20 claims contiguous and between the Miminiska and Frond properties.

6.5 Lamaune Lake

Effective 5 September 2002, the Company entered into an Option Agreement 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. 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.

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. At December 2007, the Company underwent a review of the exploration results to date which determined that the results did not support further exploration expenditures in the foreseeable future and the exploration expenditures to date in the amount of C$191,106 were expensed in full.

6 Mineral properties (continued)

6.7 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 property is wholly owned by the Company. In the current year, the Company has accrued for the recovery of mineral exploration costs for 2008 expenditures from the Quebec Government, in the amount of C$902,000 and recorded it in accounts receivable, with an offset to mineral properties.

6.8 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, of which C$30,000 has been paid to date. The property is subject to a 2 per cent. NSR.

6.9 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.

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 143,088,685 (2007: 115,006,332) 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 IAS33 because they would reduce 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 2008	3,486,377	3,486,377
Acquisitions	—	—
At 31 December 2008	3,486,377	3,486,377
Provision for impairment		
At 1 January 2008	3,486,377	3,486,377
Charge for the year	—	—
At 31 December 2008	3,486,377	3,486,377
Net book value		
At 1 January and 31 December 2008	—	—

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.

9 Property, plant and equipment – Group

	Plant and equipment £
Cost	
At 1 January 2008	158,907
Additions	23,355
Foreign exchange movements	22,060
At 31 December 2008	204,322
Amortisation	
At 1 January 2008	62,055
Charge for the period	30,682
Foreign exchange movements	12,384
At 31 December 2008	105,121
Net book value	
At 31 December 2008	99,201
Net book value	
At 31 December 2007	96,852

10 Non current asset investments – Company

	Investment in subsidiaries £
Cost	
At 1 January and 31 December 2008	4,111,191
Provision for diminution in value	
At 1 January and 31 December 2008	4,016,302
Net book value	
At 1 January and 31 December 2008	94,889

At 31 December 2008 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.

11 Trade and other receivables

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Due within one year:				
Trade receivables	523,547	3,375	65,787	3,375
Amounts due from subsidiary undertakings	—	8,026,893	—	3,905,435
	523,547	8,030,268	65,787	3,908,810

12 Payables: Amounts falling due within one year

	Group 2008 £	Company 2008 £	Group 2007 £	Company 2007 £
Trade payables	157,578	32,683	248,251	30,155
	157,578	32,683	248,251	30,155

Notes to the financial statements continued

13 Share capital

	Company 2008 £
Authorised:	
250,000,000 ordinary shares of 1 pence each	2,500,000
Issued:	
181,199,325 ordinary shares of 1 pence each	1,811,992

	Ordinary shares 2008 £	Share premium 2008 £
Issued:		
At 1 January 2008	1,218,328	7,951,780
Issued in the year	593,664	5,668,152
At 31 December 2008	1,811,992	13,619,932

The Company made allotments of ordinary 1p shares with an aggregate nominal value of £593,664 during the period as follows:

	Number of shares	Nominal value £	Share premium £
22 January 2008	3,800,000	38,000	256,700
1 May 2008	14,966,524	149,664	1,965,352
24 September 2008	6,500,000	65,000	552,500
2 October 2008	2,500,002	25,000	218,750
1 November 2008	31,000,000	310,000	2,790,000
1 December 2008	600,000	6,000	72,600
	59,366,526	593,664	5,855,902

Issue costs were incurred on the allotment of shares as follows:

	£
1 May 2008	6,875
24 September 2008	30,875
1 November 2008	150,000
	187,750

14 Share options

Grant date	Expiry date	Exercise price £	Number of options	Lapsed/ exercised	No of options at 31 December 2008	Fair value £
8 May 2002*	8 May 2012	0.1310	750,000	(100,000)	650,000	5,485
27 May 2003*	27 May 2008	0.0870	300,000	(300,000)	—	—
12 December 2003*	12 December 2008	0.1310	600,000	(600,000)	—	—
15 June 2004*	15 June 2009	0.0630	1,550,000	(700,000)	850,000	28,374
6 April 2006	6 April 2010	0.0700	5,000,000	(2,000,000)	3,000,000	101,913
19 September 2006	19 September 2011	0.0975	2,750,000	(1,000,000)	1,750,000	88,064
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
			22,225,000	(4,700,000)	17,525,000	790,306

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 Ltd, 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 options granted during the year was calculated by applying the Black-Scholes option pricing model.

The model inputs were:

Option granted:	22 January 2008	4 November 2008
Share price at grant date (pence)	13.62	13.50
Expected volatility (based on share price movements since 1 January 2006)	28 per cent.	27 per cent.
Risk-free interest rate	5.50 per cent.	4.50 per cent.

No dividends have been assumed in the above calculations.

14 Share options (continued)

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

	2008 £
Charge for options granted during year	447,887
Lapsed options where an IFRS 2 charge was previously recorded	(6,591)
Amount recognised in income statement	441,296
Share options reserve brought forward	501,163
Charge in income statement	441,296
Transfer to profit and loss reserve for exercised options	(152,153)
Share options reserve carried forward	790,306

15 Warrants

Grant date	Expiry date	Exercise price £	Number of warrants	Exercised during the year	No of warrants at 31 December 2008	Fair value
5 April 2005	5 May 2008	0.07	1,624,525	(1,624,525)	—	—
19 November 2008	19 November 2011	0.15	3,000,000	—	3,000,000	143,659
			4,624,525	(1,624,525)	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	5 April 2005	19 November 2008
Share price at grant date	7 pence	17 pence
Expected volatility	50 per cent.	27 per cent.
Risk-free interest rate	4.25 per cent.	3 per cent.

No dividends have been assumed in the above calculations.

15 Warrants (continued)

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

	£
Share warrants brought forward	43,571
Charge in income statement	143,659
Transfer to profit and loss reserve for exercised options	(43,571)
Share warrants reserve carried forward	143,659

16 Retained earnings

	Retained earnings £
Group	
At 1 January 2008	(9,446,194)
Loss for the year	(3,947,576)
Transfer from share options reserve	195,724
At 31 December 2008	(13,198,046)
Company	
At 1 January 2008	(5,300,179)
Loss for the year	(318,439)
Transfer from share options reserve	195,724
At 31 December 2008	(5,422,894)

17 Cumulative translation reserve

	Translation reserve £
Group	
At 1 January 2008	125,924
Exchange differences on translation of overseas operations	53,686
At 31 December 2008	179,610

18 Reconciliation of net cashflow to movement in net funds – Group

	2008 £	2007 £
Opening net funds	480,184	845,704
Increase/(decrease) in cash and cash equivalents	2,396,743	(446,170)
Net funds before foreign exchange	2,876,927	399,534
Exchange gains	5,356	80,650
Closing net funds	2,882,283	480,184

19 Analysis of net funds

Group	At 1 January 2008 £	Cashflow £	Exchange gains £	At 31 December 2008 £
Cash and cash equivalents	480,184	2,396,743	5,356	2,882,283
Total	480,184	2,396,743	5,356	2,882,283
Company				
Cash and cash equivalents	441,119	2,409,402	—	2,850,521
Total	441,119	2,409,402	—	2,850,521

20 Related party transactions

Advances were received by Landore Resources Canada Inc. from Landore Resources Ltd. These were unsecured, 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 £59,301 (2007: £52,165) in the period in respect of its role as administrators for the Company and Rysaffe was paid £10,000 (2007: £10,000) in respect of its role as Company Secretary. £15,930 (2007: £14,000) was owing to SCMIL at the year-end.

21 Financial instruments and 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.

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. As at 31 December 2008, the maturity for all other payables is below one year (2007: one year).

21 Financial instruments and financial risk management (continued)

Foreign currency risk

The Group primarily operates in Canada. It manages the potential exposure to fluctuations in the Sterling to Canadian Dollar exchange rate by holding its main asset, being its cash reserves, in 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 be significantly impacted by movements in the exchange rate.

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

Interest rate risk

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

Fair values

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 £523,547 (2007: £65,787) and trade payables amounting to £157,578 (2007: £248,251).

22 Subsequent events

There were no subsequent events requiring disclosure, other than the planned increase in the Company's authorised capital to be discussed in the AGM scheduled in June 2009.

Notice of Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of Landore Resources Limited (the "Company") will be held at La Tonnelle House, Les Banques, St. Sampson, Guernsey, GY1 3HS on 24 June 2009 at 11.00 am at which the following resolutions will be proposed, in the case of resolutions 1 to 6 as Ordinary Resolutions and in the case of resolution 7 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 2008.
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 the authorised share capital of the Company be increased from £2,500,000 to £4,000,000 by the creation of a further 150,000,000 Ordinary Shares of 1p each ranking *pari passu* in all respects as one class of shares with the existing shares in the capital of the Company.
6. 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.
7. 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-paragraph (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.

By Order of the Board

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

23 April 2009

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 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.

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 Fourth Annual General Meeting of the Shareholders of the Company to be held at La Tonnelle House, Les Banques, St. Sampson, Guernsey, GY1 3HS on 24 June 2009 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 2008		
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 increase the authorised share capital of the Company		
6. Ordinary Resolution to authorise the Directors to allot relevant securities		
7. 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 (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