



Annual Report 2009



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Company information

Directors	William Humphries (<i>Chairman</i>) Richard Prickett (<i>Chief Executive Officer and Finance Director</i>) Charles Wilkinson (<i>Non-Executive Director</i>) Helen Green (<i>Non-Executive Director</i>)
Company Secretary	Rysaffe International Services Limited
Registered office	PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
Nominated Adviser	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Brokers	Strand Hanson Limited 26 Mount Row London W1K 3SQ Fairfax I.S. PLC 46 Berkeley Square Mayfair London W1J 5AT
Auditor	Grant Thornton Limited PO Box 313 Lefebvre House Lefebvre Street St Peter Port Guernsey GY1 3TF
Registrars	Rysaffe International Services Limited PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
Crest Service Provider	Computershare Investor Services (Jersey) Limited Queensway House Hilgrove Street St Helier Jersey JE1 1ES

Chairman's statement

I am pleased to present the 2009 Annual Report for Landore Resources Limited.

Landore has made significant progress in the development of its mineral resources in Canada during 2009 with the primary focus being on the Junior Lake property.

Financial results

In the year ended 31 December 2009 the Group incurred a loss of £3,801,115 (2008: £3,947,576). This was in line with expectations and the direct exploration expenditure in the period was £2,697,943.

This expenditure has been largely funded with two share placements, in December 2009 and more recently in April 2010, which raised a total of £2.2 million.

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

The Junior Lake property

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

Landore's operations team has made excellent progress in the development of the Junior Lake Nickel and Iron projects during 2009. In addition they have discovered a significant gold occurrence, the Lamaune Gold prospect, close to the Iron Ore deposit. Full details of these projects are set out in the Operations report which follows. Highlights are:

Lamaune Gold: Drilling to date has delineated a wide gold mineralised zone over 500 metres of strike length and up to 200 metres depth. The zone remains open both to the east and west and down dip. Metallurgical studies have commenced to determine if the mineralisation is amenable to low cost heap leach processing.

As a result of the gold discovery Landore staked a large area of highly prospective land to the north and contiguous with Junior Lake. With the recent staking the property extends over 31 kilometres and covers an area of 31,953 hectares.

Lamaune Iron: Independent studies have confirmed that the Lamaune Iron deposit has a potential size of a minimum half a billion tonnes of iron ore. These encouraging results together with positive metallurgical studies show that the deposit has the potential to be economically viable. This would be a large project and requires further market research and significant investment for resource delineation and feasibility studies.

Junior Lake Nickel deposits: The VW and B4-7 deposits have had further exploration work and metallurgical studies carried out during the year. The results are attractive enough, together with the improved nickel price, to now move to scoping / pre-feasibility studies. In addition there is substantial exploration potential to increase the area of the nickel resource.

Chairman's statement continued

Infrastructure: A major advantage for a multi-commodity asset such as this is the benefit of pre-existing infrastructure. Access by good roads all year is a major plus and the Canadian National Railway runs within 13 kilometres of the property. This could provide economic transportation to the port facilities at Thunder Bay. In addition there is plentiful water and also the potential to link into the planned Hydropower by 2013.

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

We are very fortunate that Andrew Cheatle has recently joined us as General Manager. Andrew is a very experienced executive geologist who came to us from AMEC Engineering and before that was Chief Geologist at Goldcorp's Musselwhite Mine for eight years. His skills are already making significant contribution.

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

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

William Humphries
Chairman

3 June 2010

Operations report



Landore Properties – Eastern Canada

Introduction

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

Landore owns or has the mineral rights to seven properties in Eastern Canada, owned 100 per cent., of which West Graham and Mount Fronsac are optioned to third parties.

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

Landore's exploration focus is on the highly prospective Junior Lake property, Ontario. In addition, substantial exploration work is being carried out on the optioned West Graham nickel project by First Nickel Inc.

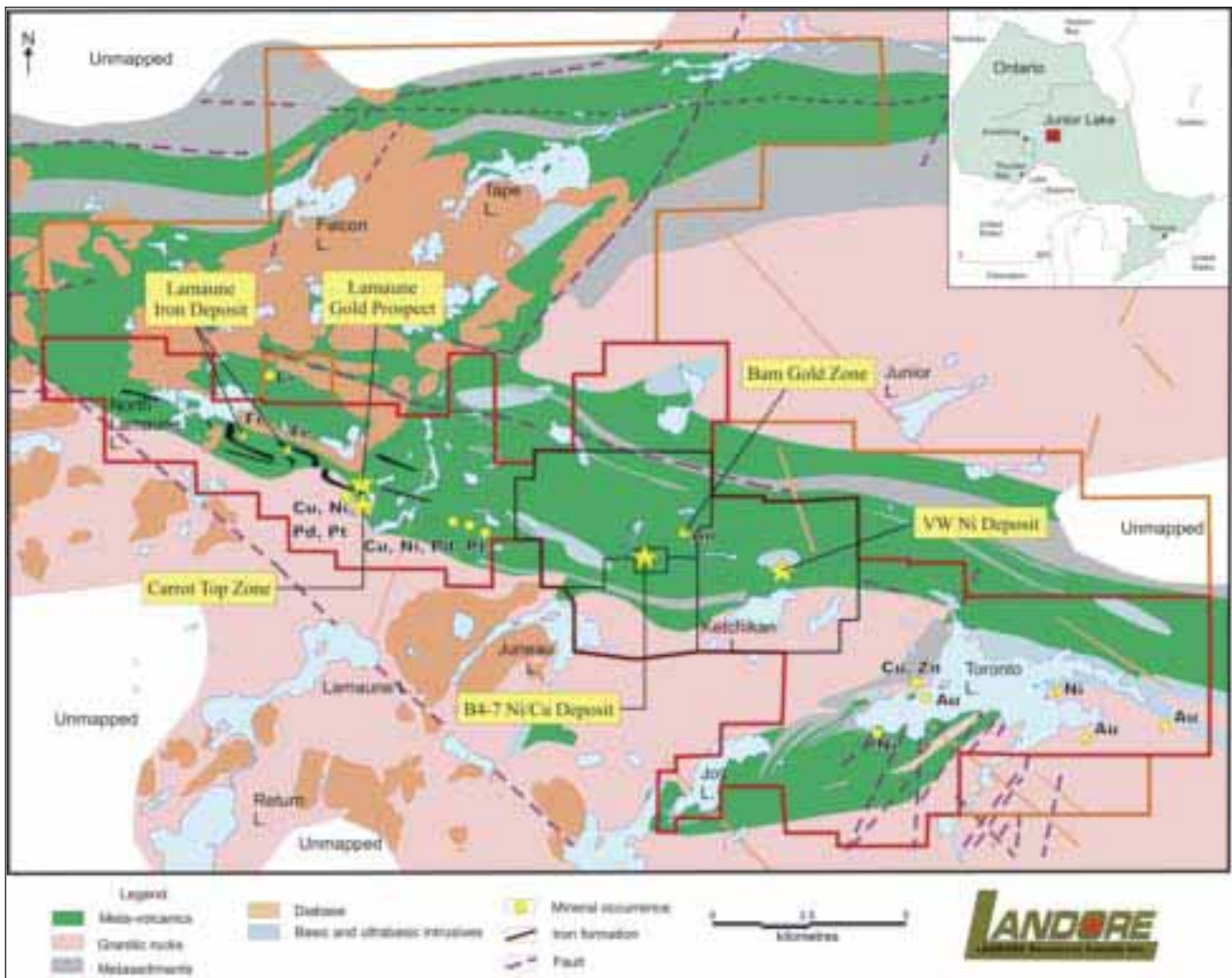
JUNIOR LAKE PROPERTY

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

Land acquisition

Following the discovery of the Lamaune Gold prospect in October 2009, Landore staked an additional 80 Mining claim blocks, for 17,216 Hectares, predominantly to the north of the new gold discovery. The new area is believed to have similar Archean greenstone geology to that of the existing Junior Lake property and to be highly prospective for gold, nickel, copper, cobalt, lithium and platinum group elements.

With the above acquisitions, the Junior Lake property now extends for over 31 kilometres and covers an area of 31,953 hectares.



Junior Lake property

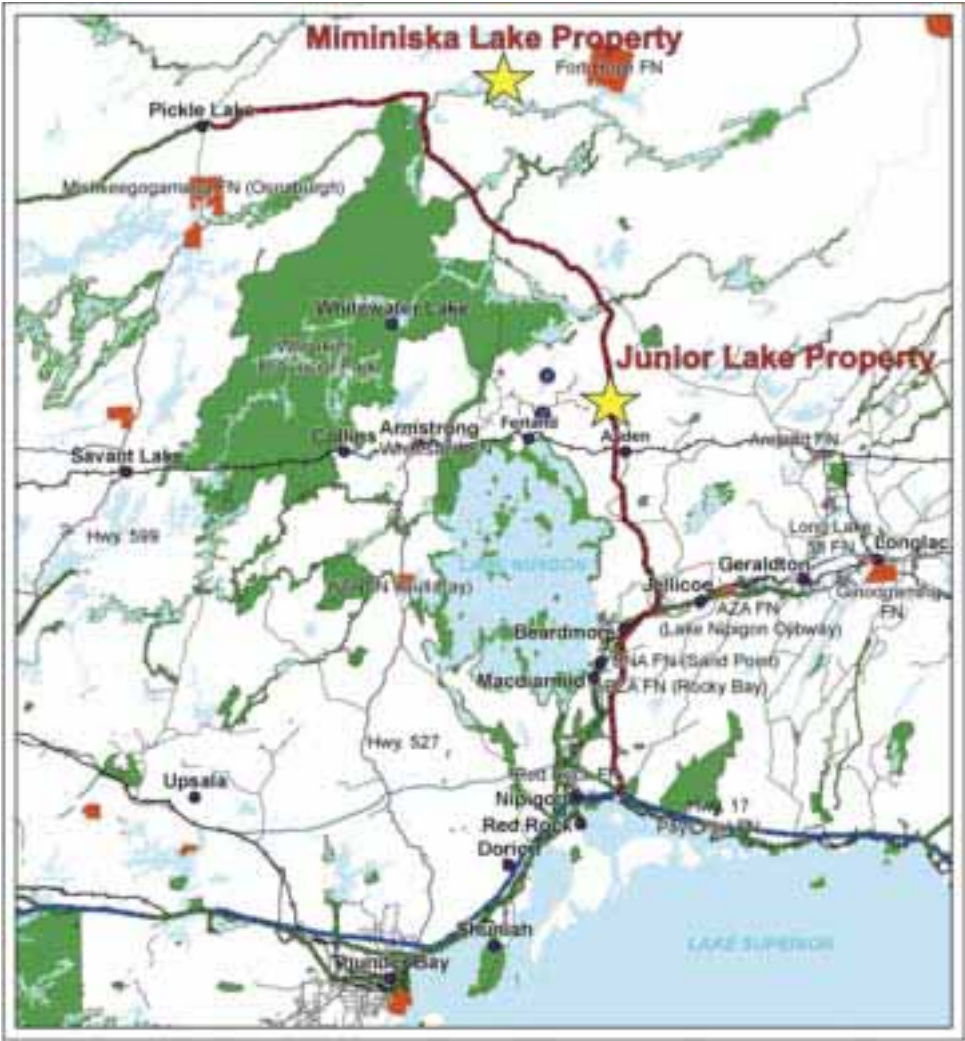
Operations report continued

Infrastructure:

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

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

The Canadian National Railway runs parallel to the Junior Lake property 13/15 kilometres to the south providing direct transport access to both to the Nickel smelting centre of Sudbury and to the port facilities at Thunder Bay. In addition Junior Lake has abundant water resources nearby and is just 10 kilometres from the two planned hydro-electric power stations on the Little Jackfish River with the connecting and main transmission lines passing through the property.



Junior Lake Infrastructure

Operations report continued

Lamaune Gold prospect

A significant gold discovery has been made at the Junior Lake property in the vicinity of the Lamaune Iron deposit.

Drilling carried out during the 2008/9 campaigns on the Lamaune Iron deposit frequently intersected anomalous gold values, including drill-hole 1109-67 on the eastern end of the deposit, which intersected 5.88 metres at 2.36 g/t Au, including 1.38 metres at 7.45 g/t Au.

A subsequent geological review of all anomalous gold intercepts on Junior Lake, including historic showings, identified the zone around drill-hole 1109-67, now named the Lamaune Gold prospect, as being one of the more favourable areas for gold exploration.

In October, 2009, a small drilling campaign, consisting of 11 diamond core NQ drill holes, for a total of 1,798 metres, was completed over 200 metres of strike extent at the Lamaune Gold prospect.

The campaign confirmed the presence of gold mineralisation with the identification of two distinct zones; a southern wide, low grade gold zone and a northern narrow, high grade zone containing significant gold intersections.

Drilling re-commenced on the Lamaune Gold prospect in January 2010 and to date a further 41 drill-holes (1110-84 to 1110-130) have been completed for 6,082 metres.

The southern broad zone of gold mineralisation, frequently outcropping at surface, has now been intersected over 500 metres of strike extent and has been drilled to a depth of 200 metres. The zone remains open along strike in both directions and at depth.

Mineralised intersections in the broad zone include:

Drill-hole No	From Metres	Intersection Metres	Gold g/t
1109-83	57.50	21.50	0.99
1110-86	44.65	10.35	0.56
1110-88	123.00	10.50	0.44
1110-94	103.00	25.50	0.93
1110-95	52.50	10.50	0.99
1109-99	61.80	14.75	0.56
1110-100	90.96	12.44	0.56
1110-101	49.50	21.10	0.62
1110-108	142.50	21.00	0.58

The gold mineralisation is associated with quartz and quartz-carbonate veinlets, pyrrhotite and arsenopyrite in a silicified garnetiferous amphibolite host.

Operations report continued

In addition a high grade quartz vein has been intersected in close proximity to the broad zone.

Mineralised intersections include:

Drill-hole No	From Metres	Intersection Metres	Gold g/t
1109-75	41.00	3.00	9.14
including	42.18	0.60	35.63
1109-82	88.63	0.50	53.12
1110-85	15.25	1.95	5.68
including	16.60	0.60	15.69
1110-88	73.80	0.60	118.66
1110-97	61.60	12.40	2.27
including	70.60	0.50	46.08



High grade visible gold - Drill-hole 1110-88

Operations report continued

The mineralogy of the high grade quartz vein is simple and the gold occurs as 'native gold' with gangue of quartz, calcite and muscovite and sulphides, of arsenopyrite and pyrrhotite. Visible gold has been observed in 7 drill holes of the Lamaune Gold prospect and one on the Whale Zone prospect.

Recent drill results continue to be encouraging. Drilling is ongoing and further results are pending.

Metallurgical studies have commenced to determine the amenability of the low grade gold mineralization to heap leaching and the high grade to gravity separation. Both are simple and low capital cost extraction methods and could be advanced to production in a relatively short time period.

High grade gold was also encountered in the exploration drilling program completed this year on the area between the VW Nickel deposit and the B4-7 Nickel-Copper-Cobalt deposit, the 'Whale Zone', with drill hole 0409-252 intersecting 0.75 metres at 26.10 g/t Au. This zone is 12 kilometres to the east of the Lamaune Gold prospect and runs parallel and adjacent to the BAM gold zone.

In addition, historical gold showings on the Junior Lake property include 1.02 metres at 2.37g/t Au drilled by Placer Dome in 1988 at the western end of the property and 3.0 metres at 13.44g/t Au in trench sampling recorded by the Ontario Department of Mines in 1968 at the eastern end of the property.

These significant results are the first to be reported from drilling in this part of the Caribou O'Sullivan Archean Greenstone Belt in which the Junior Lake property is located. The gold mineralisation itself is typical of mesothermal-shear hosted-vein deposits that are found in many major mining centres throughout the world.

Prospective geological structures can be traced over the entire Junior Lake property length and are associated with the geological terrain boundary between rocks of the Wabigoon and English River Subprovinces. Mineralised rocks are foliated/sheared metovolcanics and iron formations, often with the presence of large porphyroblastic garnets and quartz veins.

The highly encouraging drill results from the Lamaune Gold prospect together with the results from the geological review, the historical information and the favourable lithologies and geological structures support the potential for economic gold mineralization on the Junior Lake property.

Potential size

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

Cut-Off %	To 400 metres depth	
	Cumulative tonnes	Average Grade Fe %
15	635,313,686	25.7
20	371,435,320	31.9
25	254,519,350	36.6
30	245,519,350	36.6

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

Landore has drilled 39 diamond drill holes to date, for a total of 6,690 metres, over 3.5 kilometres of the central core area and is continuing to advance the Lamaune Iron project through drilling that is simultaneously exploring the Junior Lake gold prospect, metallurgical test work and ongoing geological and geophysical modelling.

Test work

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

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

Preliminary flotation tests have indicated success at reducing silica in the concentrate to acceptable levels and improving iron recoveries. The magnetic separation/flotation circuit is common in the iron mines of Minnesota and Northern Michigan. The flotation tests show that a 68 per cent. Fe, 4.5 per cent. SiO₂, 0.3 per cent. S grade concentrate, at a 72 per cent. product weight recovery and 83 per cent. Fe yield could be achieved.

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



Lamaune Iron deposit

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

Another significant advantage is that the Lamaune Iron deposit is just 13 kilometres from the Auden siding on the Canadian National Railway providing direct access to the port of Thunder Bay. The port still has much of the infrastructure used by Steep Rock Iron Mines to ship iron ore to the iron mills of North America.

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

Landore is initiating an independent study to determine the work required to advance the Lamaune Gold prospect to resource status.

Junior Lake Nickel deposits

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

Exploration and studies on these two deposits in 2009 concentrated on upgrading the existing resources on both the VW and the B4-7 deposits to allow scoping studies to commence. In addition exploration of the prospective Carrot Top prospect and the area between the VW and B4-7 deposits is ongoing.

VW Nickel Deposit

The VW Nickel deposit (VW deposit), discovered by Landore in late 2005, is located at Ketchikan Lake in the central part of the Junior Lake property and is Landore's most advanced project.

From 2005 to 2009, Landore has drilled 139 Diamond NQ size holes for 44,059 metres on the VW deposit.

In the 2009 drilling campaign, three holes for 1,350 metres were completed on the VW deposit testing the down dip extension of the higher grade Katrina Zone.

Results from the 2008/2009 drilling campaigns, show the down plunge of the Katrina Zone mineralisation on the western end of the VW deposit to be improving with depth further enhancing the underground mining potential. These results from the two campaigns have now been incorporated in the new resource estimate for the VW deposit.

In October 2009 a technical report on the Resource estimate upgrade on the VW deposit was completed. The report is compliant to Canadian National Instrument 43-101 (NI 43-101).

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

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

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

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

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

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



VW-Katrina Nickel Zone

B4-7 Nickel-copper-cobalt-PGE deposit

The B4-7 Nickel-copper-cobalt-PGEs deposit (B4-7 deposit), discovered by International Mogul Inc in 1969, is located approximately 3 kilometres to the north-west of the VW deposit and is Landore's second most advanced deposit.

From 2003 to 2009 Landore has drilled 89 Diamond NQ size holes for 19,794 metres on the B4-7 deposit.

In 2009 an infill drill campaign, consisting of 42 NQ size holes for a total of 8,764 metres, was completed on the B4-7 deposit. The drilling was designed to provide sufficient information and drill density to advance the deposit to Indicated status.

Operations report continued

The campaign intersected wide zones of mineralisation with assay results returning grades up to 3.11 per cent. Nickel together with substantial credits of copper, assaying up to 3.81 per cent., palladium up to 8.10 grams per tonne (g/t) and cobalt to 0.44 per cent. (9.5 pounds per tonne).

Mineralised intersections included:

Drill-hole No	From Metres	Width Metres	Nickel %	Copper %	Cobalt %	Platinum g/t	Palladium g/t
0409-201	266.80	15.40	0.78	0.67	0.04	0.13	0.61
0409-212	61.00	0.42	0.41	3.81	0.04	0.17	0.30
0409-215	57.20	0.47	0.53	0.21	0.06	0.20	8.10
and	105.80	15.65	0.64	0.61	0.09	0.27	0.82
0409-219	13.14	2.61	3.11	0.19	0.13	0.04	3.46
and	63.10	0.30	0.29	0.81	0.44	0.17	0.06
and	64.54	15.31	0.78	0.56	0.08	0.15	0.80
0409-221	252.14	22.86	0.81	0.53	0.07	0.14	0.41
0419-223	228.30	12.78	0.83	0.49	0.08	0.08	0.66
0419-233	66.98	14.84	0.48	0.49	0.05	0.01	0.07
0419-234	150.62	12.25	0.65	0.32	0.05	0.01	0.02
0419-235	87.97	10.89	0.65	0.28	0.05	0.26	0.64
0419-236	92.64	17.59	0.73	0.28	0.06	0.25	0.92
0409-243	24.89	14.71	0.79	0.32	0.05	0.18	0.43

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

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

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

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

For a contained 26,521 tonnes NiEq.

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

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

Additional metallurgical studies will be carried out on both the VW and B4-7 deposits commencing Q4.

Operations report continued

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

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

Landore intends to commence a Scoping study on the combined deposits in Q4 2010.

Exploration

Carrot Top zone: A 3000 metre exploration drilling campaign has commenced on the Carrot Top designed to further investigate the high grade nickel intersected in the 2008 exploration drilling.

B4-7 Deposit East trend: An exploration drilling campaign, consisting of 9 drill-holes for 1,662 metres, was completed in October 2009 in the 3 kilometre area between the VW deposit and the B4-7 deposit.

Highly anomalous results, including 0.50 metres at 0.14 per cent. Ni and **2.23 per cent. Cu** from drill-hole 0409-247 and 0.75 metres at 0.24 per cent. Ni and **26.1 g/t gold** from drill-hole 0409-252, are sufficiently encouraging to warrant follow up drilling.

B4-8 zone: A small exploration campaign consisting of two drill-holes for 381 metres, was completed in October 2009 on the B4-8 zone, located just to the south west of B4-7 deposit.

Results, including 1.73 metres at 0.41 per cent. Ni from Drill-hole 0409-253, are sufficiently encouraging to warrant follow up drilling.

Field reconnaissance, mapping and sampling was carried out to the east of the VW deposit in the recently acquired Toronto lake area where several prospective areas have been identified for both nickel and gold. In addition mapping and sampling was carried out on and to the west of the VW deposit.

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 tri-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.

Operations report continued

- Aquatic survey (fish community, fish habitat and associated habitat variability's) of selected water bodies within the leases.
- 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 – Coreyard

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.

Operations report continued

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

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

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

Planned works 2010

Lamaune Gold Prospect

- Continue drilling for exploration, mapping and sampling of trenches exposed for the Iron Project.
- Initiate an Independent study to determine the work required to advance the Lamaune Gold prospect to resource status.
- Complete metallurgical studies for potential heap leach and gravity processing.

Lamaune Iron

- Initiate market research for potential customers in the Great Lakes area.

Junior Lake Nickel projects

- Commence Scoping study on combined VW and B4-7 deposits.
- Commence further metallurgical studies on combined VW and B4-7 deposits ore.

Exploration

- An extensive reconnaissance exploration programme commenced in May 2010 on the Toronto Lake area in the eastern section of the Junior Lake property and on the newly acquired area north of the Lamaune Iron/Gold projects, now designated the Swole lake area. Landore will have a minimum of three geological exploration teams covering these areas.
- Geophysical survey (helicopter airborne 'Aerotem') over the newly acquired Swole Lake area, covering 17,216 hectares, to commence in the fall.
- A drilling campaign, consisting of 1,500 metres, to test the area between the VW and B4-7 deposits, the B4-7 deposit east trend, the B4-8 zone and other targets, to commence in Q3 2010.

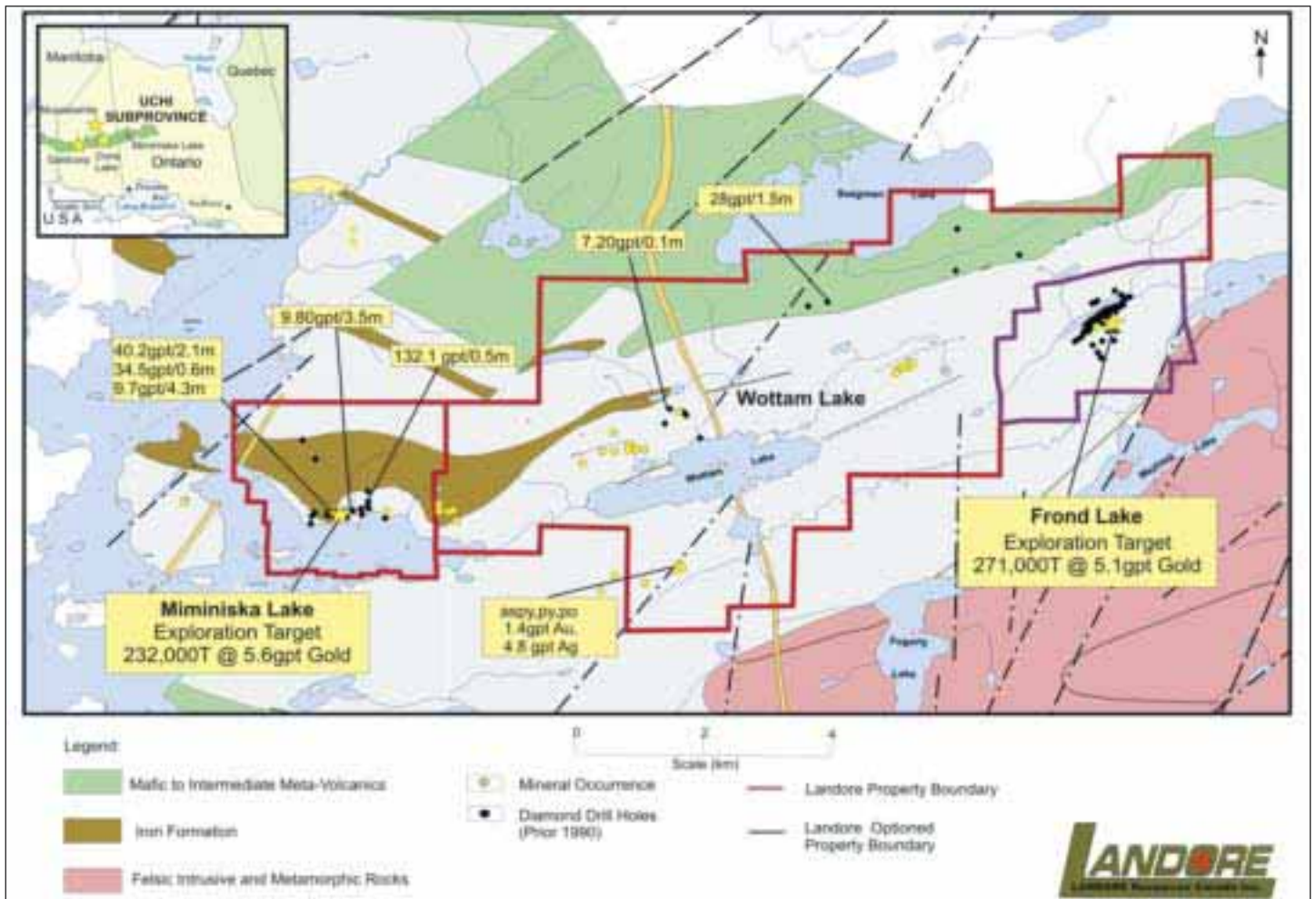
MIMINISKA LAKE - FROND LAKE - WOTTAM GOLD PROPERTIES

Miminiska Lake property

Landore's Miminiska Lake property, 100 per cent. owned by Landore, covers an area of 5,494 hectares and is located approximately 130 kilometres to the north of the Junior Lake property and 115 kilometres to the east of the Pickle Lake mining camp in the highly productive and prospective Uchi Belt.

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

Miminiska Lake and Frond Lake are 12 kilometres apart, separated by Landore's relatively unexplored Wottam claims. Drilling and prospecting on the Wottam claims has identified similar geology to that of the two exploration targets giving Wottam the potential to host additional gold deposits.



Miminiska Lake Property

Operations report continued

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

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

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

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

A drilling programme of 1,500 metres has been scheduled to commence in Q3 of 2010 to increase the confidence level and to expand the exploration targets in addition to exploring the Wottam Lake Claims.

Keezhik Lake Property

Landore has staked an additional 41 mining claim blocks, for 9,472 hectares in the highly prospective Keezhik Lake area, located 20 kilometres north of Landore's Miminiska Lake property and 150 kilometres south east of Goldcorp's Musselwhite Gold mine.

The Keezhik Lake area is adjacent to the North-Caribou – Totogan Shear Zone that is also host to Goldcorp's Musselwhite Gold mine, located 150 kilometers to the north-west. The Musselwhite Gold mine has produced in excess of 2.5 million ounces with 2 million ounces of gold in mineral reserve. The new Keezhik Lake claims are also located in the highly productive and prospective Uchi Belt.

Reconnaissance, mapping and sampling is programmed to be carried out at Keezhik Lake when Landore is drilling at Miminiska in Q4 2010.

ROOT LAKE LITHIUM PROPERTY

The Root Lake Lithium property, 100 per cent. owned by Landore, is located approximately 300 kilometres north-west of Thunder Bay and is host to the McCombe Pegmatite containing a historic resource of 2.297 million tonnes grading 1.3 per cent. Lithium (Li₂O)

Lithium, the lightest metal and the least dense solid element under standard conditions, has seen a steady growth in demand over the past 20 years accelerating in the past few years. Its applications include: medicine; high temperature lubricants; heat resistant glass; ceramics and most importantly in rechargeable batteries where the most rapid growth is now occurring.

The Property, consisting of 33 patented claims for a total of 513.43 hectares on which Landore owns both the mineral and surface rights, lies in the Red Lake Mining Division, 150 kilometres east of Red Lake and 130 kilometres north of Sioux Lookout. Access to the property is via Sioux Lookout using the well maintained Vermilion River and Rawhide unsealed roads, the latter transecting the north-eastern corner of the claims.

The McCombe Pegmatite was discovered by Capital Lithium Mines Ltd. in 1956 during an exploration boom for Lithium and is one of a number of rare-element pegmatites that occur

over a 350 kilometres strike-length of the boundary zone between the Uchi and the English River sub-provinces, in the Superior Province of Ontario.

The McCombe Pegmatite, comprising two main spodumene-bearing dykes, has been traced on surface for a strike length of 550 metres with widths up to 19 metres.

Capital Lithium Mines Ltd. completed a diamond drilling programme on the Root Lake Property in 1956, consisting of 55 drill-holes for 10,442 metres, establishing a resource of 2.297 million tonnes grading 1.3 per cent. Lithium (Li₂O) on the McCombe Pegmatite. (Mulligan 1965). The above resource is not compliant to NI 43-101.

Spodumene and lepidolite were reported to be common in the pegmatite. Tourmaline, beryl, holmquistite, columbite-tantalite, and petalite were found in small portions.

The McCombe Pegmatite is also important as it contains the extremely rare mineral Liddicoatite (Tindle 2005) which has the potential to be used as a gemstone (similar to Topaz).

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

A drilling programme of 1,500 metres has been scheduled to commence in Q3 2010 to increase the confidence level, infill and to expand the McCombe exploration target.

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 to NI 43-101.

In 2006 and 2008 Landore completed successful drilling campaigns, consisting of 38 diamond NQ drill-holes for 12,368 metres on the Lessard deposit. 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.

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

The resource estimate reported 740,000 tonnes at 1.88 per cent. 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.

No work was carried out on the Lessard property in 2009 and none is programmed for 2010 due to Landore concentrating on the highly prospective Junior Lake property.

WEST GRAHAM/FIRST NICKEL OPTION

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

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

First Nickel 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. Exploration continued on the West Graham property in 2009, targeting the footwall lithologies to the south of the Conwest zone.

OTHER PROPERTIES

Landore 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.

Board of Directors

William Humphries (aged 69) – 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 58) – Chief Executive Officer and Finance Director

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

Charles Wilkinson (aged 66) – 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).

Helen Green (aged 47) – Non-Executive Director

Helen Green is a chartered accountant and has been employed by Saffery Champness, a UK top 20 firm of chartered accountants since 1984. She qualified as a chartered accountant in 1988, and became a partner in the London office in 1997. Since 2000 she has been based in the Guernsey office where she is 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 (the "Company") and its subsidiary (the "Group") for the year ended 31 December 2009.

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").

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 £3,801,115 (2008: £3,947,576). The Directors do not recommend payment of a dividend.

Going concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on page 3 and the below principal risks and uncertainties. In addition, note 21 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As described in the subsequent events, the Group has raised funding after the year end that strengthens the existing funds. On this basis the directors have a reasonable expectation that the Company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Principal risks and uncertainties

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

Exploration and development risk

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

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

Competition

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

Fiscal regimes

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

Financing

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

Environmental and other regulatory requirements

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

Development and performance of the business

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

Directors' report continued

Key Performance Indicators

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

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

Exploration costs

The Group continues to devote considerable resources to exploration costs.

Directors

The Directors who have held office since 1 January 2009 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 2009 had the following beneficial interest in the shares of the Company:

	Ordinary shares of 1pence each		Options to acquire shares	
	31 December 2009	31 December 2008	31 December 2009	31 December 2008
Executive Directors:				
William Humphries	15,165,000	14,450,000	9,000,000	8,000,000
Richard Prickett	5,732,524	5,632,524	5,000,000	5,100,000
Non-Executive Directors:				
Charles Wilkinson	854,047	854,047	500,000	500,000
Helen Green	127,583	127,583	—	—

Share options

At 31 December 2009 the following share options were outstanding to Directors:

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

On 12 June 2009 Richard Prickett exercised 100,000 share options granted to him on 6 April 2005. The closing market price of the Group's share on this day was 9.00 pence.

On 28 October 2009 1 million share options were granted to William Humphries. These options have an expiry date of 28 October 2019 and an exercise price of 14.00 pence.

Non-Executive Directors

Details in respect of the experience of the Executive and Non-Executive Directors are given on page 24.

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.

Subsequent events

On 7 April 2010 the Group issued 11,200,000 new ordinary shares of 1 pence at a price of 11 pence per share.

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 1 June 2010:

Shareholder name	Ordinary shares of 1 pence each
Lynchwood Nominees	66,911,138
Forest Nominees	14,384,668
Ellerston Capital	13,977,125
TD Waterhouse Nominees	8,167,122
Barclayshare Nominees	7,262,774

Directors' report continued

Payment policy

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

Auditors

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

At the fourth Annual General Meeting, KPMG Channel Islands Limited were resolved to be re-appointed as auditors. The Directors have since appointed Grant Thornton Limited to be auditors and a resolution to re-appoint Grant Thornton Limited will be put to the members at the fifth Annual General Meeting.

By Order of the Board

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

3 June 2010

Corporate governance report

Financial aspects of corporate governance

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

The Board

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

Corporate Governance Committees

During the year, the Board had 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.

Corporate governance report continued

Internal control

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

- *Strategic business planning*

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

- *Performance review*

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

Going concern

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

A full explanation of the Directors' reasoning behind this assumption is given on page 25.

Statement of Directors' responsibilities

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

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

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and Group and to enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Independent auditor's report

We have audited the financial statements of Landore Resources Limited for the year ended 31 December 2009 which comprise the Consolidated and Company Statement of Comprehensive Income, the Consolidated and Company Statement of Financial Position, the Consolidated and Company Statements of Cash Flow, the Consolidated and Company Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as issued by the IASB.

This report is made solely to the Company's members, as a body, in accordance with section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the 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

As described in the statement of Directors' responsibilities on page 32 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

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

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 31 December 2009 and of the Group's and the parent Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as issued by the IASB; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Independent auditor's report continued

Matters on which we are required to report by exception

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

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

Grant Thornton Limited

Chartered Accountants

St Peter Port, Guernsey, Channel Islands

3 June 2010

Consolidated statement of comprehensive income

for the year ended 31 December 2009

	Notes	Group 31 December 2009 £	Group 31 December 2008 £
Exploration costs	6	(2,697,943)	(2,550,375)
Administrative expenses		(1,113,073)	(1,475,103)
Operating loss		(3,811,016)	(4,025,478)
Finance income	2	43,727	77,902
Loss before income tax		(3,767,289)	(3,947,576)
Income tax expense	5	(33,826)	—
Loss for the financial year	1	(3,801,115)	(3,947,576)
Other comprehensive income:			
Exchange difference on translating foreign operations		24,450	53,686
Other comprehensive income for the year net of tax		24,450	53,686
Total comprehensive loss for year		(3,776,665)	(3,893,890)
Loss attributable to:			
Equity holders of the Company		(3,801,115)	(3,947,576)
Total comprehensive loss attributable to:			
Equity holders of the Company		(3,776,665)	(3,893,890)
Loss per share for losses attributable to the equity holders of the Company during the year			
– basic	7	(0.021)	(0.028)
– diluted	7	(0.021)	(0.028)

The Group's operating loss relates to continuing operations.

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Company statement of comprehensive income

for the year ended 31 December 2009

	Notes	Company 31 December 2009 £	Company 31 December 2008 £
Administrative expenses		(288,527)	(351,934)
Operating loss		(288,527)	(351,934)
Interest receivable		11,582	33,495
Loss before income tax		(276,945)	(318,439)
Income tax expense		—	—
Loss for the financial year and total comprehensive loss for the year	1	(276,945)	(318,439)

The Company's operating loss relates to continuing operations.

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Consolidated statement of financial position

at 31 December 2009

	Notes	Group 31 December 2009 £	Group 31 December 2008 £
Assets			
Non current assets			
Property, plant and equipment	9	120,370	99,201
		120,370	99,201
Current assets			
Trade and other receivables	11	143,428	523,547
Cash and cash equivalents		792,583	2,882,283
		936,011	3,405,830
Total assets		1,056,381	3,505,031
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,899,592	1,811,992
Share premium	13	14,691,157	13,619,932
Share options	14	860,880	790,306
Warrants	15	143,659	143,659
Retained earnings	16	(16,968,271)	(13,198,046)
Cumulative translation adjustment	17	204,060	179,610
Total equity		831,077	3,347,453
Liabilities			
Non current liabilities			
Income tax liabilities	12	28,718	—
		28,718	—
Current liabilities			
Trade and other payables	12	189,407	157,578
Income tax liabilities	12	7,179	—
		196,586	157,578
Total liabilities		225,304	157,578
Total equity and liabilities		1,056,381	3,505,031

These financial statements were approved and authorised for issue by the Board of Directors on 3 June 2010.

William Humphries
Director

Richard Prickett
Director

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Company statement of financial position

at 31 December 2009

	Notes	Company 31 December 2009 £	Company 31 December 2008 £
Assets			
Non current assets			
Investment in subsidiaries	10	94,889	94,889
		94,889	94,889
Current assets			
Trade and other receivables	11	11,105,539	8,030,268
Cash and cash equivalents		764,853	2,850,521
		11,870,392	10,880,789
Total assets		11,965,281	10,975,678
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	13	1,899,592	1,811,992
Share premium	13	14,691,157	13,619,932
Share options	14	860,880	790,306
Warrants	15	143,659	143,659
Retained earnings	16	(5,668,949)	(5,422,894)
Total equity		11,926,339	10,942,995
Liabilities			
Current liabilities			
Trade payables	12	38,942	32,683
Total liabilities		38,942	32,683
Total equity and liabilities		11,965,281	10,975,678

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2009

	Group 31 December 2009 £	Group 31 December 2008 £
Loss for the financial year	(3,801,115)	(3,947,576)
Other comprehensive loss for the financial year	24,450	53,686
Total comprehensive loss for the financial year	(3,776,665)	(3,893,890)
Issue of ordinary share capital	87,600	593,664
Share premium arising on issue	1,071,225	5,855,902
Issue costs	—	(187,750)
Issue of warrants	—	143,659
Issue of share options	101,464	441,296
Net (decrease)/increase in shareholders' funds	(2,516,376)	2,952,881
Opening shareholders' funds	3,347,453	394,572
Closing shareholders' funds	831,077	3,347,453

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Company statement of changes in equity

for the year ended 31 December 2009

	Company 31 December 2009 £	Company 31 December 2008 £
Loss for the year and total comprehensive loss for the financial year	(276,945)	(318,439)
Net loss recognised in equity	(276,945)	(318,439)
Issue of ordinary share capital	87,600	593,664
Share premium arising on issue	1,071,225	5,855,902
Issue costs	—	(187,750)
Issue of warrants	—	143,659
Issue of share options	101,464	441,296
Net increase in shareholders' funds	983,344	6,528,332
Opening shareholders' funds	10,942,995	4,414,663
Closing shareholders' funds	11,926,339	10,942,995

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2009

	Notes	Group 31 December 2009 £	Group 31 December 2008 £
Cash flows from operating activities			
Operating loss		(3,811,016)	(4,025,478)
Finance income	2	43,727	77,902
Depreciation of tangible fixed assets	9	28,960	30,682
Foreign exchange (profit)/loss on non-cash items		(486)	73,626
Share options	14	101,464	441,296
Warrants	15	—	143,659
Exploration expenditure	6	2,697,943	2,550,375
Decrease/(increase) in debtors		380,119	(477,772)
Increase/(decrease) in creditors		31,829	(105,633)
Net cash outflow from operating activities		(527,460)	(1,291,343)
Cash flows from investing activities			
Purchase of property, plant and equipment	9	(43,377)	(23,355)
Exploration expenditure	6	(2,697,943)	(2,550,375)
		(2,741,320)	(2,573,730)
Cash flows from financing activities			
Issue of ordinary share capital	13	1,158,825	6,449,566
Issue costs	13	—	(187,750)
		1,158,825	6,261,816
Net (decrease)/increase in cash and cash equivalents		(2,109,955)	2,396,743
Cash and cash equivalents at beginning of financial year		2,882,283	480,184
Exchange gain on cash and cash equivalents		20,255	5,356
Cash and cash equivalents at end of financial year		792,583	2,882,283

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Company statement of cash flows

for the year ended 31 December 2009

	Notes	Company 31 December 2009 £	Company 31 December 2008 £
Cash flows from operating activities			
Operating loss		(288,527)	(351,934)
Finance income		11,582	33,495
Share options	14	101,464	441,296
Warrants	15	—	143,659
Increase in debtors		(3,075,271)	(4,121,458)
Increase in creditors		6,259	2,528
Net cash outflow from operating activities		(3,244,493)	(3,852,414)
Cash flows from financing activities			
Issue of ordinary share capital	13	1,158,825	6,449,566
Issue costs	13	—	(187,750)
		1,158,825	6,261,816
Net (decrease)/increase in cash and cash equivalents		(2,085,668)	2,409,402
Cash and cash equivalents at beginning of financial year		2,850,521	441,119
Cash and cash equivalents at end of financial year		764,853	2,850,521

The accounting policies and notes on pages 43 to 63 form part of these financial statements.

Accounting policies

Significant accounting policies

Statement of compliance

The consolidated financial statements have been prepared in accordance with those International Financial Reporting Standards (“IFRS”) 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 (March 2010).

Applicable new standards and interpretations effective in the year

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

- 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 effect of the amendment has not resulted in a material adjustment to the financial statements.
- 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 effect of the amendment has not resulted in a material adjustment to the financial statements
- 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 effect of the amendment has not resulted in a material adjustment to the financial statements
- 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

Accounting policies continued

Applicable new standards and interpretations effective in the year (continued)

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. This has resulted in presentational amendments to the financial statements.

- IFRS 2 (amendment), 'Share based payments', effective from annual periods beginning on or after 1 January 2009. Amendments have been made to vesting conditions and cancellations. The effect of the amendment has not resulted in a material adjustment to the financial statements.
- IFRS 7 (amendment), 'Financial instruments: disclosures', effective for annual periods beginning on or after 1 January 2009. Amendments enhancing disclosures about fair value and liquidity risk. The effect of the amendment has not resulted in a material adjustment to the financial statements.

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

At the date of authorisation of these financial statements, the following standards and interpretations, which have not been applied in these financial statements, were in issue but are not relevant for the Company's financial statements:

- IAS 19 (amendment) Employee Benefits.
- IAS 20 (amendment) Government Grants and Disclosure of Government Assistance.
- IAS 29 (amendment) Financial Reporting in Hyperinflationary Economies.
- IFRS 1 (amendment) First-time adoption of IFRS, and IAS 27, Consolidated and separate financial statements.
- IFRIC 15 Agreements for construction of real estates.

Applicable new standards and interpretations not yet effective

The following new Standards, that are relevant to the Company, have been issued but are not effective for the year ending 31 December 2009 and have not been early adopted:

- IFRS 2 (amendment), 'Share based payments', effective for annual periods beginning on or after 1 January 2010. The standard clarifies the definition of the term "Group" and where in a group share based payments must be accounted for.
- IFRS 3 (amendment), 'Business combinations', effective for annual periods beginning on or after 1 July 2009. Amendments made to accounting for business combinations.
- IFRS 9 (new standard), 'Financial instruments', effective for annual periods beginning on or after 1 January 2013. New standard that forms the first part of a three part project to replace IAS 39.

Accounting policies continued

- IAS 24 (amendment), 'Related party disclosures', effective for annual periods beginning on or after 1 January 2011. Simplification of the disclosure requirements for government related entities and clarification of the definition of a related party.
- IAS 27 (amendment), 'Consolidated and separate financial statements', effective for annual periods beginning on or after 1 July 2009. Consequential amendments from changes to business combinations.
- IFRIC 19, Extinguishing Financial Liabilities with Equity Instruments, effective for annual periods beginning on or after 1 July 2010.

The following interpretations are mandatory for the Company's accounting periods beginning on or after 1 July 2009 or later periods but are not relevant for the Company's financial statements:

- IAS 28, Consequential Amendments Arising From Amendments to IFRS 3 (effective from 1 July 2009).
- IAS 31, Consequential Amendments Arising From Amendments to IFRS 3. (effective from 1 July 2009).
- IAS 39, (amendment), Financial Instruments: Recognition and Measurement. (effective from 1 July 2009).
- IFRS 1 (amendments) Additional exemptions for first-time adopters (effective from 1 January 2010)
- IFRS 5 (amendment), Non-current Assets Held for Sale and Discontinued Operations (effective 1 July 2009).
- IFRIC 17, Distributions of non-cash assets to owners.
- IFRIC 18, Transfers of assets from customers.

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

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.

As described in the subsequent events, the Group has raised funding after the year end that strengthens the existing funds. On this basis the Directors have a reasonable expectation that the company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

Accounting policies continued

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 2009. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

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

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

Goodwill

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

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

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

Deferred exploration expenditure

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

Accounting policies continued

Foreign currencies

(a) Functional and presentation currency

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

(b) Transactions and balances

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

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

Information in the notes the financial statements are disclosed in pounds sterling. Statement of comprehensive income items have been translated at average exchange rates and Statement of financial position items have been translated at the rates prevailing on the statement of financial position date.

Profit/Loss from operations

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

Interest income

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

Accounting policies continued

Property, plant and equipment

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

Computer hardware	–	30 per cent. declining balance
Computer software	–	100 per cent. declining balance
Office equipment	–	20 per cent. declining balance
Automotive equipment	–	30 per cent. declining balance
Machinery and equipment	–	20 per cent. declining balance
Leasehold improvements	–	term of lease straight line

Non-current investments

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

Impairment of non-financial assets

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

Taxation

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

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Accounting policies continued

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

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Share-based payments

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

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

Financial instruments

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

Cash and cash equivalents

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

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.

Accounting policies continued

Equity instruments

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

Critical estimates and judgments

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

Financial liability and equity

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

Operating segments

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

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

For disclosures regarding geographical areas, please see note 6.

Notes to the financial statements

for the year ended 31 December 2009

1. Loss from operations

	2009 £	2008 £
Loss from operations is stated after charging/(crediting):		
Depreciation of property, plant and equipment	28,960	30,682
Auditors' remuneration – audit services	21,530	30,467
Auditors' remuneration – services relating to taxation	4,155	6,055
Non cancellable operating leases	27,999	—
Foreign exchange gain – Group	(20,255)	(5,354)
– Company	(448,352)	(816,799)

2. Finance income

	2009 £	2008 £
Interest receivable on bank account	43,727	77,902

3. Employees

	2009 Number	2008 Number
The average monthly number of persons (including Directors) employed by the Group during the period was:		
Management and administration and operations	6	7

	£	£
Staff costs (for the above persons):		
Wages and salaries	214,468	130,874
Social security costs	31,415	18,053
Pension costs	12,541	10,189
	258,424	159,116

4. Directors' remuneration

	2009 £	2008 £
Executive Directors:		
William Humphries	100,000	62,500
Richard Prickett	70,000	55,000
	170,000	117,500
Non Executive Directors:		
James Garber	—	—
Helen Green	10,000	10,000
Charles Wilkinson	15,000	15,000
Total	195,000	142,500

Notes to the financial statements continued

4. Directors' remuneration (continued)

Share options in issue to Directors are disclosed on page 28 of these accounts. In addition to the above, Richard Prickett and James Garber made gains amounting to £2,700 and £5,600 respectively on exercised share options.

5. Taxation

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

The Company's subsidiary, Landore Resources Canada Inc., is subject to Canadian Federal tax. £33,826 tax has been provided in the accounts. That company has estimated non-capital losses of C\$3,552,000 as at 31 December 2009 which expire between 2010 and 2029. 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\$1,007,000 which expire between 2011 and 2020.

	2009 £	2008 £
Loss for the year	(3,767,289)	(3,947,576)
Loss for the year multiplied by standard rate of Canadian corporation tax 33 per cent. (2008: 33.5 per cent.)	(1,243,205)	(1,322,438)
Effect of:		
Tax losses utilised	1,151,813	1,215,761
Parent losses at 33 per cent. (2008: 33.5 per cent.)	91,392	106,677
Other tax adjustments	33,826	—
Income tax expense	33,826	—

6. Mineral properties – Group

	1 January 2009 £	Net expense in the period £	Accumulated expenditure at 31 December 2009 £
Junior Lake	4,859,439	2,642,910	7,502,349
Lamaune Lake	1,165,559	6,729	1,172,288
Miminiska Lake	1,134,524	35,926	1,170,450
Fronde Lake	69,919	2,124	72,043
Wottam	61,558	—	61,558
Lessard	645,970	(2,260)	643,710
Other	20,761	12,514	33,275
	7,957,730	2,697,943	10,655,673

Notes to the financial statements continued

6. Mineral properties (continued) Mineral properties – Company

	1 January 2009 £	Net expense in the period £	Accumulated expenditure at 31 December 2009 £
Junior Lake	97,314	—	97,314
	97,314	—	97,314

6.1 Junior Lake

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

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

6.2 Lamaune Lake

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

6.3 Miminiska Lake

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

6.4 Frond Lake

Fron 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.

Notes to the financial statements continued

6. Mineral properties (continued)

6.5 Wottam

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

6.6 Lessard

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

6.7 Swole Lake

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

6.8 West Graham

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

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 182,916,757 (2008: 143,088,685) 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.

Notes to the financial statements continued

8. Goodwill – Group

	Goodwill on acquisition £	Total £
Cost		
At 1 January 2009	3,486,377	3,486,377
At 31 December 2009	3,486,377	3,486,377
Provision for impairment		
At 1 January 2009	3,486,377	3,486,377
At 31 December 2009	3,486,377	3,486,377
Net book value		
At 1 January and 31 December 2009	—	—

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 2009	204,322
Additions	43,377
Foreign exchange movements	16,089
At 31 December 2009	263,788
Depreciation	
At 1 January 2009	105,121
Charge for the period	28,960
Foreign exchange movements	9,337
At 31 December 2009	143,418
Net book value	
At 31 December 2009	120,370
Net book value	
At 31 December 2008	99,201

Notes to the financial statements continued

10. Non current asset investments – Company

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

At 31 December 2009 the Company held the entire issued share capital of the following subsidiary undertakings:

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

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

All subsidiaries have been included in the consolidated financial statements.

11. Trade and other receivables

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Due within one year:				
Trade receivables	143,428	7,301	523,547	3,375
Amounts due from subsidiary undertakings	—	11,098,238	—	8,026,893
	143,428	11,105,539	523,547	8,030,268

12. Payables: Amounts falling due within one year

	Group 2009 £	Company 2009 £	Group 2008 £	Company 2008 £
Trade payables	189,407	38,942	157,578	32,683
	189,407	38,942	157,578	32,683

Notes to the financial statements continued

12. Payables (continued)

Amounts falling due after one year

	Group 2009 £	Group 2008 £
Income tax liability maturity analysis		
Less than one year (current liabilities)	7,179	—
One to two years (non current liabilities)	28,718	—
Income tax liability	35,897	—

13. Share capital

	Company 2009 £	
Authorised:		
400,000,000 (2008: 250,000,000) ordinary shares of 1 pence each	4,000,000	
Issued and fully paid:		
189,959,325 (2008: 181,199,325) ordinary shares of 1 pence each	1,899,592	
	Ordinary shares 2009 £	Share premium 2009 £
Issued:		
At 1 January 2009	1,811,992	13,619,932
Issued in the year	87,600	1,071,225
At 31 December 2009	1,899,592	14,691,157

Notes to the financial statements continued

13. Share capital (continued)

The Company made allotments of ordinary 1p shares with an aggregate nominal value of £87,600 during the period as follows:

	Number of shares	Nominal value £	Share premium £
8 June 2009	200,000	2,000	10,600
12 June 2009	100,000	1,000	5,300
16 June 2009	350,000	3,500	18,550
22 June 2009	200,000	2,000	10,600
19 August 2009	50,000	500	4,375
29 October 2009	300,000	3,000	39,000
3 November 2009	682,833	6,828	88,768
4 November 2009	107,167	1,072	13,922
5 November 2009	5,340,000	53,400	694,200
6 November 2009	1,430,000	14,300	185,910
	8,760,000	87,600	1,071,225

No issue costs were incurred on the allotment of shares.

14. Share options

Grant date	Expiry date	Exercise price £	Number of options	Lapsed / exercised	No of options at 31 December 2009	Fair value £
8 May 2002*	8 May 2012	0.1310	650,000	—	650,000	5,485
15 June 2004*	15 June 2009	0.0630	850,000	(850,000)	—	—
6 April 2006	6 April 2010	0.0700	3,000,000	—	3,000,000	101,913
19 September 2006	19 September 2011	0.0975	1,750,000	(50,000)	1,700,000	85,548
4 April 2007	4 April 2012	0.1000	300,000	—	300,000	9,001
5 September 2007	5 September 2012	0.1500	1,975,000	—	1,975,000	109,582
22 January 2008	22 January 2013	0.1375	4,500,000	—	4,500,000	217,276
4 November 2008	4 November 2013	0.1200	4,500,000	—	4,500,000	230,611
27 April 2009	27 April 2014	0.1025	900,000	—	900,000	22,827
28 October 2009	28 October 2019	0.1400	1,300,000	—	1,300,000	69,701
28 October 2009 ⁽¹⁾	28 October 2019	0.1400	1,000,000	—	1,000,000	53,616
			20,725,000	(900,000)	19,825,000	905,560

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

Notes to the financial statements continued

14. Share options (continued)

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

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

	2009	2008
	£	£
Outstanding at beginning of the period	0.11	0.09
Granted during the period	0.13	0.13
Exercised during the period	0.06	0.08
Lapsed during the period	—	0.09
Outstanding at end of the period	0.12	0.11
Exercisable at the end of the period	0.12	0.11
Weighted average remaining contractual life of share options outstanding at the end of the period	3.47 years	3.39 years
Weighted average share price of share options exercised in year	0.10	0.14

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:	27 April 2009	28 October 2009
Share price at grant date (pence)	10.25	14.79
Expected volatility (based on share price movements since 1 January 2006)	27 per cent.	27 per cent.
Risk-free interest rate	0.50 per cent.	0.50 per cent.

No dividends have been assumed in the above calculations.

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

	2009
	£
Charge for options granted during year	101,464
Lapsed options where an IFRS 2 charge was previously recorded	—
Amount recognised in income statement	101,464
Share options reserve brought forward	790,306
Charge in income statement	101,464
Transfer to profit and loss reserve for exercised options	(30,890)
Share options reserve carried forward	860,880

Notes to the financial statements continued

15. Warrants

Grant date	Expiry date	Exercise price £	Number of warrants	Lapsed in year	No of warrants at 31 December 2009	Fair value £
19 November 2008	19 November 2011	0.15	3,000,000	—	3,000,000	143,659
			3,000,000	—	3,000,000	143,659

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

The model inputs were:

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

No dividends have been assumed in the above calculations.

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

	£
Share warrants brought forward	143,659
Charge in income statement	—
Transfer to profit and loss reserve	—
Share warrants reserve carried forward	143,659

16. Retained earnings

	Retained earnings £
Group	
At 1 January 2009	(13,198,046)
Loss for the year	(3,801,115)
Transfer from share options reserve	30,890
At 31 December 2009	(16,968,271)
Company	
At 1 January 2009	(5,422,894)
Loss for the year	(276,945)
Transfer from share options reserve	30,890
At 31 December 2009	(5,668,949)

Notes to the financial statements continued

17. Cumulative translation reserve

	Translation reserve £
Group	
At 1 January 2009	179,610
Exchange differences on translation of overseas operations	24,450
At 31 December 2009	204,060

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

	2009 £	2008 £
Opening net funds	2,882,283	480,184
(Decrease)/increase in cash and cash equivalents	(2,109,955)	2,396,743
Net funds before foreign exchange	772,328	2,876,927
Exchange gains	20,255	5,356
Closing net funds	792,583	2,882,283

19. Analysis of net funds

	At 1 January 2009 £	Cash flow £	Exchange gains £	At 31 December 2009 £
Cash and cash equivalents	2,882,283	(2,109,955)	20,255	792,583
Total	2,882,283	(2,109,955)	20,255	792,583

20. Related party transactions

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

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 £45,860 (2008: £59,301) in the period in respect of its role as administrators for the Company and Rysaffe was paid £10,000 (2008: £10,000) in respect of its role as Company Secretary. £13,265 (2008: £15,930) was owing to SCMIL at the year end. The Amount owing to Rysaffe at year end was £nil (2008: £nil). All transactions are at market value.

Landore Resources Canada Inc paid management fees to a Director of the Company in the amount of C\$30,000 (2008: C\$30,000). At the year end, C\$30,000 (2008: C\$30,000) remains outstanding and has been included in trade payables. The equivalent sterling amount is £17,948.

20. Related party transactions (continued)

On 6 November 2009, 715,000 shares were granted to William Humphries, a Director of the Company, at market value for 14 pence per share.

On 8 June 2009 James Garber, a director of the company who resigned on 23 January 2009, exercised 200,000 share options granted to him on 6 April 2005. The closing market price of the Group's shares on this day was 9.10 pence.

Other share options granted to and exercised by the Directors in the year are disclosed in the Directors' report.

21. Financial instruments/Financial risk management

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

Capital risk management

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

Liquidity risk

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

Foreign currency risk

The Group primarily operates in Canada but reports its financial results in British pounds sterling. 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.

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

Notes to the financial statements continued

21. Financial instruments/Financial risk management (continued)

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 £143,428 (2008: £523,547) and trade payables amounting to £189,407 (2008: £157,578).

22. Commitments

a) Capital commitments

As at 31 December 2009, the Group had a contractual commitment to purchase drilling services in 2010 in the amount of approximately £550,000.

b) Operating lease commitments

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

	2009 £	2008 £
Land and buildings		
No later than one year	27,999	-
Later than one year and no later than five years	27,999	—
	<hr/> 55,998	<hr/> —

23. Subsequent events

On 7 April 2010 the Group issued 11,200,000 new ordinary shares of 1 pence at a price of 11 pence per share.

Notice of Annual General Meeting

Notice is hereby given that the Fifth Annual General Meeting of Landore Resources Limited (the "Company") will be held at The Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on Wednesday, 30 June 2010 at 12.30 pm 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 2009;
2. to re-elect Charles Wilkinson who retires in accordance with Article 17.12 of the Articles of Association of the Company (the "Articles");
3. to re-elect Helen Green who retires in accordance with Article 17.12 of the Articles;
4. to re-appoint Grant Thornton Limited as auditors of the Company until the conclusion of the next Annual General Meeting and to authorise the Directors to fix their remuneration;

Special Business

5. That the authorised share capital of the Company be increased from £4,000,000 to £5,000,000 by the creation of a further 100,000,000 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 £1,500,000 provided that this authority shall expire five years from the date of this resolution and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "relevant securities" and references to the allotment of relevant securities shall bear the same respective meanings as in the Articles;
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

Notice of Annual General Meeting continued

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

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

By Order of the Board

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

3 June 2010

Notes

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

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

For your notes

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 Fifth Annual General Meeting of the Shareholders of the Company to be held at The Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on Wednesday, 30 June 2010 at 12.30 pm 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 2009		
2. Ordinary Resolution to re-elect Charles Wilkinson		
3. Ordinary Resolution to re-elect Helen Green		
4. Ordinary Resolution to re-appoint Grant Thornton as Auditor and to authorise the Directors to determine the remuneration of the Auditor		
Special Business		
5. Ordinary Resolution to authorise the increase in the authorised share capital		
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 (Jersey) Limited, Queensway House, Hilgrove Street, St. Helier, Jersey JE1 1ES not less than 48 hours before the time appointed for holding the Meeting.
5. In the case of joint holders, the signature of any one of them will suffice, but if a holder other than the first-named holder signs, it will help the Registrars if the name of the first-named holder is given.
6. Any alteration to this Form of Proxy must be initialled.
7. Completion and return of this Form of Proxy does not preclude a member subsequently attending and voting at the Meeting. An envelope is enclosed for your use.





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