LANDORE RESOURCES

Annual Report 2011

Contents

Company information

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

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Chairman's statement

I am pleased to present the 2011 Annual Report for Landore Resources Limited ("the Group").

The Group made very significant progress on the Junior Lake projects during 2011. Firstly by continued exploration of the Nickel Projects and secondly by the creation of a new company Lamaune Iron Inc, which was demerged from the Group in July 2011. Full details are set out below and in the Operations report which follow.

Financial results

In the year ended 31 December 2011, the Group incurred a loss of £485,403 (2010: £3,773,758). This was greatly reduced from the previous year mainly by the sale of the Lamaune Iron property for £3,913,447 (C$6.2 million). The main expenditure item of direct explorations costs amounted to £2,930,326 during the period. This expenditure was funded by share placements which raised approximately £3.9 million during 2011.

The Group has no debt but continues to raise further equity as needed to carry out its development plans.

The Junior Lake project

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

Lamaune Iron Inc

In July 2011 Lamaune Iron Inc was demerged from the Group to existing shareholders. The main features of Lamaune Iron Inc are:

- Low cost 100 per cent. owned Ontario iron project
- Deposit outcrops on surface
- Excellent access to rail and port infrastructure
- Potential offtake partners in Great Lakes region.
- Growth potential to define more than 1 billion tonnes of Iron ore.

Further information can be viewed on the website, www.lamauneiron.com

Junior Lake Nickel projects

The combined resources of the VW and B4-7 nickel deposits are in excess of 48,000 tonnes of nickel equivalent.

Chairman's statement continued

Recent exploration work in late 2011 and the first half of 2012 have greatly increased our confidence that the resources can be significantly enhanced. The recently reported drilling has consistently intersected massive sulphide mineralisation with high grades and widths up to approximately 30 metres.

We believe that the increased tonnage from this season's drilling campaign will support an economically viable mining project, accordingly we will commence pre-feasilbility studies in the fourth quarter of 2012 once we have completed a resource update.

Initial internal studies illustrate that a simple flotation/concentrate plant would require capital of approximately $50 million, based on similar size plants around the world. These studies also estimated the operation, refining, transportation and smelting costs to be around $12,000 per tonne for nickel in concentrate, leaving a sound profit margin at today's nickel prices.

Both deposits are open along strike to the east and west down plunge which demonstrates the potential of continued growth in resources.

Infrastructure

This multi commodity asset benefits from an existing and excellent infrastructure. There is very good road access all year round and the Canadian National Railway is only 13 kilometres from the property. In addition, there is plentiful water and the planned link into the Hydropower system by 2015.

Community relations

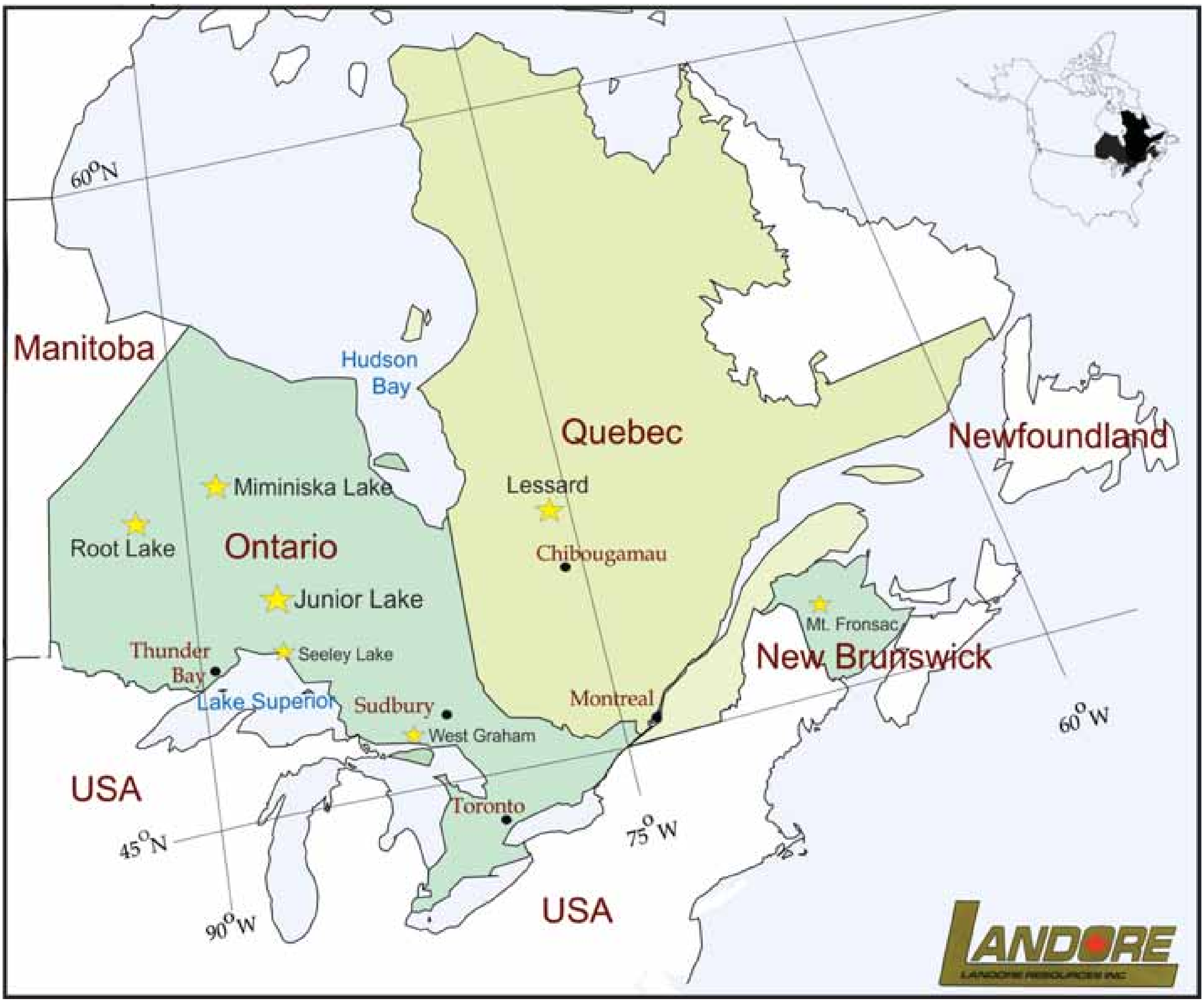
Landore continues to maintain excellent relationships with the local First Nations on whose traditional lands our Junior Lake property is located. We have now enjoyed many years of successful co-operation and have just renewed our Memorandum of Understanding.

I would once again like to thank the management and all staff at Thunder Bay and on site for their continued dedication and performance this year.

William Humphries
Chairman

29 May 2012

Operations report



Eastern Canada

INTRODUCTION

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

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

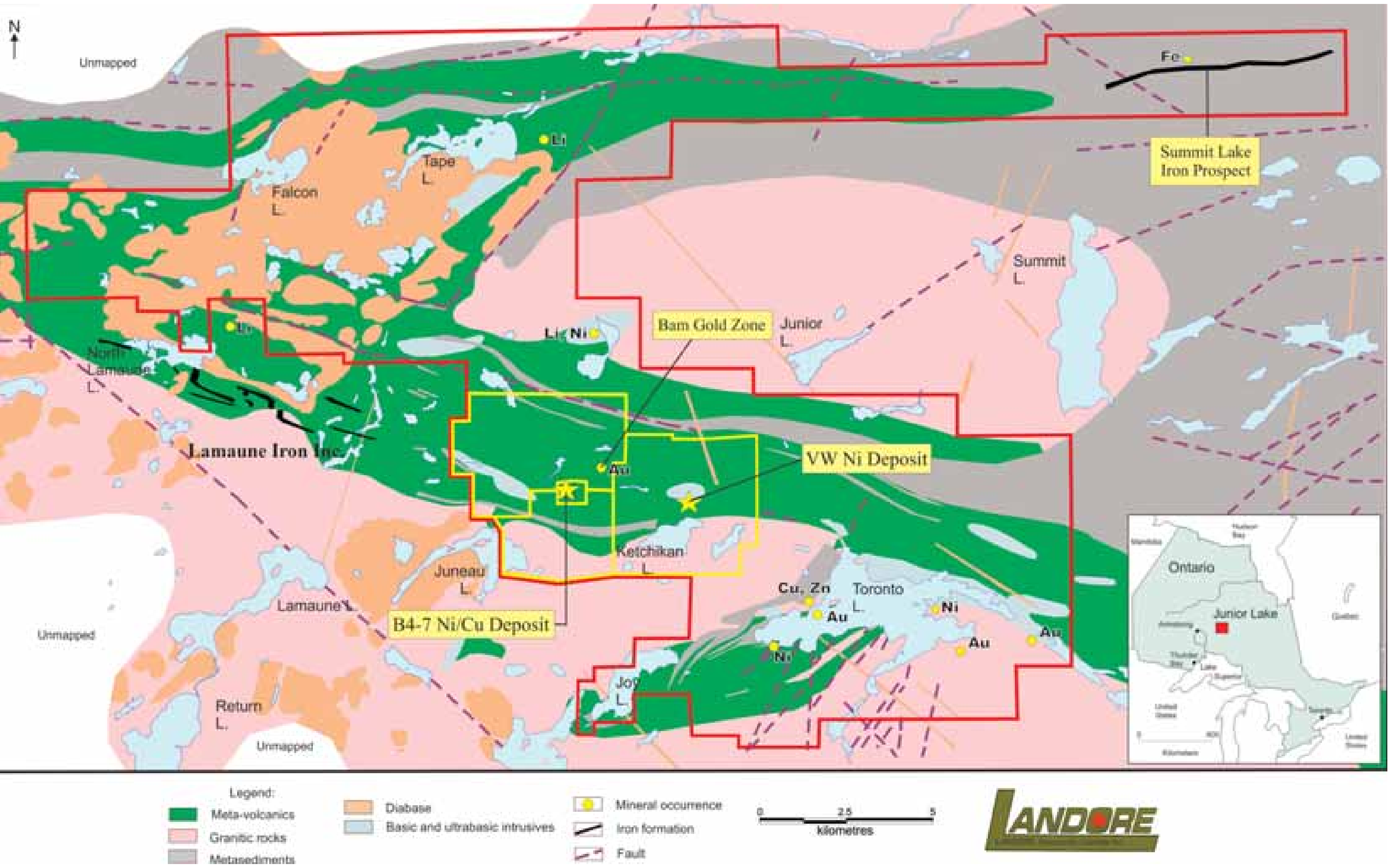
Landore's exploration focus is on the highly prospective Junior Lake property, Ontario.

Operations report continued

JUNIOR LAKE PROPERTY

The Junior Lake property, 100 per cent. owned by Landore, is located in the province of Ontario, Canada, approximately 235 kilometres north-northeast of Thunder Bay and is host to the B4-7 Nickel-Copper-Cobalt-PGEs deposit, the VW Nickel deposit, and numerous other highly prospective mineral occurrences. The Junior Lake property also hosted the Lamaune Iron and Lamaune Gold prospects which have now been transferred to the new company Lamaune Iron Inc.

In 2005, encouraged by favourable global nickel market conditions, Landore intensified its exploration effort on the Junior Lake property where the B4-7 Nickel deposit, discovered by International Mogul Inc. in 1969, was located. In Q4 2005 the VW Nickel deposit was discovered. Subsequent drilling in 2006 and 2007 delineated the VW and B4-7 deposits and brought them to Canadian National Instrument 43-101 (NI 43-101) compliant resources.



Junior Lake property

Operations report continued

In 2008 with the burgeoning demand for iron on the world market and the decreasing demand for nickel, Landore decided to shift focus to its prospective Lamaune Magnetite Iron occurrence located on the western portion of the Junior Lake property. Drilling activities during 2009 and 2010 were concentrated on establishing the extent and grade of the iron mineralisation.

To date, exploration on the Lamaune Iron deposit has delineated an 'Exploration Potential' of 300 to 500 million tonnes of mineralisation grading from 25 per cent. Fe to 35 per cent. Fe (2011: NI 43-101 Technical Report).

In June 2011, Landore decided that the Lamaune Iron deposit required a separate management team and resources to carry the deposit through to production. The Lamaune block, comprised of 23 claims, for 4,096 hectares, containing the Lamaune Iron deposit as well as the Lamaune Gold prospect, was transferred into a separate private company ('Lamaune Iron Inc.'). This new company is pursuing an IPO, on an appropriate market in 2012.

The Junior Lake property extends for 31 kilometres and covers an area of 31,603 hectares.

Current metal prices have positively impacted the economic viability of the B4-7 and VW deposits and facilitated the advancement of these deposits to development stage. With this in mind, Landore has refocused its exploration effort onto its Junior Lake Nickel projects.

The existing combined resources of the VW and B4-7 stand at **48,281** tonnes of NiEq, 82 per cent. of which is in the Indicated category. Landore believes that for the Junior Lake Nickel projects to be economically viable, the above tonnage needs to be increased by 20 to 30 per cent.

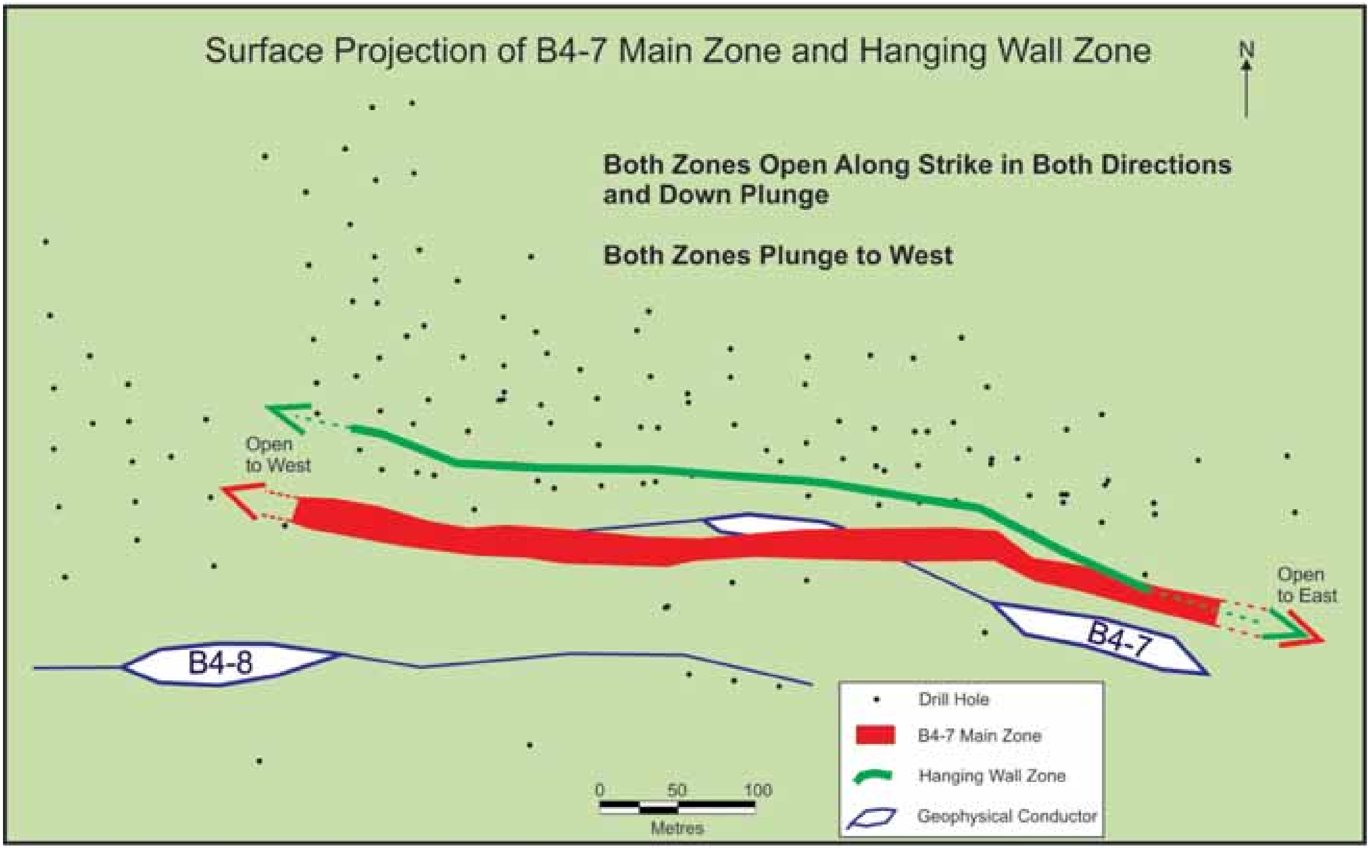
Accordingly, Landore's exploration effort during 2011 was concentrated on the discovery of additional mineralisation in the vicinity of the two main deposits. A 2011 drilling campaign on the B4-8 conductor located adjacent to the B4-7 deposit yielded encouraging results. Landore believes that this area, which extends for approximately 800 metres west from the B4-7 deposit, is highly prospective for nickel and copper mineralisation.

B4-7 Nickel – Copper – Cobalt – PGEs deposit

The B4-7 deposit is located in the centre of the lease area approximately 3 kilometres to the northwest of the VW deposit. The B4-7 deposit mineralisation is hosted within a sub-vertical massive sulphide vein with stringers, net-textured and disseminated sulphides in the immediate hanging wall. The B4-7 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 for underground mining.

LANDORE RESOURCES

Operations report continued



B4-7 surface projection of mineralisation

In Q1 2010, an NI 43-101 compliant report and resource estimate upgrade for the B4-7 deposit was completed. The resource estimate, using a cut-off grade of 0.25 per cent. nickel reported:

- Indicated – 2 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**.

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

In Q4 2011, Landore recommenced drilling on the B4-7. To date, 49 drill-holes and two re-entered holes, for 11,734 metres, had been completed. Drilling has enhanced the size of this deposit as well as proved continuity of the deposit's valuable PGE-endowed polymetallic zone (Alpha zone). Results returned so far have been highly promising, successfully extending the deposit together with advancing inferred portions of the deposit to indicated status.

Operations report continued

B4-7 mineralised intersections include:

Drill-hole No	From metres	Width* metres	Ni %	Cu %	Co %	Pd ppb	Pt ppb	Au ppb
0411-358B	362.00	6.45	0.06	0.01	0.00	**1,881**	298	20
including	366.00	1.00	0.05	0.01	0.00	**8,445**	908	75
and	436.60	11.60	0.67	0.29	0.06	966	318	45
including	436.60	2.90	0.73	0.34	0.07	**1,394**	700	31
and	452.48	7.60	0.69	0.25	0.05	885	492	48
including	452.48	3.52	0.89	0.21	0.06	**1,521**	771	48
0411-360	325.77	2.23	**1.11**	0.18	0.04	**2,235**	340	9
0411-361	466.76	2.86	**1.20**	0.55	0.04	768	95	35
and	480.87	17.35	0.64	0.53	0.05	316	41	91
including	480.87	4.13	0.89	0.55	0.07	311	17	33
0411-363	495.32	1.74	0.84	0.37	0.07	480	155	18
and	516.05	4.00	0.49	**1.02**	0.05	579	88	63
and	530.00	12.72	0.60	0.56	0.05	272	110	37
including	536.50	3.66	0.91	0.24	0.08	341	135	23
0411-365	461.60	3.30	0.61	0.79	0.09	294	33	15
0411-366	496.45	1.93	0.63	**1.09**	0.04	**2392**	39	82
0409-238	116.00	19.83	0.61	0.59	0.05	593	122	41
including	129.30	5.75	0.94	0.51	0.07	750	151	18
0412-367	52.00	5.13	0.51	0.45	0.05	545	104	62
0412-371	57.50	17.38	0.79	0.43	0.06	816	176	15
including	57.50	7.50	0.97	0.52	0.06	**1,033**	215	22
0412-372	191.36	8.30	0.75	0.39	0.07	518	205	16
including	191.36	2.14	0.78	0.27	0.05	**1,321**	459	21
0412-374	96.60	13.96	0.71	0.61	0.07	591	98	31
0412-375	191.00	13.72	0.69	0.41	0.05	533	126	15
0412-379	148.55	12.10	0.32	0.26	0.03	**1,303**	145	63
including	153.00	3.00	0.46	0.37	0.04	**4,327**	454	181

**The actual true thickness of mineralisation is estimated to represent between 75-80 per cent. of the intervals shown in the above table.*

The current drilling is also targeting the adjacent polymetallic Alpha zone located up to 70 metres to the north of the B4-7 main mineralised zone at 75W and merging with the main zone at approximately 350E. The Alpha zone consists of a series of sub-vertical contacts within metamorphosed gabbros, contains significant palladium and platinum, in addition to elevated nickel, copper and cobalt.

Previously there were insufficient intersections of the Alpha zone for its inclusion into the resource. However the current drilling is successfully establishing continuity along strike.

Operations report continued

Polymetallic alpha zone mineralised intersections include:

Drill-hole No	From metres	Width* metres	Pd ppb	Pt ppb	Ni %	Cu %	Co %	Au ppb
0409-237	33.00	3.00	**6,139**	**1,381**	0.33	0.06	0.02	20
including	34.00	1.00	**13,100**	**2,580**	0.49	0.04	0.02	48
and	59.16	0.59	**5,180**	**1,321**	**1.45**	0.31	0.06	29
0412-369	90.95	1.85	**1,557**	331	0.53	0.09	0.03	3
0412-370	171.00	3.00	**2,134**	171	0.29	0.06	0.02	11
and	205.37	6.48	**1,263**	200	0.14	0.13	0.01	6

**The actual true thickness of mineralisation is estimated to represent between 75-80 per cent. of the intervals shown in the above table.*

2012 drilling on the B4-7 deposit

Operations report continued

The B4-7 deposit, so far delineated over 650 metres of strike, remains open to the east and west along strike and down plunge to the northwest. A previously completed airborne electromagnetic survey suggests the conductive horizon hosting the B4-7 deposit persists for an additional 800 metres to the west.

The results of the current drilling campaign demonstrates that there is the potential to increase the size of the B4-7 deposit and contribute significantly to the overall economic viability of the Junior Lake Nickel project.

VW Nickel deposit

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

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

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

- Indicated – 3.73 million tonnes at 0.49 per cent. NiEq.
- Inferred – 0.72 million tonnes at 0.49 per cent. NiEq.

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

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

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

B4-8 zone

An exploration drill campaign consisting of 49 drill-holes and one re-entered drill hole, for 11,354 metres, was carried out from Q2 to Q4 2011 on the B4-8 geophysical conductor and coincident geophysical anomaly, in the vicinity and west of the B4-7 deposit.

Drilling on the B4-8 has revealed a similar style of nickel-copper mineralisation to the hanging wall mineralisation in the adjacent B4-7 deposit. Elevated mineralisation is hosted in disseminated to massive sulphides in gabbroic rocks and occurs sub-vertically, often within shear zones. Mineralisation is also localised in fractures, foliations and gashes.

Operations report continued

Mineralised intersections include:

Drill-hole No	From metres	Width metres	Ni %	Cu %	Co %	Pd ppb	Pt ppb	Au ppb
0411-315	185.50	3.00	0.23	0.33	0.02	134	35	10
0411-318	125.95	2.77	0.27	0.34	0.03	306	51	11
0411-321	209.25	0.64	0.67	0.25	0.03	459	423	16
0411-322	98.71	2.69	0.54	0.15	0.04	472	54	9
0411-323	43.23	25.68	0.13	0.66	0.02	139	26	43
Incl.	55.82	**10.01**	0.18	**1.17**	0.03	230	31	83
Incl.	57.70	**1.00**	0.13	**3.69**	0.02	289	<15	276
0411-328	76.36	**12.64**	0.15	**1.01**	0.03	223	63	124
Incl.	86.63	**1.19**	0.09	**3.49**	0.03	186	<15	329
0411-337	167.00	**2.15**	0.47	**1.13**	0.06	124	36	84

Note: Drill-hole 0411-328 was drilled as a 'scissor hole' to the elevated copper and nickel intersection in drill-hole 0411-323.

Planned

Landore will utilise the B4-7 drilling results to produce an updated resource estimate, anticipated for completion in Q3 2012. Pre-feasibility studies on the combined B4-7 and the VW deposits will be initiated in Q4 2012. Further drilling will be carried out on the VW deposits in 2013 to extend the known deposit and to advance the Inferred resource to Indicated status.

Results from B4-8 drilling are very promising and further drilling is programmed for Q2 and Q4 2012 to fully delineate the base metal mineralisation.

Infrastructure

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

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

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

Operations report continued

Environmental Baseline Studies

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

Water surface monitoring of lakes and drainage tributaries within the vicinity of the deposits have continued on a bi-annual basis during 2011, and have been increased to a quarterly basis in 2012. The area of influence has recently been expanded to include lakes and drainage further out from the leases. The environmental and baseline studies are all pre-requisite for permitting requirements for the development of the B4-7 and VW deposits.

Mining leases

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

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

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

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

MIMINISKA LAKE – KEEZHIK LAKE PROPERTIES

Miminiska Lake property

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

Operations report continued

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

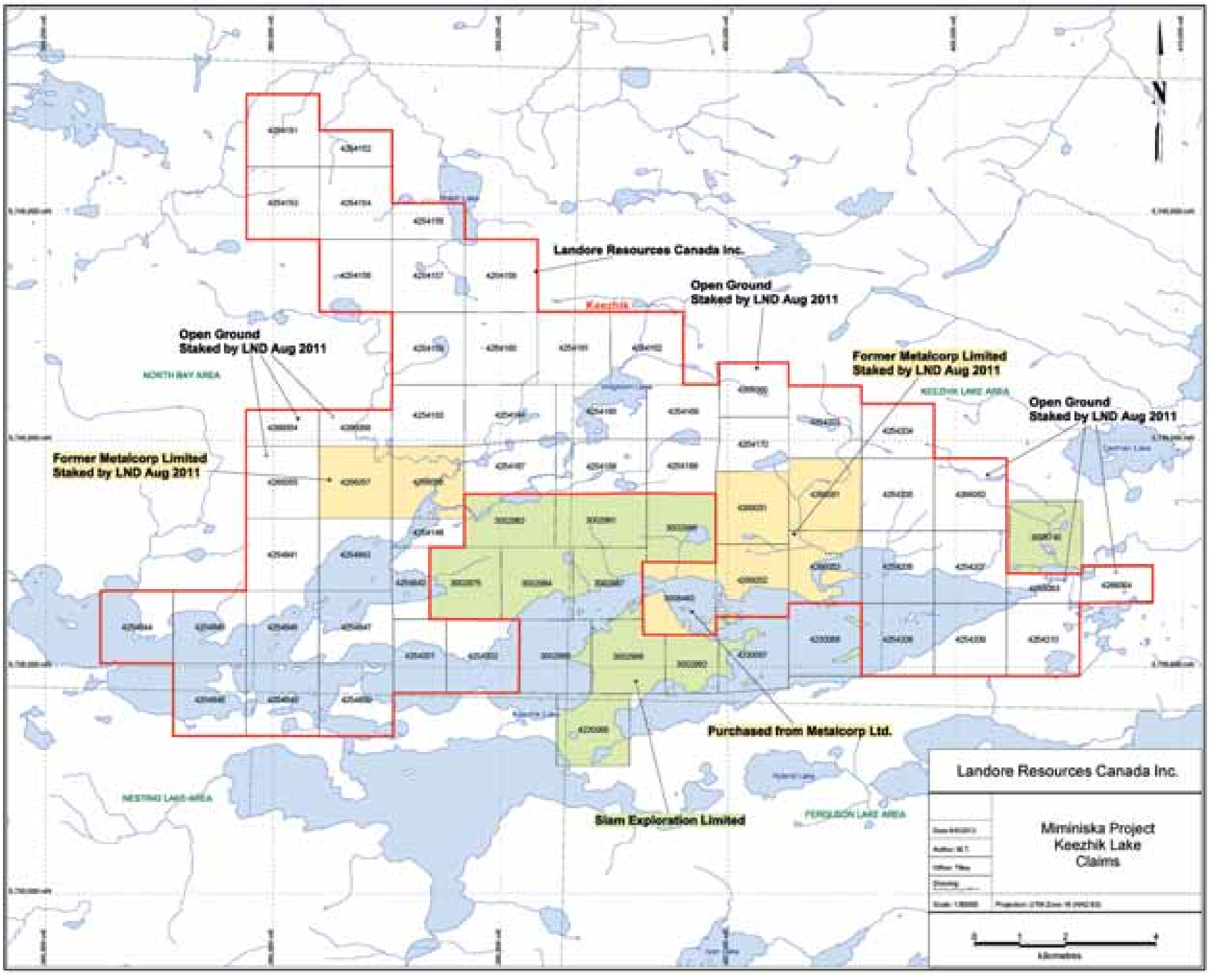
- Miminiska Lake – 232,000 tonnes at 5.62 g/t gold
- Frond Lake – 271,000 tonnes at 5.10 g/t gold

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

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

Keezhik Lake property

Landore holds 55 mining claim blocks, for 12,482 hectares, in the highly prospective Keezhik Lake area, located 20 kilometres north of Landore's Miminiska Lake property and 150 kilometres southeast of Goldcorp's Musselwhite Gold mine.



Keezhik Lake property

Operations report continued

2011 Keezhik Lake field reconnaissance

During 2011, Landore consolidated its land package by staking 13 claim blocks, for 2,710 hectares, to encompass surrounding historic gold occurrences. As well, Landore purchased outright one claim from a third party, subject to a 2 per cent. net smelter return (NSR). Landore's land package now spans over 20 kilometres across prime gold exploration targets.

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

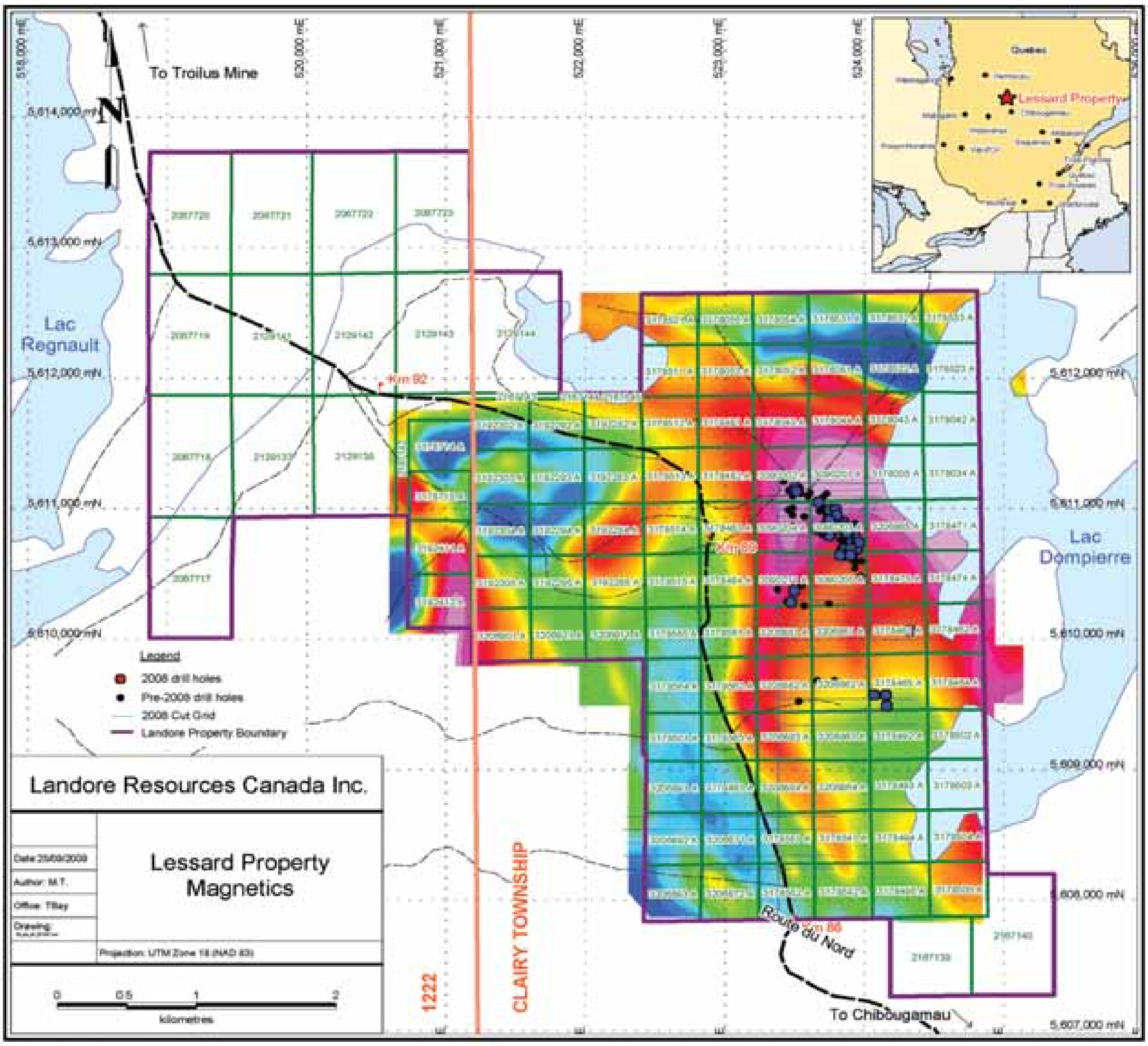
Operations report continued

During Q3 2011, a field reconnaissance, mapping and sampling campaign was carried out at Keezhik Lake. Field investigation of geophysical anomalies, prospective geological features, and historical gold showings revealed several areas of interest on the property. Rock and soil sampling confirmed the existing gold occurrences, as well as identified new zones hosting lithologies prospective for gold mineralisation. Highlights of grab rock sampling include 19.82 g/t Au from a felsic outcrop and 2.03 g/t Au from a sheared melagabbro containing a one foot wide quartz vein. These results warrant follow-up exploration work.

Planned

A 1,500 metre drilling campaign is scheduled for Q1 2013 to test prospective areas indicated by 2011 field investigations.

LESSARD, COPPER – ZINC – SILVER PROJECT



Lessard Property

Operations report continued

The Lessard property, located approximately 107 kilometres north of the town of Chibougamau in the province of Quebec, comprises 109 claims for 2,168 hectares. Lessard hosts a copper-zinc-silver deposit with a historic resource reported in a feasibility study in 1975 by Selco Mining Corporation Ltd.

In September 2008, a resource estimate compliant to NI 43-101 was completed on the Lessard deposit. The resource estimate reported 740,000 tonnes at 1.88 per cent. Cu, 3.50 per cent. Zn, 38.62 g/t silver and 0.84 g/t gold using an NSR value of US$206.52. All of the resource is in the Inferred category. The Lessard deposit remains open down dip.

During Q3 to Q4 2011, a field reconnaissance, mapping and sampling campaign was carried out on the Lessard property. This exploration programme outlined prospective targets for copper and zinc, as well as identified the potential for silver and gold mineralisation. Geological mapping investigated surficial exposures of geophysical anomalies, as well as targeting potential base metals hosted in several lithologies.

Highlights of grab rock sampling include 0.69 per cent. Cu and 0.32g/t Au yielded from a fine grained, silicified intermediate volcanic rock. This and other encouraging mineralisation was revealed through the 2011 field investigations, and several areas of interest on the property were identified for follow-up exploration.

Planned

Landore intends to carry out a trenching and channel sampling campaign on the Lessard property during Q3 2012.

ROOT LAKE LITHIUM PROPERTY

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

The McCombe Pegmatite, comprising two main spodumene-bearing dykes, has been traced on surface for a strike length of 550 metres with widths up to 19 metres. Capital Lithium Mines Ltd. completed a diamond drilling programme on the Root Lake property in 1956, consisting of 55 drill holes for 10,442 metres, establishing a resource of 2.3 million tonnes grading 1.3 per cent. Lithium Oxide (Li2O) on the McCombe Pegmatite. (Mulligan1965). *This resource is not compliant to NI 43-101.*

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

No exploration was carried out on the Root Lake property during this past year.

Operations report continued

OTHER PROPERTIES

Landore has other non-core exploration properties which include grass roots exploration and defined drill targets.

SOCIAL AND ENVIRONMENTAL RESPONSIBILITY

Landore believes that a successful project is best achieved through maintaining close working relationships with First Nations and other local communities. This social ideology is at the forefront of all of Landore's exploration initiatives by establishing and maintaining co-operative relationships with First Nations communities, hiring local personnel and using local contractors and suppliers.

In 2012, Landore signed an updated Junior Lake Memorandum of Understanding (MOU) with the Whitesands First Nations community. With this agreement, Landore will continue with development of the Junior Lake property with the co-operation of local First Nations peoples.

Junior Lake 2012 MOU signing with Whitesands First Nations community (left to right, Councillor Raymond Kwandibens, Bill Humphries, Chief Allan Gustafson)

Careful attention is given to ensure that all exploration activity is performed in an environmentally responsible manner and abides by all relevant mining and environmental acts. Landore takes a conscientious role in all of its operations, and is aware of its social responsibility and its environmental duty.

Michele Tuomi, P.Geo.

Senior Geologist, Landore Resources Canada Inc.

29 May 2012

Board of Directors

William Humphries (aged 71) – 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 60) – 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 City Natural Resources High Yield Trust Plc and Non-Executive Chairman of Asian Growth Properties Limited.

Charles Wilkinson (aged 68) – Non-Executive Director

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

Helen Green (aged 49) – Non-Executive Director

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

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

Directors' report

The Directors submit their report and the audited financial statements of Landore Resources Limited and its subsidiaries (the "Group") for the year ended 31 December 2011.

Principal activity

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

Regulation

The Company was registered in Guernsey, Channel Islands on 16 February 2005 with registered number 42821 under the Companies (Guernsey) Law 2008 (the "New Law").

Review of the year

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

Results and dividends

The loss of the Group for the year, after taxation was £485,403 (2010: £3,773,758). The Directors do not recommend payment of a dividend.

Going concern and management plans

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Chairman's statement on pages 3 and 4, the principal risks and uncertainties are set out on page 21. In addition, note 20 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

As described in the subsequent events on page 24, the Group has raised funding after the year end that strengthens the existing funds. On this basis the Directors have a reasonable expectation that the Company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. If the Company is unable to obtain additional financing as needed, some interest may be relinquished and/or the scope of the operations reduced. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' report continued

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 seeking to balance this risk by building a portfolio of projects and prospects that carry a range of differing technical and commercial risks, and 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 on page 24, 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.

Directors' report continued

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 on pages 3 to 18.

Key Performance Indicators

The Board sets 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 volume 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 2011 are as follows:

Executive

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

Non-Executive

Charles Wilkinson
Helen Green

Directors' report continued

The Directors in office as at 31 December 2011 had the following beneficial interest in the ordinary shares of the Company:

	Ordinary shares of 1pence each		Options to acquire ordinary shares	
	31 December 2011	31 December 2010	31 December 2011	31 December 2010
Executive Directors:				
William Humphries	20,360,000	18,565,000	13,000,000	9,000,000
Richard Prickett	5,732,524	5,732,524	7,500,000	5,000,000
Non-Executive Directors:				
Charles Wilkinson	854,047	854,047	750,000	500,000
Helen Green	127,583	127,583	250,000	—

Share options

As at 31 December 2011 the following share options were outstanding to Directors:

Name	Date granted	Number	Price	Expiry date
William Humphries	5 September 2007	500,000	£0.15	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
William Humphries	6 July 2011	4,000,000	£0.1612	6 July 2016
Richard Prickett	6 April 2005	2,000,000	£0.070	30 June 2013
Richard Prickett	19 September 2006	1,000,000	£0.0975	19 September 2013
Richard Prickett	5 September 2007	500,000	£0.15	5 September 2012
Richard Prickett	4 November 2008	1,500,000	£0.1200	4 November 2013
Richard Prickett	6 July 2011	2,500,000	£0.1612	6 July 2016
Charles Wilkinson	6 April 2005	500,000	£0.070	30 June 2013
Charles Wilkinson	6 July 2011	250,000	£0.1612	6 July 2016
Helen Green	6 July 2011	250,000	£0.1612	6 July 2016

Directors

Details in respect of the experience of the Executive and Non-Executive Directors are given on page 19.

Related party transactions

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

Directors' report continued

Share issues

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

Subsequent events

On 6 March 2012 the Group issued 30,100,000 new ordinary shares of 1 pence at a price of 7.5 pence per share to raise approximately £2.26 million.

On 6 March 2012 the Group issued 173,500 new ordinary shares of 1 pence at a price of 7.5 pence per share in relation to advisory services received.

Substantial shareholdings

Apart from the interests of the Directors referred to above, the Company is aware of the following holdings of more than 3 per cent. of the share capital of the Company as at 23 May 2012:

Shareholder name	Ordinary shares of 1 pence each
Lynchwood Nominees Limited	97,476,359
Forest Nominees Limited	17,849,932
Ferlim Nominees Limited	10,647,462
Securities Service Nominees Limited	8,985,000

Payment policy

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

Auditors

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

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

By Order of the Board

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

29 May 2012

Corporate governance report

Financial aspects of corporate governance

The Group has adopted a framework for corporate governance which it believes is suitable for a company of its size and which aims to ensure it complies with the UK Corporate Governance Code, in so far as is appropriate having regard to the size and nature of the Group, prepared by the Financial Reporting Council.

The Board

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

Corporate Governance Committees

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

Audit

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 position;
- The Group's published financial statements represent a true and fair reflection of this position; and
- The external audit is conducted in a thorough, efficient and effective manner.

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

Corporate governance report continued

Remuneration Committee

The terms of reference of the Remuneration Committee are to:

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

Internal control

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

- *Strategic business planning*
  Detailed financial projections for the current financial year are prepared and subject to formal review at quarterly Board meetings.
- *Performance review*
  The Directors aim to monitor the Group's performance through the preparation of quarterly management accounts and regular reviews of expenditure and projections.

Going concern

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

A full explanation of the Directors' reasoning behind this assumption is given on page 20.

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 or 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 and the Group 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

To the members of Landore Resources Limited

We have audited the consolidated financial statements of Landore Resources Limited for the year ended 31 December 2011 which comprise the Consolidated and Company statements of comprehensive income, the Consolidated and Company statements of financial position, the Consolidated and Company statements of changes in equity, the Consolidated and Company statements of cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Group's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an 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 Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the statement of Directors' responsibilities on page 27 the Directors are responsible for the preparation of the consolidated financial statements and for being satisfied that they give a true and fair view.

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated 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. In addition, we read all the financial statements and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatement or inconsistencies we consider the implications for our report.

Independent auditor's report continued

To the members of Landore Resources Limited

Opinion on the financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the Group's and the Company's affairs as at 31 December 2011 and of the Group's and the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the EU; and
- have been prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

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

29 May 2012

Consolidated statement of comprehensive income

for the year ended 31 December 2011

	Notes	Group 31 December 2011 £	Group 31 December 2010 £
Exploration costs	6	(2,930,326)	(2,653,910)
Other income	1	3,913,447	—
Administrative expenses	22	(1,545,659)	(1,124,981)
Operating loss		(562,538)	(3,778,891)
Finance income	2	77,135	5,133
Loss before income tax		(485,403)	(3,773,758)
Income tax expense	5	—	—
Total loss for the year	1	(485,403)	(3,773,758)
Other comprehensive income/(loss):			
Exchange difference on translating foreign operations	16	83,269	(29,475)
Other comprehensive income/(loss) for the year net of tax		83,269	(29,475)
Total comprehensive loss for year		(402,134)	(3,803,233)
Loss attributable to:			
Equity holders of the Company		(485,403)	(3,773,758)
Total comprehensive loss attributable to:			
Equity holders of the Company		(402,134)	(3,803,233)
Loss per share for losses attributable to the equity holders of the Company during the year			
– basic	7	(0.002)	(0.017)
– diluted	7	(0.002)	(0.017)

The Group's operating loss relates to continuing operations.

The accounting policies and notes on pages 38 to 60 form part of these consolidated financial statements.

Company statement of comprehensive income

for the year ended 31 December 2011

	Notes	Company 31 December 2011 £	Company 31 December 2010 £
Administrative expenses	22	(997,437)	(612,209)
Operating loss		(997,437)	(612,209)
Interest receivable		13,229	4,539
Foreign exchange gain/(loss)		(223,132)	1,075,915
(Loss)/profit before income tax		(1,207,340)	468,245
Income tax expense		—	—
Total comprehensive (loss)/ profit for the year	1	(1,207,340)	468,245

The Company's operating loss relates to continuing operations.

The accounting policies and notes on pages 38 to 60 form part of these financial statements.

Consolidated statement of financial position

as at 31 December 2011

	Notes	Group At 31 December 2011 £	Group At 31 December 2010 £
Assets			
Non current assets			
Property, plant and equipment	8	97,224	119,862
		97,224	119,862
Current assets			
Trade and other receivables	10	4,249,129	83,390
Cash and cash equivalents		435,519	782,959
		4,684,648	866,349
Total assets		4,781,872	986,211
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	2,637,103	2,371,853
Share premium	12	21,616,466	17,951,320
Share options	13	1,139,177	834,958
Warrants	14	—	143,659
Accumulated losses	15	(21,148,655)	(20,688,413)
Cumulative translation reserve	16	257,854	174,585
Total equity		4,501,945	787,962
Liabilities			
Non current liabilities			
Income tax liabilities	11	15,225	23,265
		15,225	23,265
Current liabilities			
Trade and other payables	11	241,865	159,474
Income tax liabilities	11	22,837	15,510
		264,702	174,984
Total liabilities		279,927	198,249
Total equity and liabilities		4,781,872	986,211

These consolidated financial statements were approved and authorised for issue by the Board of Directors on 29 May 2012.

William Humphries
Director

Richard Prickett
Director

The accounting policies and notes on pages 38 to 60 form part of these consolidated financial statements.

Company statement of financial position

as at 31 December 2011

	Notes	Company At 31 December 2011 £	Company At 31 December 2010 £
Assets			
Non current assets			
Investment in subsidiaries	9	94,889	94,889
		94,889	94,889
Current assets			
Trade and other receivables	10	18,595,378	15,367,382
Cash and cash equivalents		405,837	724,211
		19,001,215	16,091,593
Total assets		19,096,104	16,186,482
Equity			
Capital and reserves attributable to the Company's equity holders			
Share capital	12	2,637,103	2,371,853
Share premium	12	21,616,466	17,951,320
Share options	13	1,139,177	834,958
Warrants	14	—	143,659
Accumulated losses	15	(6,329,267)	(5,147,088)
Total equity		19,063,479	16,154,702
Liabilities			
Current liabilities			
Trade payables	11	32,625	31,780
Total liabilities		32,625	31,780
Total equity and liabilities		19,096,104	16,186,482

The accounting policies and notes on pages 38 to 60 form part of these financial statements.

Consolidated statement of changes in equity

for the year ended 31 December 2011

	Share capital £	Share premium £	Share options £	Warrants £	Retained earnings £	Cumulative translation reserve £	Total £
Balance at 1 January 2010	1,899,593	14,691,157	860,880	143,659	(16,968,271)	204,060	831,078
Loss for the year	—	—	—	—	(3,773,758)	—	(3,773,758)
Other comprehensive loss for the year	—	—	—	—	—	(29,475)	(29,475)
Issue of ordinary share capital	472,260	3,370,375	—	—	—	—	3,842,635
Issue cost	—	(110,212)	—	—	—	—	(110,212)
Share option adjustment	—	—	(25,922)	—	53,616	—	27,694
Balance at 31 December 2010	2,371,853	17,951,320	834,958	143,659	(20,688,413)	174,585	787,962
Balance at 1 January 2011	2,371,853	17,951,320	834,958	143,659	(20,688,413)	174,585	787,962
Loss for the year	—	—	—	—	(485,403)	—	(485,403)
Other comprehensive loss for the year	—	—	—	—	—	83,269	83,269
Issue of ordinary share capital (Note 12)	265,250	3,687,250	—	—	—	—	3,952,500
Issue cost (Note 12)	—	(165,763)	—	—	—	—	(165,763)
Share warrant adjustment	—	143,659	—	(143,659)	—	—	—
Share option adjustment (Note 13)	—	—	304,219	—	25,161	—	329,380
Balance at 31 December 2011	2,637,103	21,616,466	1,139,177	—	(21,148,655)	257,854	4,501,945

The accounting policies and notes on pages 38 to 60 form part of these consolidated financial statements.

Company statement of changes in equity

for the year ended 31 December 2011

	Share capital £	Share premium £	Share options £	Warrants £	Retained earnings £	Total £
Balance at 1 January 2010	1,899,593	14,691,157	860,880	143,659	(5,668,949)	11,926,340
Profit for the financial year	—	—	—	—	468,245	468,245
Issue of ordinary share capital	472,260	3,370,375	—	—	—	3,842,635
Issue cost	—	(110,212)	—	—	—	(110,212)
Share option adjustment	—	—	(25,922)	—	53,616	27,694
Balance at 31 December 2010	2,371,853	17,951,320	834,958	143,659	(5,147,088)	16,154,702
Balance at 1 January 2011	2,371,853	17,951,320	834,958	143,659	(5,147,088)	16,154,702
Loss for the year	—	—	—	—	(1,207,340)	(1,207,340)
Issue of ordinary share capital (Note 12)	265,250	3,687,250	—	—	—	3,952,500
Issue cost (Note 12)	—	(165,763)	—	—	—	(165,763)
Share warrant adjustment	—	143,659	—	(143,659)	—	—
Share option adjustment (Note 13)	—	—	304,219	—	25,161	329,380
Balance at 31 December 2011	2,637,103	21,616,466	1,139,177	—	(6,329,267)	19,063,478

The accounting policies and notes on pages 38 to 60 form part of these financial statements.

Consolidated statement of cash flows

for the year ended 31 December 2011

	Notes	Group 31 December 2011 £	Group 31 December 2010 £
Cash flows from operating activities			
Operating loss		(562,538)	(3,778,891)
Finance income	2	77,135	5,133
Depreciation of tangible fixed assets	8	31,047	34,966
Foreign exchange gain on non-cash items		(58,013)	(32,248)
Share options	13	329,380	27,694
(Increase)/decrease in debtors		(4,138,755)	60,038
Increase/(decrease) in creditors		197,253	(27,055)
Net cash outflow from operating activities		(4,124,491)	(3,710,363)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(10,760)	(25,109)
		(10,760)	(25,109)
Cash flows from financing activities			
Issue of ordinary share capital	12	3,952,500	3,842,635
Issue costs	12	(165,763)	(110,212)
		3,786,737	3,732,423
Net decrease in cash and cash equivalents		(348,514)	(3,049)
Cash and cash equivalents at beginning of financial year		782,959	792,584
Exchange gain/(loss) on cash and cash equivalents		1,074	(6,576)
Cash and cash equivalents at end of financial year		435,519	782,959

The accounting policies and notes on pages 38 to 60 form part of these consolidated financial statements.

Company statement of cash flows

for the year ended 31 December 2011

	Notes	Company 31 December 2011 £	Company 31 December 2010 £
Cash flows from operating activities			
Operating loss		(997,437)	(612,209)
Finance income		13,229	4,539
Foreign exchange gain on non cash items		(223,132)	1,075,915
Share options	13	329,380	27,694
(Increase)/decrease in debtors		(3,227,996)	(4,261,843)
Increase/(decrease) in creditors		845	(7,162)
Net cash outflow from operating activities		(4,105,111)	(3,773,066)
Cash flows from financing activities			
Issue of ordinary share capital	12	3,952,500	3,842,635
Issue costs	12	(165,763)	(110,212)
		3,786,773	3,732,423
Net decrease in cash and cash equivalents		(318,374)	(40,643)
Cash and cash equivalents at beginning of financial year		724,211	764,854
Cash and cash equivalents at end of financial year		405,837	724,211

The accounting policies and notes on pages 38 to 60 form part of these financial statements.

Accounting policies

Significant accounting policies

Statement of compliance

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

Applicable amendments to existing standards and interpretations effective in the year

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

- IAS 1 (amendments as part of improvements to IFRSs issued in 2010), 'Presentation of Financial Statements', effective for annual periods beginning on or after 1 January 2011. The amendments to IAS 1 clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.
- IFRS 7 (amendments as part of improvements to IFRSs issued in 2010), 'Financial Instruments: Disclosures', effective for annual periods beginning on or after 1 January 2011. The amendments to IFRS 7 clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans. The impact of the above amendment is considered to be immaterial.
- IAS 24 (amendments as part of improvements to IFRSs issued in 2009), 'Related Party Disclosure', effective for annual periods beginning on or after 1 January 2011. The amendments to IAS 24 modify the definition of a related party and simplifies disclosures for government-related entities. The impact of the above amendment is considered to be immaterial.
- IFRIC 14, 'Amendment to IFRIC 14: Prepayments of a Minimum Funding Requirement' (effective 1 January 2011). The impact of the above amendment is considered to be immaterial.
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'. The impact of the above amendment is considered to be immaterial.
- IAS 34 (amendments as part of improvements to IFRSs issued in 2010), 'Interim Financial Reporting', effective for annual periods beginning on or after 1 January 2011. The amendments to IAS 24 modify the criteria of significant events and transactions. The impact of the above amendment is considered to be immaterial.

Accounting policies continued

Applicable new standards and amendments to existing standards 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 2011 and have not been early adopted:

- IFRS 9 (amendments as part of improvements to IFRSs issued in 2010),' Financial Instruments: Recognition and Measurement', effective for annual periods beginning on or after 1 January 2013. The amendments introduce new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition;
- IFRS 7 (amendments as part of improvements to IFRSs issued in 2011), 'Financial Instruments: Disclosures'. The amendments to IFRS 7 clarify the required level of disclosures about offsetting financial assets and financial liabilities, clarify the required level of disclosures about transition from IFRS 7 to IFRS 9. (Both effective for annual periods beginning on or after 2015) and transfer information on financial assets (effective for annual periods beginning on or after 2011);
- IFRS 10 (Standards issued in 2011), 'Consolidated Financial Statements', effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 10 is to establish principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities, in replacement of IAS 27;
- IFRS 11 (Standards issued in 2011), 'Joint Arrangements', effective for annual periods beginning on or after 1 January 2013. The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement, in replacement of IAS 31;
- IFRS 12 (Standards issued in 2011), 'Disclosure of interests in other entities', effective for annual periods beginning on or after 1 January 2013. The objective of IFRS 12 is to require the disclosure of information that enables users of financial statements to evaluate: IFRS 12:1) the nature of, and risks associated with, its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IAS 1 (amendments as part of improvements to IFRSs issued in 2011), 'Presentation of Financial Statements', effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 retain the 'one or two statement' approach at the option of the entity and only revise the way other comprehensive income is presented: requiring separate subtotals for those elements which may be 'recycled', and those elements that will not;
- IAS 12 (amendments as part of improvements to IFRSs issued in 2010), 'Recovery of Underlying Assets', effective for annual periods beginning on or after 1 January 2012. The amendments to IAS 12 provides a practical solution to the problem of determining the expected method of recoverability, by introducing a presumption that recovery of the carrying amount will, normally be, through sale;

Accounting policies continued

- IAS 19 (amendments as part of improvements to IFRSs issued in 2011), 'Employee benefits', effective for annual periods beginning on or after 1 January 2013. The amendments proposed eliminating the use of the 'corridor' approach and instead mandating all remeasurement impacts be recognised in OCI, and in fact had proposed extending these requirements to all long-term employee benefits;
- IAS 27 and 28 (amendments as part of improvements to IFRSs issued in 2011), 'Separate Financial Statement and Investments in Associates and Joint Ventures' respectively, effective for annual periods beginning on or after 1 January 2013. The amendments pertaining to IAS 27 related to consolidation requirements previously required by IAS 27 will now form part of IFRS 10, and IAS 28 would now supersede the previous version of IAS 28 issued during 2003.

The effect of the new standards and interpretations are not expected to result in a material adjustment to the consolidated 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 GBP Sterling. The principal accounting policies adopted are set out below.

As described in the subsequent events, the Group has raised funding of approximately £2.26 million before expenses after the year end that strengthens the Company's existing funds and balance sheet thus providing a basis to meet the Group's working capital requirements for the foreseeable future. On this basis the Directors have a reasonable expectation that the Company has adequate resources to continue trading for a period of at least twelve months following the date of approval of these accounts. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

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

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December 2011. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

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

Accounting policies continued

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.

Investment in subsidiaries

The investment in the subsidiaries is stated at cost, net of any provision or impairment.

Investment in joint ventures

Entities who's economic activities are controlled jointly by the Group and other ventures independent of the Group are accounted for using proportionate consolidation method, whereby the Company's share of the assets, liabilities, income and expenses are included line by line in the condensed consolidated interim financial statements

Unrealised gains and losses on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in those entities. Where unrealised losses are eliminated, the underlying asset is also tested for impairment.

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 GBP Sterling, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Transactions in currencies other than GBP Sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting 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 reporting date. Income and expense items are translated at the average exchange rates for the period unless exchange rates fluctuate significantly. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve.

Profit/loss from operations

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

Interest income

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

Property, plant and equipment

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

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

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting period.

Accounting policies continued

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.

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.

Accounting policies continued

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.

Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Finance leases – lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset. This liability is not discounted. Any contingent rents are expensed in the period they are incurred.

Share-based payments

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

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

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

Financial instruments

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

Accounting policies continued

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires. Financial assets and financial liabilities are measured initially at fair value adjusted by transaction costs, and subsequently accounted for at amortised cost, except for financial assets and financial liabilities carried at fair value through profit or loss, which are measured initially at fair value.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be impaired are reviewed for impairment in groups, which are determined by reference to the industry and region of a counterparty and other shared credit risk characteristics.

Cash and cash equivalents

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

Trade payables

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

Equity instruments

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

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.

Financial liabilities are measured subsequently at the amortised cost using the effective interest rate method, except for financial liabilities held for trading or designated at fair value through profit or loss, that are carried subsequently at fair value with gains or losses recognised in profit or loss.

Accounting policies continued

Critical accounting estimates and judgments

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

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

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

Employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

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 and in one location.

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 2011

1. Loss from operations

	2011 £	2010 £
Loss from operations is stated after charging/(crediting):		
Group		
Depreciation of property, plant and equipment	31,047	34,966
Auditors' remuneration – audit services	37,079	35,092
Proceeds from sale of mineral properties	3,913,447	—
Share based payment charge	329,380	27,694
Non cancellable operating leases	54,480	27,999
Foreign exchange (loss)	(75,091)	(6,576)
Company		
Auditors' remuneration – audit services	8,500	8,500
Foreign exchange (loss)/gain	(223,132)	1,075,915

2. Finance income – Group

	2011 £	2010 £
Interest receivable on bank account	77,135	5,133

3. Employees

	2011 Number	2010 Number
The average monthly number of persons (excluding Directors) employed by the Group during the period was:		
Management and administration and operations	6	6
	£	£
Staff costs (for the above persons):		
Wages and salaries	351,913	350,720
Social security costs	32,254	22,678
Pension costs	27,067	21,385
	411,234	394,783

In addition to the above, a payment of $25,000 was made to settle a dispute for wrongful dismissal to a former employee.

Notes to the financial statements continued

for the year ended 31 December 2011

4. Key management compensation

	2011 £	2010 £
Executive Directors:		
William Humphries	120,000	100,000
Richard Prickett	82,500	70,000
	202,500	170,000
Non Executive Directors:		
Helen Green	12,500	10,000
Charles Wilkinson	17,500	15,000
Total	232,500	195,000

Share options in issue to Directors are disclosed on page 23 of these accounts.

5. Taxation

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

The Company's subsidiary, Landore Resources Canada Inc., is subject to Canadian Federal tax. No tax has been provided in the accounts of Landore Resources Canada Inc. since there were no taxable profits generated by the Company during the year. Landore Resources Canada Inc. has estimated non-capital losses of CA$3,078,726 (2010: CA$3,845,000) as at 31 December 2011 which expire between 2014 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$616,269 (2010: US$657,116) which expire between 2012 and 2020.

	2011 £	2010 £
Loss for the year	(1,369,286)	(3,790,745)
Loss for the year multiplied by standard rate of Canadian corporation tax 33 per cent. (2010: 33 per cent.)	(451,861)	(1,250,946)
Effect of:		
Losses not utilised in the current year	451,861	1,250,946
Income tax expense	—	—

Notes to the financial statements continued

for the year ended 31 December 2011

6. Mineral properties – Group

	1 January 2011 £	Net expense in the period £	Accumulated expenditure at 31 December 2011 £	Proceeds from Disposal at 31 December 2011 £	Accumulated expenditure at 31 December 2011 £
Junior Lake/Lamaune Lake	11,227,431	2,623,108	13,850,539	(3,905,409)	9,945,130
Miminiska Lake	1,253,919	248,396	1,502,315	—	1,502,315
Lessard	650,983	50,695	701,678	—	701,678
Frond Lake	72,509	1,349	73,858	—	73,858
Wottam	61,558	—	61,558	—	61,558
Other/including Swole Lake and West Graham	43,183	6,778	49,961	—	49,961
	13,309,583	2,930,326	16,239,909	(3,905,409)	12,334,500

Mineral properties – Company

	1 January 2011 £	Net expense in the period £	Accumulated expenditure at 31 December 2011 £
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 235 kilometres north of Thunder Bay in Northern Ontario, Canada. The property consists of five leased claims, and 133 staked claims, wholly owned by the Group.

A total of eight claims in the original property block are subject to a 2 per cent. net smelter return ("NSR"). The Junior Lake property encompasses the Lamaune and Swole property blocks. The Lamaune property block was sold during the year to Lamaune Iron Inc. for £3,905,409 (C$6.2 million).

6.2 Miminiska Lake

Miminiska Lake, wholly owned by the Group, is a gold exploration project located approximately 115 kilometres east of Pickle Lake in Northern Ontario, Canada. The property consists of a southern block of 28 patented and 43 staked claims ("Miminiska Lake"), and a northern block consisting of 55 staked claims ("Keezhik Lake"). Both blocks are wholly owned by the Group.

Notes to the financial statements continued

for the year ended 31 December 2011

6. Mineral properties – Group *continued*

6.3 Lessard

Lessard is a zinc, copper property comprised of 109 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 Group.

6.4 Frond Lake

Frond Lake is a gold property located about 125 kilometres east of Pickle Lake in Northern Ontario, Canada. The property is comprised of 24 patented claims contiguous to the east of the Wottam property. The Frond Lake property claims are wholly owned by the Group subject to a 2 per cent. NSR to the original owners of the property.

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 Group and includes 20 claims contiguous and between the Miminiska and Frond properties.

6.6 Swole Lake

Swole Lake is host to nickel, copper, platinum group metals, and lithium occurrences. The Swole Lake mining claim, wholly owned by the Group, is consolidated into the greater Junior Lake property. The Swole Lake claim is subject to a 2 per cent. NSR to the original holder of the claim.

6.7 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 Group. 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 Group and, under the terms of an agreement, earned 70 per cent. 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 234,806,648 (2010: 215,789,922) in issue during the year.

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

Notes to the financial statements continued

for the year ended 31 December 2011

8. Property, plant and equipment – Group

	Automotive equipment £	Computer hardware £	Machinery and equipment £	Office equipment £	Total £
Cost					
At 1 January 2011	152,549	15,993	129,768	11,943	310,253
Additions	—	5,197	5,563	—	10,760
Foreign exchange movements	(6,942)	9,624	(23,428)	8,072	(12,674)
At 31 December 2011	145,607	30,814	111,903	20,015	308,339
Depreciation					
At 1 January 2011	93,613	9,815	79,634	7,329	190,391
Charge for the year	17,234	2,586	10,327	900	31,047
Foreign exchange movements	(5,735)	9,718	(22,470)	8,164	(10,323)
At 31 December 2011	105,112	22,119	67,491	16,393	211,115
Net book value					
At 31 December 2011	40,495	8,695	44,412	3,622	97,224
At 31 December 2010	58,936	6,178	50,134	4,614	119,862

9. Non current asset investments – Company

	Investment in subsidiaries £
Cost	
At 1 January/31 December 2011 and 2010	4,111,191
Provision for diminution in value	
At 1 January/31 December 2011 and 2010	4,016,302
Net book value	
At 1 January/31 December 2011 and 2010	94,889

Notes to the financial statements continued

for the year ended 31 December 2011

9. Non current asset investments – Company *continued*

At 31 December 2011 the Company held the entire issued share capital of the following subsidiary undertakings:

Subsidiary	Nature of business	Country of incorporation
Landore Resources Canada Inc. (100 per cent.)	Exploration of precious metals	Canada
Brancote US Inc.* (100 per cent.)	Exploration of precious metals	United States
Landore Resources (UK) Limited (100 per cent.)	Administration (dormant)	United Kingdom

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

All subsidiaries have been included in the consolidated financial statements.

10. Trade and other receivables

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Due within one year:				
Trade receivables	4,128,507	9,090	83,390	7,141
Amounts due from related parties	120,622	120,622	—	—
Amounts due from subsidiary undertakings	—	18,465,666	—	15,360,241
	4,249,129	18,595,378	83,390	15,367,382

The Groups trade receivables include consideration receivable from Lamaune Iron Inc., a company under common control, for the sale of the Lamauane mineral property. The receivable is due by 10 December 2012, incurring interest at 3 per cent. per annum, and is secured by the Lamuane mineral property.

11. Payables: Amounts falling due within one year

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Trade payables	241,865	32,625	159,474	31,780
Current tax liabilities	22,837	—	15,510	—
	264,702	32,625	174,984	31,780

Notes to the financial statements continued

for the year ended 31 December 2011

11. Payables: Amounts falling due within one year *continued*

Payables: Amounts falling due after one year

	Group 2011 £	Group 2010 £
Income tax liability maturity analysis		
One to two years (non current liabilities)	15,225	23,265

12. Share capital

	Company 2011 £	Company 2010 £
Authorised:		
500,000,000 (2010: 500,000,000) ordinary shares of 1 pence each ranking *pari passu*	5,000,000	5,000,000
Issued and fully paid:		
263,710,325 (2010: 237,185,325) ordinary shares of 1 pence each ranking *pari passu*	2,637,103	2,371,853

	Ordinary shares 2011 £	Share premium 2011 £
Issued:		
At 1 January 2011	2,371,853	17,951,320
Issued in the year	265,250	3,521,487
At 31 December 2011	2,637,103	21,616,466

The Company made allotments of 1p ordinary shares with an aggregate nominal value of £265,250 during the period as follows:

	Number of shares	Nominal value £	Share premium £
1 February 2011	11,340,000	113,400	1,587,600
9 June 2011	11,685,000	116,850	1,635,900
4 July 2011	3,000,000	30,000	420,000
7 July 2011	500,000	5,000	43,750
	26,525,000	265,250	3,687,250

Issue costs totalling £165,763 (2010:£110,212) were incurred when allocating the shares. The total issue costs were debited against share premium in accordance with IAS 32.

Notes to the financial statements continued

for the year ended 31 December 2011

13. Share options – Group and Company

Grant date	Expiry date	Exercise price £	Number of options at 1 January 2011	(Lapsed)/ (Exercised)/ Granted	No of options at 31 December 2011	Fair value £
8 May 2002*	8 May 2012	0.1310	650,000	—	650,000	5,485
6 April 2005	30 June 2013	0.0700	2,500,000	—	2,500,000	84,927
19 September 2006	19 September 2013	0.0975	1,700,000	(500,000)	1,200,000	60,387
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	300,000	—	300,000	16,085
28 October 2009(1)	28 October 2019	0.1400	1,000,000	—	1,000,000	53,616
6 July 2011	6 July 2016	0.1612	—	8,600,000	8,600,000	329,380
			18,325,000	8,100,000	26,425,000	1,139,177

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

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

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

	2011 £	2010 £
Outstanding at beginning of the period	0.12	0.12
Granted during the period	0.16	—
Exercised during the period	0.07	0.07
Lapsed during the period	—	0.14
Outstanding at end of the period	0.13	0.12
Exercisable at end of the period	0.13	0.12
Weighted average remaining contractual life of share options outstanding at end of the period	2.27 years	5.8 years
Weighted average share price of share options exercised in year	0.20	0.07

During the financial year ended 31 December 2011 there were 8,600,000 share options issued to various employees.

Notes to the financial statements continued

for the year ended 31 December 2011

13. Share options – Group and Company *continued*

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

The model inputs were:

Options granted	**6 July 2011**
Share price at grant date	£0.16
Expected volatility	26.56 per cent.
Risk-free interest rate	0.5 per cent.

The movements on the share options reserve are detailed below:

	2011 £	2010 £
Share options reserve as at 1 January	834,958	860,880
Charge in statement of comprehensive loss	329,380	27,694
Transfer to profit and loss reserve for lapsed options	(25,161)	(53,616)
Share options reserve at 31 December	1,139,177	834,958

14. Warrants – Group and Company

Grant date	Expiry date	Exercise price £	Number of warrants at 1 January 2011	Lapsed in year	No of warrants at 31 December 2011	Fair value £
19 November 2008	19 November 2011	0.15	3,000,000	(3,000,000)	—	—
			3,000,000	(3,000,000)	—	—

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	£0.17
Expected volatility	27 per cent.
Risk-free interest rate	3 per cent.

No dividends have been assumed in the above calculation. In respect of the fair value calculated for the warrants, £329,380 has been included in the financial statements.

Notes to the financial statements continued

for the year ended 31 December 2011

15. Accumulated losses

	2011 £	2010 £
Group		
At 1 January	(20,688,413)	(16,968,271)
Loss for the year	(485,403)	(3,773,758)
Transfer from share options reserve	25,161	53,616
At 31 December	(21,148,655)	(20,688,413)
Company		
At 1 January	(5,147,088)	(5,668,949)
Profit for the year	(1,207,340)	468,245
Transfer from share options reserve	25,161	53,616
At 31 December	(6,329,267)	(5,147,088)

16. Cumulative translation reserve

	Translation reserve £
Group	
At 1 January 2011	174,585
Exchange differences on translation of overseas operations	83,269
At 31 December 2011	257,854

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

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

	2011 £	2010 £
Opening net funds	782,959	792,584
Decrease in cash and cash equivalents	(348,514)	(3,049)
Net funds before foreign exchange	434,445	789,535
Foreign exchange gain/(loss)	1,074	(6,576)
Closing net funds	435,519	782,959

Notes to the financial statements continued

for the year ended 31 December 2011

18. Analysis of net funds – Group

	At 1 January 2011 £	Cash flow £	Exchange gains £	At 31 December 2011 £
Cash and cash equivalents	782,959	(348,510)	1,070	435,519
Total	782,959	(348,510)	1,070	435,519

19. Related party transactions

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

Helen Green, a Director of the Company, is also a Director of Saffery Champness Management International Limited ("SCMIL") and Rysaffe International Services Limited ("Rysaffe"). SCMIL were paid £65,683 (2010: £56,350) in the period in respect of its role as administrators for the Company and Rysaffe was paid £10,000 (2010: £10,000) in respect of its role as Company Secretary. An amount of £10,410 (2010: £7,610) was owing to SCMIL at the year-end. The amount owing to Rysaffe at year end was £nil (2010: £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$35,000 (2010: C$30,000). At the year end, C$nil (2010: C$60,000) remains outstanding and has been included in trade payables.

At year end advances and receivables are outstanding from Lamaune Iron Inc., a company under common control, in the amount of C$6,336,034 (2010: C$nil). The equivalent sterling amount is £4,019,306.

On 1 February 2011, 1,130,000 shares were purchased at 15 pence per share by William Humphries, a Director of the Company. On 9 June 2011, a further 665,000 shares were purchased at 15 pence per share by William Humphries.

For key management compensation (see note 4). The Group does not have any ultimate controlling party.

20. Financial instruments/Financial risk management

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

Notes to the financial statements continued

for the year ended 31 December 2011

20. Financial instruments/Financial risk management *continued*

Capital risk management

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

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

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

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

Liquidity risk

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

Foreign currency risk

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

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

Notes to the financial statements continued

for the year ended 31 December 2011

20. Financial instruments/Financial risk management *continued*

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.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group does not have trade receivables and does not hold collateral as security.

Credit risk from balances with banks and financial institutions is managed by the Board. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty.

Counterparty credit limits are reviewed by the Board on a regular basis. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through potential counterparty failure.

No material exposure is considered to exist by virtue of the possible non-performance of the counterparties to financial instruments.

The on-going global financial situation is being monitored by the Board but is not affecting the Company at present.

Interest rate risk

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

The Group and Company held the following financial assets and liabilities:

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Financial assets				
Cash and cash equivalents	435,519	405,837	782,959	724,211
Trade and other receivables	4,249,129	18,595,378	83,390	15,367,382
Investment in subsidiaries	—	94,889	—	94,889
Financial liabilities				
Trade and other payables	241,865	32,626	159,474	31,780

Notes to the financial statements continued

for the year ended 31 December 2011

21. Commitments

Operating lease commitments

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

	2011 £	2010 £
Land and buildings		
No later than one year	—	27,999
Later than one year and no later than five years	—	—
	—	27,999

Contractual commitments

As at 31 December 2011, the Group had no significant contractual obligations.

22. Administrative expenses

	Group 2011 £	Company 2011 £	Group 2010 £	Company 2010 £
Administrative expenses	771,307	323,180	728,500	297,340
Directors fees	232,500	232,500	195,000	195,000
Legal, accountancy and audit expenses	212,472	112,377	173,787	92,175
Share-based payments expense	329,380	329,380	27,694	27,694
	1,545,659	997,437	1,124,981	612,209

23. Subsequent events

On 6 March 2012 the Group issued 30,100,000 new ordinary shares of 1 pence at a price of 7.5 pence per share to raise approximately £2.26 million, of which 4,057,335 shares were issued to Directors of the Company.

On 6 March 2012 the Group issued 173,500 new ordinary shares of 1 pence at a price of 7.5 pence per share in relation to advisory services received.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Landore Resources Limited (the "Company") will be held at the Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX on Wednesday, 20 June 2012 at 11.00 am at which the following resolutions will be proposed, in the case of resolutions 1 to 5 as Ordinary Resolutions and in the case of resolution 6 as a Special Resolution:

Ordinary Business

1. to receive and adopt the statement of accounts and the balance sheet of the Company with the report of the Directors and the auditors' report for the year ended 31 December 2011;

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 determine their remuneration;

Special Business

5. That in substitution for all previous authorities which are hereby revoked, the Directors be and they are hereby generally and unconditionally authorised for the purposes of Article 3.1 of the Articles to exercise all the powers of the Company to allot relevant securities up to an aggregate nominal amount of £1,500,000 provided that this authority shall expire five years from the date of this resolution and that the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired and in this resolution the expression "relevant securities" and references to the allotment of relevant securities shall bear the same respective meanings as in the Articles;

6. That in substitution for all previous authorities which are hereby revoked, the Directors be and they are hereby empowered pursuant to Article 4.8 of the Articles to allot equity securities for cash pursuant to the authority conferred by the previous resolution as if Article 4.1 of the Articles did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

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

Notice of Annual General Meeting continued

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

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

By Order of the Board

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

29 May 2012

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, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY not less than 48 hours before the time fixed for the meeting. The fact that members may have completed Forms of Proxy will not prevent them from attending and voting in person should they afterwards decide to do so.
3. Members who hold ordinary shares in uncertificated form must have been entered on the Company's Register of Members 48 hours prior to meeting in order to be entitled to attend and vote at the meeting. Such members may only vote at the Meeting in respect of ordinary shares in the Company held at that time.

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

Produced by Portman Lodge Limited

Form of Proxy

for Annual General Meeting

I/We ....

of ....

....

being (a) member(s) of Landore Resources Limited (the "Company") hereby appoint

....

failing whom, the Chairman of the Meeting, as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Shareholders of the Company to be held at the Cavalry & Guards Club, 127 Piccadilly, London W1V 0PX, on Wednesday, 20 June 2012 at 11.00 am and at any adjournment thereof and to vote thereat as indicated below.

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

Ordinary Business	For	Against
1. Ordinary Resolution to receive and adopt the accounts for the year ended 31 December 2011		
2. Ordinary Resolution to re-elect Charles Wilkinson		
3. Ordinary Resolution to re-elect Helen Green		
4. Ordinary Resolution to re-appoint Grant Thornton Limited as Auditor and to authorise the Directors to determine the remuneration of the Auditor		
Special Business		
5. Ordinary Resolution to authorise the Directors to allot relevant securities		
6. Special Resolution to authorise the Directors to disapply pre-emption rights in relation to the allotment of equity securities		

Date

....

Signature(s) or common seal

....

Notes

1. A proxy need not be a member of the Company.
2. If you do not indicate how you wish your proxy to use your vote in a particular matter, the proxy will exercise his/her discretion as to how he/she votes and as to whether or not he/she abstains from voting.
3. In the case of a corporation this Form of Proxy must be executed under seal or under the hand of an officer or attorney duly authorised in writing.
4. Forms of Proxy, to be valid, must be signed and must be lodged, together with the power of attorney or other authority (if any) under which it is signed, or a notarially certified copy of such power or authority, to the registrar's agents, Computershare Investor Services (Jersey) Limited, c/o The Pavilions, Bridgwater Road, Bristol BS99 6ZY 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.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