EL ORO LTD

Annual Report
Audited Financial Statements

for the year ended 30 June 2017

Group founded 1 November 1886

El Oro Ltd, ("the Company") is the Group holding company for the following subsidiary companies:

Active subsidiary companies:

- El Oro and Exploration Company Limited; and
- Investigations and Management Limited.

Dormant subsidiary companies:

- El Oro Mining and Exploration Company Limited;
- Group Traders Limited; and
- General Explorations Limited.

The Company is registered in Guernsey and each subsidiary company is registered in England and Wales. All companies are collectively referred to as "the Group" throughout this document.

CONTENTS

DIRECTORS' BIOGRAPHIES

C. Robin Woodbine Parish

Robin Woodbine Parish has been a director of companies in the El Oro Group since 1980. He has a BA Hons and an MA from Oxford University. Mr Parish has been involved in Investment Management since 1971. He is also a director of several private companies.

J. Anthony Wild

Anthony Wild is a chartered accountant with many years' experience in property and investment matters. He is also a non-executive director of James Halstead plc and a director of several private companies. He has been a non-executive director of companies in the El Oro Group since 2001.

Robert E. Wade

Robert Wade, who is resident in the United States, graduated from NYU School of Law in 1971 and was a sole practitioner in Belvidere, New Jersey until 2008. He also has a BSEC from the Wharton School University of Pennsylvania. He has been a non-executive director of companies in the El Oro Group since 2001. He is also a chairman and director of Franklin Mutual Series Funds Inc. and a director of Templeton Funds Inc.

Rupert A.R. Evans

Rupert Evans practised at the Chancery Bar in London for 14 years before moving to Guernsey in 1976 where he practised as a funds and trust lawyer. In 2005 he was appointed by the Department of Commerce and Employment of the States of Guernsey as Chairman of the Trust Law Working Party to review the existing legislation in Guernsey relating to trusts. He was a partner of Ozannes, a leading firm of Channel Islands lawyers from 1982 to 2003 and is currently a consultant to the firm (now Mourant Ozannes). He has been a non-executive director of El Oro Ltd since 2009. He is also a director of a number of investment companies, some of which are listed.

Subbarayan B. Kumaramangalam

Subbarayan B. Kumaramangalam currently runs a portfolio of private investments and has done so for the past 15 years. He has a BSC in Physics from St Xavier's, Bombay and a Diploma in Agriculture from Cirencester College in the UK. He is also a member of the Royal Society of Asian affairs. As an Indian resident investor, he provides insights into this major market as well as the region. He has been a non-executive director of El Oro Ltd since 2009.

GROUP OPERATIONS

Investment objective

The main aim of the Group since 1938 has been to increase the net asset value of shares in issue, whilst increasing the annual dividend. The Group's investment objective is to realise value from a portfolio of securities, providing a growing annual dividend payment to shareholders.

Investment outlook

The Chairman's statement reviews the highs and lows of the year in review and the outlook for the Group.

Financial highlights

	30 June 2017	30 June 2016
Net asset value per share	**88.1 pence**	79.7 pence
Dividends per Share paid to external Shareholders during the year ended	**2.405 pence**	2.405 pence
Total dividends paid to external Shareholders during the year ended	**£1,517,459**	£1,532,827

The Group's net asset value per Share ("NAV") increased over the year by 10.5% while the FTSE All Share Index was up by 13.8%. The stock price of El Oro Limited increased to 65p (2016: 55p, an increase of 18.2%). These figures are shown over 3, 4 and 5 years in the following table, demonstrating performance against benchmark over the longer term.

	FTSE All Share		Share price		NAV	
	2017	2016	2017	2016	2017	2016
Financial year to 30 June	13.8%	(7.3%)	18.2%	0.0%	10.5%	(1.0%)
3 years	21.7%	14.5%	(23.5)%	(48.1%)	(4.7)%	(32.6%)
4 years	38.4%	6.9%	(38.7)%	(47.2%)	(25.5)%	(47.5%)
5 years	29.2%	30.1%	(37.6)%	(22.3%)	(42.0)%	(26.7%)

This Annual Report contains the consolidated financial statements of El Oro Ltd, ("the Company"), which operates as a closed-ended investment company listed on The International Stock Exchange. The Company is incorporated and administered in Guernsey.

Purchase and cancellation of own shares

The Company is authorised to purchase Shares under the Articles subject to Shareholder authorisation. The Board is seeking authorisation from the Shareholders at the AGM to purchase up to 10.0% of the Company's Shares in the market for the purpose of managing any discount to net asset value, should the Shares trade at a sufficient discount. The Board advises that there will be occasions where the Company is precluded from making such purchases because it possesses unpublished price sensitive information. Any such purchase will be made at the prevailing market price. At the date of this report, the number of Shares in issue, excluding 260,045 shares held in treasury (2016: 260,045), is 63,173,398 (2016: 63,455,990).

Authority for market acquisitions

For the avoidance of doubt and to ensure compliance with the provisions of The Companies (Guernsey) Law, 2008, the Company's authority for market acquisitions as set forth in the Company's Articles of Incorporation should be restated in an ordinary resolution. Accordingly, the Board recommends that resolution number 4 set forth in the Notice of the Annual General Meeting should be passed.

Annual General Meeting

The Annual General Meeting will be held at 12 noon on 16 November 2017 at 41 Cheval Place, London SW7 1EW.
This Annual Report can be downloaded in electronic format from www.eloro.com.

CHAIRMAN'S STATEMENT

The El Oro Group's profit before taxation for the year ended 30 June 2017 was £7,426,687 (loss before taxation for the year ended 30 June 2016: £615,636). The Group's net assets at 30 June 2017 were £55,680,730 or 88.1p per share (net assets at 30 June 2016: £50,598,883 or 79.7p per share).

August marks the 10th Anniversary of the 2007 crash; the centenary of Passchendaele and its horrendous slaughter of the manhood of Western Europe and the Commonwealth; and the Russian Revolution with its consequent murder of the Romanovs, along with millions of Russians and eventual enslavement of much of Eastern Europe.

Amidst such unpropitious auguries, and the thunder of invective echoing around the North Korean peninsular, it is comforting for shareholders to see their company back on track, and running if not on all cylinders, at least on more than experienced in recent years.

The completion of the Dee Valley takeover by Severn Trent, finally concluded in February, enabled a significant pay-down in debt, and that process has continued after the end of this accounting period: albeit requiring the disposal or reduction of some of our more cherished holdings.

The bug-bear of the swaps has been somewhat reduced, as rates have begun to rise in the United States, even if the Governor of the Bank of England is yet to reverse the reduction he made following the Brexit vote last year. Given the devastating effect low rates have had on many pension plans, forcing long-established companies to the brink of or into insolvency, it is to be hoped the Monetary Policy Committee will eventually force his hand. The risk of inaction remains that should a downturn materialise within the UK, as expected by some and predicted by former luminaries of the Conservative upper echelons, there will be nothing in reserve to bring relief. Reports from the recent conference at Jackson Hole are somewhat less encouraging, and the recent decline in the dollar is partly attributable to the belief that there will be few interest rises in the United States in months to come.

Among our individual holdings M.P.Evans, safe for at least another four months from a renewed approach by KLK, continues to show impressive growth, in palm oil production, prices received and dividend growth, all of which have sustained the share price near the level of the offer rejected by shareholders last year. We hope that in due course the various obstacles that have beset REA Holdings will be surmounted, and it will begin to match its more southerly neighbour in output and price performance.

On the oil front, Hurricane Energy enjoyed a stellar performance early in the year, with buying from 2 funds which propelled it to a multiple of its lows, only to cede much of that gain as it placed a large tranche of stock to enable production from its prospective wells. We are encouraged that it was able to raise money in a market otherwise hostile towards hydro-carbons, and believe that barring technical disappointments it should in due course reach higher levels.

Pantheon Resources suffered several technical problems in its drilling programme, and seen a slump in its share price, but its most recent pronouncements, prior to Hurricane Harvey, show greater potential.

CHAIRMAN’S STATEMENT

The gadarene rush towards renewables has enhanced our lithium exposure, with Bacanora and Critical Elements vying for credibility in that sector. Our holding in Cadiz, the Californian aquifer project, has been enhanced by a more pragmatic approach by the Californian legislature, although its old adversary, Mrs Feinstein, still refuses to accept defeat and inserts yet more adversarial clauses to block its development, giving renewed heart to the shortsellers.

Amongst other favourable moves, Grande West has thrived with its production of buses for the United States and Canadian markets, and Shopify, has been a huge beneficiary of the growth of Amazon and other areas of the technology sector. Herald Investment Trust, with its holding in Apple and intimate knowledge of the technology sector has continued its remarkable growth and thrived under the unsung stewardship of Katie Potts; Burford Capital with its funding of large litigation cases has continued to win verdicts, although whether all get paid out remains to be seen.

The Vietnam Enterprise Investment Fund, a year on from its admittance to the London Stock Exchange, continues to grow, and holds out promise for the future; possibly also as a counter to what some see as excessive valuations within the United States. The Vietnamese Communist party lost its mandate from Heaven (in Confucian terms) in 2013, and as the State reduces its involvement in the economy, growth is showing levels of 12-12.5%, with PEs around 13. $1 invested in 1995 is now worth $5.

PZ Cussons more recently shows signs of sloughing off some of its Nigerian malaise, with a better set of figures, and improved share price. Given the huge appreciation in the price of Unilever and the interest expressed briefly by the Buffet consortium, it would appear a strong hold, despite the disruption inherent in its main market of Nigeria.

There are several more successes secreted within the portfolio, as it re-balances the predominance of resources: BAT has until recently been a stellar performer, as has Melrose in engineering, RWS in Patent protection, and Porvair in filters.

Victrex has been buoyed by that rarest of rare events where its patents have earned a reduced level of taxation from HMRC under the UK Patent Box legislation. A fine business adapting its engineering expertise to modern technology.

It is to be hoped that Goodwin, supplying the castings for the worldwide energy and defence sectors, as well as jewellery lost wax casting, has passed the nadir of its decline in profits amidst the reduction in demand in the carbon fuel sector. Its fine record of productivity exceeding that in Europe by 100% makes it a strong hold within the portfolio, despite the travails of recent years, and thankfully with a maintained dividend.

A & J Mucklow in industrial units within the Midlands, Phoenix Group in its absorption of closed pension funds, and Palace Capital with its astutely managed property portfolio, primarily outside the London and RSA Insurance have all helped reinforce the dividend income flow, which had faltered from the mining sector.

CHAIRMAN'S STATEMENT

Happily the strength of the UK market, abetted by an up-lift in some of our unquoted brewers, such as McMullens and Wadworth, has risen above the political uncertainties of Brexit and the mistimed and woefully managed General Election, with its interventionist agenda and pernicious attack on free markets.

The dirty dog in the desert has been Troy, although in its case the desert was the tropical rainforest; the maxim of the late Nils Taube' 'never to invest in a market where you did not need an overcoat in winter' would have been especially applicable to Guyana. Troy's fall from grace has been precipitate, prolonged and unpalatable, partly a result of the pit-wall failure followed by an interested party selling during a close period. The bargain basement levels reached recently have attracted interest from turn-round teams, and the rise in the gold price past $1,300 should in due course come to its aid, along with more favourable production levels.

Sadly, Shanta seemingly so promising earlier in the year with increasing production and lower costs has succumbed to the maverick approach of Tanzania's 'Bulldozer' President. His menace to mining influenced, for all we know by some concealed NGO, has brought Acacia to its knees with a tax demand of $165 billion, and increased the royalty payable by Shanta amongst other mines. He is perhaps sharing the same textbook for business destruction as that adopted in Venezuela by Nicholas Maduro; it would be tragic if through ignorance and political dogma a viable sector is brought to the edge of oblivion. Our holding in Maris Africa has also suffered due to the curtailment of its drilling contracts within Kenya by Acacia Mining, as has Capital Drilling.

The vicissitudes of business in Africa have in recent years become more oppressive, as witnessed in South Africa where a corrupt President has succeeded in resisting impeachment by a small margin, and the suggestion of additional shares for Black Empowerment participants is a continuing threat.

We have sadly disposed of our holding in Impala Platinum, long a stalwart of the dividend payers as platinum demand soared to supply exhaust catalysts. The fall in the platinum price, the prospect of demand continuing to reduce due to the 'Dieselgate' imbroglio and rise of hybrid cars along with Labour unrest has made its retention less appealing. Perhaps the hydrogen car will come to its rescue.

The deterrent to inward investment other than from China, appears only partially perceived. Anti-business rhetoric within Britain and Europe hardly enhances the cause of capitalism, such as the proposed cap on Energy prices put forward by the Conservatives prior to the Election; also the attempts by the EU to tax or fine Apple, Google and other titans of technology for perceived infringements against the predominance of the Old World order.

The latest lunacy within Britain is the announcement that the sale of new diesel and petrol cars will be prohibited by 2040. The presumption that our national power supplies will have miraculously emerged from a prolonged moratorium on the continuation or building of thermal-powered electricity, with Hinkley Point way over budget and behind schedule, and succeed in producing significantly more power to recharge a glistening array of electric vehicles is to our mind at least utterly fanciful.

CHAIRMAN'S STATEMENT

Moreover the huge advances achieved in the development of internal combustion engines over recent years has brought them to a point of perfection, where only minor improvements are now needed to eliminate the worst excesses of particulates and other emissions. Once again a political diktat has been imposed on one of Britain's most important employers, without it would seem any consultation with those manufacturers. It is instructive to consider Tony Seba's use of the photograph of Wall Street at the beginning of the 20th Century, with the caption 'Spot the car' of which one is visible, and the same scene a few years later, saying 'Spot the horse', of which one remains. As far as we are aware, no government decided that change should occur, but it happened with huge rapidity, and formed the basis for America's industrial supremacy.

The market should remain supreme, unleashing all its magnificent power of innovation and development, with only gentle nudges from government to uphold law, avoid perverse consequences and ensure the appropriate treatment of employees. The adage by Ronald Reagan oft quoted but seldom heeded, in 1986 as being the most terrifying words in the English language: 'I am from the government and I am here to help', have never been more appropriate with today's ever-increasing urge by government to implement more QE, eternally low interest rates, and intrude into every nook and cranny of daily life. The increased tax on carbonated drinks is a case in point, forcing large producers of well-known drinks such as Irn-Bru, Vimto and Lucozade to alter the life-long recipes, and the National Trust its flapjacks, whereas studies by Czarnikow show no increase in per head consumption of sugar since 1905, only an increasingly inactive and over-fed populace.

Sadly the financial sector faces similar challenges, where MiFID II is the ogre on the horizon, and its implementation in January 2018 is likely to lead to a vast array of complications and unintended consequences, not least the devastation of the stockbroking research sector, as payment will have to be apportioned for research received, rather than bundled up with commission fees.

We sense the blunders of Brussels, aided by a British bureaucracy only too keen to usurp the market mechanisms that have successfully managed the monitoring for many years. It will be very hard to rebuild the structures and firms that have grown over the years, if this bulldozer approach flattens the whole sector, or at least its smaller participants. We even hear of some major players moving their traders overseas to avoid the new regulations, inflicting more damage on the City of London, already threatened by the fall-out from Brexit. The interference of the FCA in the running of hitherto successful companies has been demonstrated by its refusal to allow Hargreaves Lansdown to pay its customary special dividend, in order to safeguard its reserves. We would consider that capable and long-standing executives have a better grasp of their business than recently-appointed bureaucrats reading new guidelines. We read that J P Morgan spends an estimated $9 billion per annum complying with regulations, and feeding information to Alex in the Daily Telegraph; the number of regulators has risen from 1 in 11,000 to 1 in 300. The European Union, with 7.2% of the World's population, 23.8% of the World's GDP, has 58% of the World's welfare spending, as described by the Mises Institute.

One wonders whether Britain will emerge any better once its departure from the EU is assured. Seeing occupants of some London tower blocks, one cannot but be impressed by the strength of a system that allows so many new-arrivals to be housed in proximity to one of the wealthiest areas in the world; whilst at the same time reflecting on the abolition in 1985 of the role of District Surveyor, who monitored Building regulations rigorously and impartially.

CHAIRMAN'S STATEMENT

It is disturbing to see the only people being taken to court following the banking collapses of 2007 are those who kept their bank out of the grasp of the Government; a somewhat topsy-turvy version of justice to the uninitiated. The latest addition to the board of the Monetary Policy Committee is an Argentine opponent of Brexit and austerity, from the National University of Tucuman: one really does have to wonder what it is that Argentina has to teach Britain about financial rectitude and stability.

The new Editor of the Evening Standard, not content with piling abuse on Theresa May, has left a toxic legacy in the housing market, where grotesquely excessive stamp duty has brought London's housing market to a shuddering halt, and greatly distorted that of the major part of southern England. It is sad that civil servants within the Treasury were unable to comprehend the scale of resentment and resistance that a change from an earlier level of 1% to 12%, over a relatively short period of time, would achieve. Some well-known and long-established estate agents have already gone bust, and the slow-down in housing activity and the rate of construction, has been exacerbated by the removal of tax allowances on buildings bought for buy-to-let, and increased stamp duty on purchases of second homes.

A well-ordered market has been brought to its knees by myopic revenue-raising to plug short–term spending targets. The failure of large housebuilders to build at a rate to satisfy the needs of the younger generation also threatens the social fabric of the country, and is grist to the Corbyn mill of State Socialism. Without the incentive to provide rented accommodation, a provision with which much of today's generation are content, the shortage of housing will prove a poisonous potion for capitalism and this Conservative government. This is being exacerbated by a huge fall in mortgage lending, as demonstrated by Nationwide recently. Perhaps M.J. Gleeson, or H.Boot, supplying reasonably priced houses in the Midlands, are a sanctuary at this time.

On the wider front, the former Chairman of the Federal Reserve is now warning of a 'Bond Bubble', and the ability of the serial–defaulter Argentina to issue 100 year debt, and Iraq to borrow at 6.75% and be over-subscribed by 7 times, shows no shortage of money-lenders taking a different view. There are also many who fear complications with Personal Car Policies, or Auto-loans, which have underpinned a large increase in car sales, on the supposition the car sold in a few years' time will retain a certain percentage of its value, and go towards the next purchase. This would seem a sector ripe for a reaction to excessively lenient lending, both in the UK and the United States.

The unpredictable character of Donald Trump, the revenge-seeking of his erstwhile opponents, and the continuing failure of any of his reforms to be enacted into law, mean that some of the uplift originally expected from infrastructure spending and tax reform may never occur. Even if Britain were to achieve a trade deal with the United States, and accept amongst other imports 'chlorine-washed' chicken, it is to be suspected that the United States with its tradition of protectionism would come out on top, and quite possibly the vast expansion of chicken production within the UK come to a grinding halt.

The glorious June enjoyed on a par with 1976 has proved a huge boost to our pub investments, and will have brought benefit to Fuller, Smith and Turner, along with Young's amongst others; the counter-balance of a consistently wet August will have off-set some of this benefit, but despite the significant challenges of rate reviews, living wage, apprenticeship levies and increased alcohol duty, we would expect the sector to continue growing, even if at a reduced rate.

CHAIRMAN'S STATEMENT

Demand for industrial metals such as copper and lithium, and even coal, seems set to recover and indeed rise, as long as the much-predicted slow-down in China is yet again deferred; gold may well flourish amongst angst and uncertainty in World affairs.

With debt reduced, and a good balance within the portfolio of stable and long-established companies, we see no reason that your company's progress and recovery should not continue.

The outlook for the UK is clouded by the impasse confronting Britain's negotiators over leaving the EU: it would appear that elements within the European Commission are determined to punish Britain for its temerity in voting to leave, and to fulfil the predictions of disaster made by all and sundry prior to June 23rd. At all costs the departure must not be seen to be a success, hence the suggestion of sky-high leaving bills, and other malignant manoeuvres.

Concomitant with this uncertainty, the good economic figures Britain has enjoyed up to now are beginning to fade, under the burden of rising import prices, and cost increases resulting from apprenticeship levies, living wage and a variety of extra regulations. Sadly also our important invisible export of student education has fallen prey to the attack on migration numbers, so much so that Britain now lags Australia as a location for further education, despite possessing more than twice the number of its universities. It seems perverse to stymy one of the glories of Britain imperilling long-established relations with the Commonwealth and other countries, whose brightest and best may well, in the future, pursue careers in other more welcoming countries. Meanwhile, Eton continues to draw its intake from around the World, at the expense of native-born sons.

We are therefore somewhat sanguine on the outlook for UK centred companies, although our overseas investments should benefit from any further weakness of the pound.

The Board are currently evaluating a number of proposals for the future of your company and hope to be able to advise shareholders accordingly in due course.

Proverbs XV v 22: *Without counsel, purposes are disappointed, but in the multitude of counsellors they are established.*

Our appreciation is due in spades to the dedication and effort displayed by the unflappable Una, ever-positive Abbie and consistency of Nancy and Nick in making the management of the company run so smoothly. We are indeed grateful for their support and achievements.

Robin Woodbine Parish
26 September 2017

INVESTMENTS WITH A FAIR VALUE EXPOSURE GREATER THAN £500,000 based upon fair values at 30 June 2017

	Investment	Local Currency	Fair Value GBP	Fair Value Cumulative GBP	% of financial assets
1	Young & Co.	GBP	5,183,945	5,183,945	
2	James Halstead	GBP	2,507,053	7,690,998	
3	Fuller, Smith & Turner	GBP	2,416,119	10,107,117	
4	M P Evans Group	GBP	2,358,971	12,466,088	
5	Kuala Lumpur Kepong	MYR	1,923,660	14,389,748	
6	Shepherd Neame	GBP	1,430,000	15,819,748	
7	Vietnam Funds	GBP	1,292,000	17,111,748	
8	REA Holdings	GBP	1,218,072	18,329,820	
9	PZ Cussons	GBP	1,127,940	19,457,760	
10	Phoenix Group	GBP	1,102,238	20,559,998	32.3%
11	Herald Investment Funds	GBP	1,058,469	21,618,467	
12	British American Tobacco	GBP	1,046,800	22,665,267	
13	Hurricane Energy	GBP	1,015,862	23,681,129	
14	McMullen & Sons	GBP	964,320	24,645,449	
15	Hampden	GBP	943,350	25,588,799	
16	Minergy Minerals & Energy	USD	801,420	26,390,219	
17	Critical Elements	CAD	781,158	27,171,377	
18	Jersey Electricity	GBP	774,000	27,945,377	
19	Amerisur Resources	GBP	763,147	28,708,524	
20	Hill & Smith Holdings	GBP	759,000	29,467,524	46.3%
21	Central Asia Metal	GBP	637,275	30,104,799	
22	Legal & General Group	GBP	629,437	30,734,236	
23	Goodwin	GBP	620,000	31,354,236	
24	Latham (James)	GBP	617,228	31,971,464	
25	Stabilitech	GBP	600,480	32,571,944	
26	Upham Group	GBP	583,250	33,155,194	
27	Bacanora Minerals	GBP	577,500	33,732,694	
28	Royal Dutch Shell	GBP	531,850	34,264,544	
29	Chesnara	GBP	521,184	34,785,728	
30	Mucklow (A & J) Group	GBP	520,789	35,306,517	55.5%
31	Ceravision	GBP	519,430	35,825,947	
32	Palace Capital	GBP	518,477	36,344,424	
33	Lindsell Train Funds	GBP	500,250	36,844,674	57.9%
			Investments over £500,000	36,844,674	57.9%
			Other investments	26,754,330	42.1%
			Total investments	**63,599,004**	**100.0%**

DIRECTORS' REPORT

The Directors present the Annual Report and the Group consolidated financial statements for the year ended 30 June 2017.

The principal activity of the Group is dealing in investments world-wide, with investments in UK companies forming the larger portion of the portfolio. It is the Directors' intention to continue managing the Group's affairs in accordance with its stated investment objectives, the progress of this endeavour is shown in the table of historical financial data on pages 15 and 16. The Chairman's statement, which begins on page 4 provides a comprehensive review of the Group's activities. Investments where the Group's exposure has a fair value greater than £500,000 on 30 June 2017 are listed on page 10. There was no change in the Group's activities during the current year. Operationally the management of the consolidated portfolio is co-ordinated as two separate portfolios; the Growth and Income portfolio managed in the UK (trading company) and the Growth portfolio managed in Guernsey (holding company).

The Company is a registered closed-ended investment scheme registered pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and The Registered Collective Investment Scheme Rules, 2015 issued by the Guernsey Financial Services Commission (the "Commission"). The Commission takes no responsibility for the financial soundness of the Scheme or for the correctness of any of the statements made or opinions expressed with regard to it.

During 2016 the Directors tabled a special resolution at the Annual General Meeting of the Company to amend the Company's Articles of Incorporation to provide that the Company be placed into voluntary liquidation, unless the shareholders of the Company pass a special resolution at the 2018 Annual General Meeting (or before) that the Company may continue. The special resolution was passed.

Results and dividend
The Group's profit for the financial year was £6,792,079 (2016: £271,177).

For the year ended 30 June 2017, a final dividend of 2.42 pence per share is proposed for payment on 27 November 2017 to Shareholders registered in the books of the Company at the close of business on 27 October 2017 (2016: 2.405 pence per share).

Principal Risks and Risk Mitigation
The Group's assets consist mainly of listed securities and its principal risks are therefore market and currency related. A detailed explanation of these risks and how they are managed is contained in note 25 of the financial statements.

Directorate
The Directors who served during the year and up to the date of signing the financial statements are noted on page 45, which forms part of this Directors' report.

Directors' interests in Shares
The interests of the Directors who held office during the year in the Company's shares were as follows:

	El Oro Ltd			
	30 June 2017 beneficial No. of Shares	**30 June 2017 non-beneficial No. of Shares**	30 June 2016 beneficial No. of Shares	30 June 2016 non-beneficial No. of Shares*
CRW Parish	6,272,470	6,154,050	6,819,445	5,491,515
SB Kumaramangalam	6,388,565	3,320,405	6,388,565	3,320,405
RE Wade	513,150	–	513,150	–
JA Wild	149,998	–	149,998	–

* The figure stated in the prior year for the non-beneficial number of shares were incorrect and the correct figures have been amended as shown above.
CRW Parish is a beneficiary and trustee of several family trusts, which results in a degree of duplication on his non-beneficial interests in the shares of the Company. The substantial Shareholders interests are also detailed below.
There were no changes to the Directors interests between the year ended 30 June 2017 and the date of this report. Of the shares in issue 37,152,469 or 58.81% (2016: 33,192,975 or 52.26%) are not in public hands at the year ended 30 June 2017.

DIRECTORS' REPORT *(continued)*

No Director had a beneficial interest other than those mentioned in note 24, in any contract that the Company or any of the subsidiary companies were party to during the year. The Group maintains insurance against certain liabilities that could arise from a negligent act or a breach of duty by its Directors and Officers in the discharge of their duties. Details of other risks are reviewed in note 25.

Substantial interests
So far as the Directors are aware, at no time during the year, nor up to the date of this Directors' report, has any Shareholder, who is not a Director of the Company, held an interest comprising 5% or more of the issued capital of the Company with the exception of those Shareholders disclosed below:

Shareholders	%	Shares	Beneficial	Non-beneficial
JM Finn Nominees Limited	28.80	18,194,934	–	18,194,934
Rulegale Nominees Limited	18.76	11,849,366	–	11,849,366
Mrs E Houston	16.61	10,490,194	5,886,775	4,603,419
Mrs SW Kumaramangalam	15.37	9,708,970	6,388,565	3,320,405
Mr G & Mrs CW Zegos	10.20	6,443,300	4,272,190	2,171,110
Mr WB & Mrs P Fraser	8.78	5,544,560	53,045	5,491,515
CIPM Nominees Limited	6.74	4,255,335	–	4,255,335
Nortrust Nominees Limited	5.66	3,575,000	–	3,575,000

Many of those listed above are trustees of several family trusts, which results in a degree of duplication of their interests in the non-beneficial interests in the shares of the Company.

Remuneration Committee
The Remuneration Committee of the Company is comprised of four non-executive Directors:
Messrs. RAR Evans, SB Kumaramangalam, RE Wade and JA Wild (Chairman). The Remuneration Committee of the Company was formed by a Board resolution on 17 September 2009.

The Remuneration Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Group's framework of executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for each of the executive and non-executive Directors, including performance-related bonus schemes, pension rights and compensation payments.

The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2017:

	Fees £	Salary & other £	Benefits in kind £	Total £
Executive				
CRW Parish (Chairman)*	–	252,000	1,520	253,520
Non-executive				
SB Kumaramangalam	9,600	–	–	9,600
RAR Evans	18,000	–	–	18,000
RE Wade*	27,478	–	–	27,478
JA Wild*	27,478	–	–	27,478
Total	82,556	252,000	1,520	336,076

* The Directors remuneration includes fees and salary received from the Company and the UK subsidiaries.

DIRECTORS' REPORT *(continued)*

Directors' emoluments
The following emoluments were paid to Directors of the Group who served during the year ended 30 June 2016:

	Fees £	Salary & other £	Benefits in kind £	Total £
Executive				
CRW Parish (Chairman)*	–	263,237	1,189	264,426
Non-executive				
SB Kumaramangalam	9,600	–	–	9,600
RAR Evans	18,000	–	–	18,000
RE Wade*	27,478	–	–	27,478
JA Wild*	32,328	–	–	32,328
Total	87,406	263,237	1,189	351,832

* The Directors remuneration includes fees and salary received from the Company and the UK subsidiaries.

The Chairman's emoluments for the years ended 30 June 2017 and 2016 are detailed in the Directors' emoluments tables above. The benefit in kind relates to payments made for medical insurance. A performance bonus may be paid to the Chairman at the discretion of the Remuneration Committee, conditional upon a dividend of at least 1 pence per share being paid. Such a performance bonus is payable at a maximum rate of 5% of the realised profits after current tax, less a return of 20% on the issued capital of £434,906. The Remuneration Committee recommended, and the Directors agreed to a performance bonus of £nil for the years ended 30 June 2017 and 2016. No Director waived emoluments for the year ended 30 June 2017.

Directors' pension entitlement
The Directors have no pension entitlements. The Group does pay pension contributions on behalf of certain directors as required under the Workplace Pension Regulations. The total amount paid in the year ended 30 June 2017 was less than £100 (2016: nil).

Independent auditors
PricewaterhouseCoopers CI LLP were re-appointed during the year as the Company's auditors and have indicated their willingness to continue in office as auditors. In accordance with The Companies (Guernsey) Law, 2008, a resolution for the re-appointment of PricewaterhouseCoopers CI LLP as auditors of the Company is to be proposed at the Annual General Meeting.

Corporate Governance Assurance Statement
On 30 September 2011 the Guernsey Financial Services Commission (the 'Commission') issued the Finance Sector Code of Corporate Governance. This Code comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the Commission can better assess the governance exercised over companies in Guernsey's finance sector.

The Directors have considered the effectiveness of the corporate governance practices of the Company. In the context of the nature, scale and complexity of the Company, the Directors are satisfied with the degree of compliance with the Principles set out in the Finance Sector Code of Corporate Governance as issued by the Commission.

Performance Evaluation
The Board evaluates its performance and considers the tenure and independence of each Director on an annual basis, and believes that the mix of skills, experience and length of services are appropriate to the requirements of the Company. In addition the Board conducted an evaluation of the Chairman and Investment Manager and was satisfied with the conduct of the Chairman and his performance as Investment Manager.

By order of the Board
RAR Evans
Director
26 September 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Directors' report and the consolidated financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare consolidated financial statements for each financial year. Under that law they have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and applicable law.

The consolidated financial statements are required by law to give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period.

In preparing these consolidated financial statements, the Directors are required to:

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

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

The Directors confirm that they have complied with the above requirements in preparing the consolidated financial statements.

So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and each Director has taken all steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

The consolidated financial statements are published on the Group's website www.eloro.com. The maintenance and integrity of the website is the responsibility of the Directors; the work carried out by the auditor does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the consolidated financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of the consolidated financial statements may differ from legislation in other jurisdictions.

The Board of Directors approved and authorised the Group's financial statements for issue on 26 September 2017.

The Directors have availed themselves of Section 244(5) of The Companies (Guernsey) Law, 2008 and have presented consolidated financial statements of the Company and not the individual stand alone financial statements.

HISTORICAL FINANCIAL DATA

	THE EXPLORATION COMPANY plc			EL ORO MINING AND EXPLORATION COMPANY plc		
Period[4]	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS) £	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS) £
1950	2,991	157,777	107,261	1,644	292,202	160,047
1951	22,951	157,777	129,574	24,655	292,202	184,725
1952	6,104	157,777	136,398	1,363	292,202	186,686
1953	29,756	157,777	166,518	36,925	166,972	22,933
1954	47,134	157,777	237,627	60,470	166,972	319,256
1955	13,230	320,634	552,845	7,318	185,922	353,165
1956	20,600	320,634	580,245	17,533	186,972	375,284
1957	13,851	375,000	624,903	3,754	236,972	404,899
1958	98,297	375,000	836,633	56,519	236,972	544,862
1959	90,125	375,000	1,294,943	65,846	300,000	1,021,310
1960	72,850	400,000	1,185,437	53,327	300,000	855,431
1961	97,029	600,000[1]	1,261,848	44,870	450,000	892,466
1962	120,509	600,000	1,336,996	56,125	450,000	962,447
1963	136,085	600,000	1,651,454	92,859	450,000	1,188,391
1964	126,781	600,000	2,008,771	86,576	450,000	1,474,511
1965	157,264	600,000	2,258,181	104,685	450,000	1,651,027
1966	126,317	600,000	2,084,257	89,228	450,000	1,516,048
1967	184,054	600,000	3,256,899	139,202	450,000	2,492,348
1968	280,914	600,000	4,773,113	164,591	450,000	3,722,257
1969	176,789	600,000	5,194,065	132,968	450,000	3,963,291
1970	210,573	600,000	4,190,789	167,726	450,000	3,213,921
1971	378,863	600,000	4,413,814	322,473	450,000	3,315,685
1972	274,672	600,000	5,655,161	234,987	450,000	4,254,626
1973	256,814	600,000	4,029,713	176,011	450,000	3,210,061
1974	231,264	602,646[3]	3,875,955	182,673	451,113	3,052,782
1975	443,110	602,646	5,091,975	355,833	451,113	3,821,366
1976	559,879	602,646	4,393,499	456,732	451,113	3,377,804
1977	702,992	602,646	5,922,335	544,471	451,113	4,257,605
1978	780,287	602,646	6,417,405	566,937	451,113	4,589,108
1979	711,962	602,646	7,673,981	551,087	451,113	5,654,320
1980	947,985	602,646	9,709,921	739,037	451,113	7,147,841
1981	1,032,601	602,646	9,554,229	745,668	451,113	6,699,295
1982	926,667	602,646	11,463,211	739,873	451,113	7,881,703
1983	1,295,151	602,646	14,682,943	1,040,894	451,113	11,040,026
1984	1,111,935	602,646	15,440,172	882,791	451,113	11,504,985
1985	1,225,978	602,646	15,233,310	1,011,557	451,113	11,586,431
1986	1,451,334	602,646	20,238,397	1,185,397	451,113	15,823,277
1987	1,859,803	602,646	24,851,990	1,447,315	451,113	19,710,991
1988	2,189,351	602,646	26,606,199	1,712,278	451,113	19,741,508
1989	2,879,131	602,646	32,328,183	2,567,259	451,113	25,448,777
1990	2,961,319	602,646	26,581,117	2,382,239	451,113	20,418,932
1991	2,075,120	602,646	29,887,400	1,666,051	451,113	25,423,822
1992	2,481,252	602,646	30,588,772	1,935,122	451,113	26,944,101
1993	1,722,587	602,646	40,510,012	1,546,932	451,113	36,927,938
1994	2,296,357	602,646	38,468,620	1,884,186	451,113	31,414,422
1995	2,331,234	602,646	42,692,619	1,962,909	451,113	40,609,985
1996	3,074,173	602,646	49,066,701	2,746,454	451,113	41,950,851
1997	2,204,613	602,646	50,279,497	1,840,458	451,113	45,087,651
1998	5,406,542	602,646	44,128,780	4,271,443	451,113	35,861,218
1999	5,621,549	602,646	51,650,997	4,036,102	451,113	44,300,703
2000	1,690,006	602,646	47,333,362	2,076,730	451,113	43,656,695
2001	(75,552)	602,646	40,924,033	1,921,428	451,113	37,942,826
2002	2,049,124	602,646	37,353,176	1,434,175	451,113	36,830,273

HISTORICAL FINANCIAL DATA *(continued)*

EL ORO AND EXPLORATION COMPANY LIMITED
(formerly: "The Exploration Company plc" and also "El Oro and Exploration Company plc")

Period[4]	Profit/(loss) before tax £	Issued capital £	Net assets at fair value (IFRS) £
2002	2,321,415	597,146	52,724,264[1]
2003	3,938,278	597,146	64,963,076[1]
2004	3,005,700[2]	592,045	67,905,581
2006	12,018,986	541,785	72,214,062
2007	5,427,232	538,825	103,451,384
2008	(543,872)	538,825	87,484,641

EL ORO LTD

Period	Profit/(loss) before tax £	Issued capital £	Net assets at fair value £
2009	(30,381,174)	538,825	54,480,674
2010	23,397,408	538,825	73,543,776
2011	30,363,697	538,825	103,239,075
2012	(21,782,577)	646,573	79,626,616
2013	(13,688,199)	646,573	59,720,657
2014	8,455,612	488,286	65,017,817
2015	(11,338,951)	447,145	51,827,562
2016	(615,636)	437,732	50,598,883
2017	7,426,687	434,906	55,680,730

During 2009, El Oro Ltd completed a Scheme of Arrangement with El Oro and Exploration Company plc, with a share exchange offer of one new El Oro Ltd share for each El Oro and Exploration Company plc stock unit of 5 pence. The above table for The Exploration Company plc and El Oro Mining and Exploration Company plc indicates the progress of the two companies from 1950 to 2002 applying the accounting principles adopted throughout that period. The table for El Oro and Exploration Company plc indicates the progress for the Group since then, applying the currently adopted accounting principles as outlined in the notes to the financial statements, note 2.

The figures for El Oro Ltd during 2008/2009 include the subsidiaries financials from July 2008 to March 2009 when the Group reconstruction occurred.

The amounts paid or pending since 1958:

Dividends	£45,741,722
Taxation	£20,228,110
	£65,969,832

[1] Bonus issue of one unit for every two units held.
[2] From 2004 the Group financial statements have been prepared under IFRS and the measurement of net assets at fair value or up to and including 2004 had excluded the potential charge to corporation tax for the excess net value over book cost, while for 2005 this charge is included.
[3] 52,925 stock units issued to members exercising their options to take additional stock units in lieu of cash dividend.
[4] To 2004 the period end of the Group was the twelve months to 31 December. The period for 2006 relates to the eighteen months to 30 June 2006.

From 1970 to 2002 the financial statements incorporate the Company's share of the result of their associated undertakings. The middle market price per stock unit at 30 June 2017 was 65.0 pence and at 30 June 2016 was 55.0 pence (which with 1 for 2 bonus in 1961 equals 39.2 pence) compared with a middle market price of 2.0 pence per stock unit at 31 December 1950.

INDEPENDENT AUDITORS' REPORT
to the Members of El Oro Ltd

Report on the audit of the consolidated financial statements

Our opinion
In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of El Oro Ltd (the "Company") and its subsidiaries (together "the Group") as at 30 June 2017, and of their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") and have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

What we have audited
The Group's consolidated financial statements comprise:
- the consolidated statement of financial position as at 30 June 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flow for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code").We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Our audit approach
Overview

Materiality
- Overall group materiality was £835,210 which represents 1.5% of net assets.

Audit scope
- The Company is based in Guernsey and its subsidiaries are based in London.
- As part of the audit approach we visited the Group's offices in London and performed certain procedures.
- We tailored the scope of our audit by taking into account the types of investments within the Group, the accounting processes and controls, and the industry in which the Group operates.
- The financial statements are a consolidation of the parent company and it's subsidiaries which hold a number of investments.
- We have audited the financial statements of the two significant subsidiaries and the parent company.

Key audit matters
- Valuation of Investments (held at fair value through profit and loss)
- Existence of investments (held at fair value through profit and loss)

Audit scope
As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates (such as the valuation of level 3 investments held) that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

INDEPENDENT AUDITORS' REPORT
to the Members of El Oro Ltd

Materiality
The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.
Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Overall Group materiality	£835,210
How we determined it	1.5% of net assets
Rationale for the materiality benchmark	We believe net assets to be the most appropriate basis for determining materiality since this is a key consideration for investors when assessing financial performance. It is also a generally accepted measurement used for companies in this industry.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above £33,850, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the Key audit matter
Valuation of investments (held at fair value through profit and loss) Refer to pages 11 to 13 (Report of the Directors) and page 25 to 27 (Accounting policies). The company holds investments at fair value through profit and loss. These investments comprise both quoted and unquoted investments. The investments into quoted securities are valued using the bid price as at 30 June 2017. The investments into unquoted securities comprise of investments in other funds and are valued by the directors and requires estimates and judgements to be applied. These investments account for 20% of the portfolio of investments at fair value through profit and loss as at 30 June 2017. As the valuation of investments at fair value through profit and loss is material to the financial statements, and is a key contributor to the Net Asset Value as this was a key area of focus for us at the year end.	We assessed the accounting policy for the investments held at fair value through profit and loss to ensure it was in compliance with accounting standards and industry practise. During our audit work, we ensured that the investments had been accounted for in accordance with the stated accounting policy. We gained an understanding of the key controls surrounding the valuation of investments.

INDEPENDENT AUDITORS' REPORT
to the Members of El Oro Ltd

Key audit matter	How our audit addressed the Key audit matter
	Quoted investments comprised of both Level 1 and 2 investments as defined in IFRS 13.We independently repriced 100% of the Level 1 investments, and employed sample testing to reprice those classified as Level 2. We selected a risk based sample of unquoted investments, taking into account a number of factors including the risk of that investment, the materiality of that investment, whether it had been tested in the prior year etc. and we performed the following procedures: • We independently obtained and agreed the valuation of the unquoted investment to supporting reports from the underlying company, where applicable. • We tested the year end foreign currency rates used to convert investments in foreign currency for reasonableness against an independent exchange rate. • We converted those investments held in foreign currencies using an independent exchange rate as at year end and compared this for reasonableness to the client's conversion. • We ensured that the framework of reporting of the supporting reports/valuation for the underlying fund was consistent with the principles of fair value. • We considered the reliability of the information that was provided. • We reviewed and challenged any assumptions / adjustments / conclusions made by management to the valuations provided by the underlying general partner/ company. We did not identify any material issues from our procedures.

Existence of investments (held at fair value through profit and loss) As noted above, Investments held at fair value through profit and loss are a key contributor to the Net Asset Value and thus the existence of those Investments is integral to the Group. From the total of 319 investments (in 244 companies) held by the Group, 301 are held with the custodian and the remaining 18 are held securely by the the Group.	We gained an understanding of the key controls surrounding the existence of investments held at fair value through profit and loss. We requested an independent confirmation from the custodian and agreed the holdings per the confirmation received from the custodian to the books and records of the Company. For those investments not held by the custodian, we selected a sample and independently requested a confirmation from the underlying investment manager/ Company to confirm existence, / independently inspected share certificates to corroborate the Company's holding. We did not identify any material issues from our procedures.

INDEPENDENT AUDITORS' REPORT
to the Members of El Oro Ltd

Other information
The directors are responsible for the other information. The other information comprises the Directors' biographies, Group operations, Chairman's statement, Investments with a fair value exposure greater than £500,000, Directors' report, Statement of directors' responsibilities and Historical financial data, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.We have nothing to report in this regard.

Responsibilities of the directors for the consolidated financial statements
The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards, the requirements of Guernsey law and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITORS' REPORT
to the Members of El Oro Ltd

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements
Under The Companies (Guernsey) Law, 2008 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- proper accounting records have not been kept; or
- the consolidated financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

This report, including the opinion, has been prepared for and only for the members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose.We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Joanne Peacegood
For and on behalf of PricewaterhouseCoopers CI LLP
Chartered Accountants and Recognized Auditor
Guernsey, Channel Islands
26 September 2017

The maintenance and integrity of the El Oro Ltd website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year to 30 June 2017

	Notes	**30 June 2017** **£**	30 June 2016 £
Revenue	3 a	**1,483,710**	1,536,987
Net gains on investments	3 b	**7,946,532**	467,584
Total investment income		**9,430,242**	2,004,571
Expenses	4	**(1,263,440)**	(1,436,220)
Profit before finance costs and taxation		**8,166,802**	568,351
Finance costs	4	**(740,115)**	(1,183,987)
Profit / (loss) before taxation		**7,426,687**	(615,636)
Taxation	6	**(634,608)**	886,813
Profit for the financial year	7	**6,792,079**	271,177
Earnings per share (basic)	7	**10.8p**	0.4p

The Group does not have any "Other Comprehensive income" and hence the "Profit for the financial year" as disclosed above is the same as the Group's Total Comprehensive Income.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2017

	Notes	**30 June 2017** **£**	30 June 2016 £
Opening capital and reserves attributable to equity holders		**50,598,883**	51,827,562
Total comprehensive income and profit / (loss) for the financial year		**6,792,079**	271,177
Decrease of share capital on cancellation of shares		**(2,826)**	(9,413)
Increase of capital redemption reserve on cancellation of shares		**2,826**	9,413
Decrease of retained earnings on cancellation of shares		**(194,306)**	(151,342)
Dividends paid (net)	5	**(1,515,926)**	(1,348,514)
Closing capital and reserves attributable to equity holders	21	**55,680,730**	50,598,883

The accompanying notes on pages 25 to 44 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
as at 30 June 2017

	Notes	**30 June 2017 £**	30 June 2016 £
Non-current assets			
Property, plant and equipment	8	**611,247**	609,216
Investment in artwork	9	**500,000**	500,000
Intangible asset	10	**18,400**	91,666
		1,129,647	1,200,882
Current assets			
Trade and other receivables	12	**818,216**	364,710
Investments held at fair value through profit or loss	13	**63,599,004**	66,612,318
Cash and cash equivalents	18	**913,260**	693,943
Total current assets		**65,330,480**	67,670,971
Current liabilities			
Trade and other payables	15	**567,320**	496,886
Financial liabilities at fair value through profit or loss	14	**3,094,600**	4,242,531
Current tax liability	16	**716,280**	148,603
Total current liabilities		**4,378,200**	4,888,020
Net current assets		**60,952,280**	62,782,951
Non-current liabilities			
Borrowings	14	**4,600,000**	11,000,000
Deferred tax liabilities	17	**1,801,197**	2,384,950
Total non-current liabilities		**6,401,197**	13,384,950
Net assets		**55,680,730**	50,598,883
Capital and reserves attributable to equity holders			
Share capital	20	**434,906**	437,732
Reserves	21		
Share premium		**6,017**	6,017
Capital redemption reserve		**359,641**	356,815
Merger reserve		**3,564**	3,564
Retained earnings		**54,876,602**	49,794,755
Total equity		**55,680,730**	50,598,883
Net asset value per share	22	**88.1p**	79.7p

The Board of Directors approved and authorised the Group's financial statements for issue on 26 September 2017.

Signed on behalf of the Board by:

CRW Parish
Chairman

RAR Evans
Director

The accompanying notes on pages 25 to 44 form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOW
for the year ended 30 June 2017

	Notes	30 June 2017 £	30 June 2016* £
Operating activities			
Net profit / (loss) before tax		**7,426,687**	(615,636)
Adjustments for:			
Depreciation		**14,715**	1,531
Net unrealised gains on fair value investments through the profit or loss		**(8,000,879)**	(500,804)
Finance costs (includes amortisation of capitalised loan note fee)		**740,115**	1,183,987
Cash flow from operations before changes in working capital		**180,638**	69,078
Decrease in financial assets at fair value through the profit or loss		**10,317,093**	5,894,415
(Increase) / decrease in trade and other receivables		**(451,973)**	1,549,736
(Decrease) / increase in trade and other payables		**(347,255)**	335,467
Cash flow from operations		**9,698,503**	7,848,696
Income taxes paid		**(650,684)**	(396,978)
Cash flow from operating activities		**9,047,819**	7,451,718
Investing activities			
Purchase of property, plant and equipment		**(16,746)**	–
Cash flow used in investing activities		**(16,746)**	–
Financing activities			
Interest paid		**(699,991)**	(1,180,967)
Net dividends paid to Shareholders	5	**(1,517,459)**	(1,348,514)
Repayment of borrowings	14	**(6,400,000)**	(9,000,000)
Repayment of interest rate swap	25	**–**	(1,170,000)
Purchase of own shares subsequently cancelled	21	**(194,306)**	(151,342)
Loan arrangement fee paid	10	**–**	(150,000)
Cash flow used in financing activities		**(8,811,756)**	(13,000,823)
Net increase / (decrease) in cash and cash equivalents		**219,317**	(5,549,105)
Cash and cash equivalents at 1 July		**693,943**	6,243,048
Cash and cash equivalents at 30 June	18	**913,260**	693,943

The accompanying notes on pages 25 to 44 form an integral part of the financial statements.

*Certain items have been reclassified to provide more clarity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

El Oro Limited (the Company) and its subsidiaries (together 'the Group') trade in investments world-wide, with investments in UK companies forming the larger portion of the portfolio. Operationally the management of the consolidated portfolio is co-ordinated as two separate portfolios: the Growth and Income portfolio managed in the UK (trading company) and the Growth portfolio managed in Guernsey (holding company).

The Company is a registered closed-ended investment scheme registered pursuant to The Protection of Investors (Bailiwick of Guernsey) Law, 1987 as amended and The Registered Collective Investment Scheme Rules, 2015 issued by the Guernsey Financial Services Commission (the "Commission").

2. ACCOUNTING POLICIES

The Group's accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements. The principal accounting policies are set out below.

2.1 Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRS), which comprise standards and interpretations approved by the IASB and International Accounting Standards and Standing Interpretations Committee interpretations approved by the IASC that remain in effect at the date of this document. The financial statements have been prepared on a going concern basis and on the historical cost basis, except for the revaluation of financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 2.17.

2.2 Basis of consolidation

The Company qualifies as an Investment Entity in accordance with IFRS 10 and therefore carries its investments at fair value through the profit and loss, with the exception of the Company's wholly owned UK subsidiary investment companies (which provide investment related services to the Company) disclosed in note 11, which the Company consolidates on the basis of control.

All subsidiaries were wholly owned throughout the financial year. Inter-company balances, income and expenses arising from inter-company transactions, are eliminated in the preparation of the consolidated financial statements.

2.3 Going concern

The Group meets its day-to-day working capital requirements through the trading of its securities.

At the November 2018 AGM the shareholders passed a special resolution altering the Company's articles so that within six months of the 2018 AGM the Company will be put into liquidation. The directors are satisfied that, given the net assets of the Company and the Group and taking into account reasonable possible changes in performance and expenses, it is appropriate to adopt the going concern basis of accounting in preparing its consolidated financial statements.

The Group has an outstanding bank loan of £4.6 million (2016: £11 million) which is due to be repaid by end of July 2018. It is currently anticipated that this repayment will be financed by the sale of securities.

The Group also has an outstanding interest rate swap liability of £3.1 million (2016: £3.7 million). This liability is due for repayment in December 2018, unless the Company's shareholders pass a special resolution to alter the Company's articles such that liquidation would not take place within 6 months of the November 2018 AGM. It is currently anticipated that this repayment, if required, will be financed by the sale of securities.

2.4 Financial assets and financial liabilities held at fair value through profit or loss

All investments (including securities, interest rate swaps, commodity forward contracts and contracts for difference) are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments (securities, interest rate swaps, commodity forward contracts and contracts for difference) in the statement of financial position is based on the quoted bid price at the statement of financial position date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last traded price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net (losses)/gains on investments".

Not withstanding the above, the variety of valuation bases adopted and quality of management information provided by the underlying investee companies means there are inherent difficulties in determining the value of these investments. Amounts realised on the sale of those investments will differ from the values reflected in these financial statements and the difference may be significant.

From time-to-time the Group makes short sales in which a borrowed security is sold in anticipation of a decline in the market value of that security, or it may use short sales for various arbitrage transactions. Short sales are classified as financial liabilities at fair value through profit or loss. Further details on the derivative agreements are to be found in note 14 and note 25.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2.5 Other financial liabilities

Trade payables and other monetary liabilities that are short term in nature are initially recognised at fair value and subsequently measured using the amortised cost method.

Borrowings that are initially recognised at the amount advanced net of transaction costs that are directly attributable to the issue of the instrument. These interest bearing liabilities are subsequently measured at the amortised cost using the effective interest rate method to ensure that any interest expense over the period is at a constant rate on the balance of the liability carried in the statement of financial position. In this context, "interest expense" includes initial transaction costs and premiums payable on redemption, plus the interest or coupon payable while the liability is outstanding.

2.6 Revenue

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income on an ex-dividend basis. Interest on fixed interest debt securities is recognised using the effective interest rate method. Bank deposit interest is recognised on an accruals basis.

2.7 Expenses

All expenses and finance costs are accounted for on an accruals basis.

2.8 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using the effective tax rate of corporation tax for the accounting period.

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 statement of financial position liability method. Deferred tax liabilities are 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.

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

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

2.9 Functional and foreign currency

The Group's investors are mainly from the United Kingdom, with the shares denominated in British Pounds. The performance of the Group is measured and reported to the investors in British Pounds.

The Directors consider the British Pound to be the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions. The consolidated financial statements are presented in British Pounds, which is the Group's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities and equity investments held at fair value through profit or loss that are denominated in foreign currency are translated into the British Pounds using the exchange rate prevailing at the statement of financial position date. Foreign exchange gains and losses arising from translation are included in the consolidated statement of comprehensive income.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.11 Trade and other receivables

Trade and other receivables are short term in nature and carry no interest. These amounts are recognised initially at fair value and subsequently measured at amortised cost; any difference is recognised in the statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2.12 Property, plant and equipment

Items of property, plant and equipment are stated at cost less accumulated depreciation.

Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment.

The rates of depreciation are as follows:
- Freehold property 2%
- Paintings 2%
- Computer equipment 33%
- Fixtures and fittings 33%

Residual values and useful lives are reviewed each year end and adjusted as required. Where an asset's carrying amount is greater than its estimated recoverable amount, it is immediately written down to its estimated recoverable amount.

2.13 Investment in artwork

Investment in artwork is accounted for as an investment property in accordance with IAS 40. The investment is initially recognised at the transaction price and is subsequently measured at cost less impairment. The artwork is not depreciated and is reviewed for impairment on an annual basis.

2.14 Intangible assets

Loan arrangement fees paid in relation to the Company's long term borrowings are capitalised and accounted for in accordance with IAS 38. They are initially recognised at cost and are amortised on a straight line basis as part of the loan's effective interest rate until the loan's maturity.

2.15 Equity

When the Company repurchases share capital that is recognised as equity, all consideration paid, including any directly attributable cost, is recognised as a change in equity.

Equity dividends are recognised when they are declared/approved, final dividends are authorised for payment by shareholders at the Annual General Meeting, interim dividends are authorised for payment by Board resolution.

2.16 Segmental reporting

Under IFRS 8, operating segments are considered to be the components of an entity about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the 'Investment Manager') in deciding how to allocate resources and in assessing performance. The Investment Manager has been identified as the Chairman (with oversight from the Board).

The Directors are of the opinion that the Group has two operating segments, being the parent company El Oro Ltd, which has the objective of value and growth; holding stocks selected in pursuit of a blended value / growth investment style that seeks to identify companies with good growth prospects and which have not yet been fully recognised and priced into the market. While the subsidiary El Oro and Exploration Company Limited has an income portfolio with a focus on stocks in relatively mature sectors (e.g. some, but not all, brewing, utility, and mining stocks) which are typically characterised by high yields. An analysis of financial results and balances by business segment is set out in note 27. The amounts presented for each segment are based upon the accounting policies adopted in the Group financial statements.

Discrete financial information for these segments is reviewed regularly by the Chairman (who allocates resources) and the Board (which oversees the Chairman's performance).

In line with IFRS 8, additional disclosure by geographical segment has been provided in note 25.

Further analyses of expenses, investment gains or losses, profit and other assets and liabilities by country have not been given as either it is not possible to prepare such information in a meaningful way or the results are not considered to be significant.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

2.17 Critical accounting estimates and assumptions

Estimates and assumptions used in preparing the financial statements are reviewed on an ongoing basis and are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The results of these estimates and assumptions form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in note 2.4. At the year end, unquoted investments represented 20% of the total portfolio on a fair value basis (2016 = 17.2% of the total portfolio on a fair value basis).

The fair value disclosed for the investment in artwork in note 9 is based on the value the artwork is insured for, which the directors believe to be representative of its fair value as at the balance sheet date.

2.18 Standards, amendments and interpretations

Relevant and effective in future financial year

IAS Amendments to IAS 7, Statement of cashflows on disclosure initiative (effective 1 January 2017).
Amendment to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses (effective 1 January 2017).
Amendment to IFRS 9, Financial instruments (effective 1 January 2018).
IFRS 15, Revenue from contracts with customers and associated amendments to various other standards (effective 1 January 2018).
IFRS 16, Leases (effective 1 January 2018).

The impact assessment of these standards, amendments and interpretations is ongoing.

3. INVESTMENT INCOME

	30 June 2017	30 June 2016
	£	£
a. **Revenue**		
Dividends from investments	**1,478,797**	1,520,794
Other income	**4,913**	16,193
	1,483,710	1,536,987

	30 June 2017	30 June 2016
	£	£
b. **Net gains / (losses) on investments**		
Net unrealised gains / (losses) on fair value of investments through the profit or loss	**2,992,755**	(794,922)
Net realised gains on fair value of investments through the profit and loss	**4,204,247**	1,438,487
Net foreign exchange gains / (losses)	**749,530**	(175,981)
Net gains on investments	**7,946,532**	467,584

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

4. EXPENSES AND FINANCE COSTS

Expenses include the following items:

	30 June 2017	30 June 2016
	£	£
Employment costs		
Wages and Salaries	**642,768**	750,836
Social Security costs	**38,590**	53,911
Pension costs	**634**	–
	681,992	804,747
Benefits in kind included within employment costs	**1,520**	1,189

	30 June 2017	30 June 2016
Monthly average staff numbers (including executive Director)		
Investing / research	**1**	1
Administration	**4**	4
	5	5

Full details of the fees and emoluments for each Director are provided in the Directors' report on pages 12 and 13.

	30 June 2017	30 June 2016
	£	£
Auditors' remuneration		
Fees payable to the Company's auditor for the audit of parent company and consolidated financial services	**49,419**	45,416
Fees payable to the Company's auditor and its associates for other services:		
The audit of the Company's subsidiaries pursuant to legislation	**47,583**	39,254
	97,002	84,670

Finance costs are comprised of the following items:

	30 June 2017	30 June 2016
	£	£
Interest payable on bank loans (note 14)	**666,848**	1,124,555
Amortisation of capitalised loan note fee (note 10)	**73,267**	58,333
Interest payable to brokers	**–**	1,099
	740,115	1,183,987

5. DIVIDENDS PAID

	Paid during year to	
	30 June 2017	30 June 2016
	£	£
Final dividend of 2.405 pence (2016: 2.405 pence) paid per ordinary Share	**1,517,459**	1,532,827
Dividends unclaimed after 12 years	**(1,533)**	(184,313)
Net dividends	**1,515,926**	1,348,514

Dividends paid and proposed
For the year ended 30 June 2017 the Directors propose a dividend of 2.42 pence per Share totalling £1,528,796 (2016: Proposed and paid a dividend of 2.405 pence per Share totalling £1,517,459).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

6. TAXATION

6.1 Local tax – Guernsey

The Company is resident for tax purposes in Guernsey. The Company is exempt from Guernsey income tax under The Income Tax (Exempt Bodies) (Guernsey) Ordinances, 1989 and 1992 and is charged an annual exemption fee of £1,200.

6.2 Foreign tax – United Kingdom

The Company's subsidiaries are resident for tax purposes in the United Kingdom.

	30 June 2017 £	30 June 2016 £
Analysis of tax charge		
Current tax		
UK corporation tax on profits / (losses) for the year	**1,200,116**	238,174
Adjustment in respect of prior year	**2,316**	(8,214)
Overseas tax charge	**15,905**	9,979
Total current tax	**1,218,337**	239,939
Deferred tax		
Origination and reversal of timing differences	**(453,304)**	(775,582)
Effect of tax rate changes on opening balances	**(130,425)**	(351,170)
Total deferred tax	**(584,329)**	(1,126,752)
Tax on (profit) / losses from ordinary activities	**634,608**	(886,813)

Factors affecting tax charge

The tax assessed is lower (2016: lower) than the standard rate of corporation tax in the UK of 19.75% (2016: 20%).

	30 June 2017 £	30 June 2016 £
The differences are explained below		
Profit / (loss) on ordinary activities before tax	**7,426,687**	(615,636)
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.75% (2016: 20%)	**1,466,771**	(123,127)
Effects of		
Expenses not deductible for tax	**41,816**	57,519
Income not subject to tax	**(1,710)**	(437,360)
Tax rate differences	**(869,953)**	(375,631)
Adjustments in respect of prior year	**(2,316)**	(8,214)
Total tax charge for the year	**634,608**	(886,813)

The Group anticipates claiming capital allowances in excess of depreciation in future periods reversing the position previously where depreciation has been higher than capital allowances.

Changes to the main rate of UK corporation tax were announced by the Chancellor of the Exchequer in his Budget on 16 March 2016. The rate fell by 1% to a rate of 19% with effect from 1 April 2017 and will drop by a further 2% to a rate of 17% with effect from 1 April 2020.

Deferred tax balances have been remeasured to 17%. This was the rate enacted at the statement of financial position date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

7. EARNINGS PER SHARE (BASIC/DILUTED)

	30 June 2017 £	30 June 2016 £
Profit after tax	**6,792,079**	271,177
Number of shares in issue at year end	**63,173,398**	63,455,990
Earnings per share (basic/diluted)	**10.8p**	0.4p

8. PROPERTY, PLANT AND EQUIPMENT

	Freehold property £	**Fixtures, fittings, paintings and computer equipment £**	**Total**
At 1 July 2015			
At cost	745,503	661,917	1,407,420
Accumulated depreciation	(171,083)	(125,590)	(296,673)
Net book value	**574,420**	**536,327**	**1,110,747**
Year ended 30 June 2016			
Opening net book value	574,420	536,327	1,110,747
Reclassification of painting to investment property (see note 8)	–	(500,000)	(500,000)
Disposals at cost	–	(2,417)	(2,417)
Depreciation on disposals	–	2,417	2,417
Depreciation for year	(15,018)	13,487	(1,531)
Closing net book value	559,402	49,814	609,216
Year ended 30 June 2016			
At cost	745,503	159,203	904,706
Accumulated depreciation	(186,101)	(109,389)	(295,490)
Net book value	**559,402**	**49,814**	**609,216**
Year ended 30 June 2017			
Opening net book value	**559,402**	**49,814**	**609,216**
Purchases during the year	–	16,746	16,746
Disposals at cost	–	(7,864)	(7,864)
Depreciation on disposals	–	7,864	7,864
Depreciation for year	(7,503)	(7,212)	(14,715)
Closing net book value	551,899	59,348	611,247
At 30 June 2017			
At cost	745,503	168,085	913,588
Accumulated depreciation	(193,604)	(108,737)	(302,341)
Net book value	**551,899**	**59,348**	**611,247**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

9. INVESTMENT IN ARTWORK

During the year to 30 June 2016 the Directors reviewed the assets comprising property, plant and equipment and determined that a painting acquired by the Group in April 2013 for £500,000 was better described as a long term investment and reclassified it accordingly. In accordance with note 2.13 it is being recognised in the accounts at cost less impairment (£500,000). The Directors consider its fair value at 30 June 2017 to be £780,000 (see note 2.17).

Other paintings owned by the Group are considered part of the fixtures and fittings of the property owned by the Group and are treated accordingly (see note 8).

10. INTANGIBLE ASSET

During the year to 30 June 2016 the loan borrowed from Lloyds bank was refinanced. Loan arrangement fees of £150,000 were incurred. These fees have been capitalised as an intangible asset and are being amortised over the life of the loan on a straight line basis as part of the loan's effective interest rate until the loan's maturity.

11. SUBSIDIARY COMPANIES

The Company held the entire issued share capital and voting power of the following companies all of whom are registered in England and Wales and operate in England as at 30 June 2017 and 30 June 2016. Details of holdings etc. as at 30 June 2017 and 30 June 2016 respectively are given below:

As at **30 June 2017**	**Number of shares**	**Nominal value**	**Net assets £'000**	**Profit / (loss) before tax £'000**	**Book value £**
Investment companies					
El Oro and Exploration Company Limited	10,776,501	ord. 5p shares	10,327	3,047	538,825
Investigations and Management Limited	5,000	ord. £1.00 shares	969	242	3,080
Dormant companies					
El Oro Mining and Exploration Company Limited	4,511,135	ord. 10p shares	454	–	456,110
General Explorations Limited	1,000,000	ord. 5p shares	50	–	2,747
Group Traders Limited	30,040	ord. 5p shares	2	–	37,500

As at **30 June 2016**	**Number of shares**	**Nominal value**	**Net assets £'000**	**Profit / (loss) before tax £'000**	**Book value £**
Investment companies					
El Oro and Exploration Company Limited	10,776,501	ord. 5p shares	7,847	(3,181)	538,825
Investigations and Management Limited	5,000	ord. £1.00 shares	756	338	3,080
Dormant companies					
El Oro Mining and Exploration Company Limited	4,511,135	ord. 10p shares	454	–	456,110
General Explorations Limited	1,000,000	ord. 5p shares	50	–	2,747
Group Traders Limited	30,040	ord. 5p shares	2	–	37,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

12. TRADE AND OTHER RECEIVABLES

	30 June 2017 **£**	30 June 2016 £
Trade receivables - amounts due from brokers	**599,659**	59,240
Other receivables	**218,557**	305,470
	818,216	364,710

Trade receivables are settled on the requirements of the relevant stock exchange, which is normally within one week of trade date. Other receivables are mainly accrued dividend income, normally due within a 30 day period.

13. INVESTMENTS HELD AT FAIR VALUE THROUGH PROFIT AND LOSS

In accordance with IFRS 13 the Group has classified for disclosure purposes fair market measurements in relation to the degree of reliability of these measurements. The classification uses a hierarchy that reflects the significance of the inputs used in making the measurements, using the following levels.

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - Inputs for the asset or liability that are not based on observable market data. Level 3 includes private equity and corporate debt.

The valuation techniques used by the Group are explained in note 2.4.

A reconciliation of fair value measurements in level 3 is set out below.

	30 June 2017 **£**	30 June 2016 £
Level 1 - quoted prices (unadjusted)	**49,760,946**	53,619,654
Level 2 - observable price inputs	**2,130,329**	2,692,556
Level 3 - unobservable price inputs	**11,707,729**	10,300,108
	63,599,004	66,612,318

Reconciliation of fair value measurements in level 3	**30 June 2017** **£**	30 June 2016 £
Opening balance	**10,300,108**	11,821,532
Acquisitions	**2,027,091**	2,065,505
Disposal receipts	**(1,455,393)**	(2,220,133)
Transfers in to / (out of) Level 3	**1,394,165**	1,029,398
Total (losses) / gains included in the Consolidated Statement of Comprehensive Income		
on assets sold	**(365,066)**	(1,354,150)
on assets held at the year end	**(193,176)**	(1,042,044)
Closing balance	**11,707,729**	10,300,108

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

14. FINANCIAL LIABILITIES – BORROWINGS AND DERIVATIVES

	30 June 2017	30 June 2016
	£	£
Current		
Financial liabilities at fair value	**3,094,600**	4,242,531
	3,094,600	4,242,531

	30 June 2017	30 June 2016
	£	£
Non-current		
Bank loan	**4,600,000**	11,000,000
	4,600,000	11,000,000

The current bank loan of £4,600,000 will be repaid by 31 July 2018. There is a registered charge on all of the assets in favour of Lloyds TSB plc, the Group's bankers, as security for all liabilities and obligations owed by the Group to the bank.

Derivative agreements are entered into for varying purposes as follows:
- Interest rate SWAPS for the purpose of fixing the interest rate payable on the Group's funding; and
- Commodity forward (1 year) contracts in precious metals such as gold bullion to gain direct exposure to the commodity price.

Derivatives are categorised as financial assets or financial liabilities held for trading.

None of these derivatives are classified as a hedge in a hedging relationship.

Financial instruments at fair value comprise short derivative financial instruments; this category is carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income.

The subsidiary company El Oro and Exploration Company Limited has a line of credit for commodity forward contracts with Lloyds TSB plc up to £3.3 million. Commodity forward positions are recognised as an investment in the consolidated financial statements under IFRS when held, 30 June 2017 £nil (30 June 2016: £450,831).

There is a general lien on assets in favour of HSBC Bank plc as security for any liabilities and obligations owed by the Group to the bank.

15. TRADE AND OTHER PAYABLES

	30 June 2017	30 June 2016
	£	£
Other payables	**218,614**	188,219
Accruals	**265,571**	223,894
Unclaimed dividends	**83,135**	84,773
	567,320	496,886

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

16. CURRENT TAX LIABILITY

	30 June 2017 £	30 June 2016 £
Corporation tax	**716,280**	148,603

17. DEFERRED TAX LIABILITIES

	30 June 2017 £	30 June 2016 £
Opening balances at 1 July	**2,384,950**	3,511,702
Net (losses) / gains on investments	**(583,753)**	(1,126,752)
Closing balances at 30 June	**1,801,197**	2,384,950

Deferred tax is calculated in full on temporary differences under the liability method using an average tax rate of 17% (2016: 20%) and is calculated at the rate at which the deferred tax is expected to reverse.

The estimated timing for the recovery or settlement of the deferred tax asset or liability is likely to be after more than 12 months owing to the nature of the assets on which the provision is determined.

18. CASH AND CASH EQUIVALENTS

	30 June 2017 £	30 June 2016 £
Cash available on demand	**913,260**	693,943
	913,260	693,943

19. COMMITMENTS AND CONTINGENT LIABILITIES

Within the normal course of business, the Group has committed to subscribe for securities. As at 30 June 2017 this commitment totalled £221,000 (2016: £101,000).

20. SHARE CAPITAL

	El Oro Ltd		El Oro Ltd	
	30 June 2017 No.	**30 June 2017 £**	30 June 2016 No.	30 June 2016 £
Authorised	**unlimited**	**unlimited**	unlimited	unlimited
Issued and fully paid Shares with no par value	63,173,398	434,906	63,455,990	437,732
Held in Treasury	260,045	199,428	260,045	199,428

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

21. EQUITY AND RESERVES

	Capital £	Share premium £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total equity £
At 1 July 2015	447,145	6,017	347,402	3,564	51,023,434	51,827,562
Profit for the year	–	–	–	–	271,177	271,177
Purchase and cancellation of own share units	(9,413)	–	9,413	–	(151,342)	(151,342)
Dividends (net)	–	–	–	–	(1,348,514)	(1,348,514)
As at 30 June 2016	437,732	6,017	356,815	3,564	49,794,755	50,598,883

	Capital £	Share premium £	Capital redemption reserve £	Merger reserve £	Retained earnings £	Total equity £
At 1 July 2016	437,732	6,017	356,815	3,564	49,794,755	50,598,883
Profit for the year	–	–	–	–	6,792,079	6,792,079
Purchase and cancellation of own share units	(2,826)	–	2,826	–	(194,306)	(194,306)
Dividends (net)	–	–	–	–	(1,515,926)	(1,515,926)
As at 30 June 2017	434,906	6,017	359,641	3,564	54,876,602	55,680,730

Share premium
The share premium reserve maintains the amount that has been subscribed for share capital in excess of the share capital's par, or nominal value. This reserve relates to the subsidiary companies.

Capital redemption reserve
The capital redemption reserve maintains the par or nominal value amount that is transferred from share capital on the cancellation of issued shares.

Merger reserve
The Merger reserve was created on 5 September 2003 when merging the financial statements from the El Oro Mining Company Limited (formerly plc) and Exploration Company plc, plus the subsequent adjustment on the disposal of Danby Registrars Limited. This reserve relates to the subsidiary companies.

Retained earnings
This reserve maintains the net gains and losses as recognised in the consolidated statement of comprehensive income. The distributable retained earnings for El Oro Ltd is included in the Company's statement of financial position and not the Group's consolidated statement of financial position.

During the year the Company purchased and cancelled 282,592 issued shares. This resulted in a decrease in Capital of £2,826, an increase in Capital redemption reserve of £2,826 and a decrease in Retained earnings of £176,620 as disclosed above.

22. NET ASSETS PER SHARE

The net assets per Share figure is based on net assets of £55,680,730 (2016: £50,598,883) divided by 63,173,398 (2016: 63,455,990) Shares in issue at the year end (not including Treasury shares held by the Company).

23. CASH FLOW – MATERIAL NON-CASH ITEMS

There were no material non-cash items during the year (2016: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

24. RELATED PARTY TRANSACTIONS

The Company and its subsidiary companies are related parties; as such, any transactions between these related parties have been eliminated in consolidating the Group's figures.

The compensation payable to Key Management personnel comprised £336,076 (2016: £351,832) paid by the Group to the Directors in respect of services to the Group. Full details of the compensation for each Director are provided in the Directors' report on pages 12 and 13.

During the year the Group purchased goods amounting to £2,280 (2016: £3,673) from Danby Registrars Limited, a company wholly owned by CRW Parish, an executive Director of the Company. The Group also reimbursed CRW Parish £2,975 (2016: £2,904) directly for costs incurred in connection with a Group event. In addition the Group sponsored the Walcot Hall Opera, an organisation connected with CRW Parish, for £1,000.

El Oro and Exploration Company Limited owns the UK Group subsidiaries' registered office, 41 Cheval Place, London, SW7 1EW.

Members of the Parish family paid accommodation costs to the Group for the use of the property during the year to 30 June 2017, this amounted to £979 (2016: £210). No amounts remain outstanding at the year ended 30 June 2017 (2016: £nil).

JA Wild is a non-executive director in James Halstead, a stock held in the portfolio.

25. FINANCIAL INSTRUMENTS AND RISK PROFILE

The Group's financial instruments are contained within its portfolio in investments, derivatives and commodities, cash balances, receivables and payables that arise directly from its operations, such as sales and purchases awaiting settlement, and bank borrowings used to partly finance the Group's operations.

The principal activity of the Group is dealing in investments. Investments in UK companies form the bulk of the portfolio. The Group's main aim is to steadily increase the net asset value and dividend. The Group deals in listed and unlisted investments or other financial instruments, including derivatives and commodities. The Group is exposed to certain inherent risks that could result in either a reduction in the net assets, or a reduction in the profits available for distribution by way of dividends.

The Group finances its operations through retained profits, bank overdrafts and secured borrowings on transactions with brokers.

The Group has little exposure to credit and cash flow risk as a large proportion of its current assets are in readily realisable investments. Unlisted investments in the portfolio may not be immediately or readily realisable. This is generally not significant in normal market conditions as the majority of the Group's investments are listed on recognised stock exchanges and are generally liquid. Hence, liquidity risk is not considered to be significant. The Directors take this risk into account before making such investments and when determining the valuation of these assets. Additionally, the Group takes account of these risks when setting investment policy and making investment decisions, by monitoring economic and market data to minimise the Group's exposure.

Credit risk is the potential exposure of the Group to loss in the event of a non-performing counterparty. The Group manages the credit risk that arises during normal commercial operations, within the guidelines set by the Board. The Group also has credit exposures in financial and specialised markets as a result of dealing in investments and other financial instruments, including derivatives and commodities. The Group controls the related credit risk in financial and specialised markets by only entering into contracts with counterparties who are duly registered securities dealers that are in the Board's estimation, and on the basis of past performance, historically sound and consequently, highly credit-rated.

The contractual maturities of the financial liabilities at 30 June 2017, based on the earliest date on which payment can be required to be made was as follows:

As at 30 June 2017	**3 months or less £'000**	**Not more than 1 year £'000**	**Not more than 5 years £'000**	**More than 5 years £'000**	**Total £'000**
Financial liabilities at fair value through the profit or loss	–	–	–	**3,095**	**3,095**
Bank loan	–	–	**4,600**	–	**4,600**
Other payables	**567**	–	–	–	**567**
	567	–	**4,600**	**3,095**	**8,262**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. FINANCIAL INSTRUMENTS AND RISK PROFILE *(continued)*

The contractual maturities of the financial liabilities at 30 June 2016, based on the earliest date on which payment can be required to be made as follows:

As at 30 June 2016	3 months or less £'000	Not more than 1 year £'000	Not more than 5 years £'000	More than 5 years £'000	Total £'000
Financial liabilities at fair value through the profit or loss	–	451	–	3,792	4,243
Bank loan	–	–	11,000	–	11,000
Other payables	497	–	–	–	497
	497	451	11,000	3,792	15,740

Fair values of financial assets and financial liabilities
The purpose of the following table is to summarise the fair and book value of the financial assets together with the financial liabilities. There is no difference between the book value and fair value and this summary excludes short-term receivables and payables. The Group's policy in relation to the role of financial instruments and risk and is consistent with the position throughout the year and also during the comparative period.

	30 June 2017 Fair and book value £	30 June 2016 Fair and book value £
Financial assets		
Cash and bank balances	**913,260**	693,943
Financial assets at fair value through profit or loss		
Listed fair value investments	**50,673,975**	55,146,296
Unlisted fair value investments	**12,925,029**	11,466,022
	64,512,264	67,306,261
Financial liabilities		
Interest rate swaps	**3,094,600**	3,791,700
Forward contract	–	450,831
Bank loan	**4,600,000**	11,000,000
	7,694,600	15,242,531

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. FINANCIAL INSTRUMENTS AND RISK PROFILE *(continued)*

The interest rate swaps comprises one outstanding interest rate swap £10 million fixed at 4.1% over 20 years with Lloyds TSB Bank plc.

In the event that the swap had been closed on 30 June 2017 it would have realised a loss (valued by Lloyds TSB Bank plc) of £3,094,600 (2016: loss of £3,791,700). This amount has been recognised as a financial liability at fair value in the consolidated financial statements under IFRS.

The interest rate swap will require settlement soon after November 2018 unless there is a vote at the Annual General Meeting held in or around November 2018 that the Company may continue in which case the interest rate swap may continue until 2029.

Fair value is determined from the bid price on the purchase of an investment and the swaps are graded as a Level 3 inputs for the asset or liability that are not based on observable market data.

The principal risks the Group faces in its portfolio management activities are:

- market price risk (movements in the value of investment holdings caused by factors other than interest rate or currency movement);
- currency risk;
- interest rate risk; and
- liquidity risk.

Market price risk
The Group exposure to market price risk is mainly contained in potential movements in the fair value of its investments, including equities, property and commodities. The Group manages this price risk within its long-term investment strategy to manage a diversified exposure to the market, principally in commodities and the exploration, mining, property and brewing sectors. The Group's investments are not tied to a linear market price risk owing to the portfolio's diversified structure. However, in line with IFRS 13, were each of the equities holdings to experience a 5 percent rise or fall in their fair value this would result in the Group's net asset value increasing or decreasing by £3,179,950 (2016: £3,330,616) or 5.7% (2016: 6.6%) and the consolidated statement of comprehensive income increasing or decreasing by £3,179,950 (2016: £3,330,616).

The focus is on a macro strategy for the portfolio, which looks at the long-term. However, trading is managed by monitoring on a daily basis company announcements, market information and having regular contact with stockbrokers on the securities and commodities within the Group's investment universe. The Group directors provide additional support in the course of applying their respective knowledge and advice when monitoring the Group's portfolio.

Currency risk
The Group exposure to currency risk comes from investment in listed overseas stock markets, short-term funding from transactions with overseas stockbrokers and also from foreign currency holdings. The Group does not hedge against currency risk, as the relative strength and weakness of a currency is considered when making an investment decision. Receipts in a currency other than British Pounds are converted only to the extent that they are not required for settlement obligations in that currency.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. FINANCIAL INSTRUMENTS AND RISK PROFILE *(continued)*

	30 June 2017 £'000	30 June 2016 £'000
Key currencies		
Australian dollar	**1,946**	4,037
Canadian dollar	**4,595**	3,926
Malaysian ringitt	**2,099**	2,025
South African rand	**573**	820
US dollar	**6,988**	9,515
	16,201	20,323
Other currencies		
Euro	**383**	553
Japanese yen	**427**	291
Swedish krona	–	7
	810	851
	17,011	21,174

It should be noted that for the purposes of IFRS 13, currency risk does not arise from financial instruments that are non-monetary items.

Key currencies	**2017 £**	2016 £	Change in currency rate (%)	**Effect on net assets 2017 (£'000)**	Effect on net assets 2016 (£'000)
Australian dollar	**1,946**	4,037	5	**97**	202
Canadian dollar	**4,595**	3,926	5	**230**	196
Malaysian ringitt	**2,099**	2,025	5	**105**	41
South African rand	**573**	820	5	**29**	101
US dollar	**6,988**	9,515	5	**349**	476
	16,201	20,323		**810**	1,016
Other currencies	**810**	851	5	**40**	43
	17,011	21,174		**850**	1,059

The rise or fall in the value of the British Pound against other currencies by 5.0% would result in the Group's net assets value and consolidated statement of comprehensive income, which are denominated in currencies other than British Pounds at statement of financial position date, increasing or decreasing by £850,000 or 1.5% (2016: £1,059,000 or 2.1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

25. FINANCIAL INSTRUMENTS AND RISK PROFILE *(continued)*

Interest rate risk
The Group has both interest bearing assets and liabilities.

The Group has an indirect exposure to interest rate risk, which results from the effect that changes in interest rates might have on the valuation of investments within the portfolio. The majority of the portfolio's financial assets are equity shares that pay dividends, not interest. Interest is charged on the bank overdraft and other bank loans; the interest rate is over various currency base rates or at rates negotiated with other financial institutions. The Group manages the volatility to interest rate risk through entering into interest rate swaps on long term borrowings. Borrowing at year-end was £4,600,000 (2016: £11,000,000 (see note 14) and if that level of borrowing were maintained for a year with a 1 percent point change in the interest rate (up or down) net revenue before tax would increase or decrease by £46,000 or 0.1% on net assets (2016: £110,000 or 0.2% on net assets). At a floating interest rate greater than 4.1% the Group will receive payments from the counter party to the interest rate swaps, thereby limiting the Group's interest rate exposure on £10 million to 4.1% on £10 million (until 2029 or 2018 if the Company is put into liquidation following the 2018 AGM).

The interest rate profile of the Group's financial assets:

	30 June 2017 Fixed rate at fair value £	30 June 2016 Fixed rate at fair value £
Fixed rate notes (assets)	**846,744**	892,542

The effective interest rate on these financial assets is 8.1% (2016: 9.3%).

Credit risk
The Group takes on limited exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due.

The Group attempts to mitigate this risk by i) diversification within the portfolio of investments, ii) careful selection of investments and iii) active monitoring of the investment's performance.

Liquidity risk
The Group's assets mainly comprise of readily realisable securities which may be sold to meet funding requirements as necessary. However, there is a portion of the securities in the Group's portfolio £12.9 million or 22% (2015: £11.5 million or 17.2%) that are unquoted and this might restrict their disposal should the Group wish to realise such securities. The Board monitors the levels of holdings which might affect liquidity owing to a lack of marketability in the securities on a regular basis to ensure that operations are not compromised by a lack of liquidity.

In addition to the financial assets listed above, the subsidiary El Oro and Exploration Company Limited may have open forward contracts in commodities from time to time. These are disclosed separately in the consolidated statement of financial position when held.

Capital management policies and procedures
The Group's capital management objectives are to ensure that it will be able to continue as a going concern, and to maximise the income and capital return to Shareholders through an appropriate balance of equity capital and debt.

The portfolio includes unquoted investments which total £12,925,029 million or 20% (2016: £11.5 million or 17.2%) of the total portfolio on a fair value basis. These unquoted investments are held at valuations determined by the Directors, as discussed in note 2.4.

The Group's capital at 30 June 2017 comprises equity share capital, reserves and debt as shown in the consolidated statement of financial position at a total of £60,280,730 (2016: £61,495,862). The Directors review and consider the broad structure of the Group's capital on an ongoing basis. These considerations include:

- Share repurchases, assessed based upon the share prices' discount or premium to net asset value;
- Equity issues; and
- Dividend policy.

Share repurchases
Under the Articles the Company has the authority to purchase the Shares as described in its Admission document. There may be occasions when the Board is precluded from making such purchases as it is in possession of unpublished price sensitive information relating to the Company; generally the Board will consider Share repurchases whenever Shares trade at a sufficient discount to net asset value and the Company has sufficient funds available. Share repurchases are made on market at the market rate provided that price is less than the net asset value per Share. This generally has the effect of increasing the net asset value attributable to the remaining Shares and boosts return for the Company's remaining shareholders.

The Company is subject to externally imposed capital requirements in that as a public company, the Company is required to have a minimum share capital of £50,000 and is only able to pay dividends from distributable reserves.

The Group has complied with the Board's requirements in relation to the Group's policies and processes for managing the Group's capital, which were unchanged from the Group's requirements in the comparative financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

26. SUBSEQUENT EVENTS

In accordance with IAS 10 Events after the statement of financial position date, changes in asset prices after the statement of financial position date constitute a non-adjusting event as they do not relate to conditions that existed at the statement of financial position date. Accordingly, it is not appropriate to reflect any financial effect of these changes in asset prices in the statement of financial position as at 30 June 2017.

The Board has resolved to pay a final dividend of 2.42 pence for the year-ended 30 June 2017 on 27 November 2017 to Members registered on the books of the Company at the close of business on 27 October 2017.

27. OPERATING SEGMENTS

Operating segments

The Directors consider that the Group has two operating segments, being the Company, El Oro Ltd with a value and growth portfolio that holds stocks selected in pursuit of a blended value / growth investment style primarily for capital appreciation in accordance with the Company's published investment objective, and its wholly owned subsidiary, El Oro and Exploration Company Limited, which focuses on stocks in relatively mature sectors (e.g. some, but not all, brewing, utility, and mining stocks) which are typically characterised by high yields.

Financial information for both segments is reviewed regularly by the Chairman and the Board who allocate resources and assess performance. The amounts presented for each segment are based on the accounting policies adopted in the Group financial statements.

Segment financial information

Statement of comprehensive income For the twelve months to 30 June	**Company 30 June 2017 £**	**Subsidiary 30 June 2017 £**	Company 30 June 2016 £	Subsidiary 30 June 2016 £
Revenue	**980,540**	**503,170**	334,233	1,012,339
Net gains / (losses) on investments	**4,155,713**	**3,790,819**	2,897,325	(2,239,326)
Total income / (loss)	**5,136,253**	**4,293,989**	3,231,558	(1,226,987)
Expenses	**(946,547)**	**(316,893)**	(916,633)	(519,587)
Profit before finance costs and taxation	**4,189,706**	**3,977,096**	2,314,925	(1,746,574)
Finance costs:				
Interest expense	**(45,335)**	**(694,780)**	(78,232)	(1,105,755)
Profit before taxation	**4,144,371**	**3,282,316**	2,236,693	(2,852,329)
Taxation	**(14,855)**	**(619,753)**	9,979	773,812
Profit for the period and total comprehensive income	**4,129,516**	**2,662,563**	2,246,672	(2,078,517)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. OPERATING SEGMENTS *(continued)*

Statement of financial position at 30 June	**Company 30 June 2017 £**	**Subsidiary 30 June 2017 £**	Company 30 June 2016 £	Subsidiary 30 June 2016 £
Non-current assets				
Property, plant and equipment	**–**	**611,247**	–	609,216
Investment in Artwork	**–**	**500,000**	–	500,000
Intangible Non-Current Asset - capitalised loan note	**–**	**18,400**	–	91,666
Investment in subsidiary	**538,825**	**–**	538,825	–
	538,825	**1,129,647**	538,825	1,200,882
Current assets				
Trade and other receivables	**1,596,582**	**1,429,795**	156,713	3,366,259
Investments held at fair value	**42,868,675**	**20,730,329**	43,890,542	22,721,776
Cash and cash equivalents	**466,141**	**447,119**	503,130	190,813
	44,931,398	**22,607,243**	44,550,385	26,278,848
Current liabilities				
Financial liabilities				
Financial liabilities at fair value	**–**	**3,094,600**	–	(4,242,531)
	–	**3,094,600**	–	(4,242,531)
Trade and other payables	**334,665**	**2,440,812**	(2,362,363)	(1,292,785)
Current tax liabilities	**–**	**716,280**	–	(153,633)
	334,665	**6,251,692**	(2,362,363)	(5,688,949)
Net current assets	**44,596,733**	**17,485,198**	42,188,022	20,589,899
Non-current liabilities				
Deferred tax liabilities	**–**	**1,801,197**	–	(2,482,942)
Bank loan	**–**	**4,600,000**	–	(11,000,000)
	–	**6,401,197**	–	(13,482,942)
Net assets	**45,135,558**	**11,084,001**	42,726,847	8,307,840
Stockholders' equity				
Ordinary stock units	**434,906**	**538,825**	437,732	538,825
Share premium	**–**	**6,017**	–	6,017
Capital redemption reserve	**12,239**	**347,402**	9,413	347,402
Other reserve	**–**	**3,564**	–	3,564
Retained earnings	**44,688,413**	**10,188,193**	42,279,702	7,412,032
Total equity	**45,135,558**	**11,084,001**	42,726,847	8,307,840

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(continued)*

27. OPERATING SEGMENTS *(continued)*

In accordance with IFRS 8, geographical information has been disclosed as follows:

Geographical segments
An analysis of the Group's investments held at 30 June by geographical area and the related investment income earned during the year to 30 June is noted below:

	Value of investments at 30 June 2017 £	**Gross income to 30 June 2017 £**	Value of investments at 30 June 2016 £	Gross income to 30 June 2016 £
Africa	**572,504**	**9,536**	820,467	1,447
Asia	**2,526,217**	**41,157**	2,315,930	37,806
Australia & New Zealand	**1,945,564**	**32,271**	4,036,889	44,095
Europe	**382,741**	**17,283**	559,805	13,783
North America	**11,584,216**	**187,625**	13,441,081	80,488
United Kingdom	**46,587,762**	**1,190,925**	45,438,146	1,343,175
	63,599,004	**1,478,797**	66,612,318	1,520,794

OFFICERS AND ADVISERS

El Oro Ltd (Guernsey)	El Oro and Exploration Company Limited (UK)
DIRECTORS* CRW Parish, M. A. (Oxon) (Chairman) RAR Evans SB Kumaramangalam RE Wade JA Wild * The Directors were all appointed on 9 December 2008. **REGISTERED OFFICE** East Wing Trafalgar Court Les Banques St Peter Port Guernsey **SECRETARY** Aztec Financial Services (Guernsey) Limited Contact: Chris Copperwaite	**DIRECTORS** CRW Parish, M. A. (Oxon) (Chairman) EW Houston DRL Hunting RE Wade JA Wild **REGISTERED OFFICE** 41 Cheval Place London SW7 1EW **SECRETARY** U Ni Dhonaill

REGISTRAR	SHAREHOLDER CORRESPONDENCE
Computershare Investor Services (Guernsey) Limited 3rd Floor NatWest House Le Truchot St Peter Port GY1 1WD	Computershare Investor Services (Guernsey) Limited c/o Queensway House Hilgrove Street St Helier JE1 1ES

INDEPENDENT AUDITORS	CUSTODIAN
PricewaterhouseCoopers CI LLP Chartered Accountants Royal Bank Place 1 Glategny Esplanade St Peter Port Guernsey GY1 4ND Channel Islands	HSBC Bank Plc 8 Canada Square London E14 5HQ

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Company's EIGHTH ANNUAL GENERAL MEETING and the ONE HUNDRED AND THIRTEENTH ANNUAL GENERAL MEETING OF THE EL ORO GROUP will be held on 16 November 2017 at 41 Cheval Place, London SW7 1EW at 12 noon for the following purposes:

Ordinary resolutions:

1. To receive the Directors' report and the consolidated financial statements for the year ended 30 June 2017.
2. To re-appoint PricewaterhouseCoopers CI LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which financial statements are laid before the Company and to authorise the Directors to fix their remuneration.
3. To authorise the payment of a final dividend of 2.42 pence for the year-ended 30 June 2017.
4. To authorise the Company generally and unconditionally to make market purchases within the meaning of Section 315 of the Companies (Guernsey) Law 2008, the authority for market acquisitions set forth in Article 4.7 of the Company's Articles of Incorporation be approved and restated on the basis that of its Ordinary Shares in the capital of the Company ("Shares") upon or subject to the following conditions:
   a) the maximum number of Shares hereby authorised to be purchased is 6,343,344;
   b) the maximum price at which Shares may be purchased shall be 5% above the average of the middle market quotations for the Shares as taken from The International Stock Exchange Daily Official List for the five business days preceding the date of purchase and the minimum price shall be 5 pence per share, in both cases exclusive of expenses; and
   c) the authority to purchase conferred by this Resolution shall expire on the date falling eighteen months after the date of this resolution or at the conclusion of the next Annual General Meeting of the Company after the passing of this Resolution, save that the Company may before such expiry enter into a contract of purchase under which such contract may be completed or executed wholly or partly after the expiration of this authority.

The Board recommends that Shareholders vote in favour of all resolutions.

Registered Office
East Wing
Trafalgar Court
Les Banques
St Peter Port
Guernsey

By Order of the Board
Aztec Financial Services (Guernsey) Limited
Company Secretary

26 September 2017

Notes

1. A Shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend and vote instead of him or her. A proxy need not be a Member of the Company. A form of proxy accompanies this Notice. Completion and return of the form of proxy will not preclude Members from attending or voting at the Meeting, if they so wish. A Member may appoint more than one proxy in relation to a Meeting, provided that each proxy is appointed to exercise the rights attached to a different Share or Shares held by them. A Member may appoint more than one proxy provided each proxy is appointed to exercise voting rights in respect of a different Share or Shares held by them.
2. To be valid, the form of proxy, together with the power of attorney or other authority, if any, under which it is executed (or a notarially certified copy of such power of attorney) must be deposited at the office of the Company's Registrar, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY not less than 48 hours before the time for holding the Meeting.
3. A Shareholder must first have their name entered on the register of Members not later than 4.30p.m. on 14 November 2017. Changes to entries in that register after that time shall be disregarded in determining the rights of a Shareholder to attend and vote at such meeting.
4. Joint registered holders of shares shall not have the right of voting individually in respect of such share but shall elect one of their number to represent them and to vote whether in person or by proxy in their name. In default of such election the person whose name stands first on the register of members of the Company shall alone be entitled to vote.

FORM OF PROXY

EL ORO Ltd (the "Company")

(Registered in Guernsey no. 49778)

Proxy for the 2017 Annual General Meeting
Before completing this form, please read the explanatory notes below.

I/We (PLEASE USE BLOCK LETTERS) ____________________

of ____________________

a member of El Oro Ltd (the "Company") HEREBY APPOINT the Chairman of the Meeting or (see Note 3) ____________________

____

To be my/our proxy at the Annual General Meeting of the Company to be held on 16 November 2017 at 12 noon and at any adjournment thereof, and to attend, speak and vote for me/us and in my/our name(s) upon all resolutions before such meeting:

I/We direct my/our proxy to vote on the following resolutions as I/we have indicated by marking the appropriate box with an "X". If no indication is given, my/our proxy will vote or abstain from voting at his or her discretion and I/we authorise my/our proxy to vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.

	FOR	AGAINST	ABSTAIN		FOR	AGAINST	ABSTAIN
Resolution 1	☐	☐	☐	Resolution 3	☐	☐	☐
Resolution 2	☐	☐	☐	Resolution 4	☐	☐	☐

As Witness my/our hand(s) this ______ day of ____________________

Signature(s) ____________________

Notes to the Proxy Form:

1. As a member of the Company, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the Meeting, insert their full name in the space provided. If you sign and return this proxy form with no name inserted in the space provided, the Chairman of the Meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Registrars, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY.
5. To direct your proxy how to vote on the resolutions, mark the appropriate box with an "X". If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using this form, the form must be:
   - completed and signed;
   - sent or delivered to the Registrars, Computershare Investor Services (Guernsey) Limited, c/o The Pavilion, Bridgwater Road, Bristol, BS99 6ZY; and
   - received by the Registrars, Computershare Investor Services (Guernsey) Limited no later than 48 hours before the time appointed for the meeting; 12 noon on 14 November 2017.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the Company or an attorney for the Company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
10. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
11. For details of how to change your proxy instructions or revoke your proxy appointment, see the notes to the notice of the meeting.

Please post your completed Form of Proxy in the enclosed reply-paid envelope.