

Landore Resources

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A JUNIOR EXPLORER

Landore Resources - led by ex-Brancote stalwarts Bill Humphries and Richard Prickett – controls a large portfolio of projects in Canada and the USA

Many of which were spun out of Brancote Holdings in 2002, during preparation for its £160 million takeover by Meridian Gold.

The current flagship project is Junior Lake, host to at least two nickel sulphide deposits, where the company established an NI 43-101 compliant resource at the VW Zone of 14,300 tonnes of contained nickel plus accompanying copper last year. At the adjacent B4-7 Zone, exploration has defined independently estimated resource potential for a similar tonnage of nickel, with the addition of copper and PGMs.

The Junior Lake properties lie about 235 kilometres north-northeast of Thunder Bay, within the Caribou-O-Sullivan Greenstone

Belt. At least 10 occurrences of Ni-Cu-PGE mineralisation are known to exist on the site and the adjacent Lamaune Lake property. Last summer's diamond drilling campaign produced good results from the two most advanced deposits, and – as well as providing the basis for the NI 43-101 - have increased the likelihood of open-pit mining at both the VW Zone nickel deposit and the adjacent B4-7 nickel-copper deposit.

The 2007 programme – which began in mid-April – was designed to extend the existing VW inferred resource at both ends and down dip, with a second drill carrying out infill drilling to upgrade the resource to indicated status; a requirement before progressing to pre-feasibility studies. The Katrina Horizon – where 2006 drilling showed regular +1% nickel grades - was the main focus, but overall, Landore has now tested the VW deposit at 25 to 50 metre

spacing over a strike length of 500 metres and to a vertical depth of 300 metres. Regular intersections of resource grade mineralisation in multiple zones showed grades increasing to the west and to depth, with the occasional narrow +2% intercept included. Grades were found to be noticeably higher close to a series of gabbro sills, host to a number of mineralised lenses – which has opened up further possibilities regarding the long-suspected syngenetic link between the VW Zone and its close neighbour, the B4-7 deposit, where Ni-PGM mineralisation is also hosted in gabbro.

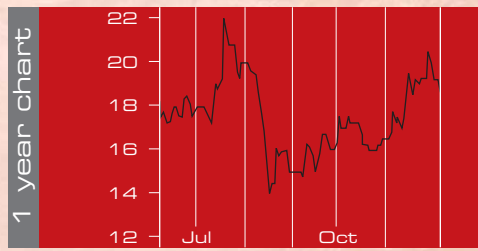
Drilling also revealed more about a recently identified shallow-lying volcanic unit – with a true thickness ranging from 20-70m and a length of some 100m – which dips steeply at 45-50 degrees at the west end of the drilled area, and remains open to depth. Additional low grade mineralisation was also discovered



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121.83M

MARKET CAP.
£22.23M



just below the surface to the west and north, and this remains to be further tested. A revised 43-101 is due by early 2008 and the company is confident that, given the increased strike length and the increase in general grade, it will add significant tonnage.

Earlier this year, Landore staked seventeen additional claims to the east and southeast of Junior Lake, where a variety of mineralised showings hosting nickel, gold, molybdenum, copper-zinc-lead were discovered during assessment. As a result, the area under development at Junior Lake is now 28 km long, and almost 10,000 ha in area.

Three kilometres to the west lies the B4-7 Ni-Cu massive sulphide deposit, where there is estimated potential for 9,000 - 14,000 tonnes of Ni and 6,000 - 9,600 tonnes Cu. PGMs are also present in significant amounts, which raises the average grades to 1.3 - 1.6% nickel equivalent, hosted largely in massive sulphides, although disseminated sulphides have also been encountered along the hanging wall. This season's drilling - 16 diamond holes for a total of 3500 m - was planned to convert that potential into a solid resource, and test the hanging wall mineralisation further along strike. Assay results are not yet complete, due to large backlogs at the assay labs, but are expected to provide the basis for a 43-101 statement early next year.

The big bonus of Junior Lake is that it's a sulphide deposit. Flavour of the month right now are the nickel laterite producers, who strip their surface-lying ore and ship it to smelters and processors elsewhere, at a fraction of the LME price for the contained nickel. It's a cheap - though lucrative - operation to run, but the ore is expensive to process, and in the case of the lower-grade limonite ore, complex hydrometallurgical treatment is required. This has caused big headaches and long delays for the new large scale operations such as BHP Billiton's Ravensthorpe and CVRD's Goro project.

Sulphide ores, on the other hand, are cheap to process and the technology is well developed and well understood. The problem with sulphides is that very few such deposits are now being found and developed, and most involve underground mining with its attendant expense. Junior Lake, however, is open-pit, so Landore have everything going for them: cheap mining and cheap

processing. Metallurgical work carried out so far indicates good Ni recovery of 80-82% and copper at 90% from the VW ores, and several holes were drilled this season to advance the metallurgical work, particularly at B4-7.

Whilst nickel is presently running at less than half of its peak price earlier this year, \$12 per lb is still double the price used by most analysts in their long term forecasts. Anticipated demand for the metal will continue to outstrip supply for the rest of the decade, and whilst the current turmoil in the financial markets is causing some volatility in commodity prices, it is hard to see the behemoth that is the BRIC group of economies slowing down the pace of their industrial revolution. An open pit mine at Junior Lake - which could, if the company's expectations are correct, embrace both the VW zone and the B4-7 deposit - would seem, therefore, to have few long-term economic obstacles in its way. The recent injection of £2.1 million by Consolidated Press Group, a non-brokered deal concluded at a small premium to the prevailing price with Packer family interests shows the support that Landore's management team can attract. "It took us less than a week to secure the finance", said Richard Prickett, "and we are now well funded for the near/mid term."

In fact the quality and track record of the management is the key reason why many retail investors have backed - and continue to back - Landore. Humphries and Prickett are old-fashioned explorers and developers, who stick to the rules, and have proven their mettle. They make a powerful pair and have a large following, both among retail investors and in the city.

Comparing the current in-situ value of Junior Lake's resource and potential - about \$750 million - with today's market cap of £22 million, one would say that Landore is currently at about fair value. But that discounts all the upside still remaining at Junior Lake - where a link between the two deposits is strongly suspected, it ignores the up-and-coming NI 43-101, it brushes aside the blue-sky possibilities in another half-dozen on-going development projects, and above all, it assigns nil value to the most important element of any resource outfit: the experience and track record of its management.

The author holds shares in Landore Resources.

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