

LANDORE RESOURCES LIMITED

INTERIM STATEMENT
For the six months ended 30 June 2016

LANDORE RESOURCES LIMITED

COMPANY INFORMATION

Directors	Charles Wilkinson (Non – Executive Chairman) William Humphries (Chief Executive Officer) Richard Prickett (Finance Director) Helen Green (Non-Executive Director)
Secretary	Rysaffe International Services Limited
Registered office	La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
Nominated adviser & Broker	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Auditor	Grant Thornton Limited P O Box 313 Lefebvre House Lefebvre Street St. Peter Port Guernsey GY1 3TF
Registrars	Rysaffe International Services Limited PO Box 141 La Tonnelle House Les Banques St Sampson Guernsey GY1 3HS
Crest service provider	Computershare Investor Services (Guernsey) Limited 3 rd Floor Natwest House Le Truchot St Peter Port Guernsey GY1 1WD

LANDORE RESOURCES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2016

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim consolidated financial statements of the Group and notes thereto for the period from 1 January 2016 to 30 June 2016. All amounts are stated in sterling.

Overview

Landore Resources Limited (“Landore Resources” or the “Company”) is quoted on the AIM market of the London Stock Exchange, with the trading symbol LND.L. The Company is based in Guernsey in the Channel Islands and its 100% owned operating subsidiary, Landore Resources Canada Inc, is engaged in the exploration and development of a portfolio of precious and base metal properties in North America.

Results of Operations

The financial results for the six months to 30 June 2016 show a loss of £732,975 (2015: loss £1,180,977). These results were in line with expectations, substantial savings have been made in relation to administration costs which included a non-cash charge of £245,864 relating to the grant of share options. Exploration costs were £250,108 (2015: £466,518).

During the period under review £1,228,831 (2015: £nil) was raised from the issue of shares. In addition the sale of the Root Lake project, which completed on 11 July 2016, has raised a total of approximately C\$330,000 (approximately £196,000).

As a result, the Group has been able to fund and make plans for follow up drilling in October 2016, further details are set out below.

Operations

The focus in the first half of 2016 has been almost entirely focused on the BAM East Gold prospect on the Company’s Junior Lake Property in Ontario, Canada (“BAM East Gold Prospect”).

The Junior Lake property:

The Junior Lake Property, 100% owned by Landore Resources, is located in the province of Ontario, Canada, approximately 235 kilometres north-northeast of Thunder Bay, and is host to the B4-7 Nickel-Copper-Cobalt-PGEs resource plus the Exploration Target and the Alpha Zone, the VW Nickel resource and numerous other highly prospective mineral occurrences including the BAM gold zone and the **newly discovered BAM East Gold Prospect**.

BAM East Gold Prospect:

This new gold prospect is located approximately midway along a 2.7 kilometre long, east-southeast to west-northwest trending MaxMin geophysical anomaly (“MM-7”), at the western end of which is located the historical BAM gold zone discovered by Landore Resources in 2003. MM-7 had not previously been drill tested.

On 14 March 2016 Landore Resources announced that drilling had intersected a significant new gold zone, since then a substantial amount of exploration and drilling has taken place.

Drilling results from the summer drilling campaign, completed on 5 September 2016, have reported wide zones of near surface gold mineralisation with drill-hole 0416-541 reporting 56.86 metres (m) at 1.60 grams/tonne gold (g/t) including 4.00m at 5.17g/t gold and drill-hole 0416-535 reporting 53.5 m at 1.38g/t including 9m at 4.74g/t and 1m at 30.6g/t gold.

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MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2016

The drilling has successfully extended the BAM East Gold Prospect for a distance of 500 metres along strike from 2200E to 2700E and to a vertical depth of 150 metres. The prospect remains open along strike to the east and west and down dip.

Full details of the drilling results are set out in the press releases displayed on the Company's website, www.landore.com.

In addition to the drilling a trenching and channel sampling programme has been completed along MM-7 and along the parallel geophysical anomaly ("MM-18") located approximately 200 metres to the North of MM-7. Results from the sampling are currently being received and collated and will be released when completed.

BAM East gold mineralisation is a typical shear-hosted gold-bearing system in an Archaean greenstone belt. Findings from exploration drilling on the BAM East Gold Prospect has revealed a lithological sequence consisting of leucogabbro to the south, metasedimentary rocks in the central portion, to mafic volcanics to the north. All lithological units have been subjected to variable shearing and deformation, markedly the metasedimentary unit.

The gold mineralisation revealed to-date is predominantly contained in the metasediments, with some gold mineralisation occurring in the leucogabbro rocks. Visible gold occurs within or near quartz veinlets which are controlled by a shear system.

Planned Works:

Landore Resources is planning a follow-up drilling programme, scheduled to commence in early October, to extend the new gold zone down dip and along strike to the east and west and to obtain material for metallurgical testing.

Consulting Engineers RPA Inc. ("RPA") of Toronto, Canada, have been retained by Landore Resources with the view of completing an initial Mineral Resource estimate on the Bam East Gold Prospect.

Lithium

Landore Resources is currently reviewing its lithium prospects on the highly prospective Junior Lake Property including the historic Despard pegmatite, the Swole Lake pegmatite and the Tape Lake pegmatites both of which were discovered by Landore.

In addition the Root Lake project was sold during the period to Ardiden, an Australian Lithium explorer. Landore Resources received C\$200,000 (approximately £117,500) consideration plus approximately 7.5 million Ardiden shares which have been sold raising a further AUD134,261 (approximately £79,000). Landore Resources has been granted a 3% net smelter royalty from minerals produced from Root Lake. As set out above, the cash proceeds from this disposal have enabled Landore Resources to plan and fund its October drilling programme.

For further information on Landore Resources and its projects please visit the website, www.landore.com.

27 September 2016

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UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2016

	Notes	Group Six months ended 30 June 2016 £	Group Six months ended 30 June 2015 £
Exploration costs	2	(250,108)	(466,518)
Other income		26,182	-
Administrative expenses		(508,340)	(715,773)
Operating loss		(732,266)	(1,182,291)
Finance income		-	1,314
Interest payable		(709)	-
Loss before income tax		(732,975)	(1,180,977)
Income tax expense		-	-
Loss for the period		(732,975)	(1,180,977)
Other comprehensive (loss)/income:			
Exchange difference on translating foreign operations		(10,837)	233,520
Other comprehensive (loss)/income for the year net of tax		(10,837)	233,520
Total comprehensive loss for the period		(743,812)	(947,547)
Loss attributable to:			
Equity holders of the Company		(732,975)	(1,180,977)
Total comprehensive loss attributable to:			
Equity holders of the Company		(743,812)	(947,457)
Loss per share attributable to the equity holders of the Company during the year			
- basic & diluted	3	(£0.001)	(£0.002)

The Group's operating loss relates to continuing operations.

The notes and accounting policies on pages 8 and 9 form part of these interim financial statements.

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**UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Share capital £	Share premium £	Share options £	Warrants £	Retained earnings £	Cumulative translation reserve £	Total £
Balance at							
1 January 2015	5,174,838	28,084,421	858,018	33,691	(32,839,649)	(308,851)	1,002,468
Loss for the year	—	—	—	—	(1,180,977)	—	1,180,977
Other comprehensive losses in the year	—	—	—	—	—	233,520	233,520
Issue of ordinary share capital	—	—	—	—	—	—	—
Issue costs	—	—	—	—	—	—	—
Share option adjustment	—	—	—	—	—	—	—
Balance at							
30 June 2015	<u>5,174,838</u>	<u>28,084,421</u>	<u>858,019</u>	<u>33,690</u>	<u>(34,020,626)</u>	<u>(75,331)</u>	<u>55,011</u>
Balance at							
1 January 2016	6,282,038	27,627,990	858,019	33,690	(34,374,928)	(305,470)	121,339
Loss for the year	—	—	—	—	(732,975)	—	(732,975)
Other comprehensive gains in the year	—	—	—	—	—	(10,837)	(10,837)
Issue of ordinary share capital	725,929	502,901	—	—	—	—	1,228,830
Change in nominal share value	28,130,891	(28,130,891)	—	—	—	—	—
Share options issued	—	—	245,864	—	—	—	245,864
Balance at							
30 June 2016	<u>35,138,858</u>	<u>—</u>	<u>1,103,883</u>	<u>33,690</u>	<u>(35,107,903)</u>	<u>(316,307)</u>	<u>852,221</u>

The accounting policies and notes on pages 8 and 9 form part of these financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2016

	Notes	Group As at 30 June 2016 £	Group As at 30 June 2015 £	Group As at 31 December 2015 £
Assets				
Non current assets				
Property, plant and equipment		35,480	43,733	35,782
Investments		-	-	-
		35,480	43,733	35,782
Current assets				
Trade and other receivables		19,070	19,780	37,346
Cash and cash equivalents		944,544	208,304	368,475
		963,614	228,084	405,821
Total assets		999,094	271,817	441,603
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	4	35,138,858	5,174,838	6,282,038
Share premium	4	-	28,084,421	27,627,990
Share options reserve		1,103,883	858,019	858,019
Warrants reserve		33,690	33,690	33,690
Retained earnings	5	(35,107,903)	(34,020,626)	(34,374,928)
Cumulative translation adjustment		(316,307)	(75,331)	(305,470)
Total equity		852,221	55,011	121,339
Liabilities				
Non current liabilities				
Income tax liabilities		-	-	-
		-	-	-
Current liabilities				
Trade and other payables		112,536	185,904	291,038
Income tax liabilities		34,337	30,901	29,226
		146,873	216,806	320,264
Total liabilities		146,873	216,806	320,264
Total equity and liabilities		999,094	271,817	441,603

The notes and accounting policies on pages 8 and 9 form part of these interim financial statements.

LANDORE RESOURCES LIMITED**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2016**

	Group Six months ended 30 June 2016 £	Group Six months ended 30 June 2015 £
Cash flows from operating activities		
Operating loss	(732,975)	(1,180,977)
Finance income	-	1,314
Depreciation of tangible fixed assets	6,002	6,096
Foreign exchange (loss)/gain on non-cash items	(12,940)	236,831
Share option charge	245,864	-
Decrease in receivables	21,636	6,739
(Decrease)/Increase in payables	(198,624)	67,215
Net cash outflow from operating activities	<u>(671,037)</u>	<u>(862,782)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	-
	-	-
Cash flows from financing activities		
Issue of ordinary share capital	1,228,830	-
Issue costs	-	-
Net cash inflow from financing activities	<u>1,228,830</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents	557,793	(862,782)
Cash and cash equivalents at beginning of period	368,475	1,072,249
Exchange gain/(loss) on cash and cash equivalents	18,276	(1,163)
Cash and cash equivalents at end of period	<u><u>944,544</u></u>	<u><u>208,304</u></u>

The notes and accounting policies on pages 8 and 9 form part of these interim financial statements.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED 30 JUNE 2016

1 Basis of accounting and accounting policies

The financial statements have been prepared in accordance with those International Financial Reporting Standards ("IFRS") and International Financial Reporting Interpretations Committee ("IFRIC") interpretations issued and effective or issued and early adopted as at the time of preparing these financial statements (September 2016). The Directors have elected not to apply IAS34 *Interim Financial Reporting*.

The financial statements have not been audited and have been prepared on the historical cost basis. The principal accounting policies adopted are consistent with those adopted in the annual accounts to 31 December 2015.

2 Exploration expenditure and mineral properties

	1 January 2016 £	Net Expenditure in period £	Accumulated expenditure 30 June 2016 £
Junior Lake/Lamaune Lake	16,296,167	243,875	16,540,042
Miminiska Lake	1,519,976	1,795	1,521,770
Lessard	80,327	209	80,536
Fron Lake	61,558	1,016	62,574
Wottam	696,965	-	696,965
Other/including Swole Lake and West Graham	65,999	3,213	69,212
	<u>18,720,992</u>	<u>250,108</u>	<u>18,971,099</u>

Mineral properties at 30 June 2016 represent accumulated costs to date incurred by Landore Resources Canada Inc., a subsidiary of Landore Resources Limited. On acquisition of Landore Resources Canada Inc. on 5 April 2006 the fair value of those costs incurred to date was considered to be £nil. All subsequent expenditure in the period has been charged to the income statement in accordance with the group accounting policy.

3 Loss per share

The loss per share is based on the loss for the period and the weighted number of ordinary shares in issue during the period, being 634,924,131 (2015: 517,483,825).

Diluted loss per share

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

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2015**

4 Share capital

	30 June 2016 £	1 January 2016 £
Issued:		
700,488,001 (2015: 628,203,825) ordinary shares at nil par value (2015: £0.01 each)	<u>35,138,858</u>	<u>6,282,037</u>

On 17 June 2016, 71,843,000 ordinary shares were issued at a price £0.017 each as part of a share subscription raising £1,228,831.

A further 441,176 ordinary shares were issued on 27 June 2016 at £0.017 per share in settlement of a payable of £7,500.

During the period, the par value of ordinary shares was redenominated from £0.01 per share to nil.

Following the redenomination, all amounts received upon issue of shares, net of issue expenses or commissions, have been recognised as share capital in accordance with applicable law in Guernsey.

	Share capital 2016 £	Share premium 2016 £
At 1 January 2016	6,282,038	27,627,990
Ordinary shares issued	725,929	502,901
Redenomination of par value	28,130,891	(28,130,891)
	<hr/>	<hr/>
At 30 June 2016	<u>35,138,858</u>	<u>-</u>

5 Profit and loss reserve

	£
At 1 January 2016	(34,374,928)
Loss for the period	<u>(732,975)</u>
At 30 June 2016	<u>(35,107,903)</u>