

LANDORE RESOURCES LIMITED

INTERIM STATEMENT
For the six months ended 30 June 2017

LANDORE RESOURCES LIMITED

COMPANY INFORMATION

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William Humphries (Chief Executive Officer)
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LANDORE RESOURCES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2017

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 2017 to 30 June 2017. All amounts are stated in sterling.

Overview

Landore Resources Limited is listed on the AIM market operated by the London Stock Exchange plc, 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 2017 show a loss of £1,750,807 (2016: loss £732,975). These results were in line with expectations. Exploration costs were £1,321,976 (2016: £250,108).

During the period under review £2,025,619 (2016: £1,228,830) was raised from the issue of shares, net of issue costs.

The Group has no debt but will need to raise further equity in order to carry out its exploration and development activities, and also for working capital.

Operations

Landore Resources Limited, through its 100 per cent owned subsidiary Landore Resources Canada Inc. ("Landore"), is actively engaged in mineral exploration in Eastern Canada. Landore owns or has the mineral rights to four properties in Eastern Canada. Landore also owns a 30 per cent interest in the West Graham property.

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

Landore's primary operations focus during the first half of 2017 was on the growth of the newly discovered BAM East Gold deposit located on the 100% owned highly prospective Junior Lake Property, Northwestern Ontario.

Full details of the Group's projects, including maps, Canadian National Instrument 43-101 (NI 43-101) resource reports, geophysical surveys etc. can be viewed on the Group's website, www.landore.com.

The Junior Lake Property:

The Junior Lake property is located approximately 235 kilometres north-northeast of Thunder Bay and is host to the newly discovered BAM East Gold deposit, the B4-7 Nickel-Copper-Copper-Cobalt-PGEs deposit and the adjacent Alpha PGEs zone. Junior Lake also contains the VW Nickel deposit and numerous other highly prospective mineral occurrences.

The Junior Lake property extends for 30 kilometres and covers an area of 22,497 hectares.

BAM East Gold Resource:

Discovered in December 2015, the BAM East Gold resource contains 301,000 ounces of gold (February 2017 National Instrument (NI) 43-101 Mineral Resource Estimate and Technical Report). This resource 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 original BAM gold zone discovered by Landore resources in 2003.

Summer Drilling Campaign:

Drilling on the BAM East Gold Project re-commenced on 1 April 2017, focusing on the further delineation and extension of the defined resource together with targeting potential deposits on the highly prospective geophysical trend MM-7, host to the BAM East Gold Deposit.

The campaign was completed in July 2017 with 65 HQ and NQ diamond drill-holes (0417-561 to 0417-625), for a total of 11060 metres (m), drilled. Drilling proceeded as planned, on time and within budget.

Within this campaign, drilling at the original BAM gold zone successfully identified a potential resource with similar lithology and grades to the BAM East Gold Deposit located 1,000 metres along strike to the east. The original BAM gold zone mineralisation remains open along strike to the east, west and down dip.

In addition, step out drilling along strike from the BAM East Gold Deposit has extended the mineralisation with similar lithology and grades 100 metres West and 500 metres to the East giving a potential resource continuity of 1.2 kilometres from 2000E to 3200E. The BAM East Gold mineralisation remains open along strike to the east, west and down dip.

All data from the campaign is being collated for the preparation of a resource update, by our technical consultant RPA, scheduled for completion in Q4 2017.

Exploration Programme:

Following the successful discovery of the BAM East Gold deposit, Landore Resources initiated a review of the geology and mineralisation on several of the Company's earlier gold findings, including the re-interpretation of the Lamaune Gold Deposit. The reviews concluded that several of these gold prospects, including the Lamaune Gold Deposit, were similar in geology and mineralisation to the BAM East Gold Deposit.

The review has encouraged the Company's belief that the favorable geological lithology containing the BAM East Gold Deposit has the potential to continue along the full 30 kilometre east-west extent of the greenstone belt traversing the Landore-Lamaune properties.

On 12 September 2017, Landore announced that through a debt settlement agreement, it would take 90% ownership and control of the Lamaune assets subject to Lamaune Iron Shareholders approval on 11th October.

Landore has initiated an extensive field exploration programme aimed at identifying potential drill targets. Three Geological teams supported by a Geophysics contractor are currently working on this programme.

Outlook

The rapid delineation of the initial BAM East Gold Deposit in just 12 months since discovery together with the recently completed, highly successful, summer drilling campaign, bodes well for the possibility of finding and delineating similar open pit gold deposits along this highly prospective Junior Lake trend.

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**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

Following the receipt of the Resource Update in Q4 2017 Landore intends to initiate further extension drilling both east and west along trend and down dip on the existing deposit.

Indications are that the BAM East Gold deposit and adjacent areas have potential for substantial growth.

Social and environmental responsibility:

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

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

27 September 2017

LANDORE RESOURCES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Notes	Group Six months ended 30 June 2017 £	Group Six months ended 30 June 2016 £
Exploration costs	2	(1,321,976)	(250,108)
Other income		-	26,182
Administrative expenses		(428,706)	(508,340)
Operating loss		(1,750,682)	(732,266)
Finance income		1,015	-
Interest payable		(1,140)	(709)
Loss before income tax		(1,750,807)	(732,975)
Income tax expense		-	-
Loss for the period		(1,750,807)	(732,975)
Other comprehensive loss:			
Exchange difference on translating foreign Operations		(18,070)	(10,837)
Other comprehensive loss for the year net of tax		(18,070)	(10,837)
Total comprehensive loss for the period		(1,768,877)	(743,812)
Loss attributable to:			
Equity holders of the Company		(1,750,807)	(732,975)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,768,877)	(743,812)
Loss per share attributable to the equity holders of the Company during the year			
- basic & diluted	3	(£0.002)	(£0.001)

The Group's operating loss relates to continuing operations.

The notes and accounting policies on pages 9 and 10 form part of these interim financial statements.

LANDORE RESOURCES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Share capital £	Share premium £	Share options reserve £	Warrants reserve £	Retained earnings £	Cumulative translation reserve £	Total £
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 period	—	—	—	—	(732,975)	—	(732,975)
Other comprehensive loss in the period	—	—	—	—	—	(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	35,138,858	—	1,103,883	33,690	(35,107,903)	(316,307)	852,221
Balance at							
1 January 2017	35,264,858	—	714,541	33,690	(35,710,215)	(344,495)	(41,621)
Loss for the period	—	—	—	—	(1,750,807)	—	(1,750,807)
Other comprehensive loss in the period	—	—	—	—	—	(18,070)	(18,070)
Issue of ordinary share capital	2,107,425	—	—	—	—	—	2,107,425
Placing expenses	(41,846)	—	—	—	—	—	(41,846)
Share options lapsed	—	—	(66,449)	—	66,449	—	—
Balance at							
30 June 2017	37,330,437	—	648,092	33,690	(37,394,573)	(362,565)	255,801

The accounting policies and notes on pages 9 and 10 form part of these financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2017

	Notes	Group As at 30 June 2017 £	Group As at 30 June 2016 £	Group As at 31 December 2016 £
Assets				
Non current assets				
Property, plant and equipment		23,531	35,480	30,480
Investments		-	-	-
		23,531	35,480	30,480
Current assets				
Trade and other receivables		160,350	19,070	65,799
Cash and cash equivalents		618,924	944,544	148,532
		779,274	963,614	214,331
Total assets		802,805	999,094	244,811
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	4	37,330,437	35,138,858	35,264,858
Share premium		-	-	-
Share options reserve		648,092	1,103,883	714,541
Warrants reserve		33,690	33,690	33,690
Retained earnings	5	(37,394,573)	(35,107,903)	(35,710,215)
Cumulative translation reserve		(362,565)	(316,307)	(344,495)
Total equity		255,081	852,221	(41,621)
Liabilities				
Current liabilities				
Trade and other payables		512,216	112,536	250,248
Income tax liabilities		35,508	34,337	36,184
		547,724	146,873	286,432
Total liabilities		547,724	146,873	286,432
Total equity and liabilities		802,805	999,094	244,811

The notes and accounting policies on pages 9 and 10 form part of these interim financial statements.

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UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2017

	Group Six months ended 30 June 2017 £	Group Six months ended 30 June 2016 £
Cash flows from operating activities		
Operating loss	(1,750,682)	(732,266)
Finance income	1,015	-
Finance costs	(1,140)	(709)
Depreciation of tangible fixed assets	6,824	6,002
Foreign exchange loss on non-cash items	(20,546)	(12,940)
Share option charge	-	245,864
Other non-cash movements	39,960	-
(Increase)/decrease in receivables	(96,250)	21,636
Increase/(decrease) in payables	267,108	(198,624)
Net cash outflow from operating activities	<u>(1,553,711)</u>	<u>(671,037)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(404)	-
	<u>(404)</u>	<u>-</u>
Cash flows from financing activities		
Issue of ordinary share capital	2,067,465	1,228,830
Issue costs	(41,846)	-
Net cash inflow from financing activities	<u>2,025,619</u>	<u>1,228,830</u>
Net increase in cash and cash equivalents	471,504	557,793
Cash and cash equivalents at beginning of period	148,532	368,475
Exchange (loss)/gain on cash and cash equivalents	(1,112)	18,276
Cash and cash equivalents at end of period	<u><u>618,924</u></u>	<u><u>944,544</u></u>

The notes and accounting policies on pages 9 and 10 form part of these interim financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2017**

1 Basis of accounting and accounting policies

The financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union at the time of preparing these financial statements (September 2017). 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 2016.

2 Exploration expenditure and mineral properties

	1 January 2017 £	Net Expenditure in period £	Accumulated expenditure 30 June 2017 £
Junior Lake/Lamaune Lake	17,416,905	1,311,633	18,728,538
Miminiska Lake	1,522,288	2,822	1,525,110
Lessard	697,191	3,150	700,341
Fronde Lake	81,735	1,555	83,290
Wottam	61,558	-	61,558
Others, including Swole Lake and West Graham	69,660	2,816	72,477
	<u>19,849,337</u>	<u>1,321,976</u>	<u>21,171,314</u>

Mineral properties at 30 June 2017 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 759,215,748 (June 2016: 634,924,131).

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 2017

4	Share capital	30 June 2017	1 January 2017
		£	£
	Issued:		
	785,540,779 (2016: 707,488,001) ordinary shares at nil par value	<u>37,330,437</u>	<u>35,264,858</u>

On 3 March 2017, 74,075,000 ordinary shares were issued at a price £0.027 each as part of a share subscription raising £2,000,025.

A further 3,700,000 ordinary shares were issued on 3 March 2017 at £0.027 per share as part of a share subscription raising £99,900.

A further 277,778 ordinary shares were issued on 16 March 2017 at £0.027 per share in settlement of a payable of £7,500.

	Share capital 2017
	£
At 1 January 2017	35,264,858
Shares issued in the period	2,107,425
Share issue costs	(41,846)
At 30 June 2017	<u><u>37,330,437</u></u>

5	Retained earnings	£
	At 1 January 2017	(35,710,215)
	Loss for the period	(1,750,807)
	Fair value of share options lapsed	66,449
	At 30 June 2017	<u><u>(37,394,573)</u></u>