

LANDORE RESOURCES LIMITED

INTERIM STATEMENT
For the six months ended 30 June 2018

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	Strand Hanson Limited 26 Mount Row London W1K 3SQ
Broker	Cenkos Securities Limited 6 7 8 Tokenhouse Yard London EC2R 7AS
Auditor	Grant Thornton Limited PO 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
Solicitors	Stephenson Harwood LLP 1 Finsbury Circus London EC2M 7SH

LANDORE RESOURCES LIMITED

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE SIX MONTHS ENDED 30 JUNE 2018

General

The following discussion of performance, financial condition and future prospects should be read in conjunction with the interim consolidated financial statements of Landore Resources Limited ("Landore Resources" or the "Company") and its subsidiaries (together, "the Group") and notes thereto for the period from 1 January 2018 to 30 June 2018. All amounts are stated in sterling.

Overview

Landore Resources is admitted to trading 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 per cent. owned operating subsidiary, Landore Resources Canada Inc. ("Landore Canada"), 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 2018 show a loss of £1,259,182 (2017: loss £1,750,807). These results were in line with expectations. Exploration costs were £892,124 (2017: £1,321,976).

On 3 April 2018, the Company completed a placing and subscription to raise, in aggregate, £2,924,709, net of issue costs, through the issue of 210,000,000 new ordinary shares at a price of 1.5 pence per share.

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

Operations

Landore Canada, is actively engaged in mineral exploration in Eastern Canada. Landore Canada owns or has the mineral rights to four properties in Eastern Canada, a 90.2 per cent. controlling interest in Lamaune Iron Inc. ("Lamaune"), which owns the property adjacent to Junior Lake, and a 30 per cent interest in the West Graham property located in the Sudbury Nickel Belt.

Landore Canada 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 Canada's primary operational focus during the first half of 2018 was on the growth of the BAM East Gold Deposit located on the 100 per cent owned, highly prospective Junior Lake Property, Northwestern Ontario ("Junior Lake").

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, 100 per cent. owned by Landore Canada, is located in the province of Ontario, Canada, approximately 235 kilometres north-northeast of Thunder Bay and is host to the recently discovered BAM Gold Deposit, the B4-7 Nickel-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.

In October 2017, Landore Canada received 576,192,087 common shares in the capital of Lamaune, in full satisfaction of a loan receivable from Lamaune. This acquisition of the contiguous Lamaune property (90.2 per cent owned by Landore Canada) has increased the size of Landore Canada's Junior Lake property from 22,497 hectares to 26,593 hectares, extending the coverage of the highly prospective Archean greenstone belt traversing the property from east to west from 19 kilometres to approximately 31 kilometres in length.

The recently- expanded property now encompasses the Lamaune Gold deposit, located 10 kilometres west of the BAM East Gold Deposit.

BAM Gold Deposit:

Discovered in December 2015, the BAM Gold Deposit contains a JORC (2012) compliant mineral resource estimate of 18,588,000 tonnes (t) at 1.04 grams/tonne (g/t) for 623,000 ounces of gold including 13,864,000t at 1.09g/t for 486,000 ounces gold in the Indicated Category, as announced on 7 August 2018. 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:

A 12,000 metre drilling programme on the BAM Gold Project commenced on 20 April 2018, focusing on drilling every 100 metres within an approximately 900 metre span between the previously-drilled main BAM Gold Deposit and the original BAM Gold Zone. The current programme has drilled from near surface down to approximately 190 metres vertical and has intersected widespread gold mineralisation of similar grade to the two deposits with multiple instances of visible gold (VG). Exploration drilling scheduled near the end of the programme will test the gold potential approximately one kilometre to the east of the currently defined mineral resource estimate.

The summer drilling campaign concluded on 17 September 2018 with 23 NQ diamond drill holes (0418-626 to 0418-648) for 3,731 metres and 38 HQ diamond drill holes (0418-649 to 0418-686) for 8,842 metres giving a total of 12,673 metres completed.

All data from the campaign will be collated for the preparation of a further updated mineral resource estimate by independent engineering consultants, scheduled for completion in Q4 2018 . The updated mineral resource estimate will form the basis for a preliminary economic assessment (“PEA”) to be completed Q1 2019.

Outlook

Infill drilling completed this summer will be incorporated into the updated mineral resource estimate which is projected to increase the strike length of the BAM Gold Deposit to 2.1 kilometres. This, together with exploration drilling east of the defined mineral resource, bodes well for the possibility of finding and delineating further gold deposits along this highly prospective Junior Lake trend.

The Company believes that the PEA will demonstrate the economic viability of the project and support the Board’s opinion that the BAM Gold deposit can be developed into a low-cost open pit mining operation.

The BAM Gold Deposit remains open to the east, west and down dip, providing additional exploration potential to target for future drill programmes on Junior Lake.

Social and environmental responsibility:

The Group 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 the Group’s exploration initiatives by establishing and maintaining co-operative relationships with First Nations communities, hiring local personnel and using local contractors and suppliers.

LANDORE RESOURCES LIMITED

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE SIX MONTHS ENDED 30 JUNE 2018**

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.

19 September 2018

LANDORE RESOURCES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Notes	Group Six months ended 30 June 2018 £	Group Six months ended 30 June 2017 £
Exploration costs	2	(892,124)	(1,321,976)
Administrative expenses		(370,700)	(428,706)
Operating loss		(1,262,824)	(1,750,682)
Finance income		3,642	1,015
Interest payable		-	(1,140)
Loss before income tax		(1,259,182)	(1,750,807)
Income tax expense		-	-
Loss for the period		(1,259,182)	(1,750,807)
Other comprehensive loss:			
Exchange difference on translating foreign operations		2,286	(18,070)
Other comprehensive loss for the year net of tax		2,286	(18,070)
Total comprehensive loss for the period		(1,256,896)	(1,768,877)
Loss attributable to:			
Equity holders of the Company		(1,258,938)	(1,750,807)
Non-controlling interests		(244)	-
		(1,259,182)	(1,750,807)
Total comprehensive loss attributable to:			
Equity holders of the Company		(1,256,652)	(1,768,877)
Non-controlling interests		(244)	-
		(1,256,896)	(1,768,877)
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 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 2018

	Share capital £	Share options reserve £	Warrants reserve £	Retained earnings £	Cumulative translation reserve £	Non- controlling interest £	Total £
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
Balance at							
1 January 2018	38,322,307	855,453	—	(38,778,911)	(314,303)	(1,551)	82,995
Loss for the period	—	—	—	(1,258,938)	—	(244)	(1,259,182)
Other comprehensive loss in the period	—	—	—	—	2,286	—	2,286
Issue of ordinary share capital	3,150,000	—	—	—	—	—	3,150,000
Placing expenses	(225,291)	—	—	—	—	—	(225,291)
Share options lapsed	—	(54,846)	—	54,846	—	—	—
Balance at							
30 June 2018	41,247,016	800,607	—	(39,983,003)	(312,017)	(1,795)	1,750,808

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

LANDORE RESOURCES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 30 JUNE 2018

	Notes	Group As at 30 June 2018 £	Group As at 30 June 2017 £	Group As at 31 December 2017 £
Assets				
Non current assets				
Property, plant and equipment		53,746	23,531	61,600
		53,746	23,531	61,600
Current assets				
Trade and other receivables		106,014	160,350	48,535
Cash and cash equivalents		2,228,876	618,924	369,604
		2,334,890	779,274	418,139
Total assets		2,388,636	802,805	479,739
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	4	41,247,016	37,330,437	38,322,307
Share options reserve		800,607	648,092	855,453
Warrants reserve		-	33,690	-
Retained earnings	5	(39,983,003)	(37,394,573)	(38,778,911)
Cumulative translation reserve		(312,017)	(362,565)	(314,303)
Total equity shareholders' funds		1,752,603	255,081	84,546
Non-controlling interests		(1,795)	-	(1,551)
Total equity		1,750,808	255,081	82,995
Liabilities				
Current liabilities				
Trade and other payables		603,284	512,216	361,433
Income tax liabilities		34,544	35,508	35,311
		637,828	547,724	396,744
Total liabilities		637,828	547,724	396,744
Total equity and liabilities		2,388,636	802,805	479,739

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

LANDORE RESOURCES LIMITED

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

	Group Six months ended 30 June 2018 £	Group Six months ended 30 June 2017 £
Cash flows from operating activities		
Operating loss	(1,262,824)	(1,750,682)
Finance income	3,642	1,015
Finance costs	-	(1,140)
Depreciation of tangible fixed assets	6,438	6,824
Foreign exchange loss on non-cash items	-	(20,546)
Share option charge	-	-
Other non-cash movements	-	39,960
Increase in receivables	(57,824)	(96,250)
Increase in payables	245,498	267,108
Net cash outflow from operating activities	<u>(1,065,070)</u>	<u>(1,553,711)</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	-	(404)
	<u>-</u>	<u>(404)</u>
Cash flows from financing activities		
Issue of ordinary share capital	3,150,000	2,067,465
Issue costs	(225,291)	(41,846)
Net cash inflow from financing activities	<u>2,924,709</u>	<u>2,025,619</u>
Net increase in cash and cash equivalents	1,859,639	471,504
Cash and cash equivalents at beginning of period	369,604	148,532
Exchange loss on cash and cash equivalents	(367)	(1,112)
Cash and cash equivalents at end of period	<u><u>2,228,876</u></u>	<u><u>618,924</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 2018**

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 2018). 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 2017.

2 Exploration expenditure and mineral properties

	1 January 2018 £	Net Expenditure in period £	Accumulated expenditure 30 June 2018 £
Junior Lake/Lamaune Lake	19,548,892	886,897	20,435,789
Miminiska Lake	1,527,536	2,245	1,529,781
Lessard	700,356	-	700,356
Fron Lake	83,297	1,552	84,849
Wottam	61,558	-	61,558
Others, including Swole Lake, West Graham and Root Lake	72,910	1,430	74,340
	<u>21,994,549</u>	<u>892,124</u>	<u>22,886,673</u>

Mineral properties at 30 June 2018 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 938,015,227 (June 2017: 759,215,748).

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.

LANDORE RESOURCES LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2018

4	Share capital	30 June 2018 £	1 January 2018 £
	Issued:		
	1,045,915,779 (2017: 835,915,779) ordinary shares of nil par value	<u>41,247,016</u>	<u>38,322,307</u>
	On 4 April 2018, 210,000,000 ordinary shares were issued at a price of £0.015 each as part of a share placing and subscription raising £3,150,000 before issue costs.		
	As part of this share placing and subscription one warrant was issued with each new ordinary share with an exercise price of £0.02 per ordinary share. No value has been ascribed to these warrants as they are deemed not to have been issued in exchange for goods or services and therefore no value is ascribed per IFRS 2.		
			Share capital 2018 £
	At 1 January 2018		38,322,307
	Shares issued in the period		3,150,000
	Share issue costs		(225,291)
	At 30 June 2018		<u>41,247,016</u>
	5 Retained earnings		£
	At 1 January 2018		(38,778,911)
	Loss for the period		(1,258,938)
	Fair value of share options lapsed		54,846
	At 30 June 2018		<u>(39,983,003)</u>