RNS Number : 4749Z
Landore Resources Limited
21 September 2020

21 September 2020

Landore Resources Limited

("**Landore Resources**" or the "**Company**")

Interim Results for the Six Months Ended 30 June 2020

Landore Resources Limited (AIM:LND) is pleased to announce its interim results for the six months ended 30 June 2020.

For more information, please contact:

Landore Resources Limited

Bill Humphries, Chief Executive Officer Tel: 07734 681262

Glenn Featherby, Finance Director Tel: 07730 420318

Cenkos Securities plc (Nominated Advisor and Broker)

Derrick Lee / Peter Lynch Tel: 0131 220 9100

MANAGEMENT DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 2020 to 30 June 2020. 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 2020 show a loss of £695,406 (2019: loss £697,542). These results were in line with expectations. Exploration costs were £102,750 (2019: £262,254).

Three placings and subscriptions were completed between 1 January and 30 June 2020. On 14 January 2020, the Company completed a placing and subscription to raise gross proceeds of £225,000 through the issue of 32,142,857 new ordinary shares at a price of 0.7 pence per share. On 24 April 2020, the Company raised further gross proceeds of £260,000 through the issue of 38,518,519 shares at a price of 0.675 pence per share, with each subscriber receiving one warrant per ordinary share subscribed for, exercisable at 1 pence each. On 29 June 2020, the Company completed a placing and subscription to raise gross proceeds of £2.8 million through the issue of 414,814,815 new ordinary shares at a price of 0.675 pence per share, with each subscriber receiving one warrant per ordinary share subscribed for, exercisable at 1 pence each, with the shares issued and funds being received after the period end in July 2020.

The Group cash at bank at 30 June 2020 was £79,000, with the proceeds of the placing announced on 29 June 2020 being received post period end. The Group has no debt but will need to raise further equity in order to carry out its future exploration and development activities beyond the current drilling and exploration programme, and also for additional working capital. At present, the Group has sufficient funding to complete the current drilling and exploration programme and to meet Group working capital requirements to the end of June 2021.

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 is 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.

BAM Gold Deposit:

During 2018, Landore Resources' exploration efforts were targeted at increasing the Junior Lake, BAM Gold resource towards 1,000,000 ounces of gold, and upgrading Inferred mineral resources to an Indicated status, the results of which were subsequently used to complete a revised Mineral Resource Estimate with Technical Report. Both targets were achieved on time and within budget.

Cube Consulting Pty Ltd ("**Cube**") was engaged by Landore Resources Canada Inc. ("**Landore"**) to conduct a revised Mineral Resource Estimate with Technical Report, in compliance with the requirements of the Canadian National Instruments 43-101

Standards of Disclosure for Mineral Projects ("**NI 43-101**"), on the BAM Gold Project, in Ontario, Canada.

The revised Mineral Resource Estimate and Technical Report were reported by Landore on 7th January and 9th April 2020 respectively.

Highlights of the Drilling and Resource Update include:

- The new Mineral Resource Estimate (MRE) modelling has increased the BAM Gold resource to: 31,083,000 tonnes (t) at 1.02 grams/tonne (g/t) for 1,015,000 ounces of gold including 21,930,000t at 1.06g/t for 747,000 ounces gold in the Indicated Category.

- The BAM Gold Deposit now extends for 3,700 metres from 400E to 4100E and remains open down dip and along strike to the east and the west. In addition, the recently completed Soil sampling program has identified widespread gold mineralisation along strike to the west for a further 7 kilometres.

In response to the significant increase in the price of gold since the Company's Preliminary Economic Assessment ("PEA") was updated in December 2019, a 'Pit Optimisation Review' (the "Review") complete with physicals and financial analysis' at various gold prices ranging from US$1,500 to US$2,400 has been prepared. The Review shows revenue increasing from US$842 million to US$1,977 million over that range. The Review covering the five Pit Shell Options considered the existing Indicated and Inferred Resource based on drilling completed to date.

The December 2019 Updated PEA for the BAM Gold project provided a price sensitivity analysis of the 'Extended case' which, at a gold price of US$1,560, would produce a Post Tax, Net Present value (NPV) of US$227 million. At the current gold price of US$1,900 that Post tax NPV would be elevated to US$370 million.

Drilling and exploration is planned to commence in October 2020 to further extend the known BAM Gold Zone to the east and west and to test any potential mineralisation identified in the recently completed soil sampling exploration program (as reported 9th December 2019). In addition, deep holes are planned to test the continuity of high grade mineralisation below the existing BAM Gold Deposit.

The continued rapid growth of the BAM Gold Deposit together with the possible future development of the other known gold prospects along this highly prospective 31 kilometre long Archean greenstone belt bodes well for the future of the Junior Lake Property hosting a multi-million ounce gold deposit.

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 the Group's exploration initiatives and the Company seeks to establish and maintain co-operative relationships with First Nations communities, hiring local personnel and using local contractors and suppliers where possible. 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 towards its operations, and is aware of its social responsibility and its environmental duty.

18 September 2020

UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Notes	Group Six months ended 30 June 2020 £	Group Six months ended 30 June 2020 £
Exploration costs	2	(102,750)	(262,254)
Administrative expenses		(592,669)	(435,350)
Operating loss		(695,419)	(697,604)
Finance income		13	62
Loss before income tax		(695,406)	(697,542)
Income tax expense		-	-
Loss for the period		(695,406)	(697,542)
Other comprehensive loss:			
Exchange difference on translating foreign operations		(1,946)	(333)
Other comprehensive loss for the year net of tax		(1,946)	(333)
Total comprehensive loss for the period		(697,352)	(697,875)
Loss attributable to:			
Equity holders of the Company		(694,901)	(697,281)
Non-controlling interests		(505)	(261)
		(695,406)	(697,542)
Total comprehensive loss attributable to:			
Equity holders of the Company		(696,847)	(697,614)
Non-controlling interests		(505)	(261)

		(697,352)	(697,875)
Loss per share attributable to the equity holders of the Company during the year			
- basic & diluted	**3**	(£0.001)	(£0.001)

The Group's operating loss relates to continuing operations.

UNAUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Share capital £	Share options reserve £	Retained earnings £	Cumulative translation reserve £	Non-controlling interest £	Total £
Balance at 1 January 2019	41,247,016	726,453	(41,432,637)	(312,633)	(2,305)	225,894
Loss for the period	-	-	(697,281)	-	(261)	(697,542)
Other comprehensive loss in the period	-	-	-	(333)	-	(333)
Issue of ordinary share capital	1,100,000	-	-	-	-	1,100,000
Placing expenses	(141,312)	-	-	-	-	(141,312)
Share options lapsed	-	(9,029)	9,029	-	-	-
Balance at 30 June 2019	42,205,704	717,424	(42,120,889)	(312,966)	(2,566)	486,707
Balance at 1 January 2020	42,915,903	640,347	(43,353,485)	(343,517)	(3,227)	(143,979)
Loss for the period	-	-	(694,901)	-	(505)	(695,406)
Other comprehensive loss in the period	-	-	-	(1,946)	-	(1,946)
Issue of ordinary share capital	553,000	-	-	-	-	553,000
Placing expenses	(57,700)	-	-	-	-	(57,700)
Balance at 30 June 2020	43,411,203	640,347	(44,048,386)	(345,463)	(3,732)	(346,031)

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 30 JUNE 2020

	Notes	Group As at 30 June 2020 £	Group As at 30 June 2019 £	Group As at 31 December 2019 £
Assets				
Non-current assets				
Property, plant and equipment		28,688	36,456	32,323
		28,688	36,456	32,323
Current assets				
Trade and other receivables		13,880	48,651	19,965
Cash and cash equivalents		79,032	689,089	107,668
		92,912	737,740	127,633
Total assets		121,600	774,196	159,956
Equity				
Capital and reserves attributable to the Company's equity holders				
Share capital	**4**	43,411,203	42,205,704	42,915,903
Share options reserve		640,347	717,424	640,347
Retained earnings	**5**	(44,048,386)	(42,120,889)	(43,353,485)
Cumulative translation reserve		(345,463)	(312,966)	(343,517)
Total equity shareholders' funds		(342,299)	489,273	(140,752)
Non-controlling interests		(3,732)	(2,566)	(3,227)
Total equity		(346,031)	486,707	(143,979)
Liabilities				
Current liabilities				
Trade and other payables		431,911	251,481	269,058
Income tax liabilities		35,720	36,008	34,877
		467,631	287,489	303,935
Total liabilities		467,631	287,489	303,935

Total equity and liabilities	121,600	774,196	159,956

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

	Group Six months ended 30 June 2020 £	Group Six months ended 30 June 2019 £
Cash flows from operating activities		
Operating loss	(695,419)	(697,604)
Finance income	13	62
Depreciation of tangible fixed assets	4,315	8,925
Decrease/(increase) in receivables	6,271	(4,109)
Increase in payables	226,954	142,433
Net cash outflow from operating activities	(457,866)	(550,293)
Cash flows from financing activities		
Issue of ordinary share capital	485,000	1,000,000
Issue costs	(57,700)	(41,312)
Net cash inflow from financing activities	427,300	958,688
Net (decrease)/increase in cash and cash equivalents	(30,566)	408,395
Cash and cash equivalents at beginning of period	107,668	277,458
Exchange gain on cash and cash equivalents	1,930	3,236
Cash and cash equivalents at end of period	79,032	689,089

NOTES TO THE FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2020

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 (August 2020). The Directors have elected not to apply IAS 34 *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 2019.

2 Exploration expenditure and mineral properties

	1 January 2020	Net Expenditure in Period	Accumulated expenditure 30 June 2020
	£	£	£
Junior Lake/Lamaune Lake	22,819,766	99,647	22,919,413
Miminiska Lake	1,530,941	1,107	1,532,048
Lessard	705,347	-	705,347
Frond Lake	84,976	1,392	86,368
Wottam	61,558	-	61,558
Others, including Swole Lake, West Graham and Root Lake	79,310	604	79,914
	25,281,898	102,750	25,384,648

Mineral properties at 30 June 2020 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 1,352,123,678 (June 2019: 1,067,620,594).

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.

4 Share capital

	30 June 2020	1 January 2020

	£	£
Issued: 1,384,261,884 (December 2019: 1,303,600,508) ordinary shares of nil par value	43,411,203	42,915,903

On 21 January 2020, 32,142,857 ordinary shares were issued at a price of £0.007 each as part of a share subscription raising £225,000 before issue costs.

On 13 February 2020, 10,000,000 ordinary shares were issued at a price of £0.0068 each to Richard Prickett as part of his compensation for taking a reduced salary from 1 July 2015 which was intended to be deferred and in recognition of his long service to the Company.

On 4 May 2020, 38,518,519 ordinary shares were issued at a price of £0.00675 each as part of a share subscription raising £260,000 before issue costs.

As part of this share issue one warrant was issued with each new ordinary share, totalling 38,518,519 warrants, with an exercise price of £0.01 per ordinary share and are exercisable for two years from the date of admission of the placing shares to AIM. 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

	2020 £
At 1 January 2020	42,915,903
Shares issued in the period	553,000
Share issue costs	(57,700)
At 30 June 2020	43,411,203

5 **Retained earnings**

	£
At 1 January 2020	(43,353,485)
Loss for the period	(694,901)
At 30 June 2020	(44,048,386)

6 Events after the interim reporting period

On 29 June 2020 the Company announced that it had conditionally raised gross proceeds of £2.8m through a placing of 414,814,815 new ordinary shares at a price of 0.675 pence per new ordinary share and the issue of 414,814,815 warrants to new and existing institutional investors in the Company. The placing was approved by the Company's shareholders at the Company's Extraordinary General Meeting held on 13 July 2020.

On 24 July 2020 the Company issued a total of 48,000,000 options over new ordinary shares to certain Directors and employees of the Company. The options have an exercise price of 1.2 pence and can be exercised from 24 January 2021 until 23 July 2025. Following this award, there were 134,250,000 options outstanding.

On 20 August 2020 the number of issued ordinary shares of no par value each in the Company was reduced by a multiple of 20. Upon the share consolidation becoming effective, the 478,222,223 existing warrants exercisable at 1 pence and the 7,142,857 existing warrants exercisable at 0.875 pence currently outstanding were adjusted to 23,911,111 warrants exercisable at 20 pence and 357,142 warrants exercisable at 17.50 pence respectively. Similarly, following the share consolidation, the Company had a total of 6,712,500 options outstanding. Following the share consolidation and admission of the new ordinary shares to trading on AIM, the total number of shares in issue and voting rights in the Company was 89,953,835.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our Privacy Policy.

END

IR BDGDCRUBDGGI