

21 January 2015

## Divestment of Lennons Find Project Update

### Highlights

- **Laconia realises further value of Lennons Find Base Metal's Project in the Pilbara**
- **Company receives additional cash component, continues to retain exploration upside and minority interest**

Laconia Resources Limited (ASX: LCR) ("**Laconia**" or "**the Company**") is pleased to advise that further to an approach by unlisted Musketeer Mining Limited ("MML") it has effected a variation of its agreement with MML to sell its interests in the Lennons Find Project to MML as previously announced to the market on 2 January 2014.

MML has advised Laconia that it has entered into a binding terms sheet with International Goldfields Limited (ASX: IGS) ("IGS") for IGS to acquire 100% of the issued capital of MML which holds a number of highly prospective mineral tenements in the Pilbara region of Western Australia.

Conditional on the MML and IGS transaction proceeding, Laconia has agreed the following additional final consideration with MML:

- a cash payment of \$75,000 on or before 31 March 2015; and
- a cash payment of \$125,000 on or before 31 October 2015.

Laconia has confirmed with MML, also conditional on the MML and IGS transaction proceeding, that it has elected to receive 2,387,898 shares in MML, representing 10% of MML.

Before the variation, within 7 days of MML or a shell company completing a capital raising of a minimum of \$2,000,000, Laconia could elect to receive:

- a) 10% of the issued shares of MML or the shell company at the date of completion of the Capital Raising; or
- b) if the Lennons Find project was acquired by a company which is already listed on the Australian Securities Exchange (ASX), issuing Laconia 10% of any securities issued as consideration for the acquisition of the Lennons Find project.

Despite the Lennon's Find project effectively being purchased by an ASX listed entity, by electing to receive 10% of MML, Laconia believes it is maximising the its sales consideration.

## Share Consolidation and Capital Raising

IGS has announced to the market that intends to undertake a consolidation on a 1 for 10 basis and then a capital raising of \$1 million through a share placement to sophisticated investors at 1 cent per share (on a post consolidated basis), with funds to be applied towards exploration, repayment of existing loans and for working capital.

### Consideration payable by IGS to MML

Subject to satisfaction of the Conditions Precedent outlined below, IGS will acquire 100% of the issued capital of MML in consideration for:

- (i) 5. 9186 IGS ordinary shares for each MML share held, being a total of 141,329,982 shares (*Laconia's share is 14,132,998 IGS shares*);
- (ii) 141,329,982 IGS unlisted options exercisable at \$0.02 exercisable on or before 31 December 2017 (*Laconia's share is 14,132,998 IGS unlisted options*);
- (iii) 50 million A Class Performance Shares, which expire 3 years from the date of issue and are convertible (1:1) upon the successful completion of a pre-feasibility study within 3 years on any of the MML projects (*Laconia's share is 5,000,000 unlisted A Class Performance Shares*);
- (iv) 50 million B Class Performance Shares, which expire 3 years from the date of issue and are convertible (1:1) upon the successful completion of a bankable feasibility study within 4 years on any of the MML projects (*Laconia's share is 5,000,000 B Class Performance Shares*);
- (v) 50 million C Class Performance Shares, which expire 5 years from the date of issue and are convertible (1:1) upon opening of a mine site on any of the MML projects (*Laconia's share is 5,000,000 C Class Performance Shares*).

The terms of the Performance shares are subject to ASX approval under ASX Listing Rule 6.2. The Consideration securities may be subject to ASX imposed escrow.

### Conditions Precedent

Completion of the MML and IGS transaction is conditional upon the following events occurring:

- (a) Formal agreements being negotiated and executed by IGS and MML including the standard terms expected from an agreement of this type;
- (b) All representations and warranties given in the formal agreement remaining true and correct at Completion;
- (c) Completion by IGS and MML of legal, technical and financial due diligence on the other party and their respective assets to the satisfaction of each party;
- (d) Approval from IGS shareholders required for the transaction under the Corporations Act and the ASX Listing Rules including approvals necessary for the change of IGS' company name;
- (e) IGS to undertake a minimum capital raising of \$1m via the issue of 100m fully paid ordinary shares (on a 1 for 10 post consolidation basis);
- (f) Completion is to occur as soon as practicable as and no later than 9 March 2015 after the date of the Heads of Agreement, unless otherwise agreed in writing;

The effect on Laconia of electing to receive 10% of MML is that it will participate in the issue all benefits MML is entitled to under its agreement with IGS, including but not limited to 10% of all consideration listed at items (i) to (v) above.

Commenting on the variation Mr Stuart said: “He was delighted to conclude the variation to the agreement, whilst retaining the exploration upside and that he wished Musketeer every success in their exploration efforts.”

**\*\*\*ENDS\*\*\***

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**About Laconia Resources Limited**

ASX Listed Laconia Resources Limited (ASX: LCR) is a Perth-based precious and base metals exploration and development Company with a Latin American focus. The Company’s flagship Rasuhilca Project in Peru is an advanced copper-gold-silver project in the Ayacucho region of Southern Peru, across 4 permits covering 27.65 km<sup>2</sup>. In addition, the Company has gained access to a further 11 contiguous permits through an Option Agreement, covering 56.22 km<sup>2</sup>. The total area of 83.87 km<sup>2</sup> hosts the entire Ccarhuaraso volcanic system that is proven to host high sulphidation epithermal copper gold and silver.

In Western Australia, the Company has a portfolio of advanced mineral projects in the Murchison and Pilbara regions, across 2 granted tenements covering an approximate 98.7 km<sup>2</sup>.