

Quarterly Activities Report Quarter Ended 30 June 2017

Highlights

- **Completes acquisition of 50 continuous strike/km's of highly prospective greenstones within the Kraaipan Gold-Nickel-Copper-PGM Project in southern Botswana.**
- **Appointed the experienced management team of Dr Quinton Hills as Chief Executive Officer and Mr Fred Nhiwatiwa as Country Manager.**
- **New management team have previously discovered mineral deposits that have led to the development of mines in Botswana.**
- **Granted two new Prospecting Licences covering additional sections of the Amalia-Kraaipan Greenstone Terrane in southern Botswana, to be named the Kraaipan West Gold-Nickel-Copper-PGM Project.**
- **Laconia's ground holding covering highly prospective greenstone rocks in southern Botswana has increased by almost 120% to 1,896km².**
- **Commenced a comprehensive and targeted exploration program on the Kraaipan Project, utilising geochemical and geophysical techniques which have been used to find gold deposits in Australia's Yilgarn Goldfields but have not yet been routinely applied in this terrane.**
- **Laconia plans to analyse targeted subsets of the approx. 14,000 geochemical soil survey samples, it acquired as a part of the acquisition of the Kraaipan Project, which provide an almost tenure-wide coverage of the prospective greenstone rocks.**
- **Results of the geochemical analysis will be assessed by a leading expert in gold exploration geochemistry.**
- **An assessment of the geophysical data covering the Kraaipan greenstone terrane is currently underway to expedite exploration and assist with drill target definition.**

About the Kraaipan Gold-Nickel-Copper-PGM Project

The Kraaipan Gold-Nickel-Copper-PGM Project comprises Prospecting Licence, PL232/2016 ('Project Tenure') and covers approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana (Figure 1). The Kraaipan Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits, as well as adjacent to significant PGE deposits across the border in South Africa.

The southern boundary of the Project tenure is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (capital of Botswana), approximately 150 kilometres to the north.

Laconia is currently completing a comprehensive, targeted exploration program of the 50 strike/km's of highly prospective, greenstone rocks within the Kraaipan Project area. The exploration program will utilise geochemical and geophysical techniques which have been used to find gold deposits in Australia's Yilgarn Goldfields but have not yet been routinely applied in this terrane.

Previous Gold Exploration

Previous first pass exploration within the Kraaipan Project area by third parties only focused on an approximately 10 kilometre-long section in the south of the project, where the prospective greenstones outcrop (Figure 2). This exploration confirmed the gold prospectivity of the Kraaipan Project with 224 rock chip samples being taken across the outcropping areas, where cross-cutting quartz veins/breccia were observed (Figure 3)*. The most significant rock chip assay results from this survey include: **36g/t Au**, **9.9g/t Au**, **7.4g/t Au**, **6.2g/t Au**, 4.8g/t Au, 4.7g/t Au, 4.5g/t Au, 4.4g/t Au, 3.5g/t Au; as well as another 38 assay results above 1g/t Au. Overall 20% of the rock chip samples (47 in total) produced assay results greater than 1g/t Au.

The excellent assay results from the rock chip survey were then followed up with a first pass drill program of 74 RAB holes for 3,631m RAB drilling[^]. Several of these holes intersected significant, shallow gold mineralisation such as:

- KP037: 13m @ **1.7g/t Au** from 11m, including 3m @ **5.1g/t Au**;
- KP052: 21m @ 1.0g/t Au from 6m, including 5m @ **2.3g/t Au** from 27m;
- KP077: 9m @ 1.1g/t Au from 17m, including 4m @ **2.3g/t Au**;
- KP074: 42m @ 0.6g/t from 3m, including 21m @ 1g/t Au from 9m;
- KP045: 13m @ 0.5g/t Au from 17m, including 6m @ 0.8g/t Au;
- KP038: 15m @ 0.3g/t Au from 9m, including 5m @ 0.7g/t Au;
- KP061: 19m @ 0.3g/t Au from surface, including 9m @ 0.6g/t Au;
- and KP060: 12m @ 0.5g/t Au from surface.

Inclusive with the acquisition of the Kraaipan Project is a geochemical soil survey of approx. 14,000 samples that provides an almost project-wide coverage of the prospective greenstone rocks (Figure 4). Less than half of these samples have been analysed and then only using a portable XRF but already the results show several geochemically anomalous areas, that need to be followed up. Consequently, the Company plans to analyse targeted subsets of the regional soil survey samples for low detection Au & PGMs as well as 'Pathfinder' elements to help target gold mineralisation in the underlying bedrock. The

company will secure the services of a leading expert in gold exploration geochemistry to advise on selecting the most prospective targets to follow up with further, more focused exploration.

* See LCR announcement on the 4/4/2017 for all rock chip survey points, drill hole details and assay results, including a JORC (2012) Table 1.

Figure 3: Example of the quartz ± carbonate veins, found within steeply dipping, sub-greenschist facies, Banded Iron Formation ('BIF') rock units from the outcropping areas in the south of the Kraaipan Project.



Proposed Gold Exploration Activities

As previous exploration was mainly confined to the outcropping rocks, vast areas of gold prospective greenstone rocks have been left unexplored due to various thicknesses of transported overburden (0-30 metres). This provides Laconia with an exciting and unique opportunity to apply well developed and highly successful undercover exploration techniques, that are tried and tested in especially in western and southern Australia (Yilgarn, Gawler, etc) to an exciting, well-endowed but poorly explored greenstone belt. The most effective and successful uncover exploration techniques to find gold mineralisation similar to that found at Kalgold undercover is considered to be a combination of geochemical soil and calcrete sampling. In order to progress the exploration of the Kraaipan Project the company plans to:

Geochemistry

- Analyse a selected subsets of the regional soil survey samples for low detection Au & PGMs, as well as 'Pathfinder' elements e.g. As, Bi, Ag, Hg, Cu, Zn, etc.
- Regional soil sampling survey results assessed by a leading expert in gold exploration geochemistry.
- Trench and drill (aircore) to sample the calcrete and top of the basement in areas of anomalous concentrations of 'Pathfinder' elements or gold anomalism from the soil sampling survey results.

Geophysics

- Review the historical Airborne Electromagnetic Survey (VTEM) and Moving Loop Electromagnetic Survey (MLEM) data for conductive anomalies coincident with geochemical anomalies.
- Review the magnetic data across the tenure and produce a detailed 'Depth to Magnetic Source' map for an understanding of depth to the BIF units that host gold mineralisation.

- 3D modelling of magnetic units within areas of anomalous geochemistry to understand the geometry of the BIF units that host gold mineralisation.
- Complete Induced Polarisation (IP) Surveys across any areas of anomalous concentrations of 'Pathfinder' elements or gold anomalism, as well as the area of the Kraaipan Project with significant gold results from historical drilling.

Drilling

- Drill test exploration targets generated by the geochemical/geophysical results.
- Drill to test the extents of the gold mineralisation outlined by previous explorers.

New Management

CEO – Dr Quinton Hills

Dr Quinton Hills is a geologist and minerals industry executive with 15 years' experience in project generation, exploration and project development across a broad range of base and precious metals in Australia, Botswana and Sweden. Dr Hills has been the Exploration Manager for three ASX-listed mineral resource companies. He has a PhD in Structural Geology with extensive experience in multiply deformed and highly metamorphosed terranes and is an expert in exploration concept/target generation. Importantly, Dr Hills has already made discoveries in Botswana. He was responsible for the discovery of ~100M tonnes of copper mineral resources at Boseto in north-western Botswana.

Country Manager – Fred Nhiwatiwa

Laconia has also secured the services of Mr Fred Nhiwatiwa as Country Manager. Mr Nhiwatiwa has over 25 years' experience in design, implementation and management of the business of mineral exploration, resource development and business development in southern Africa. During his career, Mr Nhiwatiwa has been involved in two projects in Botswana that have proceeded from exploration all the way through to mine development, the Mupane Gold Mine and the Boseto Copper Mine.

Board Changes

As part of the transaction, Mr Peter Fox resigned as a Director of the Board and was replaced by Mr Jeremy Read.

Mr Read is a seasoned mineral resource industry executive, having worked on a broad range of precious and base metals projects in Australia, Africa, North America, India and Scandinavia. He has been the Managing Director of four ASX listed resource companies. Mr Read has also listed companies on the AIM and Botswana Stock Exchange. Mr Read has extensive experience in gold, nickel and copper exploration having spent 11 years working for BHP in Africa and Australia.

The Board would like to thank the tireless efforts of Mr Fox who was instrumental in withdrawing the company from Peru and securing the Kraaipan Project for Laconia.

About the Kraaipan West Gold-Nickel-Copper-PGM Project

During the Quarter, Laconia was granted two new Prospecting Licences in southern Botswana, which together have been named the Kraaipan West Gold-Nickel-Copper-PGM Project ('Kraaipan West Project').

The Kraaipan West Project covers an approximately 15 kilometre long stretch of the Amalia-Kraaipan Greenstone Terrane (AKGT) in southern Botswana. The AKGT in Botswana is interpreted to be highly prospective for both gold and magmatic nickel-copper-PGM sulphide mineralisation, as these rocks are directly along strike and within the same geological units, as the well-known Kalgold and Kalplats deposits across the border in South Africa.

The Kraaipan West Project comprises Prospecting Licences, PL064/2017 and PL065/2017, which are 584 km² and 446km² in area respectively and are valid for three years (Figure 1). This project is approximately 30 kilometres to the west of Laconia's recently acquired Kraaipan Gold-Nickel-Copper-PGM Project. The southern boundary of the tenures is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (capital of Botswana), approximately 180 kilometres to the north.

Laconia plans to first complete its initial exploration program on its flagship Kraaipan Gold-Nickel-Copper-PGM Project. This exploration program will utilise geochemical and geophysical techniques which have been used to find gold deposits in Australia's Yilgarn Goldfields but have not yet been routinely applied in this terrane. If these exploration techniques are successful on the Kraaipan Project, they will then be applied to the Kraaipan West Project.

Tenement Information as required by Listing Rule 5.3.3

The following is a table setting out the information as required by ASX Listing Rule 5.3.3, namely:

1. Mining tenements held at the end of the Quarter and their location;
2. Mining tenements disposed during the Quarter and location;
3. Beneficial percentage interests held in farm-in or farm-out agreements at end of Quarter; and
4. Beneficial percentage interests held in farm-in or farm-out agreements acquired or disposed of during the Quarter.

Location	Tenement	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
Botswana	PL232/2016	Nil	Nil	100%	100%
Botswana	PL064/2017	Nil	Nil	100%	100%
Botswana	PL065/2017	Nil	Nil	100%	100%
Western Australia (Northern Gascoyne)	E52/2688-I*	80**	80**	-	-

* I = Iron Ore Endorsement

** Mineral rights held by Laconia Resources Ltd (80%) and Pandell Pty Ltd (20%). Manganese and iron ore rights held by Laconia Resources Ltd (70%) and Pandell Pty Ltd (30%).

For further information please visit www.laconia.com.au or contact:

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Competent Person Statement

The information in this report that relates to *Exploration Results* is based upon information prepared and reviewed by Dr Quinton Hills who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Hills is an employee of Laconia Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hills consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Figure 1: Location of the Kraaipan and Kraaipan West Gold-Nickel-Copper-PGM projects in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project across the border in South Africa.

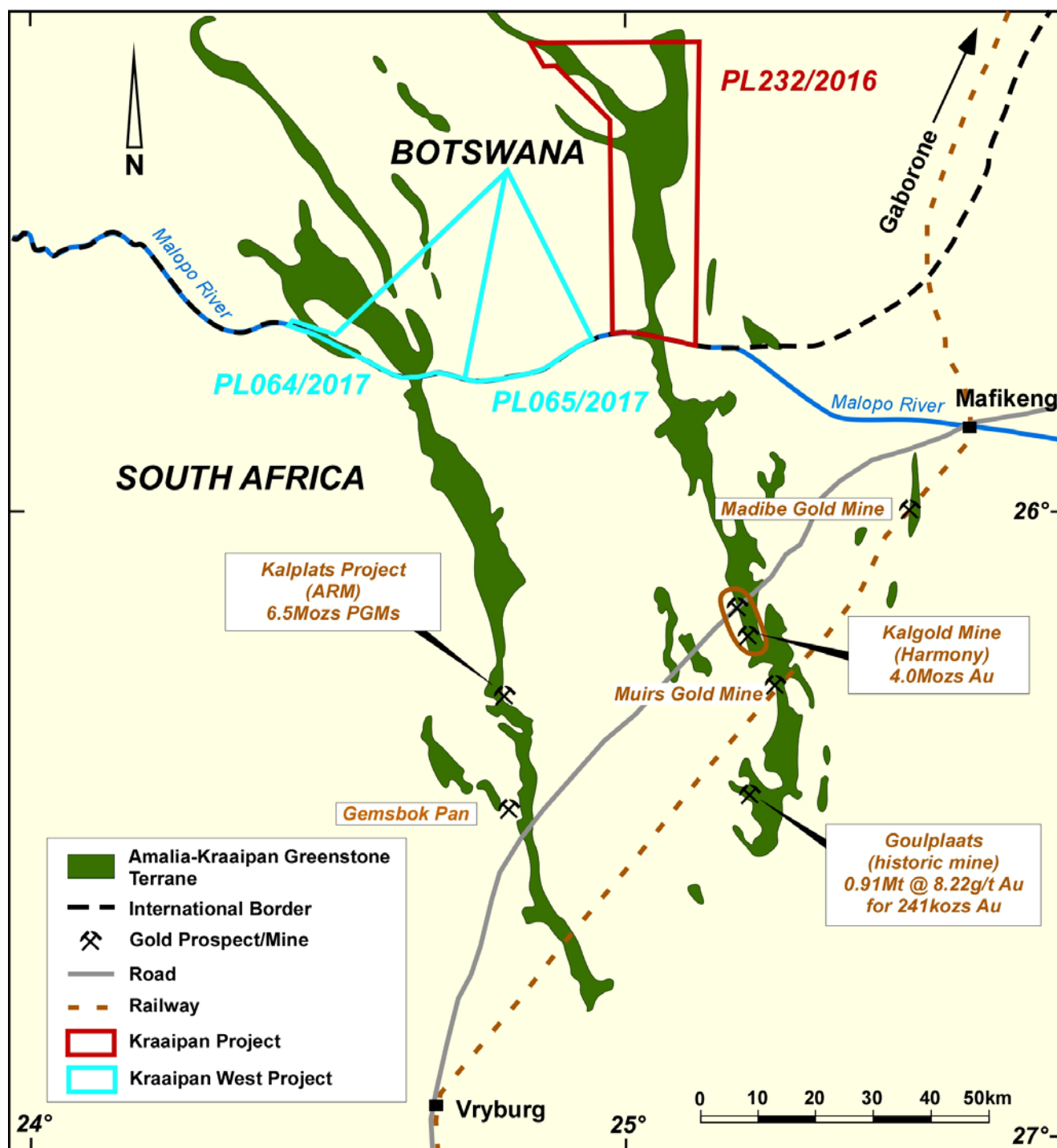


Figure 2: Area of historical rock chip sampling and drilling overlain on the Interpretative Geological Map.

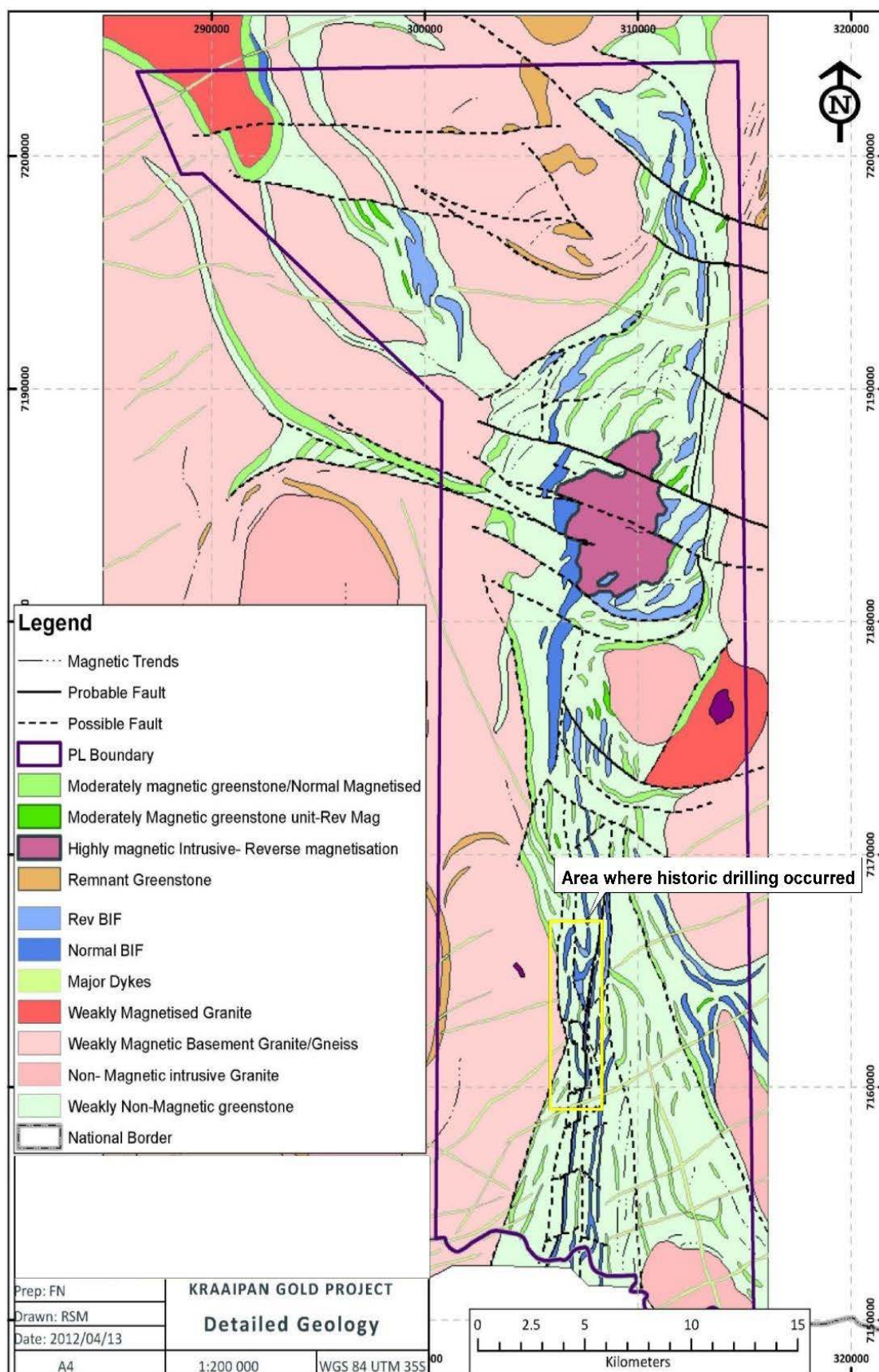


Figure 4: Spatial distribution of the approx. 14,000 soil samples that have been collected over the prospective greenstones within the Kraaipan Project tenure.

