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**LACONIA RESOURCES LIMITED**  
**ABN 29 137 984 297**

**INTERIM FINANCIAL REPORT**  
**FOR THE HALF YEAR ENDED**  
**31 DECEMBER 2016**

**This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2016 and any public announcements made by Laconia Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001***

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## **CORPORATE DIRECTORY**

**ABN 29 137 984 297**

### **Directors**

Robert Downey (Non-Executive Chairman)

Neville Bassett (Non-Executive Director)

Peter Fox (Non-Executive Director)

### **Company Secretary**

Neville Bassett

### **Registered Office**

Level 4, 216 St Georges Terrace,  
Perth WA 6000

Telephone: +61 8 6268 2698

Facsimile: +61 8 9268 2699

### **Postal Address**

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### **Internet**

W: [www.laconia.com.au](http://www.laconia.com.au)

E: [info@laconia.com.au](mailto:info@laconia.com.au)

### **Share Registry**

Security Transfer Registrars Pty Ltd

770 Canning Highway

APPLECROSS WA 6153

Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

Telephone: +61 8 9315 2333

Facsimile: +61 8 9315 2233

### **Auditors**

Rothsay Chartered Accountants

Level 1, Lincoln House

4 Ventnor Avenue

West Perth WA 6005

Telephone: +61 8 9486 7094

### **Stock Exchange Listing**

Laconia Resources Limited securities are listed on the Australian Securities Exchange (ASX code: LCR, LCROA).

**LACONIA RESOURCES LIMITED**  
**31 DECEMBER 2016**  
**DIRECTORS' REPORT**

**DIRECTORS' REPORT**

Your directors are pleased to present their report on Laconia Resources Limited for the half-year ended 31 December 2016.

**DIRECTORS**

The names of the directors who held office during or since the end of the half year are:

Robert Downey	Non-Executive Chairman (appointed 18 October 2016)
Neville Bassett	Non-Executive Director
Peter Fox	Non-Executive Director
Gary Castledine	Non-Executive Chairman (resigned 18 October 2016)

**RESULT**

The Company recorded a loss for the half-year ended 31 December 2016 of \$92,989 compared to a loss of \$435,461 for the corresponding period in the prior year.

**PRINCIPAL ACTIVITIES**

The principal activities of the Company during the period was the exploration of the Company's mineral tenements with the objective of identifying economic mineral deposits and the identification and evaluation of new venture and corporate opportunities.

**CORPORATE ACTIVITIES**

**Director Changes**

On 18 October 2016, the Company announced that Mr Gary Castledine had resigned as a director and Mr Robert Downey was appointed as Non-Executive Chairman.

Mr Downey is a qualified solicitor who has practised mainly in the areas of international resources law, corporate law and initial public offerings as well as mergers and acquisitions. He has extensive experience as an adviser, founder and director of various ASX, TSX and AIM companies. Mr Downey is currently a partner at Dominion Legal, a boutique law firm in Perth.

## REVIEW OF PROJECTS

### KRAAIPAN GOLD-NICKEL-COPPER-PGM PROJECT, BOTSWANA

Subsequent to Half Year end, the Company announced that it had entered into an a binding agreement to acquire the Kraaipan Gold-Nickel-Copper-PGM Project ("Kraaipan Project" or "Project") in Botswana. The Kraaipan Project is comprised of a single but extensive Prospecting Licence, PL232/2016 ("Project Tenure") that is 866km<sup>2</sup> and covers approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana (Figure 1).

The 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 accessed via well-maintained roads from Gaborone (capital of Botswana), approximately 150 kilometres to the north.

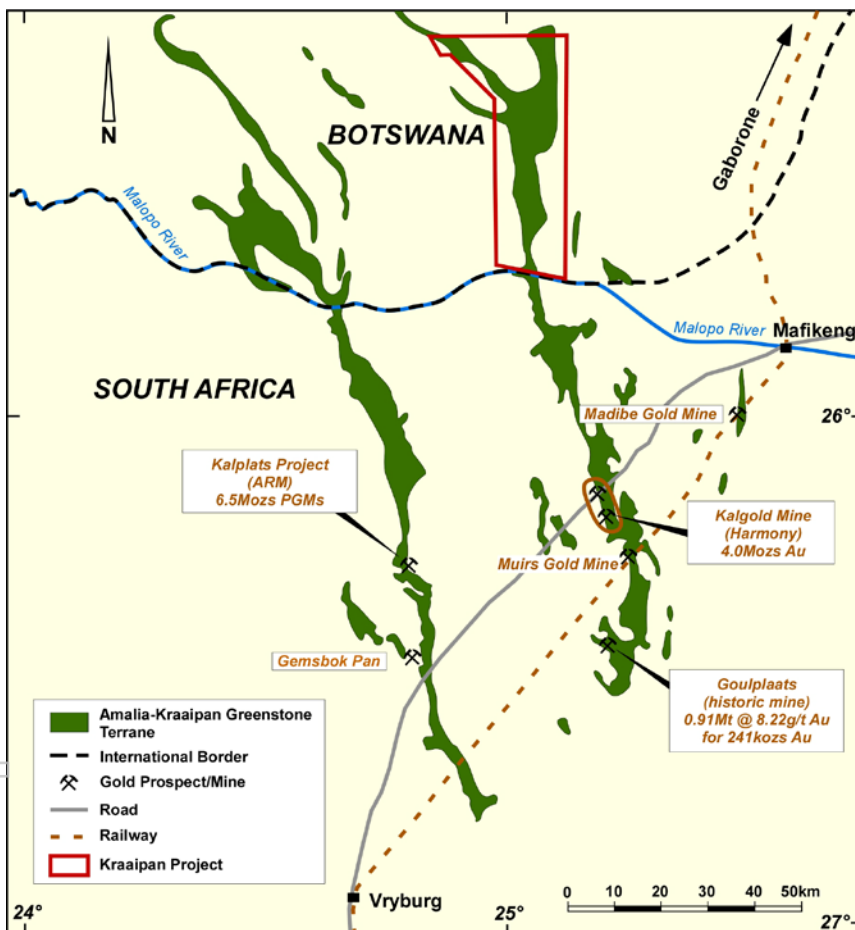


Figure 1: Location of the Kraaipan Gold-Nickel-Copper-PGM Project in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project across the border in South Africa.

**LACONIA RESOURCES LIMITED**  
**31 DECEMBER 2016**  
**DIRECTORS' REPORT (continued)**

**Project Highlights**

- The Kraaipan Project tenure covers ~50km length of the Kraaipan Greenstone Belt; situated 40km north, along strike and within the same geological units as Harmony Gold Mining Company Ltd's Kalgold Mine (~4 million oz gold pre-mining resource<sup>1</sup>).
- The Kraaipan Project is also the same terrane that hosts the Kalplats Project (~6.5 million oz of 3E PGMs)<sup>2</sup> is therefore, interpreted to also be highly prospective for nickel, copper and PGM mineralisation.
- The Project comes with an extensive inventory of geochemical (14,000 soil samples) and geophysical data that have uncovered several strong bedrock VTEM anomalies, some of which are spatially associated with an interpreted highly magnetised, mafic intrusive body.
- Laconia plans to immediately commence an extensive exploration program utilising geochemical and geophysical techniques successfully employed in Australia (e.g. Yilgarn Goldfields) but not applied in this terrane.
- Previous first pass exploration by third parties (*refer ASX announcement dated 31 January 2017*) only focused on 10 km section of this greenstone belt and confirmed its gold prospectivity with RAB drilling intersecting significant, shallow gold mineralisation including:
  - 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; and
  - KP074: 42m @ 0.6g/t from 3m, including 21m @ 1g/t Au from 9m.

**Proposed Exploration Activities**

Laconia plans to execute two strategies in parallel to advance the Kraaipan Project:

- 1) conduct grassroots geochemical/geophysical analysis by leading exploration experts on the strike extent of the belt that has not been previously tested; and
- 2) follow up on the historic exploration work (especially the significant drilling results) completed in the southern, outcropping part of the tenure by trying to understand the controls on the gold mineralisation already found and test if this area contains any economic accumulations of mineralisation.

**Competent Person Statement**

The information in this report that relates to exploration results is based upon information reviewed by Dr Quinton Hills who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Hills has been engaged by 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 is a Director and shareholder of Kraaipan Founders Pty Ltd (ACN: 613214010). Dr Hills consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

**Key commercial terms of acquisition**

Refer to Note 7 in the Notes to the Financial Statements for more information.

<sup>1</sup> 2010 Mineral Resources and Mineral Reserves Report for Harmony Gold Mining Company Ltd (JSE: HAR)

<sup>2</sup> 2016 Mineral Resources and Mineral Reserves Report for African Rainbow Minerals (JSE: ARI)

**LACONIA RESOURCES LIMITED**  
**31 DECEMBER 2016**  
**DIRECTORS' REPORT (continued)**

**KIMSA ORCCO PROJECT, PERU**

As previously reported, shareholders approved the disposal of the Company's Peruvian mineral interests to Andes Exploration of Peru Numero Dos Sac ("Andes") and Sallka Uno Y Dos Sac ("Sallka").

The Peruvian tenement portfolio comprises the Kimsa Orcco Project:

- Patacancha N° 1;
- Patacancha N° 2;
- Patacancha N° 3; and
- Patacancha N° 4;

On 18 October 2016, the Company announced that the disposal of the Company's Peruvian mineral interests had been completed with confirmation of finalisation of the transfer process.

**701 MILE, NORTHERN GASCOYNE, WESTERN AUSTRALIA**

(E52/2688 80% Laconia: mineral rights excluding manganese and iron and 70% Laconia: manganese and iron rights)

No field work was undertaken during the period.

**AUDITOR'S INDEPENDENCE DECLARATION**

Section 307C of the Corporations Act 2001 requires our auditors, Rothsay Chartered Accountant, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 9 and forms part of this directors' report for the half-year ended 31 December 2016.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.



**Robert Downey**  
Non-Executive Chairman  
Perth, 15 March 2017





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P.O. Box 8716, Perth Business Centre WA 6849  
Phone 9486 7094 www.rothsayresources.com.au

The Directors  
Laconia Resources Ltd  
PO Box 7315  
Perth WA 6850

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

- i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2016 interim financial statements; and
- ii) no contraventions of any applicable code of professional conduct in relation to the audit.

**Graham R Swan FCA (Lead auditor)**

**Rothsay Auditing**

Dated 15 March 2017



Chartered Accountants

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**LACONIA RESOURCES LIMITED**

**31 DECEMBER 2016**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Note	2016 \$	2015 \$
<b>REVENUE</b>	<b>2</b>	<b>74,725</b>	78,427
<b>EXPENDITURE</b>			
Administration expenses		<b>(117,359)</b>	(84,015)
Depreciation expense		<b>(2,457)</b>	(4,102)
Exploration expenses		<b>(827)</b>	(12,526)
Salaries and employee benefits expense		<b>(47,071)</b>	(45,000)
Finance costs		-	(18,117)
Other expense		-	(350,128)
<b>LOSS BEFORE INCOME TAX</b>		<b>(92,989)</b>	(435,561)
Income tax benefit / (expense)		-	-
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF LACONIA RESOURCES LIMITED</b>		<b>(92,989)</b>	(435,461)
Basic and diluted loss per share (cents)		<b>(0.009)</b>	(0.06)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

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LACONIA RESOURCES LIMITED

31 DECEMBER 2016

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	31 December 2016 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	50,457	108,576
Trade and other receivables	8,294	33,776
<b>TOTAL CURRENT ASSETS</b>	<u>58,751</u>	<u>142,352</u>
<b>NON-CURRENT ASSETS</b>		
Plant and equipment	9,727	12,184
Mining properties	125,000	75,000
<b>TOTAL NON-CURRENT ASSETS</b>	<u>134,727</u>	<u>87,184</u>
<b>TOTAL ASSETS</b>	<u>193,478</u>	<u>229,536</u>
<b>CURRENT LIABILITIES</b>		
Trade and other payables	5 150,454	90,022
<b>TOTAL CURRENT LIABILITIES</b>	<u>150,454</u>	<u>90,022</u>
<b>TOTAL LIABILITIES</b>	<u>150,454</u>	<u>90,022</u>
<b>NET ASSETS</b>	<u>43,024</u>	<u>139,514</u>
<b>EQUITY</b>		
Issued capital	17,056,966	17,060,408
Reserves	2,123,180	2,123,239
Accumulated losses	(19,137,122)	(19,044,133)
<b>TOTAL EQUITY</b>	<u>43,024</u>	<u>139,514</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

**LACONIA RESOURCES LIMITED**

**31 DECEMBER 2016**

**STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	Contributed Equity \$	Share-based Payments Reserve \$	Options Reserves \$	Foreign Exchange Reserves \$	Accumulated Losses \$	Total \$
<b>BALANCE AT 1 JULY 2015</b>	16,311,777	1,371,626	501,292	250,594	(18,048,699)	386,590
Loss for the period	-	-	-	-	(435,461)	(435,461)
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	-	-	(435,461)	(435,461)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Shares issued during the period	694,804	-	-	-	-	694,804
Share issue costs during the period	(7,691)	-	-	-	-	(7,691)
Foreign exchange movement	-	-	-	(10,359)	-	(10,359)
<b>BALANCE AT 31 DECEMBER 2015</b>	<b>16,998,890</b>	<b>1,371,626</b>	<b>501,292</b>	<b>240,235</b>	<b>(18,484,160)</b>	<b>627,883</b>
<b>BALANCE AT 1 JULY 2016</b>	17,060,408	1,371,626	501,292	250,321	(19,044,133)	139,514
Loss for the period	-	-	-	-	(92,989)	(92,989)
<b>TOTAL COMPREHENSIVE LOSS</b>	-	-	-	-	(92,989)	(92,989)
<b>TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS</b>						
Share issue costs during the period	(3,442)	-	-	-	-	(3,442)
Foreign exchange movement	-	-	-	(59)	-	(59)
<b>BALANCE AT 31 DECEMBER 2016</b>	<b>17,056,966</b>	<b>1,371,626</b>	<b>501,292</b>	<b>250,262</b>	<b>(19,137,122)</b>	<b>43,024</b>

The above statement of changes in equity should be read in conjunction with the accompanying notes.

**LACONIA RESOURCES LIMITED**

**31 DECEMBER 2016**

**STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2016**

	<b>2016</b>	<b>2015</b>
	<b>\$</b>	<b>\$</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Expenditure on mining interests	(827)	(29,749)
Payments to suppliers and employees	(80,544)	(161,339)
Research & development refund	-	69,079
Other income	-	3,986
<b>Net cash outflow from operating activities</b>	<b>(81,371)</b>	<b>(118,023)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments to acquire mining assets	(50,000)	-
Proceeds from sale of mining assets	75,000	-
<b>Net cash outflow from investing activities</b>	<b>25,000</b>	-
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Finance costs	-	(13,484)
Proceeds from borrowings	-	49,915
Repayment of borrowings	-	(76,707)
Proceeds from issues of ordinary shares net of share issue cost	(1,748)	457,569
<b>Net cash outflow from investing activities</b>	<b>(1,748)</b>	<b>417,293</b>
Net (decrease)/increase in cash and cash equivalents	(58,119)	299,270
Cash and cash equivalents at the beginning of the half-year	108,576	32,286
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR</b>	<b>50,457</b>	<b>331,556</b>

The above statement of cash flows should be read in conjunction with the accompanying notes.

## LACONIA RESOURCES LIMITED

31 DECEMBER 2016

### NOTES TO THE FINANCIAL STATEMENTS

#### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2016 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Laconia Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

#### Going Concern

The Company incurred a loss of \$92,989 for the six month period ended 31 December 2016 and does not have a strong working capital position.

The Company's ability to continue as a going concern and meet its debts and future commitments as and when they fall due is dependent on a number of factors, including (but not limited to):

- the ability to issue additional capital under the Corporations Act 2001, if required, by share purchase plan, share placement or rights issue;
- the option of farming out all or part of the consolidated entity's exploration projects; and
- the ability, if required to dispose of interest in exploration and development assets.

Subsequent to Half Year end, the Company announced that it had entered into a binding agreement to acquire the Kraaipan Gold-Nickel-Copper-PGM Project ("Kraaipan Project" or "Project") in Botswana (refer Note 7). In conjunction with, and as a condition to completion of, the Acquisition and subject to Shareholder approval of the Acquisition, Laconia proposes to conduct a capital raising by way of a rights issue, a placement to sophisticated investors or a combination of both, to raise \$2.4 million at an issue price of \$0.002 per Share (**Capital Raising**) subject and in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules including Chapter 7.

The half year financial report has been prepared on a going concern basis. In arriving at this position the Directors have had regard to the fact that the Company has, or in the Directors' opinion, will have access to, sufficient cash to fund administrative and other committed expenditure for a period of not less than 12 months from the date of this report.

Should the Company not achieve the matters set out above, there is significant uncertainty whether it will be able to continue as a going concern and therefore whether it will be able to pay its debts as and when they fall due and realise its assets and extinguish its liabilities in the normal course of business at the amounts stated in the half-year financial report.

# LACONIA RESOURCES LIMITED

31 DECEMBER 2016

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

#### Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2016, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2016.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2016. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

#### NOTE 2: REVENUE

	Half-Year Consolidated	
	December 2016	December 2015
<b>From continuing operations</b>	\$	\$
Interest revenue	-	-
Other revenue	74,725	78,427
<b>Total revenue</b>	<b>74,725</b>	<b>78,427</b>

#### NOTE 3: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified two reportable segments being exploration activities undertaken in Australia and Peru. These segments include the activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in these geographic locations.

#### Primary Reporting – geographical segments

The geographical segments of the consolidated entity are as follows:

**LACONIA RESOURCES LIMITED**

**31 DECEMBER 2016**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**NOTE 3: SEGMENT INFORMATION (continued)**

**Revenue by geographical region**

Revenue attributable to the Group disclosed below, based on where the revenue is generated from:

	<b>December 2016</b>	<b>December 2015</b>
	<b>\$</b>	<b>\$</b>
Australia	<b>61,709</b>	74,441
South America	<b>13,016</b>	3,986
<b>Total revenue</b>	<b>74,725</b>	<b>78,427</b>
<b>Segment results by geographical region</b>		
Australia	<b>106,005</b>	84,902
South America	<b>(13,016)</b>	350,559
<b>Net loss before tax</b>	<b>92,989</b>	<b>435,461</b>

**Assets by geographical region**

The location of segment assets by geographical location of the assets is disclosed below:

	<b>December 2016</b>	<b>June 2016</b>
	<b>\$</b>	<b>\$</b>
Australia	<b>193,478</b>	229,536
South America	-	-
<b>Total assets</b>	<b>193,478</b>	<b>229,536</b>

**Liabilities by geographical region**

The location of segment liabilities by geographical location of the assets is disclosed below:

	<b>December 2016</b>	<b>June 2016</b>
	<b>\$</b>	<b>\$</b>
Australia	<b>150,454</b>	77,065
South America	-	12,957
<b>Total liabilities</b>	<b>150,454</b>	<b>90,022</b>



LACONIA RESOURCES LIMITED

31 DECEMBER 2016

NOTES TO THE FINANCIAL STATEMENTS (continued)

NOTE 4: ISSUED CAPITAL

	December 2016 Shares	December 2016 \$	June 2016 Shares	June 2016 \$
<b>Issues of ordinary shares during the half-year</b>				
Issued for cash	-	-	245,087,553	490,175
Convertible note conversion	-	-	200,000,000	200,000
Interest on convertible note	-	-	4,629,495	4,630
Issued in satisfaction of fees for services rendered	-	-	30,000,000	65,000
Share issue cost	-	(3,442)	-	(11,174)
	-	(3,442)	479,717,048	748,631

	Number of options	
	December 2016	June 2016
<b>Movements of options during the half-year</b>		
Options lapsed during the year	-	-
Issued during the year	-	-
	-	-

NOTE 5: TRADE AND OTHER PAYABLES

	Half-Year Consolidated	
	December 2016 \$	June 2016 \$
Trade creditors	52,454	32,861
Director's fees payable	90,000	45,000
Other payables and accruals	8,000	12,161
<b>Total</b>	<b>150,454</b>	<b>90,022</b>

NOTE 6: CONTINGENCIES

There are no material contingent liabilities or contingent assets of the Group at balance date.

## LACONIA RESOURCES LIMITED

31 DECEMBER 2016

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### NOTE 7: SUBSEQUENT EVENTS

##### Kraaipan Gold-Nickel-Copper-PGM Project

Subsequent to Half Year end, the Company announced that it had entered into an a binding agreement to acquire the Kraaipan Gold-Nickel-Copper-PGM Project ("Kraaipan Project" or "Project") in Botswana. The Kraaipan Project is comprised of a single but extensive Prospecting Licence, PL232/2016 ("Project Tenure") that is 866km<sup>2</sup> and covers approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana.

##### Key commercial terms of acquisition

Laconia has agreed to acquire all of the issued capital of Kraaipan Founders Pty Ltd (KFPL) from KFPL's shareholders ('Acquisition').

Through its subsidiaries, including South East Metals (Pty) Ltd, which is incorporated in Botswana, KFPL holds a 100% interest in the Project Tenure.

The consideration for the Acquisition is summarised as follows:

1. a non-refundable deposit of A\$50,000 has been paid to the Vendors to secure the exclusive right to acquire the Project.
2. a further A\$50,000 cash to be paid to the Vendors upon completion.
3. issue 450,000,000 ordinary fully paid shares in the Company ('Shares') to the Vendors or their nominees on Completion at deemed issue price of \$0.002 for each Share;
4. Laconia granting the Vendors a 1% net smelter return royalty on all processed mineral products sold from the Project Tenure on standard industry terms and conditions ('Royalty'); and
5. issue further Shares to the Vendors or their nominees upon the achievement of certain milestones as follows ('Milestone Consideration'):
  - a. upon certification of a JORC compliant resource of gold or gold equivalent of 250,000oz which at least 50% is classified as Indicated or above ('First Milestone'), Shares with a total value of \$500,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the First Milestone;
  - b. upon certification of a JORC compliant resource of 500,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Second Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the Second Milestone;
  - c. upon certification of a JORC compliant resource of 750,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Third Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Third Milestone; and
  - d. upon certification of a JORC compliant resource of 1,000,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above (Fourth Milestone), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Fourth Milestone.

## LACONIA RESOURCES LIMITED

31 DECEMBER 2016

### NOTES TO THE FINANCIAL STATEMENTS (continued)

#### NOTE 7: SUBSEQUENT EVENTS (continued)

Completion of the Acquisition is subject to and conditional upon the satisfaction of various conditions precedent including:

1. on or before 14 March 2017 Laconia obtaining all approvals from Laconia shareholders required under Listing Rules 7.1, 10.1, 10.11 and 11.1.2 or any other approvals required by the ASX in relation to the Acquisition;
2. Laconia obtaining the necessary waivers from ASX to facilitate the issue of Shares for Milestone Consideration more than 3 months following the approval of the Acquisition by shareholders of Laconia at a general meeting of the Company;
3. Laconia completing an equity capital raising of \$2,400,000 by 26<sup>th</sup> May 2017;
4. on or before 28<sup>th</sup> of February 2017, Laconia completing due diligence to its satisfaction of KFPL, its subsidiaries and the Vendor Shares;
5. on or before 28<sup>th</sup> of February 2017, the Vendors completing due diligence to their satisfaction of Laconia; and
6. the Vendors executing any restriction agreements in relation to any Laconia securities issued as consideration for the Acquisition that may be required by the ASX in accordance with the ASX Listing Rules.

#### Capital Raising

In conjunction with, and as a condition to completion of, the Acquisition and subject to Shareholder approval of the Acquisition, Laconia proposes to conduct a capital raising by way of a rights issue, a placement to sophisticated investors or a combination of both, to raise \$2.4 million at an issue price of \$0.002 per Share (**Capital Raising**) subject and in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules including Chapter 7.

For further particulars on the Kraaipan Project and the proposed acquisition refer ASX announcement dated 31 January 2017 titled "*Laconia to acquire extensive and highly prospective Kraaipan Gold-Nickel-Copper-PGM Project*".

No other matter or circumstance has arisen since 31 December 2016, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

**LACONIA RESOURCES LIMITED**

**31 DECEMBER 2016**

**DIRECTORS' DECLARATION**

In the directors' opinion:

1. the financial statements and notes set out on pages 10 to 19 are in accordance with the Corporations Act 2001, including:
  - (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
  - (b) giving a true and fair view of the company's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Laconia Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.



**Robert Downey**  
Non-Executive Chairman  
Perth, 15 March 2017

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### **Independent Review Report to the Members of Laconia Resources Limited**

#### **The financial report and directors' responsibility**

The interim consolidated financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Laconia Resources Limited for the half-year ended 31 December 2016.

The Company's directors are responsible for the preparation and fair presentation of the consolidated financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

#### **Review approach**

We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim consolidated financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated financial position as at 31 December 2016 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Laconia Resources Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

#### **Independence**

In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

#### **Conclusion**

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim consolidated financial report of Laconia Resources Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the consolidated financial position as at 31 December 2016 and of the performance for the half-year ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Chartered Accountants

Liability Limited by the Accountants Scheme, approved under the Professional Standards Act 1994 (NSW).

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**Emphasis of Matter regarding Continuation as a Going Concern**

Without qualifying our conclusion, we draw attention to Note 1 in the financial statements wherein the Directors' state, inter alia, that if they are unable to raise additional share capital, farm out exploration projects and if required dispose of assets there is a significant uncertainty that the consolidated entity has the ability to continue as a going concern and the ability therefore to realise its assets and extinguish its liabilities in the ordinary course of business and at the amounts stated in the half year financial report.

**Rothsay Auditing**

**Graham R Swan FCA  
Partner**

Dated 15<sup>th</sup> March 2017



Chartered Accountants

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