

26 April 2017

ASX Market Announcements  
ASX Limited  
20 Bridge Street  
Sydney NSW 2000

### Proposed Rights Issue

Laconia Resources Limited (**Laconia** or **the Company**) is pleased to advise that following the approval of shareholders on 18 April 2017 to the acquisition of Kraaipan Founders Pty Ltd and the Kraaipan Project, including approval for a capital raising of \$2,400,000 (**Capital Raising**), Laconia proposes to conduct the Capital Raising at an issue price of \$0.02 per share (post consolidation):

- (i) by way of a pro rata non-renounceable entitlement issue on the basis of one (1) New Share for every three (3) Shares held by Eligible Shareholders on the Record Date to raise up to \$673,567 (**Rights Issue** or **Offer**); and
- (ii) a placement to sophisticated and professional investors of the number of Shares that is equivalent in value to \$2,400,000, less the total amount raised pursuant to the Rights Issue (including the Rights Issue shortfall).

New Shares issued under the Rights Issue will rank equally with existing Shares on issue and the Company will apply for official quotation of the New Shares.

Optionholders are not entitled to participate in the Rights Issue without first exercising their options to be registered as a shareholder (in Australia or New Zealand) on the Record Date, in accordance with the terms and conditions of the options.

The proposed terms of the offer will be as follows:

Type of Offer:	Pro-rata non-renounceable
Eligible participants:	Shareholders on the Record Date and whose registered addresses are in Australia or New Zealand
Basis of entitlement:	One (1) New Share for every three (3) existing Shares
Number of existing Shares:	101,035,022 (post consolidation)
Number of new Shares (full subscription):	33,678,340
Record Date to determine entitlements:	To be advised
Issue price:	\$0.02 per new share

The use of funds from the Capital Raising is summarized in the table below.

Use of funds	Full Subscription
Vendor cash consideration	\$100,000
Transaction and capital raising costs	\$180,000
Operational expenditure – Project exploration and development including the following activities: (a) Trenching, sampling and surveying; (b) Geochemical activities; (c) Geophysical activities; (d) Drilling programs for the purpose of defining a JORC Reported Resource; and (e) Assaying and testwork.	\$1,649,000
Corporate and administrative costs and working capital	\$471,000
<b>Total</b>	<b>\$2,400,000</b>

**Notes:**

This budget summary is prepared on the basis of the following assumptions:

1. As the acquisition of Kraaipan Founders Pty Ltd and the Kraaipan Project is conditional upon the success of the Capital Raising (which includes the Offer), which is for a defined amount of \$2,400,000 both the maximum and minimum amount to be raised under the Offer and the Placement is \$2,400,000.
2. Exploration expenditures will be reviewed on an on-going basis, depending upon the nature of results forthcoming from the respective work programs. Actual expenditure may differ from the above estimates due to a change in market conditions, the development of new opportunities, the results obtained from exploration and other factors.
4. The above table represents statements of the intended use of the funds raised by the Company as at the date of this document. Exploration budgets may change as the conducted programs provide encouragement or disappointment and new opportunities may be identified elsewhere.
5. It is anticipated that the funds available as unallocated working capital may be applied towards any contingency resulting in unforeseen expenses associated with the Company's projects, and also towards expenses incurred in identifying and generating new mineral exploration projects. Such expenses may include the cost of purchasing exploration data, commission expert reports/studies, acquiring exploration rights and due diligence costs of reviewing potentially suitable projects, including associated travel, legal and other professional expenses.

An offer document for the issue will be lodged with ASX shortly, along with an indicative timetable for the capital raising.

Neville Bassett  
Company Secretary