

25 January 2012

Laconia Resources Limited

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Capital Structure

81.92 million shares

24.1 million unlisted options

Board Members

Michael Sharwood

Chairman

Ian Stuart

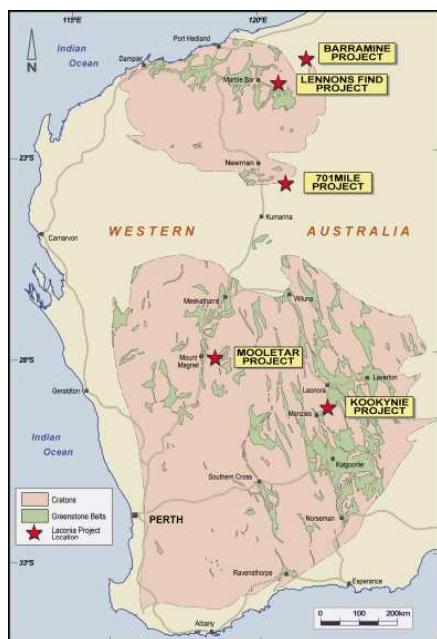
Managing Director

Matthew Howison

Non-Executive Director

Graeme Smith

Company Secretary



Summary & Highlights for the Quarter

Rasuhuilca Gold-Silver Project acquisition, Peru

- In November the Company announced an agreement to acquire the Rasuhuilca advanced gold-silver development project in Peru.
- Rasuhuilca is a high-grade gold and silver project with near-term development potential and major exploration upside.
- A Feasibility Study was conducted in 2008 and Laconia aims to bring project into production in 12-18 months and use revenues to progress the exploration upside.
- Project is located approximately 500km south east of the capital Lima, in the southern part of the country.
- Acquisition when completed will establish Laconia as a significant emerging precious and base metals Company, and complement its existing portfolio of high grade precious and base metals projects in WA.

Lennon's Find Base Metals Project

- Major Resource upgrade to; **1.85Mt @ 11.4% Zinc equivalent²** (announced January 19, 2012).
- New Resource represents; 117% increase in Total Indicated and Inferred Resources, and 37% increase in contained Zinc metal (equivalent) over previous estimate.
- Resource also includes a new oxide Resource of; **197,000t @ 89g/t silver, 0.37g/t gold, 0.2% copper, 1.2 % lead and 1.4% zinc³**.
- Resource confirmed after 42 hole, 1,939m drill program⁴.

701 Mile Project

- High grade Silver assays from auger drill program; silver grades up to 23.9 g/t silver.
- 751 auger holes and 384 soil samples completed.

Corporate

- Placement to raise up to \$1.5 million.
- Cash at bank at quarter end was \$1.2 million.

Exploration Planned for March 2012 Quarter

- Metallurgical test work and scoping study on the Lennon's Find Project
- Follow up Auger drilling at 701 Mile
- Geochemical sampling at Barramine

Rasuhuilca Gold-Silver Project acquisition, Peru

(100% Laconia)

In November the Company announced an agreement to acquire a significant advanced gold-silver development project in Peru. The project is called the Rasuhuilca Project and it is located approximately 500km south east of the capital Lima, in the southern part of the country.

The Agreement is subject to a number of conditions precedent customary for a transaction of this type and include the completion of a due diligence investigation satisfactory to Laconia and the necessary approval of Laconia shareholders. The process of satisfying these conditions is well advanced at the present time there is no reason known to Laconia why they should not be satisfied.

Key points

- The Rasuhuilca Project advanced, high-grade gold and silver development project with outstanding near-term development potential and major exploration upside.
- A Feasibility Study was conducted at the project in 2008 and Laconia aims to bring it into production in 12-18 months and use revenues to unlock the project's major exploration upside.
- The acquisition establishes Laconia as a significant emerging precious and base metals company, and complements the Company's existing portfolio of high grade precious and base metals projects in WA.
- The Project will be acquired from Gold Mines of Peru Ltd for 42 million fully paid ordinary Laconia Shares and 14 million Performance Shares.

Laconia will seek to update and re-affirm the Feasibility Study, and aims to bring the project into production as a high grade, small tonnage mining operation in 12-18 months. The Company's strategy will be to utilise the significant potential revenues from the project to unlock the major exploration upside at the Rasuhuilca project area, and add additional resources to the project.

The project is located in the Andean volcanic arc of southern Peru, and comprises four concessions (Patacancha No. 1 to 4) for a total area of 2,765 hectares. These concessions cover a large part of an extensive high-sulphidation alteration system. The alteration system contains numerous zones of gold-silver mineralisation, as veins and more irregular bodies of veining, brecciation, and silicification.

Gold-silver mineralisation is typical of high-sulphidation epithermal style mineralisation. The best developed mineralised body in the project is the Rasuhuilca zone, which has been explored by underground development, intensively over its central 250m long portion where it has a vertical extent of at least 180m and reaches a thickness from 17-40m in a steeply south-plunging shoot. Average grades from underground channel sampling are about 2 g/t Au and 185 g/t Ag.

There is significant potential to increase the current resource base at Rasuhuilca and on other targets along strike. There is also significant potential for gold-dominant epithermal and copper/gold porphyry mineralisation within the tenement package. The project is located in the same region as Hochschild Mining Plc's (Hochschild) major silver and gold operations. Hochschild has reserves and resources exceeding 186Moz Ag and 1.1 Moz Au.



Rasuhuilca Project location map

Acquisition Consideration

The project will be acquired from Perth-based exploration company Gold Mines of Peru Limited. Consideration for the acquisition is:

- 42.055m ordinary Laconia shares;
- 14.5m performance shares;
- \$120,000 paid over 6 months to a third party;
- \$500,000 from production revenue only if production revenue is reached within 5 years;
- Dr Saliba Sassine, Chairman of Gold Mines of Peru, will join the Laconia Board on completion of the acquisition.

About Rasuhuilca

The Rasuhuilca project is located approximately 500km south east of Peru's capital, Lima. It is situated on government land and is not affected by private surface rights ownership. There is a ready workforce, with prior experience in exploration and mining operations, in the nearby villages of Chipao and Andamarca. The geology and alteration of the project area is consistent with high sulphidation epithermal gold-silver mineralisation style.

The geological setting is also considered favourable for the following mineral deposit styles:

- High-grade bonanza gold veins beneath the lower temperature acidic outflow zones, represented by the silica-alunite-sulphide altered zones/veins outcropping across the project area
- large-scale, sub-horizontal disseminated gold-silver mineralisation (similar to the Pierina and Yanacocha deposits)
- Cu-Au mineralisation within buried intrusive stocks or Au-Ag-Zn mineralisation in skarns surrounding buried intrusive stocks

The best developed mineralised body in the project is the Rasuhuilca zone, which has been explored by underground development, intensively over its central 250m long portion where it has a vertical extent of at least 180m and reaches a thickness from 17-40m in a steeply south-plunging shoot. Average grades from underground channel sampling are about 2 g/t Au and 185 g/t Ag.

A review of a resource estimate undertaken for Laconia Resources of the Rasuhuilca zone, concluded it was appropriate to report the resource as an Inferred Resource (Table 1). The Au equivalence¹ (AUEQ) is based on a gold price of US\$1,350/oz and a silver price of US\$25/oz.

The reliance on historical data used in the estimate and the lack of independent QAQC data resulted in reporting of the Rasuhuilca zone, as an Inferred Resource. Once independent sampling has been completed to confirm the tenor of the historic data, it is envisaged that the confidence in the resource will be upgraded so that it can be used as the basis for mine planning activities.

Table 1: Rasuhuilca Project Inferred Resource, at a 2.5 g/t AuEQ cut-off, as at January 2011

Tonnes	AuEQ g/t	Au g/t	Ag g/t
360,000	5.28	1.97	179

Rasuhuilca Mine

At the Rasuhuilca mine the breccia complex comprising the ore body is readily identifiable in underground faces and is bound by sharp contacts with the host andesite. The development drives on the 4,826 metre level have been installed on one or both margins of the brecciated ore body, leaving the majority of the ore in place except for a number of cross cuts. The cross cuts were used to conduct channel sampling that was employed to estimate the mineral resource. The lowest development level has only minor amounts of water and the drives are in reasonable condition. Ventilation rises are installed between the levels, which will allow mining to commence in a short timeframe.

¹ **Gold Equivalent Calculation**

Gold equivalent (Au Eq) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent Gold grade. These results are taken from the Rasuhuilca zone JORC Code Inferred Resource and no allowance is made for metallurgical recoveries. No definitive metallurgical test work has been conducted on the project at this stage of its development, however, it is the Company's opinion that the elements expressed here have a reasonable potential to be recovered as evidenced in similar deposit styles in Peru.

Gold Equivalent conversion factors and long term price assumptions used are as follows:

Gold Equivalent Formula = Au ppm + (25/1350) x Ag ppm

Price Assumptions: Au(US\$1,350/oz), Ag(US\$25/oz)

Feasibility Study Review

The Rasuhilca project had a Feasibility Study completed in 2008 by Geomin Consultants Limited. The study included estimates of Capital and Operating costs, Mine Planning, Metallurgy and Milling, plus Financial aspects, among other core study components. Laconia will undertake a full review of the Feasibility Study to update and validate its findings. The study confirmed that the mine plan had sound engineering design and that ground conditions are generally good. Two sets of bulk testwork have been completed. Recoveries were initially low, largely due to reagents consumption in the first test work, but climbed to 91% Au and 65% Ag in subsequent testing.

About Peru

Mining and exploration is a significant and established industry in Peru. The Peruvian economy is growing at a rate of 8% per annum largely due to booming mining industry, particularly in silver, gold and copper, which provides an attractive investment environment. The political system in Peru has been relatively stable over the last decade. The country's legal framework is well established with comprehensive mining and environmental laws and regulations in place. Foreign investment is encouraged. There are tax incentives in place and laws prohibit discrimination between local and foreign entities. Recent uncertainty with a change of government and a new proposed mining tax regime has been resolved with the passing of a new tax through congress.

Exploration Activities

Major Resource Upgrade at Lennons Find Project – Base Metals, East Pilbara WA

(95% Laconia)

M45/368, E45/3293

Subsequent to the end of the quarter the Company announced a major Mineral Resource upgrade at the Lennons Find Project Base Metals project, in the eastern Pilbara region of Western Australia. The total Mineral Resource was upgrade to **1.85Mt @11.4% Zinc equivalent² (in Indicated and Inferred categories, at various Zn Equivalent cut-off grades³)**.

Key points

- Major Resource upgrade at Lennons Find Project to; 1.85Mt @11.4% Zinc equivalent².
- New Resource represented a;
 - 117% increase in Total Indicated and Inferred Resources from the previous Resource (see ASX announcement, 9 March 2011), and
 - 37% increase in contained Zinc metal (equivalent) over previous Resource estimate.
- Resource also includes a new oxide Resource of; 197,000t @ 89g/t silver, 0.37g/t gold, 0.2% copper, 1.2 % lead and 1.4% zinc³.
- New Resource estimated from 42 hole, 1,939 metre drill program at Lennons Find⁴.
- Metallurgical testing of the oxide Resource has commenced and preliminary results are expected in the near term.

² $Zn\ Eq(\%) = Zn(\%) + (Pb(\%) \times 1.1) + (Cu(\%) \times 3.9) + (Ag(ppm) \times 0.0414) + (Au(ppm) \times 2.20)$. The price assumptions used for the ZnEq (%) calculations were US\$0.88/lb for Zn, US\$3.45/lb for Cu, US\$0.96/lb for Pb, US\$25/oz for Ag and US\$1350/oz for Au.

³ The Bronze Whaler deposit is reported above 1% Zn Eq. The Hammerhead deposit is reported above 2% Zn Eq. The Tiger deposit is reported above 4% Zn Eq.

⁴ As per ASX announcements 3 October 2011 and 12 October 2011.

The new Mineral Resource at Lennons Find was estimated in accordance the JORC Code 2004 and incorporated results from a successful 42 hole, 1,939 metre drilling campaign conducted at the project in the latter part of 2011. The Company was also pleased with the new oxide Resource confirmed at the project. **Details of both updated Mineral Resource estimates are summarised in Tables 2 and 3 below.**

Table 2: Lennons Find Resource Estimate as at December 2011

	Deposit	Ore Type	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Zn Eq (%)
Indicated	Bronze Whaler	Oxide	29,000	0.29	60	0.3	0.9	0.2	5.3
	Hammerhead	Oxide	144,000	0.41	95	0.2	1.3	1.8	9.0
	Tiger	Oxide	22,000	0.18	93	0.1	0.9	0.8	6.4
	Total - Indicated	Oxide	197,000	0.37	89	0.2	1.2	1.4	8.1
Inferred	Bronze Whaler	Sulphide	154,000	0.15	33	0.1	0.7	1.5	4.4
	Hammerhead	Sulphide	1,448,000	0.27	87	0.2	1.6	6.1	12.8
	Tiger	Sulphide	46,000	0.03	36	0.1	0.3	2.8	5.1
	Total - Inferred	Sulphide	1,649,000	0.25	81	0.2	1.5	5.6	11.8
Total	Bronze Whaler		184,000	0.18	37	0.1	0.7	1.3	4.6
	Hammerhead		1,593,000	0.28	88	0.2	1.6	5.7	12.5
	Tiger		68,000	0.08	55	0.1	0.5	2.2	5.5
	Total - Lennons Find		1,846,000	0.26	82	0.2	1.4	5.1	11.4

Note 1: For Oxide resources the Bronze Whaler deposit is reported above 1% Zn Eq, the Hammerhead deposit is reported above 2% Zn Eq and the Tiger deposit is reported above 4% Zn Eq

Note 2: For Sulphide resources the Bronze Whaler deposit is reported above 1% Zn Eq, the Hammerhead deposit is reported above 2% Zn Eq and the Tiger deposit is reported above 4% Zn Eq

Table 3: Lennons Find Oxide Resources Estimate as at December 2011

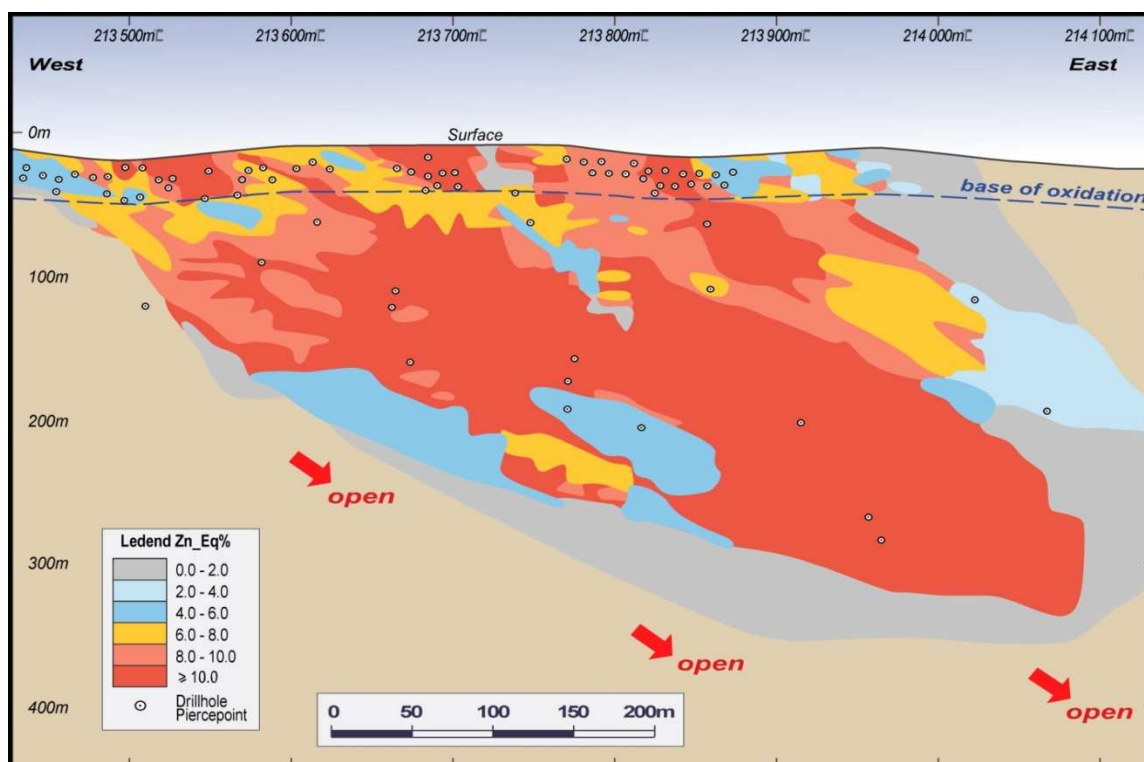
	Deposit	Tonnes (t)	Au (g/t)	Ag (g/t)	Cu (%)	Pb (%)	Zn (%)	Zn Eq (%)
Indicated	Bronze Whaler	29,000	0.29	60	0.3	0.9	0.2	5.3
	Hammerhead	144,000	0.41	95	0.2	1.3	1.8	9.0
	Tiger	22,000	0.18	93	0.1	0.9	0.8	6.4
	Total - Indicated	197,000	0.37	89	0.2	1.2	1.4	8.1

Note 1: The Bronze Whaler deposit is reported above 1% Zn Eq, The Hammerhead deposit is reported above 2% Zn Eq and The Tiger deposit is reported above 4% Zn Eq

Background to Lennons Find Resource upgrade

The Lennons Find Project contains the Hammerhead deposit and four other mineralised prospects. Two of these, the Bronze Whaler and Tiger prospects, were drilled in the recent drilling campaign and results were included in the updated Lennons Find Resource inventory. Laconia acquired the project in March 2011 and since that time has completed extensional Reverse Circulation (RC) and diamond drilling at the Hammerhead deposit, which resulted in a significant increase in the sulphide ore Resource, and has also better defined the oxide Resource.

Shallow RC exploration drilling at the Tiger and Bronze Whaler prospects added additional silver and base metals oxide Resources. Metallurgist test work on the oxide portion of the Resource is in progress, and results of this test work will be incorporated in a high level scoping study to examine the viability of extracting oxide resources from the project area with the aim of producing a low cost concentrate on site for eventual on-sale to a smelter.



Long section view of the Hammerhead Deposit, looking north. Blocks are coloured by % Zinc Equivalent.

Upcoming Work

Further drilling is planned at the Lennons Find project to test for additional resources at depth at the Hammerhead deposit and to target further oxide resources within the Project area. RC drilling will target a potential shallow supergene enrichment zone below the current drilling at the Tiger and Bronze Whaler prospects and other mineralised prospects - Mako and Grey Nurse - and will also investigate outcropping gossans and soil anomalism within the project area.

The sulphide ore resource at the Hammerhead deposit appears to have a south east plunging high grade zone which, to date, has been drilled to a vertical depth of 300 metres. Deeper drilling is planned to explore the system at depth.

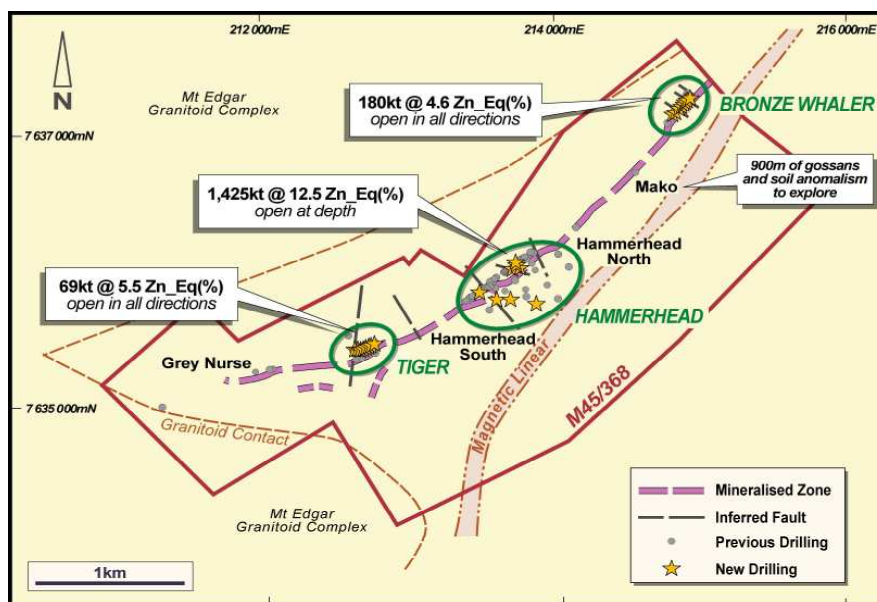
Metallurgical testing of the oxide resources at Bronze Whaler, Tiger and Hammerhead is underway and it is expected that preliminary results will be available in the near future. The metallurgical test work will give an early indication of whether it may be feasible to use a low capital expenditure acid heap leach metal stripping process to transform the contained metal into solution, followed by a simple 'Merrill Crowe' approach to concentrate the metal as a precipitant within shallow collection ponds. If the acid leach process can be shown to be effective the metallurgists will investigate producing a dry concentrate, by either using natural sunlight to evaporate the liquid component or perhaps by employing a low tech filter press system.

Detailed mapping and geochemical sampling of Lennons Find commenced in 2011 and will be completed during the 2012 field season. The mapping, to date, indicates that there is a pronounced system of ring faults and radial faults around the Mt Edgar granitoid complex. In addition extensive alteration has been observed proximal to the faults within banded chert horizons, which suggests that the alteration fluids have migrated from depth along the fault system. It is possible that the same system of ring faults and radial faults may have acted as a conduit to the mineralising fluids that produced the base metals ore bodies at Lennons Find, and this theory will be tested further.

About the Lennons Find Base Metal Project

Laconia acquired a 95% interest in the Lennons Find project (M45/368) from Jabiru Metals Limited in March 2011. At the same time it announced the acquisition of the nearby Yandicoogina base metals project from Shaw River Resources (ASX: SRR). The two projects are located approximately 40 km from Marble Bar on the southern edge of the Mt Edgar Granitoid Complex, in the East Pilbara region of Western Australia (see Projects Location Map attached).

Within the project areas outcropping gossanous veins with elevated base metals grades occur at a consistent horizon in the Duffer Formation, and it is this horizon which is the current focus for Laconia's base metals exploration.



Lennons Find Resource Location Plan

701 Mile Project – Gold and Base Metals, East Pilbara WA

(80% Laconia – excluding manganese and iron)

E52/2232, E52/2688

During the quarter the Company completed an extensive auger drilling and soil sampling program at the 701 Mile project, which returned high grade silver assays, with supporting base metal anomalism⁵.

The program included highlight silver results of up to a maximum of 23.9 g/t Ag, from surface auger samples. Silver anomalism was identified to extend over a strike length in excess of 15 km.

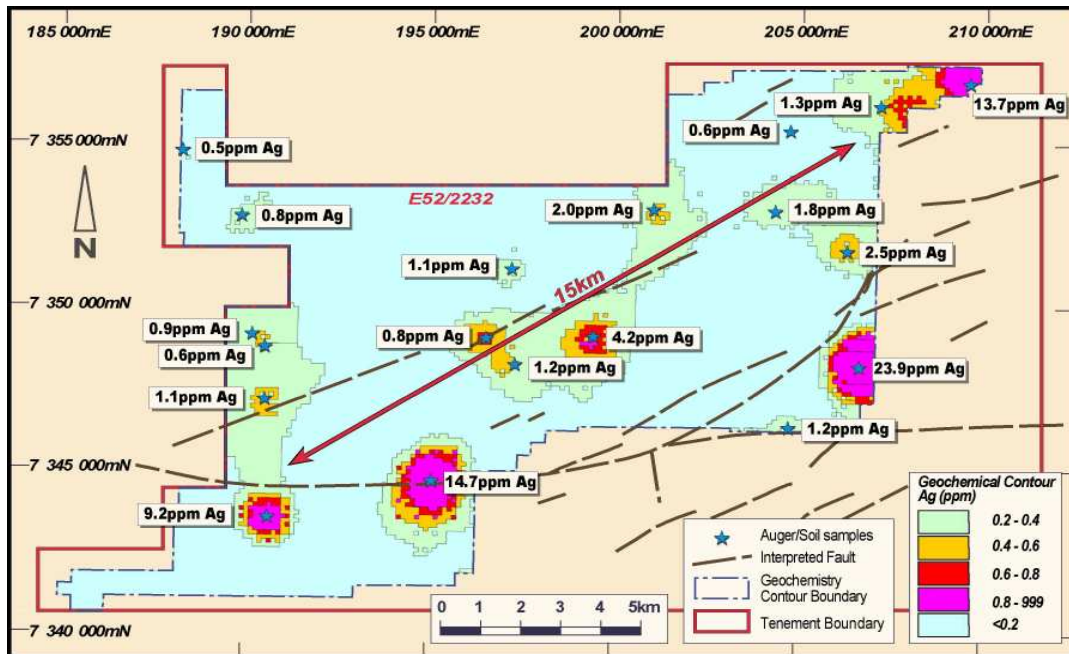
The program comprised 751 auger holes and 384 soil samples for a total of 1,135 samples, which were submitted for geochemical analysis. The program commenced in June 2011. Samples were assayed for a 42 element suite, at ALS Minerals laboratory in Perth, using low detection limits for precious metals, base metals, uranium, rare earths, and pathfinder elements.

The auger drill traverses in the program were sampled on 400 x 400 metre spacing's over areas of favourable geology (proximal to magnetic structures) and moving to 800 x 800 metre spacing's in other parts of the tenement.

⁵ Refer to ASX announcement 3 November 2011.

Large areas of the tenement are overlain by thin cover including alluvial wash, calcrete and sand. Auger drilling was conducted in these areas to penetrate this cover to obtain meaningful geochemical samples. Follow-up geochemical sampling and planning for a RAB drill program will be included in the Company's 2012 exploration season.

The 701 Mile project is prospective for base metals gold and uranium.



701 Mile Sample location and geochemical contours.

Update on \$7.5M JV for Mooletar Iron Ore Project, Mount Magnet WA

(100% Laconia)

E58/384, M58/110, M58/266, M58/349, P58/865, P58/1053, P58/1054, P58/1055, P58/1056, P58/1129, P58/1383, P58/1384, P58/1385, P58/1386, P58/1387, P58/1388, P58/1408, P58/1409, P58/1410, P58/1411, P58/1412, P58/1413, P58/1414, P58/1415, P58/1476, P58/1477, P58/1478, P58/1479, P58/1480, P58/1481, P58/1482, P58/1483, P58/1484, P58/1485, P58/1495, P58/1496, P58/1497, P58/1498, P58/1499, P58/1500, P58/1501, P58/1511

In August 2011, the Company entered into a \$7.5 million Joint Venture (JV) Agreement with Chinese syndicate, Sinoz Mining Investment Group Pty Ltd (Sinoz), for the exploration and development of its Mooletar Iron Ore Project, near Mt Magnet in the Mid West iron ore precinct of Western Australia.

In relation to Laconia's Mooletar iron ore project, Sinoz has requested that an additional party wishes to join the joint venture syndicate. This party will be sending 4 representatives to the Project from China in February to complete its own due diligence study. Laconia has consented to an extension of the time for final due diligence to allow this visit to take place. The terms of the transaction remain as previously announced on 8 August 2011.

About the Mooletar Project

Laconia has defined an Exploration Target of 216-264 million tonnes of iron at the Mooletar Project⁶. The Exploration Target was confirmed as a result of two drill programs at the project and a detailed mapping program completed over the project area. It was confirmed by independent consultants, BM Geological Services Pty Ltd. (see ASX announcement, 17 August 2010).

Two distinct high grade Banded Iron Formation (BIF) units have been identified over a 5km portion at the Mooletar project. In addition to the Exploration Target, positive results from initial metallurgical test work at the Mooletar Project has confirmed the potential for the project to produce a high grade magnetite concentrate (see ASX announcement, 18 November 2010).

Results from Davis Tube Recovery (DTR) test work indicated that a high grade magnetite product may be achieved with grades up to 70.4% Fe and low levels of phosphorus and silica. The Company has completed a scoping study to evaluate its exploration and development potential.

The Mooletar Project lies approximately 330km east of Geraldton and approximately 125km from the proposed rail line in the mid-west infrastructure corridor that would access the Oakajee port infrastructure. The project area is also accessible by sealed roads (see Mooletar project location map attached). The Project is 100% owned by Laconia and comprises an area of 75km² of folded Archaean greenstone belt, over the eastern limb of the Mount Magnet greenstone belt.

Barramine Project – Gold and Base Metals, East Pilbara WA

(100% Laconia – excluding manganese and iron)

E45/3312, E45/3233, E45/3234

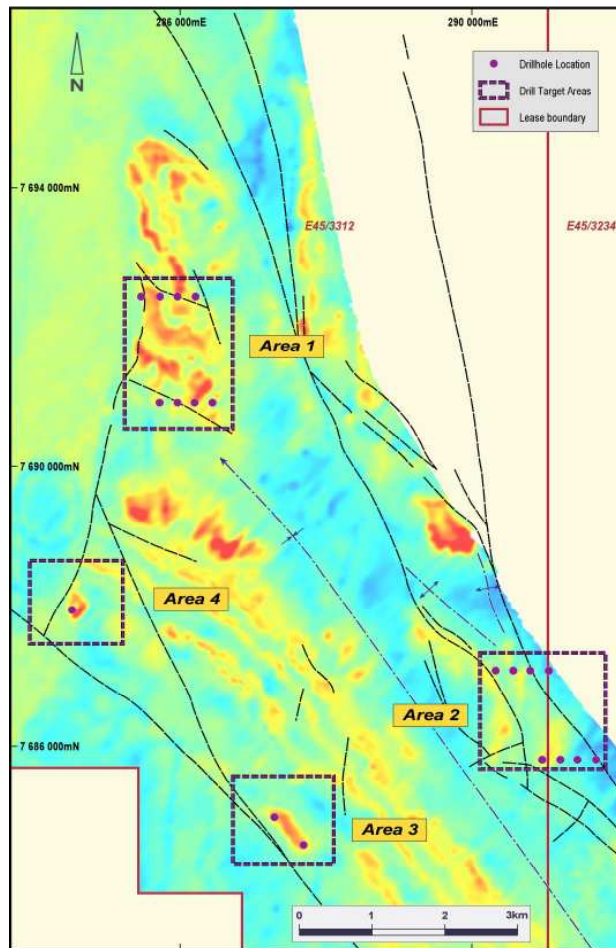
Laconia Resources was granted \$150,000 in funding for the Barramine project, in a co-founding arrangement under the WA State Government Exploration Incentive Scheme (see ASX announcement, 20 June 2011). Laconia will be required to match the \$150,000 funding grant on a dollar for dollar basis on direct drill spending.

To date Laconia has identified four primary base metal drill or gold target areas at its Barramine project based on structural setting and geophysical anomalism, and these areas concepts were subject to soil geochemical sampling during the quarter, in preparation for drill testing in Q2 2012.

A total of 5,500 soil samples were collected from the central tenement, and initial assay results have confirmed a co-incident geophysical and geochemical anomaly at Target 2 (see attached proposed drilling plan) in an area of mapped structural complexity.

Dispatch of the bulk of the samples to the laboratory was interrupted by the subsequent cyclonic weather, but it is anticipated that additional assay results will be returned in Q1 2012.

⁶ *The potential quantity and grade of the Mooletar Project is conceptual in nature and there has been insufficient drilling to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a mineral resource.*



Barramine XTEM late time image and proposed co-funded drilling locations.

Yandicoogina Project – Base Metals, East Pilbara WA

(100% Laconia)

E45/3293

No work completed on this Project this quarter.

Kookynie Project - Gold, Kookynie Eastern Goldfields WA

(100% Laconia)

P40/1255, P40/1256 E40/260

No work completed on this Project this quarter.

Gimlet Project – Gold, Kalgoorlie WA

(80% Laconia – 20% Pandell)

E26/120

No work completed on this Project this quarter.

Waukarlycarly Project – Uranium, East Pilbara WA

(100% Laconia)

E45/3763

No work completed on this Project this quarter.

Project Generation

The company continues to review joint venture/acquisition opportunities as well as maintain its own project generation strategy both in Australia and internationally.

Corporate

- The Company recently completed arrangements for a placement to raise up to \$1.5 million, via the issue of, up to, 37.5 million shares at \$0.04/share. Proceeds from the issue will be used to fund the proposed initial work on the Company's Rasuhuilca Project described above.
Alto Capital has been appointed as Manager to the Offer.
- Laconia has 466 shareholders with the top 20 holding 58% of the total issued capital.
- Cash at bank at the end of the quarter was \$1.2 million.

Further reports and an overview of Laconia's Projects can be viewed on the Laconia website (www.laconia.com.au).

Outlook for March 2012 Quarter

Lenons Find

- Analysis of Metallurgical test work.
- Further drill targeting for strike extensions of mineralisation and sown dip mineralisation.
- High end scoping study on Lenons Find oxide resource.

701 Mile

- Infill auger sampling

Barramine

- Collation and analysis of geochemical sampling.
- Refinement of drill targeting ready for drilling in Q2.

For further information on Laconia Resources Limited please contact:

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Competent Persons Statements

Information in this report relating to the Lennons Find, Barramine and 701 Mile Projects have been compiled Mr Ernie Poole. Mr Ernie Poole who is a member of the Australasian Institute of Mining and Metallurgy has compiled the information within this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves. Mr Poole is a full time employee of Laconia Resources Limited and has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion of this information in the form and context in which it appears in this report.

Lennons Find Resource Estimate

Mr Michael Andrew who is a member of the Australasian Institute of Mining and Metallurgy has compiled the information within this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves. Mr Andrew is a full time employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion of this information in the form and context in which it appears in this report.

Mooletar Magnetite

Information in this report relating to the Mooletar Magnetite Project and has been compiled by Mr Darryl Mapleson. Mr Darryl Mapleson who is a member of Australasian Institute of Mining and Metallurgy has compiled the information within this report that relates to Exploration Targets, Exploration Results, Mineral Resources or Ore Reserves. Mr Mapleson has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion of this information in the form and context in which is appears in this report. The potential quantity and grade of the Mooletar Project is conceptual in nature and there has been insufficient drilling to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a mineral resource.

Peru

A review of available data was conducted by Mr Michael Andrew, a Principal of Optiro Pty Ltd. Mr Michael Andrew who is a member of the Australasian Institute of Mining and Metallurgy has compiled the information within this presentation that relates to Exploration Results, Mineral Resources or Ore Reserves. Mr Andrew is a full time employee of Optiro Pty Ltd and has sufficient experience relevant to the style of mineralisation and type of deposits under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2004 edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and consents to the inclusion of this information in the form and context in which it appears in this report.

Lenkons Find Mineral Resource Estimate Parameters	
Tenement	The Lenkons Find Volcanic Massive Sulphide (VMS) deposits lies within granted licence M45/368 which is held by Laconia Resources Limited (95%), WJ Marshall (2.5%) and PR Fletcher (2.5%).
Geology	Lenkons Find is an Archaean polymetallic (Zn, Cu, Pb, Ag, Au) deposit hosted by volcanogenic sediments. Hammerhead, Tiger and Bronze Whaler deposits are stratiform, sulphide-rich base metal bodies hosted within a unit of fine-grained quartz-sericite schist and calc-silicate rocks of Archaean age. Mineralisation is thought to be of volcanogenic origin.
Previous exploration	Base metal mineralisation at Lenkons Find was discovered in 1907. Various companies have explored the deposits since the 1960's, defining five separate prospects along strike. Jabiru Metals Limited commenced exploration on the Project in 1997 and completed an EM survey, surface exploration, GPS pick-up of previous drillhole collars, compilation of a database and estimation of an Inferred Mineral Resource. Most of these holes were reverse circulation (RC) holes with diamond tails or open hole percussion (OP) holes. In 2007, Jabiru Metals Ltd drilled 7 RC holes into the Hammerhead zone at Lenkons Find. Laconia Resources Limited acquired Jabiru Metal's interest in 2011. In July and August 2011, Laconia drilled 42 RC drillholes into the Bronze Whaler, Hammerhead and Tiger deposits. One hole, LFRC049, had a diamond tail. The oxide component of each deposit was drilled on section approximately 20 m apart along strike, with the drillhole spacing along section varying from 10 m to 20 m. The sulphide component of each deposit was drilled on section 50 to 100m apart along strike with drillhole spacing along section varying from 20 to 150m.
Drilling techniques	RC drilling is the predominant drilling technique used. A single diamond tail completed in 2011 (LFRC049) is NQ-2. Open hole drilling completed by previous workers has been included. Core recovery is considered excellent. Hole orientation is generally at 60 degrees to the stratiform component of the ore body.
Sampling techniques	RC and open hole percussion drill samples were riffle split on site to produce a single sample for each metre drilled. Diamond core has been sampled at varying intervals as whole or half core. Diamond core drilled in 2011 was cut by saw and half-core samples were collected as either one metre length or to geological contacts.
Logging	RC drill chips have been logged for lithology, mineralisation, alteration, structure, colour, grainsize and weathering type. Diamond drilling was geologically logged and photographed.
Sample preparation and analytical techniques	Drill samples from 2011 drilling were analysed by ALS Minerals, Perth, WA. Samples were dried and the entire sample pulverised. If the sample was in excess of 3.2kg, the sample was crushed, then riffle split before pulverisation. Base metal analyses were completed using ICP techniques after a four acid digest. Gold analysis was completed by 50 gram fire assay and atomic absorption spectroscopy. The laboratory routinely inserted analytical blanks, standards and duplicate pulps to client batches to monitor laboratory QAQC performance. Laconia inserted standards for QAQC monitoring.
Location of data points	After completion of drilling in 2011, drill hole collar locations were surveyed by Vekta Pty Ltd of Port Hedland using a Leica RTK differential GPS. All collars from the 2011 programme, plus drillhole collars from previous programmes were located and surveyed in MGA 94 zone 51 projection. Elevation readings were taken in AHD. All coordinates were derived from observation to existing standard survey marks. Down hole surveys were completed at 30- 50 metre down hole intervals for drillholes deeper than 50 metres, using a multishot camera. For drill holes shorter than 50 metres, a collar dip and azimuth was used.

Lenkons Find Mineral Resource Estimate Parameters	
Database and QAQC	QAQC analysis of inserted standards indicates acceptable levels of accuracy in the data. Resource consultants, Optiro, carried out validation checks on the database provided by Laconia and found no significant issues.
Geological Interpretation	Optiro modelled the mineralisation based on interpretation strings provided by Laconia. The Hammerhead deposit and Bronze Whaler and Tiger prospects were modelled to a nominal 2% Zn Eq cut-off.
Dimensions	The Bronze Whaler deposit covers a length of 250 m north-northeast along strike by a depth of 150 m down-dip, with an average thickness of 3 m. The Hammerhead deposit covers a length of 800 m north-northeast along strike by a depth of 500 m down-dip, with an average thickness of 3 m. The Tiger deposit covers a length of 220 m north-northeast along strike by a depth of 160 m down-dip, with an average thickness of 3 m.
Estimation and Modelling Techniques	Au, Ag, Cu, Pb and Zn were estimated by ordinary kriging into parent cells of 20 mE by 10 mN by 5 mRL; parent cells were subdivided to 4 mE by 2 mN by 1 mRL for volume resolution.
Moisture	No moisture data was recorded.
Bulk density	No density data has been collected. Assumed density figures of 2.2 t/m ³ for oxide and 3.0 t/m ³ for primary were applied.
Classification	The resource has been classified as Indicated for the oxide mineralisation and Inferred for the primary mineralisation based on drill hole spacing and geological continuity.
Zn equivalent calculation	<p>Zinc equivalent (Zn Eq%) calculation represents the total metal value for each metal, multiplied by the conversion factor, summed and expressed in equivalent Zinc percentage. These results are taken from the Lenkons Find JORC Code Resource and no allowance is made for metallurgical recoveries. No definitive metallurgical test work has been conducted on the project at this stage of its development, however, it is the Company's opinion that the elements expressed here have a reasonable potential to be recovered as evidenced in similar deposit styles in the Pilbara region of Western Australia.</p> <p>Zinc Equivalent conversion factors and long term price assumptions used are as follows: Zinc Equivalent Formula = Zn% + (Cu%)x3.9) + (Pb%)x1.1) + (Ag(ppm)x0.0414) + Au(ppm)x2.20) Price Assumptions: Zn(US\$0.88/lb), Cu(US\$3.45/lb), Pb(US\$0.96/lb), Ag(US\$25/oz) Au(US\$1350/oz)</p>

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Laconia Resources Limited

ABN

29 137 984 297

Quarter ended ("current quarter")

31 December 2011

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (6 months) \$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(311)	(943)
(b) development	-	-
(c) production	-	-
(d) administration	(359)	(522)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	14	43
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material) R&D tax refund	-	333
Net Operating Cash Flows	(656)	(1,089)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.13 Total operating and investing cash flows (carried forward)	(656)	(1,089)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(656)	(1,089)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	-	-
	Net increase (decrease) in cash held	(656)	(1,089)
1.20	Cash at beginning of quarter/year to date	1,821	2,254
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,165	1,165

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	85
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Item 1.23 includes aggregate amounts paid to directors including salary, directors' fees, consulting fees and superannuation.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position.

		Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	Nil	Nil
3.2	Credit standby arrangements	Nil	Nil

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	175
4.2	Development	-
4.3	Production	-
4.4	Administration	175
Total		350

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	135	800
5.2 Deposits at call	1,030	1,021
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,165	1,821

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

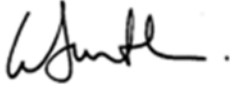
Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	81,920,010	81,920,010		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	3,000,000 200,000 400,000 20,500,000	- - - -	<i>Exercise price</i> 20 cents 15 cents 8 cents 20 cents	<i>Expiry date</i> 31 March 2013 31 August 2013 16 May 2014 30 September 2014
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 25 January 2012

Print name: **Graeme Smith**

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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