

QUARTERLY REPORT

For the three months ending December 2009.

ASX Code: LCR

SUMMARY & HIGHLIGHTS FOR THE QUARTER

- Laconia listed on the ASX in October after a successful \$6m IPO and exploration programs commenced immediately.

Gimlet Project

- Completion of Laconia's maiden drilling program a first phase 22 hole Reverse Circulation campaign.

Mooletar Project

- Geological mapping completed. New tenement applications consolidate the Mt Magnet ground position.

Barramine & 701 Mile Projects

- Acquisition of aeromagnetic airborne electromagnetic survey.
- Exploration Planned for the March Quarter

EXPLORATION PLANNED FOR THE MARCH QUARTER

Gimlet Project

- 1,400m Air Core program over the northern extent of a 3.6km x 400m gold anomaly on the Gimlet Project.

Mooletar Project

- Geochemical sampling and a five-hole Reverse Circulation drilling program.

Barramine Project

- Geological review and target generation incorporating remote sensing data acquired in the last quarter.

701 Mile Project

- Geological review and target generation.

Corporate

- Cash at bank at quarter end was \$4.2million.



CAPITAL STRUCTURE

69.27 million shares
20.5 million unlisted options

LACONIA RESOURCES LIMITED

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BOARD MEMBERS

Michael Sharwood
Chairman

Ian Stuart
Managing Director

Matthew Howison
Non-Executive Director

Graeme Smith
Company Secretary

EXPLORATION ACTIVITIES

Gimlet Project – Gold, Kalgoorlie WA

(80% Laconia – 20% Pandell)

E26/120

The Gimlet Project is located approximately 15km northwest of Kalgoorlie in Western Australia's goldfields and is in close proximity to a number of gold deposits.

Laconia's maiden drilling program began with 22 Reverse Circulation holes, drilled for an aggregate of 2,160m. A total of 541 composite samples (4m composites) were submitted for gold and arsenic assay.

The program targeted the southern portion of a 3.5km x 400m gold anomaly referred to as the Eastern Shear Zone. No significant mineralisation was intersected in the primary zone. Significant strike length on the ESZ remains untested to the north and will be the focus of an Air-core drilling program in January 2010 designed to define a second phase of follow up Reverse Circulation drilling.

Samples were initially collected as four metre composites; those composites which returned higher than threshold values were resubmitted as one metre splits and fire assayed for gold only. A table of significant results is presented below.

Significant Drill Results

Hole	Easting	Northing	Azimuth	Dip	From (M)	To (M)	Au (Ppm)
LG09RC001	6604582	6345230	90	-60	39	40	2.878
LG09RC005	6604904	6345230	270	-60	83	84	0.894
LG09RC007A	6604875	343591	270	-60	50	51	1.22
LG09RC007A	6604875	343591	270	-60	57	58	1.01
LG09RC018	6604811	343718	270	-60	39	40	3.174
LG09RC020	6604900	343683	270	-60	38	39	2.029
LG09RC022	6604788	343717	270	-60	39	40	1.378

Note 1: Projected Coordinate System – GDA1994, MGA Zone 51

Note 2: Au assays have been determined by fire assay at Kalgoorlie Assay Laboratory, Kalgoorlie.

Mooletar Project – Gold, Mt Magnet WA

(100% Laconia)

E58/327, M58/110, M58/266, M58/348, 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,

Applications were made for an additional 7 prospecting licences over an aggregate area of 902ha and one exploration licence application covering 11 blocks. The addition of these tenements consolidates the existing ground position in this area.

Barramine Project – Gold and Base Metals, East Pilbara WA

(100% Laconia – excluding manganese and iron)

E45/3312, E45/3233, E45/3234

No field activities were undertaken on the Barramine Project by Laconia Resources. Aeromagnetic and EM data acquired by Shaw River Resources over Laconia's area of interest was purchased.

Field reconnaissance work will be undertaken at the Barramine Project in the next quarter.

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

(80% Laconia – excluding manganese and iron)

E52/1531, E52/2232, P52/1228, P52/1229, P52/1230, P52/1231

No field activities were undertaken on the Barramine Project by Laconia Resources

Field reconnaissance work will be undertaken at the 701 Mile Project in the next quarter.

PROJECT GENERATION

The Company continues to review joint venture / acquisition opportunities as well as maintain its own project generation strategy.

Corporate

- An issue of 50,000 ordinary share was issued to Chris Clegg of Statewide Tenement Services as part consideration for ongoing management of Laconia's tenement package
- Cash at bank at the end of the quarter was \$4.2 million.

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

OUTLOOK FOR MARCH 2010 QUARTER

Gold

Gimlet

- 1,400m Air Core program over the northern extent of a 3.6km x 400m gold anomaly on the Gimlet Project commenced January 2010.

Mooletar

- Geochemical sampling of northern portions of the licence area and a five-hole Reverse Circulation drilling program at the Sky Anomaly.

Base Metals

Barramine

- Geological review and target generation incorporating remote sensing data acquired in the last quarter.

701 Mile

- Geological review and target generation.

Mr Darryl Mapleson who is a member of Australasian Institute of Mining and Metallurgy has compiled the information within this report that relates to mineralisation. 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 Australian 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.

For further information on Laconia Resources Limited please contact:

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Laconia Resources Limited

ABN

29 137 984 297

Quarter ended ("current quarter")

31 December 2009

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 and evaluation (b) development (c) production (d) administration	(1,238) - - (188)	(1,238) - - (270)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	41	42
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net Operating Cash Flows	(1,385)	(1,466)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets	- - (26)	- - (26)
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	(26)	(26)
1.13 Total operating and investing cash flows (carried forward)	(1,411)	(1,492)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(1,411)	(1,492)
Cash flows related to financing activities			
1.14	Proceeds/(over subscription) from issues of shares, options, etc.	5,736	6,373
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) Share issue transaction costs	(595)	(623)
Net financing cash flows		5,141	5,750
Net increase (decrease) in cash held		3,730	4,258
1.20	Cash at beginning of quarter/year to date	528	-
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	4,258	4,258

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	74
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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+ See chapter 19 for defined terms.

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

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	160
4.2 Development	-
Total	160

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	237	528
5.2 Deposits at call	4,021	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	4,258	528

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	69,270,010	31,910,010		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,050,000	30,050,000		
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>	20,500,000	-	Exercise price 20 cents	Expiry date 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 4).**
- 2 This statement does ~~does not~~* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: 
(Company secretary)

Date: 22 January 2010

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 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting 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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