Quarterly Activities Report
Quarter Ended 30 September 2017

Highlights

- **Several, kilometre-scale gold anomalies were identified from the assay results of soil samples taken in the northwest and northeast sectors of the Kraaipan Gold-Nickel-Copper-PGM Project**
- **Largest of the gold anomalous zones is greater than 3km long and up to 750m wide**
- **Gold anomalies coincide with highly magnetic rocks, the most common host rocks for gold mineralised veins in the Kraaipan terrane**
- **Gold anomalous zones strike ENE to WSW, consistent with the orientation of outcropping, gold bearing quartz veins in the south of the project area**
- **Northwest sector gold anomalous zone is spatially associated with the Electromagnetic ('EM') Target KB01**
- **Seven High Priority and 12 Medium Priority geophysical anomalies have been identified from a review of the historic airborne geophysical data.**
- **Electromagnetic ('EM') anomalies could be due to pyrrhotite/pyrite altered Banded Iron Formation rocks associated with gold mineralisation (i.e. Hill 50, Westralia, Bounty) or magmatic Ni-Cu-PGM sulphides associated with mafic/ultramafic rocks**
- **Planning is progressing well for a drilling program to test the best geochemical/geophysical targets commencing in early November**

Laconia's CEO Dr Quinton Hills said: 'Our exploration program on the Kraaipan Project has to date delivered several compelling exploration targets. The fact that these exploration targets are supported by both geochemical and geophysical results adds to our confidence that the upcoming drill program will be a success.'

Soil Geochemical Assay Results for the Northwest and Northeast sectors

The soil geochemical assay results for the northwest and northeast sectors of the Kraaipan Gold-Nickel-Copper-PGM Project were received and interpreted during the quarter. All assay results greater than the 95th percentile were deemed anomalous and results were plotted spatially (Figure 1).

When the gold assay results from the northwest sector were plotted, it was found that the anomalous assay results clustered within a discreet area, which is at least 1.4 kilometres long and up to 600 metres wide. The gold anomalous zone is currently open to the northwest and southeast.

When the gold assay results from the northeast sector were plotted, it was found that the anomalous assay results clustered within four relatively distinct areas, the largest of which is greater than 3 kilometres long and up to 750 metres wide. This gold anomalous zone is currently open to the east-northeast and west-southwest.

Not only are these zones anomalous for gold but they were also found to be variably anomalous for several pathfinder elements such as Ag, As, Bi, Cu, Mo, Sb, Sn, Sc and Zn. The fact that the gold anomalism (as well as Ag, As, Bi, Cu, Mo, Sb, Sn, Sc and Zn anomalism) in these areas is relatively discreet in spatial extent and associated with highly magnetic rocks, interpreted to be BIFs (the most common host rocks for gold mineralisation in this terrane); gives confidence to the interpretation that this anomalism is reflecting the subsurface geology and therefore these are high priority targets.

Infill and extension soil samples from these areas, taken in order to better determine the extent of this anomalous zone, are currently at the laboratory being assayed. These results will then be followed up by shallow drilling to vector towards the primary source of gold.

Assessment of Geophysical Data Results

An assessment of all the geophysical data covering the Kraaipan and Kraaipan West areas was undertaken by Terra Resources Pty Ltd, a leading industry geophysical consulting group, with the objective of expediting exploration and definition of drill targets. The geophysical data assessed included aeromagnetic data stitched together from various surveys flown across southern Botswana; a VTEM airborne electromagnetic survey, which covers a significant portion of the Kraaipan Project; a 'Moving Loop' ground electromagnetic survey completed to follow-up on several of the VTEM anomalies; and regional gravity data.

The VTEM airborne electromagnetic survey and subsequent 'Moving Loop' ground electromagnetic surveys (MLEM) completed in 2004-2005 have been found to be the most useful in identifying targets to assist with drill target definition. The VTEM survey covered almost 200km^2 of the overall 866 km^2 Kraaipan Project area. The VTEM and MLEM data was interpreted to contain seven high priority, conductive anomalies and twelve medium priority conductive anomalies.

About the Kraaipan Gold-Nickel-Copper-PGM Project

Laconia Resources' 100% owned Kraaipan Gold-Nickel-Copper-PGM Project comprises Prospecting Licence, PL232/2016 ('Project Tenure') and covers approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana (Figure 2). The Kraaipan Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits, as well as adjacent to significant PGE deposits across the border in South Africa.

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

Laconia's exploration strategy is to utilise geochemical and geophysical techniques which have been used to find gold deposits in Australia's Yilgarn Goldfields but have not yet been routinely applied in this terrane. Currently, we are prioritising several gold and nickel-copper-PGM targets through the analysis of approximately 6,000 regional soil samples across the Kraaipan Project tenure; the assessment of a historic electromagnetic surveys (VTEM and MLEM) that contains several high priority targets, all of which remain

untested (see ASX Announcement dated 25/07/2017); and a geological/structural interpretation of the regional aeromagnetic data to identify the most likely zones to be associated with gold mineralisation.

Once all these datasets have been analysed, defined targets will be ranked and then several of the highest priority targets (e.g. KB01) will be drilled in November-December this year.

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

In June 2017, Laconia was granted two new Prospecting Licences in southern Botswana, which together have been named the Kraaipan West Gold-Nickel-Copper-PGM Project ('Kraaipan West Project'). The Kraaipan West Project covers an approximately 15 kilometre long stretch of the Amalia-Kraaipan Greenstone Terrane (AKGT) in southern Botswana. The AKGT in Botswana is interpreted to be highly prospective for both gold and magmatic nickel-copper-PGM sulphide mineralisation, as these rocks are directly along strike and within the same geological units, as the well-known Kalgold and Kalplats deposits across the border, to the south, in South Africa.

The Kraaipan West Project comprises Prospecting Licences, PL064/2017 and PL065/2017, which are 584 km^2 and 446km^2 in area respectively and are valid for three years (Figure 2). This project is approximately 30 kilometres to the west of Laconia's 100% owned Kraaipan Gold-Nickel-Copper-PGM Project. The southern boundary of the tenements is located along Botswana's southern border with South Africa and can be accessed via well-maintained, all weather roads from Gaborone (capital of Botswana), approximately 180 kilometres to the north.

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

Tenement Information as required by Listing Rule 5.3.3

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

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

Location	Tenement	Interest at beginning of quarter (%)	Interests relinquished, reduced or lapsed (%)	Interests acquired or increased (%)	Interest at end of quarter (%)
Botswana	PL232/2016	100	Nil	Nil	100
Botswana	PL064/2017	100	Nil	Nil	100
Botswana	PL065/2017	100	Nil	Nil	100

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

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Competent Person Statement

The information in this report that relates to *Exploration Results* is based upon information prepared and reviewed by Dr Quinton Hills who is a Member of the Australasian Institute of Mining and Metallurgy (No. 991225). Dr Hills is an employee of Laconia Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hills consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

The information in this report that relates to *Geophysical Exploration Results* is based upon information prepared and reviewed by Barry Bourne who is a Fellow of the Australian Institute of Geoscientists and a member of the Australian Society of Exploration Geophysicists. Mr Bourne is a consultant engaged by Laconia Resources Limited through geophysical consultancy Terra Resources Pty Ltd 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. Mr Bourne consents to the inclusion in this report of the matters based on information in the form and context in which it appears.

Figure 1: Location of the gold anomalous soil samples collected from the northwest, northeast and central sectors as announced on the 11/09/2017, 26/09/2017 and the 16/10/2017 respectively. Displayed on a regional aeromagnetic data pseudocolor image. Also displayed are the Location of the Interpreted gold anomalous zones are outlined with the yellow dashed lines and the location of EM targets with green stars..

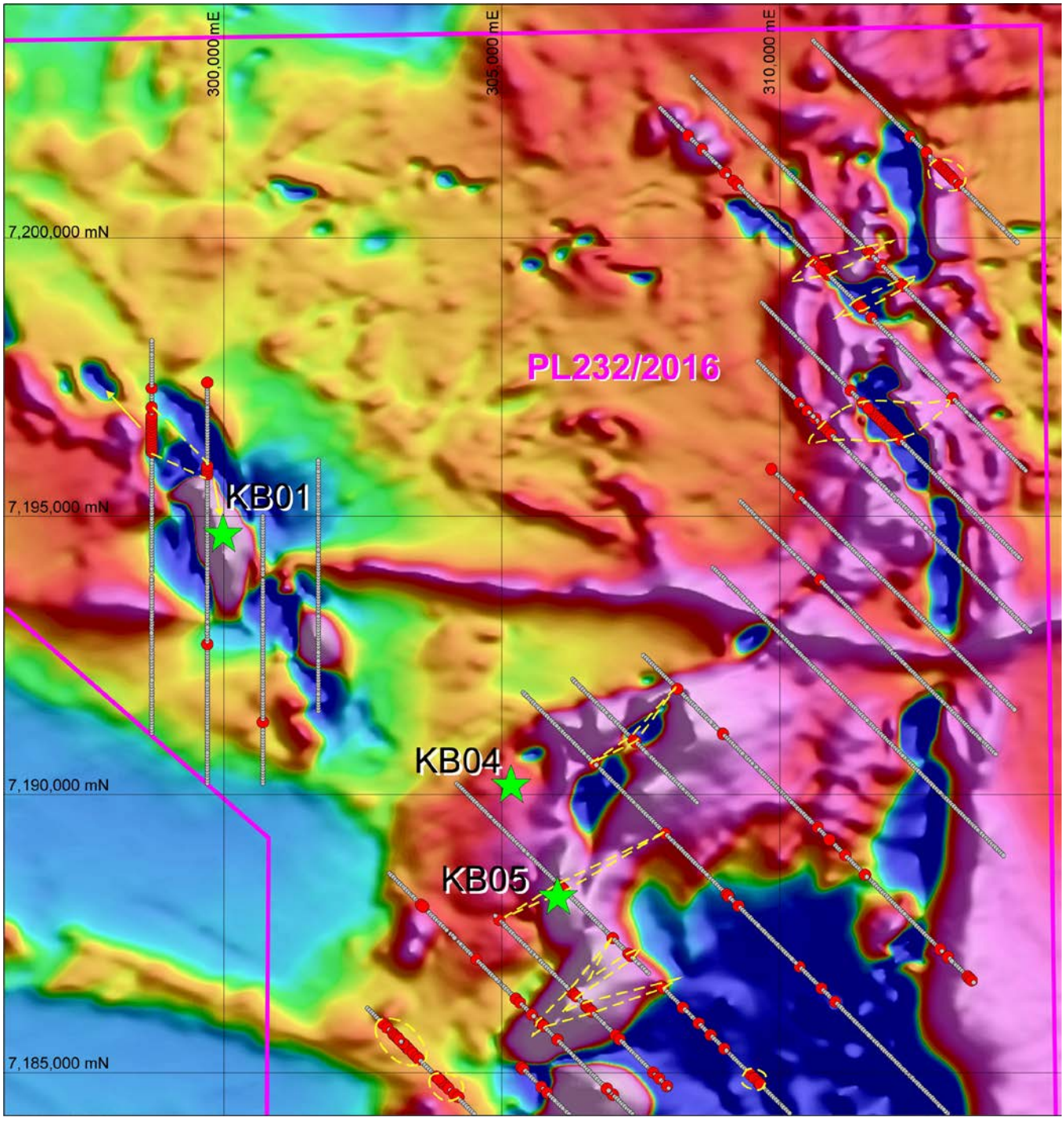

Figure 2: Location of the Kraaipan and Kraaipan West Gold-Nickel-Copper-PGM projects in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project across the border in South Africa.