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ASX/Media Release

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Laconia to acquire advanced stage Gold-Silver Project in Peru

Highlights

- **Laconia Resources acquires the Rasuhuilca advanced gold-silver development project in Peru.**
- **Rasuhuilca is a high-grade gold and silver project with outstanding near-term development potential and major exploration upside.**
- **A Feasibility Study was conducted at the project in 2008.**
- **The project is located approximately 500km south east of the capital Lima, in southern part of the country.**
- **The acquisition is a major milestone establishing Laconia as a significant emerging precious and base metals company.**
- **Rasuhuilca complements Laconia's existing portfolio of high grade precious and base metals projects in WA where the company has delivered strong consistent drilling results.**
- **Laconia aims to bring the project into production in 12-18 months and use its revenues to unlock the project's major exploration upside.**
- **The Project has been acquired from Gold Mines of Peru Ltd for 42 million fully paid ordinary Laconia Shares and 14 million Performance Shares.**
- **Laconia to raise up to $1.5 million through the issue of 37.5 million shares at $0.04 / share. Alto Capital has been appointed as Manager to the Offer.**

Perth based exploration company Laconia Resources Limited (ASX: LCR) is pleased to announce 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 southern part of the country.

The acquisition represents a major milestone for Laconia and establishes the Company as a significant emerging precious and base metals exploration and development company.

The acquisition also complements the Company's existing portfolio of high grade precious and base metal projects in Western Australia.

The Rasuhuilca project is a high grade gold and silver project, with outstanding near-term development potential and major exploration upside. The Project has a Feasibility Study completed in June 2008.

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 is 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.

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.

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.

Capital Raising

The capital raising of up to $1.5 million will be subject to shareholder approval at a general meeting to be held on or about 10 January 2012. The shares will rank equally with all current shares on issue and application for quotation of the shares will be made. Proceeds from the issue will be used to advance work on the Peruvian projects. Alto Capital has been appointed as Manager to the Offer.

Acquisition Consideration

The project has been acquired from Perth-based exploration company Gold Mines of Peru Limited. Consideration for the acquisition consists of:

- 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; and
- Dr Saliba Sassine, the Chairman of Gold Mines of Peru, will join the Laconia Board on successful completion of Laconia's due diligence.

The acquisition is subject to shareholder approval and a number of other conditions precedent normally associated with acquisitions of this type.

As part of the transaction, Laconia will also acquire Gold Mines of Peru's other Peruvian projects, the Motil and Porcuchia gold-silver tailings projects (see Projects' Location Map for location of all projects).

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. Access is via sealed highways through Nasca and Puquio, then minor roads. The final stage of approach to the project is via tracks from the nearby village of Chipao. Laconia plans to improve project access, and a short runway airstrip may also be constructed on the project area. There is a ready workforce, with prior experience in exploration and mining operations, in the villages of Chipao and Andamarca.

The project is situated in a collapsed caldera with the local geology characterised by extensive sub-horizontal strata of volcaniclastic and volcanic rocks, cross cut by few localised intrusive stocks. 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

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.

Feasibility Study Review

The Rasuhuilca 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.

Projects location map

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.

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About Laconia Resources

Laconia Resources is a Perth-based advanced gold and base metals exploration company. The Company has a portfolio of advanced gold and base metals projects near Kalgoorlie and in the Murchison and Pilbara regions in Western Australia, across 35 granted tenements covering an approximate 955km^2.

Laconia has a significant base metal ground position in the Pilbara including the Lennons Find Project. Lennons Find is an advanced base metal exploration project, which has a JORC Code Inferred Resource of 853,000 tonnes grading 7.7% Zn, 1.8% Pb, 0.7% Cu and 115g/t Ag.

The Company is focused on targeted exploration of its project areas, and further definition and expansion of its Resource base at its advanced projects.

Competent Persons Statement

Australia

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 in Australia. 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.

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 in Peru. 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.