

7 June 2013

Dear Shareholder.

**Non-renounceable Pro-rata Entitlement Issue and Placement Prospectus**

Please find attached a non-renounceable entitlement issue and placement prospectus as lodged with Australian Securities and Investment Commission today.

Given the current extremely challenging conditions for junior resource companies, Laconia has repriced the entitlement issue. The company believes this to be the fairest way to enable all shareholders to participate in the capital raising at these levels.

The capital raising proceeds will enable the company to focus on finalising the necessary Community Access Agreements required prior to regulatory approval being granted to execute the planned drilling campaign, plus additional working capital. The company remains committed to further exploration and development of its flagship Copper-Gold -Silver Rasuhuilca Project in Peru.

Yours sincerely



**Matthew Howison**

**Chairman**

**LACONIA RESOURCES LIMITED**



## **LACONIA RESOURCES LIMITED**

### **ACN 137 984 297**

---

## **ENTITLEMENT ISSUE AND PLACEMENT PROSPECTUS**

---

For a non-renounceable entitlement issue of one (1) new Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per Share to raise up to \$915,852 (based on the number of Shares on issue as at the date of this Prospectus) (**New Shares**) (together with one (1) free attaching option exercisable at \$0.06 on or before 30 September 2018 for every one (1) New Share subscribed for and issued (**New Option**)) (**Offer**);

AND

For the issue by way of placement of 45,792,649 options exercisable at \$0.06 each on or before 30 September 2018 at an issue price of \$0.001 per option (**Placement Options**) to raise up to \$45,793. The Placement Options will be issued to persons nominated by the Lead Manager (**Placement**).

Indian Ocean Capital Pty Ltd has been appointed as the Lead Manager for the Offer. Refer to section 8.4.1 for details regarding the terms of the Lead Manager Agreement.

### **IMPORTANT NOTICE**

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The New Shares, New Options and Placement Options offered by this Prospectus should be considered as speculative.

---

## CONTENTS

---

|     |                                                         |    |
|-----|---------------------------------------------------------|----|
| 1.  | CORPORATE DIRECTORY .....                               | 1  |
| 2.  | TIMETABLE.....                                          | 2  |
| 3.  | IMPORTANT NOTES.....                                    | 3  |
| 4.  | DETAILS OF THE OFFER AND PLACEMENT .....                | 5  |
| 5.  | PURPOSE AND EFFECT OF THE OFFER AND THE PLACEMENT ..... | 10 |
| 6.  | RIGHTS AND LIABILITIES ATTACHING TO SECURITIES.....     | 14 |
| 7.  | RISK FACTORS .....                                      | 18 |
| 8.  | ADDITIONAL INFORMATION.....                             | 26 |
| 9.  | DIRECTORS' AUTHORISATION.....                           | 37 |
| 10. | GLOSSARY.....                                           | 38 |

---

## **1. CORPORATE DIRECTORY**

### **Directors**

Matthew Howison – Non-Executive  
Chairman  
Ian Stuart – Managing Director  
Vincent Algar – Non-Executive Director  
Saliba Sassine – Non-Executive Director

### **Company Secretary**

Matthew Edmondson

### **Registered Office**

Level 1  
41-43 Ord Street  
West Perth, WA, 6005

Telephone: + 61 8 9486 6599  
Facsimile: +61 8 9486 7899

Website: <http://www.laconia.com.au/>

### **Share Registry\***

Security Transfer Registrars Pty. Limited  
770 Canning Highway  
Applecross, WA, 6153

Telephone: +61 8 9315 2333  
Facsimile: +61 8 9315 2233  
Email: [registrar@securitytransfer.com.au](mailto:registrar@securitytransfer.com.au)

### **Auditor\***

Rothsay Chartered Accountants  
Level 18, Central Park Building  
152-158 St Georges Terrace  
Perth, WA, 6000

### **Solicitors**

Steinepreis Paganin  
Lawyers and Consultants  
Level 4, The Read Buildings  
16 Milligan Street  
Perth, WA, 6000

### **Lead Manager**

Indian Ocean Capital Pty Ltd  
Level 13, 77 St Georges Terrace  
Perth, WA, 6000

### **Securities Exchange Listing**

ASX Limited  
(Home Branch - Perth)  
ASX Code: LCR

\* This entity is included for information purposes only. It has not been involved in the preparation of this Prospectus and has not consented to being named in this Prospectus.

---

## 2. TIMETABLE

|                                                                                   |                                 |
|-----------------------------------------------------------------------------------|---------------------------------|
| Lodgement of Prospectus with the ASIC                                             | 7 June 2013                     |
| Lodgement of Prospectus & Appendix 3B with ASX                                    | 7 June 2013                     |
| Notice sent to Optionholders                                                      | 7 June 2013                     |
| Notice sent to Shareholders                                                       | 11 June 2013                    |
| Ex date                                                                           | 13 June 2013                    |
| Record Date for determining Entitlements                                          | 19 June 2013                    |
| Prospectus sent to Shareholders & Company announces prospectus has been completed | 20 June 2013                    |
| Closing Date for the Offer and the Placement                                      | 4 July 2013                     |
| Securities quoted on a deferred settlement basis                                  | 5 July 2013                     |
| ASX notified of under subscriptions                                               | 9 July 2013                     |
| Holding statements issued and sent                                                | 11 July 2013                    |
| Deferred settlement trading ends                                                  | 11 July 2013                    |
| Quotation of Shares issued under the Offer                                        | 12 July 2013                    |
| Shortfall Offer closing date                                                      | 3 months after the Closing Date |

\*The Directors may extend the Closing Date by giving at least 6 Business Days' notice to ASX prior to the Closing Date. As such the date the Securities are expected to commence trading on ASX may vary.

---

### **3. IMPORTANT NOTES**

This Prospectus is dated 7 June 2013 and was lodged with the ASIC on that date. The ASIC and its officers take no responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

No Securities may be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

No person is authorised to give information or to make any representation in connection with this Prospectus, which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

It is important that investors read this Prospectus in its entirety and seek professional advice where necessary. The Securities the subject of this Prospectus should be considered highly speculative.

Applications for Securities offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form, Shortfall Application Form or Broker Application Form.

This Prospectus is a transaction specific prospectus for an offer of continuously quoted securities (as defined in the Corporations Act) and has been prepared in accordance with section 713 of the Corporations Act. It does not contain the same level of disclosure as an initial public offering prospectus. In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

#### **3.1 Risk factors**

Potential investors should be aware that subscribing for Securities in the Company involves a number of risks. The key risk factors of which investors should be aware are set out in section 7 of this Prospectus. These risks together with other general risks applicable to all investments in listed securities not specifically referred to, may affect the value of the Securities in the future. Accordingly, an investment in the Company should be considered highly speculative. Investors should consider consulting their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

#### **3.2 Forward-looking statements**

This Prospectus contains forward-looking statements which are identified by words such as 'may', 'could', 'believes', 'estimates', 'targets', 'expects', or 'intends' and other similar words that involve risks and uncertainties.

These statements are based on an assessment of present economic and operating conditions, and on a number of assumptions regarding future events and actions that, as at the date of this Prospectus, are expected to take place.

Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties, assumptions and other important factors, many of which are beyond the control of our Company, the Directors and our management.

We cannot and do not give any assurance that the results, performance or achievements expressed or implied by the forward-looking statements contained in this prospectus will actually occur and investors are cautioned not to place undue reliance on these forward-looking statements.

We have no intention to update or revise forward-looking statements, or to publish prospective financial information in the future, regardless of whether new information, future events or any other factors affect the information contained in this prospectus, except where required by law.

These forward looking statements are subject to various risk factors that could cause our actual results to differ materially from the results expressed or anticipated in these statements. These risk factors are set out in section 7 of this Prospectus.

---

## **4. DETAILS OF THE OFFER AND PLACEMENT**

### **4.1 The Offer**

The Offer is being made as a non-renounceable entitlement issue of one (1) New Share for every three (3) Shares held by those Shareholders registered at the Record Date at an issue price of \$0.01 per New Share to raise up to \$915,852 (based on the number of Shares on issue as at the date of this Prospectus) together with one (1) free attaching New Option for every one (1) New Share subscribed for and issued. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company as at the date of this Prospectus, (and assuming no existing Options are exercised prior to the Record Date) a maximum of 91,585,297 New Shares and 91,585,297 New Options will be issued pursuant to the Offer. No funds will be raised from the issue of the New Options.

As at the date of this Prospectus, the Company has 70,000,000 unlisted Options on issue, all of which may be exercised prior to the Record Date in order to participate in the Offer. Please refer to section 5.4 of this Prospectus for information on the exercise price and expiry date of the Options on issue.

All of the New Shares offered under this Prospectus will rank equally with the Shares on issue at the date of this Prospectus. Please refer to section 6.1 for further information regarding the rights and liabilities attaching to the New Shares.

All of the New Options offered under this Prospectus will be issued on the terms and conditions set out in section 6.2 of this Prospectus.

All Shares issued on conversion of the New Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Offer and the intended use of funds raised are set out in section 5.1 of this Prospectus.

### **4.2 Minimum subscription**

No Securities will be allotted or issued under this Prospectus until the minimum subscription of \$200,000 has been received. If the minimum subscription is not achieved within 4 months after the date of issue of this Prospectus, the Company will either repay the application monies to the Applicants or issue a supplementary prospectus or replacement prospectus and allow Applicants one month to withdraw their application and be repaid their application monies.

### **4.3 Acceptance of the Offer**

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus.

You may participate in the Offer as follows:

- (a) if you wish to accept your **full** Entitlement:
  - (i) complete the Entitlement and Acceptance Form; and



- (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the amount indicated on the Entitlement and Acceptance Form; or
- (b) if you only wish to accept **part** of your Entitlement:
  - (i) fill in the number of Securities you wish to accept in the space provided on the Entitlement and Acceptance Form; and
  - (ii) attach your cheque, drawn on an Australian bank or bank draft made payable in Australian currency, for the appropriate application monies (at \$0.01 per Share); or
- (c) if you do not wish to accept all or part of your Entitlement, you are not obliged to do anything.

You may also apply for additional New Shares and New Options in accordance with Shortfall Offer by completing a Shortfall Application Form or the box marked on your Entitlement and Acceptance Form (refer to Section 4.7 for further details).

#### **4.4 Payment by cheque/bank draft**

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Laconia Resources Limited – Entitlement Issue Account" and crossed "Not Negotiable".

Your completed Entitlement and Acceptance Form and cheque must reach the Company's share registry no later than 5:00pm (WST) on the Closing Date.

#### **4.5 Payment by BPAY®**

For payment by BPAY®, please follow the instructions on the Entitlement and Acceptance Form. You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions. Please note that should you choose to pay by BPAY®:

- (a) you do not need to submit the Entitlement and Acceptance Form but are taken to have made the declarations on that Entitlement and Acceptance Form; and
- (b) if you do not pay for your Entitlement in full, you are deemed to have taken up your Entitlement in respect of such whole number of Securities which is covered in full by your application monies.

**It is your responsibility to ensure that your BPAY® payment is received by the share registry by no later than 5:00pm (WST) on the Closing Date. You should be aware that your financial institution may implement either cut-off times with regards to electronic payment and you should therefore take this into consideration when making payment.** Any application monies received for more than your final allocation of Securities (only where the amount is \$1.00 or greater) will be refunded. No interest will be paid on any application monies received or refunded.

The Offer is non-renounceable. Accordingly, a Shareholder may not sell or transfer all or part of their Entitlement.

#### 4.6 Dilutionary impact of the Offer

Shareholders should note that if they do not participate in the Offer, their Share holdings are likely to be diluted by approximately 25% (as compared to their holdings and number of Shares on issue as at the date of the Prospectus). Examples of how the dilution may impact Shareholders is set out in the table below:

| Holder        | Holding as at Record date | % at Record Date | Entitlements under the Offer | Holdings if Offer not taken Up | % post Offer |
|---------------|---------------------------|------------------|------------------------------|--------------------------------|--------------|
| Shareholder 1 | 10,000,000                | 3.64%            | 3,333,334                    | 10,000,000                     | 2.73%        |
| Shareholder 2 | 5,000,000                 | 1.82%            | 1,666,667                    | 5,000,000                      | 1.36%        |
| Shareholder 3 | 1,500,000                 | 0.55%            | 500,000                      | 1,500,000                      | 0.41%        |
| Shareholder 4 | 400,000                   | 0.15%            | 133,334                      | 400,000                        | 0.11%        |
| Shareholder 5 | 50,000                    | 0.02%            | 16,667                       | 50,000                         | 0.01%        |

Notes:

1. Fractional entitlements have been rounded up to the nearest whole number.
2. The dilutionary effect for each Shareholder will be greater than that shown in the table in the event any or all of the New Options are exercised in the future.
3. Assumes no further Shares or Options are issued and no Options currently on issue are exercised.
4. The dilutionary effect shown in the table is the maximum percentage on the assumption that those Entitlements not accepted are placed under the Shortfall Offer. In the event all Entitlements are not accepted and some or all of the resulting Shortfall was not subsequently placed, the dilutionary effect for each Shareholder not accepting their Entitlement would be reduced.

#### 4.7 Shortfall Offer

Any Entitlement not taken up pursuant to the Offer will form the Shortfall Offer.

The Shortfall Offer is a separate offer made pursuant to this Prospectus and will remain open for up to three months following the Closing Date. The issue price for each Share to be issued under the Shortfall Offer shall be \$0.01 being the price at which Shares have been offered under the Offer.

Pursuant to the Lead Manager Agreement, the Lead Manager in consultation with the Company, has exclusive rights to the placement of the Shortfall Securities. In all other respects the Directors reserve the right to issue Shortfall Securities at their absolute discretion.

#### 4.8 Placement

The Placement is being made by way of the issue of 45,792,649 Placement Options exercisable at \$0.06 each on or before 30 September 2018 at an issue price of \$0.001 per Placement Option to raise up to \$45,793.

The Placement is conditional upon the Company obtaining Shareholder approval in general meeting for the issue of the Placement Options in accordance with ASX Listing Rule 7.1.

The Placement Options will be issued to persons nominated by the Lead Manager in accordance with the Lead Manager Agreement detailed in section 8.4.1 of this Prospectus.

In order to apply for the Placement Options, an investor must complete the Option Placement Application Form attached to or accompanying this Prospectus.

All of the Placement Options will be issued on the terms and conditions set out in section 6.3 of this Prospectus.

All Shares issued on conversion of the Placement Options will rank equally with the Shares on issue at the date of this Prospectus.

The purpose of the Placement and the intended use of funds raised are set out in section 5.1 of this Prospectus.

Sections 4.1 to 4.7 are not applicable to the Placement.

#### **4.9 ASX listing**

Application for Official Quotation of the Securities offered pursuant to this Prospectus will be made in accordance with the timetable set out at the commencement of this Prospectus. If ASX does not grant Official Quotation of the Securities offered pursuant to this Prospectus before the expiration of 3 months after the date of issue of the Prospectus (or such period as varied by the ASIC), the Company will not issue any Securities and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant Official Quotation to the Securities is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

#### **4.10 Issue**

Securities issued pursuant to this Prospectus will be issued in accordance with the ASX Listing Rules and timetable set out at the commencement of this Prospectus.

Securities issued pursuant to the Shortfall Offer may be issued on a progressive basis. Where the number of Shares issued is less than the number applied for, or where no issue is made surplus application monies will be refunded without any interest to the Applicant as soon as practicable after the closing date of the Shortfall Offer.

Pending the issue of the Securities or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

Holding statements for Securities issued under the Offer will be mailed in accordance with the ASX Listing Rules and timetable set out at the

commencement of this Prospectus and for Shortfall Securities issued under the Shortfall Offer as soon as practicable after their issue.

#### **4.11 Overseas Shareholders**

This Offer and Placement does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer and Placement is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

The Offer and Placement is being made in New Zealand pursuant to the Securities act (Overseas Companies) Exemption Notice 2002.

Shareholders resident in Australia or New Zealand holding Securities on behalf of persons who are resident overseas are responsible for ensuring that taking up an Entitlement under the Offer or participation in the Placement does not breach regulations in the relevant overseas jurisdiction. Return of a duly completed Entitlement and Acceptance Form will be taken by the Company to constitute a representation that there has been no breach of those regulations.

#### **4.12 Enquiries**

Any questions concerning the Offer, the Placement or the Shortfall Offer should be directed to Matthew Edmondson, Company Secretary, on (08) 9486 1599.

If you require any further information on how to apply for Securities under this Prospectus, you should contact Security Transfer Registrars Pty Limited between 8:30am and 5:00pm (WST), Monday to Friday on (08) 9315 2333 before the Closing Date.

---

## 5. PURPOSE AND EFFECT OF THE OFFER AND THE PLACEMENT

### 5.1 Purpose of the Offer and the Placement

The purpose of the Offer and the Placement is to raise up to \$961,645.

The funds raised from the Offer and the Placement are planned to be used in accordance with the table set out below<sup>1</sup>:

| Item | Proceeds of the Offer and the Placement <sup>1</sup>                                                       | Minimum Subscription (\$) | %      | Full Subscription (\$) | %      |
|------|------------------------------------------------------------------------------------------------------------|---------------------------|--------|------------------------|--------|
| 1.   | Completion of Community Access Agreements and obtaining drilling permit for Rasuhuilca gold-silver project | Nil                       |        | 600,000                | 62.39  |
| 2    | Repayment of short term finance facility (if drawn) <sup>2</sup>                                           | 153,000                   | 76.50  | 153,000                | 15.91  |
| 3.   | Completion of a resource update for Rasuhuilca gold-silver project                                         | Nil                       |        | 25,000                 | 2.6    |
| 4.   | Expenses of the Offer and Placement <sup>3</sup>                                                           | 47,000                    | 23.50  | 96,000                 | 9.98   |
| 5.   | Working capital and project evaluation                                                                     |                           |        | 87,645                 | 9.11   |
|      | <b>Total</b>                                                                                               | <b>\$200,000</b>          | 100.00 | <b>\$961,645</b>       | 100.00 |

#### Notes:

1. If the Offer and Placement are subscribed to raise more than \$200,000 but less than \$961,645 (the full subscription), the Company intends to scale back its expenditure for items 1, 3 and 5 in the above table on approximately a pro rata basis. Items 2 and 4 will be satisfied in full upon achievement of the minimum subscription of \$200,000.
2. The Company has entered into short term loan agreements with a small number of Shareholders pending completion of the Offer and the Placement. The Company has agreed to repay these loans from the proceeds of the Offer and the Placement.
3. Refer to section 8.8 of this Prospectus for further details relating to the estimated expenses of the Offer and the Placement.

The above table is a statement of current intentions as of the date of this Prospectus. As with any budget, intervening events and new circumstances have the potential to affect the manner in which the funds are ultimately applied. The Board reserves the right to alter the way funds are applied on this basis.

### 5.2 Effect of the Offer and the Placement

The principal effect of the Offer and the Placement, assuming all Entitlements are accepted, all of the Placement is taken up and no Options are exercised prior to the Record Date, will be to:

- (a) increase the cash reserves by \$961,645 (before deducting the estimated expenses of the Offer and the Placement) immediately after completion of the Offer and the Placement;
- (b) increase the number of Shares on issue from 274,755,891 as at the date of this Prospectus to 366,341,188 Shares following completion of the Offer; and
- (c) increase the number of Options on issue from 70,000,000 as at the date of this Prospectus to 207,377,946 Options following completion of the Offer and the Placement.

### 5.3 Pro-forma balance sheet

The auditor reviewed balance sheet as at 31 December 2012 and the unaudited pro-forma balance sheet shown below have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position.

The pro-forma balance sheet has been prepared assuming all Entitlements are accepted, all of the Placement is taken up, no Options are exercised prior to the Record Date and including expenses of the Offer and the Placement.

The pro-forma balance sheet has been prepared to provide investors with information on the assets and liabilities of the Company and pro-forma assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

|                                          | Unaudited<br>30 April 2013<br>\$ | Unaudited 30 April 2013<br>(Proforma)<br>\$ |
|------------------------------------------|----------------------------------|---------------------------------------------|
| <b>CURRENT ASSETS</b>                    |                                  |                                             |
| Cash and cash equivalents <sup>1</sup>   | 149,851                          | 1,495,381                                   |
| Trade and other receivables <sup>1</sup> | 568,895                          | 82,547                                      |
| <b>TOTAL CURRENT ASSETS</b>              | <b>718,746</b>                   | <b>1,577,928</b>                            |
|                                          |                                  |                                             |
| <b>NON-CURRENT ASSETS</b>                |                                  |                                             |
| Fixed assets                             | 104,365                          | 104,365                                     |
| Exploration                              | 4,050,202                        | 4,050,202                                   |
| Other non-current assets                 | 3,532,913                        | 3,532,913                                   |
| <b>TOTAL NON-CURRENT ASSETS</b>          | <b>7,687,480</b>                 | <b>7,687,480</b>                            |
|                                          |                                  |                                             |
| <b>TOTAL ASSETS</b>                      | <b>8,406,226</b>                 | <b>9,265,408</b>                            |
|                                          |                                  |                                             |
| <b>CURRENT LIABILITIES</b>               |                                  |                                             |
| Trade and other payables                 | 106,947                          | 100,513                                     |
| Provisions                               | 6,401                            | 6,401                                       |
| <b>TOTAL CURRENT LIABILITIES</b>         | <b>113,348</b>                   | <b>106,914</b>                              |
|                                          |                                  |                                             |
| <b>NON-CURRENT LIABILITIES</b>           |                                  |                                             |
| Deferred taxes payable                   | -                                | -                                           |
| Loans payable                            | -                                | -                                           |
| <b>TOTAL NON-CURRENT LIABILITIES</b>     | <b>-</b>                         | <b>-</b>                                    |
|                                          |                                  |                                             |

|                                 | Unaudited<br>30 April 2013<br>\$ | Unaudited 30 April 2013<br>(Proforma)<br>\$ |
|---------------------------------|----------------------------------|---------------------------------------------|
| <b>TOTAL LIABILITIES</b>        | 113,348                          | 106,914                                     |
|                                 |                                  |                                             |
| <b>NET ASSETS (LIABILITIES)</b> | 8,292,878                        | 9,158,494                                   |
|                                 |                                  |                                             |
| <b>EQUITY</b>                   |                                  |                                             |
| Share capital                   | 13,740,521                       | 14,606,137                                  |
| Minority Interest               | -                                | -                                           |
| Options Reserve                 | 2,360,740                        | 2,360,740                                   |
| Retained loss                   | (7,808,383)                      | (7,808,383)                                 |
| <b>TOTAL EQUITY</b>             | 8,292,878                        | 9,158,494                                   |

**Notes:**

1. The proforma amount \$1,495,381 includes an ATO refund for Research and Development that was received on 6 June 2013 of \$486,347 that was reflected in Trade and other receivables at 30 April 2013.

#### 5.4 Effect on capital structure

The effect of the Offer and the Placement on the capital structure of the Company, assuming all Entitlements are accepted, all of the Placement is taken up and no Options are exercised prior to the Record Date, is set out below.

**Shares**

|                                                                          | Number             |
|--------------------------------------------------------------------------|--------------------|
| Shares currently on issue <sup>1</sup>                                   | 274,755,891        |
| Shares offered pursuant to the Offer                                     | 91,585,297         |
| <b>Total Shares on issue after completion of the Offer and Placement</b> | <b>366,341,188</b> |

**Options**

|                                                                           | Number             |
|---------------------------------------------------------------------------|--------------------|
| Options currently on issue <sup>2</sup>                                   | 70,000,000         |
| Options offered pursuant to the Offer                                     | 91,585,297         |
| Options offered pursuant to the Placement                                 | 45,792,649         |
| <b>Total Options on issue after completion of the Offer and Placement</b> | <b>207,377,946</b> |

**Performance Shares**

|                                                                                      | Number            |
|--------------------------------------------------------------------------------------|-------------------|
| Performance Shares on issue <sup>3</sup>                                             | 14,500,000        |
| Performance shares offered pursuant to the Offer                                     | Nil               |
| <b>Total Performance Shares on issue after completion of the Offer and Placement</b> | <b>14,500,000</b> |

## Convertible Notes

|                                                                                     | Number     |
|-------------------------------------------------------------------------------------|------------|
| Convertible Notes on issue <sup>4</sup>                                             | 1          |
| <b>Convertible Notes offered pursuant to the Offer</b>                              | <b>Nil</b> |
| <b>Total Convertible Notes on issue after completion of the Offer and Placement</b> | <b>1</b>   |

### Notes:

2. The number of Shares to be issued under the Offer assumes that no Options are exercised or Convertible Notes converted before the Record Date. This figure also includes 26,505,000 escrowed Shares to 21 June 2013.
3. This figure comprises:
  - a. 20,500,000 unlisted Options exercisable at \$0.199 on or before 30 September 2014;
  - b. 46,250,000 unlisted Options exercisable at \$0.06 on or before 30 September 2018; and
  - c. 3,250,000 unlisted Options exercisable \$0.06 on or before 30 September 2018.
3. This figure includes 12,500,000 Performance Shares escrowed to 21 June 2013. Each Performance Share will automatically convert into one Ordinary Share upon the Company announcing that it has commenced the commercial production of gold and or silver or gold and or silver ore on any part of the Rasuhilca tenements ("the Milestone") on or before 21 June 2017. If the Milestone is not achieved by this date, the Performance Shares shall automatically convert to ordinary shares on the basis that one ordinary shall be issued for every 500,000 (five hundred thousand) Performance Shares held.
4. This figure comprises 1 unlisted convertible note (escrowed to 20 June 2013 convertible as to principal to 6,500,000 Shares at a conversion price equal to \$0.10 per Share and attracting interest at the rate of 10% per annum.

## 5.5 Details of substantial holders

Based on an analysis of publicly available information as at the date of this Prospectus, the Company had one substantial shareholder, Gold Mines of Peru Limited, holding 26,505,000 Shares which represents 9.65% of the total issued Share capital of the Company.

In the event that all Entitlements are taken up, there will be no change to the substantial holder on Completion of the Offer.



---

## **6. RIGHTS AND LIABILITIES ATTACHING TO SECURITIES**

### **6.1 Shares**

The following is a summary of the more significant rights and liabilities attaching to Shares being offered pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

#### **(a) General meetings**

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with section 249D of the Corporations Act and the Constitution of the Company.

#### **(b) Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

- (i) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (ii) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (iii) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each fully paid Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such Shares registered in the Shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

#### **(c) Dividend rights**

Subject to the rights of any preference Shareholders and to the rights of the holders of any Shares created or raised under any special arrangement as to dividend, the Directors may from time to time declare a dividend to be paid to the Shareholders entitled to the dividend which shall be payable on all Shares according to the proportion that the amount paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of such Shares.

The Directors may from time to time pay to the Shareholders any interim dividends as they may determine. No dividend shall carry interest as against the Company. The Directors may set aside out of the profits of the Company any amounts that they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

Subject to the ASX Listing Rules and the Corporations Act, the Company may, by resolution of the Directors, implement a dividend reinvestment plan on such terms and conditions as the Directors think fit and which provides for any dividend which the Directors may declare from time to time payable on Shares which are participating Shares in the dividend reinvestment plan, less any amount which the Company shall either pursuant to the Constitution or any law be entitled or obliged to retain, be applied by the Company to the payment of the subscription price of Shares.

(d) **Winding-up**

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders.

The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

(e) **Shareholder liability**

As the Shares issued will be fully paid shares, they will not be subject to any calls for money by the Directors and will therefore not become liable for forfeiture.

(f) **Transfer of shares**

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the ASX Listing Rules.

(g) **Future increase in capital**

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of Securities contained in the ASX Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

(h) **Variation of rights**

Under section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

(i) **Alteration of constitution**

In accordance with the Corporations Act, the Constitution can only be amended by a special resolution passed by at least three quarters of Shareholders present and voting at the general meeting. In addition, at least 28 days written notice specifying the intention to propose the resolution as a special resolution must be given.

## **6.2 New Options**

The New Options entitle the holder to subscribe for Shares on the following terms and conditions:

- (a) Each New Option is a right to subscribe for one Share.
- (b) The exercise price of the New Options is 6 cents per Option.
- (c) The New Options will lapse on 30 September 2018 (**Expiry Date**).
- (d) The New Options will be transferable in whole or in part with the prior approval of the Board of the Company, subject to the provisions of the Constitution of the Company, Corporations Act and the ASX Listing Rules.
- (e) The New Options may be exercised wholly or in part by delivering a duly completed form of notice of exercise together with a cheque for the exercise price per New Option to the Company at any time on or after the date on which the New Options vest and on or before the Expiry Date. Reminder notices will be forwarded to each option holder prior to the Expiry Date. New Options not exercised by the Expiry Date will lapse.
- (f) Upon the valid exercise of the New Options and payment of the exercise price, the Company will issue Shares raking pari passu with the then issued Shares of the Company.
- (g) The Company shall apply for listing on the ASX of the resultant Shares issued upon exercise of any of the New Options.
- (h) Reconstruction of Capital: If during the currency of the New Options the issued capital of the Company is reconstructed (including capital reductions and share consolidations and divisions), the number or nominal value of the New Options to which the holder is entitled will be reconstructed in the same proportion as the issued capital of the Company is reconstructed in accordance with the ASX Listing Rules but in all respects the term for the exercise of the New Options shall remain

unchanged. Where appropriate the exercise price of the New Options will be revised in accordance with the ASX Listing Rules.

- (i) **Bonus Issue:** If there is a bonus issue to the holders of the ordinary Shares of the Company, the number of ordinary Shares over which the New Option is exercisable will be increased by the number of ordinary Shares which the holder of the New Option would have received if the New Option had been exercised before the record date for the bonus issue.
- (j) **Rights Issue:** If the Company makes a pro rata issue (other than a bonus issue), the exercise price of New Options on issue will not be adjusted in accordance with the ASX Listing Rules.
- (k) **Participating Rights and Entitlements:** The New Options carry no right (without exercising the New Options) to participate in new issues which may be offered by the Company to its Shareholders after the date of the issue of the New Options or in dividends. However, the Company must give prior notice to the New Option holders of any new issue before the record date for determining entitlements to the issue in accordance with ASX Listing Rules and New Option holders have the right to exercise the New Options prior to the record date for determining entitlements.
- (l) **Amendments:** Despite anything else contained in these terms to the contrary, the terms and conditions may be changed by the Company to the extent it reasonably considers to be necessary to comply with the ASX Listing Rules, particularly as they may apply to a reconstruction or reorganisation of the capital of the Company at the time of reorganisation or reconstruction.

### **6.3 Placement Options**

The Placement Options will be issued on the same terms as the New Options.

---

## **7. RISK FACTORS**

### **7.1 Introduction**

The Securities offered under this Prospectus are considered highly speculative. An investment in the Company is not risk free and the Directors strongly recommend potential investors to consider the risk factors described below, together with information contained elsewhere in this Prospectus and to consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

There are specific risks which relate directly to the Company's business. In addition, there are other general risks, many of which are largely beyond the control of the Company and the Directors. The risks identified in this section, or other risk factors, may have a material impact on the financial performance of the Company and the market price of the Securities.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

### **7.2 Risks specific to Peru**

#### **(a) Overview**

Peru is located on the western coast of South America. It shares its borders with Ecuador and Colombia to the north, Brazil and Bolivia to the east and Chile to the south. Peru's major cities are Lima, the nation's capital, Arequipa, Trujillo, Chiclayo, Iquitos, Piura, Chimbote and Cusco.

#### **(b) Peruvian political risk**

The Private sector could be affected by changes in the economic or other policies of the Government of Peru or other political, regulatory or economic authorities in Peru. The Company's major assets are located in Peru, South America. Peru is, at present, a stable democracy but the Company cannot guarantee access, surety of title and/or tenure of its Peruvian based assets.

#### **(c) Emerging Market Risks**

Peru is an emerging market economy. Emerging markets are generally more vulnerable to market volatility as well as political and economic instability than developed markets. As such, investments in securities of issuers with all or substantially all of its interests in an emerging market are subject to certain risks which may affect economic and fiscal results. These risks include:

- (i) currency fluctuations and devaluations;
- (ii) inflation;
- (iii) exchange controls;
- (iv) high interest rates;
- (v) wage and price controls;

- (vi) economic and political instability;
- (vii) the imposition of trade barriers;
- (viii) expropriation and political violence or disturbance; and
- (ix) changes in economic, tax and other policies.
- (x) In addition, economic conditions in Peru are, to some extent, influenced by economic and securities market conditions in other emerging market countries. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries, including Peru. There can be no assurance that the economic conditions in Peru will not continue to be affected negatively by events elsewhere, especially in emerging markets.

(d) **Community Issues in Peru**

Some parts of Peru are sensitive to community issues and the authorities in some regions are politically motivated, being anti-investment and sympathisers of populist claims of organised groups including the organisation of anti-mining demonstrations.

Risk factors to be considered include the nationwide and localised protests and demonstrations against mining activity over the past years.

### 7.3 **Company specific**

(a) **Potential for significant dilution**

Upon implementation of the Offer, assuming all Entitlements are accepted and no Options are exercised prior to the Record Date the number of Shares in the Company will increase from 274,755,891 currently on issue to 366,341,188. This means that each Share will represent a significantly lower proportion of the ownership of the Company.

It is not possible to predict what the value of the Company or a Share will be following the completion of the Offer being implemented and the Directors do not make any representation as to such matters.

The last trading price of Shares on ASX prior to the prospectus being lodged of \$0.012 is not a reliable indicator as to the potential trading price of Shares after implementation of the Proposed Transaction.

(b) **Contractual Risks**

As announced to ASX on 26 March 2013, the Company has entered into an option agreement to acquire the Huaco Cucho project in Peru (**Option Agreement**).

Exercise of the option under the Option Agreement and completion thereafter remains subject to a number of conditions precedent, including, without limitation, the entities that have a right to the licences formalizing their ownership.

Further, under the terms of the Option Agreement, settlement is scheduled to occur a number of years into the future (if the option is ultimately exercised).

In order for the Company to be able to achieve its objectives, the Company is reliant on the counter parties to the Option Agreement and the registered holders of the licences to respectively comply with their contractual obligations under the Option Agreement and to maintain the licences in full force and effect, free from any liability to forfeiture or non-renewal.

Where the Option Agreement is breached or the registered holder of the licences fails to extend or renew them or fails to comply with conditions of the licences which results in loss of title to the licences, the Company would lose its opportunity to acquire the Huaco Cucho Option Licences. In this circumstance, there can be no guarantee that a legal remedy will be available or ultimately granted to the Company. The Company has no current reason to believe that the parties to the Option Agreement will not comply with their obligations or the registered holders of the licences will not meet and satisfy their obligations to maintain them in good standing.

**(c) Exploration and operational risk**

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- geological conditions;
- limitations on activities due to seasonal weather patterns and cyclone activity;
- alterations to joint venture programs and budgets;
- unanticipated operational and technical difficulties encountered in seismic survey, drilling and production activities;
- mechanical failure of operating plant and equipment;
- adverse weather conditions, industrial and environmental accidents, acts of terrorism or political or civil unrest and other force majeure events;
- industrial action, disputation or disruptions;
- unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- shortages or unavailability of manpower or appropriately skilled manpower;
- unexpected shortages or increases in the costs of consumables, spare parts, plant and equipment; and

- prevention or restriction of access by reason of political unrest, outbreak of hostilities, and inability to obtain consents or approvals.

**(d) Resource Estimate**

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates, which were valid when made, may change significantly when new information becomes available. In addition, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. Should the Company encounter mineralisation or formations different from those predicted by past sampling and drilling, resource estimates may have to be adjusted and mining plans may have to be altered in a way which could have either a positive or negative effect on the Company's operations.

**(e) Commodity Prices**

The Company expects to derive any future revenue from the sale of commodities.

Consequently, the Company's expected earnings will be closely related to the price of these commodities together with any terms of the off-take agreement(s) under which these metals will be sold.

Commodity prices fluctuate and are affected by numerous factors beyond the control of the Company. These factors include worldwide and regional supply and demand for the specific commodity, commodity trading on the futures markets, general world economic conditions and the outlook for interest rates, inflation and other economic factors on both a regional and global basis. These factors may have a positive or negative effect on the Company's exploration, project development and production plans and activities, together with the ability to fund those plans and activities.

**(f) Future financing**

The Company will be required to raise additional equity and/or debt capital to finance its activities in the future. There can be no assurance that the Company will be able to raise that finance on acceptable terms or in a timely manner.

Any additional equity financing will dilute shareholdings and debt financing, if available, may involve restrictions on financing and operating activities. If the Company is unable to obtain additional financing as needed, the Company may be required to reduce the scope of its operations and scale back its exploration programmes as the case may be.

**(g) Environmental risks**

Exploration programmes impact on the environment. These impacts are minimised by the Company's application of best practice principles. The Company will be subject to environmental laws and regulations in connection with activities and operations it may pursue. The Company intends to conduct its activities in an environmentally responsible manner and in accordance with all applicable laws. However, the



Company may be the subject of accidents or unforeseen circumstances that could subject it to extensive liability.

Approval may be required from the relevant authorities before the Company can undertake activities that are likely to impact the environment. Failure to obtain such approvals will prevent the Company from undertaking its desired activities. The Company is unable to predict the effect of additional environmental laws and regulations that may be adopted in the future, including whether any such laws or regulations would materially increase the Company's cost of doing business or affect its operations in any area.

The operations and proposed activities of the Company's Rasuhilca gold-silver project is located in Peru are subject to the laws of Peru and regulations concerning the environment. As with most exploration projects and mining operations, the Company's activities are expected to have an impact on the environment. It is the Company's intention to conduct its activities to the highest standard of environmental obligation, including compliance with all environmental laws.

**(h) Title**

The exploration licences comprising some of the tenements which the Company holds or in which it has an interest may be the subject of applications for extension or renewal in the future. Although the Company believes that exploration licences and tenements will be extended or renewed (as the case may be) according to applicable laws, there can be no assurance that they will be extended or renewed or as to the terms of any such extension or renewal.

If an exploration licence or a tenement is not extended or renewed, the Company may suffer significant damage through loss of the opportunity to discover and/or develop any mineral resources on that tenement.

In addition, the Company cannot guarantee that those tenements that are applications for tenements will ultimately be granted in whole or in part.

**(i) Native Title (Australian Licences)**

The Native Title Act 1993 (Cth) recognises and protects the rights and interests in Australia of Aboriginal and Torres Strait Islander people in land and waters, according to their traditional laws and customs. There is significant uncertainty associated with native title in Australia and this may impact on the Company's operations and future plans.

Native title can be extinguished by valid grants of land or waters to people other than the native title holders or by valid use of land or waters. It can also be extinguished if the indigenous group has lost their connection with the relevant land or waters. Native title is not extinguished by the grant of mining licences, as they are not considered to be grants of exclusive possession. A valid mining lease prevails over native title to the extent of any inconsistency for the duration of the title.

All tenements granted prior to 1 January 1994 are valid or validated.

Tenements granted between 1 January 1994 and 23 December 1996 may be invalid if they fail to comply with the Native Title Act or for

certain other reason because of native title. However, such invalid tenements may be validated if certain statutory criteria are met.

For tenements to be validly granted (or renewed) after 23 December 1996 the special “**right to negotiate**” regime established by the Native Title Act must be followed.

It is important to note that the existence of a native title claim is not an indication that native title in fact exists to the land covered by the claim, as this is a matter ultimately determined by the Federal Court.

The Company must also comply with Aboriginal heritage legislation requirements which require heritage survey work to be undertaken ahead of the commencement of mining operations.

**(j) Joint venture/operator parties and contractors**

The operations of the Company will require involvement with joint venture parties through incorporated or unincorporated joint ventures and contractors. The Directors are unable to predict the risk of:

- (i) financial failure, default or non-compliance with respective obligations by a participant in any joint venture to which the Company is, or may become, a party;
- (ii) default insolvency or other managerial failure by any of the contractors used by the Company in its exploration activities; or
- (iii) insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

**(k) Sovereign risk**

The Company’s Rasuhilca gold-silver project is located in Peru. Peru has been a stable democracy for a number of years with a democratically elected government that is supportive of foreign investment. However, there are always risks for companies operating in countries such as Peru and the Company cannot guarantee access, surety of title and tenure of its Peruvian-based assets and cannot guarantee that government policy in Peru will remain supportive of the mining and resources sector as it currently is.

**(l) Metallurgy**

Metal and/or mineral recoveries are dependent upon the metallurgical process, and by its nature contain elements of significant risk such as:

- (i) identifying a metallurgical process through test work to produce a saleable metal and/or concentrate;
- (ii) developing an economic process route to produce a metal and/or concentrate; and
- (iii) changes in mineralogy in the ore deposit can result in inconsistent metal recovery, affecting the economic viability of the project.

## **7.4 General Risks**

### **(a) Economic Risks**

General economic conditions, movements in interest and inflation rates and currency exchange rates may have an adverse effect on the Company's exploration, development and production activities, as well as on its ability to fund those activities.

### **(b) Market Conditions**

Share market conditions may affect the value of the Company's quoted securities regardless of the Company's operating performance. Share market conditions are affected by many factors such as:

- (i) general economic outlook;
- (ii) interest rates and inflation rates;
- (iii) currency fluctuations;
- (iv) changes in investor sentiment toward particular market sectors;
- (v) the demand for, and supply of, capital; and
- (vi) terrorism or other hostilities.

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities in general and resource exploration stocks in particular. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

### **(c) Potential Acquisitions**

As part of its business strategy, the Company may make acquisitions of or significant investments in companies, products, technologies or resource projects. Any such future transaction would be accompanied by the risks commonly encountered in making acquisitions of companies, products, technologies or resource projects.

### **(d) Exchange rate risk**

Variations in exchange rates are unpredictable and the Company may incur losses or gains from time to time in respect of its activities in Peru or elsewhere overseas as a result of such variations.

### **(e) Weather condition risk**

Field operations including drilling may be delayed due to extreme weather conditions such as flooding, storms or cyclones.

### **(f) Community risk**

Carrying out activities on site may affect the neighbouring communities and local authorities. This can be of particular concern where the Company is operating in heavily populated areas. In this situation the Company would plan to carry out community consultation to take into

account these concerns. However, there is a risk that in some circumstances there could be higher than normal community concern which could result in a project being denied permission to proceed or having permission withdrawn or having conditions imposed on continuation of the activities which make it unacceptable to the Company to proceed with those activities.

**(g) Reliance on key personnel**

The responsibility of overseeing the day-to-day operations and the strategic management of the Company depends substantially on its senior management and its key personnel. There can be no assurance given that there will be no detrimental impact on the Company if one or more of these employees cease their employment.

**(h) Investment speculative**

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the securities offered under this Offer Document. Therefore, the securities to be issued pursuant to this Offer Document carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for securities pursuant to this Offer Document.

---

## **8. ADDITIONAL INFORMATION.**

### **8.1 Litigation**

As at the date of this Prospectus, the Company is not involved in any legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against the Company.

### **8.2 Continuous disclosure obligations**

The Company is a “disclosing entity” (as defined in section 111AC of the Corporations Act) for the purposes of section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms a “transaction specific prospectus” is only required to contain information in relation to the effect of the issue of securities on a company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 3 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
- (c) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:

- (i) the annual financial report most recently lodged by the Company with the ASIC;
- (ii) any half-year financial report lodged by the Company with the ASIC after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC; and
- (iii) any continuous disclosure documents given by the Company to ASX in accordance with the ASX Listing Rules as referred to in section 674(1) of the Corporations Act after the lodgement of the annual financial report referred to in (i) and before the lodgement of this Prospectus with the ASIC.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

Details of documents lodged by the Company with ASX since the date of lodgement of the Company's latest annual financial report and before the lodgement of this Prospectus with the ASIC are set out in the table below.

| Date | Description of Announcement |
|------|-----------------------------|
|------|-----------------------------|

|               |                                                              |
|---------------|--------------------------------------------------------------|
| 06 June 2013  | Cancellation and Repricing - Entitlement Issue and Placement |
| 04 June 2013  | Release of Securities from Escrow                            |
| 04 June 2013  | Clarification of Resource Statements                         |
| 30 May 2013   | Closing Date Extended - Non-renounceable Rights Issue        |
| 29 May 2013   | Presentation to Latin America Downunder Conference           |
| 22 May 2013   | Closing Date Extended - Non-renounceable Rights Issue        |
| 17 May 2013   | Notice of General Meeting                                    |
| 16 May 2013   | Despatch of Prospectus - Entitlement Issue and Placement     |
| 07 May 2013   | Letter to Ineligible Shareholders                            |
| 07 May 2013   | Letter to Eligible Shareholders                              |
| 03 May 2013   | Letter to Option Holders                                     |
| 03 May 2013   | Appendix 3B                                                  |
| 03 May 2013   | Non-renounceable Entitlement Issue and Placement Prospectus  |
| 30 April 2013 | 2013 March Quarterly Activities and Cash Flow Report         |
| 29 April 2013 | Entitlement Offer and Placement                              |
| 09 April 2013 | High-Grade Copper Results, Peru                              |
| 02 April 2013 | Expiry of Unlisted Options and Appendix 3B                   |
| 27 March 2013 | Proactive investors Covers Laconia                           |
| 26 March 2013 | Peru Option Agreement Signed                                 |
| 25 March 2013 | Trading Halt                                                 |

| Date | Description of Announcement |
|------|-----------------------------|
|------|-----------------------------|

|                  |                                                          |
|------------------|----------------------------------------------------------|
| 20 March 2013    | Company Presentation                                     |
| 14 March 2013    | Half Year Accounts                                       |
| 27 February 2013 | High-Grade Copper Identified                             |
| 14 February 2013 | 701 Mile Project Ground Position Consolidated            |
| 13 February 2013 | Sale of Assets to Laconia Resources                      |
| 04 February 2013 | Rasuhuilca Gold-Silver Exploration Update                |
| 25 January 2013  | December 2012 Quarterly Activities and Cash Flow Report  |
| 16 January 2013  | Appointment of Chief Operating Officer - Peru            |
| 17 December 2012 | Amended Constitution                                     |
| 07 December 2012 | Cleansing Notice                                         |
| 07 December 2012 | Change of Director's Interest Notice                     |
| 07 December 2012 | Change of Director's Interest Notice                     |
| 07 December 2012 | Change of Director's Interest Notice                     |
| 07 December 2012 | Change of Directors Interest Notice                      |
| 06 December 2012 | RRE: Acquisition of Kookynie Copper Gold project         |
| 06 December 2012 | Divestment of Kookynie                                   |
| 04 December 2012 | Amended Appendix 3B                                      |
| 30 November 2012 | Appendix 3B                                              |
| 30 November 2012 | Results of Annual General Meeting                        |
| 30 November 2012 | Managing Director's Presentation to AGM                  |
| 30 November 2012 | Chairman's Address to Shareholders                       |
| 26 November 2012 | Change of Director's Interest Notice                     |
| 21 November 2012 | Company Presentation                                     |
| 13 November 2012 | Peru Project Update                                      |
| 07 November 2012 | Laconia Expands in Peru                                  |
| 06 November 2012 | Change in substantial holding                            |
| 06 November 2012 | Cleansing Notice                                         |
| 05 November 2012 | Trading halt                                             |
| 31 October 2012  | September 2012 Quarterly Activities and Cash Flow Report |
| 30 October 2012  | Notice of Annual General Meeting/Proxy Form              |
| 30 October 2012  | Annual Report Sent to Shareholders                       |
| 30 October 2012  | Change of Director's Interest Notice                     |
| 30 October 2012  | Appendix 3B                                              |
| 25 October 2012  | Change of Director's Interest Notice                     |
| 25 October 2012  | Change of Director's Interest Notice                     |

| Date | Description of Announcement |
|------|-----------------------------|
|------|-----------------------------|

|                   |                                       |
|-------------------|---------------------------------------|
| 25 October 2012   | Change of Director's Interest Notice  |
| 23 October 2012   | Appendix 3B                           |
| 17 October 2012   | Entitlement Rights Issue Offer Closed |
| 28 September 2012 | Annual Report to shareholders         |

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.laonia.com.au>.

### 8.3 Market price of shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

|         |         |                  |
|---------|---------|------------------|
| Highest | \$0.063 | 27 February 2013 |
| Lowest  | \$0.012 | 6 June 2013      |
| Last    | \$0.012 | [x] 6 June 2013  |

### 8.4 Material contracts

The following are summaries of the significant terms of the material agreements which relate to the business of the Company.

#### 8.4.1 Lead Manager Agreement

By way of an agreement between the Indian Ocean Capital Pty Ltd and the Company entered into on or around 29 April 2013 and as varied on 7 June 2013 (**Lead Manager Agreement**), the Lead Manager agreed to act as lead manager and corporate advisor for the Offer and the Placement (**Capital Raising**).

Pursuant to the Lead Manager Agreement, the Company has agreed to pay the Lead Manager:

- (a) 4% of the gross amount raised by the Capital Raising for lead management services; and
- (b) fees for the provision of corporate advisory services of \$30,000 plus GST for the six month period commencing on the date the Lead Manager Agreement is entered into (**Initial Term**) and a monthly payment of \$5,000 plus GST if the mandate continues beyond the Initial Term.

Pursuant to the Lead Management Agreement, the Lead Manager has agreed to:



- (a) issue the Placement Options to persons nominated by the Lead Manager; and
- (b) provide the Company with all necessary assistance in managing and arranging the Capital Raising as is customary and appropriate in a Capital Raising of this nature, including using its best endeavours to place the Shortfall Shares (**Lead Manager Services**).

In addition to the Lead Manager Services, the Lead Manager has agreed to assist the Company, on an “as required” basis, by providing corporate advisory services to the Company for the Initial Term and following expiry of the Initial Term, on a continuing monthly basis until terminated by either the Company or the Lead Manager.

The Company has agreed that prior to the date securities are issued pursuant to the Prospectus:

- (a) the Lead Manager will have the benefit of a clear market in that no other equity or debt financing of any type in the Company will be made without prior consultation with and the written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed; and
- (b) it will not enter into any agreement or commitment which is material in the context of the Company and which contains a substantial or onerous obligation without the prior written consent of the Lead Manager, such consent not to be unreasonably withheld or delayed.

In addition, the Company has agreed pursuant to the Lead Manager Agreement that during the 12 month period, commencing on the date of issue of the Shares offered under the Prospectus:

- (a) not to offer, sell or market, contract to sell, otherwise dispose of or announce the sale, directly or indirectly, of any shares in the Company or other securities which are convertible into or exchangeable or contain the right to acquire shares in the Company, without the prior consent of the Lead Manager; and
- (b) to use its best endeavours to ensure that no current or proposed director of the Company or any Related Body Corporate or their respective associates will sell, dispose or transfer any securities in the Company held by them as at the date of acceptance by the Company of this Mandate without the prior consent of the Lead Manager.

Both the Company and Lead Manager may terminate the Lead Manager Agreement:

- (a) by giving notice of a breach of the Lead Manager Agreement and the failure of the defaulting party to remedy the breach within 14 days;
- (b) giving 30 days written notice to the other party.

In the event that the Company terminates the Lead Manager Agreement, or the Lead Manager terminates for cause, prior to completion of the Capital Raising, a termination fee of A\$25,000 plus GST payable by the Company.

If the Company terminates the Lead Manager Agreement or the Lead Manager terminates for cause, within the Initial Term, the Lead Manager will also be

entitled to the reimbursement of any incurred or accrued reasonable expenses up to the date of termination and the unpaid balance of the corporate advisory fees that would have been payable had the Lead Manager Agreement continued until the expiry of the Initial Term.

## 8.5 Interests of Directors

Other than as set out in this Prospectus, no Director or proposed Director holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to a Director or proposed Director:

- (a) as an inducement to become, or to qualify as, a Director; or
- (b) for services provided in connection with:
  - (i) the formation or promotion of the Company; or
  - (ii) the Offer.

### **Security holdings**

The relevant interest of each of the Directors in the securities of the Company as at the date of this Prospectus, together with their respective Entitlement (assuming that no Options are exercised), is set out in the table below.

| Director                    | Shares                  | Options                 | Performance Shares      | Entitlement | \$        |
|-----------------------------|-------------------------|-------------------------|-------------------------|-------------|-----------|
| Matthew Howison             | 2,875,000 <sup>1</sup>  | 5,000,000 <sup>2</sup>  | Nil                     | 958,334     | 9,583.34  |
| Ian Stuart                  | 10,178,000 <sup>3</sup> | 12,500,000 <sup>4</sup> | Nil                     | 3,392,934   | 33,929.34 |
| Saliba Sassine <sup>8</sup> | 27,755,000 <sup>5</sup> | 3,750,000 <sup>6</sup>  | 12,500,000 <sup>7</sup> | 9,251,667   | 92,251.67 |
| Vincent Algar               | 274,000 <sup>9</sup>    | 7,500,000 <sup>10</sup> | Nil                     | 91,334      | 913.34    |

Notes:

- Matthew Howison's Shares are held directly (100,000) and indirectly through Laconia Holdings Pty Ltd (2,500,000 Shares), Kaos Partners Pty Limited (75,000 Shares) and Emerald Partners Pty Ltd (200,000).
- 1,250,000 unlisted options exercisable at \$0.199 expiring 30 September 2014 are held indirectly through Laconia Holdings Pty Ltd and 3,750,000 6 cent options expiring 30 September 2018 are held directly.

3. Ian Stuart's Shares comprise 2,000,000 held by Ian Stuart directly, and 4,678,800 held indirectly through Scarfell Pty Ltd as trustee for The Stuart Superfund A/C and 3,000,000 held indirectly through Eclectricity Pty Limited.
4. unlisted options exercisable at \$0.199 expiring 30 September 2014 (2,500,000) are held directly and 6 cent options expiring 30 September 2018 (10,000,000) are held indirectly by Eclectricity Pty Ltd.
5. Saliba Sassine's shares are held indirectly through Gold Mines of Peru Limited (26,505,000) and jointly with Mrs Yvonne Marie Sassine as trustees for The Sassine Superannuation Fund (1,250,000).
6. 3,750,000 6 cent options are held indirectly and jointly with Mrs Yvonne Marie Sassine as trustees for The Sassine Superannuation Fund.
7. Saliba Sassine's performance shares are held indirectly through Gold Mines of Peru Limited.
8. An unsecured convertible note with an aggregate face value of \$650,000, convertible as to principal to 6,500,000 Shares at a conversion price equal to \$0.10 per Share and attracting interest at the rate of 10% per annum. Interest accrues monthly and is only convertible to Shares (max of 1.3m). The note expires on 20 June 2014.
9. Vincent Agar's shares are held jointly with Mrs Isobel Algar.
10. 7,500,000 6 cent options expiring 30 September 2018 are held jointly with Mrs Isobel Algar.

The Directors intend to take up some or all of their respective Entitlements.

### **Remuneration**

The remuneration of an executive Director is decided by the Board, without the affected executive Director participating in that decision-making process. The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company of the respective contributions by each non-executive Director. The current amount as set by shareholders is \$300,000.

A Director may be paid fees or other amounts (ie non-cash performance incentives such as Options, subject to any necessary Shareholder approval) as the other Directors determine where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director. In addition, Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors.

The following table shows the total (and proposed) annual remuneration paid to both executive and non-executive directors.

| Director                    | Year ended 30 June 2011 | Year ended 30 June 2012 | Year ended 30 June 2013 (proposed) |
|-----------------------------|-------------------------|-------------------------|------------------------------------|
| Matthew Howison             | \$35,540                | \$65,624                | \$147,518 <sup>3</sup>             |
| Ian Stuart                  | \$223,430               | \$271,624               | \$544,568 <sup>3</sup>             |
| Saliba Sassine <sup>1</sup> | Nil                     | Nil                     | \$200,517 <sup>3</sup>             |
| Vincent Algar <sup>2</sup>  | Nil                     | Nil                     | \$312,804 <sup>3</sup>             |

Notes:

1. Saliba Sassine was appointed director on 22 June 2012.
2. Vincent Algar was appointed director on 2 July 2012
3. Fair value of options issued to Directors or their nominees is as follows:

- Matthew Howison (\$112,500, 3,750,000 options);
- Ian Stuart (\$300,000, 10,000,000 options);
- Saliba Sassine (\$112,500, 3,750,000 options); and
- Vincent Algar (\$225,000, 7,500,000 options).

The assessed weighted average fair value at grant date of options granted during the half-year ended 31 December 2012 was 0.03 cents per option (2011 – Not applicable). The fair value at grant date was determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31 December 2012 included:

- (a) 25,000,000 options issued to Directors for no consideration;
- (b) exercise price: \$0.06;
- (c) grant date: 30 November 2012;
- (d) expiry date: 30 September 2018;
- (e) share price at grant date: \$0.03;
- (f) expected price volatility of the Company's shares: 239.90%;
- (g) expected dividend yield: 0%; and
- (h) risk-free interest rate: 2.62%.

## **8.6 Interests of experts and advisers**

Other than as set out below or elsewhere in this Prospectus, no:

- (a) person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- (b) promoter of the Company; or
- (c) underwriter (but not a sub-underwriter) to the issue or a financial services licensee named in this Prospectus as a financial services licensee involved in the issue,

holds, or has held within the 2 years preceding lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with:
  - (i) its formation or promotion; or
  - (ii) the Offer; or
- (c) the Offer,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of these persons for services provided in connection with:

- (a) the formation or promotion of the Company; or
- (b) the Offer.

The Lead Manager will be paid a fee in relation to managing the Offer. Please refer to section 8.4.1 of this Prospectus for further details. During the 24 months preceding lodgement of this Prospectus with the ASIC, the Lead Manager has been paid fees totalling \$121,988 (excluding GST) by the Company. As consideration for other services, the Lead Manager (or their nominee/s), have received 15,000,000 Options in the Company during the previous 24 months.

Steinepreis Paganin has acted as the solicitors to the Company in relation to the Offer. The Company estimates it will pay Steinepreis Paganin \$15,000 (excluding GST and disbursements) for these services.

## **8.7 Consents**

Each of the parties referred to in this section:

- (a) does not make, or purport to make, any statement in this Prospectus other than those referred to in this section; and
- (b) to the maximum extent permitted by law, expressly disclaim and take no responsibility for any part of this Prospectus other than a reference to its name and a statement included in this Prospectus with the consent of that party as specified in this section.

Indian Ocean Capital Pty Ltd has given its written consent to being named as Lead Manager to the Offer in this Prospectus, in the form and context in which it is named.

Steinepreis Paganin has given its written consent to being named as the solicitors to the Company in this Prospectus. Steinepreis Paganin has not withdrawn its consent prior to the lodgement of this Prospectus with the ASIC.

## **8.8 Expenses of the Offer and Placement**

In the event that all Entitlements are accepted, the total expenses of the Offer and Placement are estimated to be approximately \$96,000 (excluding GST) and are expected to be applied towards the items set out in the table below:

|                           | \$              |
|---------------------------|-----------------|
| ASIC fees                 | 2,171           |
| ASX fees                  | 5,500           |
| Lead Manager fees         | 56,783          |
| Legal fees                | 15,000          |
| Printing and distribution | 4,500           |
| Miscellaneous             | 12,016          |
| <b>Total</b>              | <u>\$96,000</u> |

## **8.9 Electronic prospectus**

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the Application Forms. If you have not, please phone the Company on +61 (08) 9486 1599 and

the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both. Alternatively, you may obtain a copy of this Prospectus from the Company's website at [www.laconia.com.au](http://www.laconia.com.au).

The Company reserves the right not to accept an Application Form from a person if it has reason to believe that when that person was given access to the electronic Application Form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

#### **8.10 Financial forecasts**

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

#### **8.11 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship**

The Company will not be issuing share or option certificates. The Company is a participant in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Securities allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

#### **8.12 Privacy Act**

If you complete an application for Securities, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a holder of equity securities in the Company, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the

Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for Securities, the Company may not be able to accept or process your application.

---

**9. DIRECTORS' AUTHORISATION**

This Prospectus is issued by the Company and its issue has been authorised by a resolution of the Directors.

In accordance with section 720 of the Corporations Act, each Director has consented to the lodgement of this Prospectus with the ASIC.

A handwritten signature in black ink, appearing to read 'Ian Stuart', is positioned above a horizontal line.

---

**IAN STUART**  
**Managing Director**  
**For and on behalf of**  
**Laconia Resources Limited**



---

## 10. GLOSSARY

**\$** means the lawful currency of the Commonwealth of Australia.

**Applicant** means a Shareholder who applies for Shares pursuant to the Offer or a Shareholder or other party who applies for Shortfall Shares pursuant to the Shortfall Offer.

**Application Form** means an Entitlement and Acceptance Form, Shortfall Application Form or an Option Placement Application Form as the context requires.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited (ACN 008 624 691) or the financial market operated by it as the context requires.

**ASX Listing Rules** means the listing rules of the ASX.

**ASX Settlement Operating Rules** means the settlement rules of the securities clearing house which operates CHES.

**Authorisation** includes any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with any governmental agency.

**Board** means the board of Directors unless the context indicates otherwise.

**Broker Application Form** means the broker application form either attached to or accompanying this Prospectus.

**Business Day** means Monday to Friday inclusive, except New Year's Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

**Closing Date** means the date specified in the timetable set out at the commencement of this Prospectus (unless extended).

**Company** means Laconia Resources Limited (ACN 137 984 297).

**Constitution** means the constitution of the Company as at the date of this Prospectus.

**Controller** means any person described in section 9 of the Corporations Act.

**Corporations Act** means the Corporations Act 2001 (Cth).

**Directors** means the directors of the Company as at the date of this Prospectus.

**Entitlement** means the entitlement of a Shareholder who is eligible to participate in the Offer.

**Entitlement and Acceptance Form** means the entitlement and acceptance form either attached to or accompanying this Prospectus.

**Lead Manager** means Indian Ocean Capital Pty Ltd (ACN 120 576 892)

**Lead Manager Agreement** means the agreement between the Company and the Lead Manager details of which are set out in section 8.4.1 of this Prospectus.

**New Option** means an Option issued on the terms set out in section 6.2 of this Prospectus.

**New Share** means a Share issued on the terms set out in section 6.1 of this Prospectus.

**Offer** means the non-renounceable entitlement issue the subject of this Prospectus.

**Official Quotation** means official quotation on ASX.

**Option** means an option to acquire a Share.

**Optionholder** means a holder of an Option.

**Option Placement Application Form** means the option placement application form either attached to or accompanying this Prospectus.

**Placement** means the placement issue the subject of this Prospectus.

**Placement Options** means an Option issued on the terms set out in section 6.3 of this Prospectus.

**Prospectus** means this prospectus.

**Record Date** means the date specified in the timetable set out at the commencement of this Prospectus.

**Securities** means Shares and/or New Options and/or Placement Options offered pursuant to this Prospectus.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a holder of a Share.

**Shortfall** means the Shares not applied for under the Offer (if any).

**Shortfall Application Form** means the shortfall application form either attached to or accompanying this Prospectus.

**Shortfall Offer** means the offer of the Shortfall on the terms and conditions set out in section 4.7 of this Prospectus.

**Shortfall Securities** means those Securities issued pursuant to the Shortfall.

**WST** means Western Standard Time as observed in Perth, Western Australia.

## ACN 137 984 297

[illegible]

| Form Applicant No. |  | Designated Account |  |
|--------------------|--|--------------------|--|
|                    |  |                    |  |

[illegible][illegible][illegible]

|                 |  |  |  |  |  |  |  |  |  |  |  |  |  |       |  |       |  |  |
|-----------------|--|--|--|--|--|--|--|--|--|--|--|--|--|-------|--|-------|--|--|
| Business Month: |  |  |  |  |  |  |  |  |  |  |  |  |  | Date: |  | City: |  |  |
|                 |  |  |  |  |  |  |  |  |  |  |  |  |  |       |  |       |  |  |

[illegible]

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|

| Drawer | Bank | BSB or Branch | Amount |
|--------|------|---------------|--------|
|        |      |               |        |

- (1) applies for the number of Shares and Options specified in the Shortfall Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the constitution of the Company;
- (3) authorises the Directors to complete or execute any documentation necessary to effect the issue of Shares to me/us.
- (4) confirms receipt of a copy of the Prospectus accompanied by or attached to this Application Form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Shares;
- (5) acknowledges that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;
- (6) acknowledges that returning the Application Form with the application monies will constitute my/our offer to subscribe for Shares in the Company and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 7 JUNE 2013 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

## INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Shortfall Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Shortfall Application Form, please telephone the Company on (08) 9486 1599 or your professional adviser. The Form must be received by the Company no later than 5.00pm (WST) on the date 3 months following the Closing Date (or such earlier date as directed by the Company).

### A. Name of Applicant / Joint Applicants or Account Designation

Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected. If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.

### B. Address

Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.

### C. Contact Details

Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Shortfall Application Form.

### D. TAX FILE NUMBERS

The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.

If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.

### E. CHESS HIN or existing SRN Details

The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN and the name and address as recorded in the CHESS system. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.

### F. Cheque Details

Make cheques payable to Laconia Resources Limited – Entitlement Issue Account in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Shortfall Application Form.

If a Shortfall Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept a Shortfall Application Form, and how to construe, amend or complete it shall be final. A Shortfall Application Form will not however, be treated as having offered to subscribe for more Shares than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Laconia Resources Limited  
Level 1, 41-43 Ord Street  
West Perth WA 6005

## CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Shortfall Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Shortfall Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor                                                                                          | Correct Form of Registration                                          | Incorrect Form of Registration                   |
|-----------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------|
| Individual Use given names in full, not initials                                                          | Mr John Alfred Smith                                                  | J A Smith                                        |
| Company Use the company's full title, not abbreviations                                                   | ABC Pty Ltd                                                           | ABC P/L or ABC Co                                |
| Joint Holdings Use full and complete names                                                                | Mr Peter Robert Williams & Ms Louise Susan Williams                   | Peter Robert & Louise S Williams                 |
| Trusts Use the trustee(s) personal name(s).                                                               | Mrs Susan Jane Smith <Sue Smith Family A/C>                           | Sue Smith Family Trust                           |
| Deceased Estates Use the executor(s) personal name(s).                                                    | Ms Jane Mary Smith & Mr Frank William Smith <Est John Smith A/C>      | Estate of late John Smith or John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith <Peter Smith A/C>                                | Master Peter Smith                               |
| Partnerships Use the partner's personal names.                                                            | Mr John Robert Smith & Mr Michael John Smith <John Smith and Son A/C> | John Smith and Son                               |
| Long Names.                                                                                               | Mr John William Alexander Robertson-Smith                             | Mr John W A Robertson-Smith                      |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).                         | Mr Michael Peter Smith <ABC Tennis Association A/C>                   | ABC Tennis Association                           |
| Superannuation Funds                                                                                      | Jane Smith Pty Ltd                                                    | Jane Smith Pty Ltd                               |

# OPTION PLACEMENT APPLICATION FORM

## LACONIA RESOURCES LIMITED

ACN 137 984 297

APPLICANT'S DETAILS:

Full name (PLEASE PRINT)

Title, Given Name(s) &amp; Surname or Company Name

[illegible]

Joint Applicant #2 or &lt;designated account&gt;

[illegible]

Joint Applicant #3 or &lt;designated account&gt;

[illegible]

Postal Address (PLEASE PRINT)

Street Number      Street

[illegible][illegible]

Suburb/Town

State

Post Code

[illegible]

|  |  |  |
|--|--|--|
|  |  |  |
|--|--|--|

|  |  |  |  |
|--|--|--|--|
|  |  |  |  |
|--|--|--|--|

ABN, Tax File Number or Exemption

Applicant #2

Applicant #3

[illegible][illegible]

A horizontal number line with 10 equal intervals. The first interval is labeled '1' above the line.

CHES HIN or Existing SRN (where applicable)

|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|
|  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|

|                               |                                                  |
|-------------------------------|--------------------------------------------------|
| Number of Options applied for | Application Money enclosed at \$0.001 per Option |
|                               | A\$.....                                         |

I/We whose full name(s) and address appear above hereby apply for the number of Options shown above (to be allocated to me/us by the Company in respect of this Application) under the Prospectus on the terms set out in the Prospectus.

Cheque Details:

PLEASE ENTER  
CHEQUE  
DETAILS  
THANKYOU

| Drawer | Bank | BSB or Branch | Amount |
|--------|------|---------------|--------|
|        |      |               |        |

My/Our contact numbers in the case of inquiry are: Telephone ( ) ..... Fax ( ) .....

NOTE: Cheques should be made payable to Laconia Resources Limited – Option Placement Account, crossed “NOT NEGOTIABLE” and forwarded to the address outlined on the back of this Option Placement Application Form to arrive no later than 5.00pm (WST) on 4 July 2013 (or such earlier date as directed by the Company).

## Declaration

This Option Placement Application Form does not need to be signed. By lodging this Option Placement Application Form and a cheque for the application money this Applicant hereby:

- (1) applies for the number of Options specified in the Option Placement Application Form or such lesser number as may be allocated by the Directors;
- (2) agrees to be bound by the constitution of the Company;
- (3) authorises the Directors to complete or execute any documentation necessary to effect the issue of Options to me/us.
- (4) confirms receipt of a copy of the Prospectus accompanied by or attached to this Application Form, or a copy of the Application Form or a direct derivative of the Application Form before applying for the Options;
- (5) acknowledges that the Company will send me/us a paper copy of the Prospectus and any Supplementary Prospectus (if applicable) free of charge if I/we request so during the currency of the Prospectus;
- (6) acknowledges that returning the Application Form with the application monies will constitute my/our offer to subscribe for Options in the Company and that no notice of acceptance of the application will be provided.

TO MEET THE REQUIREMENTS OF THE CORPORATIONS ACT, THIS FORM MUST NOT BE HANDED TO ANY PERSON UNLESS IT IS ATTACHED TO OR ACCOMPANIED BY THE PROSPECTUS DATED 7 JUNE 2013 AND ANY RELEVANT SUPPLEMENTARY PROSPECTUS.

### INSTRUCTIONS TO APPLICANTS

Please post or deliver the completed Option Placement Application Form together with a cheque to the Company. If an Applicant has any questions on how to complete this Option Placement Application Form, please telephone the Company on (08) 9486 1599 or your professional adviser. The Form must be received by the Company no later than 5.00pm (WST) on 30 May 2013 (or such earlier date as directed by the Company).

- A. Name of Applicant / Joint Applicants or Account Designation**  
Write the Applicant's FULL NAME. This must be either an individual's name or the name of a company. Please refer to the bottom of this page for the correct form of registrable title. Applications using the incorrect form of registrable title may be rejected. If JOINT APPLICANTS are applying, up to three joint Applicants may register. If applicable, please provide details of the Account Designation in brackets. Please refer to the bottom of this page for instructions on the correct form of registrable title.
- B. Address**  
Enter the Applicant's postal address for all correspondence. If the postal address is not within Australia, please specify Country after City/Town.
- C. Contact Details**  
Please provide a contact name and daytime telephone number so that the Company can contact the Applicant if there is an irregularity regarding the Option Placement Application Form.
- D. TAX FILE NUMBERS**  
The collection of tax file number ("TFN") information is authorised and the tax laws and the Privacy Act strictly regulate its use and disclosure. Please note that it is not against the law not to provide your TFN or claim an exemption, however, if you do not provide your TFN or claim an exemption, you should be aware that tax will be taken out of any unfranked dividend distribution at the maximum tax rate.  
If you are completing the application with one or more joint applicants, and you do not wish to disclose your TFN or claim an exemption, a separate form may be obtained from the Australian Taxation Office to be used by you to provide this information to the Company. Certain persons are exempt from providing a TFN. For further information, please contact your taxation adviser or any Taxation Office.
- E. CHESS HIN or existing SRN Details**  
The Company participates in CHESS. If the Applicant is already a participant in this system, the Applicant may complete this section with their existing CHESS HIN and the name and address as recorded in the CHESS system. If the applicant is an existing shareholder with an Issuer Sponsored account, the SRN for this existing account may be used. Otherwise leave the section blank and the Applicant will receive a new Issuer Sponsored account and statement.
- F. Cheque Details**  
Make cheques payable to Laconia Resources Limited – Entitlement Issue Account in Australian currency and cross them "Not Negotiable". Cheques must be drawn on an Australian Bank. The amount of the cheque should agree with the amount shown on the Option Placement Application Form.  
If an Option Placement Application Form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the Directors as to whether to accept an Option Placement Application Form, and how to construe, amend or complete it shall be final. An Option Placement Application Form will not however, be treated as having offered to subscribe for more Options than is indicated by the amount of the accompanying cheque.

Forward your completed application together with the application money to:

Security Transfer Registrars Pty Ltd  
770 Canning Highway  
Applecross WA 6153

Laconia Resources Limited  
Level 1, 41-43 Ord Street  
West Perth WA 6005

### CORRECT FORMS OF REGISTRABLE TITLE

Note that ONLY legal entities are allowed to hold securities. Option Placement Application Forms must be in the name(s) of a natural person(s), companies or other legal entities acceptable to the Company. At least one full given name and the surname is required for each natural person. Option Placement Application Forms cannot be completed by persons under 18 years of age. Examples of the correct form of registrable title are set out below.

| Type of Investor                                                                                          | Correct Form of Registration                                             | Incorrect Form of Registration                         |
|-----------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------|--------------------------------------------------------|
| Individual Use given names in full, not initials                                                          | Mr John Alfred Smith                                                     | J A Smith                                              |
| Company Use the company's full title, not abbreviations                                                   | ABC Pty Ltd                                                              | ABC P/L or ABC Co                                      |
| Joint Holdings Use full and complete names                                                                | Mr Peter Robert Williams & Ms Louise Susan Williams                      | Peter Robert & Louise S Williams                       |
| Trusts Use the trustee(s) personal name(s).                                                               | Mrs Susan Jane Smith<br><Sue Smith Family A/C>                           | Sue Smith Family Trust                                 |
| Deceased Estates Use the executor(s) personal name(s).                                                    | Ms Jane Mary Smith & Mr Frank William Smith<br><Est John Smith A/C>      | Estate of late John Smith<br>or<br>John Smith Deceased |
| Minor (a person under the age of 18) Use the name of a responsible adult with an appropriate designation. | Mr John Alfred Smith<br><Peter Smith A/C>                                | Master Peter Smith                                     |
| Partnerships Use the partner's personal names.                                                            | Mr John Robert Smith & Mr Michael John Smith<br><John Smith and Son A/C> | John Smith and Son                                     |
| Long Names.                                                                                               | Mr John William Alexander Robertson-Smith                                | Mr John W A Robertson-Smith                            |
| Clubs/Unincorporated Bodies/Business Names Use office bearer(s) personal name(s).                         | Mr Michael Peter Smith<br><ABC Tennis Association A/C>                   | ABC Tennis Association                                 |
| Superannuation Funds Use the name of the trustee of the fund.                                             | Jane Smith Pty Ltd<br><Super Fund A/C>                                   | Jane Smith Pty Ltd<br>Superannuation Fund              |