LACONIA RESOURCES LIMITED
ABN 29 137 984 297

INTERIM FINANCIAL REPORT
FOR THE HALF YEAR ENDED
31 DECEMBER 2013

This interim financial report does not include all the notes of the type normally included in an annual financial report. This report is to be read in conjunction with the Annual Report for the year ended 30 June 2013 and any public announcements made by Laconia Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*

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CORPORATE DIRECTORY

ABN 29 137 984 297

Directors

Matthew Howison (Non-Executive Chairman)
Ian Stuart (Managing Director)
Matthew Edmondson (Non-Executive Director)

Company Secretary

Matthew Edmondson

Registered Office

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Peruvian Office
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Share Register

Security Transfer Registrars Pty Ltd
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Auditors

Rothsay Chartered Accountants
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Peruvian Auditor
Grant Thornton Peru
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Securities Exchange Listing

Laconia Resources Limited securities are listed on the Australian Securities Exchange (ASX code: LCR, LCROA).

DIRECTORS' REPORT

Your directors are pleased to present their report on Laconia Resources Limited for the half-year ended 31 December 2013.

DIRECTORS

The names of the directors who held office during or since the end of the half year are:

Matthew Howison	Non-Executive Director Chairman
Ian Stuart	Managing Director
Matthew Edmondson	Non-Executive Director – appointed 24 January 2014
Vince Algar	Non-Executive Director – ceased 28 January 2014
Saliba Sassine	Non-Executive Director – ceased 8 November 2013

REVIEW OF OPERATIONS

Financial Performance

The Company recorded a loss for the half-year ended 31 December 2013 of $1,382,759 compared to a loss of $2,294,087 for the corresponding period in the prior year.

As at 31 December 2013, the Company had no short or long term borrowings and had $0.4 million cash on hand.

During this period, market conditions have continued to be challenging for listed junior exploration companies.

The management team has closely reviewed and assessed all areas of expenditure and has formulated and implemented strategies to balance the need to reduce and restrict expenditure while simultaneously advancing the Kimsa Orcco Project in Peru.

COMMERCIAL ACTIVITIES

Rights Issue and placement

In July 2013, the Company announced it had closed its pro-rata entitlements offer to shareholders which raised $324,932 through the issue of 32,493,270 ordinary shares, each with one free attaching 6 cent option expiring on 30 September 2018.

In September 2013, the Company announced it had fully placed the shortfall of the pro-rata entitlement issue of 59,091,930 shares, each with one free attaching 6 cent option expiring on 30 September 2018, to raise a further $590,919. The Company also raised a further $45,792 through the placement of 45,792,649 6 cent options expiring on 30 September 2018.

EXPLORATION ACTIVITIES

Kimsa Orcco Project, Peru

(4 Patacancha Permits 100% Laconia, 11 Huaco Cucho permits subject to 80% earn in option1)

Kimsa Orcco Project (Formerly Rasuhuilca and Huaco Cucho Projects)

Field reconnaissance by a Consultant Geologist with significant Porphyry Copper exploration experience has validated the potential for the Northern Kimsa Orcco Prospects to host copper mineralisation. Examination of outcrops has confirmed strong alteration at surface with possible sericite that may indicate the surface expression is proximal to a porphyry stock.

To support planning for the Company's maiden drill program, further historical data compilation and validation has been completed at the Southern Kimsa Orcco Prospects. The data has further highlighted the significance of copper mineralisation at the project at the Española 1, Fortuna and Rosita prospects, in addition to the well-established presence of high grade gold and silver.

Exploration activities at the Kimsa Orcco Project have also focussed on continuing community consultation to facilitate approval to drill applications. The applications have now been lodged, subsequent to quarter end, with a Declaración de Impacto Ambiental (Environmental Impact Statement) approval received.

Tenement Rationalisation

During the period, Laconia undertook a review of it tenement holdings and as part of a rationalisation program, the Company completed the sale of its Lennons Find Project for Disposal of Lennons Find and for which it received $250,000 in additional to a $100,000 deposit previously received, with additional $150,000 to come in the March quarter 2014.

Also as part of the rationalisation process, a number of tenements were disposed of leaving the Company with two Western Australia based Projects, namely, Goldsworthy and 701 Mile Project.

Goldsworthy
E45/3904 (Laconia 100% Laconia)

Independence Group NL (IGO) is currently managing exploration as part of an earn-in joint venture with Laconia.

701 Mile
(E52/2688 80% Laconia: mineral rights excluding manganese and iron and 70% Laconia: manganese and iron rights)

Minimal work was undertaken during the period which also saw two tenements, namely E52/2232 and E52/2664 surrendered.

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[1] *See ASX release dated 26 March 2013- option to earn 80% indirect interest*

SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs in future financial years.

AUDITOR'S INDEPENDENCE DECLARATION

Section 307C of the Corporations Act 2001 requires our auditors, Rothsay Chartered Accountant, to provide the directors of the company with an Independence Declaration in relation to the review of the interim financial report. This Independence Declaration is set out on page 8 and forms part of this directors' report for the half-year ended 31 December 2013.

This report is signed in accordance with a resolution of the Board of Directors made pursuant to s.306 (3) of the Corporations Act 2001.

Ian Stuart
Managing Director
Perth, 14 March 2014

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The Directors
Laconia Resources Ltd
PO Box 1151
West Perth WA 6872

Dear Sirs

In accordance with Section 307C of the Corporations Act 2001 (the "Act") I hereby declare that to the best of my knowledge and belief there have been:

i) no contraventions of the auditor independence requirements of the Act in relation to the audit review of the 31 December 2013 interim financial statements; and

ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Graham R Swan (Lead auditor)

Rothsay Chartered Accountants

Dated 14th March 2014

Chartered Accountants

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	2013 $	2012 $
REVENUE	**2**	**87,520**	202,170
EXPENDITURE			
Administration expenses		**(497,240)**	(1,138,903)
Depreciation expense		**(43,087)**	(40,792)
Exploration expenses		**(346,720)**	(252,546)
Salaries and employee benefits expense		**(171,967)**	(152,576)
Share-based payments	**5**	**-**	(1,119,110)
Loss on sale of assets		**(333,666)**	-
Other expense		**(77,599)**	-
LOSS BEFORE INCOME TAX		**(1,470,279)**	(2,501,757)
Income tax benefit / (expense)		**-**	207,670
TOTAL COMPREHENSIVE LOSS FOR THE PERIOD ATTRIBUTABLE TO MEMBERS OF LACONIA RESOURCES LIMITED		**(1,382,759)**	(2,294,087)
Basic and diluted loss per share (cents)		**(0.04)**	(1.16)

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	31 December 2013 $	30 June 2013 $
CURRENT ASSETS		
Cash and cash equivalents	**413,334**	434,092
Trade and other receivables	**288,505**	89,344
TOTAL CURRENT ASSETS	**701,839**	523,436
NON-CURRENT ASSETS		
Plant and equipment	**94,574**	134,137
Mining properties	**4,937,929**	5,594,424
Assets held for resale	**-**	26,250
TOTAL NON-CURRENT ASSSETS	**5,032,503**	5,754,811
TOTAL ASSETS	**5,734,342**	6,278,247
CURRENT LIABILITIES		
Trade and other payables	**205,971**	510,445
TOTAL CURRENT LIABILITIES	**205,971**	510,445
TOTAL LIABILITIES	**205,971**	510,445
NET ASSETS	**5,528,371**	5,767,802
EQUITY		
Issued capital	**15,266,664**	13,686,487
Reserves	**1,921,067**	2,357,916
Accumulated losses	**(11,659,360)**	(10,276,601)
TOTAL EQUITY	**5,528,371**	5,767,802

The above statement of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Contributed Equity $	Convertible Note $	Share-based Payments Reserve $	Options Reserves $	Foreign Exchange Reserves $	Accumulated Losses $	Total $
BALANCE AT 1 JULY 2012	**11,975,022**	**649,090**	**223,826**	**-**	**-**	**(6,256,030)**	**6,591,908**
Loss for the period	-	-	-	-	-	(2,294,087)	(2,294,087)
TOTAL COMPREHENSIVE LOSS	**-**	**-**	**-**	**-**	**-**	**2,294,087**	**2,294,087**
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Options issued during the period	-	-	1,035,000	450,000	-	-	1,485,000
Shares issued during the period	1,779,420	-	-	-	-	-	1,779,420
BALANCE AT 31 DECEMBER 2012	**13,754,442**	**649,090**	**1,258,826**	**450,000**	**-**	**(8,550,117)**	**7,562,241**
BALANCE AT 1 JULY 2013	**13,686,487**	**649,090**	**1,258,826**	**450,000**	**-**	**(10,276,601)**	**5,767,802**
Loss for the period	-	-	-	-	-	(1,382,759)	(1,382,759)
TOTAL COMPREHENSIVE LOSS							
TRANSACTIONS WITH OWNERS IN THEIR CAPACITY AS OWNERS							
Options issued during the period	-	-	-	45,793	-	-	45,793
Shares issued during the period	842,026	-	-	-	-	-	842,026
Convertible note converted to shares	738,151	(649,090)	-	-	-	-	89,061
Foreign exchange movement	-	-	-	-	166,448	-	166,448
BALANCE AT 31 DECEMBER 2013	**15,266,664**	**-**	**1,258,826**	**495,793**	**166,448**	**(11,659,360)**	**5,528,371**

The above statement of changes in equity should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	2013 $	2012 $
CASH FLOWS FROM OPERATING ACTIVITIES		
Expenditure on mining interests	**(593,592)**	(1,590,463)
Payments to suppliers and employees	**(585,901)**	(439,127)
Interest received	**2,960**	79,970
Research and development tax concession received	**-**	207,670
Net cash outflow from operating activities	**(1,176,533)**	(1,741,950)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of mining assets	**245,230**	97,500
Sale of other assets	**26,250**	-
Purchase of mining assets	**-**	(93,509)
Payment for plant and equipment	**(3,524)**	(17,826)
Net cash outflow from investing activities	**267,956**	(13,835)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issued capital	**887,819**	2,145,732
Net cash outflow from investing activities	**887,819**	2,145,732
Net (decrease)/increase in cash and cash equivalents	**(20,758)**	389,947
Cash and cash equivalents at the beginning of the half-year	**434,092**	926,590
CASH AND CASH EQUIVALENTS AT THE END OF THE HALF-YEAR	**413,334**	1,316,537

The above statement of cash flows should be read in conjunction with the accompanying notes.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: BASIS OF PREPARATION OF THE HALF-YEAR FINANCIAL REPORT

This condensed consolidated interim financial report for the half-year reporting period ended 31 December 2013 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This condensed consolidated interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by Laconia Resources Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Adoption of new and revised Accounting Standards

In the half-year ended 31 December 2013, the Company has reviewed all of the new and revised Standards and Interpretations issued by the AASB that are relevant to its operations and effective for annual reporting periods beginning on or after 1 July 2013.

It has been determined by the Company that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change is necessary to Company accounting policies.

The Company has also reviewed all new Standards and Interpretations that have been issued but are not yet effective for the half-year ended 31 December 2013. As a result of this review the Directors have determined that there is no impact, material or otherwise, of the new and revised Standards and Interpretations on its business and, therefore, no change necessary to Company accounting policies.

NOTE 2: REVENUE

	Half-Year Consolidated	
	December 2013	December 2012
From continuing operations	**$**	**$**
Interest revenue	**2,690**	105,170
Other revenue	**84,830**	97,000
Total revenue	**87,520**	202,170

NOTE 3: SEGMENT INFORMATION

Management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. For management purposes, the Group has identified two reportable segments being exploration activities undertaken in Australia and Peru. These segments include the activities associated with the determination and assessment of the existence of commercial economic reserves, from the Group's mineral assets in these geographic locations.

Primary Reporting – geographical segments
The geographical segments of the consolidated entity are as follows:

Revenue by geographical region
Revenue attributable to the Group disclosed below, based on where the revenue is generated from:

	December 2013	December 2012
	$	**$**
Australia	**13,089**	136,594
South America	**74,431**	65,576
Total revenue	**87,520**	202,170
Segment results by geographical region		
Australia	**958,509**	2,363,456
South America	**424,250**	138,301
Net loss before tax	**1,382,759**	2,501,757

NOTE 3: SEGMENT INFORMATION (continued)

Assets by geographical region

The location of segment assets by geographical location of the assets is disclosed below:

	December 2013 $	June 2013 $
Australia	**5,462,116**	5,966,402
South America	**272,226**	311,845
Total assets	**5,734,342**	6,278,247

Liabilities by geographical region

The location of segment liabilities by geographical location of the assets is disclosed below:

	December 2013 $	June 2013 $
Australia	**114,285**	412,454
South America	**91,686**	97,991
Total liabilities	**205,971**	510,445

NOTE 4: ISSUED CAPITAL

	December 2013 Shares	December 2013 $	June 2013 Shares	June 2013 $
Issues of ordinary shares during the half-year				
Issued for cash	**91,585,200**	**915,852**	115,028,131	2,308,063
Issued as consideration for corporate advisory fees	**-**	**-**	2,102,750	84,110
Convertible note conversion	**7,381,506**	**738,151**	-	-
Share issue cost	**-**	**(73,826)**	-	(680,708)
	98,966,706	**1,580,177**	117,130,881	1,711,465

NOTE 4: EQUITY SECURITIES ISSUED (continued)

	Number of options	
	December 2013	**June 2013**
Movements of options during the half-year		
Options lapsed during the year	**-**	(3,600,000)
Issued, exercisable at 6 cents, expiring 30 September 2018	**186,877,849**	-
	186,877,849	3,600,000

NOTE 5: SHARE BASED PAYMENT

Fair value of options issued

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. The fair value at grant date is independently 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) 31,250,000 options issued to Directors and Senior Management for no consideration
b) 3,250,000 options issued to Employees pursuant to Employee Incentive Option Plan
c) exercise price: $0.06
d) grant date: 30 November 2012
e) expiry date: 30 September 2018
f) share price at grant date: $0.03
g) expected price volatility of the Company's shares: 239.90%
h) expected dividend yield: 0%
i) risk-free interest rate: 2.62%

NOTE 6: CONTINGENCIES

There has been no change in contingent liabilities or contingent assets since the last annual reporting date.

NOTE 7: SUBSEQUENT EVENTS

No other matter or circumstance has arisen since 31 December 2013, which has significantly affected, or may significantly affect the operations of the Company, the result of those operations, or the state of affairs of the Company in subsequent financial years.

DIRECTORS' DECLARATION

In the directors' opinion:

1. the financial statements and notes set out on pages 9 to 16 are in accordance with the Corporations Act 2001, including:
   (a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
   (b) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and
2. there are reasonable grounds to believe that Laconia Resources Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Ian Stuart
Managing Director
Perth, 14 March 2014

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Independent Review Report to the Members of Laconia Resources Ltd

The financial report and directors' responsibility
The interim financial report comprises the statement of financial position, statement of comprehensive income, statement of changes in equity, cashflow statement, accompanying notes to the financial statements, and the directors' declaration for Laconia Resources Ltd for the period ended 31 December 2013.

The Company's directors are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*. This includes responsibility for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

Review approach
We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the interim financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the financial position as at 31 December 2013 and the performance for the half year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Laconia Resources LTD, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Independence
In conducting our review we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion
Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial report of Laconia Resources Ltd is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the financial position of the company as at 31 December 2013 and of its performance for the period ended on that date; and
- complying with Australian Accounting Standard AASB134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Rothsay

Rothsay

GR Swan

Graham R Swan
Partner

Dated 14th March 2014