

10 July 2014

Copper-Gold-Silver Barita Veins Expand Mineral System, Peru

Historic surface sample results add to copper-gold-silver mineralisation throughout Favi Vent Zone

Highlights

- Further high-grade copper-gold-silver results identified at the Barita vein that is adjacent and parallel to the Española 1 vein system
- Extensive veining at the Favi Vent Zone is highly encouraging for open-cut potential, which will be targeted by upcoming drilling programs
- Surface sample results at the Barita vein include:
 - 0.55 m at 2.2 % Cu, 9.72 g/t Au, and 68 g/t Ag in sample 29275
 - 0.9 m at 0.76 % Cu, 2.98 g/t Au, and 17.3 g/t Ag in sample 29265
 - 0.5 m at 0.44 % Cu, 9.7 g/t Au, and 104.5 g/t Ag in sample 29273
 - 0.5 m at 0.34 % Cu, 3.39 g/t Au, and 48.7 g/t Ag in sample 29266
- The Barita vein extends the known mineralised area around the Española 1 prospect to 130 metres wide by 280 metres long

Laconia Resources Limited (ASX: LCR) ("Laconia" or "the Company") is pleased to announce that additional historic data compilation and review has revealed a parallel set of veins adjacent to the Española 1 prospect, called the Barita vein. This trend consists of 280 metres strike of parallel veining immediately west of the Española 1 veins, and also broadens the width of outcropping veining at the area to 130 metres wide.

At Kimsa Orcco, a central region containing copper-rich mineralisation has been recognised through systematic review of historic data with the benefit of modern 3D computer software. This has consolidated Laconia's understanding of the greater zone of mineralisation and its geological controls. The Company has recently completed successful resampling of mineralised areas which validate and increase confidence in the use of the historical data set in exploration programs planned

for later in the year¹.

The Española 1 prospect (see Figure 1), lies within the 100% Laconia owned tenements (Patacancha 3), and the parallel Barita vein is within the Huaco Cucho No 2 tenement, part of a package of 11 tenements over which Laconia has acquired an option (see ASX announcement dated 26 March, 2013).

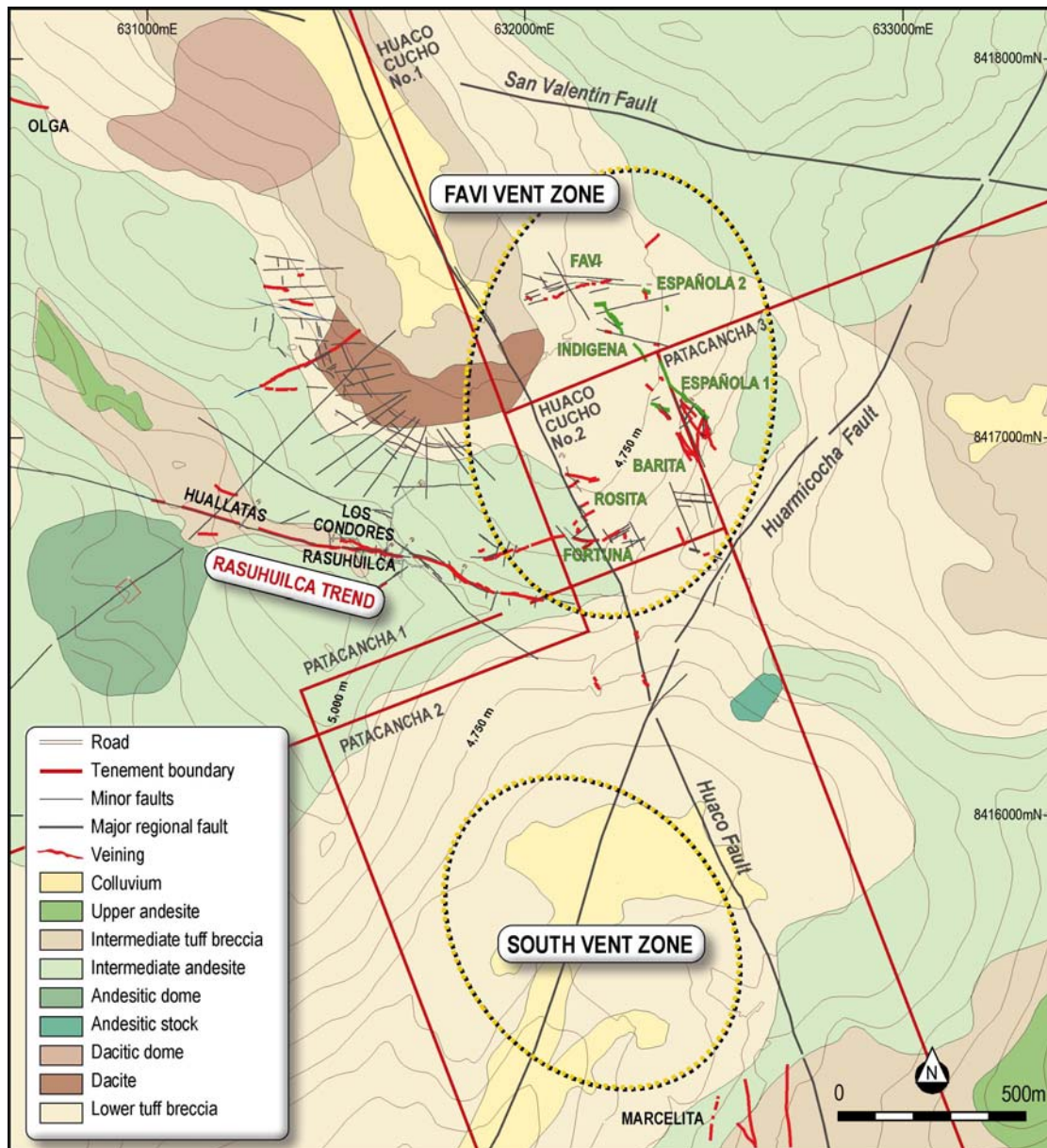


Figure 1: Plan View of the Southern Kimsa Orcco prospects with high-grade copper-gold-silver (green labels) or gold-silver (black labels), including the Barita vein that is parallel to Española 1 prospect. Grid used is PSAD56, Zone 18 South.

¹ Refer ASX releases 10 June 2014 and 18 June 2014

Laconia's Managing Director Ian Stuart said: "Parallel vein sets at Barita dramatically increase the area of known mineralisation around the Española 1 prospect. We have incorporated the significant historic results at Barita and our new sampling results at Fortuna and Española 1 into a near-surface model of mineralisation at the Favi Vent Zone. To date we have identified greater than 850 metres strike of high-grade copper-gold-silver veining and this opens up many possibilities for future development of the project, including open cut potential. The presence of such high-grade copper and precious metals is particularly pleasing." Mr Stuart went on to add: "Sampling results from the northern Kimsa Orcco tenements are pending and we look forward to incorporating these assay and spectral analysis results into our planning."

Geology of the Barita Vein

The location of Española 1 and Barita vein, plus all other prospects identified as containing epithermal high-grade copper-gold-silver or gold-silver is shown in Figure 1, with reference to the location of the Rasuhuilca gold-silver trend. The structure of the copper zone is dominated by three regional faults, the Huaco Fault, the Huarmicocha Fault and the San Valentin Fault. These faults are the main control on the location of high-grade copper at the Project, and the area within these triple point faults (the Favi Vent) is interpreted to be one of at least two volcanic centres at the Southern Kimsa Orcco prospects. The area is identified as the key target for testing the extent of copper mineralisation and is considered prospective for both shallow epithermal copper mineralisation and deeper porphyry copper mineralisation.

Figure 2 shows the limited outcropping areas, which have been the focus of the sampling in the Favi Vent zone. The remaining surface area is covered by scree material, opening up significant opportunities for identification of mineralisation under shallow cover. The Barita vein is parallel to and about 65 metres west of the veins at the Española 1 prospect, which lies about 900 m to the east of the Rasuhuilca prospect. Figure 2 shows the detailed location of all veins hosting copper-gold-silver within the Favi Vent Zone. The dominant vein orientation at the Española 1 prospect strikes about northwest to southeast, extending north to the Indigena vein and intersecting the Favi vein that strikes east to west. The Barita vein prospect has two veins that are parallel, and about 15 metres apart. Figure 3 shows the Barita vein and the Española 1 prospect geology and historic surface sampling, with samples coloured by gold values.

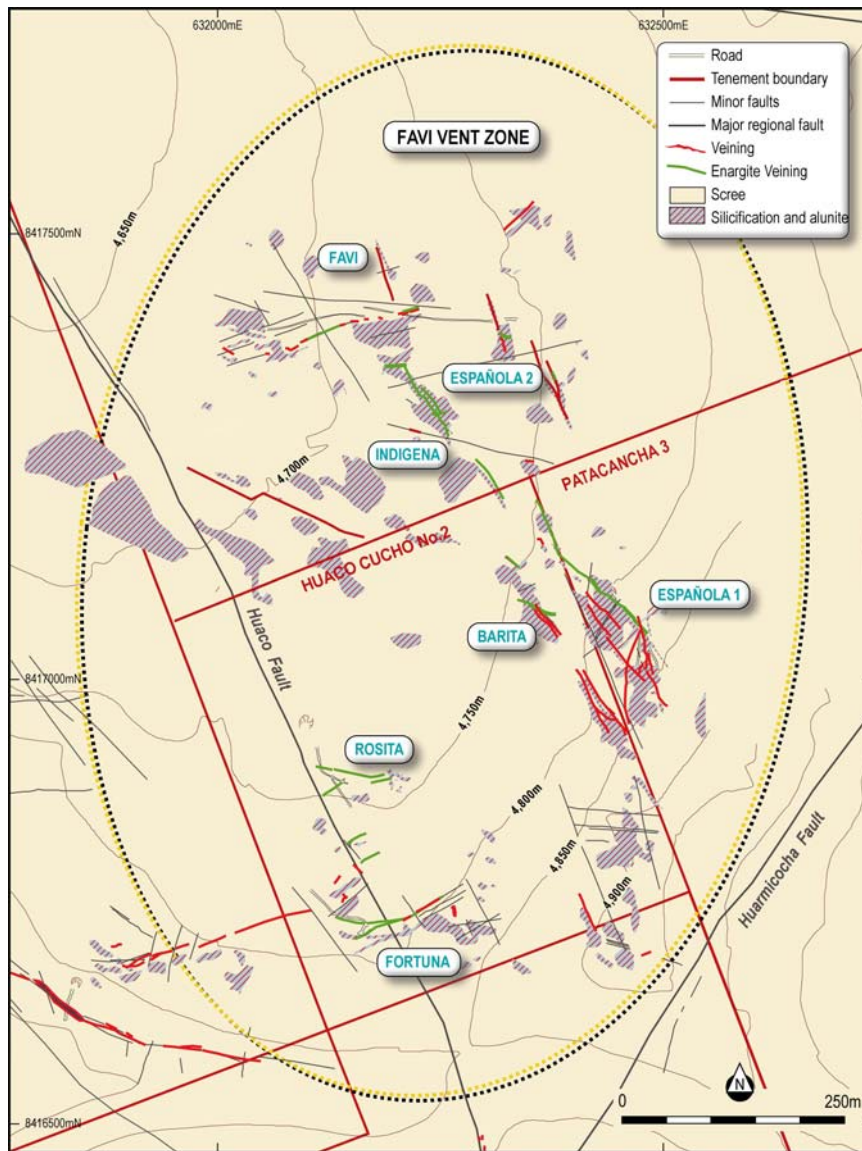


Figure 2: Plan View of the Southern Kimsa Orcco prospects that have high-grade copper-gold-silver within the Favi Vent Zone, including the Barita vein that is parallel to Española 1 prospect. Grid used is PSAD56, Zone 18 South.

Limited surface sampling has been done at the Barita vein, and potential remains for strongly mineralised breccia pipes in the area that have not yet been identified due to extensive shallow cover by scree slope material. For example, Figure 3 shows a breccia pipe that is about 10 metres wide by 20 metres long that has not been sampled. In addition, there are large areas of strong silicification and alunite alteration that require further sampling, as these alteration zones have been demonstrated to host modest gold and silver values in other parts of the project, such as the

Huallatas prospect² that is 320 metres west of the Rasuhuilca Deposit, along the Rasuhuilca Trend (see Figure 2).

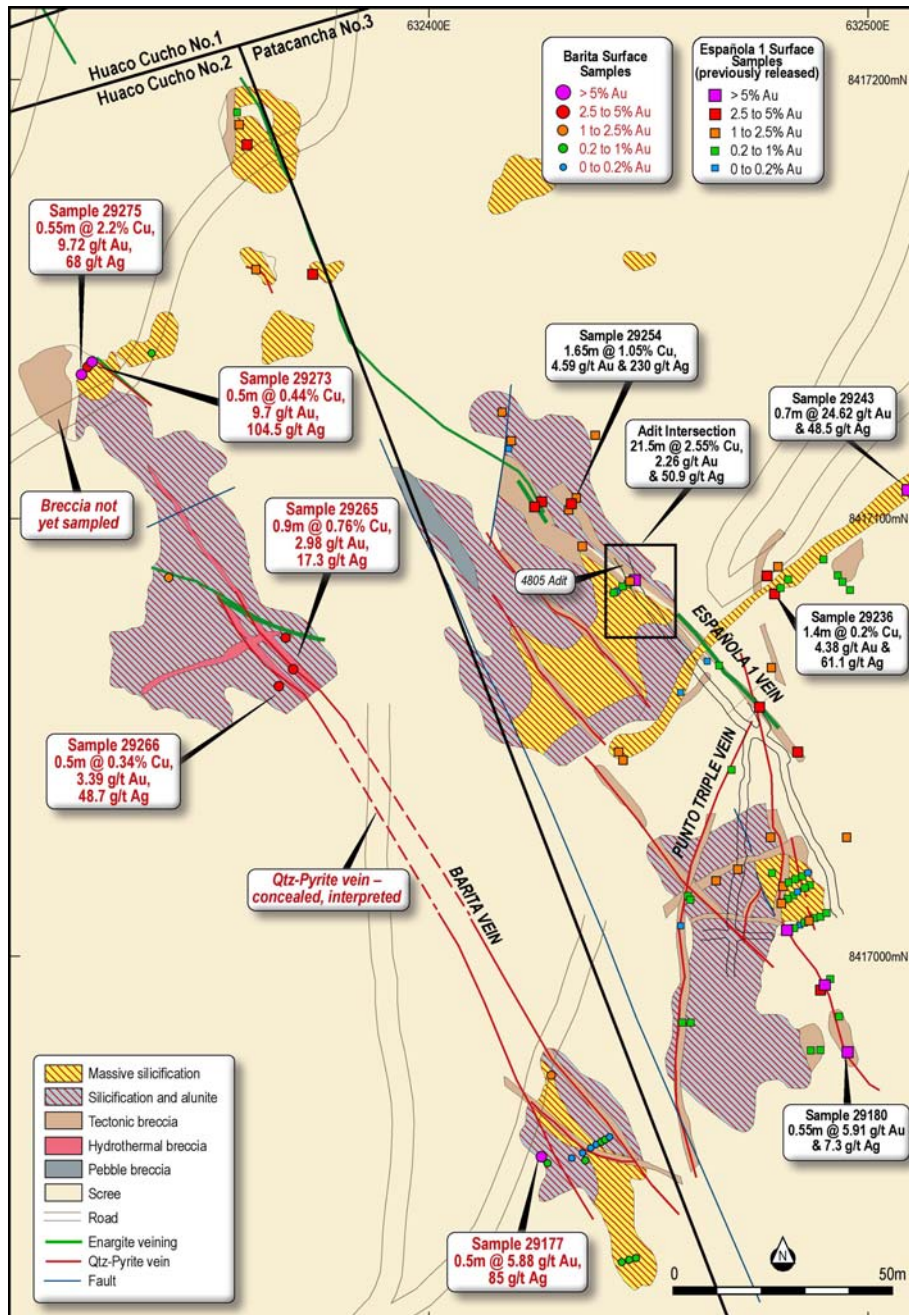


Figure 3: Plan View of the Barita vein and Española 1 prospect geology, with high-grade copper-gold-silver results shown in red at Barita vein. The previously released high-grade Española 1 prospect surface sampling results are shown in black. The location of the high-grade copper-gold-silver adit intersection from Laconia sampling in April 2014 is highlighted. Grid used is PSAD56, Zone 18 South.

² Refer ASX Release dated 20 March 2014

As at the Española 1 prospect, there is copper-gold-silver mineralisation in the north part of the vein, and gold-silver (without the copper) in the south part of the Barita vein. This also correlates to a change in elevation, with the lower vein level in the north hosting copper, and the higher vein level in the south being poor in copper. This metal zonation is a feature of the vertical stratification of the gold-silver and copper-gold-silver mineralisation within the high sulphidation epithermal environment and is common in many similar epithermal systems.

The Española 1 and Barita vein prospects are part of a broad region of copper-gold-silver veining at the Southern Kimsa Orcco prospects that spans about 950 metres north to south and 600 metres east to west (570,000 m²). To date there has been over 850 metres strike length of silica-enargite veining identified in outcrop.

Laconia Surface and Adit Channel Sampling at Española 1 Prospect

During April 2014 surface channel samples were collected by Laconia at Española 1 and Fortuna prospects to validate the quality of the historical Buenaventura Ingenieros SAC exploration dataset³. Surface channel sample locations for repeat sampling were chosen based on the presence of copper and/or gold-silver mineralisation in the historic dataset. The results from Laconia's sampling indicate that the historic results are repeatable, and that the calibre of data from Buenaventura Ingenieros SAC work is of high quality. Figure 4 shows the surface sampling completed at Española 1 and Fortuna prospects during April 2014. Highlight results from the Laconia surface sampling at Española 1 prospect include:

- o **0.87 m at 8.12 % Cu, 4.96 g/t Au, and 142 g/t Ag in sample LC29270B**
- o **0.83 m at 7.07 % Cu, 7.12 g/t Au, and 80 g/t Ag in sample LC29244**
- o **0.85 m at 2.38 % Cu, 2.43 g/t Au, and 63 g/t Ag in sample LC29268A**
- o **0.52 m at 1.88 % Cu, 7.02 g/t Au, and 94 g/t Ag in sample LC29271B**

The Española 1 vein system was originally recognised by Laconia as a gold and silver prospect, but was elevated in priority when it established there was an historic adit channel sampling intersection of **24.9 metres at 3.88 % Cu, 2.98 g/t Au and 66.63 g/t Ag, including 15.5 m at 6.54 % Cu, 4.77 g/t Au and 103.86 g/t Ag**⁴ hosted in a breccia pipe and enargite-covellite veining.

³ Refer ASX release 18 June 2014

⁴ Refer ASX release 27 February 2013

Laconia has now undertaken a program of repeat underground channel sampling at Kimsa Orcco during April 2014 that has confirmed the intersection, with 25 samples collected over 14 of the 16 original Buenaventura channel sample locations. The new intersection returned from sampling by Laconia is **21.5 m at 2.55 % Cu, 2.26 g/t Au and 50.97 g/t Ag, including 12.3 m at 3.72 % Cu, 3.22 g/t Au and 69.74 g/t Ag⁵**. The slightly smaller length reported for this intersection is due to the first sample of the adit not being repeated, due to removal of the zone at this point by minor caving of the breccia at the adit entrance. Figure 5 presents the adit sampling conducted by Laconia during April 2014, with the historic results from Buenaventura Ingenieros SAC during 2002 also shown.

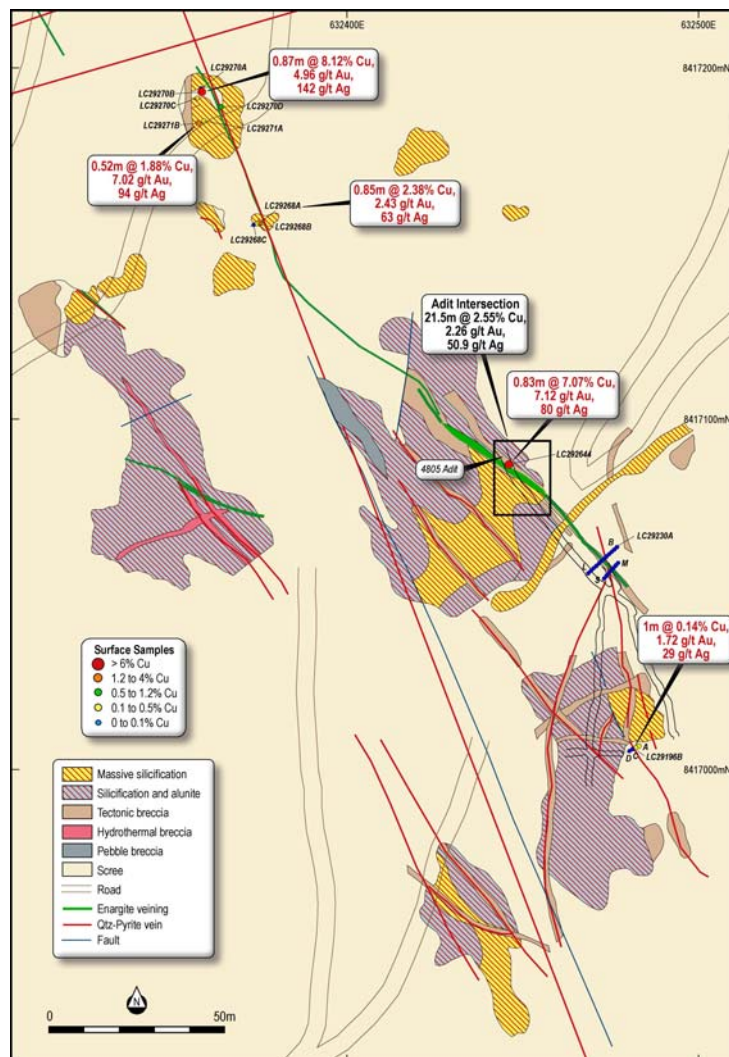


Figure 4: Plan View of the Barita vein and Española 1 prospect geology, with high-grade copper-gold-silver results from Laconia's April 2014 Sampling Program shown in red. The location of the high-grade copper-gold-silver adit intersection from Laconia sampling in April 2014 is highlighted. Grid used is PSAD56, Zone 18 South.

⁵ Refer ASX release 10 June 2014

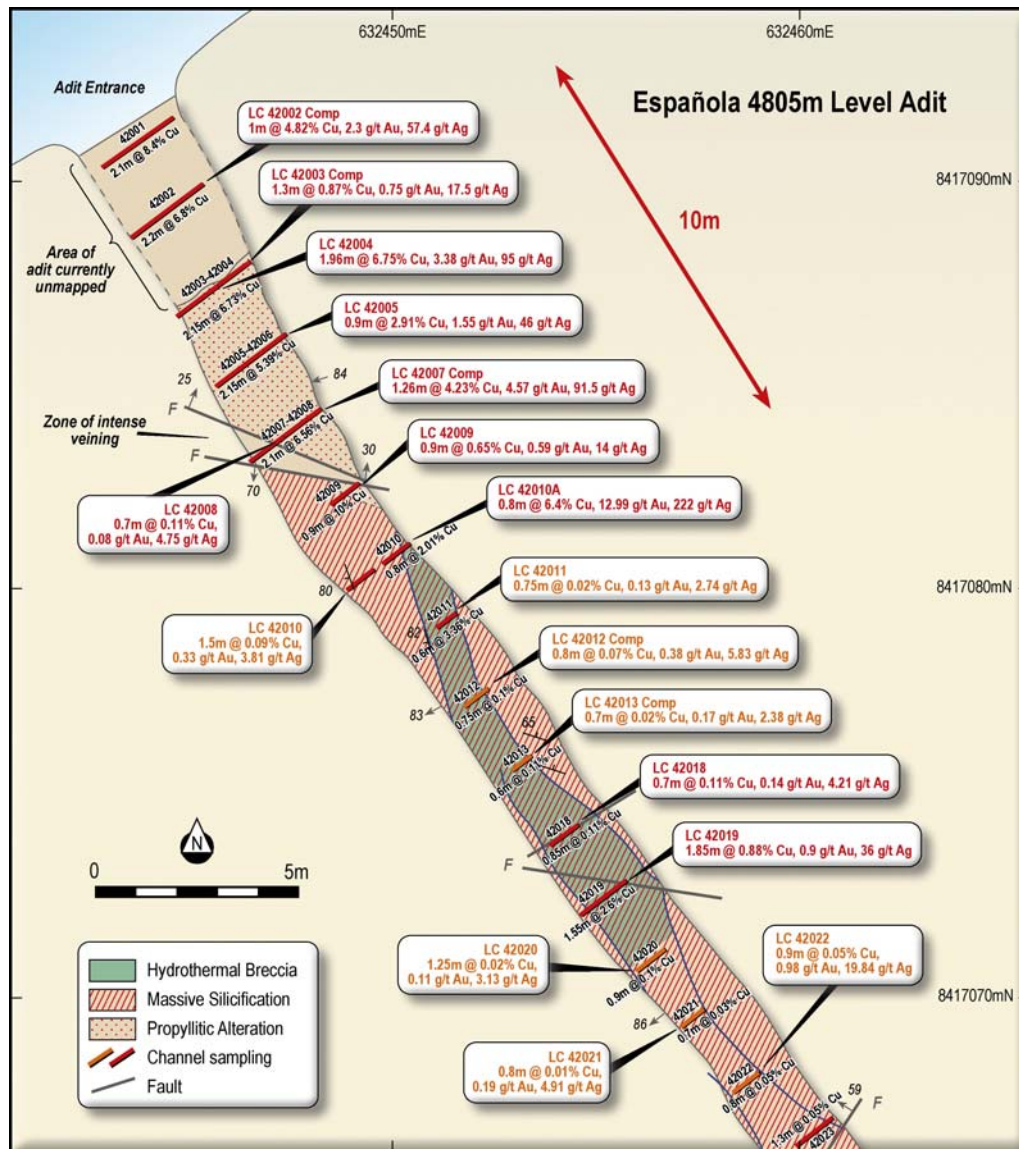


Figure 5: Plan View of the repeat sampling at Española 1 prospect, 4805 level adit, with high-grade copper-gold-silver results from Laconia sampling shown in red. Historic Buenaventura Ingenieros SAC sampling results are shown in black along the channel sample location. Grid used is PSAD56, Zone 18 South.

Planned Exploration Work

An initial program commenced during April 2014 at the Northern Kimsa Orcco prospects. The aim was to collect stream samples and surface rock chip samples as part of a preliminary exploration program testing the alteration systems for porphyry copper prospectivity. Results from this work are pending.

Work planned at Southern Kimsa Orcco prospects includes drill testing of the strike extent of copper-gold-silver veins and breccias, using diamond drilling, plus testing concealed areas between the known veins for further mineralised structures. Final drill plan details will be selected following completion of 3D geological modelling of the area.

Surface geochemical studies are also planned over the Favi Vent zone, prior to drill testing, to further characterise the zones of alteration, and allow finer vectoring to the centre of the altered systems, in preparation for drill testing for copper porphyry mineralisation. Final drill positions for testing the epithermal copper-gold-silver veining will also be ground-truthed during this field campaign. Figure 6 below shows the exploration model being applied by Laconia at the Kimsa Orcco Project.

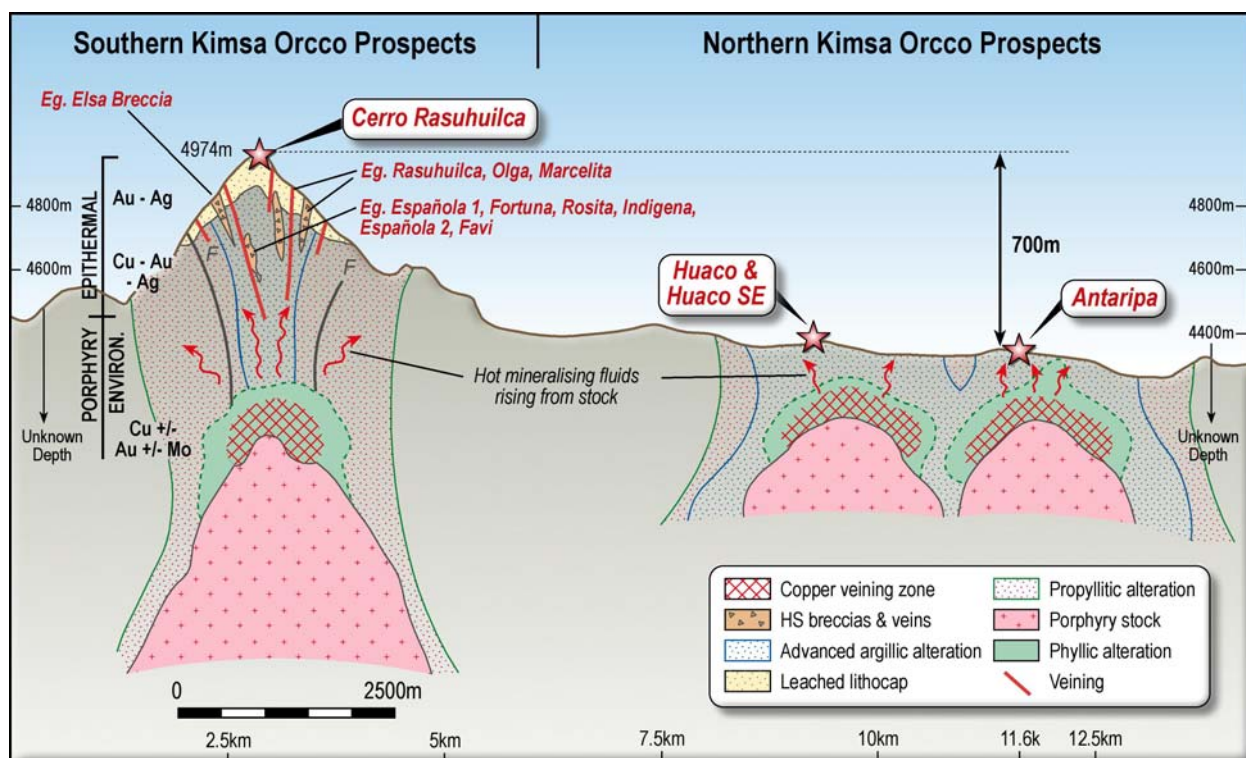


Figure 6: Schematic diagram of the porphyry exploration model at the Kimsa Orcco Project, showing alteration and metal zonation. Some examples of prospects already identified are shown. This image contains vertical exaggeration.

Exploration Results Summary

The geological setting is a volcanic system in the Andean highlands (named Ccarhuaraso) that has an extensive area of alteration and high sulphidation epithermal copper-gold-silver mineralisation hosted in veins and breccias. There is potential for a porphyry copper (+/-gold, +/- molybdenum) body at depth.

Results presented in this release are from 22 surface channel samples conducted by Buenaventura Ingenieros SAC in 1999. Surface channel samples were collected as cut channel samples over lengths of 0.4 to 1.5 metres, between 10 and 100 metres apart, cut perpendicular to geological structures (veins or faults).

Surface Channel Samples were submitted to Intertek Bondar Clegg (Bolivia) in 1999. Sample preparation techniques used at the laboratory are not known, but the analysis method used for gold was AAS with Fire Assay on 50 gram aliquots to 2 ppb detection limits. AAS was also used for silver, or by ICP-MS + 35 elements (Ag, Cu, Pb, Zn, Mo, N, Co, Cd, Bi, As, Sb, Hg, Fe, Mn, Te, Ba, Cr, V, Sn, W, La, Al, Mg, Ca, Na, K, Sr, Y, Ga, Li, Nb, Sc, Ta, Ti, Zr). Sample chain of custody documentation was not done, or not acquired in the data package.

Geological mapping of surface rock exposures and interpretation by Buenaventura and Laconia geologists has been used to compile the information in this release. Results for the Española 1 adit channel sampling were composited based on a nominal cut-off of greater than 1 g/t gold, or 60 g/t silver or 0.1 % copper, and then calculated as a weighted average of sample length versus sample grade, divided by the entire composite length. No surface channel sample results were composited.

Government Drill Approvals Received

The Company has had its Declaración de Impacto Ambiental (DIA) (*Environmental Impact Statement*) approved by the Peruvian regulator, the Ministry of Energy and Mines (MINEM)⁶.

Laconia has achieved the necessary Social Licence required for its Kimsa Orcco Project⁷. The concessions at the Kimsa Orcco Project collectively cover over 8,387 hectares of highly prospective geology in the Peruvian Andes.

Formal approval to drill has been gained from the Peruvian regulator, MINEM⁸.

Background

Laconia completed the acquisition of the four Patacancha tenements in the Kimsa Orcco Project⁹ in the Southern Andes of Peru in June 2012. Kimsa Orcco Project is an advanced, high-grade gold and silver project which contains existing development levels and cross-cuts. In March 2013, the Company signed a formal option agreement ("the Option Agreement") to add 5,622 hectares,

⁶ Refer ASX release 29 January 2014

⁷ Refer ASX release 4 March 2014

⁸ Refer ASX release 24 April 2014

⁹ Refer ASX Release 1 June 2012

covering 11 Huaco Cucho exploration tenements adjacent to its 100% owned Patacancha tenements. The combined 100% Laconia Patacancha tenements and the 80% Option Agreement Huaco Cucho tenements form the Kimsa Orcco Project. The Option Agreement is for seven years and involves minimal initial outlay.

Previous explorers were aware of the potential scale and size of the Ccarhuaraso Volcanic system and its Porphyry Copper-Gold potential due to the geological similarities to the El-Indio deposit in Peru (*Caddy, 1996*). El Indio contained some 23.2 Mt at 6.6 g/t Au, 50 g/t Ag and 4% Cu including a bonanza gold zone of 200 kt at 209 g/t Au (*Sillitoe, 1999*). The Company has consequently expanded its compilation of historical data to include any available copper sampling undertaken across the Project licences with the view that the Project contains a buried and fully intact Epithermal/Porphyry system. Figure 6 shows a schematic of the exploration model now being used by Laconia. It contains examples of known vein and breccia systems on the Project and the current understanding of how they relate to the Epithermal/Porphyry model.

Laconia continues the process of identifying and verifying all existing and available data from sampling conducted by the Cominco SA and Buenaventura Ingenieros SAC companies and will continue with its process of re-sampling to “twin” existing surface and underground samples and drill holes.

References

Caddy, S.W., 1996, "Preliminary Structural Analysis, Mineral Alteration Zoning, Target Concepts, and Recommended Exploration Approach, Jarhaurazo District, Southern Peru"; unpublished Internal Consulting Report for Echo Bay Exploration Inc.

Sillitoe, R.H., 1999, "Styles of high sulphidation gold, silver and copper mineralisation in the porphyry and epithermal environments"; in G. Weber, ed., Pacrim '99 Congress Proceedings: Australasian Institute of Mining and Metallurgy, pp29-44.

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About Laconia Resources Limited

ASX Listed Laconia Resources Limited (ASX: LCR) is a Perth-based precious and base metals exploration and development Company with a Latin American focus. The Company's flagship Kimsa Orcco Project in Peru is an advanced copper-gold-silver project in the Ayacucho region of Southern Peru, across four 100% Laconia Resources Ltd permits covering 27.65 km² and a further 11 contiguous permits through an 80% earn in option agreement, covering 56.22 km². The total area of 83.87 km² hosts the entire Ccarhuaraso volcanic system that is proven to host high sulphidation epithermal copper gold and silver.

In Western Australia, the Company has mineral projects across two granted tenements covering an approximate 98.7 km² in the Pilbara and Northern Gascoyne regions.

Competent Persons Statement

The information in this announcement that relates to Exploration Results at the Barita vein is based on information compiled by Mr Vincent Algar, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Algar is a consultant for Laconia Resources Limited and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity currently being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Algar consents to the inclusion in this announcement of the matters based on his information in the form and context in which it appears.

Previously released information in this announcement that relates to Exploration Results is extracted from reports lodged with the ASX titled "High-Grade Copper Identified" dated 27 February 2013, "High-grade Copper at Favi Prospect, Peru" dated 11 March 2014, "Exploration Results Updated to JORC 2012 dated 20 March 2014", "High-grade Copper Intersection at Española 1 Prospect, Peru" dated 10 June 2014 and "High-grade Copper-Gold-Silver Surface Samples, Peru" dated 18 June 2014. These reports were based upon information compiled by Mr Vincent Algar, a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Algar is a consultant for Laconia Resources Limited. Mr Algar has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'.

The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.

See Appendix 2 for Detailed JORC Table 1, Section 1 and Section 2

APPENDIX 1 – Barita Vein – Surface Channel Sampling

Barita vein at Española 1 prospect - Surface channel samples

Sample ID	Prospect	East	North	RL	Dip	Azimuth	Length (metres)	Cu %	Au g/t	Ag g/t
29166	Barita	632,447	8,416,931	4,839	0	240	1.5	0	0.41	4.7
29167	Barita	632,446	8,416,931	4,838	0	240	1.5	0	0.27	3
29168	Barita	632,444	8,416,930	4,836	0	240	1.5	0	0.34	4.4
29169	Barita	632,441	8,416,959	4,826	0	240	1.15	0.01	0.11	2.4
29170	Barita	632,440	8,416,959	4,824	0	240	1.5	0.01	0.2	17.4
29171	Barita	632,439	8,416,958	4,824	0	240	1.5	0.01	0.99	1.6
29172	Barita	632,438	8,416,957	4,823	0	240	1.5	0.01	0.15	1.9
29173	Barita	632,437	8,416,957	4,823	0	240	1.5	0	0.11	1.1
29174	Barita	632,436	8,416,954	4,821	0	240	0.4	0.01	0.23	4.2
29175	Barita	632,435	8,416,956	4,821	0	240	1.5	0	0.1	1.5
29176	Barita	632,433	8,416,954	4,820	0	240	1.5	0	0.09	1.2
29177	Barita	632,426	8,416,955	4,812	0	240	0.5	0.01	5.88	85
29178	Barita	632,427	8,416,953	4,814	0	240	1.3	0.01	0.85	15.8
29179	Barita	632,428	8,416,973	4,813	0	240	0.7	0.03	1.32	60.3
29264	Barita	632,367	8,417,072	4,774	0	0	0.9	0.69	2.91	61.6
29265	Barita	632,369	8,417,065	4,776	0	0	0.9	0.76	2.98	17.3
29266	Barita	632,366	8,417,061	4,775	0	0	0.5	0.34	3.39	48.7
29267	Barita	632,341	8,417,086	4,760	0	0	0.5	0.83	1.96	25.5
29273	Barita	632,323	8,417,135	4,745	0	220	0.5	0.45	9.7	105
29274	Barita	632,322	8,417,134	4,744	0	220	0.5	0.45	3.45	36.6
29275	Barita	632,321	8,417,132	4,745	0	220	0.55	2.2	9.72	68
29276	Barita	632,336	8,417,137	4,747	0	0	1	1.2	0.8	10.6

Note 1: Samples were collected by Buenaventura Ingenieros SAC during 1999 and assayed at Intertek Bondar Clegg, Bolivia. Gold (Au) was analysed by Fire Assay on 50 g aliquots with AAS finish. ICP-MS was used for all other elements.

Note 2: Coordinate system used is PSAD56/UTM zone 18S EPSG 24878

APPENDIX 2 – JORC CODE, 2012 Edition, Table 1 (Section 1 and 2)

SECTION 1: Sampling Techniques and Data		
Criteria	JORC Explanation	Remarks
Sampling Techniques	<i>Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i>	Cut surface channel samples – 30 cm width.
	<i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i>	Buenaventura used a sample size of 3.5 kg per metre of channel sampling. They routinely submitted duplicate and triplicate samples. The employed umpire laboratories to check their results with triplicate samples, as well as re-submitting pulps.
	<i>Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.</i>	Channel samples were collected using best method (ie. cut with a rock saw). Duplicates and triplicates of channel samples (adit and surface) were obtained through re-cutting a second or third sample in the same location. Channel samples were not split for the purposes of creating duplicates or triplicates. Sample preparation techniques are not known.
Drilling Techniques	<i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).</i>	No drilling results are included in this release.
Drill Sample Recovery	<i>Method of recording and assessing core and chip sample recoveries and results assessed.</i>	No drilling results are included in this release.
	<i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i>	No drilling results are included in this release.

Criteria	JORC Explanation	Remarks
Drill Sample recovery (continued)	<i>Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material</i>	No drilling results are included in this release.
Logging	<i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.</i>	Surface and underground channel samples were plotted onto geological maps that were created using a consistent legend. No geotechnical logs are available for channel samples.
	<i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i>	Logging is qualitative, with the exception of some quantitative logging of sulphide and alteration content. No routine photography of channel sampling is available.
	<i>The total length and percentage of the relevant intersections logged</i>	100% of surface channel samples presented in this release have mapping that can be applied as logging.
Sub-sampling Techniques and Sample Preparation	<i>If core, whether cut or sawn and whether quarter, half or all core taken.</i>	No core samples are reported in this release.
	<i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i>	Surface channel samples were not split during any part of the process. They represent complete channels. Water was used during cutting, but then a dry sample collected using a hammer and maul.
	<i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i>	Details on laboratory preparation of samples are not known. Accuracy of results is implied through performance of duplicate and triplicate samples and utilisation of umpire laboratories.
	<i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i>	For channel sampling standards and blanks were interleaved with the routine samples, every 20 th sample. For the channel sampling, duplicates were cut for every 20 th sample. Triplicates were cut and sent to an umpire lab, at a frequency of about 3%.
	<i>Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.</i>	Duplicates and triplicates were collected through cutting another channel sample, not splitting the existing channel sample. 5% of total sample numbers were submitted as duplicates, and 2.5% were submitted as triplicates.
	<i>Whether sample sizes are appropriate to the grain size of the material being sampled</i>	Channel sample sizes were appropriate, as shown by good correlation between primary, duplicate and triplicate results.
Quality of Assay Data and Laboratory Tests	<i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i>	For channel samples gold (Au) was analysed by AAS with Fire Assay checks on 50 g aliquots to 2 ppb detection limits and AAS was used for Silver (Ag). ICP-MS was used for the other elements (Cu, Pb, Zn, Mo, As, Sb, Bi, Hg, Te). Digestion method is not known and so completeness of technique is unknown.
	<i>For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.</i>	No geophysical tools or other analysis methods were employed.
	<i>Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.</i>	For both channel sampling, standards and blanks were interleaved with the routine samples, every 20 th sample. For the channel sampling, duplicates were cut for every 20 th sample. Triplicates were cut and sent to an umpire laboratory (at a frequency of about 3%).

Criteria	JORC Explanation	Remarks
Verification of Sampling and Assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	No intersection verification at Barita prospect has been done, though Buenaventura repeating Cominco sampling at other prospects, and Cambridge Mineral Resources repeated Cominco and Buenaventura sampling at a later date. Laconia repeated Cominco and Cambridge Mineral Resources sampling (33 samples) in the Rasuhilca underground development, and the results showed the original sampling was repeatable. Laconia have now repeated surface sampling at Española 1 and Fortuna prospects with comparable results, further validating the historic dataset.
	<i>The use of twinned holes.</i>	No twinned holes have been used to verify sampling and assaying.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Data has been compiled from good quality paper plans and digitally compiled at a later date. The data has been assimilated into the Company SQL database, and exported into Microsoft Access, after compilation and validation in Surpac and Mapinfo Software and checks against topography and the quality of repeated sample locations.
	<i>Discuss any adjustment to assay data.</i>	Gold values were converted from ppb to ppm from original assay certificates.
Location of Data Points	<i>Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.</i>	Cominco established professionally surveyed trigonometric points across the Rasuhilca project. From these survey points, surface mapping and sampling was spatially referenced. Underground development at Rasuhilca was surveyed by Cominco, with permanent survey points established in the adits. Following workers (Buenaventura, Cambridge Mineral Resources, Laconia Resources) utilised these survey points for spatial location of their work. Buenaventura used a company employed surveyor. Only the Rasuhilca underground development sampling and surface sampling informs a resource estimation.
	<i>Specification of the grid system used.</i>	All data was collected as, and remain in, PSAD56, Zone 18 South, EPSG 24878.
	<i>Quality and adequacy of topographic control.</i>	Topographic surface uses 10 metre contours that have excellent correlation to ground features.
Data Spacing and Distribution	<i>Data spacing for reporting of Exploration Results.</i>	Surface channel samples are collected perpendicular to the vein walls or across zones of alteration, at spacings of 5 to 100 metres apart.
	<i>Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</i>	No Mineral Resource or Ore Reserve calculations have been reported on the Española 1 prospect.
	<i>Whether sample compositing has been applied.</i>	No compositing was done for surface channel samples.
Orientation of data in relation to geological structure	<i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i>	Surface channel samples were collected perpendicular to vein walls, or across zones of alteration, and are representative of the mineralisation controls.
	<i>If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.</i>	No drilling is reported in this release.
Sample security	<i>The measures taken to ensure sample security.</i>	No chain of custody was documented for Buenaventura Ingenieros SAC sampling.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	At a project scale, numerous repeat sampling exercises validate the sampling of previous workers.

SECTION 2: Reporting of Exploration Results		
Criteria	JORC Explanation	Remarks
Mineral tenement and land tenure status	<i>Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental settings.</i>	The Kimsa Orcco Project is comprised of 4 Patacancha tenements that are 100% Laconia Resources owned, plus the 11 Huaco Cucho tenements that are subject to an Earn-in Agreement, for option of 80% interest over a 7 year period. The Española 1 prospect is within the 100% Laconia Resources tenement, Patacancha 3. Barita vein (that is part of the Española 1 prospect) is within an Earn-In Agreement tenement, Huaco Cucho No. 2. The tenements are located on a high plateau within the Andes Mountain chain, in the Department of Ayacucho in Southern Peru. There are no historical sites, wilderness or national park issues known to Laconia Resources. Community agreements to address Native Title issues are completed; all 3 required agreements have been achieved.
	<i>The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.</i>	Laconia knows of no impediment to obtaining a licence to operate in the area.
Exploration Done by Other Parties	<i>Acknowledgement and appraisal of exploration by other parties.</i>	The project area has previously been explored by Cominco el Peru between 1985 and 1987, by Buenaventura Ingenieros SA from 1996 to 2003. Echo Bay undertook exploration in a JV partnership with Buenaventura between 1996 and 1999. Cambridge Mineral Resources (CMR) acquired the project in 2005 and started development and small-scale mining at the Marcelita 2 vein. They moved focus to the Rasuhuilca vein in September 2006.
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	High sulphidation epithermal gold-silver veining and alteration halos, with localised enargite-rich breccias along fault controlled paths. Alteration of the volcanic rocks (Andesite, Dacite and Intermediate Tuffs) is dated at 1.4 – 1.6 Ma.
Drill hole Information	<i>A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:</i> • easting and northing of the drill hole collar • elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar • dip and azimuth of the hole • down hole length and interception depth • hole length.	All tabulated exploration results are included in the release in appendix 1. Channel samples are presented on plans that show the orientation of the sample line.
	<i>If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.</i>	No information is excluded.
Data Aggregate Methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	No compositing is applied. No top or bottom cut was applied.
	<i>Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.</i>	No aggregate methods are used for new results in this release.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents are used for the exploration results.

Criteria	JORC Explanation	Remarks
Relationship between mineralisation widths and intercept lengths	<i>These relationships are particularly important in the reporting of Exploration Results.</i>	Surface channel samples reflect close to vein true widths as they are cut perpendicular to the vein walls.
	<i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i>	No new drilling is reported in this release.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</i>	No new drilling is reported in this release.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported. These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i>	Diagrams are provided that show all surface channel sample locations and known geology.
Balanced Reporting	<i>Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.</i>	All exploration results are presented in the Appendix 1, regardless of grade.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geological survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.</i>	Discussion of the Española 1 and Barita vein geology is included in the release. To date no economic or extractive measures such as bulk samples, metallurgical testing, bulk density, groundwater, geotechnical or rock samples have been done. Mineral species hosting base metals are identified in the release.
Further Work	<i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	Drill testing is identified as future planned work. At present the amount and location of planned drill holes has not been identified, pending 3D geological modelling
	<i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i>	The area of mineralisation in the context of the known geology is outlined in Figures 1, 2, 3, and 4.