

Laconia to acquire extensive and highly prospective Kraaipan Gold-Nickel-Copper-PGM Project.

The Kraaipan Gold-Nickel-Copper-PGM Project represents a unique and exciting opportunity to acquire 866km² of a well-endowed and highly prospective greenstone belt in one of Africa's premier mining destinations, Botswana.

Project Highlights

- Binding agreement to acquire Kraaipan Founders Pty Ltd and all its subsidiaries, which hold 100% of the Kraaipan Project tenure.
- The Kraaipan Project tenure covers ~50km length of the Kraaipan Greenstone Belt; situated 40km north, along strike and within the same geological units as Harmony Gold Mining Company Ltd's Kalgold Mine (~4 million oz gold pre-mining resource¹).
- The Kraaipan Project is also in the same terrane that hosts the Kalplats Project (~6.5 million oz of 3E PGMs²) and is therefore, interpreted to also be highly prospective for nickel, copper and PGM mineralisation.
- The Project comes with an extensive inventory of geochemical (14,000 soil samples) and geophysical data that have uncovered several strong bedrock VTEM anomalies, some of which are spatially associated with an interpreted highly magnetised, mafic intrusive body.
- Laconia plans to immediately commence an extensive exploration program utilising geochemical and geophysical techniques successfully employed in Australia (e.g. Yilgarn Goldfields) but not applied in this terrane.
- Previous first pass exploration by third parties only focused on 10 km section of this greenstone belt and confirmed its gold prospectivity with RAB drilling intersecting significant, shallow gold mineralisation including:
 - KP037: 13m @ 1.7g/t Au from 11m, including 3m @ 5.1g/t Au;
 - KP052: 21m @ 1.0g/t Au from 6m, including 5m @ 2.3g/t Au from 27m;
 - KP077: 9m @ 1.1g/t Au from 17m, including 4m @ 2.3g/t Au; and
 - KP074: 42m @ 0.6g/t from 3m, including 21m @ 1g/t Au from 9m.

1- 2010 Mineral Resources and Mineral Reserves Report for Harmony Gold Mining Company Ltd (JSE: HAR)

2- 2016 Mineral Resources and Mineral Reserves Report for African Rainbow Minerals (JSE: ARI)

Laconia Resources Limited ('Laconia' or 'Company') (ASX: LCR) is pleased to announce that it has entered into a binding agreement to acquire the Kraaipan Gold-Nickel-Copper-PGM Project ('Kraaipan Project' or 'Project') in Botswana. The Kraaipan Project is comprised of a single but extensive Prospecting Licence, PL232/2016 ('Project Tenure') that is 866km² and covers approximately 50 kilometre stretch of Kraaipan Greenstone Belt in southern Botswana (Figure 1).

The Project is part of the larger NNW trending Amalia-Kraaipan-Greenstone-Terrane ('AKGT') of the Kaapvaal Craton. The AKGT in Botswana is directly along strike from significant gold deposits, as well as adjacent to significant PGE deposits across the border in South Africa.

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

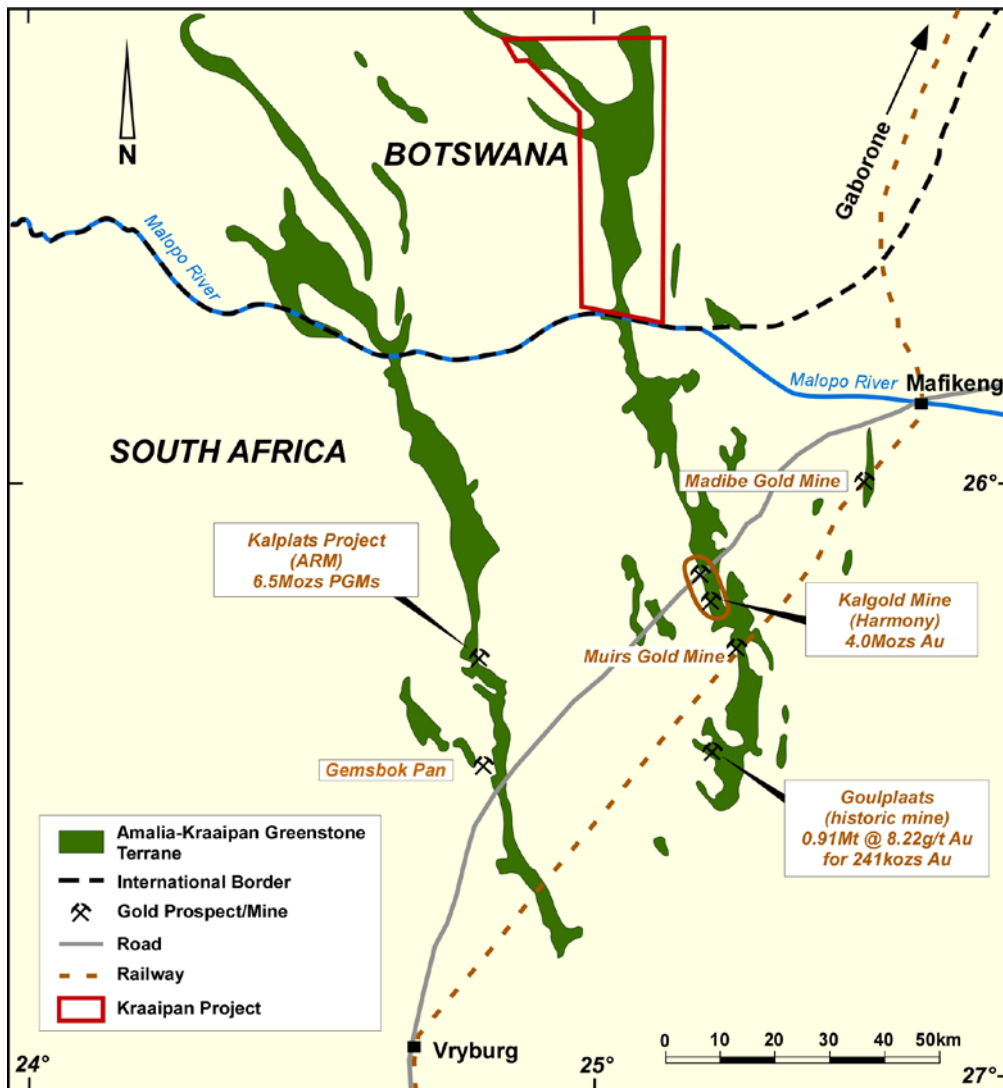


Figure 1: Location of the Kraaipan Gold-Nickel-Copper-PGM Project in relation to the Harmony's Kalgold Mine and the African Rainbow Minerals' Kalplats Project across the border in South Africa.

Kraaipan Gold-Nickel-Copper-PGM Project

The Kraaipan Greenstone Belt in Botswana is interpreted as highly prospective for both lode-gold and magmatic nickel-copper-PGM sulphide mineralisation within the same geological units and directly along strike of the well-known Kalgold Mine and Kalplats Project in South Africa (Figure 1). The Kraaipan Greenstone Belt in Botswana is relatively underexplored when compared to many other greenstone belts around the world, a consequence of the variable thicknesses of overlying Kalahari overburden obscuring the prospective greenstone rocks. While this overburden has traditionally been an impediment for exploration and explains the under-explored prospectively of the concession, recent advances in geochemical and geophysical methods used for detecting mineralisation undercover do not appear to have been utilised in the terrane. Part of Laconia's exploration strategy for the Kraaipan Project is to apply these highly successful exploration methodologies, already proven and well-developed in other greenstone terranes. Inclusive with the transaction is an extensive regional geochemical survey of over 14,000 samples yet to be analysed. The Company plans to consult a leading expert in gold exploration geochemistry immediately after the completion of the Kraaipan Project acquisition.

Gold Prospectivity

Previous first pass exploration of the Project area by third parties only focused on approximately a 10 kilometre-long section of the Project and confirmed gold prospectivity with RAB drilling intersecting significant, shallow gold mineralisation such as:

- KP037: 13m @ 1.7g/t Au from 11m, including 3m @ 5.1g/t Au;
- KP052: 21m @ 1.0g/t Au from 6m, including 5m @ 2.3g/t Au from 27m;
- KP077: 9m @ 1.1g/t Au from 17m, including 4m @ 2.3g/t Au;
- KP074: 42m @ 0.6g/t from 3m, including 21m @ 1g/t Au from 9m;
- KP045: 13m @ 0.5g/t Au from 17m, including 6m @ 0.8g/t Au;
- KP038: 15m @ 0.3g/t Au from 9m, including 5m @ 0.7g/t Au;
- KP061: 19m @ 0.3g/t Au from surface, including 9m @ 0.6g/t Au; and KP060: 12m @ 0.5g/t Au from surface.

* All mineralised intervals reported are downhole lengths, true width unknown. Detailed drill hole locations are shown in Fig. 5. Drill hole details in Appendix 1.

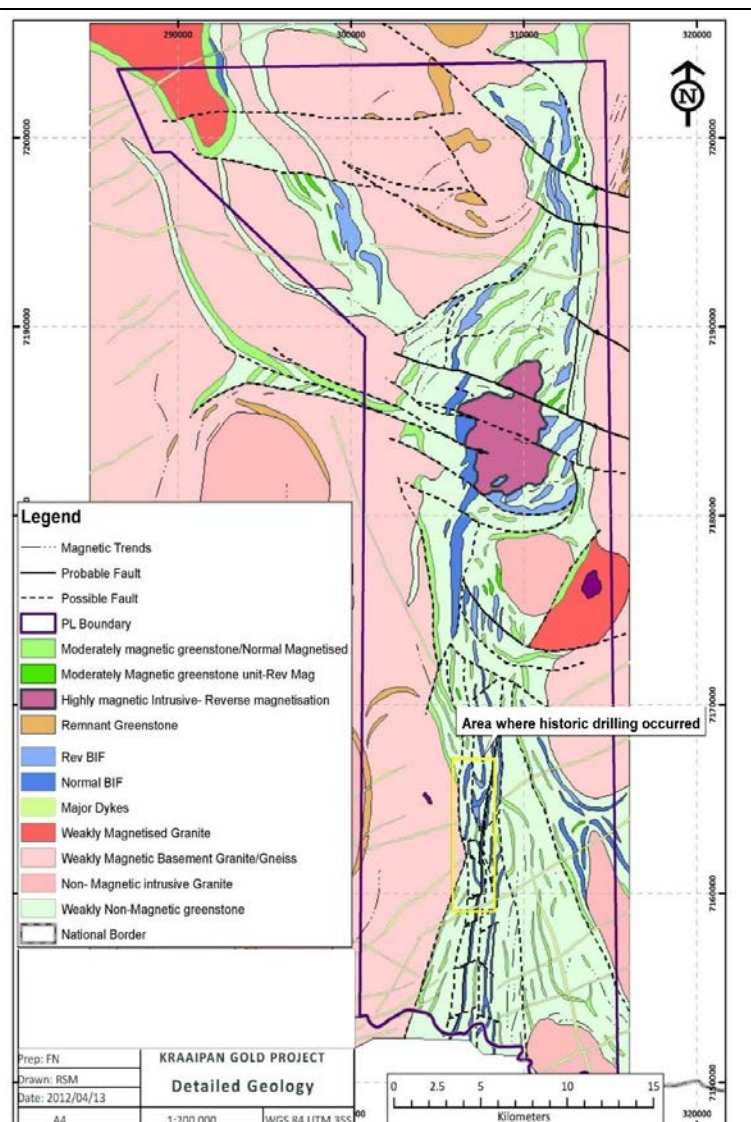


Figure 2: Area of historical drilling

The Project is directly along strike from significant gold deposits across the border in South Africa, including the well-known Kalgold Mine (Figure 1). The Kalgold Mine, owned by Harmony Gold Mining Company Ltd ('Harmony', JSE: HAR) has been in production since 1996 and had an estimated pre-mining mineral resource containing over 4 million oz gold.¹ Harmony's 2016 Mineral Resources and Mineral Reserves Report indicates that there is still almost 1.4 million ounces of gold contained within mineral resources that comprise the Kalgold Mine.

The gold mineralisation identified by previous exploration in the Kraaipan Greenstone Belt within Botswana is distinctly similar to that found at Kalgold. It occurs in shallow dipping quartz-carbonate veins, found in clusters or swarms, within steeply dipping, sub-greenschist facies, magnetite-chert, Banded Iron Formation ('BIF') rock units. In both areas, the gold mineralized veins are associated with disseminated sulphide mineralisation, dominated by pyrite, distributed around and between the shallowly dipping quartz vein swarms.

Nickel, Copper and Platinum Group Metals Prospectivity

The Kraaipan Greenstone Belt is also interpreted to be prospective for Nickel, Copper and Platinum Group Metals (PGM) mineralisation associated with mafic intrusive rocks, similar to the style of mineralisation found at the Kalplats Project across the border in South Africa (Figure 1). The Kalplats mineralisation is hosted within the Stella Layered Intrusion, which is a layered intrusion of variably magnetite-rich gabbroic material (mafic intrusive igneous rocks). The PGM mineralisation at Kalplats occurs as magmatic segregation reef deposits hosted in magnetite gabbro closely associated with BIF, magnetite-rich quartzite and amphibolite layers.

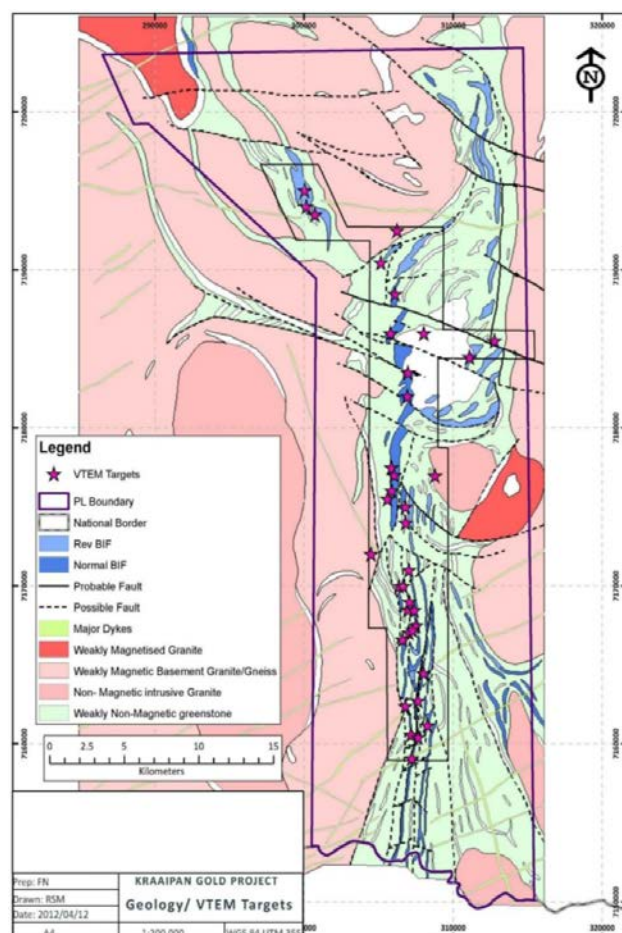
The Kalplats Project is reported to contain over 6.5 million ounces of 3E (platinum + palladium + gold) PGMs. The SAMREC compliant Kalplats Mineral Resource estimate is: 69.91Mt @ 1.48g/t 3E PGM Measured/Indicated and 67.44Mt @ 1.57g/t 3E PGM Inferred Mineral Resources using a 0.5 g/t 3E PGM cut-off and extended to a maximum depth of approximately 200 metres below soil cover.²

Historical exploration within the Project uncovered several strong bedrock VTEM (Versatile Time-Domain Electromagnetic) anomalies, some of which are spatially associated with an interpreted highly magnetised, mafic intrusive body. These targets were never drill tested.

Proposed Exploration Activities

- 1- 2010 Mineral Resources and Mineral Reserves Report for Harmony Gold Mining Co. Ltd (JSE: HAR).
- 2- 2016 Mineral Resources and Mineral Reserves Report for African Rainbow Minerals (JSE: ARI)

Figure 3 – VTEM Targets



Laconia plans to execute two strategies in parallel to advance the Kraaipan Project:

- 1) conduct grassroots geochemical/geophysical analysis by leading exploration experts on the strike extent of the belt that has not been previously tested; and
- 2) follow up on the historic first pass exploration work (especially the significant drilling results) completed in the southern, outcropping part of the tenure by trying to understand the controls on the gold mineralisation already found and test if this area contains any economic accumulations of mineralisation.

Key Commercial Terms of Acquisition

Laconia Resources Limited has agreed to acquire all of the issued capital of Kraaipan Founders Pty Ltd (KFPL) from KFPL's shareholders ('Acquisition').

Through its subsidiaries, including South East Metals (Pty) Ltd, which is incorporated in Botswana, KFPL holds a 100% interest in the Project Tenure.

The consideration for the Acquisition is summarised as follows:

1. a non-refundable deposit of A\$50,000 has been paid to the Vendors to secure the exclusive right to acquire the Project;
2. a further A\$50,000 cash to be paid to the Vendors upon completion for past expenses;
3. issue 450,000,000 ordinary fully paid shares in the Company ('Shares') to the Vendors or their nominees on Completion at deemed issue price of \$0.002 for each Share;
4. Laconia granting the Vendors a 1% net smelter return royalty on all processed mineral products sold from the Project Tenure on standard industry terms and conditions ('Royalty'); and
5. issue further Shares to the Vendors or their nominees upon the achievement of certain milestones as follows ('Milestone Consideration'):
 - a. upon certification of a JORC compliant resource of gold or gold equivalent of 250,000oz which at least 50% is classified as Indicated or above ('First Milestone'), Shares with a total value of \$500,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the First Milestone;
 - b. upon certification of a JORC compliant resource of 500,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Second Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher

- of \$0.002 or the 5 day volume weighted average price for Shares for the previous five days on which Shares traded prior to the announcement of the Second Milestone;
- c. upon certification of a JORC compliant resource of 750,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above ('Third Milestone'), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Third Milestone; and
 - d. upon certification of a JORC compliant resource of 1,000,000oz gold or gold equivalent of which at least 50% is classified as Indicated or above (Fourth Milestone), Shares with a total value of \$1,000,000 based on an issue price per Share equal to the higher of \$0.002 or the 5 day volume weighted average price for the previous five days on which Shares traded prior to the announcement of the Fourth Milestone.

No person will acquire a relevant interest of greater than 20% in the Company and as a result of the Shares issued at completion of the Acquisition and any subsequent issue of Shares under the consideration for the Acquisition will be deferred to the extent that, as a result of any such issue, the resulting voting power of any shareholder will increase to more than 20% in contravention of section 606(1) of the Corporations Act 2001 (Cth).

Completion of the Acquisition is subject to and conditional upon the satisfaction of various conditions precedent including:

1. on or before 14 March 2017 Laconia obtaining all approvals from Laconia shareholders required under Listing Rules 7.1, 10.1, 10.11 and 11.1.2 or any other approvals required by the ASX in relation to the Acquisition;
2. Laconia obtaining the necessary waivers from ASX to facilitate the issue of Shares for Milestone Consideration more than 3 months following the approval of the Acquisition by shareholders of Laconia at a general meeting of the Company;
3. Laconia completing an equity capital raising of \$2,400,000 by 31st March 2017;
4. on or before 28th of February 2017, Laconia completing due diligence to its satisfaction of KFPL, its subsidiaries and the Vendor Shares;
5. on or before 28th of February 2017, the Vendors completing due diligence to their satisfaction of Laconia; and
6. the Vendors executing any restriction agreements in relation to any Laconia securities issued as consideration for the Acquisition that may be required by the ASX in accordance with the ASX Listing Rules.

ASX Listing Rule Chapter 11 submissions

The Company has made a submission to the ASX in relation to the application of ASX Listing Rule 11.1.2 and 11.1.3 to the proposed Acquisition.

The ASX has confirmed that based solely on the information provided by Laconia to ASX:

- the Company is required to obtain approval of its shareholders for the Acquisition for the purpose of Listing Rules 11.1.2; and
- the Company will not be required to re re-comply with Chapters 1 and 2 of the ASX Listing Rules pursuant to Listing Rule 11.1.3 for the purpose of the Acquisition.

Shareholder approvals

The Vendors include certain related parties of the Company. Accordingly, Laconia will require approval of its shareholders for the Acquisition for the purpose of Listing Rules 7.1, 10.1, 10.11 and 11.1.2.

The Company will despatch a notice of meeting to shareholders seeking the relevant approvals to proceed with the proposed Acquisition, with such notice to contain detailed information relating to the Acquisition, KFPL, the Project and the Vendors, an assessment of the financial effect of the Acquisition and the Capital Raising on the Company, an independent expert report in relation to the Project and details the Company's capital structure following completion of the Acquisition (including any issue of Milestone Consideration).

Cautionary Statement

Laconia is optimistic about concluding this transaction, however as at the date of this announcement there cannot be any assurance that the conditions precedent with respect to the transaction will be completed to the satisfaction of each party. Accordingly, investors are cautioned against making investment decisions based on this announcement.

Capital Raising

In conjunction with, and as a condition to completion of, the Acquisition and subject to Shareholder approval of the Acquisition, Laconia proposes to conduct a capital raising by way of a rights issue, a placement to sophisticated investors or a combination of both, to raise \$2.4 million at an issue price of \$0.002 per Share (**Capital Raising**) subject and in accordance with the *Corporations Act 2001* (Cth) and the ASX Listing Rules including Chapter 7.

Use of Capital Raising Proceeds

It is proposed that the budget for the 12 months following completion of the Transaction will be as follows (assuming completion of the Capital Raising):

Item	Amount
Vendor cash consideration	\$100,000
Acquisition and Capital Raising costs	\$180,000
Operational expenditure – Project exploration and development	\$1,649,000
Corporate and administrative costs and working capital	\$471,000
Total	\$2,400,000

The above table is a statement of current intentions. As with any budget, changes in market conditions, intervening events and new circumstances have the potential to affect the ultimate way funds will be applied and the directors reserve the right to alter the way funds are applied on this basis.

It is proposed that initial work on the Project will focus on identifying a JORC compliant economic gold resource. The proposed work program will encompass:

- (a) trenching, sampling and surveying;
- (b) geochemical activities;
- (c) geophysical activities;
- (d) drilling programs for the purpose of defining a JORC 2012 resource; and
- (e) assaying and test work.

Indicative Timetable

The indicative timetable for the proposed acquisition will be provided following finalisation of a definitive sale and purchase agreement and before the dispatch of the Notice of Meeting and Explanatory Memorandum to shareholders.

Consolidation of Capital

The company anticipate seeking approval from shareholders for a consolidation of securities on issue on a 1 for 10 basis.

Indicative Capital Structure

The indicative effect of the Acquisition and the Capital Raising on the capital structure of the Company (assuming that no consolidation of capital) is anticipated to be as follows:

Shares	
Current on issue	1,010,350,213
Capital Raising @ \$0.002 per Share to raise \$2,400,000	1,200,000,000
Proposed issue of Shares to Vendors at Completion (Share Consideration)	450,000,000
Proposed maximum total LCR Shares on issue at Completion	2,660,350,213
Proposed issue of Shares to Vendors upon satisfaction of First Milestone (assuming issue price of \$0.002 per Share)	250,000,000
Proposed issue of Shares to Vendors upon satisfaction of Second Milestone (assuming issue price of \$0.002 per Share)	500,000,000
Proposed issue of Shares to Vendors upon satisfaction of Third Milestone (assuming issue price of \$0.002 per Share)	500,000,000
Proposed issue of Shares to Vendors upon satisfaction of Fourth Milestone (assuming issue price of \$0.002 per Share)	500,000,000
Proposed maximum total LCR Shares on issue if Milestones are met	4,410,350,213
Options	
Current Options on Issue	343,788,417
343,788,417 quoted Options exercisable at \$0.06 (6 cents) on or before 30 September 2018	
6,000,000 unlisted Options exercisable at \$0.014 (1.4 cents) on or before 30 September 2018	6,000,000
Proposed total Options on issue after Completion	349,788,417
Performance Shares	
Current Performance Shares on Issue	14,500,000
14,500,000 unlisted Performance Shares which will convert into Shares upon Laconia announcing commercial production of silver or gold from Patachancha No 1-4 Tenements(Disposed).	
Proposed total Performance Shares on issue after Completion	14,500,000
Total Securities (including Milestone Consideration, Options and Performance Shares)	4,574,638,630

Pro-forma balance sheet

The pro-forma balance sheet of the Company upon completion of the Capital Raising and Acquisition is summarised below.

Proforma - Consolidated Balance Sheet as at 30 September 2016

		Capital	Cash	Share	Pro-forma
		Raising (net)	Consideration	Consideration	
CURRENT ASSETS					
Cash and cash equivalents	74,301	2,220,000	(100,000)		2,194,301
Trade and other receivables	<u>28,188</u>				<u>28,188</u>
TOTAL CURRENT ASSETS	<u>102,489</u>				<u>2,222,489</u>
NON-CURRENT ASSETS					
Plant and equipment	10,955				10,955
Mining properties	<u>75,000</u>		100,000	900,000	<u>1,075,000</u>
TOTAL NON-CURRENT ASSETS	<u>85,955</u>				<u>1,085,955</u>
TOTAL ASSETS	<u>188,444</u>				<u>3,308,444</u>
CURRENT LIABILITIES					
Trade and other payables	<u>114,821</u>				<u>114,821</u>
TOTAL CURRENT LIABILITIES	<u>114,821</u>				<u>114,821</u>
TOTAL LIABILITIES	<u>114,821</u>				<u>114,821</u>
NET ASSETS	<u>73,623</u>				<u>3,193,623</u>
EQUITY					
Issued capital	17,058,660	2,220,000		900,000	20,178,660
Reserves	2,123,239				2,123,239
Accumulated losses	<u>(19,108,276)</u>				<u>(19,108,276)</u>
TOTAL EQUITY	<u>73,623</u>				<u>3,193,623</u>

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

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Competent Person Statement

The information in this report that relates to exploration results is based upon information reviewed by Dr Quinton Hills who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Hills has been engaged by Laconia Resources Limited and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Joint Ore Reserves Committee (JORC) Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Hills is a director and shareholder of Kraaipan Founders Pty Ltd. Dr Hills consents to the inclusion in this report of the matters based on information in the form and context in which it appears

Figure 4: Location of the Kraaipan Gold-Nickel-Copper-PGM Project within southern Africa. This map also shows the other greenstone terranes of the Kaapvaal Craton.

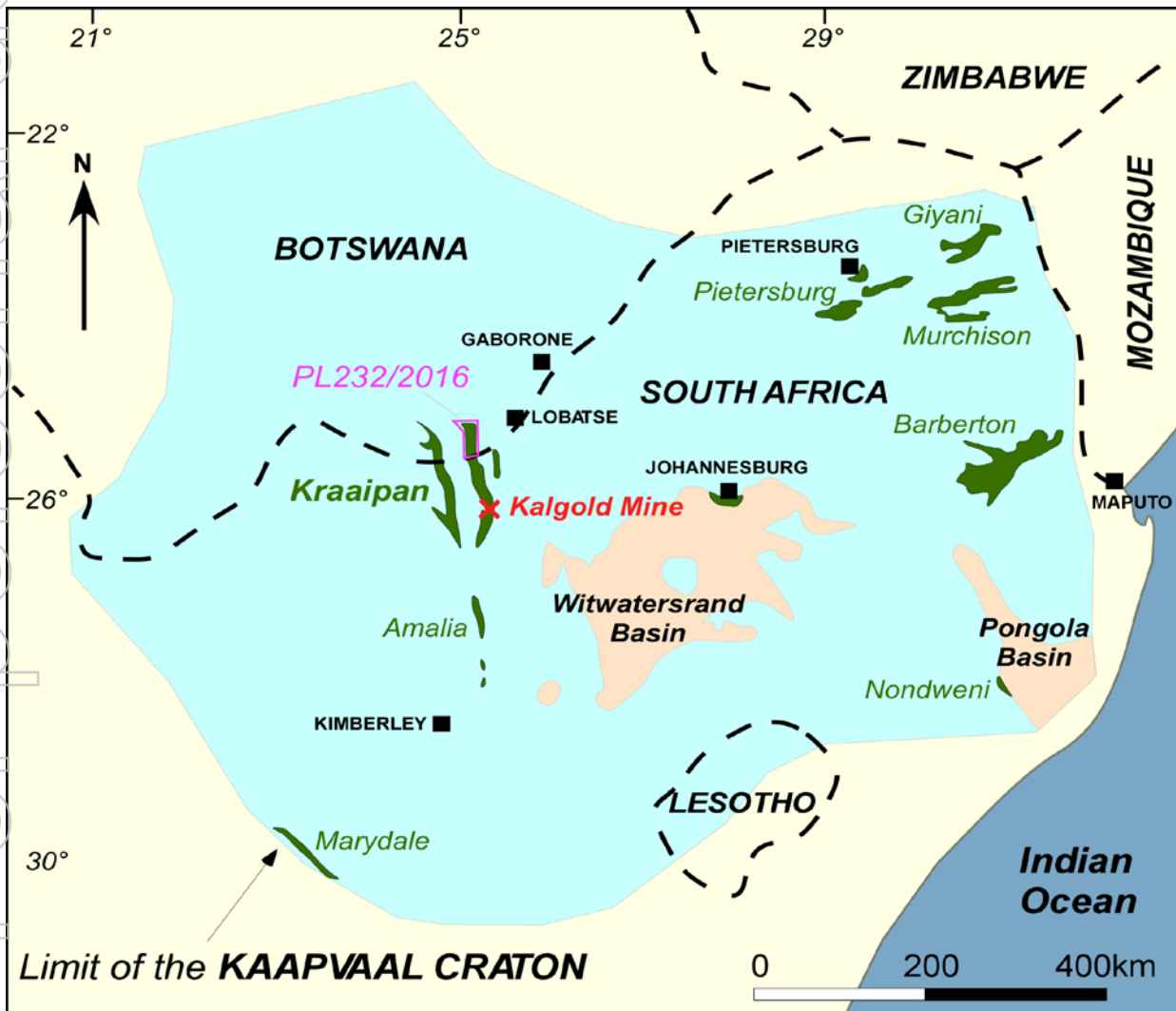


Figure 5: Map showing the location of all of the historical RAB drill holes in relation to the gold anomalous zones from a historic soil geochemical survey. Displayed on an Interpreted Geological Map derived from an interpretation of the Total Magnetic Intensity data, as well as some surface mapping.

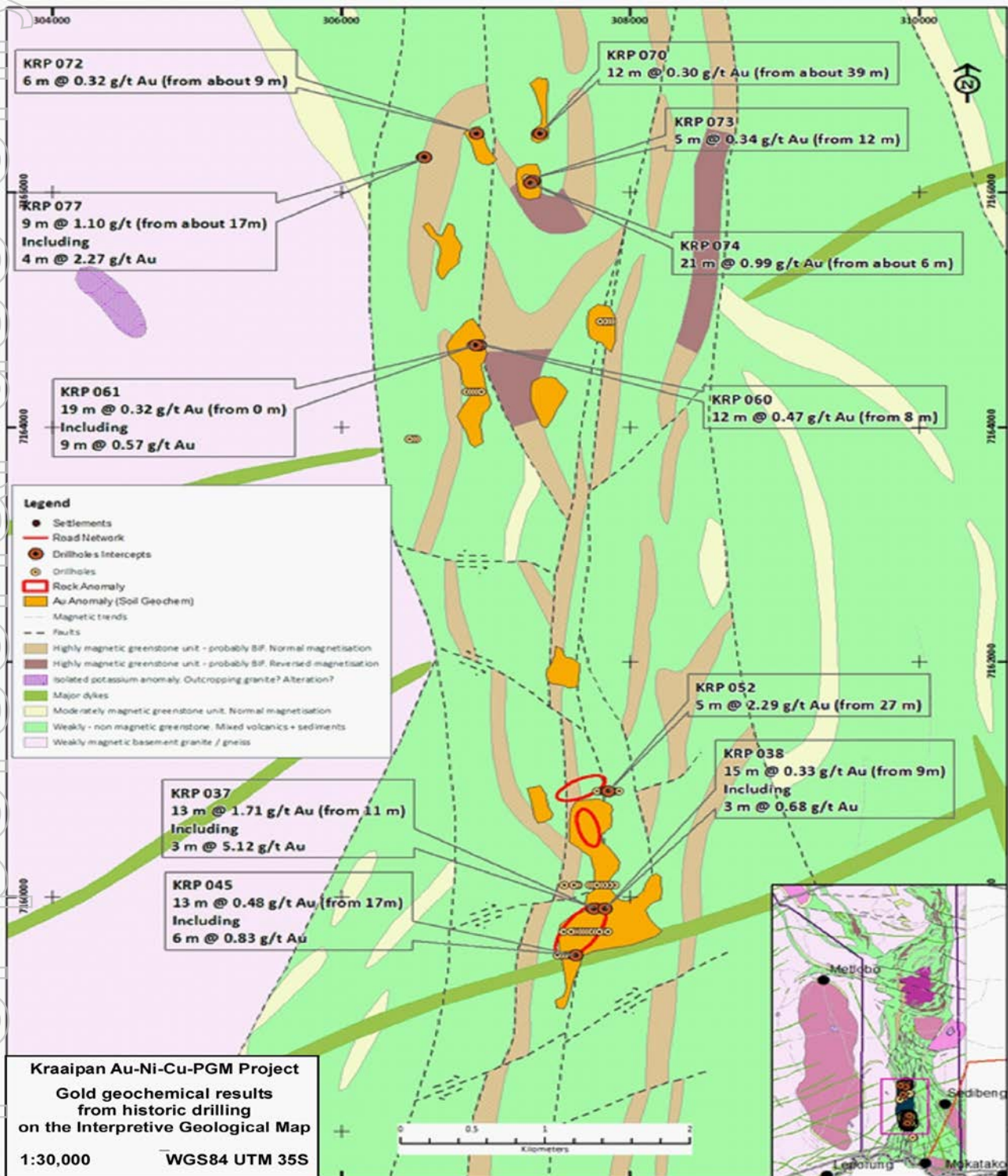
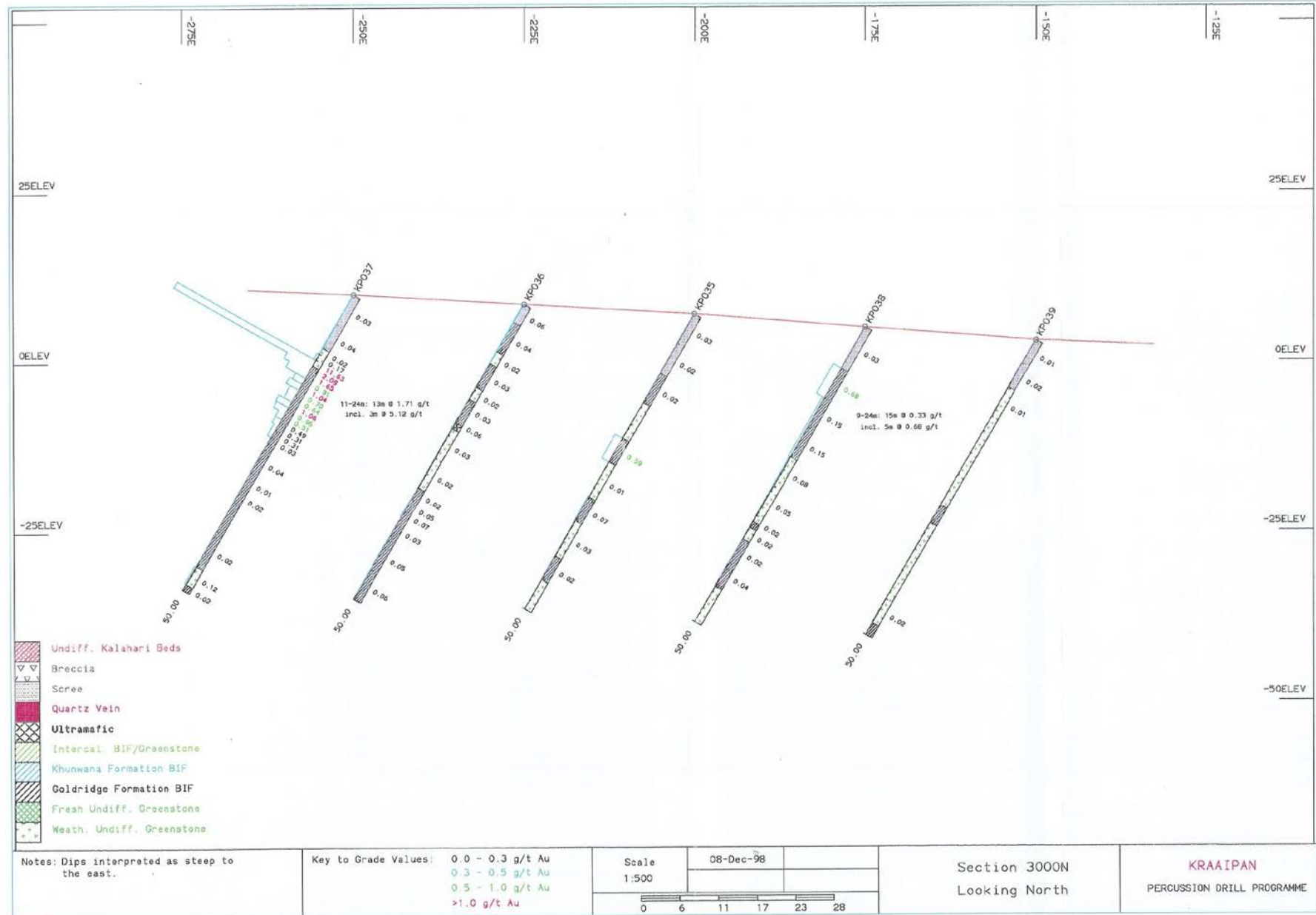


Figure 6: Characteristic drill hole sections from the historic drill hole program in 1998



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APPENDIX 1:

Reunion Mining Historic Drilling from 1998

The following Table and Sections shown in Figure 6 are provided to ensure compliance with the JORC Code (2012 Edition)

Hole No	Arc1950 East	Arc1950 North	total depth	declination	azimuth	Significant Gold Mineralised Down Hole Intersections
KRP 001	307545	7159700	50	60	90	No Significant Gold Mineralisation Intersected
KRP 002	307625	7159700	5	60	90	No Significant Gold Mineralisation Intersected
KRP 003	307630	7159700	43	90	0	No Significant Gold Mineralisation Intersected
KRP 004	307825	7159700	50	60	270	No Significant Gold Mineralisation Intersected
KRP 005	307850	7159700	50	60	270	No Significant Gold Mineralisation Intersected
KRP 006	308400	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 007	308425	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 008	308450	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 009	308475	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 010	308500	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 011	308375	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 012	308350	7156900	50	60	90	No Significant Gold Mineralisation Intersected
KRP 013	307640	7159700	75	60	90	No Significant Gold Mineralisation Intersected
KRP 014	307665	7159700	75	60	90	No Significant Gold Mineralisation Intersected
KRP 015	307690	7159700	70	60	90	No Significant Gold Mineralisation Intersected
KRP 016	307715	7159700	50	60	90	No Significant Gold Mineralisation Intersected
KRP 017	307740	7159700	50	60	90	No Significant Gold Mineralisation Intersected
KRP 018	307765	7159700	50	60	90	No Significant Gold Mineralisation Intersected
KRP 019	307790	7159700	70	60	90	No Significant Gold Mineralisation Intersected
KRP 020	307615	7159700	75	60	90	No Significant Gold Mineralisation Intersected
KRP 021	307595	7159700	70	60	90	No Significant Gold Mineralisation Intersected
KRP 022	307725	7160100	50	60	270	4m @ 0.31g/t Au from 4m and 2m @ 0.49g/t Au from 46m
KRP 023	307750	7160100	50	60	270	4m @ 0.60g/t Au from 4m
KRP 024	307850	7160100	50	60	270	No Significant Gold Mineralisation Intersected
KRP 025	307875	7160100	50	60	270	4m @ 0.60g/t Au from 8m
KRP 026	307900	7160100	60	60	270	No Significant Gold Mineralisation Intersected
KRP 027	307865	7160100	40	75	270	No Significant Gold Mineralisation Intersected
KRP 028	307825	7160100	50	60	270	No Significant Gold Mineralisation Intersected
KRP 029	307800	7160100	50	60	270	2m @ 0.55g/t Au from 36m
KRP 030	307775	7160100	50	60	270	No Significant Gold Mineralisation Intersected
KRP 031	307645	7160100	36	60	270	No Significant Gold Mineralisation Intersected
KRP 032	307630	7160100	40	60	270	No Significant Gold Mineralisation Intersected
KRP 033	307615	7160100	16	60	270	No Significant Gold Mineralisation Intersected
KRP 034	307548	7160100	36	60	270	No Significant Gold Mineralisation Intersected
KRP 035	307800	7159900	50	60	270	4m @ 0.59g/t Au from 25m
KRP 036	307775	7159900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 037	307750	7159900	50	60	270	13m @ 1.7g/t Au from 11m, including 3m @ 5.1g/t Au
KRP 038	307825	7159900	50	60	270	15m @ 0.3g/t Au from 9m, including 5m @ 0.7g/t Au
KRP 039	307850	7159900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 040	307600	7159500	36	60	90	No Significant Gold Mineralisation Intersected
KRP 041	307575	7159500	50	60	90	No Significant Gold Mineralisation Intersected

KRP 042	307550	7159500	50	60	90	No Significant Gold Mineralisation Intersected
KRP 043	307525	7159500	50	60	90	No Significant Gold Mineralisation Intersected
KRP 044	307500	7159500	50	60	90	No Significant Gold Mineralisation Intersected
KRP 045	307625	7159500	30	60	270	13m @ 0.5g/t Au from 17m, including 6m @ 0.8g/t Au
KRP 046	307619	7159500	20	60	270	No Significant Gold Mineralisation Intersected
KRP 047	307800	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 048	307775	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 049	307900	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 050	307925	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 051	307875	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 052	307850	7160900	50	60	270	21m @ 1.0g/t Au from 6m, including 5m @ 2.3g/t Au from 27m
KRP 053	307825	7160900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 054	306875	7164300	65	60	90	2m @ 0.98g/t Au from 48m, including 1m @ 1.7g/t Au
KRP 055	306900	7164300	50	60	90	No Significant Gold Mineralisation Intersected
KRP 056	306925	7164300	50	60	90	No Significant Gold Mineralisation Intersected
KRP 057	306950	7164300	50	60	90	No Significant Gold Mineralisation Intersected
KRP 058	306975	7164300	50	60	90	No Significant Gold Mineralisation Intersected
KRP 059	306980	7164700	50	60	270	No Significant Gold Mineralisation Intersected
KRP 060	306955	7164700	50	60	270	12m @ 0.47g/t Au from 8m, including 4m @ 0.81g/t Au from 16m
KRP 061	306930	7164700	50	60	270	19m @ 0.3g/t Au from surface, including 9m @ 0.6g/t Au
KRP 062	306905	7164700	50	60	270	5m @ 0.39g/t Au from 38m
KRP 063	306525	7163900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 064	306500	7163900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 065	306475	7163900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 066	307875	7164900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 067	307850	7164900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 068	307825	7164900	50	60	270	No Significant Gold Mineralisation Intersected
KRP 069	307800	7164900	55	60	270	No Significant Gold Mineralisation Intersected
KRP 070	307375	7166500	34	60	270	12m @ 0.3g/t Au from 47m, including 6m @ 0.54g/t Au
KRP 071	307400	7166500	50	60	270	No Significant Gold Mineralisation Intersected
KRP 072	306935	7166500	50	75	270	6m @ 0.32g/t Au from 10m
KRP 073	307330	7166100	50	60	125	5m @ 0.32g/t Au from 12m
KRP 074	307310	7166080	45	60	125	42m @ 0.6g/t Au from 3m, including 21m @ 0.99g/t Au from 9m
KRP 075	307290	7166120	55	60	125	3m @ 0.32g/t Au from 25m
KRP 076	306600	7166300	40	60	90	No Significant Gold Mineralisation Intersected
KRP 077	306575	7166300	50	60	90	9m @ 1.1g/t Au from 17m, including 4m @ 2.27g/t Au
KRP 078	306550	7166300	60	60	90	3m @ 0.31g/t Au from 47m

TABLE 1 – Section 1: Sampling Techniques and Data

Criteria	JORC Code explanation	Commentary
Sampling techniques	<p><i>Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as downhole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.</i></p> <p><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></p> <p><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 (e.g. ‘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 (e.g. submarine nodules) may warrant disclosure of detailed information.</i></p>	<p>Percussion drilling (RAB) with a down hole hammer and cyclone was used to obtain a drill chip sample for every metre down hole. Where mineralisation was visible the 1 metre samples were assayed, while geologically controlled 3m or 5m composites were used in barren zones. If any of the 3m or 5m composites returned positive assay results, then all the original 1m samples were re-split and assayed individually.</p> <p>A 1.5 to 2 kg sample was riffle split from the recovered drill chip sample and sent for assay. Laboratory preparation included crushing and pulverising of the entire sample to -75um. Then a 50g split was taken for gold analysis using fire assay.</p>
Drilling techniques	<p><i>Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (e.g. 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></p>	<p>Drilling was completed with an Ingersoll Rand ECM350 Crawler Rig and a XHP 750/250 Compressor. Samples were collected from 3.5inch (90mm) diameter holes using Rotary Air Blast (RAB) drilling with a down hole hammer and cyclone. This drilling technique is considered appropriate as it is industry standard for early stage exploration drilling programs, especially for gold exploration in greenstone terranes.</p>

Criteria	JORC Code explanation	Commentary
<i>Drill sample recovery</i>	<p><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></p> <p><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></p> <p><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></p>	<p>Recovered drill chip samples were weighed in order to assess sample recovery. Sample weight varied between 10 and 20kg depending on the geological unit and recovery was considered to be good.</p> <p>There was no observed bias between sample recovery and grade.</p>
<i>Logging</i>	<p><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></p> <p><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></p> <p><i>The total length and percentage of the relevant intersections logged.</i></p>	<p>All drill holes were logged in full from start to finish of the hole.</p> <p>The logging was qualitative in terms of lithology, weathering, mineralogy, mineralisation, colour and other features but quantitative in terms of observed estimates of the percentage of various minerals/mineralisation. No photography of the chip trays has been found.</p> <p>The logging of the drill chip samples was appropriate for this early stage of exploration drilling but not for supporting Mineral Resource Estimations, Mining Studies or Metallurgical Studies.</p>

Criteria	JORC Code explanation	Commentary
<p>Sub-sampling techniques and sample preparation</p>	<p><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></p> <p><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></p> <p><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></p> <p><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></p> <p><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></p> <p><i>Whether sample sizes are appropriate to the grain size of the material being sampled</i></p>	<p>Drill chip samples were Riffle Split.</p> <p>All samples were dry.</p> <p>Sample preparation was carried out according to industry standard practices at a certified, independent minerals industry analytical laboratory. The sample preparation included oven drying, coarse crushing and pulverisation to 75µm, which is considered appropriate and industry standard for analysis of gold content from this style of mineralisation.</p> <p>Sample sizes are considered to be appropriate for the style and type of mineralisation.</p>

Criteria	JORC Code explanation	Commentary
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. 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>	Laboratory preparation included oven drying, crushing and pulverising of the entire sample to less than 75um. Then a 50g split was taken for gold analysis using fire assay with Atomic Absorption analysis (AAS) and detection to a detection limit of <0.01ppm. This analysis technique is industry standard for gold mineralisation.
	<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>	Duplicate samples were submitted every 20 samples or less as a control measure. The results from duplicate samples were compared with the corresponding routine sample to ascertain whether the sampling was representative. These results indicated that there was no discernible bias between the routine sample and the duplicate. No standards or blanks were used. At the end of the programme, splits from a number of the best sample intervals were sent to another laboratory for comparison. All results compared favourably with the original assays. The assay data was also checked against logging for confirmation.
Verification of sampling and assaying	<i>The verification of significant intersections by either independent or alternative company personnel.</i>	At the end of the programme, splits from a number of the best sample intervals were sent to another laboratory for comparison. All results compared favourably with the original assays.
	<i>The use of twinned holes.</i>	No twinned holes have been completed yet.
	<i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i>	Drill logs and sampling data were written on paper and then later transferred into excel spreadsheets.
	<i>Discuss any adjustment to assay data.</i>	No adjustments were made to assay data.

Criteria	JORC Code explanation	Commentary
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>	<p>Drill holes were located on a local grid and converted to Arc1950/UTM zone 35S with a 2 point transformation.</p> <p>Local grids were cut using a compass, ranging rods and tape, with lines being pegged with wooden stakes at 25 metre intervals. Base Lines pegs were later cemented for further exploration.</p> <p>Accuracy of drill hole collar locations has not been established and therefore they cannot be used in Mineral Resource estimation until this is achieved. No down hole surveys.</p>
	<i>Specification of the grid system used.</i>	Geodetic Datum: Arc 1950. UTM zone 35S. Arc 1950 references the Clarke 1880 (Arc) ellipsoid and the Greenwich prime meridian. Arc 1950 origin is Fundamental point: Buffelsfontein. Latitude: 33°59'32.000"S, longitude: 25°30'44.622"E (of Greenwich). Arc 1950 is a geodetic datum for Topographic mapping, geodetic survey. UTM Zone
	<i>Quality and adequacy of topographic control.</i>	No topographic control on collar locations but area is a relatively flat savanna (rolling grassland scattered with shrubs and isolated trees), part of the Kalahari Desert.
Data spacing and distribution	<i>Data spacing for reporting of Exploration Results.</i>	Areas where drilling was completed and the orientation of the drill holes themselves were controlled using the information obtained from mapping the outcropping geological units, geochemical assay data and ground geophysical data collected. Four main areas were targeted to follow up on anomalous gold surface geochemical sampling results. Drill holes were completed along east-west trending fences and were evenly spaced at 25m intervals. Holes were mainly drilled at a 60 degree dip, mainly towards either the east or west. Several holes were drilled at 75 degrees, when the outcrop indicated that geological units dipped shallowly. Most holes were drilled to 50 metres depth, except where overburden was greater than 10 metres and then holes were extended to 70-75 metres. In total 78 drill holes were completed for 3,791 metres.

Criteria	JORC Code explanation	Commentary
	<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>	The data spacing and distribution of this drilling is insufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource Estimation.
	<i>Whether sample compositing has been applied.</i>	Geologically controlled 3m or 5m composites were used in barren zones. However, if any of the 3m or 5m composites returned positive gold assay results, then all the original 1m samples were re-split and assayed individually.
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>	Drill holes were orientated perpendicular to the strike of and at a high angle to the geological units that have been observed to contain the gold mineralisation structures/veins. Similar style gold mineralisation within the same geological units at a gold mine 40kms to the south of this area but along strike, has been observed to be contained within two main gold vein orientations. Therefore, structurally oriented diamond core drilling will be needed to establish if multiple orientations of gold veins occur in this area.
	<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>	As the drill holes were orientated perpendicular to the strike of geological units and drilled at any angle to intersect the geological units at a high angle, it is interpreted that no sampling bias has been introduced. However, further drilling needs to be completed to properly understand the geometry of the mineralised structures within the host geological units to more confidently say there is no sampling bias in relation to the orientation of drilling and the orientation of the mineralised structures.
Sample security	<i>The measures taken to ensure sample security.</i>	No information on sample security from the historic drilling is known.
Audits or reviews	<i>The results of any audits or reviews of sampling techniques and data.</i>	No information of any audits or reviews of sampling techniques and data from the historic drilling is known.

TABLE 1 – Section 2: Exploration Results

Criteria	JORC Code explanation	Commentary
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>	Prospecting Licence No. PL232/2016. South East Metals (Pty) Ltd, which is incorporated in Botswana and holds the Kraaipan Project tenure is a wholly owned subsidiary of Kraaipan Founders Pty Ltd, which is incorporated in Australia.
	<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>	Tenure was granted on the 1 st of October 2016 for a period of three years. There is no known impediments to obtaining a licence to operate in this area.
Exploration done by other parties	<i>Acknowledgment and appraisal of exploration by other parties.</i>	The drill holes reported here were completed by Reunion Mining (Botswana) (Pty) Ltd, a wholly owned subsidiary of Reunion Mining plc, a Private Limited Company based in London, UK.

Criteria	JORC Code explanation	Commentary
Geology	<i>Deposit type, geological setting and style of mineralisation.</i>	<p>The Kraaipan Project covers an approximately 50 kilometre long stretch of the Kraaipan Greenstone Belt (KGB) in Southern Botswana. The KGB is a part of the larger Amalia-Kraaipan Greenstone Terrane of the Kaapvaal Craton (AKGB), consisting of north trending, linear belts of older Archaean (~3500 Ma) meta-volcanic and meta-sedimentary rocks, separated by granitoid units. The KGT in Botswana is interpreted to be highly prospective for both orogenic gold and magmatic nickel-copper-PGM sulphide mineralisation as these rocks are directly along strike and within the same geological units as the well-known Kalgold (over 4.0 million ounces of gold) and Kalplats (over 6.5 million ounces of PGMs) deposits across the border in South Africa.</p> <p>The gold mineralisation identified by previous exploration within the KGB is distinctly similar to that found at Kalgold. It occurs in shallow dipping (approximately 65°E) quartz-carbonate veins, found in clusters or swarms, within a steeply dipping, sub-greenschist facies, magnetite-chert, banded iron formation (BIF) rock units. While, the mineralisation at Kalgold is associated with two sub horizontal quartz-carbonate groups of veins (IIA and IIB), which also dip shallowly at 20 to 40°W. Group IIA are ladder veins preferentially developed in centimeter-scale Fe-rich mesobands, while Group IIB consists of large quartz-carbonate veins, which crosscut the entire orebody and extends into the footwall and hanging-wall in places. In both areas the gold mineralized veins are associated with disseminated sulphide mineralisation, dominated by pyrite, which is distributed around and between the shallowly dipping quartz vein swarms.</p>
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: eastings 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.</i>	See Appendix 1 for this information.

Criteria	JORC Code explanation	Commentary
	<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>	This information has not been excluded.
Data aggregation methods	<i>In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (e.g. cutting of high grades) and cut-off grades are usually Material and should be stated.</i>	The gold grade of the longer, lower grade intersection lengths were calculated using a weighted average method with a 0.1g/t Au cut-off. The gold grade of the shorter, higher grade intersection lengths was calculated using a weighted average method of either 0.3g/t Au, 0.5g/t Au or 1g/t Au cut-off depending on whatever was the highest-grade interval that could be defended over at least 3 metres. No higher-grade assay results were interpreted to be outlying enough for a top-cut to be used. Internal dilution (an assay result lower than the cut-off) was included in some instances where the weighted average remained above the cut-off grade between the start of the interval and the assay result that was lower than the cut-off.
	<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>	See above explanation of the procedure of the weighted average intersection reporting used.
	<i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i>	No metal equivalents used.
Relationship between mineralisation widths and intercept lengths	<i>If the geometry of the mineralisation with respect to the drill-hole angle is known, its nature should be reported.</i>	Drill holes were orientated perpendicular to the strike of and at a high angle to the geological units that have been observed to contain the gold mineralisation structures/veins. However, further drilling (especially structurally oriented diamond core) needs to be completed to properly understand the geometry of the mineralised structures within the host geological units to more confidently understand the angle between the orientation of drilling and the orientation of the mineralised structures within the host geological units.
	<i>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known').</i>	All assay intervals results reported in this announcement are downhole lengths.
Diagrams	<i>Appropriate maps and sections (with scales) and tabulations of intercepts</i>	See Figure 5 for a map of the historic RAB drilling. See Figure 6 for various cross-

Criteria	JORC Code explanation	Commentary
	<i>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>	sections from the historic RAB drilling. All drill hole results have been reported in Appendix 1.
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>	Not applicable as all drill hole results have been reported in Appendix 1.
Other substantive exploration data	<i>Other exploration data, if meaningful and material, should be reported) including (but not limited to): geological observations; geophysical 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>	The only other material exploration data that is only briefly mentioned in this announcement is the Reunion soil geochemical survey results that are shown as an underlay in Figure 5. These soil geochemical survey results were used to plan the historic exploration drilling that is discussed in this announcement.
Further work	<i>The nature and scale of planned further work (e.g. tests for lateral extensions or depth extensions or large-scale step-out drilling).</i>	<p>Twin historic drill holes with structurally oriented diamond core help understand the relationship between the host geological units and the mineralised veins, as well as test the veracity of the historic assay results.</p> <p>Drill test lateral extensions of gold mineralisation in order to determine if a mineral resource can be defined in this area.</p> <p>Drill other geochemical and geophysical exploration targets in order to try to find gold or nickel-copper -PGM mineral resources.</p>
	<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>	It is difficult to interpret the areas of possible extensions without the use of the results from the structurally oriented diamond core that is planned to be completed to twin some of the more significant historic drill holes. As this work progresses interpretations and the definition of targets will be announced.