LAGUNA RESOURCES NL

(formerly Southern Pacific Petroleum NL)

ABN 36 008 460 366

Financial Report

31 December 2009

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CORPORATE DIRECTORY

Directors
Mr Matthew Wood (Chairman)
Dr Nicholas Lindsay (Managing Director)
Mr Jonathan Murray (Non Executive Director)

Company Secretary
Mr Scott Funston

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West Perth WA 6005

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Share Registry
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Auditors
PricwaterhouseCoopers
250 St. Georges Terrace
Perth WA 6000 Australia

Stock Exchange
The Company's securities are quoted
on the official list of the Australian Securities
Exchange NL, the home branch being Perth.
ASX Code: LRC

Directors' Report

The Directors present their report for Laguna Resources NL ("Laguna" or "the Company") and its subsidiaries for the year ended 31 December 2009.

DIRECTORS

The names, qualifications and experience of the Company's Directors in office during the period and until the date of this report are as follows. Directors were in office for this entire period unless otherwise stated.

Mr Matthew Wood (appointed 6 August 2009)

Chairman

Mr Wood has over 17 years experience in the resource sector with both major and junior resource companies and has extensive experience in the technical and economic evaluation of resource projects throughout the world. Mr. Wood's expertise is in project identification, negotiation, acquisition and corporate development. Mr Wood has an honours degree in geology from the University of New South Wales in Australia and a graduate certificate in mineral economics from the Western Australian School of Mines.

Mr. Wood was a Director of Iberian Resources Limited (appointed 21 October 2003, resigned 15 August 2007), Overland Resources Limited (appointed 9 May 2005, resigned 30 June 2008), Bellamel Mining Limited (appointed 16 May 2007, resigned 31 December 2008), Black Range Minerals Limited (appointed 27 June 2005, resigned 15 May 2009) and Elk Petroleum Limited (appointed 19 January 2005, resigned 8 March 2007). Mr. Wood is currently a director of Signature Metals Limited (appointed 19 February 2007), Copper Range Limited (appointed 29 May 2009), Voyager Resources Limited (appointed 12 June 2009), Hunnu Coal Limited (appointed 19 August 2009) and Avanco Resources Limited (appointed 4 July 2007).

Mr Nicholas Lindsay (appointed 6 August 2009)

Managing Director

Dr Lindsay has over 20 years experience in the global mining industry, with focus on the technical and commercial assessment, and the development of new business opportunities in various commodities including copper, gold and iron ore in Australia, Former Soviet Union, South Africa, South America (Chile, Peru and Argentina). He has worked in both the major and junior mining sectors, and as an Independent Consultant based in Chile, a country with which he has a long association. He has a BSc Honours degree in geology and an MBA from the University of Otago (New Zealand), and a PhD from the University of the Witwatersrand (South Africa). Dr Lindsay is a member of the AusIMM. Dr Lindsay's key experience is the recognition, assessment and management of new business opportunities in the copper, zinc, gold, titanium mineral sands, coal and iron ore sectors; including mergers and acquisitions, portfolio restructuring and disposals. Dr Lindsay also has extensive experience with the commercial development of mineral properties.

Dr Lindsay is currently a director of Voyager Resources Limited (appointed 12 June 2009).

Mr Jonathan Murray (appointed 15 October 2009)

Non-Executive Director

Mr Murray has practiced as a corporate lawyer since 1996 having graduated from Murdoch University in Western Australia with a Bachelor of Law and Commerce (majoring in Accounting). He is currently a partner with corporate law firm Steinepreis Paganin.

Mr Murray has significant experience in corporate and resources law having advised on numerous initial public offers and secondary capital raisings, all forms of acquisitions and mergers (including takeovers and schemes of arrangement), large scale project acquisitions and divestments generally. Mr Murray is a member of FINSIA (formerly the Securities Institute of Australia).

Mr Murray is currently a director of Hannans Reward (appointed 22 January 2010) and was formerly a director of Bellamel Mining Limited (appointed 4 July 2009 resigned 5 January 2009).

Mr Gary Steinepreis (resigned 15 October 2009)
Gary Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant. Mr Steinepreis provides corporate, management and accounting advice to a number of companies involved in the resource, technology and leisure industries.

Mr Gary Steinepreis is currently a Director of, RMG Limited (appointed 31 January 2006), Black Fire Energy Ltd (appointed 29 November 2006), Avalon Minerals Ltd (appointed 20 December 2006), Croesus Mining NL (appointed 12 July 2007), Monto Minerals Limited (subject to a deed of company arrangement, appointed 26 June 2009) and Agri Energy Limited (subject to a deed of company arrangement, appointed 22 June 2009).

Mr Steinepreis was a Director of Laguna Resources NL (appointed 11 October 2007 resigned 14 October 2009), Toodyay Resources Limited (appointed 22 December 2005, resigned 23 October 2007), Gawler Resources Limited (appointed 17 May 2006, resigned 27 November 2007), GB Energy Limited (appointed 13 March 2006, resigned 29 August 2007), Monitor Holdings Limited appointed 16 April 2004, resigned 18 January 2007, Karmelsonix Limited (appointed 18 August 2003, resigned 21 November 2006) and Signature Brands Limited (appointed 1 June 2006, resigned 27 November 2008.

David Christian Steinepreis (resigned 19 August 2009)
Mr David Steinepreis holds a Bachelor of Commerce degree from the University of Western Australia and is a Chartered Accountant and former partner of an international accounting firm where he specialised in strategic corporate advice and taxation for listed companies. He entered commerce as a director, adviser and major shareholder of a number of listed companies in the gold, diamonds, oil and new mining technology sectors. Mr Steinepreis is a founder and chairman of Ascent Capital Pty Ltd which specialises in the recapitalisation and listing of ASX companies. It has also completed a number of listings on the London AIM market. Mr Steinepreis is an executive director of Norseman Gold Plc, quoted on the London AIM, which operates a producing gold mine in Norseman, Western Australia.

Mr David Steinepreis is currently a director of Black Fire Energy Limited (chairman since 29 November 2006), Croesus Mining NL (chairman since 12 July 2007), and Atom Energy Ltd (director since 5 December 2008). Mr David Steinepreis was formerly a director of WAG Limited (2 November 2006 to 13 March 2008), Toodyay Resources Limited (22 December 2005 to 15 October 2007), RMG Limited (31 January 2006 to 28 September 2007), Eureka Mines Limited (24 October 2005 to 21 June 2006), Western Metals Limited (14 December 2005 to 26 June 2006), Avalon Minerals Limited (18 December 2006 to 15 January 2007), Gawler Resources Limited (17 May 2006 to 1 March 2007), Signature Brands Limited (1 June 2006 to 20 February 2007) and Monitor Holdings Limited (16 April 2004 to 13 June 2007).

Patrick Burke (resigned 19 August 2009)
Patrick Burke holds a Bachelor of Laws degree from the University of Western Australia. He has approximately fifteen years experience working in law firms and companies in Australia and Ireland. His expertise is in corporate, commercial and securities law with an emphasis on capital raisings and mergers and acquisitions. He contributes general corporate and legal skills along with a strong knowledge of the Australian Stock Exchange requirements.

Mr Burke is currently a director of WAG Limited (director since 20 December 2006); and Executive Director, Croesus Mining NL (director since 12 July 2007). Mr Burke was formerly a director of Signature Brands Limited (1 June 2006 to 20 February 2007).

COMPANY SECRETARIES

Mr Gary Steinepreis (resigned 15 October 2009)

Mr Steinepreis was a Director of the Company.

Mr Scott Funston (appointed 6 August 2009)

Mr Funston is a qualified Chartered Accountant and Company Secretary with experience in the mining industry and the accounting profession. His expertise is financial management, regulatory compliance and corporate advice. Mr Funston possesses a strong knowledge of the Australian Securities Exchange requirements and currently assists a number of resources companies operating throughout Australia, South America, USA and Canada with financial accounting, stock exchange compliance and regulatory activities.

INTERESTS IN THE SECURITIES OF THE COMPANY

As at the date of this report, the interests of the Directors in the securities of Laguna Resources NL are:

Director	Ordinary Shares	Options over Ordinary Shares
M. Wood	52,363,050	20,945,220
N. Lindsay	46,992,481	18,796,992
J. Murray	5,000,000	2,500,000

RESULTS OF OPERATIONS

The Group's net loss after taxation attributable to the members of Laguna Resources for the year to 31 December 2009 was $878,908 (2008: loss of $551,682).

DIVIDENDS

No dividend was paid or declared by the Company in the year and up to the date of this report (2008: Nil).

CORPORATE STRUCTURE

Laguna Resources NL is a company limited by shares, which is incorporated and domiciled in Australia.

NATURE OF OPERATIONS AND PRINCIPAL ACTIVITIES

During the financial year, the principal continuing activity was mineral exploration. The Company currently holds gold exploration projects in Chile.

EMPLOYEES

The Company has seven employees at 31 December 2009 (2008: Nil).

REVIEW OF OPERATIONS

Laguna Resources is working to create a strong and sustainable exploration and development business focused on the development of the Arqueros Gold Project. The Company is also assessing additional opportunities for growth in the Maricunga Gold Belt and elsewhere in Chile.

Arqueros Gold Project

The Company signed an option agreement with Anglo American Norte S.A. to acquire the Arqueros Gold Project for US$2.3 million plus 3% net smelter royalty. Subsequently to signing, the Company commenced data compilation and exploration activities. The Company was therefore delighted to announce a maiden Inferred JORC Resource estimate for the Arqueros Gold Project.

0.78 million ounces of gold equivalent

This represented a significant milestone in the exploration of Arqueros Gold Project and provided the Company with a solid foundation to aggressively advance exploration towards a two million ounce gold equivalent target and future development of an open cut mine.

The Inferred Mineral Resource (Table 1) of the Arqueros Deposit, prior to historical underground mining, has been estimated at 1,071,520 gold equivalent ounces at an average grade of 1.9 g/t Au equivalent (0.5 g/t gold equivalent cut off grade). This was estimated by modelling of historical assay data from 135,000 metres of surface exploration and underground production drilling, channel sampling, stope and plant data from operations of the previous miner who exploited the deposit from 2000 to 2004.

Cut-off grade, g/t	**Tonnes**	**Resource Grade, g/t**			**Ounces**
Gold equivalent	**'000**	**Gold**	**Silver**	**Gold equivalent**	**Gold equivalent**
0.0	21,771	0.42	70	1.59	1,109,440
0.5	17,224	0.51	86	1.93	1,071,520
1.0	10,923	0.68	116	2.62	918,342
1.5	7,003	0.87	151	3.40	763,595

Table 1. Inferred Resource estimate of original pre-mining resource at different gold equivalent cut off grades

*Note: Gold equivalence (AuEQ) is estimated as AuEQ = Au + (Ag*EQ), where Au = gold content, Ag = silver content and EQ = equivalence factor, which is calculated as the ratio of gold price to silver price * ratio of gold metallurgical recovery to silver metallurgical recovery.*
*EQ60 = PAu/PAg * RAu/RAg = 60, based on long-range prices of gold at US$800/oz & silver US$15/oz, and recoveries of gold at 90% and silver at 80% respectively.*

In modelling this estimate, the gold and silver domains were treated as one mineralised body based on common advanced argillic silicified alteration, hosted by NE trending structures and flat lying porous tuff layers respectively. As a result of this approach many gold assay values were not captured in the resource model because they required a greater degree of geological control over historical data than existed at the time. This is being addressed by the current exploration programme.

Production records of material removed from the deposit by underground mining operations from 2000 to 2004 show that 1.2 million tonnes of ore at 1.34 g/t gold and 364 g/t silver, or 288,820 gold equivalent ounces at an average grade of 7.4 g/t gold equivalent was mined and processed. The cut off grade applied for underground mining at the time was 4.5 g/t gold equivalent.

The current JORC Inferred Mineral resource (Table 2) is remnant to the production described above and determined by simple weighted reduction of the production from the total pre-mining in situ mineral resource estimate. At gold equivalent cut-off grade of 0.5g/t, the Inferred Resource is 782,700 gold equivalent ounces at an average grade of 1.5 g/t gold.

Cut-off grade, g/t	**Tonnes**	**Resource Grade, g/t**			**Ounces**
Gold equivalent	**'000**	**Gold**	**Silver**	**Gold equivalent**	**Gold equivalent**
0.5	16,012	0.45	64	1.52	782,700
1.0	9,711	0.60	85	2.02	629,520
1.5	5,791	0.77	107	2.55	474,770

Table 2. Inferred Resource estimate (current)

The amount of sample information from surface drilling and underground operations, within the majority of the alteration zone being estimated, is sufficient to generate fairly robust grade continuity models. However because of the historical nature of the information there was uncertainty in the data location, sample collection methods and sample preparation and analytical quality control and this uncertainty did not allow anything other than an Inferred Mineral Resource classification to be applied. These data related uncertainties are being addressed as a priority during current exploration.
Historical underground operations targeted high-grade material in the sub-horizontal silver-rich mantos and a number of the gold rich structures. The 0.78 Million ounce resource is based on a remnant of this mining. Geological controls on historical targeting were minimal and the Company believes that significant further gains can be achieved with further drilling and increased geological control.

Geological interpretation of the sub-vertical gold-rich domain is dominated by structurally controlled feeder zones as illustrated in Figure 1. The Company is targeting the discovery of additional gold zones where limited mining yielded an average run of mine grade of 5.6 g/t gold and 56 g/t silver over widths of 8 metres and up to 20 metres. Previous exploration drilling exposed the high-grade nature of gold structures, with values of 5 and 10 g/t gold reported over intervals of 8 to 10 metres.

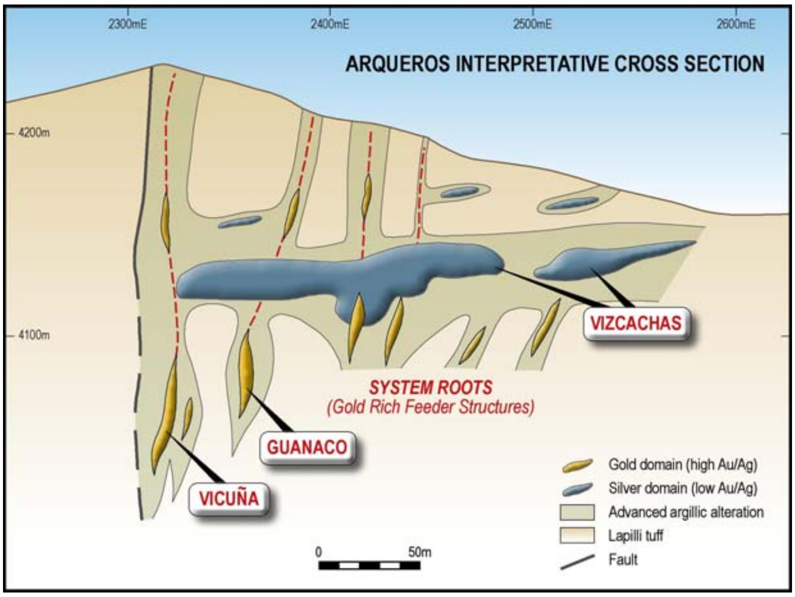

Figure 1. Geological model of mineralisation.

Laguna Resources identified these high-grade gold domains as the principal exploration target. As such, drilling will continue to expand the resource in the gold and silver domains while targeting high-grade gold structures with the greatest potential to add ounces and grade.

Exploration Programme

The drilling programme commenced in late November 2009 and by year-end had completed approximately 6,500 metres of RC drilling in 30 holes (Figure 2). The programme was designed to delineate known mineralisation, verify the results of historical underground drilling and extend the current resource base. Drilling from surface demonstrated the continuity of grade and extent of the silver domain and reconciliation with the large historical data base has commenced and is making considerable positive progress.

The remaining reverse circulation drilling from surface at the Arqueros Gold Project continued through January 2010 to test extensions of the mineralised zone as well as a fault offset block to the west of the Arqueros South Deposit at depth.

Directors' Report

It was found that gold targets outlined by the Company could not be adequately tested by surface drilling and a programme of underground drilling has been initiated specifically to address these gold targets (Figure 3). Work has commenced on this 2000 metre campaign, which is being conducted from existing development drive along the axis of Arqueros Sur. This will be completed before the onset of winter 2010.

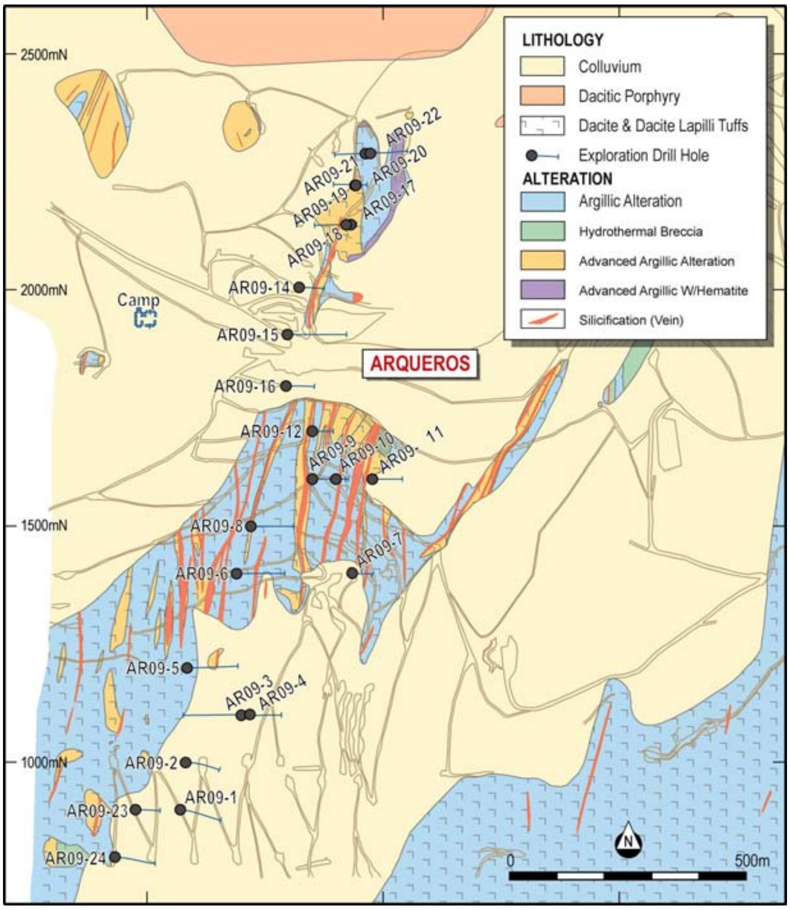

Figure 2. General geology of Arqueros together with surface drill hole locations

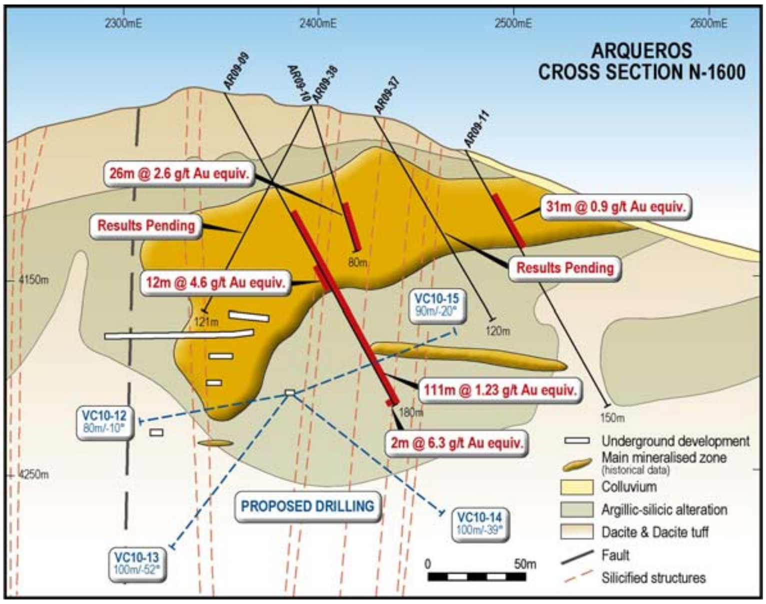

Figure 3. Cross-section N1600 showing surface drilling (completed) and underground drilling (proposed)

Cachitos Gold Project

The Company signed legally binding terms to acquire the Cachitos Gold Project, which is subject to completion of successful due diligence, located in the southern sector of the World Class Maricunga Gold Belt in the Atacama Region of northern Chile. The Company is in the process of doing due diligence on the Project prior to signing an Option Agreement. The acquisition of the Cachitos Gold Project is an expansion of Company activities in the Maricunga Gold Belt.

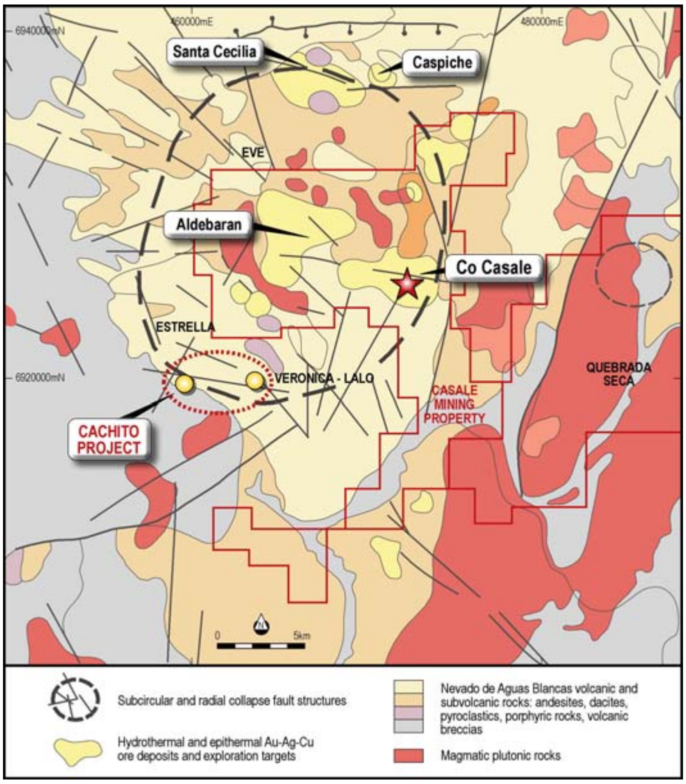

Figure 4. The geological setting of the Cachitos Gold Project

Highlights of the Cachitos Gold Project:

- The target at Cachitos is multi-million ounce gold mineralisation hosted in hydrothermal breccias pipes, veins and stockworks, related to the Nevado de Aguas Blancas volcanic system. This is the same volcanic and structural regime as the 26 Million ounce Cerro Casale Gold Project (11 km to north-east) and the 20 Million ounce Caspiche Gold Project (20 km to the north) (Figure 4)

Due diligence has commenced to verify geology and gold values already identified within claim areas. The terms of the option agreement for 100% ownership include progress payments of up to US$5 million over five years plus 1.5% NSR on production.

The principal goal of exploration on the Cachitos Gold Project is to establish the presence of a multi-million ounce gold deposit for development. Initial geological mapping, sampling and geophysics will be focused on establishing targets for drilling to test gold mineralisation extent and resource estimation in the summer of 2010.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

On 24 June 2009 the Company announced an Offer to acquire Laguna Resources Limited through the issue of 250 million fully paid ordinary shares and 100 million options exercisable at 1 cent on or before 31 December 2010 subject to shareholder approval which was granted on 6 August 2009. Laguna Resources Limited held a staged option sales agreement with Anglo American Norte S.A. over the Aqueros Gold Project in the northern part of the Maricunga gold belt in Chile.

On 5 August 2009 the Company lodged a prospectus for the offer of 13.4264 shares for every Laguna Resources Limited share held together with 5.371 Options for every 1 Laguna Resources Limited Option held and then for a general offer of up to 61,250,000 shares at an issue price of 0.6 cents to raise up to $367,500 before costs.

On 21 August 2009 the Company changed its name from Southern Pacific Petroleum NL to Laguna Resources NL.

On 17 November 2009, the Company announced a pro-rata renounceable entitlement issue of ordinary shares at $0.015 to shareholders on the basis of one shares for every three shares held to raise $5,428,406 before costs. The offer was closed on 18 December 2009.

On 22 December 2009 the Company announced the acquisition of the Cachitos Gold Project via a letter of intent, subject to successful due diligence, for $US5 million over five years plus a 1.5% net smelter royalty.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There were no known significant events from the end of the financial year up to the date of this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

The Directors have excluded from this report any further information on the likely developments in the operations of the Group and the expected results of those operations in future financial years, as the Directors believe that it would be speculative and prejudicial to the interests of the Group.

ENVIRONMENTAL REGULATIONS AND PERFORMANCE

The Company carries out operations that are subject to environmental regulations under legislation in Chile. The Company has formal procedures in place to ensure regulations are adhered to. The Company is not aware of any breaches in relation to environmental matters.

SHARES UNDER OPTION

As at the date of this report, there are 142,979,516 unissued ordinary shares under options (145,850,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
5,000,000	0.01	31 December 2012
5,000,000	0.03	31 December 2012
132,979,516	0.009356	31 December 2010
142,979,516		

No options expired during the financial year or since the end of the financial year.

100,000,000 options were issued during the year and 14,150,000 were exercised during the year. Since the end of the financial year a further 2,870,484 options have been exercised.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

The Company has made an agreement indemnifying all the Directors and officers of the Company against all losses or liabilities incurred by each Director or officer in their capacity as Directors or officers of the Company to the extent permitted by the Corporations Act 2001. The indemnification specifically excludes wilful acts of negligence. The Company paid insurance premiums in respect of Directors' and Officers' Liability Insurance contracts for current officers of the Company,

including officers of the Company's controlled entities. The liabilities insured are damages and legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the consolidated entity. The total amount of insurance premiums paid has not been disclosed due to confidentiality reasons.

DIRECTORS' MEETINGS

During the financial year, in addition to regular Board discussions, the number of meetings of directors held during the year and the number of meetings attended by each director were as follows:

Director	Number of Meetings Eligible to Attend	Number of Meetings Attended
Mr. Matthew Wood[1]	3	3
Dr. Nicholas Lindsay[1]	3	3
Mr. Jonathan Murray[2]	1	1
Mr. David Steinepreis[3]	2	2
Mr. Gary Steinepreis[4]	3	3
Mr. Patrick Burke[3]	2	2

1. Mr Wood and Dr Lindsay were appointed on 6 August 2009
2. Mr Murray was appointed on 15 October 2009
3. Mr. David Steinepreis and Mr. Patrick Burke resigned 19 August 2009
4. Mr. Gary Steinepreis resigned 14 October 2009

PROCEEDINGS ON BEHALF OF COMPANY

No person has applied for leave of court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

CORPORATE GOVERNANCE

In recognising the need for the highest standards of corporate behaviour and accountability, the Directors of Laguna Resources NL support and have adhered to the principles of sound corporate governance. The Board recognises the

recommendations of the Australian Securities Exchange Corporate Governance Council, and considers that Laguna Resources is in compliance with those guidelines to extent possible, which are of importance to the commercial operation of a junior listed resources company. During the financial year, shareholders continued to receive the benefit of an efficient and cost-effective corporate governance policy for the Company. The Company's Corporate Governance Statement and disclosures are contained elsewhere in the annual report.

AUDITOR INDEPENDENCE AND NON-AUDIT SERVICES

Section 307C of the Corporations Act 2001 requires the Company's auditors to provide the Directors of Laguna Resources with an Independence Declaration in relation to the audit of the full year financial report. A copy of that declaration is included at page 49 of this report.

There were no non audit services provided by the Company's auditor.

REMUNERATION REPORT (AUDITED)

This report outlines the remuneration arrangements in place for directors and executives of Laguna Resources NL in accordance with the requirements of section 208 (3C) of the *Corporation Act 2001* and its Regulations. For the purpose of this report, Key Management Personnel (KMP) of the Company are defined as those persons having authority and responsibility for

planning, directing and controlling the major activities of the Group, directly or indirectly, including any director (whether executive or otherwise) of the Group, and includes the executives in the Company receiving the highest remuneration.

Details of Key Management Personnel

Mr. Matthew Wood	Chairman (appointed 6 August 2009)
Mr. Nicholas Lindsay	Managing Director (appointed 6 August 2009)
Mr. Jonathan Murray	Non Executive Director (appointed 15 October 2009)
Mr. David Steinepreis	Executive Director (resigned 19 August 2009)
Mr. Gary Steinepreis	Executive Director (resigned 15 October 2009)
Mr. Patrick Burke	Executive Director (resigned 19 August 2009)

Remuneration Policy

The Board is responsible for determining and reviewing compensation arrangements for the Directors. The Board assesses the appropriateness of the nature and amount of emoluments of such officers on a periodic basis by reference to relevant employment market conditions with the overall objective of ensuring maximum stakeholder benefit from the retention of a high quality board and executive team. The Company does not link the nature and amount of the emoluments of such officers to the Company's financial or operational performance. The expected outcome of this remuneration structure is to retain and motivate Directors.

As part of its Corporate Governance Policies and Procedures, the board has adopted a formal Remuneration Committee Charter. Due to the current size of the Company and number of directors, the board has elected not to create a separate Remuneration Committee but has instead decided to undertake the function of the Committee as a full Board under the guidance of the formal charter.

The rewards for Directors' have no set or pre-determined performance conditions or key performance indicators as part of their remuneration due to the current nature of the business operations. The Board determines appropriate levels of performance rewards as and when they consider rewards are warranted. The Company has no policy on executives and directors entering into contracts to hedge their exposure to options or shares granted as part of their remuneration package.

The table bellows shows the performance of the Group as measured by loss per share since 2008:

As at 31 December	2009	2008
Loss per share (cents)	(0.16)	(0.13)

Directors' Report

Details of the nature and amount of each element of the emolument of each Director and Executive of the Company and the Group for the financial year are as follows:

	Short term			Options	Post employment		
2009 Director	Base Salary $	Directors Fees $	Consulting Fees $	Share Based Payments $	Superannuation $	Total $	Option Related %
Mr. Matthew Wood	-	-	59,352	-	-	59,352	-
Dr. Nicholas Lindsay	-	-	166,520	-	-	166,520	-
Mr. Jonathan Murray	-	-	5,000	-	-	5,000	-
Mr. David Steinepreis	-	-	79,205	-	-	79,205	-
Mr. Gary Steinepreis	-	-	33,709	-	-	33,709	-
Mr. Patrick Burke	-	-	24,000	-	-	24,000	-
	-	-	367,786	-	-	367,786	
Company Secretary							
Mr. Scott Funston	-	-	25,000	-	-	25,000	-
	-	-	392,786	-	-	392,786	

	Short term			Options	Post employment		
2008 Director	Base Salary $	Directors Fees $	Consulting Fees $	Share based Payments $	Superannuation $	Total $	Option Related %
Mr. David Steinepreis	-	-	74,875	-	-	74,875	-
Mr. Gary Steinepreis	-	-	74,875	-	-	74,875	-
Mr. Patrick Burke	-	-	38,000	-	-	38,000	-
	-	-	187,750	-	-	187,750	-

Mineral Quest Pty Ltd, a company of which Mr. Wood is a director, was paid consulting fees of $59,352 (2008: $Nil) and reimbursement of payments for secretarial expenses, at cost for $780 (2008: Nil) during the year. The consulting fees amount is included in Note 19b "Remuneration of key management personnel". $9,328 (2008: Nil) was outstanding at year end.

Lindsay Rueda Services Pty Ltd, a company of which Dr. Lindsay is a Director was paid consulting fees of $166,520 (2008: Nil) and reimbursement of payments for translation expenses at cost for $400 (2008: Nil) during the year. The consulting fees amount is included in Note 19b "Remuneration of key management personnel". $14,652 (2008: Nil) was outstanding at year end.

Resourceful International Consulting Pty Ltd an entity associated with Mr. Funston was paid fees in the amount of $25,000 (2008: Nil) for providing Company Secretarial and Accounting services to the Company. $5,000 (2008: Nil) was outstanding at year end.

Ascent Capital Holdings Pty Ltd, a company owned 50% by David Steinepreis and 50% by Gary Steinepreis, was paid fees in the amount of $13,419 for management fees (2008: $93,750 for undertaking the reconstruction and recapitalisation of the Company). For the purpose of the remuneration report $6,709 (2008: $46,875) has been allocated to each of David and Gary Steinepreis.

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of $27,000 (2008: $28,000) for providing corporate management services to the Company.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of $72,496 (2008: $28,000) for providing corporate management services to the Company.

Pat Burke was not paid a fee in 2009 (2008: $10,000) for the provision of professional legal services with regard to the reconstruction and recapitalisation of the Company. He was paid fees in the amount of $24,000 in 2009 (2008: $28,000) for the provision of corporate management services in the running of the reconstructed entity.

There were no other executive officers of the Company during the financial years ended 31 December 2009 and 31 December 2008. No remuneration is performance related.

There were no remuneration based options or shares issued to any Director or Executive during the year ended 31 December 2009 or the year ended 31 December 2008.

Executive Directors

The Executive Director, Dr. Nicholas Lindsay is employed under a consulting services agreement, which commenced on 1 January 2010 for a period of 24 months unless extended by both parties. Dr Lindsay may terminate the agreement at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to twelve months fees (based on agreed consulting fee) or without notice in the case of serious misconduct, at which time Mr Lindsay would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Directors fees will be paid to Mr Lindsay in addition to the fees paid under the consulting agreement.

The Chairman, Mr. Matthew Wood is employed under a consulting services agreement, which commenced on 1 June 2009 for a period of 24 months unless extended by both parties. Mr Wood may terminate the agreement at any time by giving three months notice in writing, or such shorter period of notice as may be agreed. The Company may terminate the agreement by giving three months written notice or by paying an amount equivalent to twelve months fees (based on agreed consulting fee) or without notice in the case of serious misconduct, at which time Mr Wood would be entitled to that portion of consulting fees services arising up to the date of termination. No additional Directors fees will be paid to Mr Wood in addition to the fees paid under the consulting agreement.

Non Executive Director and Key Management Personnel

The Non Executive Director, Mr. Jonathan Murray is paid a director fee on a monthly basis. His services may be terminated by either party at any time.

The Company Secretary, Mr Scott Funston is paid a consulting fee on a monthly basis. His services may be terminated by either party at any time.

Service Agreements

The Company entered a service agreement for certain administrative services and office space for a term of two years with Garrison Capital Pty Ltd, a company of which Mr. Wood is a Director. The Company is required to give three months written notice to terminate the agreement.

Signed on behalf of the board in accordance with a resolution of the Directors.

Dr. Nicholas Lindsay
Managing Director
22 March 2010
Perth, Western Australia

Competent Person Statements

Dr Nicholas Lindsay is a Member of the Australian Institute of Mining and Metallurgy 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 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Lindsay is the Managing Director of Laguna Resources NL and consents to the inclusion in this release of the matters based on his information and information presented to him in the form and context in which it appears.

The Mineral Resource has been estimated by Mr P Ball (Director of DataGeo Geological Consultants) from information provided by Laguna Resources NL and its agents. Mr Ball is a member of the Australian Institute of Mining and Metallurgy and has sufficient experience relevant to the style of mineralisation under consideration to qualify as a competent person as defined in the 2004 edition of the "Australian Code of Reporting of exploration results, mineral resources and ore reserves". Mr Ball consents to the inclusion of the mineral resource estimate in the form and context in which it appears based on the information presented to him.

An exploration target is conceptual in nature and relates to defined exploration targets/areas where mineralisation has been identified but resources have not been delineated. The quantity and grade of the exploration target is based on past production records and in comparison with currently defined Mineral Resources contained within the project. There has been insufficient exploration to define a Mineral Resource in these areas (aside from the resources presented earlier) and it is uncertain if further exploration will result in the determination of a Mineral Resource different to the JORC Code compliant resource presented earlier. Laguna Resources has an exploration strategy to systematically test these areas to determine if Mineral Resources are present.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors of Laguna Resources NL ("Laguna Resources" or "the Company") is responsible for corporate governance of the Company. The Board guides and monitors the business and affairs of the Company on behalf of the shareholders by whom they are elected and to whom they are accountable.

Upon listing the Company established a set of corporate governance policies and procedures. These were based on the Australian Securities Exchange Corporate Governance Council's (the Council's) "Principles of Good Corporate Governance and Best Practice Recommendations" (the Recommendations). In accordance with the Council's recommendations, the Corporate Governance Statement must now contain certain specific information and must disclose the extent to which the company has followed the guidelines during the period. Where a recommendation has not been followed, that fact must be disclosed, together with the reasons for the departure. For further information on corporate governance policies adopted by the Company, refer to our website: www.lagunaresources.com.

Structure of the Board

The skills, experience and expertise relevant to the position of Director held by each Director in office at the date of the annual report is included in the Directors' Report. Directors of the Company are considered to be independent when they are independent of management and free from any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the exercise of their unfettered and independent judgement.

The Board has accepted the following definition of an Independent Director:

"An Independent Director is a Director who is not a member of management, is a Non-executive Director and who:

- is not a substantial shareholder (under the meaning of the Corporations Act 2001) of the Company or an officer of, or otherwise associated, directly or indirectly, with a substantial shareholder of the Company;
- has not within the last three years been employed in an executive capacity by the Company or another Company member, or been a Director after ceasing to hold any such employment;
- is not a principal of a professional adviser to the Company or another Company member;
- is not a significant consultant, supplier or customer of the Company or another Company member, or an officer of or otherwise associated, directly or indirectly, with a significant consultant, supplier or customer;
- has no significant contractual relationship with the Company or another Company member other than as a Director of the Company;
- is free from any interest and any business or other relationship which could, or could reasonably be perceived to, materially interfere with the Director's ability to act in the best interests of the Company."

In accordance with the definition of independence above, there is one Independent Director, Mr Jonathan Murray. Accordingly, a majority of the board is not considered independent.

There are procedures in place, as agreed by the board, to enable Directors to seek independent professional advice on issues arising in the course of their duties at the company's expense. The term in office held by each Director in office at the date of this report is as follows:

Name	Term in office
Matthew Wood	7 months
Nicholas Lindsay	7 months
Jonathan Murray	5 months

Nomination Committee

The Board has formally adopted a Nomination Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Nomination Committee Charter. At such time when the Company is of sufficient size a separate Nomination Committee will be formed.

Audit and Risk Management Committee

The Board has formally adopted an Audit and Risk Management Committee Charter but given the present size of the Company, has not formed a separate Committee. Instead the function of the Committee will be undertaken by the full Board in accordance with the policies and procedures outlined in the Audit and Risk Management Committee Charter. At such time when the Company is of sufficient size a separate Audit and Risk Management Committee will be formed.

It is the Board's responsibility to ensure that an effective internal control framework exists within the entity. This includes both internal controls to deal with both the effectiveness and efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records, and the reliability of financial and non financial-information. It is the Board's responsibility for the establishment and maintenance of a framework of internal control of the Company.

Performance

The Board of Laguna Resources conducts its performance review of itself on an ongoing basis throughout the year. The small size of the company and hands on management style requires an increased level of interaction between directors and executives throughout the year. Board members meet amongst themselves both formally and informally. The Board considers that the current approach that it has adopted with regard to the review of its performance provides the best guidance and value to the Company.

Remuneration

It is the company's objective to provide maximum stakeholder benefit from the retention of a high quality board by remunerating directors fairly and appropriately with reference to relevant employment market conditions. The company does not link the nature and amount of executive and directors' emoluments to the company's financial and operational performance.

For details of remuneration of Directors and Executives please refer to the Directors' Report.

The Board is responsible for determining and reviewing compensation arrangements for executive directors. The Board has formally adopted a Remuneration Committee Charter however given the present size of the Company, has not formed a separate Committee. Instead the function will be undertaken by the full Board in accordance with the policies and procedures outlined in the Remuneration Committee Charter. At such time when the Company is of sufficient size a separate Remuneration Committee will be formed.

There is no scheme to provide retirement benefits, other than statutory superannuation, to Non-executive Directors.

Corporate Governance Compliance

During the financial year Laguna Resources has complied with each of the 8 Corporate Governance Principles and the corresponding Best Practice Recommendations, other than in relation to the matters specified below:

Best Practice Recommendation	Notification of Departure	Explanation of Departure
2.1	The Company does not have a majority of independent directors	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.2	The Chairman is not an independent director	The Directors consider that the current structure and composition of the Board is appropriate to the size and nature of operations of the Company.
2.4	The Group does not have a Nomination Committee	The role of the Nomination Committee has been assumed by the full Board operating under the Nomination Committee Charter adopted by the Board.
4.1	The Group does not have an Audit and Risk Management Committee	The role of the Audit and Risk Management Committee has been assumed by the full Board operating under the Audit and Risk Management Committee Charter adopted by the Board.
8.1	The Group does not have a Remuneration Committee	The role of the Remuneration Committee has been assumed by the full Board operating under the Remuneration Committee Charter adopted by the Board.

Statements of Comprehensive Income *for the year ended 31 December 2009*

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Continuing operations					
Interest income		35,201	55,034	35,123	55,034
Other income	4	5,250	-	5,250	-
Administration expenses		(241,751)	(153,262)	(143,805)	(153,262)
Corporate compliance costs		(140,968)	(207,130)	(140,968)	(207,130)
Rent and outgoings		(105,742)	(44,169)	(97,686)	(44,169)
Corporate management fees		(315,025)	(187,750)	(311,275)	(187,750)
Depreciation		(761)	-	-	-
Impairment of exploration expenditure	12	(103,067)	(10,405)	(103,067)	(10,405)
Impairment of intercompany loan		-	-	(94,144)	-
Foreign exchange losses		-	-	(42,605)	
Other expenses		(12,045)	(4,000)	-	(4,000)
Loss from continuing operations before income tax		**(878,908)**	**(551,682)**	**(893,177)**	**(551,682)**
Income tax expense	5	-	-	-	-
Loss from continuing operations after income tax		**(878,908)**	**(551,682)**	**(893,177)**	**(551,682)**
Net loss for the year		**(878,908)**	**(551,682)**	**(893,177)**	**(551,682)**
Other Comprehensive Loss					
Foreign currency translation difference		(14,269)	-	-	-
Other comprehensive loss for the half-year, net of tax		(14,269)	-	-	-
Total comprehensive loss for the half-year		**(893,177)**	**(551,682)**	**(893,177)**	**(551,682)**
Loss per share attributable to owners of Laguna Resources NL					
Basic earnings per share (cents per share)	22	(0.16)	(0.13)	(0.16)	(0.13)
Diluted earnings per share (cents per share)	22	(0.16)	(0.13)	(0.16)	(0.13)

Statements of Financial Position *as at 31 December 2009*

	Notes	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
CURRENT ASSETS					
Cash and cash equivalents	7	5,819,608	1,361,381	5,708,252	1,361,381
Trade and other receivables	8	73,130	61,419	49,028	61,419
TOTAL CURRENT ASSETS		**5,892,738**	**1,422,800**	**5,757,280**	**1,422,800**
NON-CURRENT ASSETS					
Other financial assets	9	-	-	1,641,130	-
Other receivables	10	47,615	8,000	1,014,549	8,000
Property, plant and equipment	11	62,017	-	-	-
Deferred exploration and evaluation expenditure	12	2,905,848	100,000	-	100,000
TOTAL NON-CURRENT ASSETS		**3,015,480**	**108,000**	**2,655,679**	**108,000**
TOTAL ASSETS		**8,908,218**	**1,530,800**	**8,412,959**	**1,530,800**
CURRENT LIABILITIES					
Trade and other payables	13	1,004,472	43,718	509,213	43,718
TOTAL CURRENT LIABILITIES		**1,004,472**	**43,718**	**509,213**	**43,718**
TOTAL LIABILITIES		**1,004,472**	**43,718**	**509,213**	**43,718**
NET ASSETS		**7,903,746**	**1,487,082**	**7,903,746**	**1,487,082**
EQUITY					
Contributed equity	14	293,909,132	286,744,570	293,909,132	286,744,570
Reserves	15	132,010	1,000	146,279	1,000
Accumulated losses	16	(286,137,396)	(285,258,488)	(286,151,665)	(285,258,488)
TOTAL EQUITY		**7,903,746**	**1,487,082**	**7,903,746**	**1,487,082**

Statements of Cash Flows *for the period ended 31 December 2009*

	Notes	Consolidated		Parent	
		2009 $	2008 $	2009 $	2008 $
CASH FLOWS FROM OPERATING ACTIVITIES					
Payments to suppliers and employees		(667,952)	(610,014)	(546,290)	(610,014)
Deed of company arrangement payment		-	(4,000)	-	(4,000)
Interest received		35,477	55,034	35,123	55,034
NET CASH USED IN OPERATING ACTIVITIES	7	(632,475)	(558,980)	(511,167)	(558,980)
CASH FLOWS FROM INVESTING ACTIVITIES					
Loans to subsidiaries		-	-	(1,143,297)	-
Proceeds from sale of financial assets		87,250	-	87,250	-
Purchase of property, plant and equipment		(65,107)	-	-	-
Purchase of financial assets		(82,000)	-	(82,000)	-
Cash acquired on acquisition of subsidiary	6	28,814	-	-	-
Expenditure on exploration		(868,479)	(58,404)	(3,067)	(58,404)
NET CASH USED IN INVESTING ACTIVITIES		(899,522)	(58,404)	(1,141,114)	(58,404)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issue of shares		5,870,906	2,850,000	6,012,406	2,850,000
Proceeds from issue of options		-	1,000	-	1,000
Proceeds from exercise of options		141,500	-	-	-
Repayment of borrowings		-	(735,000)	-	(735,000)
Share issue costs		(13,254)	(137,235)	(13,254)	(137,235)
NET CASH INFLOW FROM FINANCING ACTIVITIES		5,999,152	1,978,765	5,999,152	1,978,765
Net increase in cash held		4,467,155	1,361,381	4,346,871	1,361,381
Cash and cash equivalents at beginning of period		1,361,381	-	1,361,381	-
Net foreign exchange differences		(8,928)	-	-	-
CASH AND CASH EQUIVALENTS AT END OF THE FINANCIAL YEAR	7	**5,819,608**	**1,361,381**	**5,708,252**	**1,361,381**
Non-cash financing and investing activities	6				

Statements of Changes in Equity *for the year ended 31 December 2009*

Consolidated	Contributed Equity $	Accumulated Losses $	Option Reserves $	Foreign Exchange Reserves $	Share Based Payments Reserve $	Total $
Balance at 1 January 2009	286,744,570	(285,258,488)	1,000	-	-	1,487,082
Total comprehensive income for the year						
Loss for the year	-	(878,908)	-	-	-	(878,908)
Other comprehensive loss						
Foreign currency translation difference	-	-	-	(14,269)	-	(14,269)
Total comprehensive loss for the year	-	(878,908)	-	(14,269)	-	(893,177)
Transactions with owners in their capacity as owners						
Equity issued by placement	7,512,406	-	-	-	-	7,512,406
Options issued	-	-	141,130	-	-	141,130
Costs of issue	(347,844)	-	-	-	-	(347,844)
Share based payments	-	-	-	-	4,149	4,149
At 31 December 2009	293,909,132	(286,137,396)	142,130	(14,269)	4,149	7,903,746
Balance at 1 January 2008	277,841,000	(284,706,806)	-	-	-	(6,865,806)
Total comprehensive loss for the year						
Loss for the year	-	(551,682)	-	-	-	(551,682)
Total comprehensive loss for the year	-	(551,682)	-	-	-	(551,682)
Transactions with owners in their capacity as owners						
Equity issued by placement	2,850,000	-	-	-	-	2,850,000
Shares issued on debt to equity conversion	6,190,806	-	-	-	-	6,190,806
Costs of issue	(137,236)	-	-	-	-	(137,236)
Options issued	-	-	1,000	-	-	1,000
At 31 December 2008	286,744,570	(285,258,488)	1,000	-	-	1,487,082

Statements of Changes in Equity *for the year ended 31 December 2009 (continued)*

Parent	**Contributed Equity $**	**Accumulated Losses $**	**Option Reserves $**	**Foreign Exchange Reserves $**	**Share Based Payments Reserve $**	**Total $**
Balance at 1 January 2009	286,744,570	(285,258,488)	1,000	-	-	1,487,082
Total comprehensive loss for the year						
Loss for the year	-	(893,177)	-	-	-	(893,177)
Total comprehensive loss for the year	-	(893,177)	-	-	-	(893,177)
Transactions with owners in their capacity as owners						
Equity issued by placement	7,512,406	-	-	-	-	7,512,406
Options issued	-	-	141,130	-	-	141,130
Costs of issue	(347,844)	-	-	-	-	(347,844)
Share based payments	-	-	-	-	4,149	4,149
At 31 December 2009	293,909,132	(286,151,665)	142,130	-	4,149	7,903,746
Balance at 1 January 2008	277,841,000	(284,706,806)	-	-	-	(6,865,806)
Total comprehensive loss for the year						
Loss for the year	-	(551,682)	-	-	-	(551,682)
Total comprehensive loss for the year	-	(551,682)	-	-	-	(551,682)
Transactions with owners in their capacity as owners						
Equity issued by placement	2,850,000	-	-	-	-	2,850,000
Shares issued on debt to equity conversion	6,190,806	-	-	-	-	6,190,806
Costs of issue	(137,236)	-	-	-	-	(137,236)
Options issued	-	-	1,000	-	-	1,000
At 31 December 2008	286,744,570	(285,258,488)	1,000	-	-	1,487,082

1. Corporate Information

The financial report of Laguna Resources NL ("Laguna Resources" or "the Company") for the period ended 31 December 2009 was authorised for issue in accordance with a resolution of the directors on 22 March 2010. The financial report includes separate financial statements for the Company as an individual entity and the consolidated entity consisting of the Company and its subsidiaries.

Laguna Resources NL is a company limited by shares incorporated in Australia whose shares are publicly traded on the Australian Securities Exchange.

The nature of the operations and the principal activities of the Company are described in the Directors Report.

2. Summary of Significant Accounting Policies

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group interpretations. The financial report has also been prepared on a historical cost basis. The presentation currency is Australian dollars.

(b) Compliance with IFRS

The financial report complies with Australian Accounting Standards as issued by the Australian Accounting Standards Board and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

(c) Basis of Consolidation

The consolidated financial statements comprise the financial statements of Laguna Resources NL and its subsidiaries as at 31 December each year ('the Company').

Subsidiaries are all those entities over which the Company has the power to govern the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether a Company controls another entity.

In preparing the consolidated financial statements, all intercompany balances and transactions, income and expenses and profit and losses resulting from intra-company transactions have been eliminated in full.

Subsidiaries are fully consolidated from the date on which control is obtained by the Company and cease to be consolidated from the date on which control is transferred out of the Company.

The acquisition of subsidiaries is accounted for using the purchase method of accounting. The purchase method of accounting involves allocating the cost of the business combination to the fair value of the assets acquired and the liabilities and contingent liabilities assumed at the date of acquisition.

(d) New accounting standards and interpretations

The following accounting standards and interpretations have been issued or amended but are not yet effective. These standards have not been adopted by the Group for the year ended 31 December 2009, and no change to the Group's accounting policy is required:

AASB 9 and 2009-11	Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]	The revised Standard introduces a number of changes to the accounting for financial assets, the most significant of which includes: ▪ two categories for financial assets being amortised cost or fair value ▪ removal of the requirement to separate embedded derivatives in financial assets ▪ strict requirements to determine which financial assets can be classified as amortised cost or fair value, Financial assets can only be classified as amortised cost if (a) the contractual cash flows from the instrument represent principal and interest and (b) the entity's purpose for holding the instrument is to collect the contractual cash flows ▪ an option for investments in equity instruments which are not held for trading to recognise fair value changes through other comprehensive income with no impairment testing and no recycling through profit or loss on derecognition ▪ reclassifications between amortised cost and fair value no longer permitted unless the entity's business model for holding the asset changes ▪ changes to the accounting and additional disclosures for equity instruments classified as fair value through other comprehensive income	1 January 2013	The Group has not yet determined the impact on the Group's financial statements.	1 January 2013
AASB 2009-12	Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]	This amendment makes numerous editorial changes to a range of Australian Accounting Standards and Interpretations. The amendment to AASB 124 clarifies and simplifies the definition of a related party as well as providing some relief for government-related entities (as defined in the amended standard) to disclose details of all transactions with other government-related entities (as well as with the government itself)	1 January 2011	The Group has not yet determined the impact on the Group's financial statements.	1 January 2011

The following new accounting standards have been issued or amended but are deemed not applicable to the Group and therefore have no impact:

- AASB Int. 17 and AASB 2008-13 Distributions of Non-cash Assets to Owners and consequential amendments to Australian Accounting Standards AASB 5 and AASB 110
- AASB 2009-5 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 5, 8, 101, 107, 117, 118, 136 & 139]
- AASB 2009-7 Amendments to Australian Accounting Standards [AASB 5, 7, 107, 112, 136 & 139 and Interpretation 17]
- AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-settled Share-based Payment Transactions [AASB 2]
- AASB 2009-9 Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards
- AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132]
- AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 [AASB 1]
- Interpretation 19 Extinguishing Financial Liabilities with Equity Instruments
- AASB 7 Financial Instruments
- AASB 123 Borrowing Costs (revised 2007)
- AASB Interpretation 16 Hedges of a Net Investment in a Foreign Operation

New Accounting Standards and Interpretations

Changes in accounting policies and disclosures.
The Group has adopted the following new and amended Australian Accounting Standards and AASB Interpretations as of 1 January 2009.

- AASB 8 Operating Segments
- AASB 101 Presentation of Financial Statements (revised 2007)
- AASB 2008-5 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2008-7 Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- AASB 2008-1 Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations

When the adoption of the Standard or Interpretation is deemed to have an impact on the financial statements or performance of the Group, its impact is described below:

AASB 8 Operating Segments
AASB 8 replaced AASB 114 Segment Reporting upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the business segments previously identified under AASB 114. AASB 8 disclosures are shown in note 3, including the related revised comparative information.

AASB 101 Presentation of Financial Statements (revised 2007)
The group has applied the revised AASB 101 *Presentation of Financial Statements* which became effective on 1 January 2009. The revised standard requires the separate presentation of a statement of comprehensive income and a statement of changes in equity. All non-owner changes in equity must now be presented in the statement of comprehensive income. As a consequence, the group had to change the presentation of its financial statements. Comparative information has been re-presented so that it is also in conformity with the revised standard.

Adoption of the new and Accounting Standards and Interpretations had no impact on the financial position or performance of the Company.

The Company has not elected to early adopt any new Standards or Interpretations.

(e) Foreign Currency Translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The functional and presentation currency of Laguna Resources NL is Australian dollars. The functional currency of the overseas subsidiary is Chilean Peso.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(iii) Group entities

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to shareholders' equity.

When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

(f) Plant and Equipment

Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance expenditure is charged to the income statement during the financial period in which it is incurred.

Depreciation

The depreciable amount of all fixed assets is depreciated on a straight line basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	*Depreciation Rate*
Furniture, Fixtures and Fittings	15 %
Computer equipment and software	33 %

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Derecognition

Additions of plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are recognised in the income statement.

(g) Impairment of non financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses are recognised in the income statement.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(h) Exploration expenditure

Exploration and evaluation expenditure incurred by or on behalf of the Group is accumulated separately for each area of interest. Such expenditure comprises net direct costs and an appropriate portion of related overhead expenditure, but does not include general overheads or administrative expenditure not having a specific nexus with a particular area of interest.

Each area of interest is limited to a size related to a known or probable mineral resource capable of supporting a mining operation.

Exploration and evaluation expenditure for each area of interest is carried forward as an asset provided that one of the following conditions is met:

- such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale; or

- exploration and evaluation activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area are continuing.

Expenditure which fails to meet the conditions outlined above is written off, furthermore, the directors regularly review the carrying value of exploration and evaluation expenditure and make write downs if the values are not expected to be recoverable.

Identifiable exploration assets acquired are recognised as assets at their cost of acquisition, as determined by the requirements of AASB 6 Exploration for and evaluation of mineral resources. Exploration assets acquired are reassessed on a regular basis and these costs are carried forward provided that at least one of the conditions referred to in AASB 6 is met.

Exploration and evaluation expenditure incurred subsequent to acquisition in respect of an exploration asset acquired, is accounted for in accordance with the policy outlined above for exploration expenditure incurred by or on behalf of the entity.

Acquired exploration assets are not written down below acquisition cost until such time as the acquisition cost is not expected to be recovered.

When an area of interest is abandoned, any expenditure carried forward in respect of that area is written off.

Expenditure is not carried forward in respect of any area of interest/mineral resource unless the Group’s rights of tenure to that area of interest are current.

(i) Trade and Other Receivables

Trade receivables, which generally have 30 – 90 day terms, are recognised and carried at original invoice amount less an allowance for any uncollectible amounts.

Intercompany loans are impaired based on the ability of the subsidiaries to generate future cash flows to repay the loans.

An estimate for doubtful debts is made when collection of the full amount is uncollectible Bad debts are written off when identified.

(j) Cash and Cash Equivalents

Cash and cash equivalent in the balance sheet include cash on hand, deposits held at call with banks and other short term highly liquid investments with original maturities of three months or less. Bank overdrafts are shown as current liabilities in the balance sheet. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as described above.

(k) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money, and where appropriate, the risks specific to the liability.

Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(l) Trade and other payables

Liabilities for trade creditors and other amounts are measured at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services received that are unpaid, whether or not billed to the consolidated entity.

(m) Income Tax

Deferred income tax is provided for on all temporary differences at balance date between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

No deferred income tax will be recognised from the initial recognition of goodwill or of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

No deferred income tax will be recognised in respect of temporary differences associated with investments in subsidiaries if the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary differences will not reverse in the near future.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or liability is settled. Deferred tax is charged or credited in the income statement except where it relates to items that may be charged or credited directly to equity, in which case the deferred tax is adjusted directly against equity.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax assets and unused tax losses to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

The amount of benefits brought to account or which may be realised in the future is based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date and the anticipation that the Company will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law. The carrying amount of deferred tax assets is reviewed at each balance date and only recognised to the extent that it is considered probable that the benefit will be obtained.

Income taxes relating to items recognised directly in equity are recognised in equity and not in the income statement. Deferred tax assets and deferred tax liabilities are offset only if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to the same taxable entity and the same taxation authority.

(n) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options are deducted from equity.

(o) Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue is capable of being reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Revenue is recognised as the interest accrues (using the effective interest method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument) to the net carrying amount of the financial asset.

(p) Segment Information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the strategic steering committee.

(q) Investments in controlled entities

All investments are initially recognised at cost, being the fair value of the consideration given and including acquisition charges associated with the investment. Subsequent to the initial measurement, investments in controlled entities are carried at cost less accumulated impairment losses.

(r) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the result attributable to equity holders of the Company, excluding any costs of servicing equity other than dividends, by the weighted average number of ordinary shares, adjusted for any bonus elements.

Diluted earnings per share

Diluted earnings per share is calculated as net result attributable to members of the Company, adjusted for:

- costs of servicing equity (other than dividends);
- the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and
- other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares;

divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus elements.

(s) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Tax Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense. Receivables and payables in the balance sheet are shown inclusive of GST.

The net amount of GST recoverable from, or payable to, the Australian Tax Office is included as part of receivables or payables in the balance sheet.

Cash flows are presented in the cash flow statement on a gross basis, except for the GST component of investing and financing activities, which is receivable from or payable to the ATO, are disclosed as operating cash flows.

(t) Share based payment transactions

The group provides benefits to individuals acting as, and providing services similar to employees (including Directors) of the group in the form of share based payment transactions, whereby individuals render services in exchange for shares or rights over shares ('equity settled transactions').

There is currently an Employee Share Option Plan (ESOP) in place, which provides benefits to Directors and individuals providing services similar to those provided by an employee.

The cost of these equity settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 25.

In valuing equity settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of Laguna Resources NL ('market conditions').

The cost of the equity settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('vesting date').

The cumulative expense recognised for equity settled transactions at each reporting date until vesting date reflects (i) the extent to which the vesting period has expired and (ii) the number of awards that, in the opinion of the Directors of the group, will ultimately vest. This opinion is formed based on the best available information at balance date. No adjustment is made for the likelihood of the market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of the modification.

Where an equity settled award is cancelled, it is treated as if it had vested on the date of the cancellation, and any expense not yet recognised for the award is recognised immediately. However if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The cost of equity-settled transactions with non-employees is measured by reference to the fair value of goods and services received unless this cannot be measured reliably, in which case the cost is measured by reference to the fair value of the equity instruments granted. The dilutive effect, if any, of outstanding options is reflected in the computation of loss per share (see note 22).

(u) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Capitalised exploration and evaluation expenditure

The future recoverability of capitalised exploration and evaluation expenditure is dependent on a number of factors, including whether the Company decides to exploit the related lease itself or, if not, whether it successfully recovers the related exploration and evaluation asset through sale.

Factors which could impact the future recoverability include the level of proved, probable and inferred mineral resources, future technological changes which could impact the cost of mining, future legal changes (including changes to environmental restoration obligations) and changes to commodity prices.

To the extent that capitalised exploration and evaluation expenditure is determined not to be recoverable in the future, this will reduce profits and net assets in the period in which this determination is made.

In addition, exploration and evaluation expenditure is capitalised if activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves. To the extent that it is determined in the future that this capitalised expenditure should be written off, this will reduce profits and net assets in the period in which this determination is made.

Share based payment transactions

The Company measures the cost of equity settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using the Black Scholes formula taking into account the terms and conditions upon which the instruments were granted, as discussed in note 25.

(v) Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

(ii) Other long-term employee benefit obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the end of the reporting period on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

3. Segment Information

For management purposes, the Company is organised into one main operating segment, which involves mining exploration for gold and other minerals. All of the Company's activities are interrelated, and discrete financial information is reported to the Board (Chief Operating Decision Makers) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Company as one segment. The financial results from this segment are equivalent to the financial statements of the Company as a whole.

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
4. Other Income				
Profit on sale of financial assets	**5,250**	**-**	**5,250**	**-**

5. Income Tax

(a) Income tax expense

Major component of tax expense for the year:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Current tax	-	-	-	-
Deferred tax	-	-	-	-
	-	**-**	**-**	**-**

(b) Numerical reconciliation between aggregate tax expense recognised in the income statement and tax expense calculated per the statutory income tax rate.

A reconciliation between tax expense and the product of accounting loss before income tax multiplied by the Company's applicable tax rate is as follows:

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Loss from continuing operations before income tax expense	(878,908)	(551,682)	(893,177)	(551,682)
Tax at the group rate of 30%	(263,672)	(165,505)	(267,953)	(165,505)
Expense of remuneration options	1,245	-	1,245	-
Exploration expenditure written off	30,920	-	30,920	-
Income tax benefit not brought to account	231,507	165,505	235,788	165,505
Income tax expense	-	-	-	-

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
(c) Deferred tax				
The following deferred tax balances have not been bought to account:				
Liabilities				
Deferred exploration and evaluation expenditure	358,545	30,000	-	30,000
Assets				
Losses available to offset against future taxable income	743,263	126,802	350,671	126,802
Share issue costs deductible over five years	108,185	32,936	108,185	32,936
Foreign exchange losses	-	-	12,781	-
Provisions and accrued expenses	6,300	6,000	6,300	6,000
Other	-	39,736	-	39,736
Deferred tax assets offset against deferred tax liabilities	(358,545)	(30,000)	-	(30,000)
Deferred tax assets not brought to account as realisation is not regarded as probable	(499,203)	(175,474)	(477,937)	(175,474)
Deferred tax asset recognised	-	-	-	-
(d) Unused tax losses				
Unused tax losses	1,664,010	422,673	1,168,902	422,673
Potential tax benefit not recognised at 30%	499,203	126,802	350,671	126,802

The benefit for tax losses will only be obtained if:

i. the Company derives future assessable income in Australia of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised, and
ii. the Company continues to comply with the conditions for deductibility imposed by tax legislation in Australia and
iii. no changes in tax legislation in Australia, adversely affect the Company in realising the benefit from the deductions for the losses.

(e) Tax consolidation

Laguna Resources NL has not formed a tax consolidated Group.

6. Acquisition of Asset

On 24 June 2009, the parent entity entered into an Agreement to acquire 100% of Laguna Resources Ltd. The Laguna Resources Ltd Vendors agreed to sell and transfer all of the Laguna shares and options on issue in consideration for the Company issuing 250,000,000 shares and 100,000,000 options.

Laguna Resources Limited was an unlisted public company controlled by the Directors that, through its wholly owned subsidiary Laguna Resources Chile, had an interest in a mining tenement in Chile. The acquisition was approved by Shareholders at a General Meeting held on 6 August 2009. The Directors believed the acquisition of Laguna Resources would result in a number of resource opportunities becoming available to the Company which would add value to the Shares and provide a new direction for the Company consistent with its existing operations.

The net assets acquired are as follows:

	Carrying value	Fair value
	$	$
Identifiable assets and liabilities assumed:		
Cash and cash equivalents	28,814	28,814
Trade and other receivables	6,437	6,437
Property, plant and equipment	2,435	2,435
Deferred exploration and evaluation expenditure	138,644	1,710,699
Trade and other payables	(107,255)	(107,255)
	69,075	**1,641,130**

The cash inflow on acquisition is as follows:

Net cash acquired with subsidiary	28,814
Net cash inflow	**28,814**

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
7. Cash and Cash Equivalents				
Reconciliation of Cash				
Cash comprises of:				
Cash at bank	**5,819,608**	**1,361,381**	**5,708,252**	**1,361,381**
Reconciliation of operating loss after tax to net the cash flows from operations				
Loss from ordinary activities after tax	(878,908)	(551,682)	(893,177)	(551,682)
Non cash items				
Share based payments	4,149	-	4,149	-
Foreign exchange (gain) / loss	8,927	-	42,605	-
Depreciation and impairment charges	1,563	-	94,144	-
Exploration expenditure written off	103,067	10,404	103,067	10,404
(Profit) / Loss on sale of financial assets	(5,250)	-	(5,250)	-
Change in assets and liabilities				
Decrease / (increase) in trade and other receivables	9,728	(61,420)	12,391	(61,420)
Increase in trade and other payables	124,249	43,718	130,904	43,718
Net cash outflow from operating activities	**(632,475)**	**(558,980)**	**(511,167)**	**(558,980)**
8. Trade and Other Receivables – Current				
GST receivable	51,691	61,419	49,028	61,419
Other	21,439	-	-	-
	73,130	**61,419**	**49,028**	**61,419**

Trade debtors, other debtors and goods and services tax are non-interest bearing and generally receivable on 30 day terms. They are neither past due nor impaired. The amount is fully collectible. Due to the short term nature of these receivables, their carrying value is assumed to approximate their fair value.

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
9. Other financial assets				
Investment in controlled entities	**-**	**-**	**1,641,130**	**-**

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2 (c).

Details of subsidiary companies are as follows:

Name of Entity	Country of Incorporation	Equity Holding	
		2009	**2008**
Laguna Exploration Pty Ltd	Australia	100%	-
Laguna Chile Ltda	Chile	100%	-

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
10. Other Receivables – Non Current				
Amount owing by controlled entities:				
Laguna Resources Ltd	-	-	100,000	-
Laguna Chile Ltda	-	-	1,000,693	-
Less provision for non recovery	-	-	(94,144)	-
	-	-	1,006,549	-
Security deposits	47,615	8,000	8,000	8,000
	47,615	**8,000**	**1,014,549**	**8,000**

Recovery of amounts due from controlled entities is dependent on successful development and commercial exploitation or sale of exploration, development and production interests held by the controlled entities. The Company has recognised an impairment of $94,144 (2008: $nil) on the loan receivable from Laguna Chile Ltda. The amounts owed by controlled entities are interest free and has no specified repayment date.

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
11. Plant and Equipment				
Computer Equipment and Software				
Cost	40,863	-	-	-
Accumulated depreciation and impairment	(2,384)	-	-	-
Net carrying amount	38,479	-	-	-
Furniture, Fixtures and Fittings				
Cost	24,244	-	-	-
Accumulated depreciation and impairment	(706)	-	-	-
Net carrying amount	23,538	-	-	-
Total Plant and Equipment	**62,017**	**-**	**-**	**-**
Computer Equipment and Software				
At beginning of the period	-	-	-	-
Additions	40,863	-	-	-
Disposals	-	-	-	-
Net exchange differences on translation	-	-	-	-
Depreciation charge for the year	(2,384)	-	-	-
Impairment charge for the year	-	-	-	-
	38,479	-	-	-

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Furniture, Fixtures and Fittings				
At beginning of the period	-	-	-	-
Additions	24,244	-	-	-
Disposals	-	-	-	-
Net exchange differences on translation	-	-	-	-
Depreciation charge for the year	(706)	-	-	-
Impairment charge for the year	-	-	-	-
	23,538	-	-	-
Total Plant & equipment	**62,017**	**-**	**-**	**-**

12. Deferred Exploration and Evaluation Expenditure

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
At beginning of the period	100,000	110,405	100,000	110,405
Exploration expenditure during the year	1,144,332	-	3,067	-
Acquisition of exploration	1,710,699	-	-	-
Impairment loss	(103,067)	(10,405)	(103,067)	(10,405)
Net exchange differences on translation	53,884	-	-	-
Total exploration and evaluation	**2,905,848**	**100,000**	**-**	**100,000**

The ultimate recoupment of costs carried forward for exploration expenditure is dependent on the successful development and commercial exploitation or sale of the respective mining areas. The impairment loss during the financial year relates to the withdrawal from the project held in Australia where exploration may not continue.

13. Trade and Other Payables

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Trade payables	594,865	43,718	488,213	43,718
Accruals	409,607	-	21,000	-
	1,004,472	**43,718**	**509,213**	**43,718**

Trade creditors, other creditors and goods and services tax are non-interest bearing and generally payable on 30 day terms. Due to the short term nature of these payable, their carrying value is assumed to approximate their fair value.

14. Contributed Equity

(a) Issued and paid up capital

	Consolidated 2009 $	Consolidated 2008 $	Parent 2009 $	Parent 2008 $
Ordinary shares fully paid	**293,909,132**	**286,744,570**	**293,909,132**	**286,744,570**

	2009		2008	
	Number of shares	**$**	**Number of shares**	**$**
(b) Movements in shares on issue				
At beginning of the year	408,387,450	286,744,570	408,130,827	277,841,000
Exercise of options	14,150,000	141,500	-	-
Laguna Chile Ltda acquisition	250,000,000	1,500,000	-	-
Debt to equity conversion	-	-	51,590,057	6,190,806
Consolidation on a 1 for 25 basis	-	-	(441,333,434)	-
Issue of shares	428,143,725	5,870,906	390,000,000	2,850,000
less fundraising costs	-	(347,844)	-	(137,236)
At 31 December	**1,100,681,175**	**293,909,132**	**408,387,450**	**286,744,570**

(c) Ordinary shares

Ordinary shares have the right to receive dividends as declared and, in the event of a winding up of the Company, to participate in the proceeds from sale of all surplus assets in proportion to the number of and amounts paid up on shares held. Ordinary shares entitle their holder to one vote, either in person or proxy, at a meeting of the Company.

(d) Capital risk management

The Group's capital comprises share capital, reserves less accumulated losses amounting to $7,903,746 at 31 December 2009 (2008: $1,487,082). The Group manages its capital to ensure its ability to continue as a going concern and to optimise returns to its shareholders. The Group was ungeared at year end and not subject to any externally imposed capital requirements. Refer to note 23 for further information on the Group's financial risk management policies.

(e) Share options

As at the date of this report, there are 142,979,516 unissued ordinary shares under options (145,850,000 at the reporting date). The details of the options at the date of this report are as follows:

Number	Exercise Price $	Expiry Date
5,000,000	0.01	31 December 2012
5,000,000	0.03	31 December 2012
132,979,516	0.009356	31 December 2010
142,979,516		

No options expired during the financial year or since the end of the financial year.

100,000,000 options were issued during the year and 14,150,000 were exercised during the year. Since the end of the financial year a further 2,870,484 options have been exercised.

No option holder has any right under the options to participate in any other share issue of the company or any other entity.

Information relating to the Laguna Resources NL Employee Share Option Plan, including details of options issued under the plan, is set out in note 25.

(f) Partly Paid Shares

As at 31 December 2009 there were 112,313 (2008: 112,313) partly paid shares on issue.

Partly paid shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on shares held. On a show of hands every holder of partly paid shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

There was no movement of Partly Paid Shares during the year.

(g) Equity Participation Shares

As at 31 December 2009 there were 2,076,752 (2008: 2,076,752) equity participation shares on issue.

Equity participation shares where issued to employees of the company and are partly paid up. Upon completion of three years service with the company the employee can apply to have the shares converted to ordinary shares by paying the unpaid amount owing on the shares. Equity participation shares have the rights attaching to ordinary shares except for the following conditions:

- in respect of resolutions changing or having the effect of changing the members of the board where the directors believe that there must be a change in control of the company; or where shares are allotted and issued to persons after 24 April 2002, the shares shall entitle the holder to the right to vote at any general meeting in proportion to the amount paid up on the shares;
- The shares have no dividend rights; and
- The shares have no right to receive a distribution in excess of the amount paid up on the shares at the time of winding up.

There was no movement of Equity Participation Shares during the year.

	Consolidated		**Parent**	
	2009	2008	2009	2008
	$	$	$	$
15. Reserves				
Option reserve	142,130	1,000	142,130	1,000
Foreign currency translation reserve	(14,269)	-	-	-
Share based payments reserve	4,149	-	4,149	-
	132,010	**1,000**	**146,279**	**1,000**
Movements in Reserves				
Options reserve				
At beginning of the year	1,000	-	1,000	-
Options issued	141,130	1,000	141,130	1,000
Options exercised	-	-	-	-
Balance at end of year	142,130	1,000	142,130	1,000

The options reserve is used to record the premium paid on the issue of listed options on 24 June 2008, with an expiry date of 31 December 2010, less any of those options exercised. $1,000, (2008: $1,000). The options reserve is used to record the consideration paid on the acquisition of the exploration project $141,130, (2008: Nil).

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Foreign currency translation reserve				
At beginning of the year	-	-	-	-
Foreign currency translation	(14,269)	-	-	-
At 31 December	(14,269)	-	-	-

The Foreign Exchange differences arising on translation of the foreign controlled entities are taken to the foreign currency translation reserve, as described in note 2(e). The reserve is recognised in profit and loss when the net investment is disposed of.

Share based payments reserve				
At beginning of the year	-	-	-	-
Share based payments expense	4,149	-	4,149	-
At 31 December	4,149	-	4,149	-

The share based payments reserve is used to record the value of equity benefits provided to directors, executives and other employees and as part of their remuneration and non-employees for their services. Refer to note 25 for further details of the options issued during the financial year.

16. Accumulated losses

Movements in accumulated losses were as follows:	(285,258,488)	(284,706,806)	(285,258,488)	(284,706,806)
At beginning of the period		-		-
Loss for the year	(878,908)	(551,682)	(893,177)	(551,682)
At 31 December	**(286,137,396)**	**(285,258,488)**	**(286,151,665)**	**(285,258,488)**

17. Expenditure Commitments

Rental and services agreement

The Company entered a service agreement for certain administrative services and office space for a term of two years. The Company is required to give three months written notice to terminate the agreement.

Within one year	120,000	-	120,000	
After one year but not longer than 5 years	100,000	-	100,000	
	220,000	-	**220,000**	

The Company entered rental agreements for office space for a term of one year. The Company is required to give 30 days written notice to terminate the agreement.

Within one year	**25,442**	**-**	**-**	**-**

18. Auditors Remuneration

The auditor of Laguna Resources NL is PricewaterhouseCoopers (Australia)				
Amounts received or due and receivable by PricewaterhouseCoopers (Australia) for:				
- an audit or review of the financial report of the entity and any other entity in the Consolidated group	32,558	29,900	32,558	29,900
Other services in relation to the Group	-	4,500	-	4,500

	32,558	34,400	32,558	34,400

19. Key Management Personnel Disclosures

(a) Details of Key Personnel

Mr. Matthew Wood	Chairman (appointed 6 August 2009)
Mr. Nicholas Lindsay	Managing Director (appointed 6 August 2009)
Mr. Jonathan Murray	Non Executive Director (appointed 15 October 2009)
Mr. David Steinepreis	Executive Director (resigned 19 August 2009)
Mr. Gary Steinepreis	Executive Director (resigned 15 October 2009)
Mr. Patrick Burke	Executive Director (resigned 19 August 2009)

(b) Remuneration of Key Management Personnel

Details of the nature and amount of each element of the emolument of each Director and Executive of the Group for the financial year are as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Short term employee benefits	392,786	187,750	392,786	187,750
Post employment benefits	-	-	-	-
Share based payments	-	-	-	-
Total remuneration	392,786	187,750	392,786	187,750

(c) Shareholdings of Key Management Personnel

Share holdings

The number of shares in the company held during the financial year held by each director of Laguna Resources NL, including their personally related parties, is set out below. There were no shares granted during the reporting period as compensation.

2009	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. M. Wood	-	-	-	52,363,050	52,363,050
Mr. N. Lindsay	-	-	-	46,992,481	46,992,481
Mr. J. Murray	-	-	-	5,000,000	5,000,000
Mr. D. Steinepreis	46,000,000	-	-	(46,000,000)	-
Mr. G. Steinepreis	75,000,000	-	-	(75,000,000)	-
Mr. P. Burke	14,000,000	-	-	(14,000,000)	-

* Mr. David Steinpreis and Mr. Pat Burke resigned 19 August 2009 and Mr. Gary Steinpreis resigned 15 October 2009.

2008	Balance at the start of the year	Granted during the year as compensation	On exercise of share options	Other changes during the year	Balance at the end of the year
Mr. D. Steinepreis	-	-	-	46,000,000	46,000,000
Mr. G. Steinepreis	-	-	-	75,000,000	75,000,000
Mr. P. Burke	-	-	-	14,000,000	14,000,000

All equity transactions with key management personnel other than arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Group would have adopted if dealing at arm's length.

(d) Option holdings of Key Management Personnel

The numbers of options over ordinary shares in the company held during the financial year by each director of Laguna Resources NL and specified executive of the group, including their personally related parties, are set out below:

2009	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested options: Exercisable	Vested options: Non-exercisable
Mr. M. Wood	-	-	-	20,945,220	20,945,220	20,945,220	-
Mr. N. Lindsay	-	-	-	18,796,992	18,796,992	18,796,992	-
Mr. J. Murray	-	-	-	2,500,000	2,500,000	2,500,000	-
Mr. D. Steinepreis	14,000,000	-	-	(14,000,000)	-	-	-
Mr. G. Steinepreis	14,000,000	-	-	(14,000,000)	-	-	-
Mr. P. Burke	2,000,000	-	-	(2,000,000)	-	-	-

* Mr. David Steinpreis and Mr. Pat Burke resigned 19 August 2009 and Mr. Gary Steinpreis resigned 15 October 2009.

2008	Balance at the start of the year	Granted during the year as compensation	Exercised during the year	Other changes during the year	Balance at the end of the year	Vested options: Exercisable	Vested options: Non-exercisable
Mr. D. Steinepreis	-	-	-	14,000,000	14,000,000	14,000,000	-
Mr. G. Steinepreis	-	-	-	14,000,000	14,000,000	14,000,000	-
Mr. P. Burke	-	-	-	2,000,000	2,000,000	2,000,000	-

There were no forfeitures and no options lapsed during the years ended 31 December 2009 and 31 December 2008.

Other transactions with Key Management Personnel

Garrison Capital Pty Ltd, a company of which Mr. Wood is a director, provided the Company with a fully serviced office including administration and information technology support totalling $45,247 (2008: Nil). $12,868 was outstanding at year end.

Mineral Quest Pty Ltd, a company of which Mr. Wood is a director, was paid consulting fees of $59,352 (2008: $Nil) and reimbursement of payments for secretarial expenses, at cost for $780 (2008: Nil) during the year. This amount is included in Note 18b “Remuneration of key management personnel”. $9,328 (2008: Nil) was outstanding at year end.

Lindsay Rueda Services Pty Ltd, a company of which Mr. Lindsay is a Director was paid consulting fees of $166,520 (2008: Nil) and reimbursement of payments for translation expenses at cost for $400 (2008: Nil) during the year. This amount is included in Note 18b “Remuneration of key management personnel”. $14,652 (2008: Nil) was outstanding at year end.

Ascent Capital Holdings Pty Ltd, a company owned 50% by David Steinepreis and 50% by Gary Steinepreis, was paid fees in the amount of $13,419 for management fees (2008: $93,750 for undertaking the reconstruction and recapitalisation of the Company). For the purpose of the remuneration report $6,709 (2008: $46,875) has been allocated to each of David and Gary Steinepreis.

Leisurewest Consulting Pty Ltd an entity associated with Gary Steinepreis was paid fees in the amount of $27,000 (2008: $28,000) for providing corporate management services to the Company.

Ord Street Services an entity associated with David Steinepreis was paid fees in the amount of $72,496 (2008: $28,000) for providing corporate management services to the Company.

Pat Burke was paid fees in the amount of (2008: $10,000) for the provision of professional legal services with regard to the reconstruction and recapitalisation of the Company. He was not paid a fee in 2009 (2008: $28,000) for the provision of corporate management services in the running of the reconstructed entity

These transactions have been entered into on normal commercial terms.

20. Events Subsequent to Balance Date

There were no known significant events from the end of the financial year to the date of this report.

21. Related Party Disclosures

For Director related party transactions please refer to Note 19 “Key Management Personnel Disclosures”.

The ultimate parent entity is Laguna Resources NL. Refer to note 9 for list of all subsidiaries within the group and related party balances. There were no other related party transactions during the year.

	Consolidated	
	2009	2008
	$	$
22. Loss per Share		
Loss used in calculating basic and dilutive EPS	(878,908)	(551,682)
	Number of Shares	
Weighted average number of ordinary shares used in calculating basic earnings / (loss) per share (*):	542,306,527	222,707,041
Effect of dilution:		
Share options	-	-
Adjusted weighted average number of ordinary shares used in calculating diluted loss per share:	542,306,527	222,707,041

(*) The right issue in December 2009 was done at a discounted price. The number of shares used for loss per share calculation in 2008 was adjusted using an adjustment factor of 1.02 times for comparative purposes.

There is no impact from 145,850,000 options outstanding at 31 December 2009 (2008: 50,000,000 options) on the earnings per share calculation because they are anti-dilutive. These options could potentially dilute basic EPS in the future. There have been no transactions involving ordinary shares or potential ordinary shares that would significantly change the number of ordinary shares or potential ordinary shares outstanding between the reporting date and the date of completion of these financial statements.

23. Financial Risk Management

Exposure to interest rate, liquidity, commodity price risk, foreign currency risk and credit risk arises in the normal course of the Group’s business. The Group does not hold or issue derivative financial instruments.

The Company uses different methods as discussed below to manage risks that arise from these financial instruments. The objective is to support the delivery of the financial targets while protecting future financial security.

(a) Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group manages liquidity risk by maintaining sufficient cash facilities to meet the operating requirements of the business and investing excess funds in highly liquid short term investments. The responsibility for liquidity risk management rests with the Board of Directors.

Alternatives for sourcing our future capital needs include our cash position and the issue of equity instruments. These alternatives are evaluated to determine the optimal mix of capital resources for our capital needs. We expect that, absent a material adverse change in a combination of our sources of liquidity, present levels of liquidity along with future capital raising will be adequate to meet our expected capital needs.

Maturity analysis for financial liabilities

Financial liabilities of the Group comprise trade and other payables. As at 31 December 2009 all financial liabilities are contractually matured within 60 days.

(b) Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect future cash flows or the fair value of financial instruments.

The Group's exposure to market risk for changes to interest rate risk relates primarily to its earnings on cash and term deposits. The Group manages the risk by investing in short term deposits.

	Consolidated		**Parent**	
	2009	2008	2009	2008
	$	$	$	$
Cash and cash equivalents	5,819,608	1,361,381	5,708,252	1,361,381

Interest rate sensitivity

The following table demonstrates the sensitivity of the Group's income statement to a reasonably possible change in interest rates, with all other variables constant.

Consolidated

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)		Effect on Equity including retained earnings Increase/(Decrease)	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Increase 100 basis points	58,196	13,614	58,196	13,614
Decrease 100 basis points	(58,196)	(13,614)	(58,196)	(13,614)

Parent

Judgements of reasonably possible movements	Effect on Post Tax Earnings Increase/(Decrease)		Effect on Equity including retained earnings Increase/(Decrease)	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Increase 100 basis points	57,083	13,614	57,083	13,614
Decrease 100 basis points	(57,083)	(13,614)	(57,083)	(13,614)

A sensitivity of 100 basis points has been used as this is considered reasonable given the current level of both short term and long term Australian Dollar interest rates. The change in basis points is derived from a review of historical movements and management's judgement of future trends.

(c) Credit Risk Exposures

Credit risk represents the risk that the counterparty to the financial instrument will fail to discharge and obligation and cause the Group to incur a financial loss. The Group's maximum credit exposure is the carrying amounts on the balance sheet. The Group holds financial instruments with credit worthy third parties.

At 31 December 2009, the Group held cash at bank. These were held with financial institution with a rating from Standard & Poors of AA or above (long term). The Group has no past due or impaired debtors as at 31 December 2009.

(d) Foreign Currency Risk

Currency risk is the risk of fluctuation in the value of overseas investments which are denominated in foreign currencies.
The loans to the subsidiaries are denominated in the USD. The parent entity is therefore exposed to the movement of the USD to Australian dollar through its loan to the Chilean subsidiary of $1,000,692 (2008: nil). The exposure is eliminated on consolidation. The Group does not enter into any financial arrangement to mitigate these exposures to the foreign currencies. The following sensitivity is based on the foreign currency risk exposure in existence at the balance sheet date:

Judgements of reasonably possible movements	Effect on Post Tax Loss (Increase)/Decrease		Effect on Equity including retained earnings Increase/(Decrease)	
	2009	**2008**	**2009**	**2008**
	$	**$**	**$**	**$**
Parent				
AUD/USD +5%	50,035	-	43,945	-
AUD/ USD -5%	(50,035)	-	(43,945)	-
Consolidated				
AUD/ USD +5%	-	-	-	-
AUD/ USD -5%	-	-	-	-

The sensitivity is based on reasonably possible changes expected over the following financial year using general economic and financial forecasts.

24. Contingent Liabilities

There are no known contingent liabilities.

25. Share Based Payment Plan

(a) Recognised share based payment transactions

Share based payment transactions recognised either as operation expenses in the income statement or as capital raising expenses in the equity during the year were as follows:

	Consolidated		Parent	
	2009	2008	2009	2008
	$	$	$	$
Operating expenses				
Employee share based payment	4,149	-	4,149	-

(b) Employee share based payment plan

The Group has established an employee share option plan (ESOP). The objective of the ESOP is to assist in the recruitment, reward, retention and motivation of employees of Laguna Resources NL. Under the ESOP, the Directors may invite individuals acting in a manner similar to employees to participate in the ESOP and receive options. An individual may receive the options or nominate a relative or associate to receive the options. The plan is open to executive officers, nominated consultants and employees of Laguna Resources NL.

The fair value at grant date of options granted during the reporting period was determined using the 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 and the risk free interest rate for the term of the option.

The table below summaries options granted under ESOP:

Grant Date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Exercised during the year Number	Expired during the year Number	Balance at end of the year Number	Exercisable at end of the year Number
16 October 2009	31 December 2012	$0.01	-	5,000,000	-	-	5,000,000	-
16 October 2009	31 December 2012	$0.03	-	5,000,000	-	-	5,000,000	-
			-	10,000,000	-	-	10,000,000	-
Weighted remaining contractual life (years)			3	-	-	-	3	3
Weighted average exercise price			$0.02	-	-	-	$0.02	$0..02

The weighted average fair value of options granted during the year was $103,732 (2008: nil).

The model inputs, not included in the table above, for options granted during the year ended 31 December 2008 included:

(a) options are granted for no consideration and vest over a period of three years;
(b) Expected life of options had a range is three years;
(c) share price at grant date of $0.021
(d) expected volatility of 173%;
(e) expected dividend yield of Nil; and
(f) a risk free interest rate from 4.89%.

10,000,000 options were granted under the ESOP for the year ended 31 December 2009

26. Dividends

No dividend was paid or declared by the Company in the period since the end of the financial year and up to the date of this report. The Directors do not recommend that any amount be paid by way of dividend for the financial year ended 31 December 2009.

The balance of the franking account is Nil as at 31 December 2009 (2008: Nil).

In accordance with a resolution of the Directors of Laguna Resources NL, I state that:

1. In the opinion of the directors:

   a) the financial statements and notes of the Company and of the consolidated entity are in accordance with the Corporations Act 2001, including:

      i. giving a true and fair view of the financial position of the Company and of the Consolidated Entity as at 31 December 2009 and of their performance, for the year ended on that date; and

      ii. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

      iii. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

   b) This declaration has been made after receiving the declarations required to be made by the Chief Executive Officer and Chief Financial Officer in accordance with sections of 295A of the Corporations Act 2001 for the financial period ending 31 December 2009.

On behalf of the Board

Dr. Nicholas Lindsay
Director
22 March 2010
Perth, Western Australia

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Auditor's Independence Declaration

As lead auditor for the audit of Laguna Resources NL for the year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Laguna Resources NL and the entities it controlled during the period.

Pierre Dreyer
Partner
PricewaterhouseCoopers

Perth
22 March 2010

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Independent auditor's report to the members of Laguna Resources NL

Report on the financial report

We have audited the accompanying financial report of Laguna Resources NL (the company), which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Laguna Resources NL and the Laguna Resources NL group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the members of Laguna Resources NL (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Laguna Resources NL is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the company's and consolidated entity's financial position as at 31 December 2009 and of their performance for the year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

Report on the Remuneration Report

We have audited the remuneration report included in pages 11 to 14 of the directors' report for the year ended 31 December 2009. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Laguna Resources NL for the year ended 31 December 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Pierre Dreyer
Partner

Perth
22 March 2010

ASX Additional Information

Additional information required by the Australian Stock Exchange Ltd and not shown elsewhere in this report is as follows. The information is current at 9 March 2010.

Substantial Share Holders

The names of shareholders who have notified the Company in accordance with Section 671B of the Corporations Act 2001 are:

Shareholder Name	No. of Ordinary Shares	Percentage %
Ascent Capital Holdings Pty Ltd and its directors David Steinepreis and Gary Steinepreis	144,000,000	13.08

Distribution of Share Holders

	Ordinary Shares	
	Number of Holders	Number of Shares
1 - 1,000	9,618	1,354,467
1,001 - 5,000	534	1,115,120
5,001 - 10,000	86	605,179
10,001 - 100,000	402	20,613,698
100,001 - and over	742	1,079,863,195
TOTAL	11,382	1,103,551,659

There were 138 holders of ordinary shares holding less than a marketable parcel.

Top Twenty Share Holders

Name	Number of Options held	%
Mr Timothy James Flavel <The Flavel Investment A/C>	52,363,050	4.74
Mr MGW Wood + Ms BL Wood <Wood Family A/C>	52,363,050	4.74
Mr Nicholas Mark Lindsay	46,992,481	4.26
Oakhurst Enterprises Pty Ltd	45,000,000	4.08
Tisia Nominees Pty Ltd <Henderson Family A/C>	45,000,000	4.08
Leisurewest Consulting Pty Ltd <Leisurewest A/C>	30,000,000	2.72
Rowan Hall Pty Ltd <Rowan Hall Trading A/C>	21,000,000	1.90
Fitel Nominees Limited	15,013,533	1.36
Ascent Capital Holdings Pty Ltd	15,000,000	1.36
Mr FS Funston + Ms VAS Funston <Funston Investment A/C>	14,769,067	1.34
Third Reef Pty Ltd <Back Reef A/C>	13,854,264	1.26
Mr Paul Robert Hearne <The Prh A/C>	13,500,000	1.22
N & J Mitchell Holdings Pty Ltd <Steinepreis Super Fund A/C>	12,000,000	1.09
Mr David Christian Steinepreis	12,000,000	1.09
Anz Nominees Limited <Cash Income A/C>	11,480,883	1.04
Mr Andrew John Randall	10,981,225	1.00
Berne No 132 Nominees Pty Ltd <323731 A/C>	10,650,000	0.97
Gryphon Partners Pty Ltd	10,428,661	0.95
Stratton Family Pty Ltd <The B & S Family A/C>	10,107,008	0.92
Mr Richard Gerald John Peters	8,929,270	0.81
Total shares on issue	451,432,492	40.93

Tenement Table

Project	Property Name	Blocks	Tenure Title Owner	Area Ha	National Roll number	Status of Tenure
Arqueros	La Negra 1/1003	537 to 546 567 to 576 595 to 606 625 to 635 655 to 665 682 to 692 712 to 722	MAAC	374	03102-1152-4	Mining lease granted 1994
Glassford	Monument - Mai	MDL 128	Laguna Resources	136	N/a	Mineral Development License granted 1992
MAAC = Minera Anglo American Chile Ltda (Anglo American Norte S.A.)						