



LAGUNA RESOURCES NL

ASX Release

31 August 2011

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Issued Capital:  
Approximately 9.9 million shares

ASX Symbol: LRC

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## NUEVA ESPERANZA UPDATE

### (formerly Arqueros Project)

Laguna has made significant progress on the Nueva Esperanza Project (formerly Arqueros Project) and the company remains on track to reach a decision to mine in Q1 2012. Acquisition of the Chimberos and Esperanza mining leases has expanded the scope of the likely development, and drilling on the Arqueros deposit has upgraded the quality of that deposit.

#### Highlights:

- Stage 1 of the Feasibility Study has been completed with mine concept now defined.
- Updated Mineral Resources for Nueva Esperanza have been estimated for all three deposits; namely Arqueros, Chimberos and Teterita.
- Total Mineral Resources (Indicated and Inferred) at a 0.5 g/t gold equivalent cut-off grade are:  
28.5 million tonnes at 0.25 g/t gold and 78 g/t silver;  
229,000 oz gold & 71.3 Moz silver;  
which at a gold/silver equivalent ratio of 45 (EQ45) are:  
1.81 million gold equivalent ounces at 2.0 g/t Au eq;  
or, 82 million silver equivalent ounces at 89 g/t Ag eq.
- Of significance, 80% of the estimated resources at the Arqueros deposit are now classified as Indicated.
- Project name change from Arqueros to Nueva Esperanza in order to reflect the expanded project within the historical Esperanza mining lease.

The project team is making excellent progress towards completing the feasibility study and making a decision to mine in Q1 2012. The conceptual plan for the project is for the construction of a +2 Mtpa processing plant, +8 year mine life and first production in late 2013.

## Introduction

Nueva Esperanza (formerly the Arqueros Project and recently acquired Esperanza Project and Chimberos mine) comprises three high sulphidation epithermal gold-silver and silver deposits associated with the Esperanza alteration system, located in the northern Maricunga gold belt, near Copiapó in northern Chile. The project is at feasibility study phase based on Indicated mineral resources at Arqueros.

Chimberos and Esperanza were acquired in July 2011 from Kinross Gold Corporation. The transaction delivered to Laguna Resources substantial surface rights, mine infrastructure, a number of exploration targets as well as additional mineral resources at Chimberos and Teterita. The latter require validation drilling and QA/QC (quality assurance – quality control) verification with the objective of upgrading portions of the estimated resources to Indicated status before being incorporated into the Nueva Esperanza feasibility study, which is currently focused on Arqueros.

## Feasibility Study

Coffey Consultaria e Servicios, a division of Coffey International Limited was appointed Feasibility Study partner for the development of the Nueva Esperanza mining complex (Figure 1). Stage 1, which was the trade-off study, was completed in July 2011 and Stage 2 is in progress with a draft feasibility study due in early 2012.

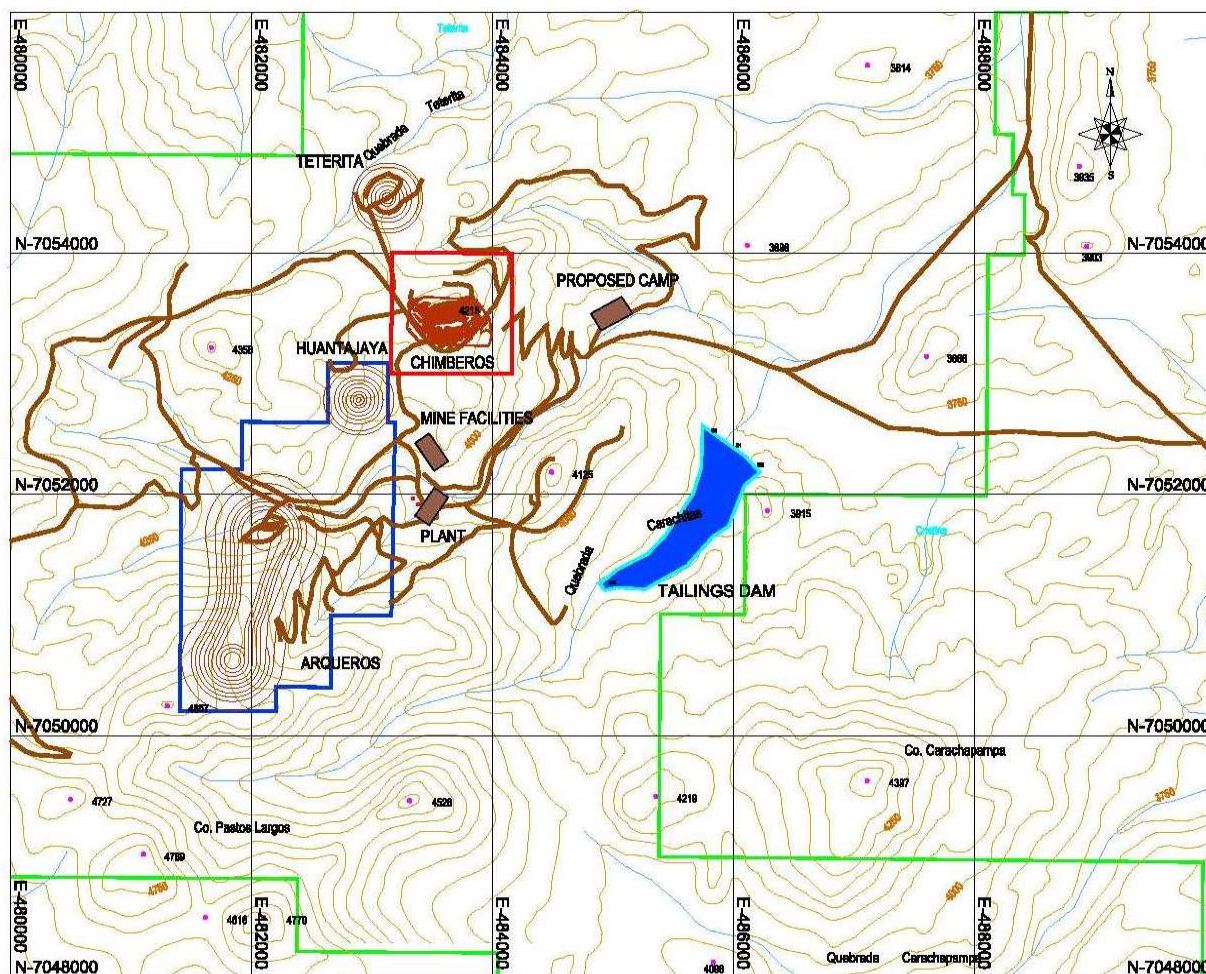


Figure 1. Conceptual Nueva Esperanza mining complex

Metallurgical testwork, environmental base line and water studies and geotechnical assessment for mine installations are on-going.

The Stage 1 trade-off study determined the most effective and economic options for detailed assessment and development in Stage 2. The following were recommended:

- Mining: Open pit mine with adjacent waste dumps north-west of Arqueros.
- Comminution: SAG-type milling circuit.
- Gold and silver recovery: Agitation cyanide leaching with Merrill Crowe recovery process.

The feasibility study is currently considering just the Arqueros deposit, with the Chimberos and Teterita deposits being incorporated following completion of further drilling later this year. However, based on current information, it is likely that Teterita (and potentially Chimberos) will supply the mill feed for the first 2-3 years of production given a likely lower strip ratio and the ability to defer the required pre-strip from the Arqueros deposit. Given negligible gold content in these deposits, metal production during this phase will be primarily silver.

## Resources

Resource drilling on the *Arqueros mining lease* (Figure 2) was completed in May 2011 with 3,329 metres of surface reverse circulation drilling and 4,216 metres of diamond drilling from surface and underground since December 2010. In early 2010, 11,500 metres were drilled, bringing the total metres drilled by Laguna to about 19,000 metres. This is in addition to ~100,000 metres of production drilling and assay work from historical studies.



**Figure 2. Arqueros sector is the focus of the Nueva Esperanza feasibility study**

The *Chimberos and Esperanza mining leases* delivered to Laguna Resources the remnant mineral resource of the Chimberos mine and the undeveloped Teterita deposit (Figures 3 and 4). The latter is part of the Esperanza property and lies one kilometre northwest of Chimberos and two kilometres due north of Arqueros. Resource definition drilling by Kinross included approximately 18,300 metres in 100 holes at Chimberos and 8,888 metres in 68 holes at Teterita.

The combined Indicated and Inferred mineral resource (Table 1) for Nueva Esperanza is based on resource block modelling of Arqueros, Chimberos and Teterita, and has been estimated at a cut-off grade of 0.5 g/t gold equivalent to be:

28.5 million tonnes at 0.25 g/t gold and 78 g/t silver.

This represents approximately 229,000 ounces of gold and 71.3 million ounces of silver.

The Indicated and Inferred resource of Nueva Esperanza may be expressed in gold or silver equivalent ounces as:

Gold equivalent ounces (EQ45): 1.81 million ounces at 2.0 g/t gold equivalent.  
Silver equivalent ounces (EQ45): 81.6 million ounces at 89 g/t silver equivalent.

The all Inferred resources at Chimberos and Teterita will remain outside of the scope of the feasibility study until they are converted into Indicated resources. With that objective, 5,000 metres of reverse circulation and diamond drilling is planned for commencement in October 2011, as well as a review of QAQC for the existing drilling and metallurgical testwork.

**Table 1. Mineral Resource estimate for Nueva Esperanza at 0.5 g/t gold equivalent cut-off grade**

	Indicated			Inferred			Total				
	Mt	Au g/t	Ag g/t	Mt	Au g/t	Ag g/t	Mt	Au g/t	Ag g/t	Au Moz	Ag Moz
Arqueros	16.0	0.32	81	4.0	0.3	50	20.0	0.32	75	0.20	48.1
Chimberos				3.7	0.2	85	3.7	0.20	85	0.02	10.1
Teterita				4.8	0.0	85	4.8	0.01	85	-	13.1
<b>Total</b>	<b>16.0</b>	<b>0.32</b>	<b>81</b>	<b>12.5</b>	<b>0.2</b>	<b>74</b>	<b>28.5</b>	<b>0.25</b>	<b>78</b>	<b>0.23</b>	<b>71.3</b>

Gold Equivalent	Indicated		Inferred		Total		
	Mt	Au Eq g/t	Mt	Au Eq g/t	Mt	Au Eq g/t	Au Eq Moz
Arqueros	16.0	2.12	4.0	1.4	20.0	1.98	1.27
Chimberos			3.7	2.1	3.7	2.09	0.25
Teterita			4.8	1.9	4.8	1.90	0.29
<b>Total</b>	<b>16.0</b>	<b>2.12</b>	<b>12.5</b>	<b>1.8</b>	<b>28.5</b>	<b>1.98</b>	<b>1.81</b>
Silver Equivalent	Indicated		Inferred		Total		
	Mt	Ag Eq g/t	Mt	Ag Eq g/t	Mt	Ag Eq g/t	Ag Eq Moz
Arqueros	16.0	95	4.0	64	20.0	89	57.2
Chimberos			3.7	94	3.7	94	11.2
Teterita			4.8	85	4.8	85	13.2
<b>Total</b>	<b>16.0</b>	<b>95</b>	<b>12.5</b>	<b>81</b>	<b>28.5</b>	<b>89</b>	<b>81.6</b>

Notes: Moz = million ounces.

1. Bulk density 2.0 t/bcm, based on 350 measurements at Arqueros. This is lower than previously used 2.2 t/bcm
2. Gold equivalent on basis of gold/silver revenue ratio of 45; calculated as Au + Ag/EQ (gold plus [silver divided by 45])
3. Silver equivalent on the basis of gold/silver revenue ratio of 45; calculated as Au\*EQ + Ag ([gold times 45] plus silver)
4. EQ = (Price Gold \* Recovery Gold) / (Price Silver \* Recovery Silver)
5. Price basis US\$1250/oz Au and US\$30/oz Ag
6. Metallurgical recovery basis 85% Au and 78% silver.
7. Rounding of numbers may generate rounding errors

## Corporate

The US\$10 million cash advance facility with Kingsgate Consolidated Limited has been fully drawn as a result of intense operational activity at Arqueros and payments for the balance of the acquisition costs for Arqueros, Chimberos and Esperanza mining leases. As a result, the Boards of Kingsgate and Laguna have agreed to increase the facility to a A\$15 million facility under the same conditions but with maturity extended to 31 December 2012.

## Conclusion

The updated resources show an improvement in the quality of the Nueva Esperanza project underpinning mine planning and completion of the feasibility study.

Resource drilling on Teterita and Chimberos will commence shortly, with the objective of bringing these deposits to be brought into the feasibility study. Geotechnical drilling on Arqueros and for mine installations are also in progress as well as testing of water bores.

The environmental assessment and feasibility study are progressing towards submission of the EIA (environmental impact assessment) and a decision to mine in early 2012. These are the first steps to licensing the future mine, with the objective of entering production in late 2013.



Nicholas Lindsay,  
Managing Director,  
Laguna Resources NL

## CONSENT

*Dr Nicholas Lindsay is the author of this document. He 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.*

## COMPETENT PERSONS

*The information in this report that relates to mineral resource estimation is based on work completed by Mr Jonathon Abbott who is a full-time employee of Hellman & Schofield Pty Ltd and a member of the Australasian Institute of Mining and Metallurgy. Mr Abbott 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Abbott consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*

*The information in this report that relates to data quality, comments on the resource estimates and economic potential of the estimated resources is based on information compiled by Mr Ron James who is a member of the Australasian Institute of Mining and Metallurgy. Mr James 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 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr James consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.*