



Kingsgate

Consolidated Limited

2 November 2011

Via ASX Online
(53 pages)

Manager
Company Announcements Office
Australian Securities Exchange

Bidder's Statement

On 31 October 2011 Kingsgate Consolidated Limited (ASX: KCN) ("Kingsgate") announced its intention to make an off-market takeover offer ("offer") for certain securities in Laguna Resources NL (ASX: LRC) ("Laguna") that it does not own.

Enclosed, pursuant to item 5 of section 633(1) of the Corporations Act 2001 (Cth), is a copy of Kingsgate's Bidder's Statement in relation to the offer. The Bidder's Statement has been lodged with the Australian Securities & Investments Commission and sent to Laguna.

Kingsgate also gives notice under section 633(4) of the Corporations Act that the date set by Kingsgate for the purposes of section 633(2) of the Corporations Act is 2 November 2011.

Important notice to securityholders of Central Pacific Minerals N.L.

The offer extends to securities that come to be in the bid class as a result of the conversion or exercise of the rights attached to other securities that exist on 2 November 2011. This includes certain securities in an unlisted public company named Central Pacific Minerals N.L. (ACN 008 460 651) ("CPM"). Kingsgate does not have registered addresses for all of the securityholders of CPM. Accordingly, if you are a CPM securityholder and do not receive a Bidder's Statement within one week of the date the Bidder's Statement and offers are sent by Kingsgate under item 6 of section 633(1) of the Corporations Act (which is expected to occur later this week or early next week), you should contact Kingsgate's Company Secretary by phone on +61 2 8256 4800.

Yours sincerely,

Ross Coyle
Company Secretary

Bidder's Statement



Kingsgate

Consolidated Limited

ABN 42 000 837 472

ACCEPT

the cash offer of \$3.75
for each of your fully paid shares in

Laguna Resources NL

ABN 36 008 460 366

(Kingsgate also offers to acquire your partly paid shares on the terms set out in this document)

**This document contains important information and requires your immediate attention.
If you are in any doubt as to how to deal with this document, you should consult your
legal, financial or other professional adviser as soon as possible.**

Legal Adviser to Kingsgate

CLAYTON UTZ

Important Information

This Bidder's Statement is given by Kingsgate under Part 6.5 of Chapter 6 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act in relation to the Offer contained in section 8 of this Bidder's Statement.

This Bidder's Statement is an important document and should be read in its entirety before deciding whether to accept the Offer.

This Bidder's Statement is dated 2 November 2011 and includes an offer dated [**] on the terms set out in this Bidder's Statement.

No investment advice

The information provided in this Bidder's Statement is not investment advice and has been prepared without taking into account your individual investment objectives, financial circumstances or particular needs.

You should seek independent financial and taxation advice from your financial or other professional adviser before deciding whether to accept the Offer.

Forward looking statements

This Bidder's Statement includes information that is historical in character and that consists of forward looking statements (including statements of current intention, statements of opinion and predictions as to possible future events). To the extent that any statements relate to future matters, you should consider that they are subject to risks and uncertainties. Those risks and uncertainties are not all within the control of Kingsgate and cannot be predicted by Kingsgate and include changes in circumstances or events that may cause objectives to change as well as risks, circumstances and events specific to the industry, countries and markets in which Kingsgate and Laguna and their respective Related Bodies Corporate operate and/or joint-ventures and associated undertakings operate. They also include general economic conditions, acts of terrorism, health epidemics, prevailing exchange rates and interest rates and conditions in the financial markets that may cause objectives to change or may cause outcomes not to be realised. Although Kingsgate believes that the expectations reflected in any forward looking statements included in this Bidder's Statement are reasonable, no assurance can be given that such expectations will prove to be correct. Actual outcomes, events or results may differ materially from the outcomes, events or results expressed or implied in any forward looking statements and any statement in the nature of a forward looking statement in this Bidder's Statement.

None of Kingsgate, any of its respective directors, officers or advisers, or any other person named with its consent in the Bidder's Statement or any person involved in the preparation of this Bidder's Statement makes any representation or warranty (express or implied) as to the accuracy or likelihood of fulfilment of any forward looking statement, or any outcomes express or implied in any forward looking statement and any statement in the nature of a forward looking statement.

Information about Laguna

All of the information concerning Laguna contained in this Bidder's Statement has been obtained from publicly available sources including public documents filed by Laguna or information published by Laguna on its website.

Neither Kingsgate nor its advisers assume any responsibility for the accuracy or completeness of this information. None of the information in this Bidder's Statement relating to Laguna has, as far as Kingsgate is aware, been verified by Laguna or the Laguna Board or independently verified by Kingsgate or its respective directors for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, Kingsgate makes no representation or warranty, express or implied, as to the accuracy or completeness of this information. The information concerning Laguna in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Laguna to provide a target's statement to Laguna Shareholders in response to this Bidder's Statement, setting out certain material information concerning Laguna.

Notice to foreign shareholders

The distribution of this Bidder's Statement may in some countries be restricted by law or regulation. Persons who come into possession of this Bidder's Statement should inform themselves of and observe those restrictions.

ASIC

A copy of this Bidder's Statement was lodged with ASIC on 2 November 2011. ASIC takes no responsibility for the content of this Bidder's Statement.

Privacy

Kingsgate has collected your information from the register of Laguna Shareholders for the purposes of making the Offer. The Corporations Act requires the names and addresses of Laguna Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to Kingsgate's Related Bodies Corporate, and holders of securities in Kingsgate or its Related Bodies Corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC.

Definitions and interpretation

A number of defined terms are used in this Bidder's Statement. Unless expressly specified otherwise, capitalised terms (and certain other terms) have the meaning given in the Glossary in section 10. This Bidder's Statement is otherwise to be interpreted in accordance with the principles set out in section 11.

Key dates

Announcement of the Offer	31 October 2011
Bidder's Statement lodged with ASIC and dated	2 November 2011
Date of the Offer	[*]
Offer Period starts	[*]
Offer Period ends (unless extended or withdrawn)*	7.00 pm (Sydney time) on [*]

* This date is indicative only and may be extended as permitted by the Corporations Act

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Dear Laguna Shareholder,

Cash offer of \$3.75 for each of your Laguna Fully Paid Shares

I am pleased to present you with an offer from Kingsgate Consolidated Limited to acquire all of your shares in Laguna Resources NL.

Kingsgate is offering \$3.75 cash for each Laguna Fully Paid Share you own.¹

As you may be aware Kingsgate is already the owner of almost 70% of the shares in Laguna, following its takeover offer which was open from early December 2010 to mid-February 2011. Since the close of that offer Kingsgate has carefully reviewed its investment in Laguna and has decided to seek to move to 100% ownership.

The Independent Directors have informed Kingsgate that they intend to recommend that you accept the Offer in the absence of a superior proposal and subject to the Independent Expert concluding that the Offer is fair and reasonable.

The Offer is subject only to Kingsgate becoming entitled to compulsorily acquire Laguna Shares which are not tendered to the bid. If you accept the offer you will be paid within 5 Business Days after this condition is satisfied or waived (or within 5 Business Days after receipt of your acceptance of the Offer if this condition has already been satisfied or waived at that time).

Kingsgate believes the Offer represents a compelling opportunity for you to realise value for your Laguna Shares. If the Offer becomes unconditional, it provides the certainty of cash representing a premium of over 100% to the closing price on 31 October 2011, the last traded price of Laguna Fully Paid Shares prior to the announcement of the Offer.²

Various other reasons for accepting the Offer are set out in section 1 of this Bidder's Statement.

We encourage you to read this Bidder's Statement for further information about the Offer.

The Offer is scheduled to close at 7.00 pm (Sydney time) on [] unless extended. If you wish to accept the Offer, please follow the instructions in this Bidder's Statement and on the enclosed Acceptance Form.

If you have any questions about the Offer, please contact your legal, financial or other professional adviser.

Yours sincerely



Ross Smyth-Kirk
Chairman

¹ Kingsgate is also offering \$0.001 cash for each Laguna Partly Paid Share paid to \$251.70 with \$996.21 unpaid (being a "Type 1 Laguna Partly Paid Share") and \$0.0055 cash for each Laguna Partly Paid Share paid to \$417.32 with \$181.99 unpaid (being a "Type 2 Laguna Partly Paid Share").

² Premium of 107% based on last traded price of \$1.81 on 31 October 2011.

This page contains references to trading data. This trading data was prepared by IRESS Market Technology Limited ACN 060 313 359. IRESS Market Technology Limited has not consented to the use of the references to this trading data in this Bidder's Statement.

1. Reasons why you should accept the Offer

1. Kingsgate is offering a significant cash premium for your Laguna Fully Paid Shares

Kingsgate's offer of \$3.75 cash for each Laguna Fully Paid Share represents a premium of over 100% to the closing price on 31 October 2011, the last traded price of Laguna Fully Paid Shares prior to the announcement of the Offer.³

2. 100% cash offer provides certainty of value in a volatile equity market

The 100% cash offer provides you with certainty of value for your Laguna Fully Paid Shares (subject to the Condition being satisfied or waived). The certainty of receiving an attractive cash premium for your Laguna Fully Paid Shares should be contrasted with the risks and uncertainties associated with remaining a Laguna Shareholder. These risks and uncertainties include that:

- (a) the share price of Laguna may fall following the close of the Offer and any takeover premium in the share price created by the Offer will disappear; and
- (b) Laguna's various projects may never proceed to development, leaving Laguna without cash-generating assets.

3. The Offer is subject to only one condition

The Offer is subject to only one condition being that Kingsgate becomes entitled to compulsorily acquire Laguna Shares which are not tendered to the bid. This means that whether or not the bid proceeds is in the hands of Laguna Shareholders alone. Laguna Shareholders can assist Kingsgate to satisfy this Condition by accepting the Offer as soon as possible.

4. You will be paid within 5 Business Days after the condition is satisfied or waived

If you accept the Offer you will be paid within 5 Business Days after the Condition is satisfied or waived (or within 5 Business Days after receipt of your acceptance, if the Condition is already satisfied or waived when Kingsgate receives your acceptance). This is much faster than the maximum payment period prescribed by the Corporations Act.

5. The Offer allows you to dispose of your entire shareholding in an otherwise illiquid stock

Laguna Shares have been particularly illiquid since the close of Kingsgate's earlier takeover offer. As an indication of the limited liquidity of Kingsgate shares:

- (a) Kingsgate holds almost 70% of all Laguna Shares; and
- (b) less than 2,000 Laguna Fully Paid Shares were traded on the ASX during the 28 trading days prior to 28 October 2011 (the last trading day prior to the date of announcement of the Offer).

This lack of liquidity means it may be difficult for you to sell your Laguna Shares on-market.

6. Laguna's independent directors intend to recommend you accept the Offer

³ Premium of 107% based on last traded price of \$1.81 on 31 October 2011.

This section contains references to trading data. This trading data was prepared by IRESS Market Technology Limited ACN 060 313 359. IRESS Market Technology Limited has not consented to the use of the references to this trading data in this Bidder's Statement.

The Laguna Directors independent of Kingsgate have informed Kingsgate that they intend to recommend that Laguna Shareholders accept the Offer in the absence of a superior proposal and subject to the Independent Expert concluding that the Offer is fair and reasonable.

7. Laguna has not paid dividends for over 5 years and further dividends are unlikely in the short to medium term

Laguna has not paid any dividends for over 5 years. Given the early stage of development of all of Laguna's assets it is unlikely that Laguna will pay dividends in the short to medium term.

8. There is no guarantee Laguna will be able to raise funds to develop its projects

Laguna does not currently have any cash-generating assets. Laguna currently benefits from a loan facility with Kingsgate but that facility is due to be repaid at the end of 2012. It is Kingsgate's expectation that, if the Offer is unsuccessful, Laguna will need to undertake a rights issue or other capital raising to repay the loan facility and fund expenditure for the following 6 to 12 months.

There is no guarantee that Laguna will be able to obtain debt or equity funding when required in the future, or that terms associated with such funding will be acceptable to Laguna, particularly having regard to the current uncertain economic environment. If Laguna cannot raise funds it may be unable to proceed with development of its projects.

9. A superior proposal is very unlikely

Kingsgate strongly believes that, because it already owns almost 70% of the Laguna Shares on issue, a superior proposal to acquire all of the shares in Laguna (or at least those not held by Kingsgate) is very unlikely.

10. Under the Offer you will not incur brokerage fees

By accepting the Offer (and subject to the Condition being satisfied or waived):

- (a) you will receive \$3.75 cash for each Laguna Fully Paid Share you hold;
- (b) you will not incur any brokerage fees which may be incurred if you choose to sell your Laguna Shares on the ASX; and
- (c) you will be paid within 5 Business Days after the later of receipt of your acceptance and the date on which the Offer becomes unconditional.

Kingsgate intends to compulsorily acquire your Laguna Shares if it becomes entitled to do so. You should be aware that any payment made to Laguna Shareholders whose Laguna Shares are compulsorily acquired may occur significantly later than payments made to Laguna Shareholders who accept the Offer.

11. Exit for holders of Laguna Partly Paid Shares

The Offer provides an opportunity for holders of Laguna Partly Paid Shares to exit their investment. In the absence of a takeover offer there are otherwise limited means for a holder of partly paid shares to dispose of their shares (particularly without paying up the unpaid amount).

2. Summary of the Offer

This section 2 of the Bidder's Statement provides an overview of the Offer. Section 8 of the Bidder's Statement contains the full terms and conditions of the Offer.

Question	Answer
<i>What is this document?</i>	<p>This document is a Bidder's Statement which sets out the terms of an offer to acquire your shares in Laguna Resources NL (Laguna).</p> <p>You have received this document because you are either registered as a holder of Laguna Shares or you are entitled to be issued Laguna Shares upon the conversion of, or exercise of rights attached to, certain other securities that you hold (being the Convertible Securities).</p>
<i>Who is making the Offer?</i>	<p>The Offer is being made by Kingsgate Consolidated Limited (Kingsgate).</p>
<i>Who is Kingsgate?</i>	<p>Kingsgate is a gold mining, development and exploration company. Kingsgate already owns almost 70% of the shares in Laguna. Further information about Kingsgate is set out in section 3 of this Bidder's Statement.</p>
<i>What consideration is offered?</i>	<p>Kingsgate is offering to acquire all your Laguna Fully Paid Shares for \$3.75 cash per share, on the terms and conditions set out in section 8.</p> <p>Kingsgate is also offering:</p> <ul style="list-style-type: none">(a) \$0.001 for each Type 1 Laguna Partly Paid Share; and(b) \$0.0055 for each Type 2 Laguna Partly Paid Share.
<i>Are there any conditions to the Offer?</i>	<p>The Offer is subject to only one condition, being that Kingsgate becomes entitled compulsorily acquire Laguna Shares not tendered to the bid. Section 9.5 describes when Kingsgate will have this entitlement. Kingsgate may choose to waive this condition in accordance with the terms of the Offer and the Corporations Act.</p>
<i>What happens if the Condition is not satisfied or waived?</i>	<p>If the Condition is not satisfied or waived the Offer will lapse.</p>
<i>What is the earliest date I can accept the Offer?</i>	<p>The earliest date you may accept the Offer is [*].</p>
<i>What are the tax consequences of accepting the Offer?</i>	<p>A general summary of the likely Australian tax consequences is set out in section 7. You should consult with your financial, tax or other professional adviser for the consequences specific to you.</p>
<i>Can I accept the Offer for part of my holding?</i>	<p>No, you can only accept for all of your holding. Any acceptance will be treated as being for all of your Laguna Shares plus any additional Laguna Shares registered as being held by you at the date your acceptance is processed.</p>

<p><i>When will I be paid?</i></p>	<p>If you accept the Offer, you will be paid within 5 Business Days after the later of:</p> <ul style="list-style-type: none"> (a) the date Kingsgate receives your acceptance; and (b) the date the Condition is satisfied or waived. <p>Kingsgate may in its discretion decide to pay accepting Laguna Shareholders sooner than the timeframes described above, in which case it will make an announcement to that effect.</p>
<p><i>How do I accept the Offer?</i></p>	<p>You may only accept this Offer in respect of all of your Laguna Shares. To accept the Offer:</p> <ul style="list-style-type: none"> (a) if your Laguna Shares are held in the Laguna Issuer Sponsored Subregister, or you hold Laguna Partly Paid Shares, complete and sign the Acceptance Form in accordance with the instructions on the form and send it in the enclosed reply-paid envelope or to the address on the Acceptance Form, so that it is received before the end of the Offer Period; or (b) if your Laguna Shares are held in Laguna's CHESSE Subregister, either: <ul style="list-style-type: none"> (i) complete and sign the Acceptance Form in accordance with the instructions on the form and send it in the enclosed envelope or to the address on the Acceptance Form, in which case Security Transfer Registrars will contact your Controlling Participant to initiate acceptance of the Offer; or (ii) instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the Offer on your behalf through CHESSE; or (iii) if you are a Participant, accept the Offer through CHESSE, <p style="text-align: center;">before the end of the Offer Period.</p> <p>Separate Acceptance Forms are enclosed for your holding of Laguna Fully Paid Shares, Type 1 Laguna Partly Paid Shares and Type 2 Laguna Partly Paid Shares (if you hold such shares). You should complete, sign and return each such Acceptance Form in accordance with the directions on that form. However, you will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you complete, sign and return at least one Acceptance Form in your name but not the other or others.</p> <p>You may also return your Acceptance Form by fax. Detailed instructions on how to accept the Offer are set out in the Acceptance Form.</p>

<p><i>Will I have to pay brokerage or stamp duty if I accept?</i></p>	<p>You will not pay any brokerage or stamp duty on the disposal of your Laguna Shares if you accept the Offer. However, if your Laguna Shares are held in Laguna's CHESSE Subregister or you hold your Laguna Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually your stockbroker or the bank, custodian or other nominee) whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.</p>
<p><i>When does the Offer close?</i></p>	<p>The Offer is currently scheduled to close at 7.00 pm (Sydney time) on [*], unless extended or withdrawn in accordance with the Corporations Act.</p>
<p><i>Can the Offer Period be extended?</i></p>	<p>Yes, the Offer Period can be extended at Kingsgate's election (subject to the Corporations Act). You will be sent written notice of any extension as required by the Corporations Act and the extension will be announced to the ASX.</p>

3. Information about Kingsgate

3.1 Overview of Kingsgate

Kingsgate is a gold mining, development and exploration company headquartered in Sydney, Australia. Kingsgate owns and operates the Chatree Gold Mine in central Thailand and the Challenger underground gold mine in South Australia. Shortly before the date of this Bidder's Statement Kingsgate acquired a silver project in Mudgee, New South Wales, known as the Bowdens Project. Kingsgate also owns almost 70% of the shares in Laguna.

Kingsgate is listed on the ASX under the symbol "KCN" and as at the close of trade on the Announcement Date had an equity market capitalisation of over \$1 billion.

Kingsgate's aim is to explore, own, develop and operate high quality precious metals projects and become a significant mid-tier precious metals producer.

3.2 Directors

The following persons are directors of Kingsgate:

- Ross Smyth-Kirk (Non-Executive Chairman)
- Gavin Thomas (Managing Director and Chief Executive Officer)
- Craig Carracher (Non-Executive Director)
- Peter McAleer (Non-Executive Director)
- Peter Alexander (Non-Executive Director)

3.3 Publicly available information

Further information about Kingsgate can be found at www.kingsgate.com.au.

4. Information about Laguna

4.1 Disclaimer

The following information about Laguna has been prepared based on a review of publicly available information and has not been independently verified. To the extent permitted by law, neither Kingsgate nor any of its respective directors, officers, advisers or any person included in the preparation of this Bidder's Statement assumes any responsibility for the accuracy or completeness of this information. The information about Laguna in this Bidder's Statement should not be considered comprehensive.

Further information relating to Laguna's business and the Laguna Shares will be set out in the Target's Statement that Laguna is required to prepare and send to Laguna Shareholders in response to the Offer.

4.2 Overview of Laguna

Laguna is a mineral exploration company focused on the exploration and development of high quality gold and silver projects in the world-class Maricunga Gold Belt of Northern Chile. Laguna is listed on the ASX under the symbol "LRC" and is headquartered in Perth, Australia.

Laguna owns the Nueva Esperanza Project (formerly known as the Arqueros Project) which is the key property in a large high sulphidation epithermal system known as Esperanza in the La Coipa sector of the Maricunga Gold Belt. A feasibility study has commenced at the Nueva Esperanza Project and a decision whether to mine is expected in quarter 1 of 2012.

Laguna also has two gold exploration projects located in the Maricunga Gold Belt as well as several prospects.

4.3 Directors

The following persons are directors of Laguna:

- Gavin Thomas (Chairman);
- Nick Lindsay (Managing Director); and
- Jonathan Murray (Non-Executive Director).

4.4 Laguna's issued capital

(a) Summary of issued capital

According to documents lodged by Laguna with the ASX and ASIC, as at 1 November 2011 (being the day before the date of this Bidder's Statement), Laguna's issued capital consisted of:

- 9,892,589 fully paid ordinary shares (quoted on the ASX);
- 1,156 partly paid shares (unquoted);
- 16,729 "Equity Participation Shares" (unquoted); and
- 320,000 employee options (unquoted), consisting of the following:

Number of options	Exercise Price	Expiry Date
40,000	\$3.75	31 December 2012
40,000	\$1.25	31 December 2012

240,000	\$3.125	31 December 2014
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(b) **Share capital initiatives**

On 7 April 2011 Laguna announced two major share capital initiatives: an unmarketable parcel sale facility and a share capital consolidation.

Laguna subsequently established a share sale facility for shareholders whose fully paid ordinary shares were valued at less than \$500 as at close of trading on 8 April 2011. The facility allowed those shareholders with unmarketable parcels to sell their shares without having to use a broker or pay brokerage. Laguna paid all of the costs of the sales which occurred through the sale facility. A large number of shareholders participated in the sale facility, with the result that Laguna now has fewer shareholders holding only a small number of shares.

The other share capital initiative was a proposal to implement a 1-for-125 share consolidation, subject to shareholder approval. As at the date of the announcement of that proposal Laguna had on issue approximately 1.24 billion fully paid ordinary shares, a trading price of \$0.034 per share and a market capitalisation of approximately \$42 million. Laguna stated that the purpose of the consolidation was to provide a share price and share structure which was more consistent with a listed company evaluating a project the size and quality of the Nueva Esperanza Project.

Shareholders approved the consolidation on 9 May 2011, with the result that every 125 fully paid ordinary shares held by a Laguna shareholder were consolidated into 1 share. The terms of Laguna's other issued securities were also adjusted to reflect the 1-for-125 ordinary share consolidation. The issued share capital shown in paragraph (a) above is Laguna's consolidated share capital. The Laguna share price increased at the time the consolidation became effective, broadly reflecting the reduced number of shares outstanding.

(c) **Partly paid shares**

Prior to the share consolidation referred to in paragraph (b) there were 112,313 Laguna Partly Paid Shares on issue. These shares had two different issue prices, as follows:

- (i) 102,503 such shares had an issue price of approximately \$9.98 and were unpaid by approximately \$7.97; and
- (ii) 9,810 such shares had an issue price of approximately \$4.79 and were unpaid by approximately \$1.46.

Following the consolidation, and as at the date of this Bidder's Statement, there were 1,156 such shares on issue. As a result of the consolidation each share referred to in paragraph (c)(i) above (as consolidated) is now treated as being paid up to \$251.70 with \$996.21 unpaid (**Type 1 Laguna Partly Paid Shares**) and each share referred to in paragraph (c)(ii) above (as consolidated) is now treated as being paid up to \$417.32 with \$181.99 unpaid (**Type 2 Laguna Partly Paid Shares**).

Laguna Partly Paid Shares entitle the holder to participate in dividends and the proceeds on winding up of Laguna in proportion to the number of and amounts paid on shares held. On a show of hands every holder of Laguna 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.

On the basis of the proportional rights to dividends and proceeds upon winding up, and full voting rights, Kingsgate has concluded that Laguna Partly Paid Shares are in the same class of securities as Laguna's fully paid ordinary shares. This is in spite of the Laguna Partly Paid Shares being significantly "out of the money" (i.e. the amount unpaid on the Laguna Partly Paid Shares is a greater amount than the Offer Price).

The Offer extends to the Laguna Partly Paid Shares. However, as permitted by the Corporations Act, Kingsgate will offer a different amount for Laguna Partly Paid Shares (as compared to the price offered for fully paid ordinary shares in Laguna). This difference is specifically attributable to

the fact that the Laguna Partly Paid Shares are out of the money and have substantial amounts unpaid on them. Kingsgate is offering:

(iii) \$0.001 for each Type 1 Laguna Partly Paid Share; and

(iv) \$0.0055 for each Type 2 Laguna Partly Paid Share.

Any amount payable to a holder of Laguna Partly Paid Shares will be rounded up to the nearest cent.

(d) Equity Participation Shares

Equity Participation Shares were issued to employees and directors of Laguna and are partly paid up. Upon completion of three years service with Laguna the holder can apply to have the shares "converted" to fully paid ordinary shares by paying up the unpaid amount (which amount varies between different issues of such shares). Holders of Equity Participation Shares have limited voting rights, no dividend rights and proportional rights to receive proceeds in a winding up of Laguna. For this reason Equity Participation Shares are a separate class of securities to Laguna Shares and are therefore not subject to the Offer (i.e. they are not part of the bid class).

However, Equity Participation Shares are a form of security which may be converted to securities in the bid class or which may confer rights to be issued securities in the bid class. That is, if holders of Equity Participation Shares pay up the unpaid amounts on these shares, they will hold fully paid ordinary shares in Laguna. The Offer extends to any Laguna Shares that come to be in the bid class between the Register Date and the end of the Offer Period due to the conversion of or exercise of rights attached to the Equity Participation Shares.

Prior to the share consolidation referred to in paragraph (b) there were 2,076,752 Equity Participation Shares on issue. Following the consolidation, and as at the date of this Bidder's Statement, there were 16,729 such shares on issue.

Kingsgate will consider its options if some or all of the Equity Participation Shares remain on issue after the Offer Period. These options may include making a separate takeover bid for such shares, seeking to compulsorily acquire such shares under Part 6A.2 of the Corporations Act (subject to Kingsgate's interest in Laguna at the time) or procuring Laguna to make a "call" on the unpaid amounts. If Kingsgate has a relevant interest in at least 90% of the Laguna Shares at the end of the Offer Period, it will be obliged under section 663A of the Corporations Act to make an offer to buy out the holders of any Equity Participation Shares which exist at that time.⁴ As at the date of this Bidder's Statement Kingsgate has not decided on what terms such holders may be bought out should it be obliged to make such an offer.

(e) Employee options

Prior to the share consolidation referred to in paragraph (b) there were 10,000,000 options over unissued ordinary shares in Laguna. Following the consolidation those 10,000,000 options were converted to 80,000 options, being those listed in the rows 1 and 2 of the table in paragraph (a) above. Laguna subsequently issued a further 240,000 options, being those listed in row 3 of the table in paragraph (a) above.

The Laguna Employee Options are a separate class of securities to Laguna Shares and are therefore not subject to the Offer (i.e. they are not part of the bid class). However, the options are a form of security which may be converted to securities in the bid class or which may confer rights to be issued securities in the bid class. That is, if holders of the options are entitled to do so, they may exercise their options and receive fully paid ordinary shares in Laguna. The Offer extends to any Laguna Shares that come to be in the bid class between the Register Date and the end of the Offer Period due to the conversion of or exercise of rights attached to the options.

⁴ Kingsgate may seek a declaration from ASIC that it is not required to comply with this obligation if Kingsgate otherwise agrees to send compulsory acquisition notices to holders of Equity Participation Shares under Chapter 6A.2 of the Corporations Act.

Kingsgate has not finalised how it will deal with the Laguna Employee Options in connection with the Offer. However, as at the date of this Bidder's Statement, Kingsgate expects that it will request Laguna to enter into arrangements with the holders of the Laguna Employee Options for the cancellation of those options. To achieve this Laguna and the optionholders would enter into "option cancellation deeds" under which the options would be cancelled in exchange for a cash payment.

(f) **Deferred Security Entitlements**

Deferred Security Entitlements are deferred rights to be issued either Laguna Fully Paid Shares, Laguna Partly Paid Shares or Equity Participation Shares. These entitlements attach to certain securities in a company named Central Pacific Minerals N.L. (**CPM**) which was formerly listed on the ASX and which largely merged with Laguna pursuant to several schemes of arrangement on 8 March 2002 (**CPM Schemes**). Under the terms of the CPM schemes, Laguna acquired the bulk of the issued capital in CPS and issued Laguna securities to CPM securityholders in consideration. However CPM securityholders were entitled, if they wished and made a proper election, to retain a portion of their CPM holdings and defer receipt of relevant Laguna securities for up to 10 years from the date the CPM Schemes were implemented (being 8 March 2002).

Prior to the share consolidation referred to in paragraph (b) the holders of Deferred Security Entitlements had the right to exchange each of their CPM securities for 0.10656 equivalent Laguna securities (**Exchange Ratio**). That is, 1 CPM ordinary share would be exchanged for 0.10656 Laguna Fully Paid Shares; 1 CPM partly paid share would be exchanged for 0.10656 Laguna Partly Paid Shares; and 1 CPM equity participation share would be exchanged for 0.10656 Equity Participation Shares. Following the consolidation, and as at the date of this Bidder's Statement, the Exchange Ratio is 0.00085248. Under the terms of the CPM Scheme any fractional entitlement to Laguna securities based on the Exchange Ratio will be rounded up or down to the nearest whole number to arrive at a CPM securityholder's total entitlement.

The CPM securities to which the Deferred Security Entitlements attach are not securities of Laguna and so they are not subject to the Offer (i.e. they are not part of the bid class). However, these securities are a form of security which may be converted to securities in the bid class or which may confer rights to be issued securities in the bid class. For example, if they are entitled to do so, a holder of CPM ordinary shares may give a "notice of exchange" requiring Laguna to issue Laguna Fully Paid Shares at the Exchange Ratio. The Offer extends to any Laguna Shares that come to be in the bid class between the Register Date and the end of the Offer Period due to the conversion of or exercise of rights attached to CPM securities to which Deferred Security Entitlements attach.

Under the CPM Schemes all outstanding CPM securities will be automatically exchanged for Laguna securities in certain circumstances, including on the 10th anniversary of the implementation of the CPM Schemes (which anniversary will occur on 8 March 2012) and separately upon a person becoming entitled to compulsorily acquire all of the outstanding Laguna ordinary shares pursuant to Chapter 6A of the Corporations Act. It is a condition to Kingsgate's bid that it has, during or at the end of the Offer Period, met the requirements in section 661A(1)(b) of the Corporations Act such as to allow it to compulsorily acquire any outstanding Laguna Shares (see section 8.4). If that condition is satisfied Kingsgate will be entitled to compulsorily acquire outstanding Laguna Shares under Chapter 6A of the Corporations Act. Furthermore, if that condition is satisfied Laguna will be required under the terms of the CPM Schemes to issue Laguna securities to affected CPM securityholders (in exchange for the CPM securities they hold). Those holders who receive Laguna Shares may tender those shares to the Offer and if they do not do so Kingsgate will seek to compulsorily acquire those shares (see Kingsgate's intentions in section 5.2(a)). Those persons who currently hold CPM equity participation shares will, upon Kingsgate becoming entitled to compulsorily acquire outstanding Laguna Shares, receive Equity Participation Shares. These persons will not be able to tender their Equity Participation Shares to the Offer and should refer to paragraph (d) above for further information as to how Kingsgate may deal with such shares.

(g) **Substantial Laguna Shareholders**

Based on documents lodged with the ASX up to and including 1 November 2011 (being the day before the date of this Bidder's Statement), the substantial shareholders in Laguna are as follows:

Holder of relevant interest	Number of Laguna Shares	% of issued securities
Kingsgate	6,914,913	69.90%
Auralandia NL	1,216,000	12.29%

These shareholdings take into account the share consolidation referred to in section 4.4(b) and share issues by Laguna since the most recent substantial holder notices were issued by these holders.

4.5 Voting Power and Relevant Interest in Laguna Shares

As at the date of lodgement of this Bidder's Statement with ASIC:

- (a) the voting power of Kingsgate and its Associates in Laguna is 69.90%; and
- (b) Kingsgate and its Associates have:
 - (i) a relevant interest in:
 - A. 6,914,913 Laguna Fully Paid Shares;
 - B. 27 Type 1 Laguna Partly Paid Shares; and
 - C. 7 Type 2 Laguna Partly Paid Shares; and
 - (ii) no relevant interest in any securities in any other class of securities of Laguna.

4.6 Dealings in Laguna Shares

Neither Kingsgate nor any of its Associates has provided, or agreed to provide, consideration for Laguna Shares under a purchase or agreement during the period of four months before the date of lodgement of this Bidder's Statement with ASIC.

4.7 Inducing benefits given during previous 4 months

Neither Kingsgate nor any of its Associates, during the period of 4 months before the date of lodgement of this Bidder's Statement with ASIC, gave, or offered to give or agreed to give, a benefit to another person which was likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of Laguna Shares,

and which benefit was not offered to all Laguna Shareholders under the Offer.

4.8 Other Laguna information

Laguna's fully paid ordinary shares are listed on the ASX and Laguna is obliged to comply with the continuous disclosure requirements of the ASX. The ASX website lists all of the announcements issued by Laguna including its Annual Report for the year ended 31 December 2010 which was lodged with the ASX on 10 March 2011. This document and other announcements issued by Laguna are available in electronic form from the ASX website (www.asx.com.au) or from the Laguna website www.lagunaresources.com.

5. Kingsgate's intentions

5.1 Introduction

This section 5 sets out the intentions of Kingsgate in relation to the following:

- (a) the continuation of the business of Laguna;
- (b) any major changes to be made to the business of Laguna, including any redeployment of the fixed assets of Laguna; and
- (c) the future employment of the present employees of Laguna,

on the basis of the facts and information concerning Laguna and the existing circumstances affecting the business of Laguna which are known to Kingsgate at the time of preparation of this Bidder's Statement.

Final decisions on these matters will only be reached in light of all material facts known to Kingsgate and the circumstances at the relevant time. Accordingly, the statements set out in the following sections are statements of current intention only which may vary as new information becomes available or circumstances change.

5.2 Intentions upon becoming able to compulsorily acquire Laguna Shares

This section sets out Kingsgate's intentions if it is entitled under Part 6A.1 of the Corporations Act to compulsorily acquire outstanding Laguna Shares (see section 9.5 for the circumstances in which Kingsgate will have such an entitlement).

(a) Compulsory acquisition of bid class securities

Kingsgate will compulsorily acquire any outstanding Laguna Shares in accordance with the Corporations Act.

(b) Other securities

Equity Participation Shares may remain on issue after the end of the Offer Period. It is possible that Laguna Employee Options may also remain on issue after the end of the Offer Period, subject to Laguna and the optionholders entering into option cancellation deeds (see section 4.4(e) for further information).

Kingsgate's current intention is to acquire or otherwise procure the cancellation of any outstanding Equity Participation Shares and Laguna Employee Options but it has not finalised exactly how this might occur. In relation to the Laguna Employee Options, this may occur through private treaty arrangements with the optionholders, through a separate takeover bid or by Kingsgate compulsorily acquiring the options under Part 6A.2 of the Corporations Act if it is entitled to do so. In relation to the Equity Participation Shares, this may occur through a separate takeover bid, by Kingsgate compulsorily acquiring the shares under Part 6A.2 of the Corporations Act if it is entitled to do so or by procuring Laguna to make a "call" on the shares.

Kingsgate will be obliged under section 663A of the Corporations Act to make an offer to buy out the holders of any Equity Participation Shares or Laguna Employee Options which exist at the end of the Offer Period. However, Kingsgate may seek a declaration from ASIC that it is not required to comply with this obligation if it otherwise agrees to send compulsory acquisition notices to affected securityholders under Chapter 6A.2 of the Corporations Act.

(c) Delisting

Kingsgate will seek for the Laguna Shares to be removed from the official list of the ASX.

(d) Directors

Kingsgate will replace with its own nominees all members of the Laguna Board (and members of the boards of the subsidiaries of Laguna) which are not already its nominees.

(e) **Employees**

Kingsgate currently intends for all employees of Laguna to continue to be employed by Laguna or another member of the Kingsgate group.

(f) **Head office**

Kingsgate will continue to provide technical, corporate and secretarial services to Laguna at Kingsgate's office in Perth, Western Australia. Kingsgate intends to retain Laguna's regional offices in Chile.

(g) **Operations and assets**

Kingsgate intends for Laguna to maintain its existing business strategy, which will broadly involve:

- (i) completing a feasibility study in relation to Laguna's Nueva Esperanza Project with a view to development; and
- (ii) exploration at Laguna's other properties located in the Maricunga Gold Belt.

5.3 Intentions if Kingsgate is not able to compulsorily acquire Laguna Shares

This section sets out Kingsgate's intentions if it not is entitled under Part 6A.1 of the Corporations Act to compulsorily acquire the outstanding Laguna Shares. In that situation Kingsgate will continue to hold at least a 69.90% interest in Laguna.

(a) **ASX listing**

Kingsgate will seek for the Laguna Board to undertake a review of the costs and benefits of Laguna's ongoing listing on the ASX. If that review concludes that the listing should not be maintained, Kingsgate intends to procure that a general meeting of Laguna shareholders is called at which shareholders will be asked to vote on a resolution that Laguna be removed from the official list of the ASX. Kingsgate will vote its stake in favour of that resolution.

(b) **Directors**

Following the Offer Kingsgate may seek the appointment of further nominees to the Laguna Board so that those nominees constitute a majority of the board. Kingsgate currently intends to retain at least one independent director to represent minority shareholders.

(c) **Head office and employees**

Kingsgate will not propose any change to Laguna's existing head office or employee arrangements. Kingsgate will continue to procure that its own personnel provide expertise to Laguna to enable Laguna to carry out its business strategy. This arrangement will continue on the existing terms between Kingsgate and Laguna or on any amended terms that the companies agree.

(d) **Acquisition of further Laguna Shares**

Kingsgate might seek to acquire further Laguna Shares (or other securities in Laguna) in any manner permitted by applicable laws. If Kingsgate acquired such number of shares which entitled it to compulsorily acquire outstanding Laguna Shares (and other securities of Laguna) it may proceed to do so. Final decisions about whether to acquire further securities in Laguna and, if entitled, compulsorily acquire outstanding securities, will only be made following the Offer in light of the circumstances which exist at that time.

(e) **Operations and assets**

Kingsgate, through its nominees on the Laguna board of directors, will seek to maintain Laguna's existing business strategy as outlined in section 5.2(g).

(f) **Evaluation of investment**

Kingsgate will from time to time evaluate its investment in Laguna and may, as a result of that review, attempt to increase or decrease its investment in any manner permitted by applicable law.

5.4 Intentions generally

Other than as set out in this section 5, Kingsgate intends, based on the information presently known to it:

- (a) to continue the business of Laguna;
- (b) not to make any major changes to the business of Laguna, nor to redeploy any of the fixed assets of Laguna; and
- (c) to continue the employment of Laguna's present employees.

5.5 Limitations on intentions

The intentions set out in this section 5 are subject to:

- (a) the law (including the Corporations Act) and the ASX Listing Rules (particularly in relation to related party transactions and conflicts of interest if Kingsgate does not become entitled to compulsorily acquire Laguna Shares); and
- (b) the legal obligations of its nominees to the Laguna Board, being obligations to act in good faith in the best interests of Laguna and for proper purposes and to have regard to the interests of all Laguna Shareholders.

Kingsgate intends that its nominees on the Laguna Board will act at all times in accordance with their legal obligations and that all requisite shareholder approvals and other legal requirements are complied with in pursuing the intentions outlined above.

The requirement to have regard to those legal obligations in the context of a partly owned company and the possible requirements of minority Laguna Shareholder approval may prevent a particular objective being achieved.

6. Provision of cash consideration

6.1 Maximum cash consideration

The consideration for the acquisition of the Laguna Shares to which the Offer relates will be satisfied wholly in cash in Australian dollars. If every holder of Laguna Shares to which the Offer relates accepts the Offer (including in respect of all Laguna Shares which may come to be in the bid class as a result of the conversion of, or exercise of rights attached to, any Convertible Securities which exist or will exist on the Register Date), the maximum cash consideration payable by Kingsgate under the Offer will be approximately \$12.4 million.

6.2 Kingsgate's funding arrangements

Kingsgate will meet its payment obligations in relation to the Offer through a three year revolving credit facility with Investec Bank (Australia) Limited. As at the date of this Bidder's Statement the facility has a limit of \$60 million, of which approximately \$40 million has been drawn down by Kingsgate. This facility is available for general corporate purposes of Kingsgate. The funds available under the facility are not required for other operations or commitments of Kingsgate.

Drawdown under the facility is subject to a utilisation request with drawdown generally available within the same day. Kingsgate complies with all terms and conditions on the facility and is not aware of any reason why the facility could not be utilised at any time at which a drawdown will be required for the purposes of the Offer. The facility is subject to customary events of default, undertakings, representations and warranties and other provisions usual for facilities of this nature. Kingsgate has no reason to believe that any of the events of default will occur, such that a drawdown will not be able to be made when required for the purposes of the Offer.

6.3 Sufficient consideration

Having regard to the matters set out above in this section 6, Kingsgate is of the opinion that it has a reasonable basis for forming the view, and it holds the view, that it will be able to pay the consideration required for the acquisition of the Laguna Shares pursuant to the Offer to satisfy its obligations under the Offer.

The Offer is not subject to any financing conditions.

7. Taxation information

7.1 Tax

The following is a general description of Australian taxation consequences for Laguna Shareholders of the acceptance of the Offer and does not take into account the specific circumstances of any particular Laguna Shareholder. This summary does not, and is not intended to, constitute tax advice and should not be relied upon as such.

The comments below only apply to Laguna Shareholders who hold Laguna Full Paid Shares and who are Australian residents for tax purposes and are individuals, complying superannuation entities or companies that hold their Laguna Shares on capital account and those share are not "Division 230 financial arrangements" as defined in the Income Tax Assessment Act 1997. The tax treatment for Laguna Shareholders who hold their Laguna Shares on revenue account, such as banks and other trading entities, has not been addressed. In addition, these comments do not take into account the circumstances holders of Convertible Securities or of Laguna Shareholders who hold Laguna Partly Paid Shares or who acquired their Laguna Shares in connection with their, or an associate's, employment with Laguna or an associated company of Laguna.

All Laguna Shareholders should seek independent professional advice on the taxation consequences of the disposal of Laguna Shares, based on their particular circumstances. This information is not intended to be taxation advice to any particular Laguna Shareholder.

The following description is based upon the law in effect at the date of this Bidder's Statement, but it is not intended to be an authoritative or complete statement of the applicable law.

(a) Capital Gains Tax

The acceptance of the Offer in respect of particular Laguna Shares will constitute a disposal of the Laguna Shares and a "CGT event" for Australian capital gains tax purposes. The date of disposal for capital gains tax purposes will generally be the date that you accept the Offer. If, for any reason the Offer does not proceed, no disposal will occur.

A Laguna Shareholder who is an Australian resident may make a capital gain or a capital loss from the disposal of Laguna Shares pursuant to the Offer. These amounts will be relevant in determining whether the Laguna Shareholder is required to include a net capital gain in their assessable income for the year in which the Offer is accepted.

In general, capital gains and capital losses are firstly aggregated to determine whether there is a net capital gain, which is calculated after taking into account any discount capital gains or other concessions in respect of the capital gains. The remaining net capital gain is included in assessable income. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to offset future capital gains.

If the Laguna Shares were acquired before 20 September 1985 and continuously held by the same Laguna Shareholder, any capital gain or loss realised by that Laguna Shareholder on the disposal of the Laguna Shares may be disregarded.

(b) Capital Gain

If the capital proceeds received by a Laguna Shareholder from the disposal of Laguna Shares exceeds the cost base (or in some cases, the indexed cost base) of those Laguna Shares a capital gain will arise.

The capital proceeds of the CGT event will be the cash paid by Kingsgate under the Offer.

The cost bases of Laguna Shareholders in their Laguna Shares will generally be the cost of acquisition plus any incidental costs of acquisition (such as brokerage and stamp duty).

If the Laguna Shares were acquired at or after 20 September 1985 but at or before 11:45 am on 21 September 1999, Laguna Shareholders who are individuals, complying superannuation entities or

trustees of a trust may elect to adjust the cost base of the Laguna Shares to include indexation by reference to changes in the Consumer Price Index from the calendar quarter in which the Laguna Shares were acquired until the quarter ended 30 September 1999. Laguna Shareholders which are companies will be entitled to include that indexation adjustment without making an election if their Laguna Shares were acquired at or before 11:45 am on 21 September 1999.

Indexation adjustments are taken into account only for the purposes of calculating a capital gain.

Laguna Shareholders who are individuals, complying superannuation entities or certain trustees and who do not or cannot elect to adjust their cost base for indexation (as outlined above) can discount the amount of the capital gain in respect of the disposal of the Laguna Shares if they acquired their Laguna Shares at least 12 months before the date of disposal (referred to as the "CGT Discount"). The CGT Discount is applied only after any available capital losses have been applied to the capital gain. For individuals and trustees the discount rate is 50% and for complying superannuation entities the discount rate is 33 $\frac{1}{3}$ %.

Laguna Shareholders which are companies do not qualify for the CGT Discount.

(c) **Capital Loss**

If the capital proceeds received by a Laguna Shareholder are less than the reduced cost base of the Laguna Shares, a capital loss will arise. Generally, the reduced cost base of Laguna Shares is the cost base of the Laguna Shares (discussed above) without any adjustment or indexation. The CGT Discount does not apply to capital losses.

As noted above, net capital losses cannot be used to reduce the other assessable income of a Laguna Shareholder in the year the loss is realised but may be carried forward to offset future capital gains. Specific rules apply to Laguna Shareholders which are companies and trusts which may limit their ability to offset capital losses in a current or later income year.

7.2 **Stamp duty and GST**

Kingsgate will pay the stamp duty (if any) payable in Australia on the transfers of Laguna Shares under the Offer. No GST will be payable in Australia on such transfers, except that GST will be payable on any fees or charges that a broker, bank, custodian or other nominee (in respect of Laguna Shares held for a separate beneficial owner) may charge in connection with acceptance of the Offer.

8. Terms of the Offer

8.1 Offer

- (a) Kingsgate offers to acquire all your Laguna Shares, including any Laguna Shares that are issued in the period between the Register Date and the end of the Offer Period due to the conversion of, or exercise of rights attached to, any Convertible Securities which exist or will exist on the Register Date.
- (b) You may accept the Offer only in respect of all of your Laguna Shares.
- (c) It is a term of the Offer that Kingsgate will be entitled to all Rights attaching to or arising from the Laguna Shares acquired by Kingsgate pursuant to the Offer.
- (d) An Offer in this form is being made to:
 - (i) each Laguna Shareholder registered in the Laguna Share Register as at the Register Date; and
 - (ii) each person who, as at the Register Date, holds securities where, upon conversion of, or the exercise of rights attached to, those securities, such person will become registered (or will be entitled to become registered) as the holder of Laguna Shares.
- (e) If, at the time the Offer is made to you, or at any time during the Offer Period, another person is, or is entitled to be, registered as the holder of some or all of the Laguna Shares to which the Offer relates:
 - (i) a corresponding offer on the same terms and conditions as the Offer will be deemed to have been made to that other person in respect of those Laguna Shares;
 - (ii) a corresponding offer on the same terms and conditions of the Offer will be deemed to have been made to you in respect of any other Laguna Shares you hold to which the Offer relates; and
 - (iii) the Offer will be deemed to have been withdrawn immediately at that time in relation to the Laguna Shares you have ceased to hold.
- (f) The Offer is dated [*].

8.2 Consideration

The consideration Kingsgate offers you is a cash payment of:

- (a) \$3.75 for each Laguna Fully Paid Share;
- (b) \$0.001 for each Type 1 Laguna Partly Paid Share; and
- (c) \$0.0055 for each Type 2 Laguna Partly Paid Share,

in each case, rounded up to the nearest cent.

However, in accordance with sections 8.11(g) and 8.11(h), the amount of consideration you are otherwise entitled to receive from Kingsgate may be reduced by the amount or value of any Rights attaching to Laguna Shares which you (or any previous holder of your Laguna Shares) receive or are entitled to receive.

8.3 Offer Period

The Offer will, unless withdrawn, remain open for acceptance during the period commencing on the date of the Offer being [*], and ending at 7.00 pm (Sydney time) on the later of:

- (a) [*]; and
- (b) any date to which the period of the Offer is extended in accordance with the Corporations Act.

8.4 Condition to the Offer

Subject to section 8.7, the Offer and any contract arising from acceptance of the Offer is subject to fulfilment of the condition that, during or at the end of the Offer Period:

- (i) Kingsgate and its Associates together have a Relevant Interest in at least 90% (by number) of the Laguna Shares; and
- (ii) Kingsgate and its Associates have acquired at least 75% (by number) of the Laguna Shares Kingsgate offers to acquire under the Offer.

8.5 Nature of the Condition

The Condition is a condition subsequent.

8.6 Effect of breach or non-fulfilment

The breach or non-fulfilment of the Condition does not prevent a contract arising to acquire your Laguna Shares resulting from your acceptance of this Offer but if:

- (a) Kingsgate has not declared the Offer to be free from the Condition before the date applicable under section 650F(1) of the Corporations Act; and
- (b) the Condition has not been fulfilled at the end of the Offer Period,

all contracts resulting from the acceptance of the Offer and all acceptances that have not resulted in binding contracts are void. In such a case, Kingsgate will, at its election, either return the Acceptance Form (and all other documents received from you) to the address shown on the Acceptance Form or destroy the Acceptance Form and such documents, and notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19.1 of the ASX Settlement Rules.

8.7 Freeing the Offer from the Condition

Subject to section 650F of the Corporations Act, Kingsgate may, at any time and at its sole discretion, declare the Offer free from the Condition.

8.8 Notice on the status of the Condition

The date for giving the notice on the status of the Condition required by section 630(3) of the Corporations Act is [*], subject to variation in accordance with section 630(2) of the Corporations Act if the Offer Period is extended.

8.9 Withdrawal of the Offer

To the extent not accepted at the relevant time, Kingsgate may withdraw the Offer at any time with the written consent of ASIC and subject to the conditions (if any) specified in such consent.

If, at the time the Offer is withdrawn, the Condition has been satisfied or waived, all contracts arising from acceptance of the Offer before it was withdrawn will remain enforceable.

If, at the time the Offer is withdrawn, the Offer remains subject to the Condition, all contracts arising from its acceptance will become void (whether or not the events referred to in the Condition have occurred).

8.10 Variation of the Offer

Kingsgate may vary the Offer in accordance with the Corporations Act.

8.11 Provision of consideration

(a) How consideration is paid

Kingsgate will pay to you the consideration for your Laguna Shares by cheque (or otherwise as determined by Kingsgate) in Australian currency. The cheque will be sent at your risk to you at your address shown on Laguna Share Register held by Kingsgate immediately prior to the preparation of the cheque by prepaid ordinary mail or, in the case of addresses outside Australia, by prepaid airmail.

(b) When consideration is paid

Subject to this section 8.11 and the Corporations Act, if you accept the Offer Kingsgate will pay the consideration for your Laguna Shares on or before the later of:

- (i) the date 5 Business Days after receipt of your acceptance of the Offer; and
- (ii) the date 5 Business Days after the Condition to the Offer is satisfied or waived.

(c) No interest

Under no circumstances will interest be paid on the consideration payable under the Offer, regardless of any delay in paying the consideration or any extension of the Offer.

(d) Where additional documents are required

Where the Acceptance Form requires additional documents to be given to Kingsgate with your acceptance of the Offer to enable Kingsgate to become the holder of your Laguna Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Kingsgate will pay the consideration in accordance with section 8.11(b) above;
- (ii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is subject to the Condition at the time that Kingsgate is given the documents, Kingsgate will pay the consideration on or before the date 5 Business Days after the Condition is satisfied or waived;
- (iii) if the documents are given after acceptance and before the end of the Offer Period and the Offer is unconditional at the time that Kingsgate is given the documents, Kingsgate will pay the consideration on or before the date 5 Business Days after Kingsgate is given the documents;
- (iv) if the documents are given after the end of the Offer Period, and the Offer is unconditional at that time, Kingsgate will pay the consideration on or before the date 5 Business Days after Kingsgate is given the documents.

If you do not provide Kingsgate with the required additional documents within one month after the end of the Offer Period, Kingsgate may, in its sole discretion, rescind any contract resulting from your acceptance of the Offer.

(e) Return of documents

If the Offer does not become unconditional or any contract arising from the Offer is rescinded by Kingsgate on the grounds of non-fulfilment or non-satisfaction of a condition of that contract, Kingsgate will, at its election, either return the Acceptance Form (and all other documents received from you) to the address shown on the Acceptance Form or destroy the Acceptance Form and such

documents, and notify ASX Settlement of the lapse of the Offer in accordance with Rule 14.19.1 of the ASX Settlement Rules.

(f) **Clearances for offshore residents**

If, at the time of acceptance of this Offer, you are resident in or of a place outside Australia, you will not be entitled to receive any consideration under this Offer until all requisite authorities or clearances of the Reserve Bank of Australia (whether under the Banking (Foreign Exchange) Regulations or otherwise), or of the Australian Taxation Office, have been obtained.

(g) **Where Bidder is entitled to any Rights**

If Kingsgate becomes entitled to any Rights on acceptance of the Offer, you must give Kingsgate all documents that Kingsgate needs to give Kingsgate title to those Rights. If you do not give those documents to Kingsgate, or if you have received or become entitled to the benefit of those Rights before Kingsgate provides the consideration to you, Kingsgate will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by Kingsgate) of those Rights in accordance with section 8.11(h).

(h) **Rights generally**

If:

- (i) you have (or any previous holder of your Laguna Shares has) received the benefit of any Rights (whether in respect of non-cash benefits or otherwise);
- (ii) you are (or any previous holder of your Laguna Shares is) entitled to receive the benefit of any Rights under the terms that provide for or otherwise apply to those Rights (for example, if the Right is to receive a dividend, if you are (or any previous holder of your Laguna Shares is) the registered holder of the security at the specified time for determining those entitled to the dividend); or
- (iii) your Laguna Shares were issued (or otherwise came into existence) on or after the record date in respect of any Rights to Laguna Shareholders,

then:

- (iv) in the case of Rights to non-cash benefits, Kingsgate may deduct the value (as reasonably assessed by Kingsgate) of such Rights from any consideration otherwise payable to you; or
- (v) in the case of Rights to cash benefits, Kingsgate may deduct the amount of such Rights from any consideration otherwise payable to you.

If Kingsgate does not, or cannot, make such a deduction, you must pay such value or amount to Kingsgate.

8.12 Who may accept

(a) **Who may accept**

During the Offer Period:

- (i) any person who is able to give good title to a parcel of your Laguna Shares may accept (if they have not already accepted an offer in the form of the Offer) as if an offer on terms identical to the Offer has been made to them; and
- (ii) any person who holds one or more parcels of Laguna Shares as trustee or nominee, or otherwise on account of another person, may accept as if a separate and distinct offer had been made in relation to:

- A. each of those parcels; and
- B. any parcel they hold in their own right.

(b) **Registered holders**

A person is taken to hold Laguna Shares if the person is registered as the holder of those Laguna Shares.

(c) **Trustees and nominees**

A person is taken to hold Laguna Shares on trust for, as nominee for, or on account of, another person if they:

- (i) are, or are entitled to be, registered as the holder of particular Laguna Shares; and
- (ii) hold their interest in the Laguna Shares on trust for, as nominee for, or on account of, that other person.

(d) **Required notice**

In the case of a person who may accept under section 8.12(a)(ii) as if a separate and distinct offer, on the same terms and conditions as the Offer, has been made to that person for a parcel of Laguna Shares within a holding, an acceptance of that offer is ineffective unless:

- (i) the person gives the holder a notice stating that the Laguna Shares consist of a separate parcel; and
- (ii) the acceptance specifies the number of Laguna Shares in the parcel.

(e) **How to provide notice**

A notice under section 8.12(d) must be made:

- (i) if it relates to Laguna Shares held in Laguna's CHESSE Subregister, in an electronic form approved under the ASX Settlement Rules for the purposes of Part 6.8 of the Corporations Act; or
- (ii) otherwise, in writing.

(f) **Two or more parcels**

A person may, at the one time, accept for two or more parcels under this section 8.12 as if there had been a single offer for a separate parcel consisting of those parcels.

8.13 How to accept

(a) **All your Laguna Shares**

The Offer is for all of your Laguna Shares. You may accept the Offer at any time during the Offer Period.

(b) **Acceptance procedure for Laguna Shareholders**

To validly accept the Offer:

- (i) for Laguna Shares held in your name on Laguna's **Issuer Sponsored Subregister** (as indicated on the Acceptance Form), or if you hold Laguna Partly Paid Shares, you must:
 - A. complete and sign the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form; and

- B. ensure that the Acceptance Form (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is mailed or delivered to one of the addresses, or faxed to the fax number, shown on the Acceptance Form so that it is received before the end of the Offer Period; or
- (ii) for Laguna Shares held in your name in Laguna's **CHESSE Subregister** (as indicated on the Acceptance Form):
- A. if you are not a Participant, you should instruct your Controlling Participant (usually your stockbroker) to initiate acceptance of the Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Rules before the end of the Offer Period; or
 - B. if you are a Participant, you should initiate acceptance of the Offer in accordance with rule 14.14 of the ASX Settlement Rules before the end of the Offer Period.

Alternatively, you may sign and complete the Acceptance Form in accordance with the terms of the Offer and the instructions on the Acceptance Form and ensure that it (including any documents required by the terms of the Offer and the instructions on the Acceptance Form) is mailed or delivered to one of the addresses, or faxed to the fax number, shown on the Acceptance Form so that it is received no later than 4.00 pm WST on the Business Day preceding the last day of the Offer Period, so that Security Transfer Registrars can dispatch the Acceptance Form to your Controlling Participant before the end of the Offer Period.

If your Laguna Shares are held in your name in Laguna's CHESSE Subregister (as indicated on the Acceptance Form), you must comply with any other applicable ASX Settlement Rules.

Separate Acceptance Forms are enclosed for your holding of Laguna Fully Paid Shares, Type 1 Laguna Partly Paid Shares and Type 2 Laguna Partly Paid Shares (if you hold such shares). You should complete, sign and return each such Acceptance Form in accordance with the directions on that form. However, you will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you complete, sign and return at least one Acceptance Form in your name but not the other or others.

(c) **Mail/delivery/fax details**

A reply paid envelope has been enclosed with this Bidder's Statement to enable Laguna Shareholders with Australian addresses to return their completed Acceptance Form. Overseas Laguna Shareholders should return their Acceptance Form by airmail (or use one of the other delivery methods described below).

Laguna Shareholders should mail their completed Acceptance Form, whether in the reply paid envelope or by airmail, to the following address:

Security Transfer Registrars
P.O. Box 535
Applecross WA 6953
AUSTRALIA

or deliver it to the following street address:

Security Transfer Registrars
Alexandrea House, Suite 1
770 Canning Highway
Applecross WA 6153
AUSTRALIA

or fax it to +61 8 9315 2233.

If you fax your Acceptance Form you do not need to mail or deliver the original.

The method chosen to deliver the Acceptance Form and other documents is at the risk of each accepting Laguna Shareholder.

(d) Acceptance Form and instructions on it

The Acceptance Form which accompanies the Offer forms part of the Offer. The requirements on the Acceptance Form must be observed in accepting the Offer in respect of your Laguna Shares.

(e) Power of attorney, deceased estate

When accepting the Offer you must also forward for inspection:

- (i) if the Acceptance Form is executed by an attorney, a certified copy of the power of attorney (unless the power of attorney has already been lodged with Security Transfer Registrars); and
- (ii) if the Acceptance Form is executed by the executor of a will or the administrator of the estate of a deceased Laguna Shareholder, the relevant grant of probate, letters of administration or certificates of grant accompanied (where required by law for the purpose of transfer) by a certificate of payment of death or succession duties and (if necessary) a statement in terms of section 1071B(9)(b)(iii) of the Corporations Act.

(f) When acceptance is complete

Acceptance of the Offer is complete once either:

- (i) the completed Acceptance Form (together with all documents required by required by the terms of the Offer and the instructions on the Acceptance Form) has been received at one of the addresses referred to in section 8.13(c) (or a facsimile transmission has been received at the fax number referred to in section 8.13(c)) and the requirements of this section 8.13 have been met, provided that Kingsgate may in its sole discretion waive any or all of those requirements at any time; or
- (ii) in relation to Laguna Shares held in Laguna's CHESS Subregister, acceptance has been carried out in accordance with Rule 14.14 of the ASX Settlement Rules.

8.14 The effect of acceptance

(a) Effect of Acceptance Form

By signing and returning the Acceptance Form in accordance with section 8.13:

- (i) you authorise Kingsgate and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - A. make it an effective acceptance of the Offer in relation to your Laguna Shares which are not held in Laguna's CHESS Subregister; and
 - B. enable the transfer of your relevant Laguna Shares to Kingsgate; and
- (ii) if any of your Laguna Shares are held in Laguna's CHESS Subregister, you authorise Kingsgate and each of its officers and agents to:
 - A. instruct your Controlling Participant to give effect to your acceptance of the Offer in relation to those Laguna Shares under Rule 14.14 of the ASX Settlement Rules; and
 - B. give to your Controlling Participant on your behalf any other instructions in relation to those Laguna Shares which are contemplated by the sponsorship

agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of the Offer.

(b) **Your agreement**

By signing and returning the Acceptance Form or otherwise accepting the Offer in accordance with section 8.13:

- (i) you irrevocably accept the Offer (and any variation of it) in respect of, and subject to the Condition being fulfilled or waived, and agree to transfer to Kingsgate, all of your Laguna Shares (such securities being the **Tendered Shares**);
- (ii) you represent and warrant to Kingsgate as a fundamental condition going to the root of the contract resulting from your acceptance that:
 - A. your Tendered Shares will, if they are Laguna Fully Paid Shares at the time of your acceptance of the Offer and of transfer to Kingsgate, be fully paid up; and
 - B. Kingsgate will acquire good title to and beneficial ownership of your Tendered Shares free from Encumbrances and that you have paid to Laguna all amounts which are due for payment in respect of your Tendered Shares;
- (iii) you represent and warrant to Kingsgate that you have full power and capacity to accept the Offer and to sell and transfer the legal and beneficial ownership in your Tendered Shares to Kingsgate;
- (iv) you irrevocably authorise Kingsgate to notify Laguna on your behalf that your address for the purpose of serving notices upon you in respect of your Laguna Shares is the address specified by Kingsgate in the notification;
- (v) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Kingsgate has not yet paid the consideration due to you) you irrevocably appoint Kingsgate and each director of, and any nominee of, Kingsgate severally as your agent and attorney on your behalf to:
 - A. exercise all your powers and rights in relation to your Tendered Shares, including (without limitation) powers and rights to requisition, convene, attend and vote in respect of your Tendered Shares at all general and class meetings of Laguna or appoint a proxy or proxies to attend and vote in the manner directed by Kingsgate on your behalf in respect of your Tendered Shares at any such meeting and to request Laguna to register, in the name of Kingsgate or its nominee, your Tendered Shares, as appropriate, with full power of substitution;
 - B. at Kingsgate's discretion, pay Laguna, or any other party, all or part of any amount contemplated by section 8.11 above;
 - C. execute all forms, notices, documents (including a document appointing a director of Kingsgate as a proxy for any of your Tendered Shares) and resolutions relating to your Tendered Shares and generally to exercise all powers and rights which you have as the registered holder of your Tendered Shares; and
 - D. direct Laguna to pay to Kingsgate or to account to Kingsgate for all Rights attaching to your Tendered Shares, subject however to any such Rights received by Kingsgate being accounted for by Kingsgate to you, in the event that the Offer is withdrawn or avoided;

- (vi) you agree that in exercising the powers conferred by the power of attorney set out in paragraph (v) above, Kingsgate and each of its directors and its nominees is entitled to act in the interests of Kingsgate;
- (vii) you agree to do all such acts, matters and things that Kingsgate may require to give effect to the matters the subject of this section 8.14 (including the execution of a written form of proxy to the same effect as section 8.14 which complies in all respects with the requirements of the constitution of Laguna) if requested by Kingsgate;
- (viii) you represent and warrant to Kingsgate that unless you have notified it in accordance with section 8.12(d) your Laguna Shares do not consist of separate parcels of securities;
- (ix) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Kingsgate has not yet paid the consideration due to you), you agree not to attend or vote in person at any general or class meeting of Laguna or to exercise or to purport to exercise, in person, by proxy or otherwise, any of the powers conferred on the directors of Kingsgate by paragraph (vi) above;
- (x) if and when the contract resulting from your acceptance of the Offer becomes unconditional (even though Kingsgate has not yet paid the consideration due to you), you authorise Kingsgate to transmit a message to ASX Settlement in accordance with Rule 14.17.1 of the ASX Settlement Rules so as to enter those of your Tendered Securities which are held in Laguna's CHESS Subregister into Kingsgate's Takeover Transferee Holding; and
- (xi) you agree to indemnify Kingsgate and each of its agents in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your Tendered Securities being registered by Kingsgate without production of your Holder Identification Number or Securityholder Reference Number or in consequence of the transfer of your Tendered Shares being registered by Laguna without production of your Holder Identification Number or your Securityholder Reference Number.

The undertakings and authorities referred to in this section 8.14 will remain in force after you receive the consideration for your Tendered Shares and after Kingsgate becomes registered as the holder of your Tendered Shares.

(c) **Powers of attorney**

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power.

(d) **Validation of otherwise ineffective acceptances**

Except in relation to Laguna Shares held in Laguna's CHESS Subregister, Kingsgate may treat the receipt by it of a signed Acceptance Form as a valid acceptance of the Offer even though it does not receive the other documents required by the terms of the Offer or the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Kingsgate does treat such an Acceptance Form as valid, subject to section 8.11, Kingsgate will not be obliged to give the consideration to you until Kingsgate receives all those documents and all of the requirements for acceptance referred to in section 8.13 and in the Acceptance Form have been met.

8.15 Notices

- (a) Any notice, nomination, or other communication to be given by Kingsgate to you under the Offer will be deemed to be duly given if it is given in writing and is signed or purports to be signed (whether in manuscript, printed or reproduced form) on behalf of Kingsgate by any of its directors or managers and is delivered to or sent by post in a pre-paid envelope or by courier to your address as recorded on the register of Laguna Shareholders or the address shown on the Acceptance Form.

- (b) Any notice or other communication given by you to Kingsgate in connection with the Offer will be deemed to be duly given if it is in writing and is received by mail at one of the following addresses:

Security Transfer Registrars
P.O. Box 535
Applecross WA 6953
AUSTRALIA

or

Security Transfer Registrars
Alexandrea House, Suite 1
770 Canning Highway
Applecross WA 6153
AUSTRALIA

- (c) If:
- (i) the Offer is withdrawn after your Acceptance Form has been sent to Kingsgate, but before it has been received; or
 - (ii) for any other reason Kingsgate does not acquire the Laguna Shares to which your Acceptance Form relates,

Kingsgate will, at its election, either dispatch at your risk your Acceptance Form together with all other documents forwarded by you, to your address as shown on the Acceptance Form or such other address as you may notify in writing to Kingsgate by, where such address is inside Australia, pre-paid ordinary post, or where such address is outside Australia, pre-paid airmail, or destroy those documents and notify ASX Settlement of this.

- (d) All costs and expenses of the preparation, dispatch and circulation of the Offer and all stamp duty payable in respect of a transfer of your Laguna Shares in respect of which the Offer is accepted will be paid by Kingsgate.

8.16 Brokerage

No brokerage is payable by you as a consequence of accepting the Offer.

If your Laguna Shares are held in Laguna's Issuer Sponsored Subregister (or you hold Laguna Partly Paid Shares) and you sign and return the Acceptance Form, you will not incur any brokerage in connection with your acceptance of the Offer.

If your Laguna Shares are held in Laguna's CHESS Subregister, or if you are a beneficial owner whose Laguna Shares are registered in the name of a broker, bank, custodian or other nominee, no brokerage is payable by you but you should ask your Controlling Participant or that nominee whether it will charge any transaction fees or service charges in connection with your acceptance of the Offer.

8.17 Governing law

The Offer and any contract that results from your acceptance of the Offer are governed by the laws in force in New South Wales.

8.18 Foreign laws

This Offer is not registered in any jurisdiction outside Australia (unless an applicable foreign law treats it as registered as a result of this Bidder's Statement being lodged with ASIC). It is your sole responsibility to satisfy yourself that you are permitted by any foreign law applicable to you to accept this Offer.

9. Additional information

9.1 Previous takeover offer

On 25 October 2010 Kingsgate announced its intention to make an off-market takeover offer for all of the shares in Laguna (being the Laguna Fully Paid Shares and the Laguna Partly Paid Shares). Kingsgate subsequently made an offer to Laguna shareholders dated 2 December 2010. The offer was extended on two occasions and closed on 15 February 2011. All of the conditions to the offer were either satisfied or waived before the end of the offer period and so Kingsgate acquired all shares which were tendered to that offer. As at the close of that offer Kingsgate had a relevant interest in 69.90% of Laguna Shares. Kingsgate has not acquired any further Laguna Shares since the close of the earlier offer.

9.2 Funding facility with Laguna

Shortly after the close of the previous takeover offer Laguna finalised a US\$10 million cash advance facility with Kingsgate with a maturity date of 31 December 2011. The facility is interest bearing and unsecured. Recently the facility was increased to \$15 million and the maturity date extended to 31 December 2012.

The facility can be drawn down in stages if approved by Laguna directors who are not associated with Kingsgate. It is to be used for general corporate and working capital expenses including drilling and feasibility work at the Nueva Esperanza Project and exploration at Laguna's other projects. As at the date of this Bidder's Statement the facility has been drawn down by approximately \$11.6 million.

The terms of the facility will not be affected by the outcome of the Offer. This means that Laguna will be required to repay the facility in full by 31 December 2012. It is Kingsgate's expectation that, if the Offer is unsuccessful, Laguna will need to undertake a rights issue or other capital raising to repay the facility and fund expenditure for the following 6 to 12 months.

9.3 Kingsgate nominee on the Laguna Board

As at the date of this Bidder's Statement Laguna's Board is comprised of 3 directors. One of these directors, Mr Gavin Thomas, is the Managing Director and CEO of Kingsgate and a nominee of Kingsgate on the Laguna Board. Given his relationship with Kingsgate, Mr Thomas will abstain from making a recommendation in the Target's Statement in relation to the Offer. Mr Thomas will consider and act in accordance with his statutory and fiduciary duties as a director of Laguna in connection with any other matters related to the Offer which require the consideration or approval of the Laguna Board.

The company secretary of Kingsgate, Mr Ross Coyle, is also the company secretary of Laguna.

9.4 Independent expert's report

Under section 640 of the Corporations Act, if a bidder's voting power in the target is 30% or more, or a director of the bidder is also a director of the target, the target's statement must include or be accompanied by a report by an expert that states whether, in the expert's opinion, the takeover offers are fair and reasonable and gives the reasons for forming that opinion. Kingsgate has voting power in Laguna above 30% and a director of Kingsgate (Mr Gavin Thomas) is also a director of Laguna. Accordingly, Laguna's target's statement will include or be accompanied by an independent expert's report.

9.5 Compulsory acquisition

Under Part 6A.1 of the Corporations Act, a person who wishes to compulsorily acquire shares following a takeover offer must meet two tests:

- (a) during or at the end of the offer period the person (and their associates) must have a relevant interest in at least 90% of the shares in relevant bid class; and
- (b) during or at the end of the offer period the person (and their associates) must have acquired at least 75% (by number) of the shares that the bidder offered to acquire under the bid (whether the acquisitions happened under the bid or otherwise).

As at the date of this Bidder's Statement, Kingsgate has a relevant interest in 69.90% of Laguna Shares. The Offer is for all outstanding Laguna Shares, which means it is an offer for 30.10% of all issued Laguna Shares. To meet each of the tests described above, Kingsgate will need to acquire that number of Laguna Shares such that during, or at the end of, the Offer Period, its relevant interest in Laguna Shares is approximately 92.48%. It is a condition to the Offer that Kingsgate becomes entitled (under Part 6A.1 of the Corporations Act) to compulsorily acquire Laguna Shares not tendered to the bid (see section 8.4).

If Kingsgate does not meet the approximate 92.48% threshold, but has a relevant interest in at least 90% of Laguna Shares during, or at the end of, the Offer Period, Kingsgate will be entitled to give compulsory acquisition notices in relation to outstanding Laguna Shares under Part 6A.2 of the Corporations Act. Compulsory acquisition under Part 6A.2 involves different steps to compulsory acquisition following a takeover offer. The Condition to the Offer will not be satisfied if Kingsgate becomes entitled to compulsorily acquire outstanding Laguna Shares under Part 6A.2 of the Corporations Act; it will only be satisfied if Kingsgate becomes entitled under Part 6A.1.

9.6 Miscellaneous matters

(a) ASIC modifications

ASIC has published various instruments providing modifications and exemptions in relation to the operation of Chapter 6 of the Corporations Act that apply generally to all persons, including Kingsgate, and on which Kingsgate may rely.

ASIC has granted Kingsgate an exemption from certain provisions of Chapter 6 of the Corporations Act which would otherwise require Kingsgate to send documents and notices to certain securityholders of CPM for whom Kingsgate does not have registered addresses.

(b) Consents

This Bidder's Statement contains a statement which is by a person, or based on a statement by a person, made in a document lodged with ASIC or given to the ASX. This statement is the reference in section 4.4(b) to Laguna's purpose for the share capital consolidation, which was contained in an ASX release from Laguna dated 7 April 2011 and entitled "Share Capital Initiatives". Under the terms of ASIC Class Order 01/1543, the party making this statement is not required to consent to, and has not consented to, the inclusion of this statement in this Bidder's Statement. Persons who receive this Bidder's Statement are entitled to obtain a copy of the ASX release from Laguna dated 7 April 2011 free of charge from Kingsgate. If you like to receive a copy of this document please write to the address referred to in section 8.15(b) of this Bidder's Statement.

This Bidder's Statement may include a trading data reference without the consent of the person who prepared the trading data if it complies with the terms of ASIC Class Order 07/429. Kingsgate has relied on ASIC Class Order 07/429 to include the trading data referred to as being prepared by IRESS Market Technology Limited ACN 060 313 359 in the covering letter and in section 1 of this Bidder's Statement.

(c) Announcements

The text of the release made by Kingsgate to ASX in relation to the Offer on the Announcement Date is set out in Annexure A. The text of the release made by Laguna in relation to the Offer on the Announcement Date is set out in Annexure B.

(d) **Approvals for Payment of Consideration**

Kingsgate is not aware of any Laguna Shareholder who requires any approval or clearance, in accordance with the statutory requirements below, in order to be entitled to receive any consideration under the Offer:

(i) **Banking (Foreign Exchange) Regulations 1959 (Cth)**

The Banking (Foreign Exchange) Regulations 1959 (Cth) may impose restrictions on certain financial transactions and require the consent of the Reserve Bank of Australia for the movement of funds into and out of Australia. Based on Kingsgate's searches, restrictions currently apply if funds are to be paid to, or received from:

- A. specified supporters of the former government of the Federal Republic of Yugoslavia;
- B. specified ministers and senior officials of the Government of Zimbabwe;
- C. specified entities associated with the Democratic People's Republic of Korea (North Korea);
- D. specified ministers and entities associated with Iran;
- E. specified individuals associated with the Burmese regime;
- F. certain key persons and entities associated with the Syrian regime; and
- G. certain key persons associated with the Qadhafi regime in Libya.

(ii) **Other Commonwealth legislation**

The Charter of the United Nations Act 2002 (Cth) prohibits:

- A. assets from being provided to proscribed persons or entities; and
- B. the use or dealing, and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities, in each case without the written consent of the Minister for Foreign Affairs.

Persons and entities from various countries have been proscribed under various Regulations made pursuant to the Charter of the United Nations Act 2002 (Cth) including in relation to Al-Qaida and the Taliban, Côte d'Ivoire, Democratic People's Republic of Korea, Democratic Peoples Republic of the Congo, Eritrea, Iran, Iraq, Lebanon, Liberia, Libya, Sudan and Somalia.

(e) **No other material information**

Except as set out in this Bidder's Statement, there is no other information that:

- (i) is material to the making of a decision by a Laguna Shareholder whether or not to accept the Offer;
- (ii) is known to Kingsgate; and
- (iii) has not previously been disclosed to Laguna Shareholders.

(f) **Approval of Bidder's Statement**

The copy of this Bidder's Statement that is to be lodged with ASIC has been approved by a resolution passed by the directors of Kingsgate on 25 October 2011.

10. Glossary

The terms referred to below have the following meanings when used in this Bidder's Statement.

Term	Meaning
ABN	Australian Business Number.
Acceptance Form	The form of acceptance (or forms of acceptance, if applicable) enclosed with this Bidder's Statement.
ACN	Australian Company Number.
Announcement Date	31 October 2011.
ASIC	Australian Securities and Investments Commission.
Associate	Has the same meaning as given to that term for the purposes of Chapter 6 of the Corporations Act (as modified by ASIC from time to time).
ASX	ASX Limited ABN 98 008 624 691 or the securities market operated by ASX Limited known as the Australian Securities Exchange, as the context requires.
ASX Listing Rules	The official listing rules of the ASX.
ASX Settlement	ASX Settlement Pty Limited ACN 008 504 532.
ASX Settlement Rules	The operating rules of the settlement facility provided by ASX Settlement.
Bidder's Statement	This Bidder's Statement in respect of the Offer given by Bidder pursuant to Part 6.5 of the Corporations Act and in compliance with the requirements of sections 636 and 637 of the Corporations Act.
Business Day	A day which is a business day under the ASX Listing Rules.
CGT	Capital gains tax under the Income Tax Assessment Act 1936 (Cth).
CHESS	Clearing House Electronic Subregister System operated by ASX Settlement.
CHESS Subregister	Has the meaning set out in the ASX Settlement Rules.
Condition	The condition to the Offer as set out in section 8.4 of this Bidder's Statement.

Term	Meaning
Controlling Participant	In relation to your Laguna Shares, means the Participant that has the capacity in CHESS to transfer your Laguna Shares (usually your stockbroker).
Convertible Securities	The Laguna Employee Options, the Laguna Equity Participation Shares and the Relevant CPM Securities.
Corporations Act	Corporations Act 2001 (Cth).
CPM	Has the meaning given in section 4.4(f).
CPM Schemes	Has the meaning given in section 4.4(f).
Deferred Security Entitlement	The deferred right granted under the CPM Schemes to be issued a Laguna Fully Paid Share, a Laguna Partly Paid Share or an Equity Participation Share.
Encumbrance	Any of a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered.
Equity Participation Share	A partly paid share in Laguna issued or agreed to be issued under Article 5A of Laguna's former constitution (and for the avoidance of doubt is not a Laguna Partly Paid Share).
GST	Goods and services tax imposed under the A New Tax system (Goods and Services Tax) Act 1999 (Cth) and the related imposition acts of the Commonwealth of Australia.
Holder Identification Number	Has the meaning given to "HIN" as set out in the ASX Settlement Rules.
Independent Expert	The expert which prepares a report that is included in, or that accompanies, the Target's Statement, in accordance with section 640 of the Corporations Act.
Independent Directors	The Laguna Board other than Mr Gavin Thomas.
Issuer Sponsored Subregister	Has the meaning set out in the ASX Settlement Rules.
Kingsgate	Kingsgate Consolidated Limited ABN 42 000 837 472.
Kingsgate Board	The board of directors of Kingsgate.

Term	Meaning
Laguna	Laguna Resources NL ABN 36 008 460 366.
Laguna Board	The board of directors of Laguna.
Laguna Director	A director of the Laguna Board.
Laguna Fully Paid Share	A fully paid ordinary share in Laguna.
Laguna Employee Option	An option to require Laguna to issue a Laguna Share.
Laguna Partly Paid Share	A Type 1 Laguna Partly Paid Share or a Type 2 Laguna Partly Paid Share (and for the avoidance of doubt is not an Equity Participation Share).
Laguna Shares	The Laguna Fully Paid Shares and, except where the context requires otherwise, the Laguna Partly Paid Shares.
Laguna Shareholder	A person who is registered in the Laguna Share Register as a holder of Laguna Shares.
Laguna Share Register	The register of members of Laguna maintained by or on behalf of Laguna in accordance with the Corporations Act.
Offer	The offer by Kingsgate to acquire all of the Laguna Shares on the terms set out in section 8 of this Bidder's Statement.
Offer Period	The period the Offer is open for acceptance being the period from [*] and ending at 7.00 pm (Sydney time) on the later of: (a) [*]; and (b) any date to which the period of the Offer is extended in accordance with the Corporations Act.
Offer Price	\$3.75 in cash for each Laguna Fully Paid Share; \$0.001 in cash for each Type 1 Laguna Partly Paid Share and \$0.0055 in cash for each Type 2 Laguna Partly Paid Share.
Participant	An entity admitted to participate in CHESS under the ASX Settlement Rules.
Public Authority	Any governmental, semi-governmental, administrative, fiscal, judicial or quasi-judicial body, department, commission, authority, tribunal, agency or entity and includes ASIC and ASX.

Term	Meaning
Register Date	The date set by Kingsgate under section 633(2) of the Corporations Act, being 2 November 2011.
Related Bodies Corporate	Has the meaning set out in section 50 of the Corporations Act.
Relevant CPM Security	A security in the capital of CPM to which a Deferred Security Entitlement attaches.
Relevant Interest	Has the meaning given in sections 608 and 609 of the Corporations Act.
Rights	All accretions, rights or benefits of whatever kind attaching to or arising from Laguna Shares directly or indirectly on or after the Announcement Date (including, without limitation, all rights to receive dividends, bonuses or other share of Laguna's profits or capital as well as all rights to receive or subscribe for shares, stock units, note, bonds, options or other securities and all other distributions or entitlements declared, paid, issued or made by Laguna or any of its Subsidiaries).
Securityholder Reference Number	Has the meaning given to "SRN" as set out in the ASX Settlement Rules.
Subsidiary	Has the meaning given to that term in section 9 of the Corporations Act.
Takeover Transferee Holding	The CHES Holding to which Laguna Fully Paid Shares held in the CHES Subregister are to be transferred after acceptance of the Offer.
Target's Statement	The target's statement to be issued by Laguna under section 638 of the Corporations Act in response to the Bidder's Statement.
Tendered Shares	Has the meaning given in section 8.14(b)(i).
Third Party	A person other than Laguna or its Subsidiaries.
Type 1 Laguna Partly Paid Shares	Has the meaning given in section 4.4(c)(i).
Type 2 Laguna Partly Paid Share	Has the meaning given in section 4.4(c)(ii).
US\$	The lawful currency of the United States of America.

11. Interpretation

In this Bidder's Statement and the Acceptance Form the following principles of interpretation apply unless the context otherwise requires:

- (a) headings are for convenience only and do not affect the meaning of the paragraphs they introduce;
- (b) the singular includes the plural and vice versa;
- (c) words importing any gender include any other genders;
- (d) references to persons includes any corporation, partnership, joint venture, association or other bodies corporate and vice versa;
- (e) appendices and annexures to this Bidder's Statement form part of this Bidder's Statement;
- (f) a reference to a section is to a section of this Bidder's Statement;
- (g) references to paragraphs are to paragraphs in the Bidder's Statement;
- (h) where a word or phrase is defined, its other grammatical forms have a corresponding meaning;
- (i) a reference to a person includes a reference to the person's executors, administrators, successors, substitutes (including, but not limited to, persons taking by novation) and assigns;
- (j) a reference to any legislation or to any provision of any legislation includes any modification or re-enactment of it, any legislative provision substituted for it and all regulations and statutory instruments issued under it;
- (k) a reference to any instrument or document includes any variation or replacement of it;
- (l) a reference to time is a reference to Sydney time; and
- (m) references to "dollar" or "cents" or "\$" are references to Australian currency.



Kingsgate

Consolidated Limited

31 October 2011

Via ASX Online
(2 pages)

Manager
Company Announcements Office
Australian Securities Exchange

Recommended Takeover Offer by Kingsgate for the Minority Interests in Laguna

Kingsgate Consolidated Limited (ASX: KCN) ("Kingsgate") is pleased to announce a conditional off-market takeover offer ("offer") for all the fully paid shares in Laguna Resources NL (ASX: LRC) ("Laguna") not currently owned by Kingsgate which total 2.97 million shares.

Consideration for the transaction will be \$3.75 cash per Laguna fully paid share. Kingsgate will also offer to acquire certain Laguna partly paid shares. The offer is conditional only on Kingsgate becoming entitled to compulsorily acquire shares which are not tendered into the offer.

The Directors of Laguna independent of Kingsgate have informed Kingsgate that they intend to recommend that shareholders accept the offer in the absence of a superior offer and subject to the Independent Expert concluding that the offer is fair and reasonable.

Other key points related to the offer include the following:

- The offer price of \$3.75 represents a premium of over 100% to the last traded price of Laguna fully paid shares.
- The offer allows Laguna shareholders to dispose of their holdings in an otherwise illiquid stock. Over the last month less than 1200 shares have traded on the Australian Securities Exchange ("ASX").
- Shareholders who accept the offer will be paid within 5 business days after the minimum acceptance condition has been satisfied or waived (or 5 business days after receipt of their acceptance, should the condition be already satisfied or waived at that time).
- Laguna does not currently have any cash-generating assets. Drilling and feasibility expenditure on Laguna's Nueva Esperanza project is increasing and Kingsgate has extended a loan of \$11.6m to Laguna to cover recent costs. The loan is due to be repaid on 31 December 2012 and it is Kingsgate's expectation that, should the offer be unsuccessful, Laguna will need to undertake a rights issue or other capital raising to repay the loan and fund expenditure for the next 6-12 months.
- Given the low trading liquidity in Laguna shares, if the offer is unsuccessful, Kingsgate will seek for the Directors of Laguna to undertake a review of the costs and benefits of Laguna's ongoing ASX listing. If this review concludes that the listing should not be maintained, Kingsgate intends that a general meeting of Laguna will be held where shareholders can vote on the delisting of the shares from the ASX.

Kingsgate Consolidated Limited
(ABN 42 000 837 472)
Suite 801, Level 8, 14 Martin Place
Sydney NSW 2000 Australia

Telephone: 61 2 8256 4800
Facsimile: 61 2 8256 4810
Email: info@kingsgate.com.au
Website: www.kingsgate.com.au

Commenting on the offer, Kingsgate Chief Executive Officer and Managing Director Gavin Thomas said "Laguna shareholders are currently faced with an illiquid investment requiring significant capital contributions over the next few years. The offer allows them to realize the value of their investment in a timely and cost effective manner. Further, given the expected large ongoing capital requirements for the Nueva Esperanza project, optimum development of the project will best occur as a wholly owned subsidiary within the Kingsgate Group".

Kingsgate will shortly lodge its Bidder's Statement with ASIC and this is expected to be dispatched to Laguna shareholders within a week of lodgement. The offer is expected to close mid-January 2012, subject to any extensions to the offer period.

Kingsgate has appointed Clayton Utz as its legal adviser in relation to the offer.

Yours sincerely,



Gavin Thomas
Managing Director & CEO



ABN 36 008 460 366

31 October 2011

Announcements Officer
Australian Securities Exchange
Exchange Plaza
2 The Esplanade
PERTH WA 6000

Via e-lodgement

TAKEOVER OFFER BY KINGSGATE

Laguna Resources NL (**Laguna**) refers to the announcement today made by Kingsgate Consolidated Limited (**Kingsgate**) in relation to an off-market takeover offer for approximately 30% of Laguna shares that Kingsgate does not already own.

An independent committee of Laguna's board consisting of Nicholas Lindsay and Jonathan Murray has been formed to consider the offer. The independent committee has informed Kingsgate that they intend to recommend that shareholders accept the offer in the absence of a superior offer and subject to the Independent Expert concluding the offer is fair and reasonable.

BDO Corporate Finance (WA) Pty Ltd has been appointed as the independent expert to provide an opinion to Laguna shareholders on whether the offer is fair and reasonable.

There is no need for Laguna shareholders to take any action at this time. Further information regarding the offer will be made in the Kingsgate bidder's statement. Laguna's target's statement will include a formal recommendation by the Laguna board.

A handwritten signature in black ink, appearing to read "RC", is positioned above the typed name of the signatory.

Ross Coyle
Company Secretary
Laguna Resources NL

CHESS SPONSORED ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 801, LEVEL 8
14 MARTIN PLACE
SYDNEY NSW 2000
AUSTRALIA

KINGSGATE CONSOLIDATED LIMITED

ABN: 42 000 837 472

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Holder Number:

Holding as at 5.00pm WST
on 2 November 2011:

Use this form to accept the offer from Kingsgate Consolidated Limited to acquire all of your Laguna Fully Paid Shares

If any of the above details are incorrect, please amend them and initial the alterations.

(A) This form relates to an offer from Kingsgate Consolidated Limited ("Kingsgate") to acquire all of your Laguna Shares, as contained in a bidder's statement dated 2 November 2011 ("Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept the Offer in respect of all of your Laguna Fully Paid Shares. If you also hold Laguna Partly Paid Shares, use the corresponding enclosed form(s) to accept the Offer in respect of those shares. You will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you sign and return any acceptance form in your name.

As your Laguna Fully Paid Shares are held in Laguna's CHESS Subregister, to accept the Offer you can either:

a. Contact your Controlling Participant (normally your broker) and instruct them to accept the Offer on your behalf, or, if you are a Participant, initiate acceptance of the Offer, in each case in accordance with Rule 14.14 of the ASX Settlement Rules (if you do this, you do not need to return this form)

OR

b. If you want us to contact your Controlling Participant on your behalf, please insert their details below

Controlling Participant's name
Address

(B) SIGN HERE

I/we accept the Offer in respect of all of my/our Laguna Fully Paid Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer all of my/our Laguna Fully Paid Shares to Kingsgate for the Offer Price.

Individual or Security Holder Security Holder 2 Security Holder 3
Sole Director and Sole Company Secretary Director Director / Company Secretary

My/our contact details in case of enquiries are:

NAME **TELEPHONE NUMBER** ()

Your acceptance must be received by us no later than 4.00pm WST on the Business Day preceding the last day of the Offer Period.

REGISTRY DATE STAMP

E & O.E.

HOW TO ACCEPT THE OFFER

As your Laguna Fully Paid Shares are held in Laguna's CHESS Subregister, to accept the Offer you can either:

- a. Contact your Controlling Laguna Participant (normally your broker) and instruct them to accept the Offer on your behalf, or, if you are a Participant, initiate acceptance of the Offer, in each case in accordance with Rule 14.14 of the ASX Settlement Rules (if you do this, you do not need to return this form)

OR

- b. Instruct us to contact your Controlling Participant on your behalf, by completing, signing and returning this form.

Sold all your Laguna Fully Paid Shares? If you have sold all of your Laguna Fully Paid Shares, you need not take any further action. We suggest you destroy this form for security reasons.

However, if you hold any Laguna Partly Paid Shares you may wish to accept the Offer in respect of those shares using the corresponding enclosed acceptance form(s).

SIGNING INSTRUCTIONS

Individuals - where the holding is in one name, the registered holder must sign.

Joint holdings - where the holding is in more than one name, all of the securityholders should sign.

Companies - this form must be signed by a Director jointly with either another Director or a Company Secretary. Alternatively, where the company has a Sole Director who is also the Sole Company Secretary, this form may be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may also sign alone. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Power of Attorney - if you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

LODGEMENT INSTRUCTIONS

If you wish to accept the Offer and you wish for us to contact your Controlling Participant on your behalf, you must complete this Acceptance Form and it must be mailed, delivered or faxed to Kingsgate's share registry:

Security Transfer Registrars Pty Ltd

PO BOX 535

Applecross, Western Australia 6953

Street Address:

Alexandrea House, Suite 1

770 Canning Highway

Applecross, Western Australia 6153

Facsimile:

+61 8 9315 2233

Your acceptance must be received by us no later than 4.00pm WST on the Business Day preceding the last day of the Offer Period.

ENQUIRIES

All enquiries should be directed to the Company's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

ISSUER SPONSORED ACCEPTANCE FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 801, LEVEL 8
14 MARTIN PLACE
SYDNEY NSW 2000
AUSTRALIA

KINGSGATE CONSOLIDATED LIMITED

ABN: 42 000 837 472

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Holder Number:

Holding as at 5.00pm WST
on 2 November 2011:

Use this form to accept the offer from Kingsgate Consolidated Limited to acquire all of your Laguna Fully Paid Shares

If any of the above details are incorrect, please amend them and initial the alterations.

- (A) This form relates to an offer from Kingsgate Consolidated Limited ("Kingsgate") to acquire all of your Laguna Shares, as contained in a bidder's statement dated 2 November 2011 ("Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept the Offer in respect of all of your Laguna Fully Paid Shares. If you also hold Laguna Partly Paid Shares, use the corresponding enclosed acceptance form(s) to accept the Offer in respect of those shares. You will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you sign and return any acceptance form in your name.

(B) SIGN HERE

I/we accept the Offer in respect of all of my/our Laguna Fully Paid Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer all of my/our Laguna Fully Paid Shares to Kingsgate for the Offer Price.

Individual or Security Holder

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

My/our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

You must complete, sign and return this Issuer Sponsored Acceptance Form to one of the addresses shown overleaf BEFORE the Offer closes. Your acceptance must be received by us before 4.00pm WST on the last day of the Offer Period.

REGISTRY DATE STAMP

E & O.E.

HOW TO ACCEPT THE OFFER

As your Laguna Fully Paid Shares are held in Laguna's Issuer Sponsored Subregister, simply complete, sign and return this form in one of the manners described below so that it is received before 4.00pm WST on the last day of the Offer Period.

Sold all your Laguna Fully Paid Shares? If you have sold all of your Laguna Fully Paid Shares, you need not take any further action. We suggest you destroy this form for security reasons.

However, if you hold any Laguna Partly Paid Shares you may wish to accept the Offer in respect of those shares using the corresponding enclosed acceptance form(s).

SIGNING INSTRUCTIONS

Individuals - where the holding is in one name, the registered holder must sign.

Joint holdings - where the holding is in more than one name, all of the securityholders should sign.

Companies - this form must be signed by a Director jointly with either another Director or a Company Secretary. Alternatively, where the company has a Sole Director who is also the Sole Company Secretary, this form may be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may also sign alone. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Power of Attorney - if you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

LODGEMENT INSTRUCTIONS

If you wish to accept the Offer, you must complete this Acceptance Form and it must be mailed, delivered or faxed to Kingsgate's share registry:

Security Transfer Registrars Pty Ltd

PO BOX 535

Applecross, Western Australia 6953

Street Address:

Alexandrea House, Suite 1

770 Canning Highway

Applecross, Western Australia 6153

Facsimile:

+61 8 9315 2233

Acceptance Forms must be received by Security Transfer Registrars Pty Ltd before 4.00pm WST on the last day of the Offer Period.

ENQUIRIES

All enquiries should be directed to Kingsgate's share registry:

Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

Telephone +61 8 9315 2333

Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

PRIVACY STATEMENT

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.

ACCEPTANCE FORM FOR TYPE 1 LAGUNA PARTLY PAID SHARES

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 801, LEVEL 8
14 MARTIN PLACE
SYDNEY NSW 2000
AUSTRALIA

KINGSGATE CONSOLIDATED LIMITED

ABN: 42 000 837 472

SHARE REGISTRY:
Security Transfer Registrars Pty Ltd
All Correspondence to:
PO BOX 535,
APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Holder Number:

Holding as at 5.00pm WST
on 2 November 2011:

Use this form to accept the offer from Kingsgate Consolidated Limited to acquire all of your Type 1 Laguna Partly Paid Shares

If any of the above details are incorrect, please amend them and initial the alterations.

- (A)** This form relates to an offer from Kingsgate Consolidated Limited ("Kingsgate") to acquire all of your Type 1 Laguna Partly Paid Shares, as contained in a bidder's statement dated 2 November 2011 ("Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept the Offer in respect of all of your Type 1 Laguna Partly Paid Shares. If you also hold Laguna Fully Paid Shares, or Type 2 Laguna Partly Paid Shares, use the corresponding enclosed acceptance form(s) to accept the Offer in respect of those shares. You will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you sign and return any acceptance form in your name.

(B) SIGN HERE

I/we accept the Offer in respect of all of my/our Type 1 Laguna Partly Paid Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer all of my/our Type 1 Laguna Partly Paid Shares to Kingsgate for the Offer Price.

Individual or Security Holder Security Holder 2 Security Holder 3
Sole Director and Sole Company Secretary Director Director / Company Secretary

My/our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER
()

You must complete, sign and return this Acceptance Form to one of the addresses shown overleaf BEFORE the Offer closes. Your acceptance must be received by us before 4.00pm WST on the last day of the Offer Period.

REGISTRY DATE STAMP

E & O.E.

HOW TO ACCEPT THE OFFER

Simply complete, sign and return this form in one of the manners described below so that it is received before 4.00pm WST on the last day of the Offer Period.

Sold all your Type 1 Laguna Partly Paid Shares? If you have sold all of your Type 1 Laguna Partly Paid Shares you need not take any further action. We suggest you destroy this form for security reasons.

However, if you hold any Laguna Fully Paid Shares or Type 2 Laguna Partly Paid Shares you may wish to accept the Offer in respect of those shares using the corresponding enclosed acceptance form(s).

SIGNING INSTRUCTIONS

Individuals - where the holding is in one name, the registered holder must sign.

Joint holdings - where the holding is in more than one name, all of the securityholders should sign.

Companies - this form must be signed by a Director jointly with either another Director or a Company Secretary. Alternatively, where the company has a Sole Director who is also the Sole Company Secretary, this form may be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may also sign alone. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Power of Attorney - if you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

LODGEMENT INSTRUCTIONS

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Security Transfer Registrars Pty Ltd

PO BOX 535

Applecross, Western Australia 6953

Street Address:

Alexandrea House, Suite 1

770 Canning Highway

Applecross, Western Australia 6153

Facsimile:

+61 8 9315 2233

Acceptance Forms must be received by Security Transfer Registrars Pty Ltd before 4.00pm WST on the last day of the Offer Period.

ENQUIRIES

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Security Transfer Registrars Pty Ltd

PO Box 535, Applecross WA 6953 AUSTRALIA

770 Canning Highway, Applecross WA 6153 AUSTRALIA

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Facsimile +61 8 9315 2233

Email registrar@securitytransfer.com.au

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ACCEPTANCE FORM FOR TYPE 2 LAGUNA PARTLY PAID SHARES

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

REGISTERED OFFICE:
SUITE 801, LEVEL 8
14 MARTIN PLACE
SYDNEY NSW 2000
AUSTRALIA

KINGSGATE CONSOLIDATED LIMITED

ABN: 42 000 837 472

SHARE REGISTRY:
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APPLECROSS WA 6953 AUSTRALIA
770 Canning Highway,
APPLECROSS WA 6153 AUSTRALIA
T: +61 8 9315 2333 F: +61 8 9315 2233
E: registrar@securitytransfer.com.au
W: www.securitytransfer.com.au

Holder Number:

Holding as at 5.00pm WST
on 2 November 2011:

Use this form to accept the offer from Kingsgate Consolidated Limited to acquire all of your Type 2 Laguna Partly Paid Shares

If any of the above details are incorrect, please amend them and initial the alterations.

(A) This form relates to an offer from Kingsgate Consolidated Limited ("Kingsgate") to acquire all of your Type 2 Laguna Partly Paid Shares, as contained in a bidder's statement dated 2 November 2011 ("Bidder's Statement"). Terms defined in the Bidder's Statement but not in this form have the same meaning as in the Bidder's Statement unless the context requires otherwise.

Use this form to accept the Offer in respect of all of your Type 2 Laguna Partly Paid Shares. If you also hold Laguna Fully Paid Shares, or Type 1 Laguna Partly Paid Shares, use the corresponding enclosed acceptance form(s) to accept the Offer in respect of those shares. You will be deemed to have accepted the Offer in respect of all of your Laguna Shares if you sign and return any acceptance form in your name.

(B) SIGN HERE

I/we accept the Offer in respect of all of my/our Type 2 Laguna Partly Paid Shares and I/we agree to be bound by the terms and conditions of the Offer and transfer all of my/our Type 2 Laguna Partly Paid Shares to Kingsgate for the Offer Price.

Individual or Security Holder

Sole Director and Sole Company Secretary

Security Holder 2

Director

Security Holder 3

Director / Company Secretary

My/our contact details in case of enquiries are:

NAME

TELEPHONE NUMBER

()

You must complete, sign and return this Acceptance Form to one of the addresses shown overleaf BEFORE the Offer closes. Your acceptance must be received by us before 4.00pm WST on the last day of the Offer Period.

REGISTRY DATE STAMP

E & O.E.

HOW TO ACCEPT THE OFFER

Simply complete, sign and return this form in one of the manners described below so that it is received before 4.00pm WST on the last day of the Offer Period.

Sold all your Type 2 Laguna Partly Paid Shares? If you have sold all of your Type 2 Laguna Partly Paid Shares you need not take any further action. We suggest you destroy this form for security reasons.

However, if you hold any Laguna Fully Paid Shares or Type 1 Laguna Partly Paid Shares you may wish to accept the Offer in respect of those shares using the corresponding enclosed acceptance form(s).

SIGNING INSTRUCTIONS

Individuals - where the holding is in one name, the registered holder must sign.

Joint holdings - where the holding is in more than one name, all of the securityholders should sign.

Companies - this form must be signed by a Director jointly with either another Director or a Company Secretary. Alternatively, where the company has a Sole Director who is also the Sole Company Secretary, this form may be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may also sign alone. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

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LODGEMENT INSTRUCTIONS

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Security Transfer Registrars Pty Ltd

PO BOX 535

Applecross, Western Australia 6953

Street Address:

Alexandrea House, Suite 1

770 Canning Highway

Applecross, Western Australia 6153

Facsimile:

+61 8 9315 2233

Acceptance Forms must be received by Security Transfer Registrars Pty Ltd before 4.00pm WST on the last day of the Offer Period.

ENQUIRIES

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