



LAGUNA RESOURCES NL

ASX Release

29 July 2011

LAGUNA RESOURCES NL
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(Managing Director)

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Jonathan Murray
Ross Coyle

Issued Capital:
Approximately 9.9 million shares

ASX Symbol: LRC

Website:
www.lagunaresources.com

JUNE 2011

QUARTERLY REPORT

Highlights:

- Arqueros resource definition drilling completed in May 2011.
- Arqueros water supply agreement signed.
- Arqueros feasibility study (stage 1) commenced and making good progress.
- Final payment made on the acquisition of Arqueros, now fully owned by Laguna Resources.
- Binding Memorandum of Understanding signed with Kinross Gold Corporation to acquire the Esperanza and Chimberos mining leases, resulting in an expansion of Arqueros Project to include the Teterita (Esperanza) and Chimberos silver deposits.
- Transaction includes surface rights and Chimberos mine infrastructure to accelerate the development of Arqueros mining complex, currently in feasibility study.
- 1:125 consolidation of share capital structure resulted in 9.9 million shares on issue, down from 1,237 million shares.

ARQUEROS PROJECT

The Arqueros Project is based on gold and silver mineralised deposits located within the Esperanza high sulphidation epithermal system of the Maricunga of northern Chile. It is approximately 20 kilometres north of Kinross Gold Corporation's La Coipa gold and silver mining complex, and is in feasibility study.



Figure 1. Location of Laguna Resources' gold and silver projects in Northern Chile

The Company also has four exploration project focused on gold, mainly in the southern Maricunga.

Acquisition of Arqueros Project – Final Payment

The Company made the final payment due on the acquisition of its flagship Arqueros project from Anglo American. The amount paid was US\$2 million and completed the conditions of the sales agreement signed in June 2009 between Laguna Resources Chile Limitada and Anglo American Norte SA, a 100% owned subsidiary of Anglo American plc.

This payment delivered to the Company 100% control of the mining lease that constitutes Arqueros.

Resource Definition Drilling

Resource drilling was concluded in the quarter. Laguna Resources completed 17,000 metres of drilling since acquiring the project. This is in addition to the approximately 100,000 metres of historical exploration and production drilling undertaken by previous operators on the property. In 2011, 3,329 metres of surface reverse circulation drilling and 4,216 metres of diamond drilling from surface and underground was undertaken by the Company.

Drilling itself is continuing with geotechnical civil work being performed as part of the feasibility study on sites identified for plant layout, waste disposal and tailings storage facility.

Bulk density tests, assays and quality control work are being completed, and it is expected that an updated resource estimate will be released for publication in early August 2011.

Water Work

A water supply agreement was signed to obtain water from two wells within 15 km of Arqueros. Inspection of the bores has shown that the aquifer is intact, with water detected at 15 metres below the surface. The wells are currently being rehabilitated and tested.



Figure 2. Preparing to drill geotechnical holes.



Figure 3. One of the water bores to supply Arqueros

Feasibility Study

Coffey Consultaria e Servicios, a division of Coffey International Limited (“Coffey”) was appointed Feasibility Study partner for the development of the Arqueros project. Coffey has commenced work and is in the process of completing Stage 1, which will define the mine and processing concept. The feasibility study is expected to take approximately 10 months to complete.

Acquisition of the Esperanza and Chimberos mining leases

The Company signed a binding Memorandum of Understanding with Compañía Minera Mantos de Oro, 100% subsidiary of Kinross Gold Corporation, to acquire the Esperanza and Chimberos mining leases, which surround its wholly owned Arqueros Project.

The transaction allowed the Company to consolidate the Arqueros, Esperanza and Chimberos mining leases into one project, integrating the geology, infrastructure and surface rights, and to expand its resource base. These constitute the former Esperanza project of Minera Anglo American Chile (now Anglo American Norte), which hosted a number of high sulphidation epithermal and porphyry gold and silver deposits and exploration targets.

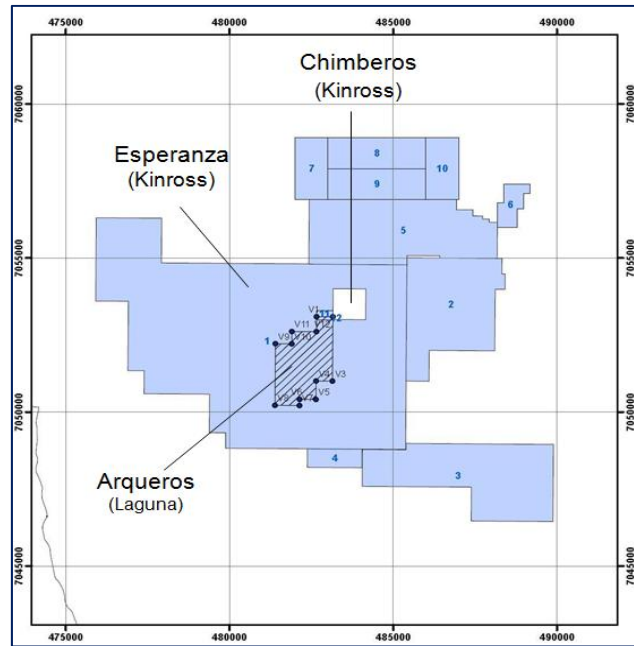


Figure 4. The Esperanza and Chimberos mining leases relative to Arqueros. For scale, grid lines ten kilometres.

Chimberos was mined in 1998/99 by Cía Minera Mantos de Oro, producing about 40 million ounces of silver at its processing plant at La Coipa. Nevertheless, there remains lower grade remnant mineralisation which contains a substantial amount of silver and minor gold, which could be processed by a plant at Arqueros.



Figure 5. The Chimberos open pit.

Esperanza hosts a number of exploration gold and silver targets, including the Teterita silver deposit, which is 500 metres north west of Chimberos. Teterita has been comprehensively drilled resulting in the delineation and estimation of silver mineralisation. Basic metallurgical testwork has been performed.

As part of its due diligence, Laguna Resources estimated a mineral resource for Chimberos and Teterita based on 27,650 metres of drilling in 334 holes. The combined Inferred Resource at a cut-off

grade of 30 g/t silver equivalent (0.5 g/t gold equivalent cut-off) is 20.5 million ounces of silver equivalent, or 340,000 ounces of gold equivalent (Tables 1 and 2).

The estimate will have to be verified and validated before it can be upgraded and integrated into the Arqueros Project.

Table 1. JORC Inferred Mineral Resource, tonnes and grade

Inferred Resource	Million Tonnes	Grades, g/t			
		Gold	Silver	AuEQ60	AgEQ60
Chimberos	3.4	0.3	75	1.6	93
Teterita	2.7	-	115	2.0	119
Total	6.1	0.2	93	1.7	104

1. Cut-off grade 30 g/t Ag EQ60 (0.5 g/t Au EQ60)
2. AuEQ60 = gold equivalent with gold/silver price ratio of 60
3. AgEQ60 = silver equivalent with silver/gold price ratio of 60
4. Metallurgical recovery difference in equivalence ratio assumed to be nil.
5. Teterita is based on 9000 metres of RC drilling in 68 drill holes
6. Chimberos is based on 18,650 metres of RC drilling in 266 drill holes

Table 2. JORC Inferred Mineral Resource, ounces (thousands)

Inferred Resource	Ounces x 1000			
	Gold	Silver	AuEQ60	AgEQ60
Chimberos	34	8,126	169	10,166
Teterita	-	10,314	172	10,314
Total	34	18,440	341	20,480

The transaction also delivered to the Arqueros Project the surface rights and mine infrastructure associated with the Chimberos mine, which has been well-maintained. The former presents the project with several options for placement of its future plant and tailings storage facility.

GOLD EXPLORATION PROJECTS

The Company has four gold exploration properties located in the Maricunga. The status of each follows:

- Maricella (porphyry gold-copper): Late season exploration was undertaken with geological mapping and geochemical sampling of drainage and rocks. Mapping has extended the alteration and geochemical halo towards Kinross' gold mineralised Quebrada Seca property to the south west, which will give the project scope for expansion. Geophysics will be used to define drill targets in the new field season. The option on Maricella has been renewed.
- Cachitos (epithermal gold): Drainage geochemistry survey was completed in the first quarter, indicating a modest gold anomaly over large areas of silicification supported by spectral image processing. The results were sufficient grounds to renew the option for another twelve months. The siliceous zone will be tested with detailed mapping in the spring, with a view towards a geophysical survey.
- Cerro Iman (epithermal gold): Geological mapping and drainage sampling has been completed. Several small hydrothermal breccia pipes were identified with modest gold values. It was decided that the potential for a large scale deposit was limited and the option on this property was not renewed.

- Guanaca (epithermal gold): geological mapping and drainage sampling has been completed. Several point values of gold were identified but the weight of evidence was that there was very low potential for a large scale deposit and on this basis the option was not renewed.

CORPORATE

In the quarter, the Board of Laguna Resources completed two major share capital initiatives to provide enhanced benefits for shareholders and administrative efficiencies for the company:

- Share Capital Consolidation
- Unmarketable Parcel Sale Facility

Following implementation of the 1:125 share capital consolidation (approved by shareholders on the 9th May), the existing 1,237 million fully paid ordinary shares were reduced to 9.9 million fully paid ordinary shares.



Nicholas Lindsay,
Managing Director,
Laguna Resources NL

CONSENT

Dr Nicholas Lindsay is the author of this document. He is a Member of the Australian Institute of Mining and Metallurgy and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Dr Lindsay is the Managing Director of Laguna Resources NL and consents to the inclusion in this release of the matters based on his information and information presented to him in the form and context in which it appears.

COMPETENT PERSON

Information in this report relates to Mineral Resources based on information compiled by Ron James, employee of the Kingsgate Group and member of The Australasian Institute of Mining and Metallurgy. This person qualifies as Competent Persons as defined in the Australasian code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code, 2004 edition) and possesses relevant experience in relation to the mineralisation being reported herein as Mineral Resources. The Competent Person has consented to the Public Reporting of these statements and the inclusion of the material in the form and context in which it appears.

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

LAGUNA RESOURCES NL

ABN

36 008 460 366

Quarter ended ("current quarter")

30 June 2011

Consolidated statement of cash flows

		Current quarter	Year to date (6 months)
		\$A'000	\$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration & evaluation	(4,223)	(5,699)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(412)	(733)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	1	12
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	(4)	(4)
1.7	Other (provide details if material)	-	-
Net Operating Cash Flows		(4,638)	(6,424)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(1,113)	(1,156)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
Net investing cash flows		(1,113)	(1,156)
1.13	Total operating and investing cash flows (carried forward)	(5,751)	(7,580)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(5,751)	(7,580)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	-
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	5,887	6,615
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	5,887	6,615
	Net increase (decrease) in cash held	136	(965)
1.20	Cash at beginning of quarter/year to date	700	1,744
1.21	Exchange rate adjustments to item 1.20	(327)	(270)
1.22	Cash at end of quarter	509	509

Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	83
1.24	Aggregate amount of loans to the parties included in item 1.10	-
1.25	Explanation necessary for an understanding of the transactions Directors consulting fees and Directors fees - \$83k	

Non-cash financing and investing activities

- 2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows
- Not applicable.
- 2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest
- Not applicable.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1	Loan facilities	2,869
3.2	Credit standby arrangements	-

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	3,125
4.2 Development	-
4.3 Production	-
4.4 Administration	860
Total	3,985

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter \$A'000	Previous quarter \$A'000
5.1	Cash on hand and at bank	509	700
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)		509	700

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.

Appendix 5B

Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference securities (description)				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	+Ordinary securities *	9,892,589	9,892,589		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	+Convertible debt securities (description)				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	Other securities Partly paid shares * Equity participation shares *	1,156 16,729			
7.8	Options (description and conversion factor) - Employee *			<i>Exercise price</i>	<i>Expiry date</i>
		40,000		\$1.25	31/12/12
		40,000		\$3.75	31/12/12
		240,000		\$3.125	31/12/14
7.9	Issued during quarter *	240,000		\$3.125	31/12/14
7.10	Exercised during quarter				
7.11	Expired during quarter				
7.12	Debentures (totals only)				
7.13	Unsecured notes (totals only)				

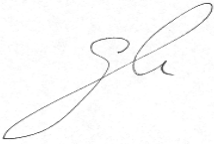
* The number of shares and options has been restated following the 1 for 125 share capital consolidation approved by shareholders on 9 May 2011.

Compliance statement

- This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).

+ See chapter 19 for defined terms.

- 2 This statement does give a true and fair view of the matters disclosed.



Sign here: Date: 29 July 2011
(~~Director~~/Company secretary)

Print name: Ross Coyle

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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