



LAGUNA RESOURCES NL

ASX Release

6 July 2011

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Approximately 9.9 million shares

ASX Symbol: LRC

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## **EXPANSION OF THE ARQUEROS PROJECT:**

### **ACQUISITION OF ESPERANZA AND CHIMBEROS**

Laguna Resources NL has 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.

This transaction allows the Company to consolidate the Arqueros, Esperanza and Chimberos leases into one project, integrating the geology, infrastructure and surface rights, and to expand its resource base.

#### **Highlights:**

- Arqueros Project expanded to include the Teterita (Esperanza) and Chimberos silver deposits.
- JORC Inferred Resource estimate of mineralisation contained within Chimberos remnant and Teterita is 20 million silver equivalent ounces (340,000 gold equiv. ounces).
- Combined with Arqueros, consolidated resource estimate (Inferred + Indicated) to exceed 95 million silver equivalent ounces (1.6 million gold equivalent ounces).
- Chimberos was mined as a high grade silver operation in 1998/99 and the mine infrastructure has been maintained.
- Transaction includes surface rights and Chimberos mine infrastructure to accelerate the development of Arqueros mining complex, currently in feasibility study.
- Increased exploration potential

## Background

The Arqueros Project currently under feasibility study lies in the Maricunga gold belt of northern Chile, approximately 20 km north of Kinross Gold Corporation's La Coipa gold and silver mining complex. .



Location of Arqueros

The three mining leases Arqueros, Chimberos and Esperanza constitute the former Esperanza project of Minera Anglo American Chile (now Anglo American Norte). These encompass the Esperanza alteration system which is associated with the Cerro Bravos paleovolcano (26 Ma), and hosts a number of high sulphidation epithermal and porphyry gold and silver deposits and exploration targets.

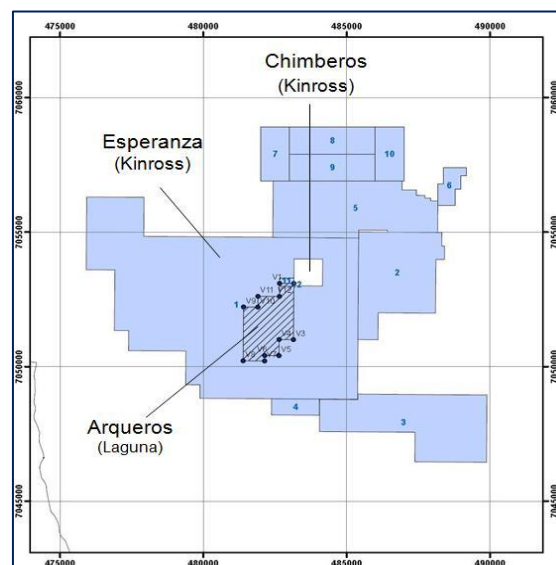


Figure 1. The Esperanza and Chimberos mining leases relative to Arqueros. For scale, grid lines ten kilometres.

**Chimberos** was mined in 1998/99 by Cía Minera Mantos de Oro, which hauled high grade ore containing about 40 million ounces of silver to its processing plant at La Coipa. The mine has been on care and maintenance since then. Nevertheless, there remains lower grade remnant mineralisation which contains a substantial amount of silver and minor gold.



Figure 2. The Chimberos open pit. High grade ore was mined and hauled to La Coipa for processing.

**Esperanza** hosts a number of exploration gold and silver targets, including the Teterita silver deposit. The latter has been comprehensively drilled resulting in the delineation and estimation of silver mineralisation. Basic metallurgical testwork has been performed.

### **Resource Estimate for Chimberos and Teterita silver deposits**

Laguna Resources has calculated an Inferred Resource estimate for both properties based on 27,650 metres of drilling in 334 holes. The estimate will have to be verified and validated before it can be upgraded.

The JORC resource estimates of Chimberos and Teterita are categorised as inferred. The data of 334 drill holes will have to be verified and validated before it can be upgraded to a higher category. To that extent 5,000 metres of reverse circulation and diamond drilling is planned for commencement in August 2011. In parallel with the drilling programme, metallurgical testwork will be undertaken.

The Inferred Resource for the Chimberos and Teterita deposits 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).

**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

When combined with the current resource estimate on the Arqueros deposit, the additional resources result in a consolidated total resource (Inferred + Indicated) of 96 million silver equivalent ounces (1.6 million gold equivalent ounces):

- 38 million tonnes at 0.3 g/t gold and 60 g/t silver
- 366,000 ounces of gold and 75 million ounces of silver

The current resource estimate of Arqueros was released to the ASX on 16 September 2010 (**Appendix 1**), and is scheduled to be upgraded in July 2011. The cut-off grade is 30 g/t silver equivalent (0.5 g/t gold equivalent) at a gold/silver equivalence ratio of 60.



Figure 3. Chimberos mine camp with Arqueros in the background.

## **Infrastructure**

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

## **Exploration Potential**

The Esperanza exploration database is included in the arrangement, and contains a number of gold and silver exploration targets.

## **Terms of the Agreement**

The principal terms of the agreement with Kinross are the payment of US\$1 million on signing, US\$2 million over 12 months and US\$3 million advanced royalty reimbursement to be paid within 24 months *plus* a production royalty of 2% on Esperanza (which also has a previous royalty of 5% to the previous vendor) and 3% on Chimberos. There is also a claw-back option on a new exploration discovery of 3 million ounces of gold.

## **Conclusion**

The acquisition enhances the value of the Arqueros Project expanding the scope of the project and facilitating its development into a substantial silver and gold mine. Of particular note are the additional mineralisation and surface rights.

The Arqueros Project is now in the first stage of its feasibility study. Resource drilling was completed in May with 3,329 metres of surface reverse circulation drilling and 4,216 metres of diamond drilling from surface and underground since December 2010. In early 2010, 11,500 metres was drilled, bringing the total metres drilled by Laguna for resource work to about 19,000 metres.

The project remains on track to enter production in 2013.



Nicholas Lindsay,  
Managing Director,  
Laguna Resources NL

## **CONSENT**

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

## COMPETENT 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.

**Gold equivalence** (AuEQ60) is estimated as  $AuEQ60 = Au + (Ag * EQ60)$ , where Au = gold content, Ag = silver content and EQ = equivalence factor, which is calculated as the ratio of gold price to silver price \* ratio of gold metallurgical recovery to silver metallurgical recovery. **EQ60** =  $PAu/PAg * RAu/RAg = 60$ , based on long-range prices of gold at US\$900/oz& silver US\$15/oz. The difference in metallurgical is assumed to be nil for this equivalence calculation.

## Appendix 1. Current resource estimate

Arqueros resource estimate announced to the Australian Securities Exchange by Laguna Resources NL on 16 September 2010; has been modified to include silver equivalence. The cut-off grade is 0.5 g/t gold equivalent, or 30 g/t silver equivalent at an equivalence ratio of 60.

JORC Category	Million Tonnes	Grades, g/t			
		Gold	Silver	AuEQ60	AgEQ60
Indicated	7.0	0.35	83	1.73	103
Inferred	24.6	0.32	47	1.11	67
Total	31.6	0.33	55	1.24	75

JORC Category	Ounces x 1000			
	Gold	Silver	AuEQ60	AgEQ60
Indicated	78	18,596	387	23,276
Inferred	253	37,596	870	52,686
Total	332	56,103	1,258	75,962

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