



## **LAGUNA RESOURCES NL**

**ASX Release**

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**DATE 31 JANUARY 2011**

**LAGUNA RESOURCES NL**

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**Directors / Officers:**

Gavin Thomas  
Nick Lindsay  
Jonathan Murray  
Scott Funston

**Issued Capital:**

Approximately 1,237 million shares

**ASX Symbol:** LRC

**Media:**

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## **DECEMBER 2010 QUARTERLY REPORT**

### **HIGHLIGHTS:**

- **Arqueros exploration camp was re-commissioned and underground diamond drilling commenced.**
- **Conditional off-market takeover bid by Kingsgate Consolidated Limited for all the issued and outstanding shares in Laguna, with Laguna shareholders offered 1 Kingsgate share for every 520 Laguna shares. The Share Offer was unanimously recommended and accepted by the Laguna board in the absence of a superior proposal. The bid period has been extended to 1 February 2011.**
- **Mr Gavin Thomas joined the Board, and was appointed Chairman.**
- **Mr Gaston Araya was appointed Vice President Operations, with principal responsibility being the development of the Arqueros gold and silver deposit.**

### **ARQUEROS PROJECT**

Laguna re-established the Arqueros camp for the summer campaign, and commenced underground diamond drilling.

The objective of the drilling is to lift the remaining Inferred Resource into Indicated category as well as expanding the resource base of the project, in preparation for the commencement of a Feasibility Study.

The drilling programme comprises a 2,000 metre underground diamond drilling programme which is testing the gold-rich structures of the Arqueros mineralisation to increase the resource base as well as improve quality control on historical drilling (100,000 metres) through parallel drilling of some well constrained historical holes.

A surface programme of 4,500 metres of reverse circulation drilling will begin in mid February, with the same objectives.

Other activities in progress included metallurgical testwork, environmental studies, water studies and refinement of the resource model for open pit development.

### **GOLD EXPLORATION PROJECTS**

The Company has acquired four gold exploration projects known as Guanaca, Cerro Iman, Cachitos and Maricella.



Location of Laguna Resources' gold projects in Northern Chile



Arqueros camp 2010/2011



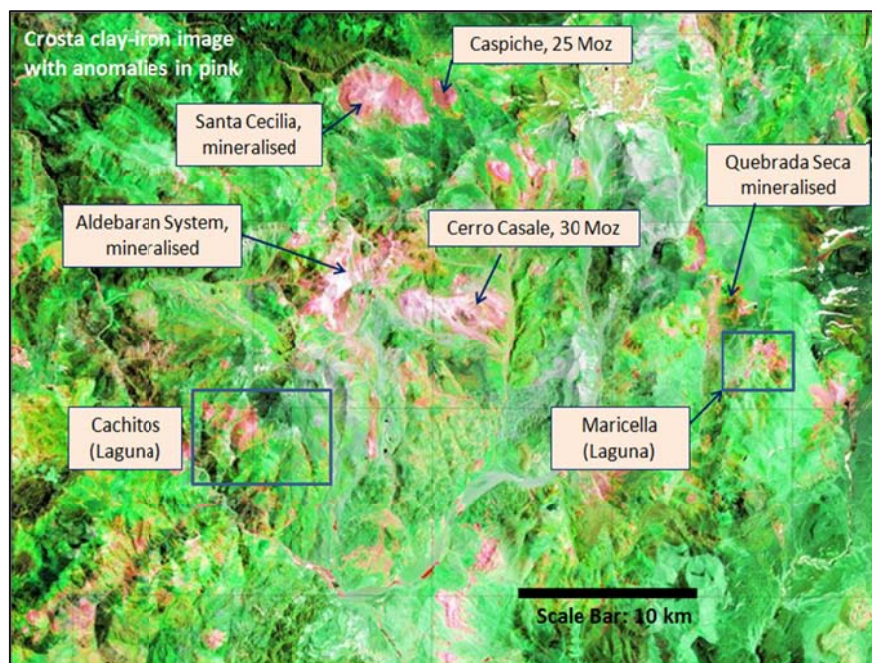
Hand-coring metallurgical samples from

Geological mapping and geochemistry has commenced on all four properties, with geophysics (induced polarisation/resistivity and magnetics) planned on some to define targets for drilling. Results of geochemistry are pending.

**Guanaca** occurs to the immediate south of La Coipa gold mine (Kinross Gold Corporation) in the northern Maricunga and represents a gold and silver epithermal target. Basic mapping was completed on this project in the quarter, and geochemical sampling is in progress.

**Cerro Iman** occurs in the south-western corner of the Maricunga and is part of the Lomas Bayas caldera. The target comprises a series of gold-bearing hydrothermal breccias. Basic mapping was completed over the western part of this property.

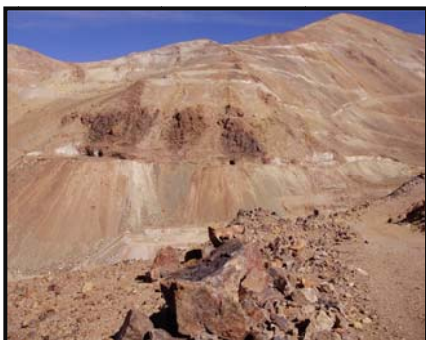
**Cachitos** is in the southern Maricunga, located on a circular structure related to the Cadillal paleovolcano, which hosts a number of mega-ounce gold deposits such as Caspiche (Exeter Resource Corporation) and Cerro Casale (Barrick 75% with Kinross). It is a ~2000 hectares property) of rugged terrane containing identified gold-bearing hydrothermal pipes and a significant clay-iron alteration anomaly. Mapping and geochemical sampling (rock and drainage) is in progress and results are pending.



Processed Landsat image (Crosta clay-iron) of Southern Maricunga showing Cachitos, Maricella and other major deposits. The "pink" zones are alteration systems, many of which are gold-bearing.



underground exposure of mineralisation



Underground portals at Arqueros Sur



Underground diamond drilling at Arqueros



Cachitos



Maricella

**Maricella** is the most advanced gold exploration project, located 17km east of Cerro Casale (30 million ounces of gold, Barrick Gold Corporation annual report 2009) on the same structure, and in the same zone and access route as the Cachitos Gold Project.

Highlights of Maricella include an extensive confirmed porphyry gold mineralisation manifested at surface by a prominent 800 x 800 metre gold anomaly located over a well-defined hydrothermal alteration zone. Previous work includes 4.5 km of trenching which display continuous mineralisation laterally up to 648 metres on surface. Drilling (2,328 metres) penetrated centre of the alteration zone, and generated intersections 50 to 250 metres from surface at grades of 0.3 to 0.7 g/t gold. Copper is present, and is a prime target for grade enhancement with depth, an important factor at Cerro Casale.

Exploration work has commenced with validation mapping and re-sampling of road cuttings and trench cuts, with the objective of defining drill targets to test the extent of mineralisation and potential for higher grade zones.

### **KINGSGATE TAKEOVER BID**

On 25th October 2010, Kingsgate Consolidated Limited (ASX:KCN) and Laguna Resources NL announced to the market that they had entered into a Bid Implementation Agreement for a conditional off-market takeover bid by Kingsgate for all the issued and outstanding shares in Laguna

Consideration for the transaction is in Kingsgate shares, with Laguna shareholders offered 1 Kingsgate share for every 520 Laguna shares. The transaction values Laguna at approximately A\$0.02 per share, or approximately A\$22 million.

The Share Offer was unanimously recommended by the Laguna board in the absence of a superior proposal. The timetable for the bid has been extended to 1<sup>st</sup> February 2011.

On 21 January 2011 Kingsgate advised the ASX they have acquired 66.69% of Laguna.

### **BOARD CHANGES**

Mr Gavin Thomas joined the Board, and was appointed Chairman, with Mr Matthew Wood retiring as a director.

Mr Thomas is currently the Chief Executive Officer and Managing Director of Kingsgate Consolidated Limited. He has had a successful international career in developing mining companies from the exploration phase into mid-tier gold and copper production entities.

## **KEY MANAGEMENT APPOINTMENT**

Mr Gaston Araya has been appointed Vice-President Operations of Laguna Resources NL, with primary responsibility being the development of the project through Feasibility Study, and as warranted, the construction and commissioning of a mine. He is an experienced Mining Engineer and Project Manager, with a successful international career spanning over 40 years of developing and operating mines at remote locations in Central and South America

Nick Lindsay  
Managing Director

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

### **DISCLAIMER**

*This release contains certain **forward-looking statements**. These forward-looking statements are based on management's expectations and beliefs concerning future events. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, some of which are outside the control of Laguna Resources NL, which could cause actual results to differ materially from such statements.*

### **CONSENT**

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

***Gold equivalence** with respect to Arqueros (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\$17.5/oz, and recoveries of gold at 90% and silver at 80% respectively.*

**CURRENT JORC RESOURCE (16 September 2010)**

**Tonnes and grade**

| Cut-off grade             | JORC             | Million | Grades, g/t |        |        |
|---------------------------|------------------|---------|-------------|--------|--------|
| g/t AuEQ60                | Category         | Tonnes  | Gold        | Silver | AuEQ60 |
| <b>Zero cut-off grade</b> |                  |         |             |        |        |
|                           | <i>Indicated</i> | 9.3     | 0.29        | 65     | 1.37   |
|                           | <i>Inferred</i>  | 40.7    | 0.23        | 33     | 0.79   |
|                           | <i>Total</i>     | 50.0    | 0.24        | 39     | 0.90   |
| <b>0.5 cut-off grade</b>  |                  |         |             |        |        |
|                           | <i>Indicated</i> | 7.0     | 0.35        | 83     | 1.73   |
|                           | <i>Inferred</i>  | 24.6    | 0.32        | 47     | 1.10   |
|                           | <i>Total</i>     | 31.6    | 0.33        | 55     | 1.24   |
| <b>0.7 cut-off grade</b>  |                  |         |             |        |        |
|                           | <i>Indicated</i> | 5.9     | 0.38        | 93     | 1.93   |
|                           | <i>Inferred</i>  | 16.9    | 0.38        | 57     | 1.33   |
|                           | <i>Total</i>     | 22.9    | 0.38        | 66     | 1.49   |
| <b>1.0 cut-off grade</b>  |                  |         |             |        |        |
|                           | <i>Indicated</i> | 4.7     | 0.43        | 108    | 2.22   |
|                           | <i>Inferred</i>  | 8.8     | 0.50        | 78     | 1.80   |
|                           | <i>Total</i>     | 13.5    | 0.48        | 88     | 1.95   |

**Current JORC Mineral Resource (thousand ounces)**

| Cut-off grade             | JORC             | Ounces, thousands |        |        |
|---------------------------|------------------|-------------------|--------|--------|
| g/t AuEQ60                | Category         | Gold              | Silver | AuEQ60 |
| <b>Zero cut-off grade</b> |                  |                   |        |        |
|                           | <i>Indicated</i> | 87                | 19,503 | 412    |
|                           | <i>Inferred</i>  | 302               | 43,725 | 1,034  |
|                           | <i>Total</i>     | 388               | 63,228 | 1,446  |
| <b>0.5 cut-off grade</b>  |                  |                   |        |        |
|                           | <i>Indicated</i> | 78                | 18,596 | 387    |
|                           | <i>Inferred</i>  | 253               | 37,596 | 870    |
|                           | <i>Total</i>     | 332               | 56,102 | 1,257  |
| <b>0.7 cut-off grade</b>  |                  |                   |        |        |
|                           | <i>Indicated</i> | 72                | 17,751 | 369    |
|                           | <i>Inferred</i>  | 208               | 31,075 | 725    |
|                           | <i>Total</i>     | 280               | 48,826 | 1,094  |
| <b>1.0 cut-off grade</b>  |                  |                   |        |        |
|                           | <i>Indicated</i> | 65                | 16,220 | 334    |
|                           | <i>Inferred</i>  | 142               | 22,058 | 510    |
|                           | <i>Total</i>     | 206               | 38,278 | 844    |