

LAGUNA RESOURCES NL

ACN 008 460 366

ENTITLEMENT ISSUE PROSPECTUS

For a pro rata non-renounceable entitlement issue of 1 Share for every 2 Shares held by Shareholders, (a total of 361,893,725 new Shares), at an issue price of 1.5 cents per Share to raise approximately \$5,428,406 (**Entitlement Issue**).

The Entitlement Issue is conditionally underwritten by Taylor Collison Limited. Refer to Section 7.2 for details regarding the terms of the Underwriting Agreement.

IMPORTANT NOTICE

This document is important and should be read in its entirety. If after reading this Prospectus you have any questions about the Securities being offered under this Prospectus or any other matter, then you should consult your stockbroker, accountant or other professional adviser.

The Securities offered by this Prospectus should be considered as speculative.

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1. SUMMARY OF IMPORTANT DATES AND IMPORTANT NOTES

TIMETABLE AND IMPORTANT DATES*

Lodgment of Prospectus and Appendix 3B with ASIC and ASX	17 November 2009
Notice sent to Shareholders	19 November 2009
Ex Date	20 November 2009
Record Date for determining Shareholder entitlements	26 November 2009
Prospectus despatched to Shareholders	1 December 2009
Closing Date of Offer	15 December 2009
Securities quoted on a deferred settlement basis	16 December 2009
Notify ASX of under-subscriptions	17 December 2009
Despatch date/Shares entered into Shareholders' security holdings	18 December 2009

* These dates are determined based upon the current expectations of the Directors and may be changed with 6 Business Days prior notice.

IMPORTANT NOTES

Shareholders should read this document in its entirety and, if in doubt, should consult their professional advisors.

This Prospectus is dated 17 November 2009 and a copy of this Prospectus was lodged with the ASIC on that date. The ASIC and ASX take no responsibility for the content of this Prospectus.

The expiry date of the Prospectus is 17 December 2010 (**Expiry Date**). No Shares will be allotted or issued on the basis of this Prospectus after the Expiry Date.

Applications for Shares offered pursuant to this Prospectus can only be submitted on an original Entitlement and Acceptance Form which accompanies this Prospectus.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Prospectus in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Prospectus should seek advice on and observe any of these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained in the Prospectus. Any information or representation not so contained may not be relied on as having been authorised by the Company in connection with this Prospectus.

In making representations in this Prospectus regard has been had to the fact that the Company is a disclosing entity for the purposes of the Corporations Act and certain matters may reasonably be expected to be known to investors and professional advisers whom potential investors may consult.

RISK FACTORS

The Shares offered by this Prospectus are of a speculative nature. Prospective investors should carefully consider the risk factors summarised in Section 3.10 and detailed in full in Section 6 of this Prospectus. Key risks include exploration risk, access to future funding, reliance on key personnel and those generally associated with operating in a foreign jurisdiction.

ELECTRONIC PROSPECTUS

Any person accessing the electronic version of this Prospectus for the purpose of making an investment in the Company must be an Australian resident and must only access the Prospectus from within Australia.

The Corporations Act prohibits any person passing onto another person an Entitlement and Acceptance Form unless it is attached to a hard copy of this Prospectus or it accompanies the complete and unaltered version of this Prospectus. Any person may obtain a hard copy of this Prospectus free of charge by contacting the Company.

2. CORPORATE DIRECTORY

Directors

Matthew Wood
Chairman

Nicolas Lindsay
Managing Director

Jonathan Murray
Non-Executive Director

Company Secretary

Scott Funston

Registered Office

Level 1
33 Richardson Street
WEST PERTH WA 6005

Principal Place of Business

Level 1
33 Richardson Street
WEST PERTH WA 6005

General Enquiries:

Telephone: (+618) 9200 6280
Facsimile: (+618) 9200 4469

Underwriter

Taylor Collison Limited
Level 16
211 Victoria Square,
ADELAIDE SA 5000

Telephone: (+618) 8217 3900
Facsimile: (+618) 8231 3506

Share Registry*

Computershare Investor Services Pty
Limited
Level 2, Reserve Bank Building
45 St George's Terrace
PERTH WA 6000

Telephone: (+618) 9323 2000
Facsimile (+618) 9323 2033

Solicitors

Steinepreis Paganin
Lawyers and Consultants
Level 4, The Read Buildings
16 Milligan Street
PERTH WA 6000

Telephone: (+618) 9321 4000
Facsimile (+618) 9321 4333

Auditor*

PricewaterhouseCoopers
Level 1 Eagle Street
BRISBANE QLD 4000

Telephone: (+617) 3257 5000
Facsimile (+617) 3257 5999

*These parties have been included for information purposes only. They have not been involved in the preparation of this Prospectus.

3. DETAILS OF THE OFFER

3.1 Offer

By this Prospectus, the Company offers for subscription approximately 361,893,725 new Shares pursuant to a pro-rata non-renounceable entitlement issue to Shareholders of 1 new Share for every 2 Shares held on the Record Date at an issue price of 1.5 cents per Share. Fractional entitlements will be rounded up to the nearest whole number.

Based on the capital structure of the Company (and assuming no existing Options are exercised prior to the Record Date), the maximum number of Shares to be issued pursuant to the Offer is approximately 361,893,725. The Offer will raise approximately \$5,428,406. The purpose of the Offer and the use of funds raised are set out in Section 4 of this Prospectus.

Holders of existing Options will not be entitled to participate in the Offer. The Company currently has 155,850,000 Options on issue as at the date of this Prospectus, which Options may be exercised by the Option holder prior to the Record Date in order to participate in the Offer.

Holders of existing partly paid shares and equity participation shares will not be entitled to participate in the Offer. The Company currently has 112,313 partly paid shares on issue and 2,076,752 equity participation shares on issue as at the date of this Prospectus. Further details in respect of these shares are set out in Section 4.4

3.2 How to Accept the Offer

Your acceptance of the Offer must be made on the Entitlement and Acceptance Form accompanying this Prospectus. Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

You may participate in the Offer as follows:

- (a) if you wish to accept your Entitlement in full:
- (b) complete the Entitlement and Acceptance Form, filling in the details in the spaces provided; and
- (c) attach your cheque for the application monies amount indicated on your Entitlement and Acceptance Form; or
- (d) pay the application monies through the BPay® facility described below. If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.

if you only wish to accept part of your Entitlement:

- (i) fill in the number of Shares you wish to accept in the space provided on the Entitlement and Acceptance Form; and
- (ii) attach your cheque for the appropriate application monies (at 1.5 cents per Share); or
- (iii) pay the appropriate application monies through the BPay® facility described below. If you make your payment by BPay®

you do not need to return the Entitlement and Acceptance Form.

Payment by Cheque

All cheques must be drawn on an Australian bank or bank draft made payable in Australian currency to "Laguna Resources NL- Entitlement Offer Account" and crossed "Not Negotiable".

If you are making payment by cheque you must deliver your Entitlement and Acceptance Form, together with a cheque or bank draft, by hand (during normal business hours) or by post to the Share Registry (Computershare Investor Services Pty Limited), to be received by no later than 5:00pm (WST) on the Closing Date at the following address:

By hand delivery to:

Level 2, 45 St George's Terrace
Perth Western Australia

By Post to:

GPO Box D182
Perth Western Australia 6840

Shareholders outside Australia should mail their Entitlement and Acceptance Form and payment to ensure that it is received at the address set out above by no later than 5:00pm (WST) on the Closing Date.

Payment by BPay®

Payment by BPay® should be made according to the instructions set out on the Entitlement and Acceptance Form using the Entitlement number shown on that form next to the BPay® symbol. **If you make your payment by BPay® you do not need to return the Entitlement and Acceptance Form.**

The Entitlement number is used to identify your holding. If you have multiple holdings you will have multiple Entitlement numbers. You must use the Entitlement number shown on each Entitlement and Acceptance Form to pay for each holding separately. Failure to do so may result in an underpayment. If you pay by BPay® and do not pay for your full Entitlement, the remaining Entitlement will form part of the Shortfall.

Please note that all payments using the Bpay payment option must be made by 4.00pm (WST) on the Closing Date.

3.3 Minimum Subscription

There is no minimum subscription in respect of the Offer.

3.4 Underwriting

The Offer is conditionally underwritten by Taylor Collison Limited.

Refer to Section 7.2 of this Prospectus for further details of the terms of the underwriting.

3.5 Shortfall

If you do not wish to take up any part of your Entitlement you are not required to take any action. The part of your Entitlement not taken up will form part of the Shortfall. Shareholders who wish to apply for Shares above their Entitlement can complete the Shortfall Application Form attached to the back of this Prospectus

and return it, together with a cheque for the value of those Shortfall Shares (at 1.5 cents per Share) to the Company.

The offer of the Shortfall is a separate offer pursuant to this Prospectus. The issue price of any Shares offered pursuant to the Shortfall Offer shall be 1.5 cents being the price at which the Entitlement has been offered to Shareholders pursuant to this Prospectus. The Shortfall shall be placed at the discretion of the Underwriter. The Company, in conjunction with the Underwriter, reserves the right to allot to an applicant a lesser number of Shortfall Shares than the number for which the applicant applies, or to reject an application, or to not proceed with placing the Shortfall.

3.6 Australian Securities Exchange Listing

Application for official quotation by ASX of the Shares offered pursuant to this Prospectus will be made within 7 days after the date of this Prospectus. If approval is not obtained from ASX before the expiration of 3 months after the date of issue of the Prospectus, (or such period as modified by the ASIC), the Company will not issue any Shares and will repay all application monies for the Securities within the time prescribed under the Corporations Act, without interest.

The fact that ASX may grant official quotation to the Shares is not to be taken in any way as an indication of the merits of the Company or the Securities now offered for subscription.

3.7 Allotment of Shares

Shares issued pursuant to the Offer will be allotted as soon as practicable after the Closing Date. The Company will allot the Shares on the basis of a Shareholder's Entitlement. Where the number of Shares issued is less than the number applied for, or where no allotment is made, surplus application monies will be refunded without any interest to the applicant as soon as practicable after the Closing Date.

Pending the allotment and issue of the Shares or payment of refunds pursuant to this Prospectus, all application monies will be held by the Company in trust for the Applicants in a separate bank account as required by the Corporations Act. The Company, however, will be entitled to retain all interest that accrues on the bank account and each Applicant waives the right to claim interest.

3.8 Overseas Shareholders

This Offer does not, and is not intended to, constitute an offer in any place or jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or to issue this Prospectus.

It is not practicable for the Company to comply with the securities laws of overseas jurisdictions having regard to the number of overseas Shareholders, the number and value of Securities these Shareholders would be offered and the cost of complying with regulatory requirements in each relevant jurisdiction. Accordingly, the Offer is not being extended and Securities will not be issued to Shareholders with a registered address which is outside Australia or New Zealand.

Shareholders resident in New Zealand should consult their professional advisors as to whether any government or other consents are required, or other formalities need to be observed, to enable them to exercise their Entitlements under the Offer.

3.9 Offer in New Zealand

The Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act and the Corporations Regulations 2001. In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

The Offer and the content of the Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act sets out how the Offer must be made.

There are differences in how securities are regulated under Australian law.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to the Offer. If you need to make a complaint about the Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

The Offer may involve a currency exchange risk. The currency for the Shares is not New Zealand dollars. The value of the Shares will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant. If you expect the securities to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

As noted in the Prospectus at Section 3.6, the Company will apply to the ASX for quotation of the Shares offered under this Prospectus. If quotation is granted, the Shares offered under this Prospectus will be able to be traded on the ASX. If you wish to trade the Shares through that market, you will have to make arrangements for a participant in that market to sell the Shares on your behalf. As the ASX does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the Shares and trading may differ from securities markets that operate in New Zealand.

3.10 Risk Factors

Prospective investors in the Company should be aware that subscribing for Shares the subject of this Prospectus involves a number of risks, including title risks, exchange rate risks, exploration success, environmental risks and operational risks associated with operating in Chile.

Details of these specific risks and other general risks are set out in Section 6 of this Prospectus and investors are urged to consider those risks carefully (and, if

necessary, consult their professional adviser) before deciding whether to invest in the Company.

The risk factors set out in Section 6 of this Prospectus, and other general risks applicable to all investments in listed securities not specifically referred to, may in the future affect the value of the Shares. Accordingly, an investment in the Company should be considered highly speculative.

3.11 Taxation Implications

The Directors do not consider that it is appropriate to give Applicants advice regarding the taxation consequences of applying for Securities under this Prospectus, as it is not possible to provide a comprehensive summary of the possible taxation consequences. The Company, its advisers and officers, do not accept any responsibility or liability for any taxation consequences to Applicants. Potential Applicants should, therefore, consult their own professional tax adviser in connection with the taxation implications of the Securities offered pursuant to this Prospectus.

3.12 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company will not be issuing share certificates. The Company will apply to ASX to participate in CHES, for those investors who have, or wish to have, a sponsoring stockbroker. Investors who do not wish to participate through CHES will be issuer sponsored by the Company. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation.

Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Shares allotted to them under this Prospectus. The notice will also advise holders of their Holder Identification Number or Security Holder Reference Number and explain, for future reference, the sale and purchase procedures under CHES and issuer sponsorship.

Further monthly statements will be provided to holders if there have been any changes in their security holding in the Company during the preceding month.

3.13 Privacy Act

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Company's share registry). The Company collects, holds and will use that information to assess your application, service your needs as a Shareholder, facilitate distribution payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Company's share registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its share registry if you wish to do so at the relevant contact numbers set out in this Prospectus.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the

Corporations Act and certain rules such as the ASTC Settlement Rules. You should note that if you do not provide the information required on the application for Shares, the Company may not be able to accept or process your application.

4. PURPOSE AND EFFECT OF THE OFFER

4.1 Purpose of the Offer

The purpose of the Offer is to raise approximately \$5,428,406 (before expenses). The proceeds of the Offer are planned to be used in accordance with the table set out below:

Proceeds of the Offer	\$
Exploration and Development Drilling (including conceptual mine planning and process design, site planning, infrastructure planning and basic engineering)	3,200,000
Metallurgical Test Work	120,000
Feasibility Study	600,000
Mine permitting	120,000
Evaluation and potential acquisition of new projects	250,000
Working Capital	783,406
Expenses of the Offer ¹	355,000
Total	\$5,428,406

Notes:

1. Refer to Section 7.7 of this Prospectus for further details relating to the estimated expenses of the Offer.

4.2 Effect of the Offer and Pro Forma Consolidated Balance Sheet

The principal effect of the Offer will be to:

- (a) increase the cash reserves by approximately \$5,073,406 immediately after completion of the Offer after deducting the estimated expenses of the Offer which include the payments to Taylor Collison Limited; and
- (b) increase the number of Shares on issue from 723,787,450, to approximately 1,085,681,175 Shares following completion of the Offer.

4.3 Consolidated Balance Sheet

The unaudited Balance Sheet as at 30 September 2009 and the unaudited Pro Forma Balance Sheet as at 30 September 2009 shown on the following page have been prepared on the basis of the accounting policies normally adopted by the Company and reflect the changes to its financial position. They have been prepared on the assumption that all Shares pursuant to the Offer in this Prospectus are issued.

The unaudited Balance Sheets have been prepared to provide Shareholders with information on the assets and liabilities of the Company and pro-forma

assets and liabilities of the Company as noted below. The historical and pro-forma financial information is presented in an abbreviated form, insofar as it does not include all of the disclosures required by Australian Accounting Standards applicable to annual financial statements.

Consolidated Balance Sheet and Pro Forma Balance Sheet as at 30 September 2009 (unaudited)

	30 September 2009 Actual	30 September 2009 Pro-forma
CURRENT ASSETS		
Cash	1,062,104	6,135,510
Receivables	55,078	55,078
Total Current Assets	1,117,182	6,190,588
NON-CURRENT ASSETS		
Receivables	8,000	8,000
Plant & equipment	29,541	29,541
Exploration properties	2,019,644	2,019,644
Total Non-current Assets	2,057,185	2,057,185
TOTAL ASSETS	3,174,367	8,247,773
CURRENT LIABILITIES		
Creditors and borrowings	78,435	78,435
Total Current Liabilities	78,435	78,435
TOTAL LIABILITIES	78,435	78,435
NET ASSETS	3,095,932	8,169,338
SHAREHOLDERS' EQUITY		
Share Capital	288,607,689	293,681,095
Reserves	118,986	118,986
Retained Loss	(285,630,743)	(285,630,743)
TOTAL SHAREHOLDERS' EQUITY	3,095,932	8,169,338

4.4 Effect on Capital Structure

A comparative table of changes in the capital structure of the Company as a consequence of the Offer is set out below, assuming that the Offer is fully subscribed.

Shares

	Number
Shares on issue at date of Prospectus	723,787,450
Shares offered pursuant to the Offer	361,893,725

Total Shares on issue after completion of the Offer	1,085,681,175
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Options

	Number
Unlisted options - exercisable at 1 cent on or before 31 December 2010	145,850,000
Unlisted options - exercisable at 1 cent on or before 31 December 2012	5,000,000
Unlisted options - exercisable at 3 cent on or before 31 December 2012	5,000,000
Total Options on issue after completion of the Offer	155,850,000

Partly Paid Ordinary Shares

	Number
Unlisted partly paid ordinary shares on issue at date of Prospectus ¹	112,313
Total partly paid ordinary shares on issue after completion of the Offer	112,313

Equity Participation Shares

	Number
Unlisted equity participation shares on issue at date of Prospectus ²	2,076,752
Total partly paid ordinary shares on issue after completion of the Offer	2,076,752

Notes

- As at the date of this Prospectus there are 112,313 partly paid shares on issue, which will not be entitled to participate in the Rights Issue, unless they are paid up in full prior to the Record Date. Partly paid shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on shares held. On a show of hands every holder of 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. Holders of partly paid shares are ineligible to participate in the Offer.

2. As at the date of this Prospectus there are 2,076,752 equity participation shares on issue. Equity participation shares were issued to employees of the company and are partly paid up. Upon completion of three years' service with the Company, the employee can apply to have the shares converted to ordinary shares by paying the unpaid amount owing on the shares. Equity participation shares have the rights attaching to ordinary shares except for the following conditions:
- (a) in respect of resolutions changing or having the effect of changing the members of the board:
 - (i) where the directors believe that there must be a change in control of the company; or
 - (ii) where shares are allotted and issued to persons after 24 April 2002, the shares shall entitle the holder to the right to vote at any general meeting in proportion to the amount paid up on the shares;
 - (b) the shares have no dividend rights; and
 - (c) the shares have no right to receive a distribution in excess of the amount paid up on the shares at the time of winding up.

Holders of equity participation shares are ineligible to participate in the Offer.

5. RIGHTS AND LIABILITIES ATTACHING TO THE SHARES

5.1 Terms of Shares

The following is a summary of the more significant rights and liabilities attaching to Shares to be issued pursuant to this Prospectus. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders. To obtain such a statement, persons should seek independent legal advice.

Full details of the rights and liabilities attaching to Shares are set out in the Company's Constitution, a copy of which is available for inspection at the Company's registered office during normal business hours.

5.2 General Meetings

Shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of the Company.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the Constitution of the Company.

5.3 Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of Shares, at general meetings of Shareholders or classes of Shareholders:

- (a) each Shareholder entitled to vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote; and
- (c) on a poll, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for each Share held, but in respect of partly paid shares shall have a fraction of a vote equivalent to the proportion which the amount paid up bears to the total issue price for the share.

5.4 Dividend Rights

The Directors may from time to time declare and pay or credit a dividend in accordance with the Corporations Act. Subject to any special right as to dividends attaching to a share, all dividends will be declared and paid according to the proportion which the amount paid on the Share is to the total amount payable in respect of the Shares (but any amount paid during the period in respect of which a dividend is declared only entitles the Shareholder to an apportioned amount of that dividend as from the date of payment). The Directors may from time to time pay or credit to the Shareholders such interim dividends as they may determine. No dividends shall be payable except out of profits. A determination by the Directors as to the profits of the Company shall be conclusive. No dividend shall carry interest as against the Company.

The Directors may from time to time grant to Shareholders or any class of shareholders the right to elect to reinvest cash dividends paid by the Company by subscribing for Shares in the Company on such terms and conditions as the Directors think fit. The Directors may, at their discretion, resolve in respect of any dividend which it is proposed to pay or to declare on any Shares of the Company, that holders of such Shares may elect to forgo their right to the whole

or part of the proposed dividend and to receive instead an issue of Shares credited as fully paid to the extent and on the terms and conditions of the Constitution. The Directors may set aside out of the profits of the Company such amounts as they may determine as reserves, to be applied at the discretion of the Directors, for any purpose for which the profits of the Company may be properly applied.

5.5 Winding-Up

If the Company is wound up, the liquidator may, with the authority of a special resolution, divide among the Shareholders in kind the whole or any part of the property of the Company, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the Shareholders or different classes of Shareholders. The liquidator may, with the authority of a special resolution, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no Shareholder is compelled to accept any Shares or other securities in respect of which there is any liability.

5.6 Transfer of Shares

Generally, Shares in the Company are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act and the Listing Rules.

5.7 Future Increase in Capital

The allotment and issue of any new Shares is under the control of the Directors of the Company. Subject to restrictions on the issue or grant of securities contained in the Listing Rules, the Constitution and the Corporations Act (and without affecting any special right previously conferred on the holder of an existing share or class of shares), the Directors may issue Shares as they shall, in their absolute discretion, determine.

5.8 Variation of Rights

Under Section 246B of the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders vary or abrogate the rights attaching to Shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

6. RISK FACTORS

Applicants should consider the risk factors described below, together with information contained elsewhere in this Prospectus, before deciding whether to apply for Shares. Potential Applicants should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Shares.

The following is not intended to be an exhaustive list of the risk factors to which the Company is exposed.

6.1 Specific Risks

6.1.1 Operating in Chile

Operations in Chile may be subject to a number of risks, including:

- (a) potential difficulties in enforcing agreements through foreign local systems;
- (b) increases in costs for transportation and shipping;
- (c) restrictive governmental actions, such as imposition of trade quotas, tariffs and other taxes;
- (d) potential difficulties in obtaining effective legal redress in the courts of Chile (which has a less developed legal system than Australia) if needed;
- (e) while Chile appears to be currently welcoming of foreign investment, there is a risk that these conditions, as well as the ability to repatriate funds, could change and adversely affect the Company's activities in Chile and its ability to retain those assets;
- (f) all payments in Chile are made with Chilean Peso. Price fluctuations between the Chilean Peso and the Australian dollar may negatively impact on the Company's operations in Chile; and
- (g) although the Chilean Government and economy has been relatively stable in recent years, property ownership in a foreign country is generally subject to the risk of expropriation or nationalisation with inadequate compensation.

Any of these factors could materially and adversely affect the Company's business, results of operations and financial condition.

6.1.2 Legislative changes, Government policy and approvals

Changes in government regulations and policies may adversely affect the financial performance of the Company. For example, any increased rentals under Chilean mining legislation and regulations may impact on the Company's actual financial statements. The Company's capacity to explore and mine, and in particular the Company's ability to explore and mine any reserves, may be affected by changes in government policy which are beyond the control of the Company.

6.1.3 Title Risk

Minerals licences are granted subject to various conditions (including, without limitation, minimum work requirements). Failure to comply with conditions may lead to forfeiture.

All of the mineral properties in which the Company has or may, upon grant, have an interest in will be subject to renewal. If any of the mineral properties are not renewed for any reason, the Company may suffer damage through loss of opportunity to develop. The Directors are not aware of any reason why renewal (or grant) of any mineral properties will not occur.

6.1.4 Exploration Success

The mineral properties are at various stages of exploration, and potential investors should understand that mineral exploration and development are high-risk undertakings.

There can be no assurance that exploration of the mineral properties, or any other mineral properties that may be acquired in the future, will result in the discovery of an economic ore deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically exploited.

The future exploration activities of the Company may be affected by a range of factors including geological conditions, limitations on activities due to seasonal weather patterns, unanticipated operational and technical difficulties, industrial and environmental accidents, native title process, changing government regulations and many other factors beyond the control of the Company.

The success of the Company will also depend upon the Company having access to sufficient development capital, being able to maintain title to its mineral properties and obtaining all required approvals for its activities. In the event that exploration programs prove to be unsuccessful this could lead to a diminution in the value of the mineral properties, a reduction in the cash reserves of the Company and possible relinquishment of the mineral properties.

6.1.5 Resource Estimates

Resource estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates which were valid when originally calculated may alter significantly when new information or techniques become available. In addition, by their very nature, resource estimates are imprecise and depend to some extent on interpretations, which may prove to be inaccurate. As further information becomes available through additional fieldwork and analysis, the estimates are likely to change. This may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

There can be no guarantee that the Company will be able to convert the results from previous exploration into classification under the JORC code.

6.2 General Risks

6.2.1 General factors

The value of the Company's Securities are affected by a number of general factors which are beyond the control of the Company and its Directors.

Factors such as inflation, currency fluctuation, interest rates, supply and demand and industrial disruption have an impact on operating costs, commodity prices, local and international economic conditions and general investor sentiment.

The Company's share price can be affected by these factors, which are beyond the control of the Directors.

6.2.2 Commodities

The Company explores for gold in Chile. If the Company becomes a gold producer then as gold is a commodity its price fluctuates and is affected by many factors beyond the Company's control including interest rates, expectations regarding inflation, speculation, currency values, governmental decisions regarding the disposal of precious metals stockpiles, global and regional demand and production, political and economic conditions and other factors.

6.2.3 Operating Risks

The current and future operations of the Company, including exploration, appraisal and possible production activities may be affected by a range of factors, including:

- (a) adverse geological conditions;
- (b) limitations on activities due to seasonal weather patterns and cyclone activity;
- (c) unanticipated operational and technical difficulties encountered in geophysical surveys, drilling and production activities;
- (d) mechanical failure of operating plant and equipment;
- (e) industrial and environmental accidents, industrial disputes and other force majeure events;
- (f) unavailability of aircraft or drilling equipment to undertake airborne electromagnetic and other geological and geophysical investigations;
- (g) unexpected shortages or increases in the costs of labour, consumables, spare parts, plant and equipment;
- (h) access to water; and
- (i) inability to obtain necessary consents or approvals.

6.2.4 Environmental Risks and Regulations

The Company's projects are subject to Chilean laws and regulations regarding environmental matters and the discharge of hazardous wastes and materials. As with all mining projects, these projects would be expected to have a variety of environmental impacts should development proceed.

The Company intends to conduct its activities in an environmentally responsible manner and in accordance with applicable laws and industry standards. Areas disturbed by the Company's activities will be rehabilitated as required by the conditions attaching to the Tenements.

6.2.5 Market conditions

The market price of securities can fall as well as rise and may be subject to varied and unpredictable influences on the market for equities and in particular, resources stocks. Neither the Company nor the Directors warrant the future performance of the Company or any return on an investment in the Company.

6.2.6 Security Investments

Applicants should be aware that there are risks associated with any securities investment. Securities listed on the stock market, and in particular securities of mining and exploration companies, have experienced extreme price and volume fluctuations that have often been unrelated to the operating performances of such companies. These factors may materially affect the market price of the securities regardless of the Company's performance.

Exploration in itself is a speculative endeavour, while mining operations can be hampered by force majeure circumstances and cost overruns for unforeseen events.

6.2.7 Future Capital Requirements

The Company's ongoing activities will require substantial expenditures. There can be no guarantee that the funds raised through the Offer will be sufficient to successfully achieve all the objectives of the Company's overall business strategy. If the Company is unable to continue to use debt or equity to fund expansion after the substantial exhaustion of the net proceeds of the Offer, there can be no assurances that the Company will have sufficient capital resources for that purpose, or other purposes, or that it will be able to obtain additional fundraising on terms acceptable to the Company or at all. Any additional equity financing may be dilutive to shareholders and any debt financing if available may involve restrictive covenants, which may limit the Company's operations and business strategy.

The Company's failure to raise capital if and when needed could delay or suspend the Company's business strategy and could have a material adverse effect on the Company's activities.

6.2.8 Reliance on Key Personnel and Employees

The Company's prospects depend in part on the ability of its executive officers, senior management and key consultants to operate effectively, both independently and as a group. To manage its growth, the Company must attract and retain additional highly qualified management, technical, sales and marketing personnel and continue to implement and improve operational, financial and management information systems. Investors must be willing to rely to a significant extent on management's discretion and judgement, as well as the expertise and competence of outside contractors.

6.2.9 Contractors and Service Providers

Potential financial failure, default, insolvency or other managerial failure by any of the contractors used by the Company in any of its activities, or insolvency or other managerial failure by any of the other service providers used by the Company for any activity, may adversely affect the Company's material interests.

6.2.10 Development

The Company will continue to explore for gold in Chile. There is a risk that exploration will require costs beyond those budgeted and even if mining tenements are developed there is no guarantee that the gold can be successfully commercialised and exploited.

6.2.11 Investment Speculative

The above list of risk factors ought not to be taken as exhaustive of the risks faced by the Company or by investors in the Company. The above factors, and others not specifically referred to, may materially affect the financial performance of the Company and the value of the Securities offered under this Prospectus in the future. Therefore, the Securities to be issued pursuant to this Prospectus carry no guarantee with respect to the payment of dividends, returns of capital or the market value of those securities.

Potential investors should consider that the investment in the Company is speculative and should consult their professional advisers before deciding whether to apply for Securities pursuant to this Prospectus.

7 ADDITIONAL INFORMATION

7.1 Continuous Disclosure Obligations

The Company is a “disclosing entity” (as defined in Section 111AC of the Corporations Act) for the purposes of Section 713 of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. Specifically, like all listed companies, the Company is required to continuously disclose any information it has to the market which a reasonable person would expect to have a material effect on the price or the value of the Company’s securities.

This Prospectus is a “transaction specific prospectus”. In general terms “transaction specific prospectuses” are only required to contain information in relation to the effect of the issue of securities on the Company and the rights attaching to the securities. It is not necessary to include general information in relation to all of the assets and liabilities, financial position, profits and losses or prospects of the issuing company.

This Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that is not already listed on a stock exchange. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquires as are reasonable, the Company believes that it has complied with the general and specific requirements of ASX as applicable from time to time throughout the 12 months before the issue of this Prospectus which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market conducted by ASX.

Information that is already in the public domain has not been reported in this Prospectus other than that which is considered necessary to make this Prospectus complete.

The Company, as a disclosing entity under the Corporations Act states that:

- (a) it is subject to regular reporting and disclosure obligations;
- (b) copies of documents lodged with the ASIC in relation to the Company (not being documents referred to in Section 1274(2)(a) of the Corporations Act) may be obtained from, or inspected at, the offices of the ASIC; and
 - (i) it will provide a copy of each of the following documents, free of charge, to any person on request between the date of issue of this Prospectus and the Closing Date:
 - (ii) the financial statements of the Company for the financial year ended 31 December 2008 being the last financial statements for a financial year, of the Company lodged with the ASIC before the issue of this Prospectus;
 - (iii) any half-year financial statements of the Company lodged with ASIC since the lodgement of the last financial statements for

the half-year ended 30 June 2009 lodged with ASIC before the issue of this Prospectus; and

- (iv) any documents used to notify ASX of information relating to the Company in the period from lodgement of the financial statements referred to in paragraph (i) above until the issue of the Prospectus in accordance with the Listing Rules as referred to in Section 674(1) of the Corporations Act.

Copies of all documents lodged with the ASIC in relation to the Company can be inspected at the registered office of the Company during normal office hours.

The Company has lodged the following announcements with ASX since the lodgement of the 31 December 2008 audited financial statements:

Date	Description of Announcement
17/11/2009	Non Renounceable Entitlements Issue
16/11/2009	Appendix 3B
11/11/2009	Appendix 3B
11/11/2009	Suspension from Official Quotation
10/11/2009	Investor Presentation
09/11/2009	Trading Halt
04/11/2009	Initial JORC Resource Estimate
02/11/2009	CAP Cancellation: NOT LRC's ann. Should be PCL's
02/11/2009	Trading Halt
02/11/2009	Trading Halt
02/11/2009	Notice of Change of Interests of Substantial Holder
26/10/2009	Quarterly Activities Report
26/10/2009	Quarterly Cashflow Report
22/10/2009	Change of Interests of Substantial Holder
15/10/2009	Final Director's Interest Notice
15/10/2009	Initial Director's Interest Notice
15/10/2009	Board Changes
07/10/2009	Response to ASX Price and Volume Query
05/10/2009	Arqueros Gold Project Field Work Commences
25/08/2009	Change of ASX Code

24/08/2009	Investor Presentation
21/08/2009	Change of name to Laguna Resources NL
20/08/2009	Change of Registered Office
20/08/2009	Becoming a substantial holder
20/08/2009	Becoming a substantial holder
20/08/2009	Becoming a substantial holder
19/08/2009	Change in substantial holding
19/08/2009	Final Director's Interest Notice
19/08/2009	Change of Director's Interest Notice
19/08/2009	Offers closed and securities allotted – Laguna
17/08/2009	Half Year Accounts
06/08/2009	Changes to the Board – Appendix 3X
06/08/2009	Results of Meeting
05/08/2009	Appendix 3B
05/08/2009	Disclosure Document – Laguna and Placement
04/08/2009	Change in Substantial Holding
04/08/2009	Change of Director's Interest Notice
03/08/2009	Presentation – Diggers and Dealers Booth
24/07/2009	Quarterly Activities and Cashflow Report
6/07/2009	Notice of General Meeting/Proxy Form
24/06/2009	Acquisition of Arqueros Gold-Silver Project in Chile
22/06/2009	Trading Halt
28/05/2009	Results of Meeting
28/04/2009	Notice of Annual General Meeting
23/04/2009	Quarterly Activities and Cashflow Report
25/03/2009	Annual Report to Shareholders

ASX maintains files containing publicly available information for all listed companies. The Company's file is available for inspection at ASX during normal office hours.

The announcements are also available through the Company's website <http://www.lagunaresources.com/>.

7.2 Material Contracts

The only material agreement in the context of this Offer is an agreement between Taylor Collison Limited (**Underwriter**) and the Company (**Underwriting Agreement**), whereby the Underwriter agreed to conditionally underwrite the Offer for 361,893,725 Shares (**Underwritten Securities**).

Pursuant to the Underwriting Agreement, the Company has agreed to pay the Underwriter a management fee of 1% of the total value of the Underwritten Securities plus an underwriting fee of 5% of the value of the Underwritten Securities.

The Agreement is conditional upon:

- (b) the Underwriter completing a review of the Prospectus;
- (c) a legal sign-off letter being provided by the solicitors for the Company, to the Company, to the satisfaction of the Underwriter, and addressed to be for the benefit of the Underwriter, by the Record Date; and
- (d) the Underwriter not being bound to underwrite the Offer unless and until the Company lodges the Prospectus with ASIC.

The obligation of the Underwriter to underwrite the Offer is subject to certain events of termination. The Underwriter may terminate its obligations under the Underwriting Agreement if:

- (a) **Prospectus:** either of the following occurs in relation to the Prospectus:
 - (i) it is not lodged with ASIC by 17 November 2009 (or such later date agreed in writing by the Underwriter); or
 - (ii) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
- (b) **Listing Approval:** listing approval has not been granted by the Shortfall Notice Deadline Date (being 3 business days after the Closing Date) or, having been granted, is subsequently withdrawn, withheld or qualified;
- (c) **Supplementary Prospectus (Corrective Disclosure):**
 - (i) the Underwriter, having elected not to exercise its right to terminate its obligations under the Underwriting Agreement, forms the view on reasonable grounds that a corrective document should be lodged with ASX to comply with the Corporations Act and the Company fails to lodge a corrective document in such form and content and within such time as the Underwriter may reasonably require; or
 - (ii) the Company lodges a corrective document without the prior written agreement of the Underwriter;

- (d) **Non-compliance with disclosure requirements:** the Prospectus does not contain all the information required by the Corporations Act;
- (e) **Restriction on allotment:** the Company is prevented from allotting the Underwritten Securities within the time required by the Underwriting Agreement, the Corporations Act, the Listing Rules, any statute, regulation or order of a court of competent jurisdiction by ASIC, ASX or any court of competent jurisdiction or any governmental or semi governmental agency or authority;
- (f) **ASIC application:** an application is made by ASIC for an order under section 1324B or any other provision of the Corporations Act in relation to the Offer, the Shortfall Notice Deadline Date has arrived, and that application has not been dismissed or withdrawn;
- (g) **Takeovers Panel:** the Takeovers Panel makes a declaration that circumstances in relation to the affairs of the Company are unacceptable circumstances under Pt 6.10 of the Corporations Act, or an application for such a declaration is made to the Takeovers Panel;
- (h) **Hostilities:** hostilities not presently existing commence (whether war has been declared or not) or a major escalation in existing hostilities occurs (whether war has been declared or not) involving any one or more of Australia, New Zealand, the United States of America, the United Kingdom any member state of the European Union, Indonesia, Japan, Russia or the Peoples Republic of China, or a terrorist act is perpetrated on any of those countries or any diplomatic or political establishment of any of those countries elsewhere in the world, or a national emergency is declared by any of those countries;
- (i) **Indictable offence:** a director or senior manager of the Company is charged with an indictable offence;
- (j) **Default:** default or breach by the Company under the Underwriting Agreement of any terms, condition, covenant or undertaking;
- (k) **Incorrect or untrue representation:** any representation, warranty or undertaking given by the Company in the Underwriting Agreement is or becomes untrue or incorrect;
- (l) **Contravention of constitution or Act:** a contravention by the Company of any provision of its constitution, the Corporations Act, the Listing Rules or any other applicable legislation or any policy or requirement of ASIC or ASX;
- (m) **Adverse change:** an event occurs which gives rise to a material adverse change or any adverse change or any development including a prospective adverse change after the date of this Agreement in the assets, liabilities, financial position, trading results, profits, losses, prospects, business or operations of the Company;
- (n) **Misleading information:** any information supplied at any time by the Company or any person on its behalf to the Underwriter in respect of any aspect of the Offer or the affairs of the Company is or becomes misleading or deceptive or likely to mislead or deceive;
- (o) **Official Quotation qualified:** the official quotation is qualified or conditional other than as set out in the Underwriting Agreement;

- (p) **Change in Act or policy:** there is introduced, or there is a public announcement of a proposal to introduce, into the Parliament of Australia or any of its States or Territories any Act or prospective Act or budget or the Reserve Bank of Australia or any Commonwealth or State authority adopts or announces a proposal to adopt any new, or any major change in, existing, monetary, taxation, exchange or fiscal policy;
- (q) **Prescribed Occurrence:** a Prescribed Occurrence (as defined in the Underwriting Agreement) occurs;
- (r) **Suspension of debt payments:** the Company suspends payment of its debts generally;
- (s) **Event of Insolvency:** an Event of Insolvency (as defined in the Underwriting Agreement) occurs in respect of the Company;
- (t) **Judgment against the Company:** a judgment in an amount exceeding \$100,000 is obtained against the Company and is not set aside or satisfied within seven days;
- (u) **Litigation:** litigation, arbitration, administrative or industrial proceedings are after the date of this agreement commenced against the Company;
- (v) **Board and senior management composition:** there is a change in the composition of the Board or a change in the senior management of the Company before the issue of the Underwritten Securities without the prior written consent of the Underwriter;
- (w) **Change in shareholdings:** a takeover offer or scheme of arrangement pursuant to Chapter 5 or 6 of the Corporations Act is publicly announced in relation to the Company;
- (x) **Timetable:** there is a delay in any specified date in the timetable which is greater than 3 Business Days, without the prior written consent of the Underwriter;
- (y) **Force Majeure:** a force majeure affecting the Company's business or any obligation under the agreement lasting in excess of seven days occurs;
- (z) **Certain resolutions passed:** the Company passes or takes any steps to pass a resolution under section 254N, section 257A or section 260B of the Corporations Act or a resolution to amend its constitution without the prior written consent of the Underwriter;
- (aa) **Capital Structure:** the Company alters its capital structure in any manner not contemplated by the Prospectus;
- (bb) **Investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company;
- (cc) **Adverse change in financial markets:** there occurs any material adverse change or material adverse disruption to the political or economic conditions of financial markets in Australia, the United Kingdom, the United States of America or the international financial markets or any change or development involving a prospective change in national or international political, financial or economic conditions.

- (dd) The Underwriting Agreement also contains a number of indemnities, representations and warranties from the Company to the Underwriter that are considered standard for an agreement of this type.

7.3 Disclosure of Underwriting on Voting Power

The potential effect the issue of Shares under the Rights Issue will have on the control of the Company is as follows:

- (a) if all members take up their entitlements under the offer then the Rights Issue will have no effect on the control of the Company;
- (b) if some or all members do not take up their entitlements under the offer then the Rights Issue will have an effect on control of the Company in that in the event of a shortfall Taylor Collison Limited's (**Underwriter**) shareholding may increase as follows:

Event	Number of Shares held by the Underwriter	Voting power of the Underwriter in the Company
Underwriter holding as at the date of the Prospectus	Nil	0%
After issue of Shares to the Underwriter assuming 100% Shortfall	361,893,725	33.3%
After issue of Shares to the Underwriter assuming 75% Shortfall	271,420,294	25%
After issue of Shares to the Underwriter assuming 50% Shortfall	180,946,863	16.6%
After issue of Shares to the Underwriter assuming 25% Shortfall	90,473,432	8.34%

The number of Shares held by the Underwriter and its voting power in the table above show the potential effect of the underwriting of the Offer. However, it is unlikely that no Shareholders will take up their Entitlement under this Offer. The underwriting obligation of the Underwriter, and therefore the voting power of the Underwriter, will reduce by a corresponding amount for the amount of Entitlements taken up by other Shareholders. In addition, the future pattern of shareholding of the Company will change depending on the take up of Entitlements of the other Shareholders.

Notwithstanding the potential effect of the underwriting detailed in the table above, the Underwriter has advised the Company that it has, or will, agree to allocate the Shortfall to its clients such that neither the Underwriter nor any of the Underwriter's clients will individually have a voting power in the Company in excess of 20% after the issue of the Shortfall. Therefore, although the information detailed in this Section 7.3 sets out the hypothetical position of the Underwriter if it is required to subscribe for the Shortfall under the Offer In practical terms, the Underwriter will not obtain control of the Company as a result of the Underwriter underwriting the Offer.

7.4 Directors' Interests

Other than as set out below or elsewhere in this Prospectus, no Director nor any firm in which such a Director is a partner, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer pursuant to this Prospectus; or
- (c) the Offer pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any Director or to any firm in which any such Director is a partner, either to induce him to become, or to qualify him as, a Director or otherwise for services rendered by him or by the firm in connection with the formation or promotion of the Company or Offer pursuant to this Prospectus.

Directors' interests in securities of the Company at the date of this Prospectus are:

Name ¹	Shares	Options	Entitlement	Remuneration (\$)
Matthew Wood	52,363,050	20,945,220	26,181,525	96,000
Nicholas Lindsay	46,992,481	18,796,992	23,496,240	159,840
Jonathan Murray ²	5,000,000	2,500,000	2,500,000	30,000

Notes

1. The Directors may take up some or all of their entitlement.
2. Jonathan Murray is a partner of the Company's solicitors, law firm Steinepreis Paganin. Steinepreis Paganin has received fees from the Company previously and for services relating to this Prospectus. Please refer to Section 7.3 for further details of these fees.

The Constitution of the Company provides that the non-executive Directors may be paid for their services as Directors, a sum not exceeding such fixed sum per annum as may be determined by the Company in a general meeting, to be divided among the Directors and in default of agreement then in equal shares. The Directors have been paid fees totalling \$85,280 from the end of the previous financial year until the date of this Prospectus. Directors, companies associated with the Directors or their associates are also reimbursed for all reasonable expenses properly incurred in the course of conducting their duties which include, but are not in any way limited to, out of pocket expenses, travelling expenses, disbursements made on behalf of the Company and other miscellaneous expenses.

7.5 Interests and Consents of Experts and Advisers

Other than as set out below or elsewhere in this Prospectus, no expert, underwriter, promoter or any other person named in this Prospectus as

performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner, nor any company with which any of those persons is or was associated, has or had within 2 years before the lodgement of this Prospectus with the ASIC, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer of securities pursuant to this Prospectus; or
- (c) the Offer of securities pursuant to this Prospectus,

and no amounts have been paid or agreed to be paid (in cash or Shares or otherwise) to any expert, underwriter, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of this Prospectus, or to any firm in which any of those persons is or was a partner, or to any company with which any of those persons is or was associated, for services rendered by that person, or by the firm or the company, in connection with the formation or promotion of the Company or the Offer pursuant to this Prospectus.

Pursuant to Section 716 of the Corporations Act, Taylor Collison Limited has given and has not withdrawn its consent to being named as Underwriter to the Offer in the Corporate Directory of this Prospectus in the form and context in which it is named. Taylor Collison Limited has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Taylor Collison Limited will be paid an underwriting fee of approximately \$271,421 together with a \$54,285 management fee in respect of this Offer. In the past two years, Taylor Collison Limited has been paid fees totalling \$6,000 by the Company.

Pursuant to Section 716 of the Corporations Act, Steinepreis Paganin has given, and has not withdrawn its consent to being named as Solicitors to the Company in the Corporate Directory of this Prospectus in the form and context in which it is named. Steinepreis Paganin has not caused or authorised the issue of this Prospectus, does not make or purport to make any statement in this Prospectus and takes no responsibility for any part of this Prospectus.

Steinepreis Paganin act as solicitors to the Company. Steinepreis Paganin will be paid approximately \$10,000 for services in relation to this Prospectus. In the past two years, Steinepreis Paganin has been paid fees totalling \$20,401.04 by the Company.

7.6 Legal Proceedings

There are no litigation, arbitration or proceedings pending against or involving the Company as at the date of this Prospectus.

7.7 Estimated Expenses of Offer

In the event that the Offer is fully subscribed, the estimated expenses of the Offer are as follows:

	\$
ASIC fees	2,010
ASX fees	12,000
Underwriting fees	325,700
Legal expenses	10,000
Printing and other expenses	5,290
Total	355,000

7.8 Market Price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX.

The highest and lowest market sale prices of the Company's Shares on ASX during the three months immediately preceding the date of lodgement of this Prospectus with the ASIC and the respective dates of those sales were:

Highest: 3.3 cents on 30 October 2009

Lowest: 0.8 cents on 19 August 2009

The latest available closing sale price of the Company's Shares on ASX prior to the lodgement of this Prospectus with the ASIC was 2.1 cents on 16 November 2009.

7.9 Electronic Prospectus

Pursuant to Class Order 00/44, the ASIC has exempted compliance with certain provisions of the Corporations Act to allow distribution of an electronic prospectus and electronic application form on the basis of a paper prospectus lodged with the ASIC, and the publication of notices referring to an electronic prospectus or electronic application form, subject to compliance with certain conditions.

If you have received this Prospectus as an electronic Prospectus, please ensure that you have received the entire Prospectus accompanied by the application form. If you have not, please phone the Company and the Company will send you, for free, either a hard copy or a further electronic copy of the Prospectus, or both.

The Company reserves the right not to accept an application form from a person if it has reason to believe that when that person was given access to the electronic application form, it was not provided together with the electronic Prospectus and any relevant supplementary or replacement prospectus or any of those documents were incomplete or altered.

8 AUTHORITY OF DIRECTORS

8.1 Directors' Consent

Each of the Directors of Laguna Resource NL has consented to the lodgement of this Prospectus with the ASIC in accordance with Section 720 of the Corporations Act.

Dated the 17th day of November 2009.

A handwritten signature in black ink, appearing to read 'Nickolas Lindsay', with a long, sweeping underline.

Nickolas Lindsay
Managing Director
**Signed for and on behalf of
LAGUNA RESOURCES NL**

DEFINITIONS

Applicant means a Shareholder or Underwriter or other party instructed by the Underwriter who applies for Securities pursuant to the Offer.

ASIC means the Australian Securities and Investments Commission.

ASTC Settlement Rules means the settlement rules of the securities clearing house which operates CHESS.

ASX means the ASX Limited (ACN 008 624 691).

Board means the board of Directors unless the context indicates otherwise.

Business Day means a day on which trading takes place on the stock market of ASX.

Closing Date means the closing date of the Offer, being 5.00pm (WST) on 15 December 2009 (unless extended).

Company means Laguna Resources (ABN 36 008 460 366).

Constitution means the Company's Constitution as at the date of this Prospectus.

Corporations Act means the *Corporations Act 2001*(Cth).

Directors means the directors of the Company at the date of this Prospectus.

Dollar or "\$" means Australian dollars.

Entitlement means the entitlement of a Shareholder who is eligible to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form either attached to or accompanying this Prospectus.

Issue means the issue of Shares offered by this Prospectus.

Listing Rules or **ASX Listing Rules** means the Listing Rules of the ASX.

Offer means the non-renounceable entitlement offer pursuant to the Prospectus of 1 new Share for every 2 Shares held by a Shareholder on the Record Date to raise \$5,428,406.

Official List means the official list of ASX.

Option means an option to acquire a Share.

Prospectus means this prospectus.

Quotation and **Official Quotation** means official quotation on ASX.

Record Date means 5.00pm (WST) on 26 November 2009.

Related Corporation has the meaning given to that term in the Corporations Act.

Securities means Shares.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a shareholder of the Company.

Shortfall means those Securities under the Offer not applied for by Shareholders under their Entitlement.

Shortfall Application Form means the shortfall application form attached to or accompanying this Prospectus.

Shortfall Offer means the offer of Shortfall under section 3.6 of this Prospectus.

Underwriter means Taylor Collison Limited (ACN 008 172 450).

WST means Western Standard Time.