

ASX: ARE

CAPITAL STRUCTURE:

Issued shares: 443,791,701

Listed options: 38,004,957
(6c, Mar 2017)

Unlisted options: 10,000,000
(15c, Dec 2015)

Unlisted options: 7,000,000
(10c, Dec 2015)

Cash on hand: \$1.46m

DIRECTORS:

Patrick Elliott,
Non-Exec Chairman

Lindsay Owler,
Director/CEO

Andrew Bursill,
Director/Secretary

Malcolm Richmond,
Non-Exec Director

COPPER FOCUS

Lumwana West, Zambia

- Flagship project
- Copper, cobalt (bulk tonnage)
- Advanced exploration stage
- Funding by option agreement
- Antofagasta earning 70%
- Argonaut operator

Torrens, South Australia

- Copper, gold (large IOCG)
- Access negotiation/
exploration stage
- Pro-rata funding under JV
- Straits Resources Ltd 70%,
Argonaut 30%
- Argonaut operator

Alford, South Australia

- Copper (IOCG)
- Exploration stage
- Funding via farm-out
- Sandfire Resources NL
earning 70%
- Sandfire operator

Quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2014

Argonaut Resources NL (Argonaut or the Company) (ASX: ARE) is pleased to provide the following report on a progressive period for the Company in the three months to 31 December 2014 (the Quarter).

Highlights

Lumwana West, Zambia

- Kabikupa prospect:
 - Argonaut and its partner, Antofagasta, identified a new copper prospect named Kabikupa in the centre of the Lumwana West licence (Figure 2).
 - The first drill hole at Kabikupa prospect, KBDD001, returned 17.4m at 1.18% copper from 102.6m within a broader intercept of 39m at 0.61% copper from 81m (Figure 3 and Figure 4).
 - Four holes were completed at Kabikupa during the Quarter. Results for the three remaining holes are pending.
 - The Kabikupa surface geochemistry anomaly measures approximately 1,000m by 500m and is the highest order copper-in-soil anomaly defined at Lumwana West to date.
- Regional drilling program:
 - 6,123m of diamond core drilling for 25 holes was completed at the Lumwana West copper project during 2014.
 - Holes were drilled at six prospect areas plus the Nyungu Deposit (Figure 2).
 - Assays have been finalised for 22 of the 25 drill holes. Drilling results are summarised in Appendix 1.
 - The drilling program was suspended on the commencement of wet season rains in November and will restart when rains abate in April/May 2015.
- Geochemical sampling:
 - Argonaut collected 11,919 soil samples from the Lumwana West area during the 2014 field season, predominantly over new, regional targets.
 - This soil sampling defined promising targets in the Kabikupa and Kamafamba areas, significantly extended the known strike of the Mufuka target (Figure 2) and generated other drill targets which may be tested by drilling commencing April/May 2015.

Alford, South Australia

- Argonaut expects to receive notification from its partner, Sandfire Resources NL, of a proposed diamond core drilling program to be conducted the first quarter of 2015.

Outlook

- Funding is in place for all of Argonaut's major projects.
- A comprehensive program of works is in progress at the Company's flagship Lumwana West project in Zambia.
- Shareholders can expect news flow from results of drilling at Lumwana West.

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Zambia

Lumwana West

(Argonaut 90%)

The Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia. The area is prospective for large tonnage, low to medium grade copper deposits. There are several major mines nearby to Lumwana West which are hosted in similar geological settings.

Argonaut, via its 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper intercepts at the Nyungu deposit and has defined a series of large, prospective targets which are undergoing first-pass drill testing.

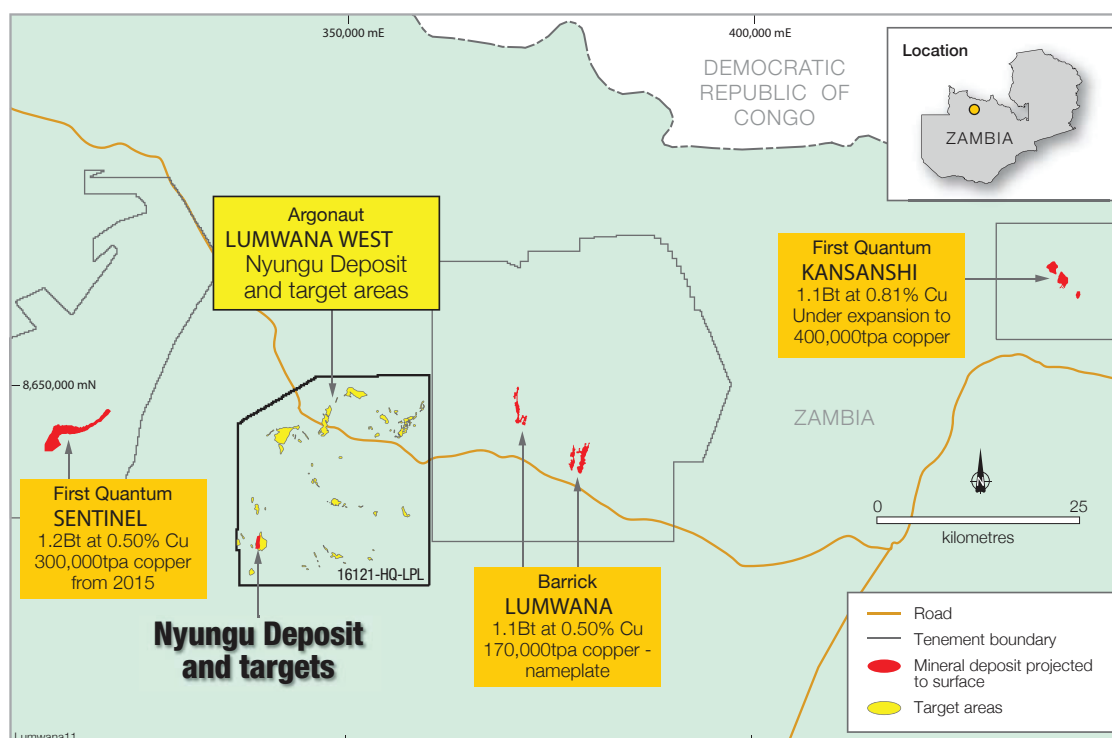


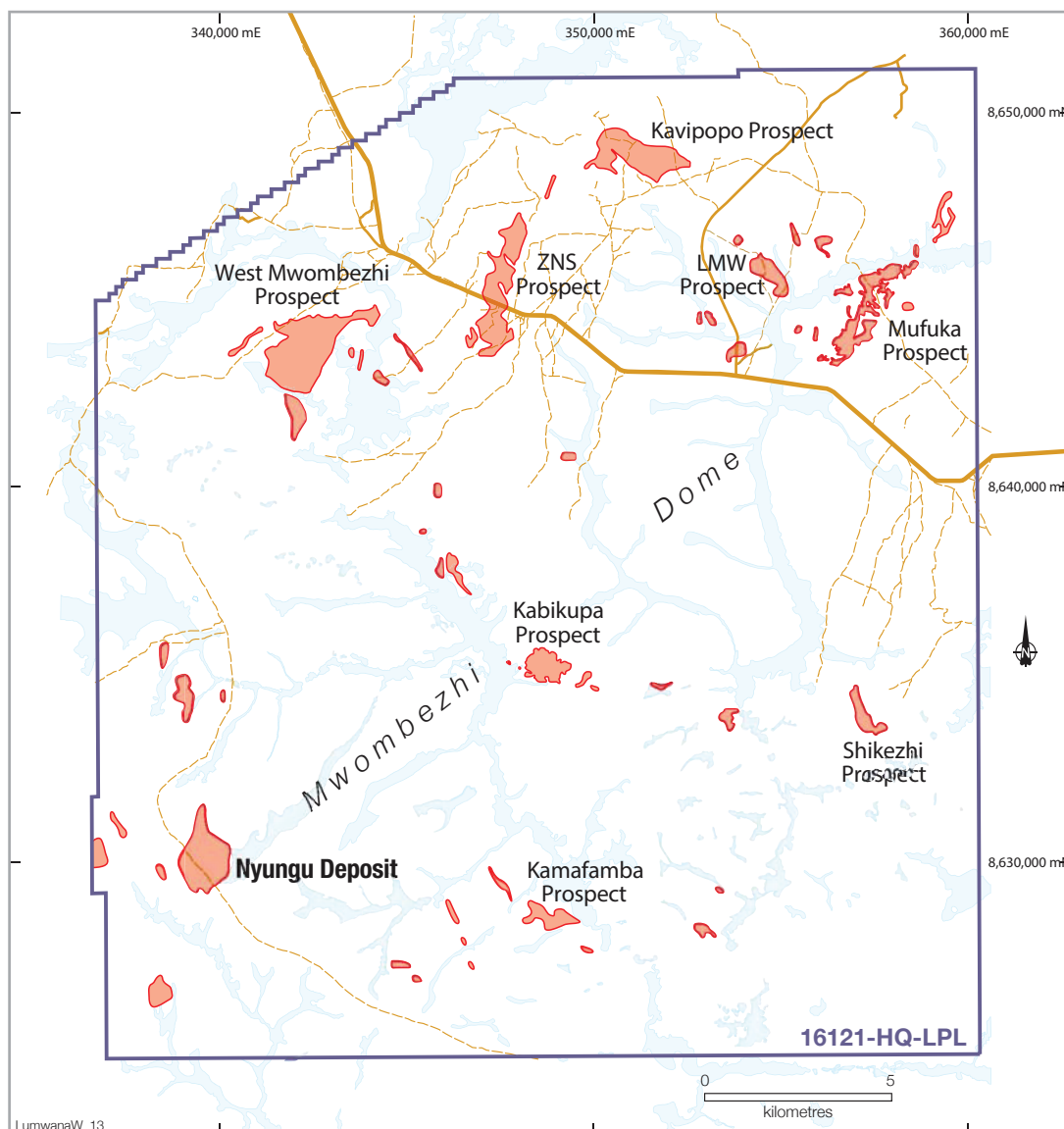
Figure 1: The Domes Region has an international scale copper endowment and is host to the new generation of mines in the Central African Copperbelt

Exploration Program

Key points

- The current drilling program is designed to test:
 - large footprint copper targets defined by surface geochemistry; and
 - interpreted extensions and repetitions of the Nyungu Central copper deposit.
- The current drill program is estimated to comprise over 8,000m in total plus geological mapping and soil sampling. To date, 6,123m of diamond core drilling for 25 holes plus the collection and analysis of 11,919 soil samples has been completed.
- Approximately 2,000m of further diamond core drilling will be completed under this program. Drilling was paused in November 2014 due to the Zambian wet season and will recommence in April/May 2015.
- Two exciting new drill targets, Kabikupa and Kamafamba, were generated by intensive soil sampling
- This current exploration program is the first phase of an option agreement with Antofagasta.
- Antofagasta can earn a 25% interest in the Lumwana West project during the first phase by funding US\$3.9M of exploration.

This is the first program under the option agreement between Argonaut and a wholly owned subsidiary of Antofagasta plc (Antofagasta), dated 28 April 2014 (the Overlying Agreement). According to the Overlying Agreement, exploration expenditure of US\$3.9m in the first period will earn Antofagasta a 25% interest in the project.



Location



- Licence boundary
- Drainage path (Dambo)
- Road
- Track
- Prospect (+40ppm Cu soil sampling)

Figure 2: Lumwana West Large-scale Prospecting Licence and prospect locations

The 2014/2015 program was jointly planned by Argonaut and Antofagasta and aims to considerably increase the extent of known copper mineralisation at Lumwana West. The focus is on testing major target areas previously defined by Argonaut as well as new targets being progressively generated by an extensive regional soil sampling program.

The drilling program, which will comprise over 8,000m, is being progressively revised on the basis of results and interpretations by a technical committee formed under the agreement. To date, 6,123m of diamond core drilling for 25 holes has been completed. Holes have been drilled at the West Mwombezhi, Kavipopo, ZNS, LMW, Mufuka and Kapikupa prospects and at the Nyungu deposit (Figure 2).

Kabikupa

The Kabikupa prospect was defined in 2014 by soil sampling. The soil geochemistry anomaly strikes south-east and measures approximately 1,000m by 500m. The peak soil sample is 0.13% copper, which is the highest copper-in-soil value returned within the licence area to date.

Preliminary field mapping at Kabikupa also identified an associated vegetation anomaly. Copper flowers are an historical prospecting tool peculiar to Central Africa. The plant can tolerate high levels of copper in soils and is now comparatively rare in the Zambian portion of the Central African Copperbelt due to historical mining of near surface deposits. Copper flowers were recognised and mapped at Kabikupa in September 2014 and their occurrence was confirmed to relate to soil anomaly peaks (Figure 3).

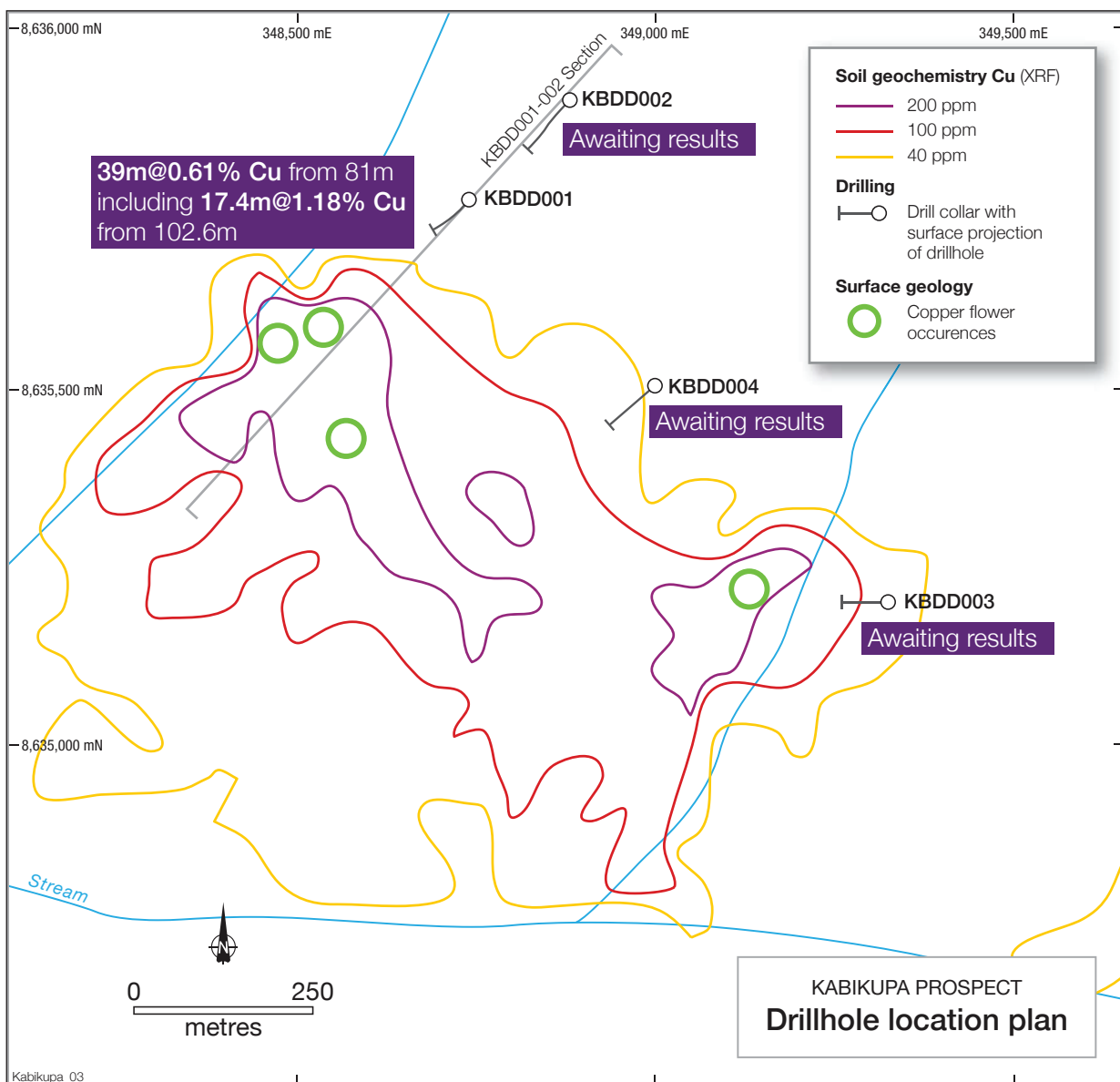


Figure 3: Kabikupa prospect soil geochemistry and drill hole locations.

The structural setting of Kabikupa is interpreted to be favourable for mineral emplacement. The target is adjacent to a granite, located centrally in the western lobe of the Mwombezhi Dome. This core granite possibly provided a competency contrast which during deformational events assisted in creating structural traps for mineralised fluids.

Drilling at Kabikupa commenced in October 2014 and four holes for 903m were completed in the Quarter.

The first drill hole at Kabikupa prospect, KBDD001, returned **17.4m at 1.18% copper** from 102.6m within a broader intercept of **39m at 0.61% copper** from 81m² (Figure 3 and Figure 4). Kabikupa geology features the zonation of copper sulphide minerals and persistent alteration, indicating the mineralising system is well developed.

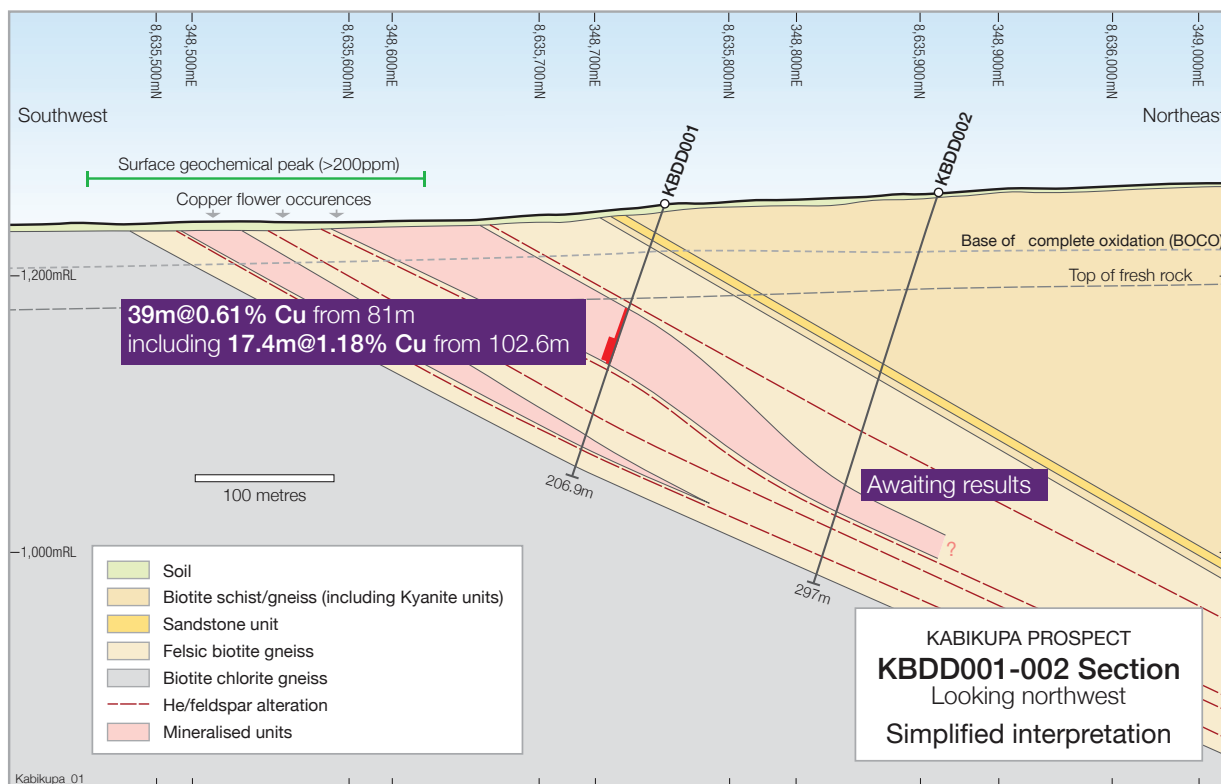


Figure 4: Preliminary interpretive cross-section through the Kabikupa prospect

Results for the three remaining drill holes completed at Kabikupa are pending.

Overlying Agreement

In April 2014, Argonaut announced the execution of the Overlying Agreement with Antofagasta for the exploration and development of the Lumwana West project in Zambia.

The Overlying Agreement covers all phases of the project's development from regional exploration to the completion of a feasibility study and, in the event the project is feasible and Argonaut elects not to fund its pro-rata share of the project, Argonaut will either be carried into production or bought-out at the value of its interest.

² By weighted average. Cut-off grade not applied.

OVERLYING AGREEMENT - PRINCIPAL COMMERCIAL TERMS

The Overlying Agreement between Antofagasta and Argonaut Resources NL is in five phases. The principal commercial terms are described below.

Phase I involves the input by Antofagasta of **US\$5M within the first period** in exchange for a 25% interest in the project. The funding is in two parts: US\$3.9M for exploration works underway plus a US\$1.1M placement in Argonaut completed by the companies in the May 2014. Placement funds were used by Argonaut to secure an additional 39% interest in the project via the underlying Lumwana West Joint Venture. This increased Argonaut's interest in the project to 90%.

Phase II involves **expenditure of US\$15M by Antofagasta within four years** of the completion of Phase I at a minimum expenditure rate of US\$2.5M per year. Antofagasta can earn an effective 51% interest in the project by completing Phase II.

Phase III involves the **completion of a feasibility study to international standards**. Antofagasta may conduct additional work necessary to commence the feasibility study, such as a preliminary feasibility study, prior to electing to commence the definitive study. Antofagasta will have up to two years to complete additional work and four years to complete the feasibility study. Antofagasta can earn an effective 70% interest in the project by completing the feasibility study.

Phase IV is the period following the delivery of the feasibility study, but prior to a development decision. Argonaut may elect not to contribute during this period provided it reimburses Antofagasta from future dividends.

Phase V is the period after a development decision when, if Argonaut decides not to fund its pro-rata share of the project, Antofagasta may elect to **either carry Argonaut into production**, with Argonaut's development costs being funded by 60% of future dividends, or **buy-out Argonaut's** interest for its pro-rata share of the project's net present value³.

Antofagasta may elect to stop contributing at certain stages in which case various provisions including standard dilution and drag-along/tag-along rights will apply.

Argonaut will be the operator under the Agreement during Phase I and part of Phase II. Antofagasta may elect to become operator at any stage during Phase II.

Lumwana West – Project Setting

The Lumwana West project is located on the western lobe of the Mwombezhi Dome in the Central African Copperbelt. The Mwombezhi Dome is one of several domes in an area of the Copperbelt known as the Domes Region. (Figure 1).

The Domes Region is host to the new generation of Copperbelt mines (Figure 1 and Table A) with copper production in the area set reach 870,000 tonnes per annum by 2015. Nearby mines include Barrick Gold Corporation's Lumwana Mine on the eastern lobe of the Mwombezhi Dome and First Quantum Minerals Ltd's Kansanshi, the largest copper mine in Africa. The Sentinel Mine, currently under construction to the west, is also owned and operated by First Quantum.

Table A: Geologically comparable Copper Deposits and Production in the Domes Region, Central African Copperbelt.

	Barrick LUMWANA [^]	First Quantum KANSANSHI #	First Quantum SENTINEL #
Resource*	1.1Bt at 0.50% Cu	1.1Bt at 0.81% Cu	1.2Bt at 0.50% Cu
Reserves	594Mt at 0.56% Cu	504Mt at 0.65% Cu	774Mt at 0.50% Cu
Production	120,000t in 2013 170,000tpa nameplate	262,000t in 2014 Planned expansion to 400,000tpa	Production commenced Jan 2015. Est 150,000 to 200,000tpa in 2015 increasing to 300,000tpa

[^] Lumwana Ore Reserve and Mineral Resource at 31 December 2013

[#] Kansanshi and Sentinel Ore Reserve and Mineral Resource at 31 December 2012

^{*} Measured, Indicated and Inferred Resource estimations combined by weighted average

³ Using a discount rate of 12%

The Underlying Agreement

The Lumwana West Joint Venture was executed in July 2011 (the Underlying Agreement) and involves large scale prospecting licence 16121-HQ-LPL. Under the terms of the Underlying Agreement, Argonaut's 100% held subsidiary, Lumwana West Resources Ltd, has earned a 90% shareholding in Mwombezhi Resources Ltd, the Zambian registered company which holds 16121HQ-LPL.

Australia

Torrens, South Australia

(Argonaut 30%)

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRQ) and relates to the Torrens Project, EL 4296.

The Torrens Joint Venture is exploring for iron oxide-copper-gold systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 50 kilometres of Oz Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

On 27 August 2014, the parties to the Torrens Joint Venture resolved to appoint Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, as manager of the Torrens Joint Venture. In its role as manager, Kelaray is working to secure access to the tenement for the purpose of a planned seven-hole drilling program targeting areas which have been geophysically modelled as having the physical properties of large iron oxide-copper-gold deposits.

Litigation

The Company previously announced that the Full Court of the Supreme Court of South Australia had set aside the decision of 14 January 2011 by the Environment, Resource and Development Court of South Australia (the ERD Court) that Mining Operations (exploration) may not be conducted on EL4296.

A date for the ERD Court retrial has not been set. It is important to note that in overturning the original decision, the Full Court provided considerable guidance for the purpose of an ERD Court retrial including disallowing the original ERD Court Judge from re-hearing the matter.

In the meantime, the Federal Court of Australia commenced an overlap proceeding over the area of Lake Torrens, including the area of EL4296. This proceeding aims firstly to determine which of two registered Aboriginal groups with claims over Lake Torrens may seek rights to the area; and secondly determine at trial, which claimed rights, if any, can be granted.

The Torrens Joint Venture partners remain open to a negotiated settlement with regard to land access for the purposes of proposed drilling activities on Andamooka Island and Lake Torrens.

Alford, South Australia

(Argonaut 100%)

The Alford Project on South Australia's Yorke Peninsula lies 20km north-east of Wallaroo within the geological province known as the Olympic Domain. The tenement is prospective for iron oxide copper-gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside.

The field season at Alford runs from December to April. Argonaut expects to receive notification from its partner, Sandfire Resources NL, of a proposed diamond core drilling program to be conducted the first quarter of 2015.

Alford Farm-in Joint Venture

On 9 November 2012, Argonaut announced it had signed a farm-in joint venture letter agreement with Sandfire Resources NL for the exploration of the Company's 100% owned exploration licence 3969, Alford, on the Yorke Peninsula in South Australia.

Under the terms of the letter agreement, Sandfire may earn a 49% interest in the Alford tenement by sole funding \$4,000,000 of exploration within three years (the First Earn-in).

In the event of requirements for the First Earn-in being satisfied, Sandfire has the right to form a joint venture with Argonaut's subsidiary, Kelaray Pty Ltd, to jointly explore the tenement or to proceed to earn an additional 26% interest in the project by spending a further \$4,000,000 on exploration within an additional three years (the Second Earn-in).

Kroombit

(Argonaut 100%)

No field based work was undertaken on the Kroombit project during the Quarter.

Aroona

(Argonaut 100%)

EL4358 and EL5336, Aroona, are subject to a joint venture agreement with Perilya Limited.

No field based work was undertaken at Aroona during the Quarter.

About Argonaut

Argonaut is an Australian Securities Exchange listed mineral exploration and development company focussed on large copper targets with projects in Zambia, South Australia and Queensland. Argonaut's projects are in the advanced exploration and feasibility stages.

The Company is exploring for copper at its flagship Lumwana West project in Zambia and copper (+/- gold and silver) at its Alford and Torrens projects in South Australia. The Company also owns a zinc-copper deposit at Mt Kroombit in Central Queensland.

Argonaut has a significant investment in Cuesta Coal Ltd.

Lindsay Owler

Director

Argonaut Resources NL

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, as described on page 9 of the Company's 2014 Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Table 1 - Summary of mining tenements

SOUTH AUSTRALIAN MINERAL EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area Km ²	Locality	Licensee	Interest
EL 5183	21/05/2012	20/05/2017	36	Campfire Bore	Coombedown Resources Pty Ltd	10% ¹
EL 5212	05/11/2012	04/11/2015	481	Alford	Kelaray Pty Ltd	100%
EL 5336	04/06/2013	03/06/2015	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 4296 ²	18/08/2009	17/08/2014	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 5220	04/11/2014	03/11/2016	80	Mt Parry	Kelaray Pty Ltd	100%
EL 4577	18/10/2010	17/10/2015	119	Sandstone	Coombedown Resources Pty Ltd	10% ¹
EL 5359	06/12/2013	05/12/2015	170	Yardea	Kelaray Pty Ltd	100%
SOUTH AUSTRALIAN MINERAL EXPLORATION LICENCE APPLICATIONS						
Tenement	Application Date	Term	Area Km ²	Locality	Applicant	Interest
ELA 2014/00190	29/08/2014	2 years	193	Millers Creek	Kelaray Pty Ltd	100%
QUEENSLAND MINERAL EXPLORATION PERMIT						
Tenement	Granted	Expiry	Area Km ²	Locality	Licensee	Interest
EPM 15705	28/09/2006	27/09/2016	63	Kroombit Creek	Kelaray Pty Ltd	100%
QUEENSLAND MINING LEASE						
Tenement	Granted	Expiry	Area Km ²	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%
ZAMBIAN LARGE SCALE PROSPECTING LICENCES						
Tenement	Applied	Expiry	Area Km ²	Locality	Licensee	Interest
16121-HQ-LPL	21/07/2011	20/07/2015	583	North Western Province	Mwombezhi Resources Ltd	90%

¹ Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.

² Renewal application

Table 2 - Summary of mining tenements acquired in December 2014 Quarter

No tenements were acquired in the December 2014 Quarter.

Table 3 - Summary of mining tenements surrendered in December 2014 Quarter

No tenements were surrendered in the December 2014 Quarter.

Appendix 1

Hole	East	North	RL	Dip	Azimuth	Total Depth	From	To	Interval	Cu (%)	Co (ppm)	U (ppm)	Oxidation State	Comment					
WMDD001	341940	8643000	1279.05	-60	90	252.00	58.15	61.55	3.40	0.36	212	2	fresh	DD					
							63.38	71.90	8.52	0.29	176	8	fresh	DD					
							168.00	170.00	2.00	0.13	41	2	fresh	DD					
WMDD002	341760	8643000	1281.22	-60	90	302.80	122.80	130.40	7.60	0.17	64	5	fresh	DD					
WMDD003	341630	8643000	1283.61	-70	90	287.90	152.70	153.70	1.00	0.24	127	22	fresh	DD					
							159.90	160.90	1.00	0.15	32	8	fresh	DD					
							166.00	166.90	0.90	0.16	42	3	fresh	DD					
KVDD001	351260	8649130	1295.98	-60	210	320.80	50.00	57.00	7.00	0.23	35	6	fresh	DD					
							64.00	68.25	4.25	0.12	32	10	fresh	DD					
							106.05	107.00	0.95	0.45	74	2	fresh	DD					
							109.00	111.00	2.00	0.29	63	4	fresh	DD					
							129.00	130.00	1.00	0.20	24	67	fresh	DD					
							185.57	187.37	1.80	0.23	30	3	fresh	DD					
KVDD002	350870	8649245	1285.51	-60	210	350.80	22.39	23.39	1.00	0.14	47	2	fresh	DD					
							131.54	132.12	0.58	0.18	194	1	fresh	DD					
							154.96	158.35	3.39	0.10	72	1	fresh	DD					
							195.19	196.00	0.81	0.10	41	1	fresh	DD					
							201.59	204.00	2.41	0.18	39	2	fresh	DD					
							243.04	244.00	0.96	0.45	51	17	fresh	DD					
							264.00	264.94	0.94	0.10	54	3	fresh	DD					
NYDD047									NSI					no visual intersect					
NYDD048									NSI					no visual intersect					
NYDD049	339482	8630000	1315	-60	90	254.80	159.60	165.05	5.45	0.48	84	13	transition	DD					
NYU11RD021	339284	8629832	1318	-70	90	297.89			NSI					DD					
NYDD050	338845	8630800	1341	-70	90	263.90			NSI					no visual intersect					
WMDD004	342280	8644200	1290	-60	90	239.80	84.00	89.00	5.00	0.16	77	4	fresh	DD					
WMDD005	342680	8644200	1284	-60	90	198.34	38.00	39.00	1.00	0.11	118	1	fresh	DD					
							44.00	45.00	1.00	0.14	101	1	fresh	DD					
							66.00	67.00	1.00	0.11	53	2	fresh	DD					
							69.61	71.21	1.60	0.22	398	2	fresh	DD					
							76.74	80.80	4.06	0.42	318	2	fresh	DD					
							162.68	167.30	4.62	0.11	104	3	fresh	DD					
							194.00	195.00	1.00	0.13	71	3	fresh	DD					
WMDD006	341640	8643700	1298	-60	90	198.00			NSI										
NYDD051	339750	8629900	1306	-60	90	248.80	34.00	35.00	1.00	0.15	178	3	oxide	DD					
ZNDD001	347760	8646700	1286	-60	90	195.00	66.78	68.00	1.22	0.11	51	1	fresh	DD					
							171.23	173.00	1.77	0.10	33	1	fresh	DD					
ZNDD002	347600	8646700	1278	-60	90	213.00	185.00	186.25	1.25	0.12	23	1	fresh	DD					
ZNDD003	347360	8645900	1283	-60	90	213.00	99.00	101.00	2.00	0.12	45	1	fresh	DD					
							149.00	154.00	5.00	0.12	87	4	fresh	DD					

Appendix 1 continued

Hole	East	North	RL	Dip	Azimuth	Total Depth	From	To	Interval	Cu (%)	Co (ppm)	U (ppm)	Oxidation State	Comment
LMDD001	354505	8645660	1283	-60	50	323.90	3.00	5.00	2.00	0.11	125	9	oxide	DD
							14.00	18.00	4.00	0.12	40	6	transition	DD
LMDD002	354620	8645940	1278	-60	180	285.00	57.00	58.00	1.00	0.10	47	5	fresh	DD
							125.80	127.00	1.20	0.24	61	2	fresh	DD
							130.00	132.00	2.00	0.14	81	3	fresh	DD
							135.93	141.20	5.27	0.13	70	8	fresh	DD
MFDD001	358030	8645890	1239	-60	135	194.80	4.00	5.00	1.00	0.41	55	8	oxide	DD
							15.84	16.84	1.00	0.15	42	2	transition	DD
							21.00	22.20	1.20	0.12	60	3	transition	DD
							70.00	72.75	2.75	0.23	145	8	fresh	DD
MFDD002	357800	8645900	1241	-60	135	228.22	109.82	113.00	3.18	0.30	64	11	fresh	DD
							122.00	125.80	3.80	0.20	99	9	fresh	DD
							141.00	142.00	1.00	0.11	106	7	fresh	DD
							158.00	159.00	1.00	0.17	285	3	fresh	DD
							179.00	180.00	1.00	0.11	32	2	fresh	DD
							206.80	208.23	1.43	0.13	85	3	fresh	DD
							209.83	210.76	0.93	0.11	81	5	fresh	DD
KBDD001	348740	8635760	1250	-60	225	206.90	81.00	120.00	39.00	0.61	44	6	fresh	DD, includes internal dilution
including							92.00	96.00	4.00	0.43	42	4	fresh	DD
							102.60	120.00	17.40	1.18	65	12	fresh	DD
including							108.00	118.00	10.00	1.76	60	15	fresh	DD
including							108.00	109.00	1.00	3.21	59	17	fresh	DD
and							116.00	118.00	2.00	2.74	61	24	fresh	DD
							138.00	140.00	2.00	0.11	29	7	fresh	DD
							153.00	157.00	4.00	0.12	20	3	fresh	DD
							159.62	163.00	3.38	0.12	19	2	fresh	DD

Notes

1 Calculated using 0.1% Cu lower cut threshold, no upper cut threshold, maximum 3 metres internal dilution

2 Analysis by Intertek Genalysis - Methods 4A/OE, 4A/MS for U, ARU10/SAA for Au

3 Coordinate System: WGS84, Zone 35 South

4 NSI = No Significant Intercepts

5 DD = Diamond Core intercept

Appendix 5B

Mining exploration entity quarterly report

Name of entity

Argonaut Resources NL

ABN

97 008 084 848

For the period ending

31 December 2014

Consolidated statement of cash flows

Cash flows related to operating activities

	Current quarter	Year to date (6 months)
	\$A'000	\$A'000
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for		
(a) exploration and evaluation	(286)	(427)
(b) development	-	-
(c) production	-	-
(d) administration	(304)	(589)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	12	19
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other – abnormal costs, fraud related recovery	-	-
Net Operating Cash Flows	(578)	(997)
Cash flows related to investing activities		
1.8 Payment for purchases of:		
(a) prospects/interest in licences	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of:		
(a) prospects	-	-
(b) equity investments	-	151
(c) other fixed assets (commercial property)	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	151
1.13 Total operating and investing cash flows (carried forward)	(578)	(846)

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(578)	(846)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	57
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Joint venture contributions received	-	-
1.20	Share capital money received – shares not yet issued	-	-
1.20	Other (capital raising costs)	(5)	(36)
	Net financing cash flows	(5)	21
	Net increase (decrease) in cash held	(583)	(825)
1.21	Cash at beginning of quarter/ year to date	1,700	1,942
1.22	Exchange rate adjustments to item 1.20	345	345
1.23	Cash at end of the period	1,462	1,462

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

		Current quarter \$A'000
1.24	Aggregate amount of payments to the parties included in item 1.2	121
1.25	Aggregate amount of loans to the parties included in item 1.10	-
1.26	Explanation necessary for an understanding of the transactions	
	Payment for Directors Fees (1.24)	

Non-cash financing and investing activities

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

Financing facilities available

Add notes as necessary for an understanding of the position.

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

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	75
4.2	Development	-
4.3	Production	-
4.4	Administration	225
Total		300

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter	Previous quarter
	\$A'000	\$A'000
5.1 Cash on hand and at bank	1,462	1,700
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details) – short term deposits	-	-
Total: cash at end of period (item 1.22)	1,462	1,700

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of year	Interest at end of 3 months
6.1	Interests in mining tenements relinquished, reduced or lapsed			
6.2	Interests in mining tenements acquired or increased			

Appendix 5B
Mining exploration entity quarterly report

Issued and quoted securities at end of current quarter

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

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	443,791,701	443,791,701		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 *Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	7,000,000 (Exp. 31/12/2015, \$0.10) 10,000,000 (Exp. 11/12/2015, \$0.15) 38,004,957 (Exp. 31/03/2017, \$0.06)	38,004,957 (Exp. 31/03/2017, \$0.06)		
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				

7.11	Debentures <i>(totals only)</i>				
7.12	Unsecured notes <i>(totals only)</i>				

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:Date: 30 January 2015
(Company secretary)

Print name: Andrew Bursill
Company Secretary

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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