

**ASX: ARE****CAPITAL STRUCTURE:**

Issued shares: 647,140,318

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

Cash on hand: \$1,350,000

**DIRECTORS:**Patrick Elliott,  
Non-Exec ChairmanLindsay Owler,  
Director/CEOAndrew Bursill,  
Director/SecretaryMalcolm Richmond,  
Non-Exec Director**LITHIUM PROJECTS****Crescent Lake, Canada**Confirmed lithium pegmatites  
deposits

- Phase: Advanced Exploration
- Interest: Option to acquire 100%
- Agreement Phase: Assessment
- Operator: Argonaut

**Greenbush Lake, Canada**High grade lithium pegmatite  
occurrence

- Phase: Exploration
- Interest: Acquiring 100%
- Operator: Argonaut

**Lake Blanche, South Australia**

Lithium brine target

- Phase: Greenfields Exploration
- Interest: 100%
- Operator: Argonaut

**COPPER PROJECTS****Torrens, South Australia**

Copper, gold (large IOCG)

- Phase: Access negotiation/exploration
- Interest: Aeris Resources 70%, Argonaut 30%
- Agreement Phase: Exploration
- Operator: Argonaut



# Quarterly report

FOR THE PERIOD ENDING 31 MARCH 2016

Argonaut Resources NL (Argonaut or the *Company*) (ASX: ARE) is pleased to provide the following report for a highly progressive three months to 31 March 2016 (the *Quarter*).

## Highlights

### Crescent Lake, Canada

- Argonaut secured an exclusive option to acquire 100% the Crescent Lake Lithium Project in Ontario, Canada.
- The project includes mineral claims that cover two lithium deposits: Zigzag and Falcon Lake.
- Highlights of previous drilling at the Crescent Lake Lithium Project include:

#### Falcon Lake

**8.1m at 1.48% Li<sub>2</sub>O** from 2.7m in drill hole W-3**10.5m at 1.15% Li<sub>2</sub>O** from 34.5m in drill hole W-9**14m at 0.99% Li<sub>2</sub>O** from 69.3m in drill hole CO-10-001**7m at 1.07% Li<sub>2</sub>O** from 55.3m in drill hole CO-10-002**11m at 1.10% Li<sub>2</sub>O** from 39.4m in drill hole CO-10-003

→ The Falcon Lake West deposit features adjacent 23m and 10m thick pegmatites (Figure 3).

#### Zigzag

**6.1m at 1.08% Li<sub>2</sub>O** from 12.4m in drill hole CO-10-007

→ The Tebish occurrence on the Zigzag block contains 3 to 4 stacked pegmatites over a strike length of at least 670m.

### Greenbush Lake, Canada

- Argonaut agreed to purchase the Greenbush Lake Lithium Pegmatite Project in Ontario, Canada.
- The project has confirmed high grades from existing rock chip samples. These include **2.46% Li<sub>2</sub>O, 1.96% Li<sub>2</sub>O and 15m (50 feet) at 1.25% Li<sub>2</sub>O**.
- The geological setting makes the area highly prospective for the definition of further lithium-bearing pegmatites.

### Lake Blanche, South Australia

- Argonaut has accepted terms offered for the grant of new two exploration licences covering the whole of Lake Blanche, north of the Flinders Ranges in South Australia.
- The lake is prospective for lithium brines due to its distinctive geological and hydrological qualities.
- The licences cover an area of 2,000 square kilometres and Lake Blanche itself has a surface area of **1,700 square kilometres**.
- The size of the lake suggests it could represent an internationally important lithium source in the event economic concentrations of lithium are found in its brines.

## Business Development

- The Company is in discussions with parties in Chile, Nevada and Canada in relation to additional lithium projects.
- Argonaut seeks to add at least one further significant lithium asset to its portfolio.

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# Outlook

- Lithium market:
  - Lithium prices have risen sharply during the period due to concerns over lithium supply.
  - Increased demand stems from an exponential increase in lithium ion battery use.
  - Sales of electric cars and power storage devices, such as the Tesla Powerwall, have surged.
  - Existing lithium producers have been slow to respond to the rising demand creating the need for additional lithium production.
- During the period, Argonaut has raised the capital required for the commencement of exploration at the three existing exploration assets in its lithium portfolio.
  - The Company expects exploration at Crescent Lake to commence in May 2016 with drilling beginning in early June 2016 following receipt of the required permit.
  - Low-impact exploration at Lake Blanche will begin following the grant of exploration licence applications and the grant of statutory approvals.
  - A detailed program of near-term exploration at the Greenbush Lake project will be announced following further appraisal of the project.

# Canada



**Figure 1: Geology of the Superior Province, Canada, showing Crescent Lake, Greenbush Lake and regional lithium occurrences.**

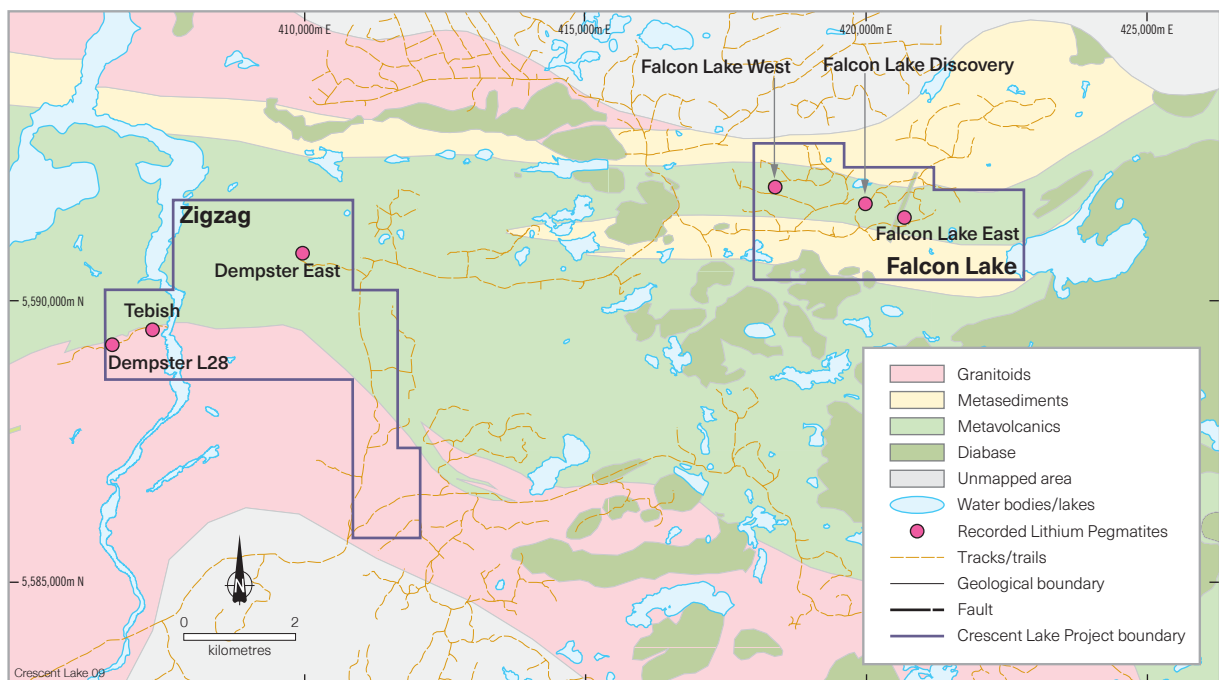
# Crescent Lake, Canada (Argonaut acquiring 100%)

On 4 March 2016, Argonaut released details of the acquisition of the Crescent Lake Lithium Project to the ASX.

## Previous Exploration

The areas were drilled in the 1950s, during a Canadian lithium exploration boom, and then again in 2010-11. Neither drilling program was extensive. Drilling data from the 1950s was reported prior to modern JORC and NI43-101 standards being established. This late 1950s diamond core drilling was undertaken by British Canadian Lithium Mining Corporation. The 2010-11 drilling at Falcon Lake and Zigzag is reported to NI43-101 standards.

All previous drilling has focused on surface or near-surface lithium bearing pegmatites.



**Figure 2:** Crescent Lake: claim locations, pegmatite occurrences and geology.

## Falcon Lake

There are four known pegmatite occurrences in the Falcon Lake area, with the Falcon Lake West deposit being the main focus of previous exploration programs. The Falcon Lake West deposit comprises two south-easterly dipping pegmatite deposits with approximate true widths of 23m and 10m (Figure 3).

There is little evidence in the historical database of systematic exploration for strike extensions to the Falcon Lake West deposit. An independent technical report dated 2011 recommends a program of exploration for 'blind extensions... where the landscape is dominated by thick overburden (cover) and outcrop is sparse'.

Highlights of previous drill results for Falcon Lake West and another pegmatite occurrence in the area – Falcon Lake East – are shown in Tables 1 and 2.

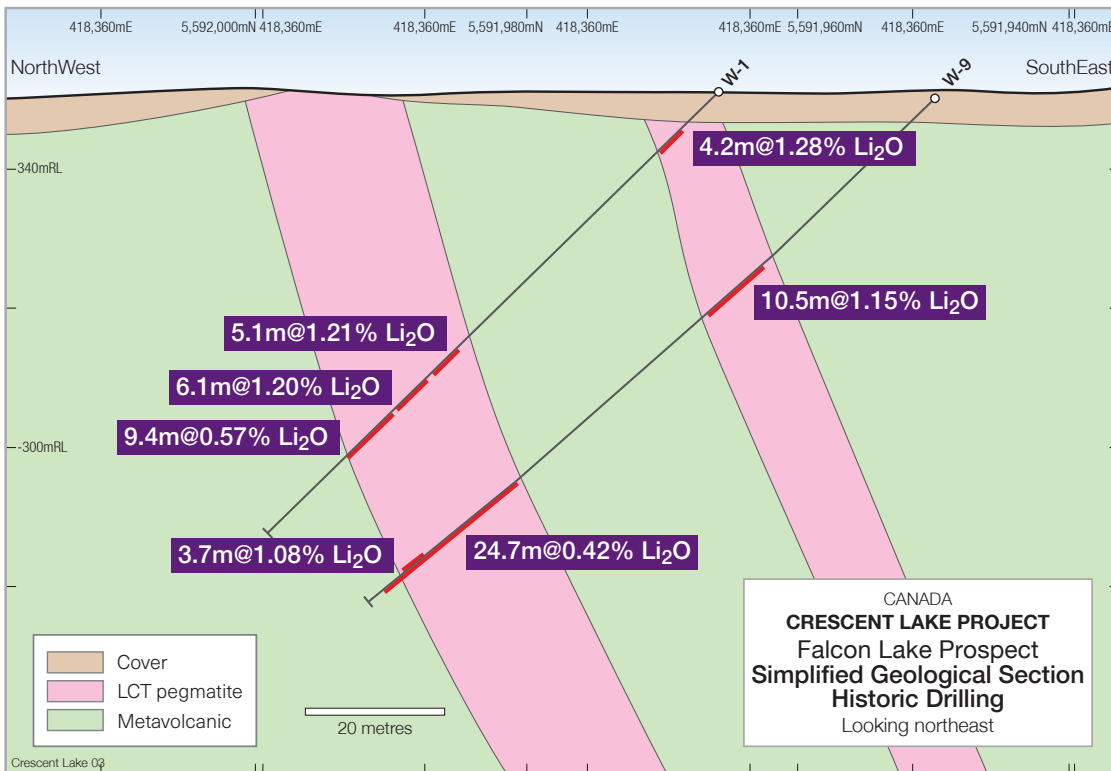


Figure 3: Falcon Lake West geological cross section.

Table 1: Falcon Lake West significant intercepts.

FALCON LAKE WEST:
<b>W-1:</b>
4.2m at 1.28% Li <sub>2</sub> O from 7.6m
5.1m at 1.21% Li <sub>2</sub> O from 52.8m
6.1m at 1.20% Li <sub>2</sub> O from 59.1m
9.4m at 0.57% Li <sub>2</sub> O from 65.8m
<b>W-3:</b>
<b>8.1m at 1.48% Li<sub>2</sub>O</b> from 2.7m including
→ 6.1m at 1.71% Li <sub>2</sub> O from 2.74m
1.82m at 1.75% Li <sub>2</sub> O from 16.2m
<b>W-9:</b>
<b>10.5m at 1.15% Li<sub>2</sub>O</b> from 34.5m including
→ 6.2m at 1.43% Li <sub>2</sub> O from 38.8m
24.7m at 0.42% Li <sub>2</sub> O from 81.8m including
→ 3.7m at 1.08% Li <sub>2</sub> O from 98.8m
<b>CO-10-001:</b>
<b>14m at 0.99% Li<sub>2</sub>O</b> from 69.3m including
→ 5m at 1.25% Li <sub>2</sub> O from 69.3m and
→ 4.5m at 1.50% Li <sub>2</sub> O from 79.3m
<b>CO-10-002:</b>
<b>7m at 1.07% Li<sub>2</sub>O</b> from 55.3m
<b>CO-10-003:</b>
<b>11m at 1.10% Li<sub>2</sub>O</b> from 39.4m including
→ 6m at 1.52% Li <sub>2</sub> O from 44.4m

Table 2: Falcon Lake East significant intercepts.

FALCON LAKE EAST:
<b>E-4:</b>
4.9m at 1.13% Li <sub>2</sub> O from 48.3m

## Zigzag

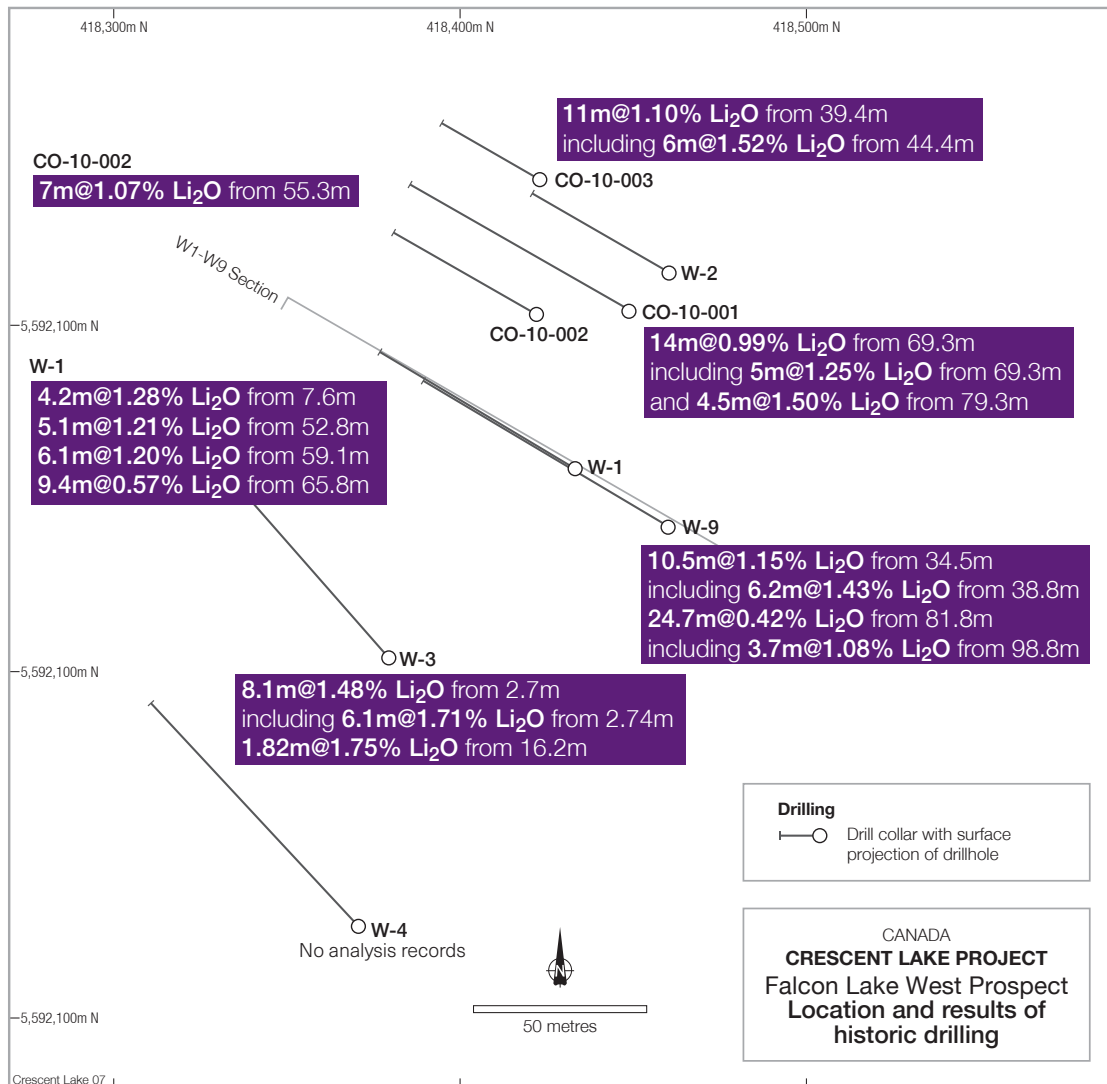
There are three main lithium pegmatite occurrences in the Zigzag area (Figure 2): Tebishogeshik (*Tebish*), Dempster L28 and Dempster East. Lithium bearing pegmatites were first discovered in the area east of Zigzag Lake in 1955.

The Tebish occurrence is a stack of 3–4 pegmatites which have been intercepted by wide-spaced drilling over a strike length of 670m. The system strikes east-northeast and dips approximately 40 degrees to the south. Given the broad drill spacing and structural continuity, lithium grades within the pegmatite stack are poorly understood. Additional drilling is required to determine the orientation and extent of high grade spodumene mineralisation within the lenses.

There is significant exploration potential for strike extensions.

Table 3: Zigzag significant intercepts.

TEBISH:
<b>CO-10-005:</b>
3.7m at 0.45% Li <sub>2</sub> O from 10.7m including
→ 2.6m at 0.74% Li <sub>2</sub> O from 19.8m
<b>CO-10-007:</b>
<b>6.1m at 1.08% Li<sub>2</sub>O</b> from 12.4m including
→ 3m at 1.49% Li <sub>2</sub> O from 12.4m
<b>CO-10-008:</b>
6.9m at 0.40% Li <sub>2</sub> O from 11.5m including
→ 2.9m at 0.58% Li <sub>2</sub> O from 15.5m



**Figure 4:** Falcon Lake West drill collar locations.

## Deposit Geology

The Crescent Lake lithium deposits are hard rock, ‘complex-type/spodumene sub-type’ pegmatite deposits. The pegmatites also feature elevated tantalum and are geologically comparable to the lithium tantalum pegmatites being mined at Tanco in Manitoba, Canada and Greenbushes in Western Australia.

The known deposits outcrop/subcrop and are potentially suitable for open-cut mining.

## Exploration Potential

Argonaut considers the claim areas under option to have strong potential for the discovery of additional deposits. The areas surrounding outcropping spodumene pegmatites are yet to be systematically explored by surface sampling. Volcanic and sedimentary cover is interpreted to obscure certain areas surrounding the known occurrences.

Significant opportunity exists to define:

- additional mineralised pegmatites;
- stacked pegmatites associated with known occurrences;
- strike extensions to known pegmatites; and
- down-dip extensions to the existing drill intercepts.

In recent years, assay techniques designed to highlight sub-surface lithium bearing pegmatites have been developed and demonstrated to be effective in the Crescent Lake environment. Claim areas under option are yet to be explored using this technique.

The project benefits from its location in a geological province hosting several lithium mines and deposits, a high quality database of previous work and access to experienced local geological contractors.

## Location and Infrastructure

The Crescent Lake Lithium Project is located 250km north-northwest of Thunder Bay in Ontario, Canada (Figure 5).

The project consists of 12 claim areas in two clusters. The Falcon Lake area is approximately 10km east of the Zigzag area (Figure 2).

These areas are accessible by road from Thunder Bay via Armstrong Station. A class-one railway line runs within 20km of the project area, and Armstrong (railway) Station is located 75km to the south-west. The rail network interconnects with the US.

The Port of Thunder Bay is a major facility that ships grain, coal, liquids and general cargo via the Great Lakes to the Atlantic Ocean (Figure 5).

Electricity substations and gas pipelines are located between Lake Superior and Lake Nipigon, 50-60km south of the project area.



Figure 5: Crescent Lake Project infrastructure.

## Option Agreement to Acquire 100%

A subsidiary of Argonaut entered an option agreement with Canadian Orebodies Inc. (COB) on 3 March 2016 (the *Option*). The principal terms of the Option are:

1. COB grants Argonaut an exclusive option to conduct a due diligence study on the Crescent Lake Project for a period of six weeks in return for a payment of C\$20,000.
2. The Option defines the material terms of a definitive agreement.
3. Argonaut may exercise the Option by paying COB C\$50,000.
4. An interim option fee of C\$150,000 is due on 1 July 2016.
5. Argonaut will then have until 30 November 2016 to complete its assessment of the project at which time it can elect to purchase 100% the Crescent Lake Project for C\$200,000.
6. The following milestone payments are also defined in the Option:
  - a. C\$400,000 in cash or shares payable to COB on announcement of a maiden resource; and
  - b. C\$1,000,000 in cash or shares payable to COB on decision to mine.
7. Claims are subject to a 2% royalty, payable to historic vendors.

## Greenbush Lake, Canada (Argonaut purchasing 100%)

The Greenbush Lake Lithium Pegmatite Project is in Ontario, Canada, and features a large, outcropping spodumene pegmatite with grades of up to 2.46% Li<sub>2</sub>O within an area confirmed as having the requisite geological components for lithium pegmatite emplacement.

The known lithium pegmatite occurrence is 15m wide by 30m in exposed strike length. The actual strike length of the known pegmatite has not yet been determined as the exposure continues under thin sedimentary cover to the north and under lake waters to the south. The pegmatite has not been drilled.

There is excellent potential to define:

- strike extensions to the known mineralised pegmatite;
- related stacked pegmatites; and
- additional lithium bearing pegmatites.

The property has not been explored by modern, systematic means.

The exposed pegmatite is known as the *East Pashkokogan Lake* occurrence and was originally discovered by the Ontario Department of Mines during a regional mapping program in the 1960s. Further investigations were conducted by the department in the early 2000s and this work confirmed that the area has the geological elements required for emplacement of lithium pegmatites.

## Previous Exploration

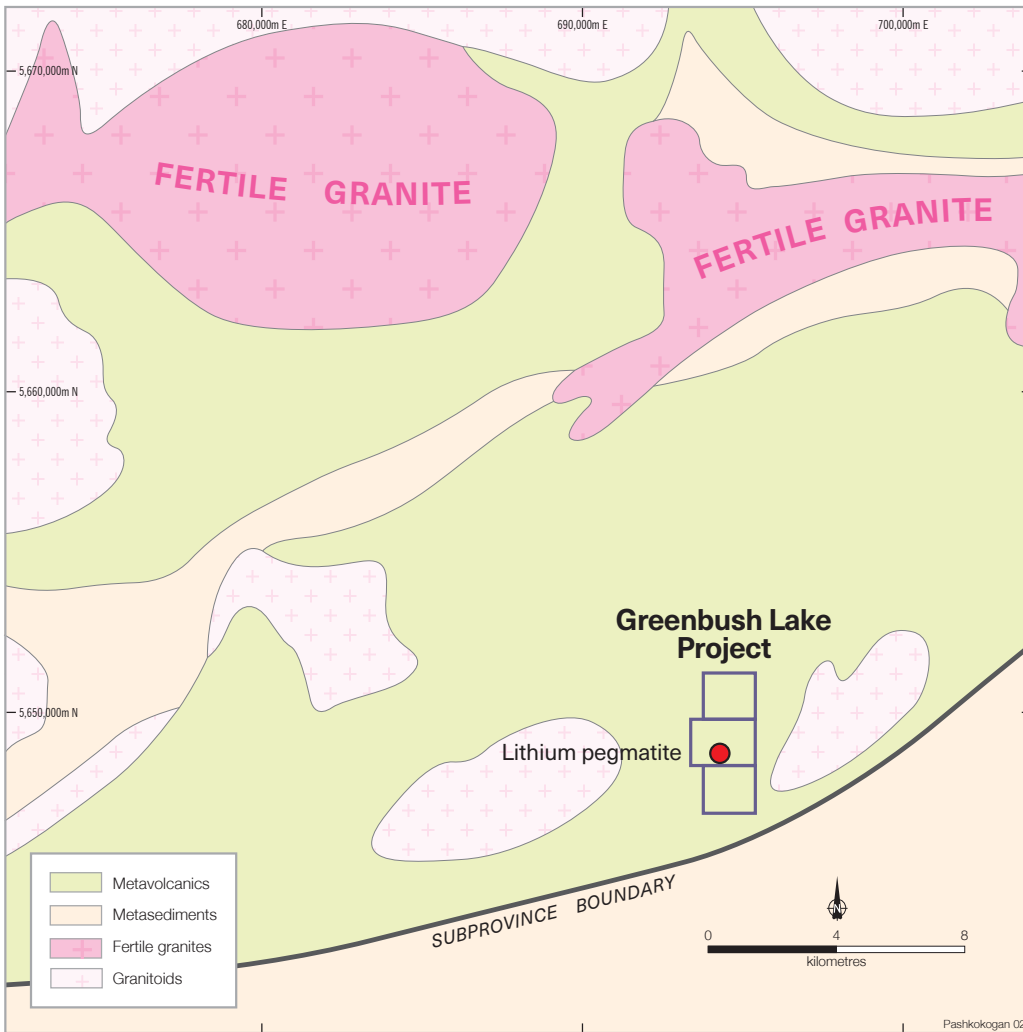
Three phases of exploration have been undertaken in the area of the lithium occurrence.

1. The **Ontario Department of Mines** discovered the pegmatite around 1965 and took a chip sample across the full width (50 feet) of the outcrop. **Analysis of the chip sample returned 1.25% Li<sub>2</sub>O.**
2. **Placer Development Ltd** explored the area for tantalum in 1980. A magnetic survey attempting to define the extent of the pegmatite was unsuccessful; however an **assay of the outcrop returned 2.46% Li<sub>2</sub>O.**
3. **Canadian Orebodies Inc.** undertook an exploration program in 2009. Highlights of a rock-chip sampling program are shown in Table 1.

**Table 1: 2009 Rock-chip sample highlights, Greenbush Lake Project.**

Description	Li <sub>2</sub> O (%)
Outcrop	1.19
Float	1.96
Float	0.85
Float	0.95
Outcrop	1.58





**Figure 6: Greenbush Lake: claim location and economic geology.**

## Location

The Greenbush Lake Project is located approximately 150km north-west of Argonaut’s Crescent Lake Lithium Project and sits between East Pashkokogan Lake and Greenbush Lake. The project is held via three mineral claims (Figure 6). The project area is accessible via boat in summer and by snowmobile during the winter.

## Regional Geology

Lithium bearing pegmatites of the Superior Province generally occur along boundaries of geological sub-provinces (Figures 1 and 6). Fertile granites near sub-provincial boundaries are the source of the lithium and rare element pegmatites (Figure 6). The Greenbush Lake Project features these necessary elements.

## Purchase Agreement

Argonaut has agreed to purchase a 100% interest in three mineral claims from Canadian Orebodies Inc (COB) for CAD100,000. The claims will be subject to a 2% net smelter royalty payable to COB. Payment by Argonaut and the transfer of claims to Argonaut’s Canadian registered subsidiary is subject to the claims being recorded by the Ministry of Northern Development and Mines which is expected to be completed before 30 June 2016.



# Australia

## Lake Blanche, South Australia

On 4 April 2016, subsequent to the Quarter, Argonaut announced it has secured two exploration licences in the north of South Australia covering Lake Blanche, a salt lake with the potential to host lithium brines and potash.

Lake Blanche is a closed to restricted basin covering an area of 1,700 square kilometres. It has a broad catchment that includes the Mt Babbage and Mt Painter Inliers which are recorded as containing elevated rare elements including lithium and tantalum (Figure 7).

Economic concentrations of lithium in brine generally occur in circumstances where ground waters percolate through neighbouring lithium bearing rocks into a closed, continental basin that has not been subject to marine flooding throughout its geological history. Lake Blanche appears to meet these requirements.

An arc of lakes, including Lake Blanche, located to the north of the Flinders Ranges has been independently defined as prospective by Geoscience Australia in a 2013 report titled 'A Review of Australian Salt Lakes and Assessment of their Potential for Strategic Resources'. Argonaut, having assessed the potential of each lake on merit, determined that Lake Blanche has the best potential for economic lithium grades.

In the event economic concentrations of lithium are contained in Lake Blanche's brines, the lake has the potential to be an internationally significant source.

No previous lithium brine exploration has been recorded in the Lake Blanche area although historic brine exploration has been undertaken at Lake Frome, to the southeast.

Lithium brine deposits, particularly those found in Chile, Bolivia and Argentina are often referred to as 'salar' deposits.

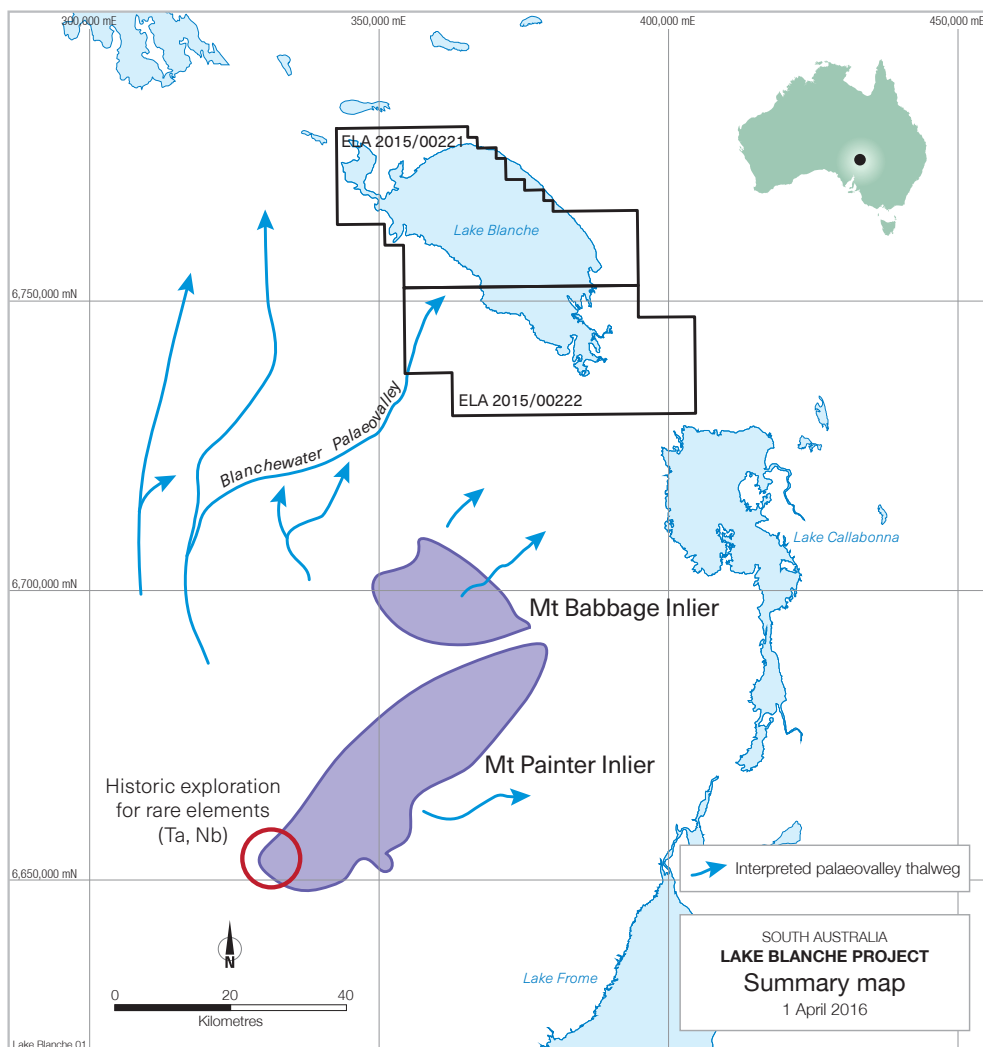


Figure 7: Lake Blanche with exploration licence locations with relevant geological/hydrological features.

# Torrens, South Australia (Argonaut 30%)

## The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Aeris Resources Limited (ASX: AIS, previously Straits Resources Ltd) and relates to the Torrens Project, EL5614 (previously EL4296).

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.

In its role as manager of the joint venture, Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, 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.

## Aboriginal Heritage Act Amendment

During the period, both houses of the South Australian Government passed the Aboriginal Heritage (Miscellaneous) Amendment Bill. This bill removed from the Aboriginal Heritage Act a controversial provision regarding compulsory delegation of Ministerial decision making power.

Further, transitional provisions make void any pre-existing applications for delegation.

This legislative amendment removes an unintended veto mechanism that had been used by certain individuals in SA to frustrate access to development sites, including the Torrens licence.

## Native Title Determination

During the Quarter, the Lake Torrens Overlap Proceeding concluded in the Federal Court of Australia. Justice Mansfield has reserved his judgement which is expected in July/August 2016. The proceeding and its resultant judgement will determine which of three native title claimant groups (if any) are entitled to native title rights in the area of Lake Torrens and Andamooka Island.

Argonaut management is pleased by the thorough anthropological investigations that have been brought about by this trial. Such investigations, together with the oral evidence of senior aboriginal representatives, given both 'on-country' and in the courtroom, provide a proper foundation for an equitable native title outcome.

After a long period of competing native title claims and inter-group conflict, the judgement in this matter will clarify the native title situation for the purpose of access negotiations.

## 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 EL5614.

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.

The Federal Court proceeding mentioned may eliminate the need for an ERD Court retrial.

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.

### Alford Farm-in Joint Venture

Argonaut previously announced it had signed a farm-in joint venture letter agreement with Sandfire Resources NL (ASX: SFR) for the exploration of the Company's 100% owned exploration licence 5212, 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).

Sandfire has now met the minimum expenditure commitment for the First Earn-in and the companies have agreed to extend the period of the farm-in by two years.

Sandfire then has the right to either 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, Queensland (Argonaut 100%)

An application for a Mineral Development Licence over the area required to develop the Kroombit zinc-copper deposit has been lodged with the Queensland Government. No field based work was undertaken during the Quarter.

### Background

Argonaut holds a 100% interest in the Kroombit zinc-copper deposit in Central Queensland via its interest in ML5631 and EPM15705. Mining on ML5631 is subject to a 2% net smelter royalty, payable to Aeris Resources Ltd.

On 11 June 2009 Argonaut announced a maiden resource estimation for the Kroombit deposit. The Indicated and Inferred Resources at Kroombit comprise:

- a **Zinc Resource of 5.2 million tonnes at 1.9% zinc and 0.15% copper** using a cut-off of 1.0% Zn, for 98,800 tonnes of zinc and 7,800 tonnes of copper; and
- a **Copper Resource of 0.9 million tonnes at 1.0% copper** at a cut-off of 0.5% Cu for 9,000 tonnes of copper.

In addition, Exploration Results are reported comprising a defined Exploration Potential of between:

- 1 million and 1.5 million tonnes at 1.5% to 2.0% zinc, and between
- 0.5 million and 1 million tonnes at 0.7% to 1.3% copper.

## Aroona, South Australia (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.

# Zambia

## Lumwana West (Argonaut 65%)

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 that are hosted in similar geological settings.

Argonaut, via its majority 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 that have now undergone first-pass drill testing.

Argonaut is continuing to assess options in relation to the Lumwana West project. These include further definition of the Nyungu copper deposit and exploration of targets defined by the Company within the tenement area which are yet to be explored.

## Corporate

### Capital Raising

During the Period, Argonaut announcement a two-phase capital raising for the purpose of advancing the Company's lithium projects in Canada and South Australia.

On 18 March 2016, Argonaut advised it has completed a placement of 110,900,000 fully paid ordinary shares in the Company at \$0.012 (1.2c) per share to raise \$1,330,800 before costs (the *Placement*). The Placement was undertaken within the Company's 15% limit under ASX listing rule 7.1 and under listing rule 7.1A, as approved by shareholders at the Company's 2015 AGM.

Additionally, Argonaut undertook a one for six (1 for 6) non-renounceable rights issue of 92,448,617 shares at \$0.012 (1.2c) per share to raise \$1,109,383 before costs (the *Rights Issue*).

Shares issued under the Placement were entitled to participate in the Rights Issue.

Taylor Collison was appointed lead manager for the Placement and Right Issue.

The Placement and Rights Issue was successful in raising \$2,440,183 before costs via the issue of 203,348,617 fully paid ordinary shares in the Company.

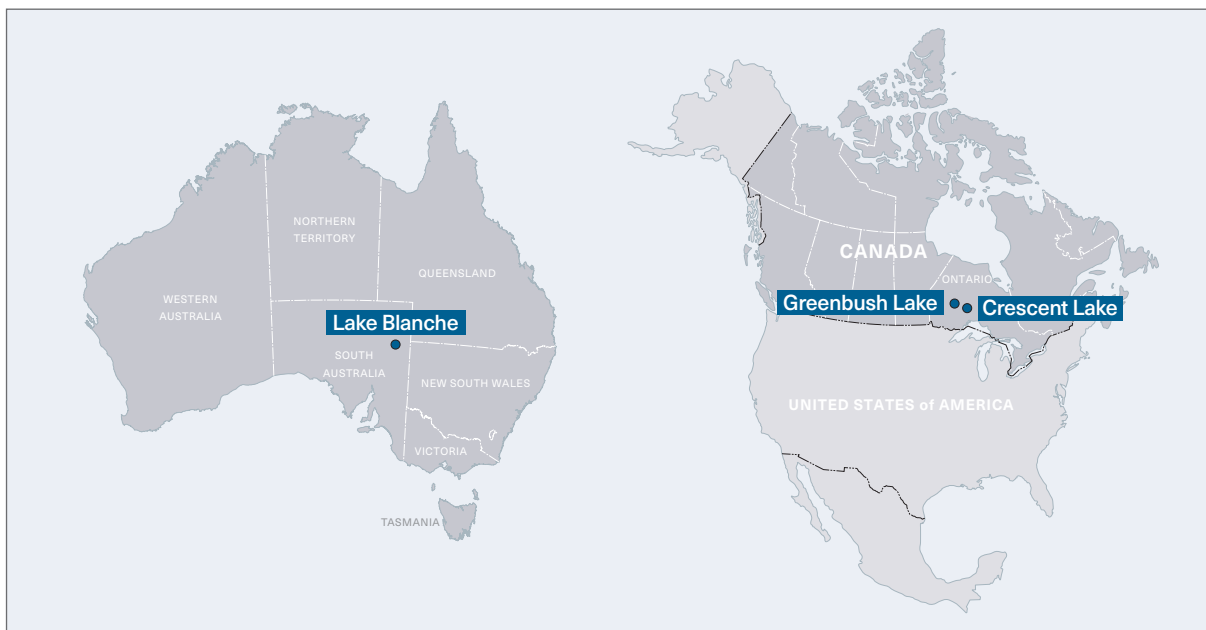
### Directors' Fees and Service Fees

Reductions in the directors' fees were detailed in the Company's 2015 Annual Report and quarterly report to 31 December 2015. In light of a greatly increased workload plus the capital raising outlined above, directors' fees will be restored to original levels.

# About Argonaut

Argonaut is an Australian Securities Exchange listed mineral exploration and development company focused on fast-tracking development of its lithium assets. The Company now has rights to two Canadian lithium projects and one South Australian lithium exploration target.

Argonaut expects to announce further acquisitions in the coming weeks prior to commencement of field-based exploration of its flagship crescent Lake project in Ontario, Canada.



**Figure 8:** Argonaut lithium project locations.

## Lindsay Owler

Director and CEO

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, details of which are disclosed in the Company's 2015 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.

The information regarding Resource definition and Exploration Potential for the Kroombit deposit is extracted from a report entitled 'Maiden resource estimate announced for Queensland zinc-copper project'. This report was released on 11 June 2009 and is available to view on [www.asx.com.au](http://www.asx.com.au). The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

# Tenement Schedule

**Table 1: Summary of mining tenements.**

South Australian Mineral Exploration Licences						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
EL 5183	21/05/2012	20/05/2017	33	Campfire Bore	Coombedown Resources Pty Ltd	10% <sup>1</sup>
EL 5212	05/11/2012	04/11/2017	481	Alford	Kelaray Pty Ltd	100%
EL 5336	04/06/2013	03/06/2018	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 5614	18/08/2014	17/08/2019	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 5220	04/11/2014	03/11/2016	27	Mt Parry	Kelaray Pty Ltd	100%
EL 5732	18/10/2015	17/10/2017	104	Sandstone	Coombedown Resources Pty Ltd	10% <sup>1</sup>

South Australian Mineral Exploration Licence Applications						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
ELA 2015/221 <sup>2</sup>			997	Lake Blanche area	Kelaray Pty Ltd	100%
ELA 2015/222 <sup>2</sup>			997	Petermorra Creek area	Kelaray Pty Ltd	100%

Queensland Mineral Exploration Permit						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	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 <sup>2</sup> )	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%

Queensland Mineral Development Licence Application						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
MDL 2002			0.64	Kroombit	Kelaray Pty Ltd	100%

Zambian Large Scale Prospecting Licences						
Tenement	Applied	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
16121-HQ-LPL	21/07/2011	20/07/2017	575	North Western Province	Mwombezhi Resources Ltd	65%

**Table 2: Summary of mining tenements acquired in Quarter.**

Ontario Unpatented Mining Claims						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
4244211 <sup>3</sup>	27/10/2008	27/10/2016	1.94	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244212 <sup>3</sup>	27/10/2008	27/10/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244213 <sup>3</sup>	27/10/2008	27/10/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4252421 <sup>3</sup>	9/12/2009	9/12/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213186 <sup>3</sup>	24/09/2009	24/09/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213187 <sup>3</sup>	24/09/2009	24/09/2016	2.24	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4229526 <sup>3</sup>	24/09/2009	24/09/2016	1.93	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4252441 <sup>3</sup>	9/12/2009	9/12/2016	1.33	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4252442 <sup>3</sup>	9/12/2009	9/12/2016	0.64	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250593 <sup>3</sup>	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250594 <sup>3</sup>	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250595 <sup>3</sup>	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%

**Table 3: Summary of mining tenements surrendered in Quarter.**

No tenements were surrendered in the March 2016 Quarter.

- 
- 1 Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.
  - 2 Offered and accepted during quarter
  - 3 Under option agreement



## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/2013

Name of entity

Argonaut Resources NL

ABN

97 008 084 848

Quarter ended ("current quarter")

31 March 2016

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration & evaluation	(94)	(470)
(b) development	-	-
(c) production	-	-
(d) administration	(75)	(300)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	7
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
<b>Net Operating Cash Flows</b>	<b>(169)</b>	<b>(763)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.9 Proceeds from sale of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>-</b>	<b>-</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(169)</b>	<b>(763)</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(169)	(763)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	1,253	1,253
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	<b>Net financing cash flows</b>	<b>1,253</b>	<b>1,253</b>
	<b>Net increase (decrease) in cash held</b>	<b>1,084</b>	<b>490</b>
1.20	Cash at beginning of quarter/year to date	241	835
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>1,325</b>	<b>1,325</b>

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

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	50
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment for directors fees and salaries(1.23)

### 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

N/A

+ See chapter 19 for defined terms.

**Appendix 5B**

**Mining exploration entity and oil and gas exploration entity quarterly report**

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- 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

N/A

### 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	467
4.2 Development	-
4.3 Production	-
4.4 Administration	135
<b>Total</b>	<b>602</b>

### Reconciliation of cash

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

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	1,325	241
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>1,325</b>	<b>241</b>

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

#### Changes in interests in mining tenements and petroleum tenements

	Tenement reference and location	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements and petroleum tenements relinquished, reduced or lapsed	-	-	-
6.2	Interests in mining tenements and petroleum tenements acquired or increased	Refer to Tenement Schedule.		

#### 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	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>+Ordinary securities</b>	<b>554,691,701</b>	<b>554,691,701</b>	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	110,900,000	110,900,000	1.2 cents
7.5	<b>+Convertible debt securities</b> <i>(description)</i>			

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> (description and conversion factor)	<b>38,004,957</b>	<b>38,004,957</b>	Exercise price: 6 cents	Expiry date: 31/03/2017
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	<b>Debentures</b> (totals only)				
7.12	<b>Unsecured notes</b> (totals only)				

## 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 /does not\* (*delete one*) give a true and fair view of the matters disclosed.

Sign here: .....

(Company secretary)

Date: 29 April 2016

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

+ See chapter 19 for defined terms.

## Appendix 5B

### Mining exploration entity and oil and gas exploration entity quarterly report

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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 and petroleum 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 or petroleum tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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