

**ASX: ARE**

**CAPITAL STRUCTURE:**

Issued shares: 664,626,092

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

Cash on hand: \$426,000

**DIRECTORS:**

Patrick Elliott,  
Non-Exec Chairman

Lindsay Owler,  
Director/CEO

Andrew Bursill,  
Director/Secretary

Malcolm Richmond,  
Non-Exec Director

**COPPER PROJECTS**

**Torrens, South Australia**

Copper, gold (large IOCG)

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

**Lumwana West, Zambia**

Copper, cobalt (shear-hosted)

- Phase: advanced exploration
- Interest: Argonaut 65%,  
Antofagasta 25%
- Agreement Phase:  
Exploration
- Operator: Argonaut

**LITHIUM PROJECTS**

**Crescent Lake, Canada**

Confirmed lithium pegmatites  
deposits

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

**Lake Blanche, South Australia**

Lithium brine target

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



# Quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2016

Argonaut Resources NL (*Argonaut or the Company*) (ASX: ARE) is pleased to present the following report for the three month period to 31 December 2016 (*the Quarter*).

## Highlights

### Business Development

#### Gold, Western Australia

- The Company has executed an option to farm-in to a significant portfolio of Western Australian gold tenements.
- The tenement package offers:
  - walk-up drill targets,
  - proximity to existing processing facilities,
  - both oxide and primary gold targets, and
  - early-stage nickel targets.
- The definitive farm-in agreement is expected to be executed in early February 2016.

#### Copper, South Australia

- Argonaut has accepted terms for the grant of two exploration licences in the area of Lake Torrens, South Australia.
- The licences cover a total of 1,015 square kilometres and are located immediately south and east of the Torrens project. The area east of the Carrapateena deposit is also covered (Figure 1).
- These licences cover confirmed IOCG targets in an area known as Murdie.
- These licences constitute excellent exploration opportunities in their own right and provide Argonaut with a commanding land holding in the event of a discovery at Torrens.

#### Copper, International

- Argonaut is actively pursuing high-quality copper exploration assets in regions with major copper endowments.

### Torrens, South Australia

- The Torrens Joint Venture is focused on obtaining approvals required to commence drilling at the massive Torrens IOCG target as soon as possible. Argonaut is pleased by the progress made in recent months in gaining these approvals.

### Crescent Lake, Canada

- A program of detailed mapping identified 39 possible pegmatite occurrences. Of these occurrences:
  - three are positively identified as spodumene bearing; and
  - 24 have a coarse-grained texture diagnostic of pegmatites.
- Argonaut and Canadian Orebodies Inc concluded an extension and variation to the option agreement for the acquisition of the Crescent Lake claims.
- Argonaut now has until 28 February 2017 to complete its assessment.

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# Outlook

- The copper price increased by around 25% in US dollar terms during the Quarter and the outlook for 2017 is considerably better than many analysts had predicted.
- Argonaut's existing copper assets at Lake Torrens and Lumwana West are likely to be viewed in an increasingly positive light based on technical merit and metal prices.
- Access to capital for base metal exploration has improved from a low base in the last two months and further improvements are expected.
- The addition of two major projects in 2017 will fully populate Argonaut's exploration portfolio early in the upcoming commodities cycle.
- This early-mover advantage will be to the benefit of the Company and its shareholders.
- Argonaut will have held or acquired several tier-one exploration assets with company-making potential and will be poised to commence exploration on large, prospective targets.

## Business Development

### Gold

Argonaut previously announced it had executed an option to farm-in to a significant portfolio of Western Australian gold tenements. The tenement package is in an area with a long history of gold production and a world-class gold endowment. The package offers:

- walk-up drill targets,
- proximity to existing processing facilities,
- both oxide and primary gold targets, and
- early-stage nickel targets.

The definitive farm-in agreement is in the final stage of preparation and is expected to be executed in early February 2016.

### Copper

In 2016 Argonaut submitted proposals to the South Australian Department of State Development seeking the grant of two Exploration Release Areas contiguous with the Company's Torrens project in South Australia. Argonaut's proposals were successful and the Company has since accepted terms for the grant of the licences.

The licence applications cover a total of 1,015 square kilometres and are located immediately south and east of the Torrens project. The area east of the Carrapateena deposit is also covered (Figure 1).

These licences cover confirmed IOCG targets in an area known as Murdie.

These licences constitute excellent exploration opportunities in their own right and provide Argonaut with a commanding land holding in the event of a discovery at Torrens.

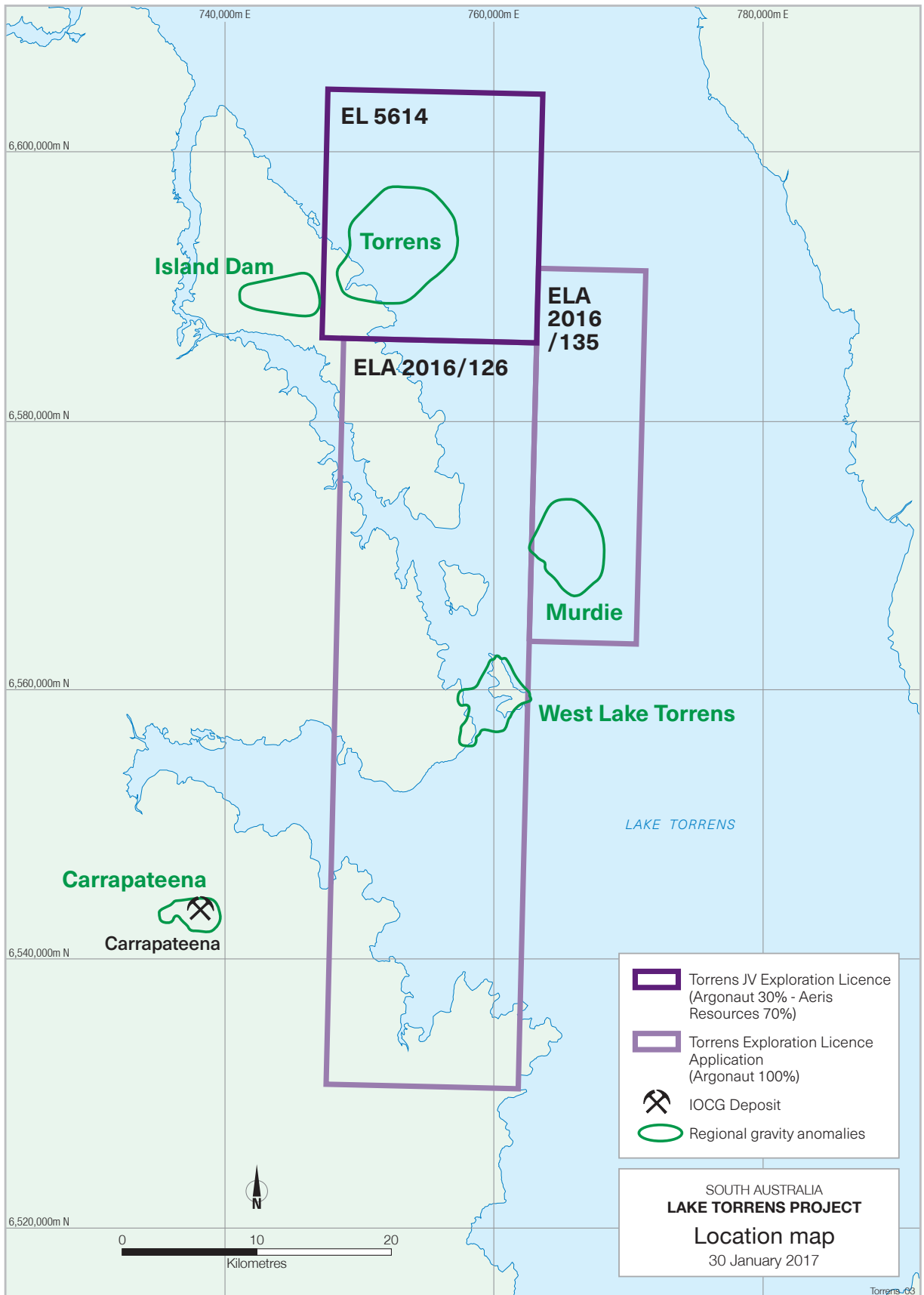


Figure 1: Murdie exploration licence applications.

# Copper

## 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.

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 drilling program targeting areas which have been geophysically modelled as having the physical properties of large iron oxide-copper-gold deposits.

### The Torrens Anomaly

The Torrens anomaly is a coincident magnetic and gravity anomaly with a footprint larger than that of Olympic Dam. The anomaly is located at the Torrens Hinge Zone, a continent-scale zone of crustal weakness that appears to have been a conduit for mineralising fluids from the Earth's mantle.

Drilling of the Torrens anomaly by Western Mining Corporation in the late 1970s and by the Torrens Joint Venture in 2007 and 2008 confirmed the existence of a major iron oxide copper-gold mineralising system beneath several hundred metres of sedimentary cover.

More drilling is required to intercept the modelled copper-gold mineralisation. In the event of a discovery, the Torrens anomaly has the potential to host a world-class copper-gold deposit.

### Native Title Determination

On 9 August 2016, applications for native title over Lake Torrens by three native title groups were dismissed by the Federal Court of Australia.

This matter, known as the Lake Torrens Overlap Proceeding, was initiated by the Federal Court to determine which of three native title claimant groups was entitled to hold native title rights.

The aboriginal claimant groups involved in the proceeding were the Adnyamathanha people, the Barngarla people and the Kokatha people. All three groups have lodged multiple native title claims over Lake Torrens since the introduction of the Native Title Act in 1993. All three groups hold granted native title rights in areas adjoining the lake.

Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, was an active respondent in the proceeding.

The overlap proceeding came after a long period where competing native title claims and intra-group conflict made access negotiations impossible.

### Judgement Implications

Certain aboriginal people oppose access to the Torrens anomaly on the basis that exploration works are incompatible with asserted mythological beliefs held in regard to Lake Torrens and Andamooka Island.

As a result of this judgement, those opposed to mineral exploration in the area of Lake Torrens will have significant difficulty establishing standing to grant or withhold native title authority in the area of the Torrens anomaly.

### Appeals

All three claimant groups whose applications for native title over Lake Torrens were dismissed by the Federal Court have lodged notices of appeal to the Full Federal Court. The lodgement of appeals does not act as a stay of proceedings, a position reinforced by a further Federal Court decision made in the Joint Venture's favour on 22 December 2016. The Torrens Joint Venture has the right to enjoy the benefit of the 9 August judgment unless and until alternate orders are made.

Based on current information, parties expect the appeals to be heard jointly in late February/early March 2017.

## Access Approvals

The Torrens Joint Venture is proceeding to make applications for exploration approval in the absence of registered native title claims or recognised native title rights. This change significantly simplifies the approval process, particularly in light of previously held environmental and operational approvals.

## 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/cobalt 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/cobalt deposit and exploration of targets defined by the Company within the tenement area which are yet to be explored.

## 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.

## Kroombit, Queensland

*(Argonaut 100%)*

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

### Background

Argonaut holds a 100% interest in the Kroombit zinc-copper deposit in Central Queensland via its interest in ML5631 and MDL2002. 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:

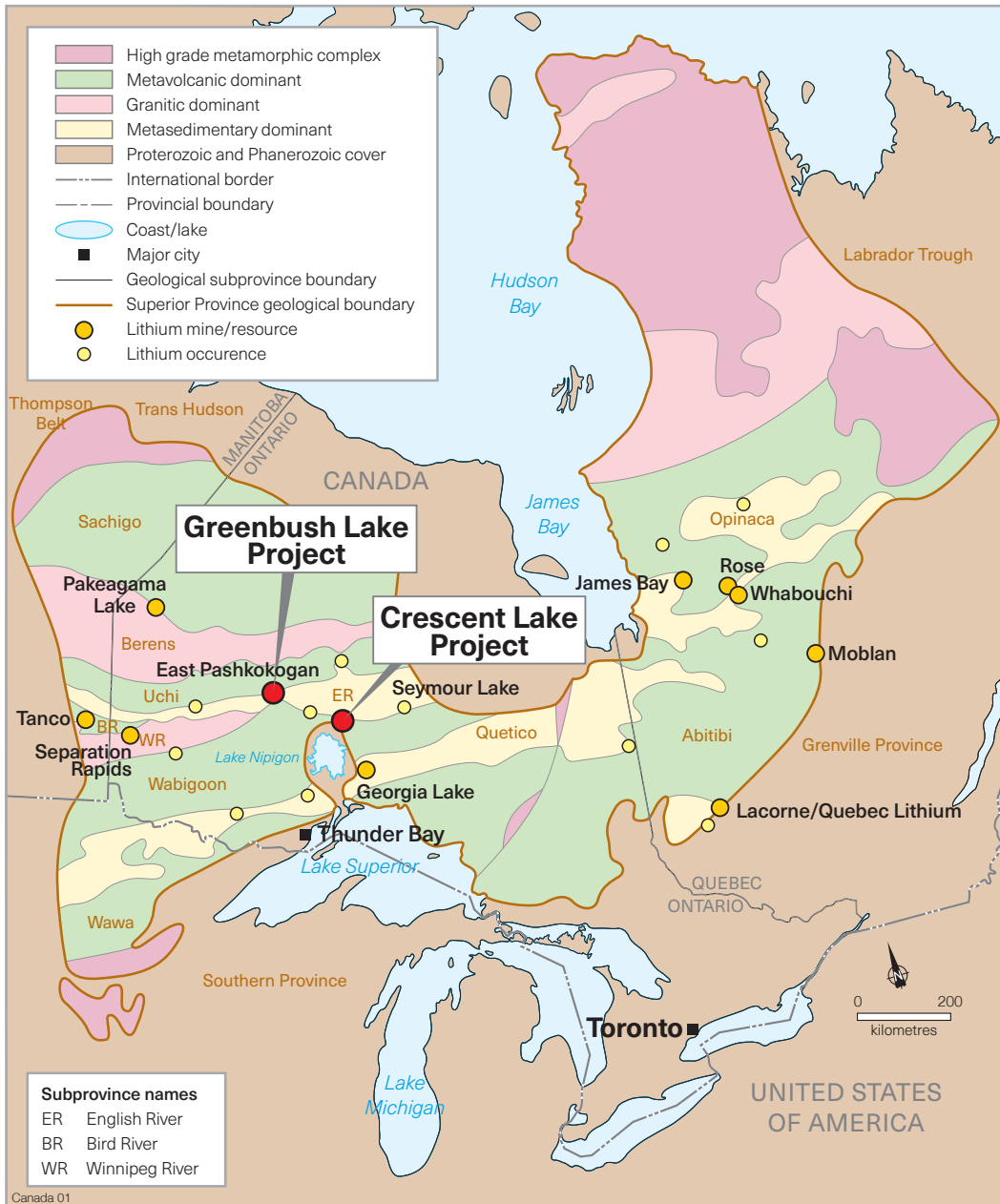
- 1 million and 1.5 million tonnes at 1.5% to 2.0% zinc, and between
- 0.5 million and 1 million tonnes at 0.7% to 1.3% copper.

## Aroona, South Australia

*(Argonaut 100%)*

EL5220 and EL5336, Aroona, are subject to a joint venture agreement with Perilya Limited. No field based work was undertaken at Aroona during the Quarter.

# Lithium



**Figure 2:** 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 Crescent Lake Lithium Project to the ASX. The initial acquisition included the Falcon Lake and Zigzag areas (Figure 3). On 8 June 2016, Argonaut announced the grant of 22 additional claims in the Crescent Lake area (Figure 3). These new claims are 100% held by Argonaut.

On 16 December 2016, Argonaut announced details of an extension and variation to the option to acquire the Falcon Lake and Zigzag areas.

## Mapping Program

Crescent Lake is located 250km NNE of Thunder Bay in Ontario, Canada (Figure 2).

In November, Argonaut completed a detailed mapping program across areas previously identified as prospective for pegmatite occurrences. The mapping program involved 50 or 100m spaced traverses which were systematically walked by geologists over the target areas shown in Figure 4.

The survey team identified 39 possible pegmatites. The newly mapped occurrences were predominantly located in the areas of known occurrences. Of the 39 occurrences:

- three are positively identified as spodumene bearing;
- 24 have a coarse-grained texture diagnostic of pegmatites;
- four are not in-situ;
- sizes ranged from:
  - 20m outcrop of unknown thickness; to
  - 10cm thick vein.
- 34 occurrences are located on optioned claims and five occurrences are on claims held 100% by Argonaut's subsidiary, Sunrise Canada Inc.

The most promising occurrence mapped is exposed over 20m. This occurrence is located in the Falcon Lake area (see Figure 4: Target Area 1) and is a newly discovered pegmatite. This pegmatite may contain spodumene and may have a significant strike length and thickness.

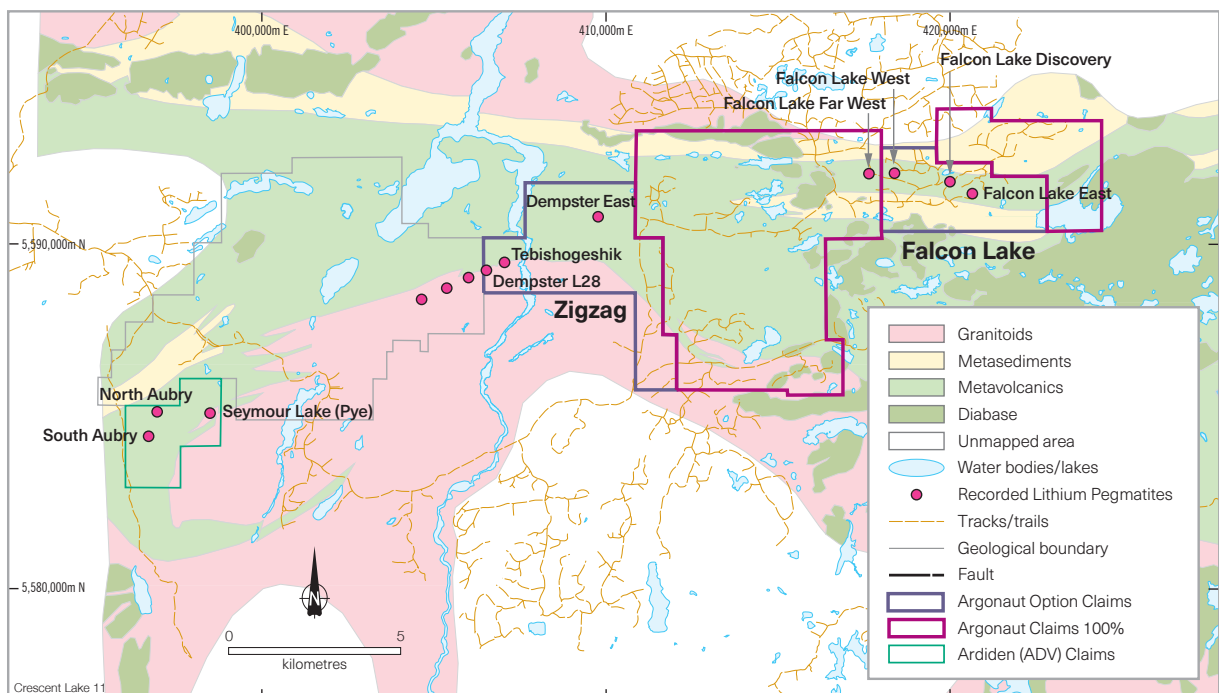
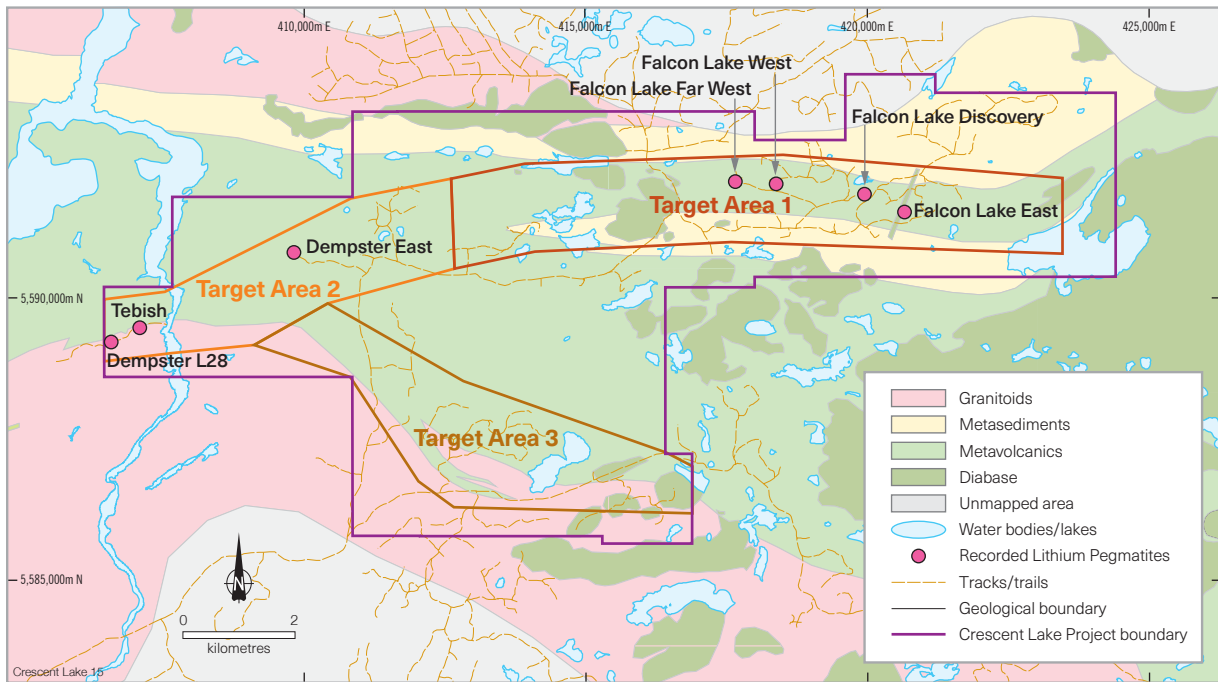


Figure 3: Crescent Lake claim locations, pegmatite occurrences and geology.





**Figure 4:** Exploration target zones at Crescent Lake.

## Amendment to Option Agreement

On 4 March 2016, Argonaut announced it had entered into an option agreement with Canadian Orebodies Inc, a TSX listed company, to acquire claims within the Crescent Lake pegmatite swarm.

The option agreement required Argonaut to complete its assessment of the project by 30 November 2016 at which time Argonaut could elect to purchase 100% of the claims for CAD200,000.

A variation and extension to the option agreement has now been executed which provides for the following amended terms:

- Canadian Orebodies granted Argonaut an extension to the assessment period under the option agreement from 30 November 2016 to 28 February 2017.
- In exchange for the grant of this extension, Argonaut:
  - made a cash payment to Canadian Orebodies of CAD50,000;
  - issued AUD70,000 worth of ordinary shares, calculated on the 2-week volume weighted average price, to Canadian Orebodies; and
  - may make a final purchase payment of CAD150,000 on or before 28 February 2017, at the conclusion of the assessment.

## 2016 Drilling Program

In July, Argonaut completed a six-hole program of diamond core drilling at the Falcon Lake West deposit. The program targeted two pegmatite units, one of which outcrops boldly.

Highlights from analysis of the 2016 drilling program include:

- 24.4m at 1.48%  $\text{Li}_2\text{O}$  from 10.9m; including 9.0m at 1.95%  $\text{Li}_2\text{O}$  from 20.4m in drill hole FLDD006.
- 11m at 1.05%  $\text{Li}_2\text{O}$  from 40.2m; including 6m at 1.26%  $\text{Li}_2\text{O}$  from 43.8m in drill hole FLDD002.
- 21.7m at 1.09%  $\text{Li}_2\text{O}$  from 48.0m; including 7.9m at 1.31%  $\text{Li}_2\text{O}$  from 49.8m in drill hole FLDD001.

This program confirmed that grades and thicknesses in the Falcon Lake area are potentially economic.



# Greenbush Lake, Canada

*(Argonaut purchasing 100%)*

The Greenbush Lake Lithium Pegmatite Project is in Ontario, Canada (Figure 2), and features a large, outcropping spodumene-bearing 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.

## Previous Exploration

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

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.**

**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.**

**Canadian Orebodies Inc.** undertook an exploration program in 2009. Highlights of a rock-chip sampling program are shown in Table 1.

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

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

# Lake Blanche, South Australia

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

Argonaut also pegged the majority of Lake Callabonna to the southeast of Lake Blanche (Figure 5). This tenement is a strategic holding in the event of exploration success at Lake Blanche.

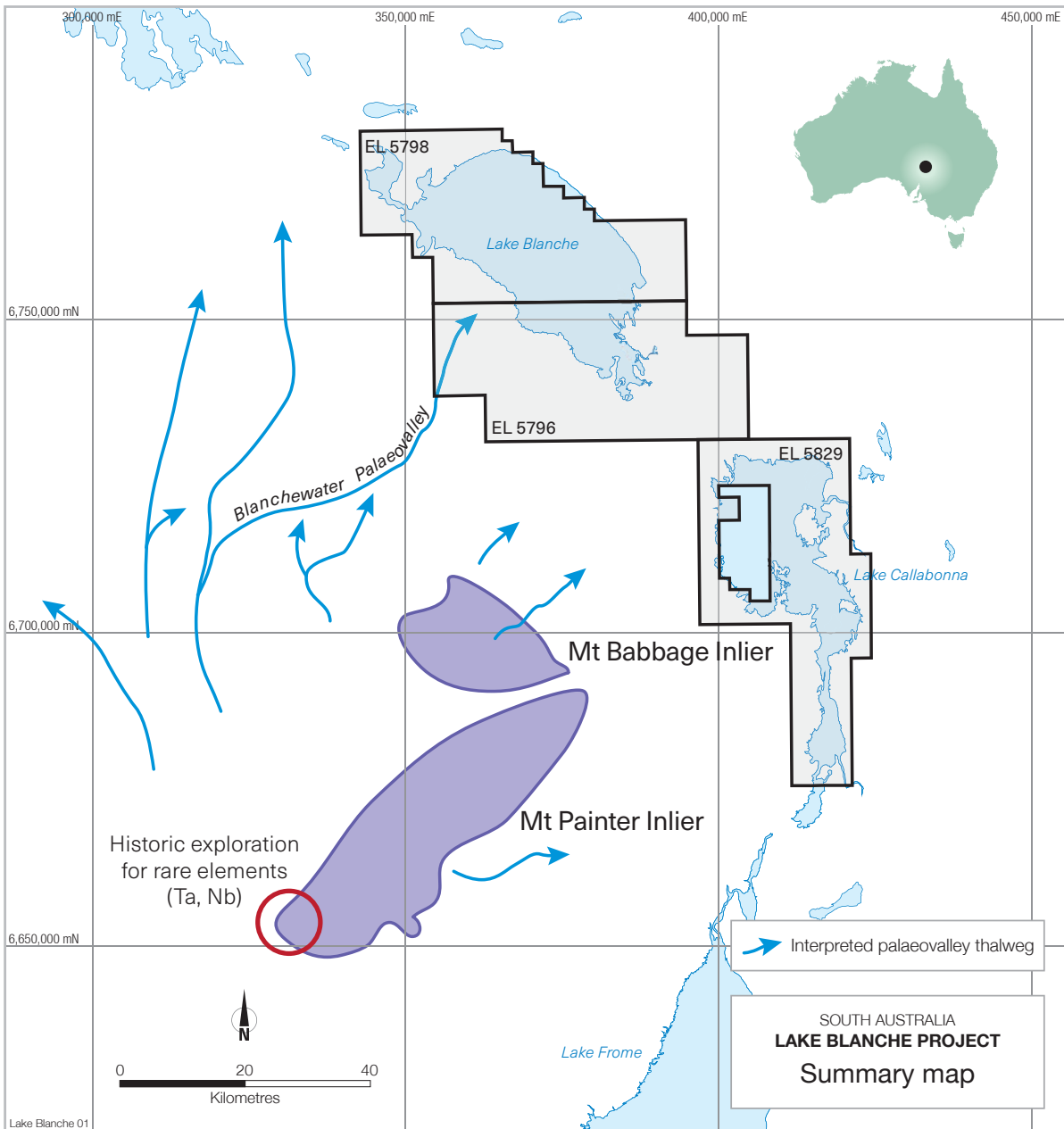
Lake Blanche is a closed-to-restricted basin covering an area of 1,700 square kilometres. It has a broad catchment that includes the Mt Babbage and Mt Painter Inliers which are recorded as containing elevated rare elements including lithium and tantalum (Figure 5).

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 fit these requirements.

An arc of lakes, including Lake Blanche, 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.



**Figure 5:** Lake Blanche with exploration licence locations and relevant geological/hydrological features.

# 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.

Additionally, Argonaut holds a portfolio of Australian copper/gold and zinc projects.

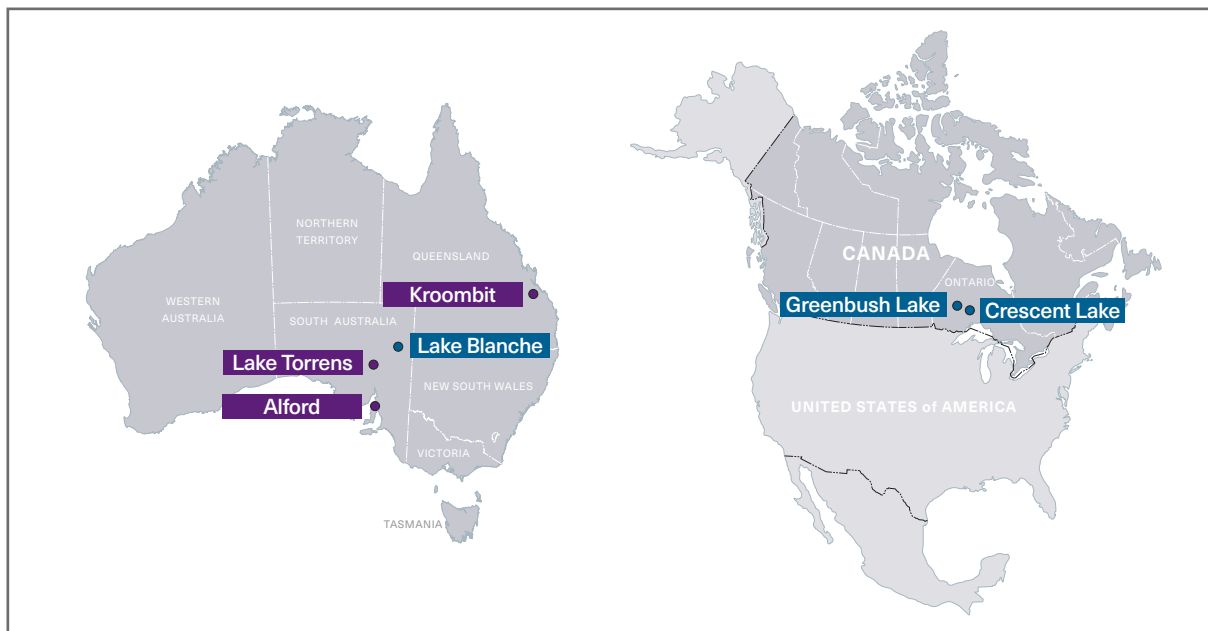


Figure 6: Argonaut project locations.

## 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%1
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	03/11/2019	27	Mt Parry	Kelaray Pty Ltd	100%
EL 5732	18/10/2015	17/10/2017	104	Sandstone	Coombedown Resources Pty Ltd	10%1
EL 5798	02/06/2016	01/06/2018	997	Lake Blanche area	Kelaray Pty Ltd	100%
EL 5796	02/06/2016	01/06/2018	997	Petermorra Creek area	Kelaray Pty Ltd	100%
EL 5829	16/08/2016	15/08/2018	893	Lake Callabonna	Kelaray Pty Ltd	100%

South Australian Mineral Exploration Licence Applications						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
ELA 2016/0135			221	Murdie	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						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
MDL 2002	03/08/2016	02/08/2021	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%

Ontario Unpatented Mining Claims						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
42442112	27/10/2008	27/10/2017	1.94	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42442122	27/10/2008	27/10/2017	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42442132	27/10/2008	27/10/2017	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42524212, 3	09/12/2009	09/12/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42131862	24/09/2009	24/09/2017	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%

Ontario Unpatented Mining Claims						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
42131872	24/09/2009	24/09/2017	2.24	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42295262	24/09/2009	24/09/2017	1.93	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42524412	09/12/2009	09/12/2017	1.33	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
42524422	09/12/2009	09/12/2017	0.64	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
42505932	17/07/2009	17/07/2017	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
42505942	17/07/2009	17/07/2017	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
42505952	17/07/2009	17/07/2017	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
42763042	22/03/2016	22/03/2018	2.53	Greenbush Lake	Canadian Orebodies Inc.	100%
42763052	22/03/2016	22/03/2018	2.39	Greenbush Lake	Canadian Orebodies Inc.	100%
42763062	22/03/2016	22/03/2018	2.56	Greenbush Lake	Canadian Orebodies Inc.	100%
4282315	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282316	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282317	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282318	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282319	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282320	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282321	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282322	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282323	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282324	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282325	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282326	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282327	01/04/2016	01/04/2018	2.4	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282328	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282329	01/04/2016	01/04/2018	2.53	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282330	01/04/2016	01/04/2018	2.42	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282331	01/04/2016	01/04/2018	1.47	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%

Ontario Unpatented Mining Claims						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
4282332	01/04/2016	01/04/2018	2.3	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282333	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282334	01/04/2016	01/04/2018	2.59	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282335	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282336	01/04/2016	01/04/2018	2.49	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4279256	15/04/2016	15/04/2018	2.53	Superb Lake	Sunrise Canada Inc.	100%
4279257	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279258	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279259	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279260	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279261	15/04/2016	15/04/2018	2.57	Superb Lake	Sunrise Canada Inc.	100%
4279262	15/04/2016	15/04/2018	2.56	Superb Lake	Sunrise Canada Inc.	100%
4279263	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279264	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279265	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%

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

South Australian Mineral Exploration Licence Applications						
Tenement	Granted	Expiry	Area (km <sup>2</sup> )	Locality	Licensee	Interest
ELA 2016/0126			794	West Lake Torrens	Kelaray Pty Ltd	100%

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

No tenements were surrendered in the December 2016 Quarter.

<sup>1</sup> Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.

<sup>2</sup> Under option agreement.

<sup>3</sup> Renewal application.

## 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, 01/05/13, 01/09/16

### Name of entity

Argonaut Resources NL

### ABN

97 008 084 848

### Quarter ended ("current quarter")

31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(137)	(595)
(b) development		
(c) production		
(d) staff costs (including exploration staff)	(115)	(329)
(e) administration and corporate costs	(272)	(389)
1.3 Dividends received (see note 3)		
1.4 Interest received	2	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(522)</b>	<b>(1,308)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments		
(d) other non-current assets		



<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (6 months) \$A'000</b>
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment		
(b) tenements (see item 10)		
(c) investments	416	-
(d) other non-current assets		
2.3 Cash flows from loans to other entities		
2.4 Dividends received (see note 3)		
2.5 Other (provide details if material)		
<b>2.6 Net cash from / (used in) investing activities</b>	<b>416</b>	<b>-</b>

<b>3. Cash flows from financing activities</b>		
3.1 Proceeds from issues of shares		
3.2 Proceeds from issue of convertible notes		
3.3 Proceeds from exercise of share options		
3.4 Transaction costs related to issues of shares, convertible notes or options		
3.5 Proceeds from borrowings		
3.6 Repayment of borrowings		
3.7 Transaction costs related to loans and borrowings		
3.8 Dividends paid		
3.9 Other (provide details if material)		
<b>3.10 Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4. Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1 Cash and cash equivalents at beginning of period	532	1,318
4.2 Net cash from / (used in) operating activities (item 1.9 above)	(522)	(1,308)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	416	416
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5 Effect of movement in exchange rates on cash held	-	-
<b>4.6 Cash and cash equivalents at end of period</b>	<b>426</b>	<b>426</b>

5. <b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1 Bank balances	426	532
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>426</b>	<b>532</b>

6. <b>Payments to directors of the entity and their associates</b>	Current quarter \$A'000
6.1 Aggregate amount of payments to these parties included in item 1.2	73
6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2	

7. <b>Payments to related entities of the entity and their associates</b>	Current quarter \$A'000
7.1 Aggregate amount of payments to these parties included in item 1.2	-
7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3	-
7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2	

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

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
8.1 Loan facilities	-	-
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

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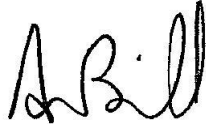
<b>9. Estimated cash outflows for next quarter</b>	<b>\$A'000</b>
9.1 Exploration and evaluation	11
9.2 Development	-
9.3 Production	-
9.4 Staff costs	122
9.5 Administration and corporate costs	98
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>231</b>

<b>10. Changes in tenements (items 2.1(b) and 2.2(b) above)</b>	<b>Tenement reference and location</b>	<b>Nature of interest</b>	<b>Interest at beginning of quarter</b>	<b>Interest at end of quarter</b>
10.1 Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced				
10.2 Interests in mining tenements and petroleum tenements acquired or increased				

### **Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Company secretary

Date: 31 January 2017

Print name: **Andrew Bursill**

### **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 that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, 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. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.