

DECEMBER 2016 QUARTER ACTIVITIES AND CASH FLOW REPORT

Argent at a glance

ASX-listed mineral resource company focused on the expansion, development, extraction and marketing of its existing base and precious metals discoveries in NSW.

Facts

■ ASX Code:	ARD, ARDO
■ Share price (30 January 2017):	\$0.029
■ Shares on issue:	360.1 M
■ Market capitalisation:	\$10.44 M

Directors and Officers

Stephen Gemell
Non-Executive Chairman

David Busch
Managing Director

Peter Nightingale
Non-Executive Director

Peter Michael
Non-Executive Director

Vinod Manikandan
Company Secretary

Contact details

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Highlights:

- Kempfield drilling campaign announced and commenced for additional 8 diamond holes targeting silver, gold, lead and zinc.
- The campaign follows a major breakthrough during the quarter – the identification of the lithology and host rock horizons controlling mineralisation at Kempfield, leading to highly efficient drill targeting of high grade precious and base metals.
- Highly-contested \$200,000 NSW Government Cooperative Drilling grant awarded to Argent for drill-testing the West Wyalong copper-gold and epithermal gold targets.
- High grade gold identified in the Trunkey-Kings Plain gold belt, including a maiden announcement of exploration results for the historic Pine Ridge gold mine acquired through a low cost tenement application process.
- Cash position further strengthened ahead of drilling campaigns by the receipt of \$709,428 R&D rebate.

Argent Minerals Limited (ASX: ARD, Argent, or the Company) is pleased to report on its performance for the quarter ended 31 December 2016.

Following the major breakthroughs in Kempfield exploration announced on 10 October 2016, an eight-hole diamond drilling campaign was commenced on 26 November 2016, targeting silver, gold, lead and zinc.

The planned 1,600 metre drilling campaign has been completed at a total of 1,833 metres.



Detailed core logging, photographing, sampling, and laboratory testing are underway, with the balance of the anticipated 30% of the core scheduled to be submitted for assay by approximately mid-February 2017.

KEMPFIELD DRILL PROGRAMME TARGETING SILVER, GOLD, LEAD AND ZINC

The current Kempfield drilling program was designed to follow up the findings of the exploration results announced on 10 October 2016, targeting silver, gold, lead and zinc.

Figure 1 is a plan view of the drillhole collar locations on an aerial photograph of the Kempfield site.

Figure 1 – Plan view of the Kempfield drillhole collar locations.



Potential mineralisation extensions

The first four holes were designed to test key stratigraphic positions that may host strata-bound mineralisation and potentially extend mineralisation into areas identified to the northwest (holes AKDD193 and AKDD194), and southeast of the main deposit (AKDD195 and AKDD196). This drilling was aimed at defining the bounds of the known mineralisation for future potential resource delineation drilling and resource estimation.

Southern IP/magnetic anomalies

The three drill holes in the south of the Kempfield Project area (AKDD197, AKDD198 and AKDD199) have been positioned to intersect key geophysical anomalies that had not been previously drill-tested. Drill hole AKDD197 was designed to intersect a strong IP anomaly overlapping a strong magnetic anomaly that AKDD198 and AKDD199 were designed to test. The coincident magnetic and IP anomalies imply the potential presence of concentrated sulphides. These two positions will also provide valuable stratigraphic information on the genetic history of the Kempfield deposit.

Quarries Zone

The Quarries Zone has been identified as having the appearance of a satellite VHMS feeder area to the main Kempfield deposit. Previous drilling indicated that mineralisation may

extend from Kempfield North to the Quarries Zone and that mineralisation at the Quarries Zone is better developed than expected, and remains open at depth from 80 metres.

A single drillhole (AKDD200) was designed to target a depth extension of 150 metres to guide future resource delineation drilling. The Quarries Zone is rich in silver and has moderate grades of zinc and lead.

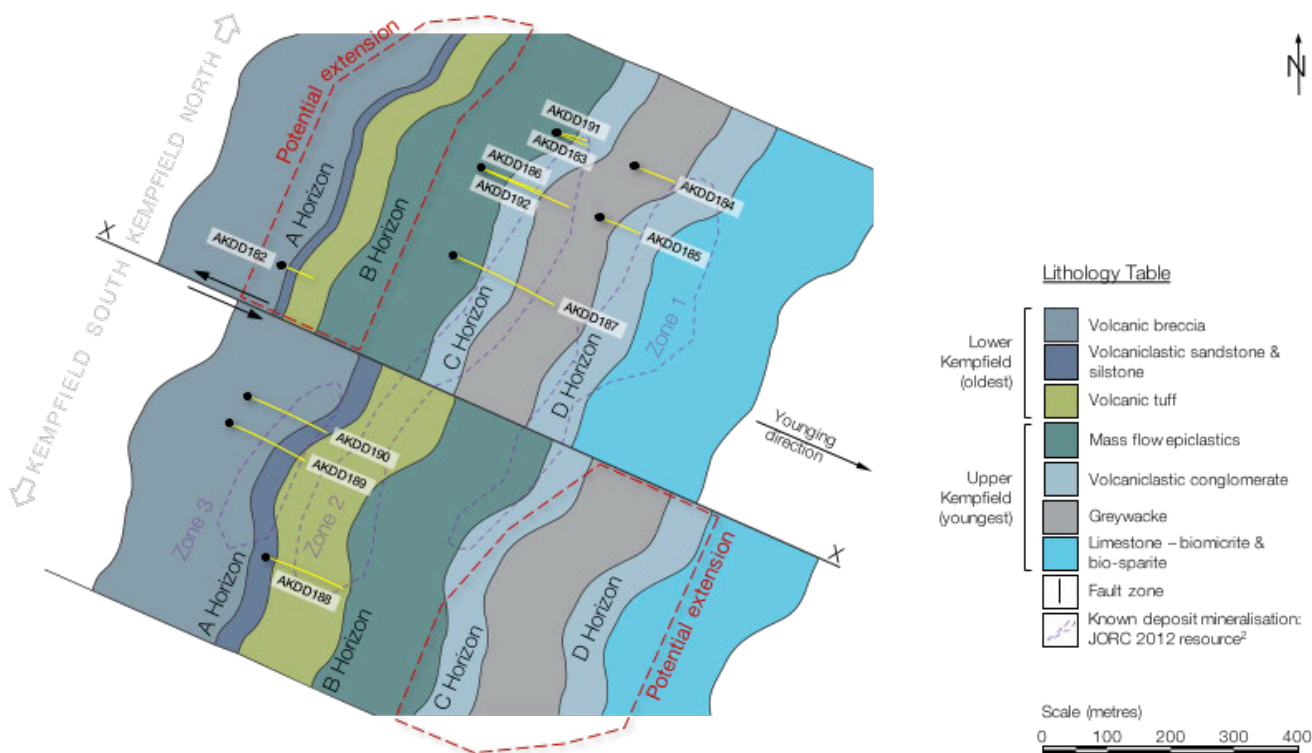
MAJOR BREAKTHROUGHS ACHIEVED IN KEMPFIELD EXPLORATION

On 10 October 2016 Argent announced the results of the previous 11 hole, 3,167 metre drilling programme completed during the second half of the 2015/2016 financial year. The key results are summarised as follows:

- **Major breakthrough – detailed litho-stratigraphy defined, and four key host horizons identified**, which will lead to highly efficient drill targeting of precious and base metals at Kempfield;
- **Significant potential mineralised extensions identified**, following the analyses that revealed the strike-slip movements caused by transverse faulting;
- **High grade gold trend geometry identified** and confirmed as a later stage orogenic overprint related to the Trunkey-Kings Plain gold system – and the potential for structural upgrades and Trunkey–Kings Plain type high grade gold in the main Kempfield deposit area;
- **Proven continuity of mineralisation along strike and at depth** in Kempfield North;
- **Significant potential for hosted mineralised lenses identified in the untested southern area** historically assumed to be closed; and
- **Potential high temperature zone** and primary/secondary feeder sources identified.

Figure 2 is a simplified geological plan view illustrating the dominant lithology and identified VHMS host horizons projected to surface, together with outlines of the three mineralisation zones of the known deposit and the 11 holes on which the assessment was based.

Figure 2 – Simplified plan view of Kempfield lithology showing the identified VHMS host horizons and potential mineralisation extension areas identified by the results of the FY2015/16 drilling campaign (holes marked in yellow)



1. See p.7 of <http://www.argentminerals.com.au/wp-content/uploads/2016/06/Presentation-to-Investors.pdf> for the current interpretation of the Kempfield genesis in which the original VHMS deposit was subsequently tilted and overturned by a west to east rotation through approximately 100°-120°

2. See 10 August 2016 Annual Report to Shareholders – Mineral Resources and Ore Reserves Statement



WEST WYALONG DRILL-TEST PROGRAM AND THE NSW GOVERNMENT FUNDING AWARD

On 26 October 2016 the Company announced that it had been awarded \$200,000 of heavily contested NSW Government funding to drill-test the Company's West Wyalong project in NSW.

The award represents the largest amount available for any individual project out of the NSW Cooperative Drilling 'Round 2' funding pool total of \$2 million.

About the Argent award

Under the terms and conditions of the Funding Deed, Argent will be able to claim 50% of the direct-per metre drilling costs from NSW Cooperative Drilling following completion of the holes and associated reports.

Whilst the latest date for completion is 22 December 2017, Argent will be focused on completing the drilling well before 30 June 2017 in order to advance its interest in the West Wyalong project from 51% to 70%.

This is the second award of funding to Argent by the NSW Government, having been granted \$158,400 for Kempfield in NSW Cooperative Drilling Round 1 – announced by Argent on 17 September 2014.

West Wyalong prospectivity and project quality

In addition to the welcome funding, the selection of the West Wyalong project by the merit-based advisory panel process is a direct reflection of the prospectivity and technical basis of the project, as well as the soundness of the Company's financial management.

The Argent/West Wyalong combination was one of 15 'preferred applicants' that were offered a NSW Cooperative Drilling Round 2 grant.

About the West Wyalong drilling program

The NSW Cooperative Drilling Round 2 funding grant will be employed by Argent to drill 6 diamond holes for a total of 2,150 metres to test two targets identified and delineated at the West Wyalong project – the Theia porphyry copper-gold target, and the Narragudgil epithermal gold target.

Each target has a coincident magnetic low, an IP chargeability high, and anomalous gold geochemistry.

The coincident geophysical and geochemical anomalies are considered to be potential indicators of a broad alteration system resulting from intrusive-related hydrothermal activity consistent with a porphyry copper gold stock and associated epithermal mineralisation.

Advancing Argent ownership toward 70%

Under the terms of the West Wyalong project joint venture agreement with Golden Cross Operations Pty Ltd (**JVA**), Argent is able to increase its current 51% interest by investing a further \$372,500 in JVA exploration expenditure by 30 June 2017, including \$200,000 of in-ground expenditure.

Since these amounts are referenced to 2 December 2015, subsequent qualifying expenditures such as the March 2016 IP survey and related work is deductible, leaving a decreased balance of expenditures required to achieve the 70% interest.

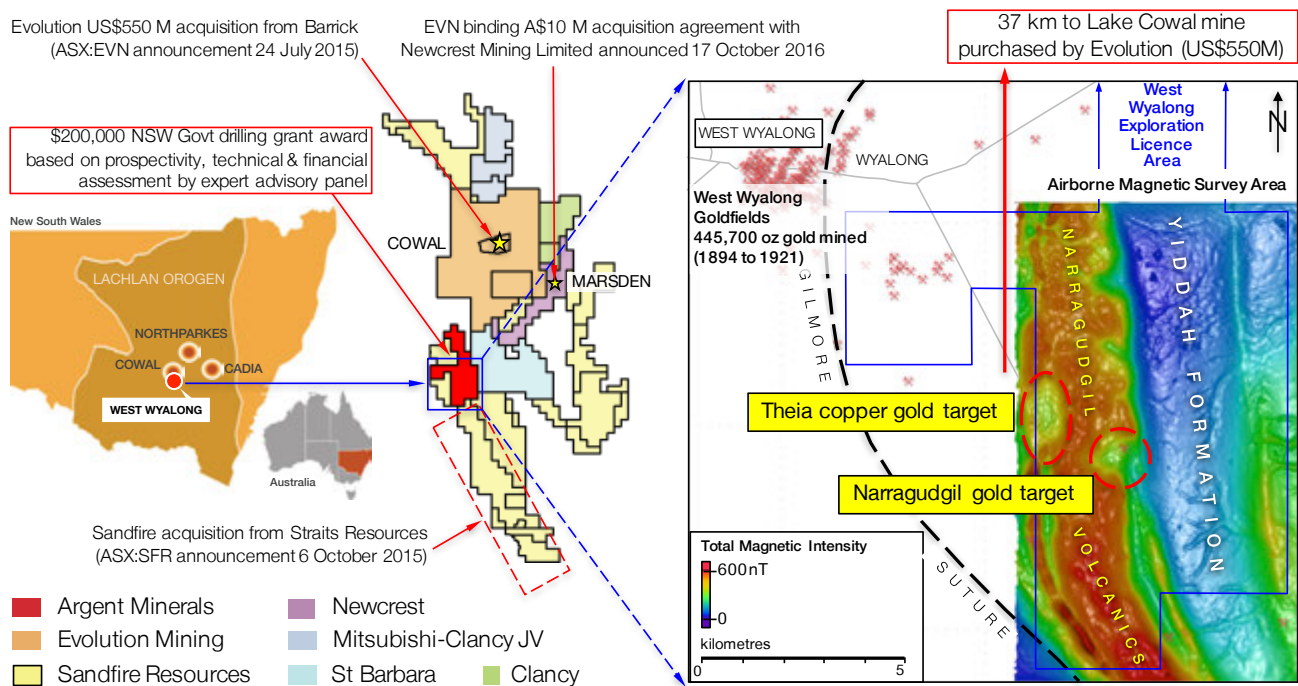
About the strategic location of the West Wyalong gold targets

Located only 7 kilometres from the West Wyalong gold fields that produced 445,700 ounces of gold between 1894 and 1921, the West Wyalong Project is situated in the Macquarie Arc of the Lachlan Orogen, which hosts world-class porphyry copper-gold mines such as Newcrest's Cadia and China Molybdenum's Northparkes, and 37 kilometres to the north of West Wyalong - the Lake Cowal gold mine (**Cowal**).

Cowal was acquired by Evolution Mining Limited (**Evolution**) in July 2015 for US\$550 million. Considered by Evolution to be "one of Australia's most attractive gold assets", the December 2015 Cowal Mineral Resource has been estimated at more than 5 million ounces of contained gold, including an Ore Reserve estimate of more than 2.8 million ounces of gold.

On 17 October 2016 Evolution announced that it has entered into a binding agreement with Newcrest Mining Limited (Newcrest) to purchase Newcrest’s Marsden copper-gold project to the northeast of Argent’s West Wyalong project for \$10 million.

Figure 3 – The strategic location of the West Wyalong copper-gold and gold targets



* West Wyalong and selected surrounding tenements as at 25 October 2016

HIGH GRADE AU IDENTIFIED IN THE TRUNKY-KINGS PLAIN GOLD BELT

On 24 October 2016 Argent announced its maiden release of exploration results for the historic Pine Ridge gold mine.

The main focus of the JORC 2012 compliant assessment of historical exploration results was a 27 reverse circulation (RC) holes programme drilled under the management of Goldrim to an average depth of 75 metres for a total length of 2,206 metres. One of the RC holes was concluded with a 40 metre diamond tail for metallurgical testwork purposes.

The drill program yielded consistent elevated to bonanza type gold grades with the highest individual assay (before averaging with repeat assays) being **1 m @ 71.4 g/t Au from 59 m** in hole PR010.

Argent is the first company to secure an exploration licence (EL8213), which covers an area of 51.26 km² over the Pine Ridge gold mine area since its release from a 15 year lockup under a 3rd party Assessment Lease Application (ALA). From 9 February 1998 to 27 May 2013, the area covered by ALA13 was excluded by regulation from exploration licence areas. This prevented any legal exploration of the Pine Ridge gold mine area during the lockup period by any party, including by the ALA13 applicant.

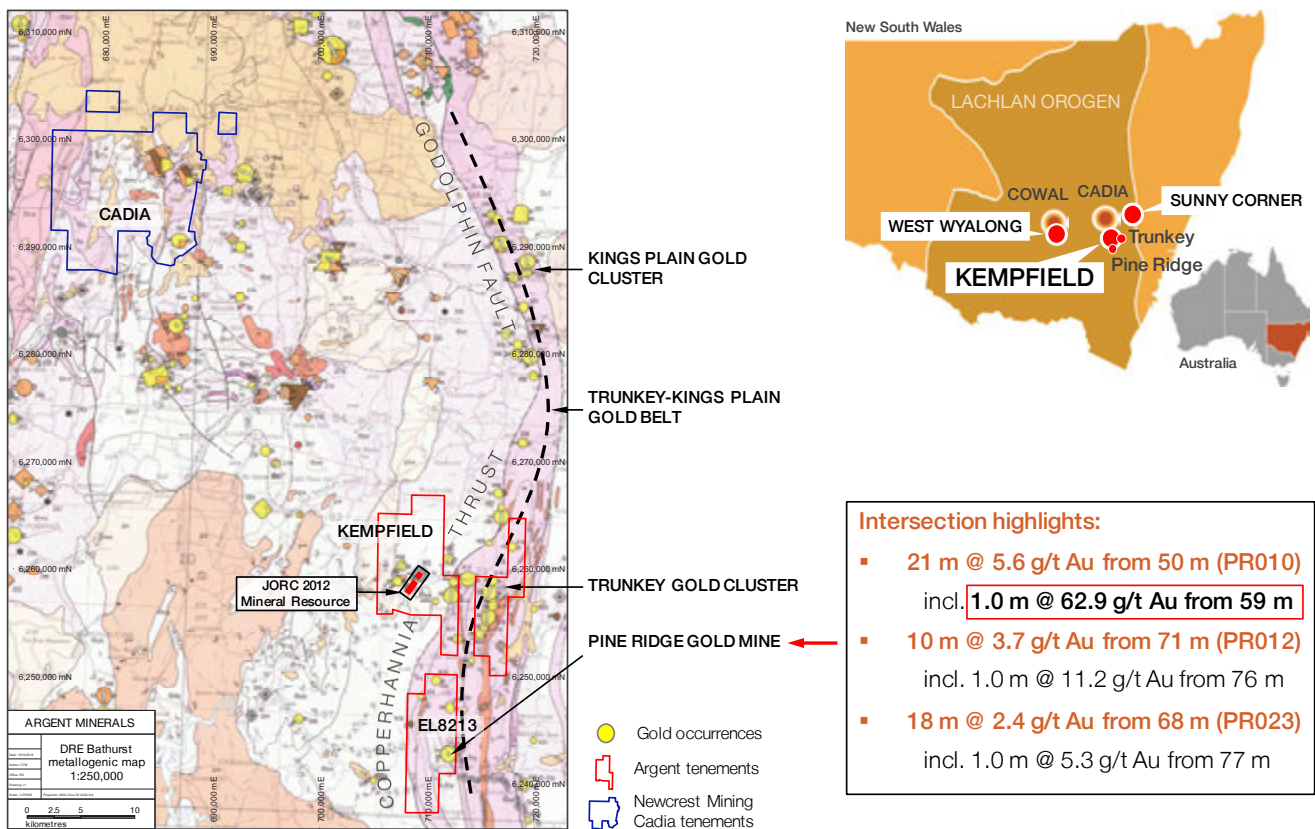
Until Argent’s 24 October 2016 announcement, the most recent information on the Pine Ridge gold mine was published in April 1998, when Goldrim Mining Australia Limited (Goldrim) submitted the 7th Annual Report and the Final Report for EL3756 to the NSW Department of Industry, Division of Resources & Energy (DRE). Whilst that information has been available to the public via the DRE’s DIGS website, it would have been a breach of the regulations for any party other than DRE (including Argent) to publish the results under its title without firstly securing the legal right to do so, and subject to a comprehensive review to ensure compliance under the applicable JORC Code and ASX Rules.

Argent has secured 100% tenure and the legal right to explore the area via EL8213, and has reviewed the available database. The information released in this announcement result from a systematic assessment of potential satellite feedstocks located within trucking distance of the Company’s flagship volcanic-hosted massive sulphide (VHMS) project at Kempfield, NSW.

About the Trunkey-Kings Plain gold belt

Situated within the Trunkey-Kings Plain gold belt, the Pine Ridge gold mine is located approximately 17 km south-southeast of Kempfield, and the Trunkey goldfields are located approximately 7 km east of Kempfield.

Figure 4 – Map illustrating location of Pine Ridge gold mine and Trunkey goldfields in relation to Argent’s Kempfield tenements and the geological setting, and intersection highlights of the 24 October 2016 announcement.



The Trunkey gold occurrences are a high frequency cluster of gold lodes distributed along a 25 km long trend peripheral to the Copperhanna Thrust. The gold field was discovered in 1851 and intensive mining continued in the Abercrombie River basin until 1914. The inability to overcome the shallow water table significantly impacted gold mining due to rudimentary dewatering technology.

Although various explorers studied the major gold occurrences intermittently until the 1990s, the majority of known gold prospects or dormant mines have seen very little to no exploration or systematic assessment since 1914. There has been no exploration activity in the Pine Ridge gold mine area since 1998.

Kempfield strategy

The Pine Ridge gold mine is located in a gold district that has significant unrealised potential.

Argent’s strategy is to identify potential satellite feedstock mining operations within trucking distance, to support a central mining and processing operation at Kempfield. The Pine Ridge gold mine has been identified as a good fit for this strategy.

One potentially attractive processing option under consideration for Kempfield premises a crushing, milling and CIP plant to initially extract silver and gold from the oxide material mined by open cut at the central site. Under this option, flotation processing could be added at an appropriate point as the Kempfield mining operations encounter the deeper transition and primary material from which zinc and lead could be extracted (in addition to silver and gold). A plant of this nature could be readily adapted to process gold and silver ores mined at other nearby locations.

CASH POSITION FURTHER STRENGTHENED BY R&D CLAIM FUNDS

On 6 December 2016 Argent reported that it had received \$709,248 in relation to the Company's research and development (R&D) claim for the financial year ending 30 June 2016.

The claim relates to a range of technical development activities associated with advancing the Kempfield and West Wyalong projects.

The Company appreciates the support of the Federal Government through the R&D Tax Incentive Scheme. These funds will be applied strategically to support the Company's exploration programmes at the Kempfield and West Wyalong projects.

Together with the \$200,000 Cooperative Drilling funding awarded to Argent by the NSW Government in October 2016, this represents a total of \$909,248 Australian Government funding support of Argent's exploration activities committed during the current financial year.

The Company's cash position as at 31 December 2016 was approximately \$1.6 million.

Appendix 5B is attached to this announcement.

For further information please contact:

David Busch

Managing Director

Argent Minerals Limited

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APPENDIX A

The following mining tenement information is provided pursuant to Listing Rule 5.3.3:

Table 1 – Mining Tenement¹ Interest Activities for the Quarter Ended 31 December 2016

Tenement Identifier	Location	Interest Acquired During Quarter	Interest Divested During Quarter	Interest Held at End of Quarter
Kempfield				
EL5645 (1992)	NSW	-	-	100%
EL5748 (1992)	NSW	-	-	100%
EL7134 (1992)	NSW	-	-	100%
EL7785 (1992)	NSW	-	-	100%
EL7968 (1992)	NSW	-	-	100%
EL8213 (1992)	NSW	-	-	100%
PLL517 (1924)	NSW	-	-	100%
PLL519 (1924)	NSW	-	-	100%
PLL727 (1924)	NSW	-	-	100%
PLL728 (1924)	NSW	-	-	100%
West Wyalong				
EL8430 (1992)	NSW	-	-	51% ²
Sunny Corner				
EL5964 (1992)	NSW	-	-	70% ³

Notes

1. The definition of "Mining Tenement" in ASX Listing Rule 19.12 is "Any right to explore or extract minerals in a given place".
2. Under the West Wyalong Joint Venture and Farmin Agreement dated 8 June 2007 between Golden Cross Operations Pty Ltd and Argent (JVA), Argent has earned a 51% interest, and may earn 70% by investing a further \$372,570 by 30 June 2017. The tenement holder is Golden Cross Operations Pty Ltd (GCO).
3. The tenement holder is Golden Cross Operations Pty Ltd.
4. For all Kempfield tenements the tenement holder is Argent (Kempfield) Pty Ltd, a wholly owned subsidiary of Argent.

COMPETENT PERSON STATEMENTS

Previously Released Information

This ASX announcement contains information extracted from the following reports which are available for viewing on the Company's website <http://www.argentminerals.com.au> :

- 13 May 2016 West Wyalong IP survey reveals additional gold target¹;
- 10 August 2016 Annual Report to Shareholders – Mineral Resources and Ore Reserves Statement²;
- 10 October 2016 Diamond drilling results in major breakthrough at Kempfield¹; and
- 24 October 2016 High grade Au identified in Trunkey-Kings Plain gold belt¹.

Competent Person:

1. Clifton Todd McGilvray
2. Arnold Van Der Heyden

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements. 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.

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

ARGENT MINERALS LIMITED	
ABN	Quarter ended ("current quarter")
89 124 780 276	31 December 2016

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers		
1.2 Payments for		
(a) exploration & evaluation	(284)	(550)
(b) development	-	-
(c) production	-	-
(d) staff costs	(24)	(42)
(e) administration and corporate costs	(178)	(368)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	5	9
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Research and development refunds	709	709
1.8 Other (provide details if material)	-	-
1.9 Net cash from / (used in) operating activities	228	(242)

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

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
2.2 Proceeds from the disposal of:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(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)	-	-
2.6 Net cash from / (used in) investing activities	-	-

3. Cash flows from financing activities		
3.1 Proceeds from issues of shares	-	1,394
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	-	(144)
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)	-	-
3.10 Net cash from / (used in) financing activities	-	1,250

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	1,429	649
4.2 Net cash from / (used in) operating activities (item 1.9 above)	228	(242)
4.3 Net cash from / (used in) investing activities (item 2.6 above)	-	-
4.4 Net cash from / (used in) financing activities (item 3.10 above)	-	1,250
4.5 Effect of movement in exchange rates on cash held	-	-
4.6 Cash and cash equivalents at end of period	1,657	1,657

5. Reconciliation of cash and cash equivalents 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	137	135
5.2 Call deposits	1,520	1,294
5.3 Bank overdrafts	-	-
5.4 Other – Advance monies received from Placement.	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,657	1,429

6. Payments to directors of the entity and their associates

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 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

Current quarter \$A'000
107
-

N/A

7. Payments to related entities of the entity and their associates

- 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

Current quarter \$A'000
35
-

N/A

Mining exploration entity and oil and gas exploration entity quarterly report

8. Financing facilities available <i>Add notes as necessary for an understanding of the position</i>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
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.		

N/A

9. Estimated cash outflows for next quarter	\$A'000
9.1 Exploration and evaluation	500
9.2 Development	-
9.3 Production	-
9.4 Staff costs	24
9.5 Administration and corporate costs	150
9.6 Other (provide details if material)	-
9.7 Total estimated cash outflows	674

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

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: Vinod Manikandan

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.