

CHAIRMAN'S ADDRESS

3RD NOVEMBER 2017

THE PAST YEAR HAS BEEN ONE OF VERY SIGNIFICANT PROGRESS FOR ARGONAUT RESOURCES – AND THERE IS MUCH MORE IN STORE

THE HIGHLIGHT HAS BEEN THE PROGRESS TOWARDS FINALISING ALL THE NECESSARY APPROVALS FOR THE TORRENS JOINT VENTURE TO RE-COMMENCE DRILLING.

AS OUTLINED IN OUR RECENTLY RELEASED INVESTOR PRESENTATION, TORRENS IS ARGUABLY THE LARGEST AND MOST WELL DEFINED IRON-OXIDE-COPPER-GOLD (“IOCG”) TARGET KNOWN. IF TORRENS DOES PROVE TO HAVE THE GRADES TYPICAL OF OTHER IOCG DEPOSITS IN SOUTH AUSTRALIA IT WILL PROVIDE THE BASIS FOR A SIGNIFICANT UPLIFT IN GROSS STATE PRODUCT AS WELL AS TAX AND ROYALTY REVENUES FOR MANY YEARS. IT IS A PRIZE THAT OFFERS MASSIVE POTENTIAL FOR A BROAD RANGE OF SOUTH AUSTRALIANS. IN ANY MINERAL PROVINCE, OPPORTUNITIES OF THIS SCALE AND IMPORTANCE ARE RARE.

THE KEY FEATURES OF TORRENS THAT GIVE US CAUSE FOR OPTIMISM INCLUDE:

- **MASSIVE SIZE**
 - **MULTIPLE TARGET ZONES SEVERAL TIMES LARGER THAN OLYMPIC DAM**
 - **ESTIMATES OF 50 BILLION TONNES MAGNETITE AND 13 BILLION TONNES HEMATITE/SULPHIDE**

- **CONFIRMED IOCG SYSTEM**
 - **COPPER SULPHIDES ASSOCIATED WITH MAGNETITE AND HEMATITE**
 - **ALTERATION MINERALS PRESENT WITH ZONATION**

- **THE RIGHT GEOLOGICAL ADDRESS**
 - **TORRENS HINGE ZONE - PATHWAY FOR MANTLE FLUIDS**

- **INTERSECTION OF O'DRISCOLL'S G2 AND G9 CORRIDORS**

WE EXPECT TO START DRILLING AT TORRENS IN JANUARY 2018.

OUR JOINT VENTURE IS CONSIDERING A 30 HOLE 30 – 35,000 METRE DRILLING PROGRAM OVER A 15 MONTH PERIOD.

IT IS HARD TO PLACE A PROBABILITY ON A SUCCESSFUL DISCOVERY HOLE – ONE WITH LARGE INTERESECTION OF ECONOMIC GRADE COPPER-GOLD – BUT THE REWARDS WILL BE ENORMOUS IF WE DO.

APART FROM TORRENS, WE ARE WELL PLACED TO BENEFIT FROM IMPROVING METALS DEMAND AND PRICING.

AS OUTLINED IN OUR MOST RECENT QUARTLERY ACTIVITIES REPORT, AT LUMWANA WEST IN ZAMBIA, THE NYUNGU DEPOSIT HAS A JORC EXPLORATION TARGET FROM PREVIOUS DRILLING OF 130 – 180 MILLION TONNES AT 0.45 – 0.65% COPPER AND 0.08 – 0.12% COBALT. THE CONTAINED METAL OF 580,000 – 1,150,000 TONNES OF COPPER AND 12,000 – 24,000 TONNES OF COBALT IS A VERY VALUABLE ASSET. THERE IS ADDITIONAL UPSIDE AT NYUNGU AND WE ARE REVIEWING OPTIONS FOR THE FUNDING OF A FURTHER DRILLING PROGRAM

IN QUEENSLAND THE KROOMBIT ZINC- COPPER DEPOSIT HAS A JORC INDICATED AND INFERRED RESOURCE OF 5.2 MILLION TONNES AT 1.9% ZINC AND 0.2% COPPER AT A CUT-OFF GRADE OF 1.0% ZINC AND 0.9 MILLION TONNES AT 1.0% COPPER AT A CUT-OFF OF 0.5% COPPER. WE ARE EVALUATING ALTERNATIVES TO MONETISE THIS ASSET

AT HIGGINSVILLE, WE HAVE COMPLETED AN INITIAL DRILLING PROGRAM ON TWO GOLD TARGETS AND EXPECT INITIAL RESULTS WITHIN TWO WEEKS

IN CANADA, WE HAVE THE CRESCENT LAKE SPODUMENE LITHIUM EXPLORATION PROSPECT. WHILST INTERESTING WE HAVE ELECTED TO FOCUS OUR ATTENTIONS ON TORRENS AND HIGGINSVILLE – WE ARE LOOKING TO LET THE DRILL BIT DO THE TALKING.

THE COMING YEAR PROMISES TO BE ONE DRIVEN BY DRILLING OUTCOMES AT TORRENS AND HIGGINSVILLE. THE BACKGROUND CONDITIONS HAVE IMPROVED IMMEASURABLY IN RECENT MONTHS WITH COPPER (AND ZINC) PRICES IMPROVING SIGNIFICANTLY. IN THE COPPER MARKET, THERE ARE VARIOUS FACTORS AT WORK:

- **ONGOING REASONABLE GLOBAL GDP GROWTH - ESPECIALLY IN THE EMERGING ECONOMIES;**
- **DEMAND GROWTH ACCELERATION AS ELECTRIC AND HYBRID VEHICLES RAPIDLY GAIN MARKET SHARE;**
- **THE ABSENCE OF SIGNIFICANT DISCOVERIES;**
- **ONGOING GRADE DECLINES IN THE MAJOR PORPHYRY MINES;**
- **TIGHTER ENVIRONMENTAL STANDARDS ESPECIALLY IN CHINA.**
- **REPORTED STOCKS ARE RELATIVELY LOW**

THESE FACTORS SET THE SCENE FOR COPPER PRICES TO MOVE MUCH HIGHER. THE INCENTIVE PRICE FOR NEW COPPER MINES TO COME ON STREAM IS GENERALLY QUOTED IN THE US\$3.75 – 4.50/LB AREA. OF COURSE, EXTRA PRODUCTION WILL NOT HAPPEN IMMEDIATELY BUT ONLY AFTER A SIGNIFICANT PRICE OVERSHOOT. IN SHORT, THERE IS MUCH MORE TO COME ON THE COPPER PRICE SIDE IN THE COMING COUPLE OF YEARS. DECENT DRILL RESULTS FROM TORRENS WILL CERTAINLY BE WELL RECEIVED DURING SUCH A PERIOD.

I IMPLORE ARGONAUT RESOURCES SHAREHOLDERS TO WATCH THIS SPACE FOR DRILLING OUTCOMES, ESPECIALLY AT TORRENS.

IMAGINE – AN ORE GRADE INTERSECTION AT TORRENS – WHAT WILL THE LIKELY EFFECT ON THE ARGONAUT RESOURCES SHARE PRICE BE?

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.