

ASX: ARE

CAPITAL STRUCTURE:

Issued shares: 1,209,700,155

Listed options: None

Unlisted options: 152,636,371

Cash on hand: \$923,000

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: Permitting/exploration

Interest: Aeris Resources 70%,
Argonaut 30%

Agreement Phase: Exploration

Operator: Argonaut

Lumwana West, Zambia

Copper, cobalt (shear-hosted)

Phase: Advanced exploration

Interest: Argonaut 90%,

Agreement Phase: Exploration

Operator: Argonaut

GOLD PROJECTS

Higginsville, Western Australia

Oxide and primary gold

Phase: Exploration

Interest: Earning up to 80%

Agreement Phase: Earn-in,
phase one

Operator: Argonaut



Quarterly report

FOR THE PERIOD ENDING 31 DECEMBER 2017

Highlights

Copper

Torrens, South Australia

- Operational approval for a 70 drill-hole exploration program was granted in November 2017.
- This is the second of three approvals required to undertake a major drilling program at Torrens.
- **Statutory processes required for the consideration and grant of the final approval will conclude this week.**
- **Final approval is now expected in February 2018.**
- The Falcon airborne gravity survey will commence in February 2018. This survey will improve drill hole targeting.
- Drilling at Torrens is expected to commence around the end of the current Quarter.

“The discovery and development of another world-class copper mine is the most obvious route to sustained economic recovery in SA and the Torrens copper anomaly is recognised as the break-away leader in terms of size and potential. Support for a major exploration program at Torrens is palpable and well received by the Company.”

Lindsay Owler, Argonaut CEO

Copper-Cobalt

Lumwana West, Zambia

- A large-scale exploration licence was offered over the Lumwana West area by the Zambian Government for an initial four-year period.
- The licence term may be extended to a maximum of 10 years.
- The final licencing processes are underway.
- The Company is reviewing various proposals for the funding of advanced exploration and Resource drilling of the Nyungu copper-cobalt deposit.

Registered Office

Suite 2, Level 10, 70 Philip Street
Sydney, NSW, 2000, Australia
T +61 2 9299 9690
F +61 2 9251 7455
E sydney@argonautresources.com

Adelaide Office

Level 1, 63 Waymouth Street
Adelaide, SA, 5000, Australia
T +61 8 8231 0381
F +61 8 8231 6092
E adelaide@argonautresources.com

Gold

Higginsville, Western Australia

- Results were received during the Quarter from a program of 19 reverse circulation drill holes, targeting oxide and primary gold mineralisation at Amorphous and Footes Find prospects. Selected highlights are shown below:

Amorphous

- AMRC005:
 - **11m at 2.76g/t Au**, including:
 - 6m at 4.65g/t Au
 - 3m at 7.47g/t Au
- AMRC006:
 - **6m at 2.37g/t Au**, including
 - 3m at 4.38g/t Au
- AMRC015:
 - **4m at 2.36g/t Au**

Footes Find

- FFRC001:
 - **4m at 5.02g/t Au**
- FFRC002:
 - **8m at 1.68g/t Au**, including:
 - 2m at 5.7g/t Au
- Follow up drilling is planned to define the strike extents of both prospects.
 - The Amorphous prospect is approximately 1km in strike length.
 - The Footes Find is approximately 700m in strike length.

Corporate

Private Placement

- During the period, Argonaut completed a \$700,000 placement.
- Placement funds will be used to progress the Company's interest in the Higginsville and Torrens Projects.

Outlook

- Shareholders can expect that a major drilling program will commence at the internationally recognised and exceptionally large Torrens copper-gold anomaly.
- Continued tightening of mined copper supply and consequential rises in copper price are likely in the medium to long term.
- The outlook for copper metal – and therefore tier-one copper exploration projects – is overwhelmingly positive.
- World-class copper exploration assets such as Torrens and Lumwana West place Argonaut in a strong position to benefit from the current up-swing in the commodity cycle.

Copper

Torrens, South Australia

(Argonaut 30%)

Permits

Native Title

In April 2017, Argonaut announced that the South Australian ERD Court granted authority to enter and undertake mining operations (exploration) within the area of EL5614.

The granting of this authority was one of three steps towards the recommencement of drilling at Torrens. Native title was the principal reason for a hiatus in exploration that has lasted since March 2008.

Operational Approval Granted

On 28 November, the South Australian Government approved the 'Exploration Program for Environment Protection and Rehabilitation' (*E-PEPR*) for ongoing exploration activities including aerial and ground gravity surveys, and diamond drilling at exploration licence 5614.

This approval permits the drilling of up to 70 deep diamond drill holes into the giant Torrens anomaly from the salt crust of Lake Torrens. The approval lasts for the term of EL 5614 and any subsequent licences.

Authorised drilling is subject to strict environmental controls.

Authority under the Aboriginal Heritage Act

"Aboriginal groups and the Argonaut team have engaged comprehensively, and the economic significance of a potentially huge copper discovery justifies this effort. The State Government is to be commended on conducting such a conciliatory and robust process."

Lindsay Owler, Argonaut CEO

The Torrens joint venture has lodged an application under the South Australian Aboriginal Heritage Act (the AHA). This application seeks a re-grant of an authorisation given in 2010 for a similar drilling program.

A consultation process under the AHA commenced in December 2017. The public consultation concluded on 28 January 2018. The final consultation process is scheduled for 1 February 2018.

The joint venture expects that the Minister for Aboriginal Affairs and Reconciliation will be in a position to consider the application in early February 2018.

This is the final approval required to recommence exploration drilling at Torrens.

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Aeris Resources Limited (ASX: AIS) and relates to the Torrens project, EL5614.

The Torrens Joint Venture is exploring for iron oxide-copper-gold (*IOCG*) 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.

Exploration Program

An airborne gravity survey using the Falcon system will commence over the whole of the Torrens licence in February 2018. This survey will improve resolution for the targeting high-density IOCG mineralisation.

By committing to airborne geophysics, the Torrens Joint Venture is demonstrating its commitment to expedient, low-impact exploration.

A major program of deep drilling, designed to properly test the broader anomaly and its sub-targets, is expected to commence around the end of the current Quarter.

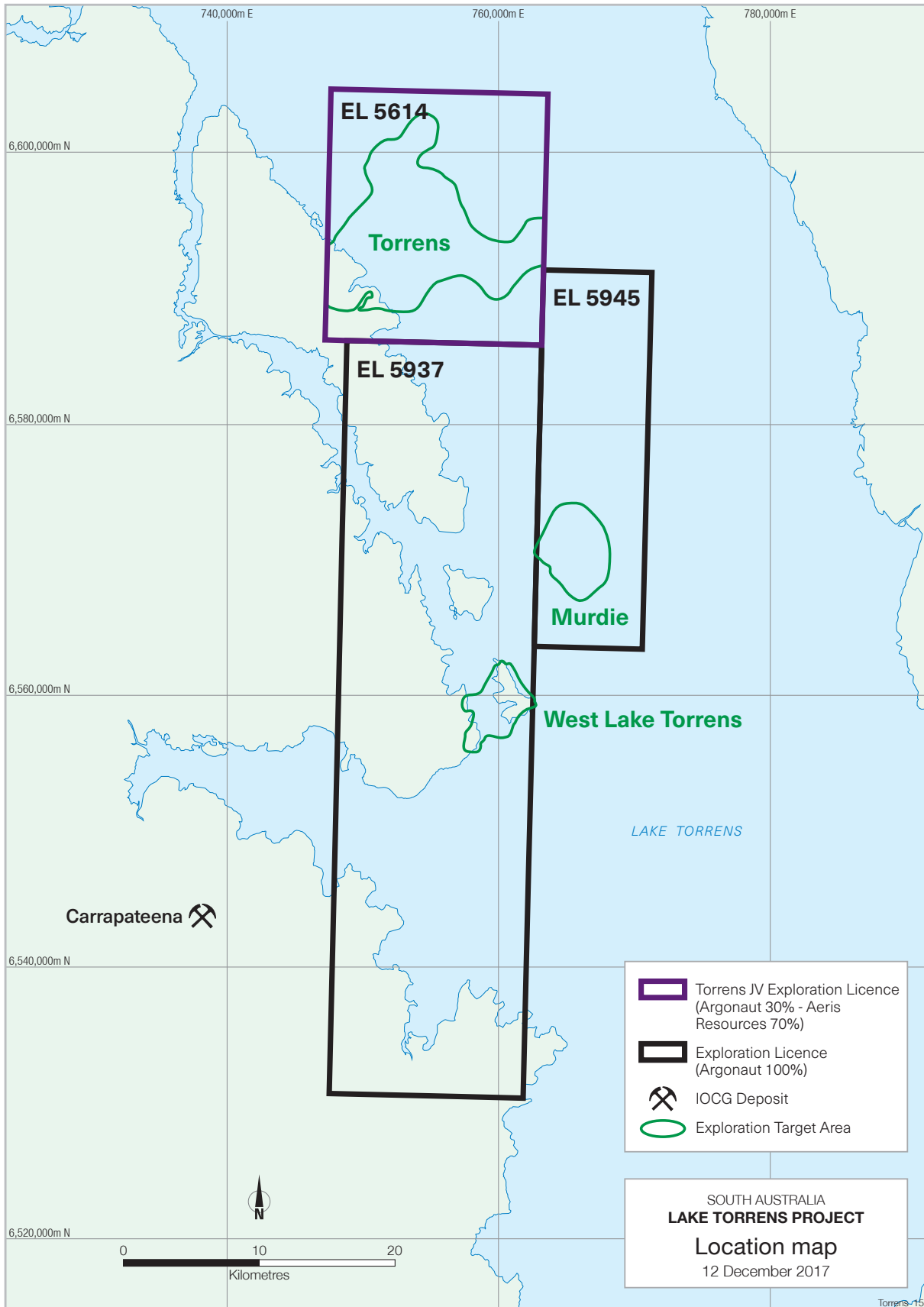


Figure 1: Lake Torrens exploration licences.

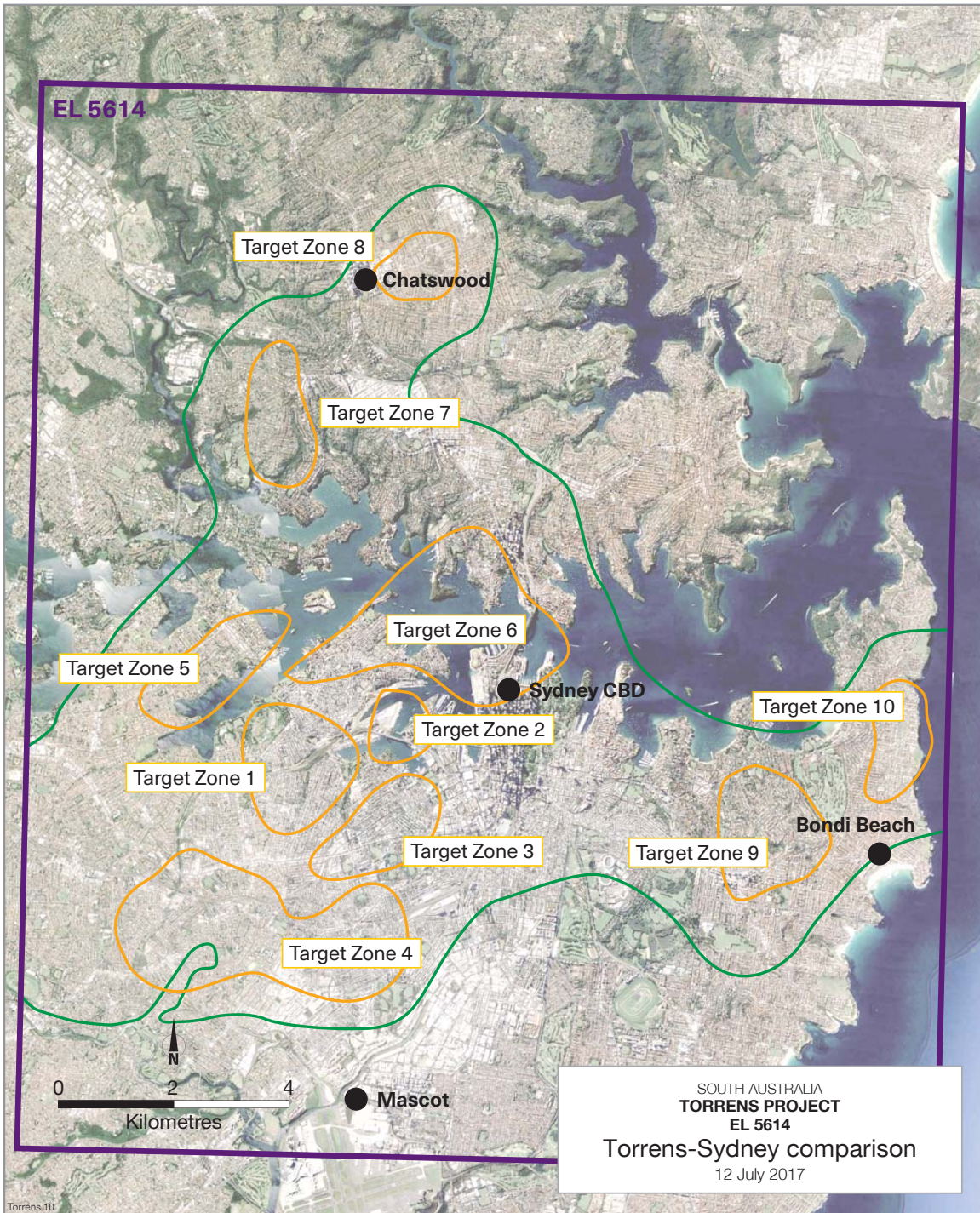


Figure 2: Torrens gravity anomaly (bouguer: green, residual: yellow) overlain on metropolitan Sydney.

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 scale to host a world-class copper-gold deposit.

Murdie, South Australia

(Argonaut 100%)

Argonaut Resources holds two highly prospective South Australia exploration licences, EL5937 and EL5945 (Figure 1). The licences are contiguous with the Company's Torrens project in South Australia. The licence areas cover a confirmed IOCG target in an area known as Murdie as well as a second anomaly at West Lake Torrens.

The licences cover an area of 1,015 square kilometres and are located immediately south and east of the Torrens project and east of the Carrapateena deposit (Figure 1).

The Murdie and West Lake Torrens targets constitute excellent exploration opportunities and provide Argonaut with a commanding land holding in the event of a discovery at Torrens.

Lumwana West, Zambia

(Argonaut 90%)

The Lumwana West project is 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 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper and cobalt intercepts at the Nyungu deposit and has defined a series of large, prospective targets that have now undergone first-pass drill testing.

Exploration Licence

A large-scale exploration licence was offered over the Lumwana West area by the Zambian Government on 8 December 2017 for an initial four-year period. Under recent changes to the Mines and Minerals Development Act, 2015, the licence term may be extended to a maximum of 10 years.

The final licencing processes are underway.

Revised Exploration Target

The estimation of an Exploration Target including cobalt as well as copper was announced by Argonaut in March 2017. The Exploration Target is:

Table 1 – Nyungu March 2017 Exploration Target

| Commodity | Tonnage Range (Mt) | Grade Range (%) | Contained Metal Range (kt) |
|-----------|--------------------|-----------------|----------------------------|
| Copper* | 130 to 180 | 0.45 to 0.65 | 580 to 1,150 |
| Cobalt | 15 to 20 | 0.08 to 0.12 | 12 to 24 |

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

* Copper Exploration Target announced to the ASX by Argonaut on 9 April 2013.

The March 2017 Exploration Target is estimated to JORC 2012 standards. Argonaut is planning to undertake a drilling program targeting cobalt of at least 3,000 metres as soon as possible.

Cobalt Drill Intercepts

Cobalt mineralisation occurs as coherent lenses within the footwall of the copper sulphide mineralisation. Argonaut intercepted strong cobalt mineralisation from its first drill hole into the Nyungu deposit in 2011, NYU11RD001 (120m at 0.06% Co, including 26m at 0.13% Co). Cobalt is intercepted predictably between drill traverses in a zone at or below the base of significant copper mineralisation.

Nyungu deposit cobalt drilling highlights:

Table 2 – Nyungu copper-cobalt deposit, cobalt drill intercepts

| Hole | From (m) | Interval (m) | Co (%) | Cu (%) |
|------------|----------|--------------|--------|--------|
| NYU11RD001 | 37 | 120.0 | 0.06 | 0.34 |
| including | 104 | 26.0 | 0.13 | 0.28 |
| NYU11RD010 | 155 | 72.0 | 0.08 | 0.61 |
| including | 167 | 38.0 | 0.10 | 0.91 |
| NYU11RD013 | 31 | 1.0 | 0.56 | 0.57 |
| NYU11RD022 | 12 | 88.2 | 0.07 | 0.47 |
| including | 42 | 10.0 | 0.19 | 0.61 |
| NYRD031 | 236 | 59.9 | 0.07 | 0.50 |
| including | 237 | 22.0 | 0.13 | 0.58 |
| NYRD038 | 258 | 29.0 | 0.12 | 0.55 |
| including | 259 | 21.0 | 0.16 | 0.57 |
| NYRD044 | 181.5 | 12.2 | 0.10 | 0.18 |
| including | 186.8 | 6.0 | 0.16 | 0.24 |
| NYRD045 | 38.5 | 69.0 | 0.06 | 0.58 |
| including | 93 | 8.0 | 0.11 | 0.29 |
| NYRD046 | 183.4 | 81.5 | 0.12 | 0.71 |
| including | 218.5 | 23.0 | 0.21 | 0.51 |
| MM296 | 88 | 53.0 | 0.05 | 0.30 |
| including | 90 | 12.0 | 0.13 | 0.50 |

The opportunity exists to drill further and better cobalt intercepts and to increase the tonnage and grade of cobalt mineralisation. This is mainly because drilling specifically targeted copper mineralisation, not cobalt.

Current cobalt prices have the potential to transform the economics of the Nyungu deposit due to the greatly increased value of in-situ cobalt mineralisation.

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. No field-based work was undertaken at Alford during the Quarter.

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%)

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

Gold

Higginsville, Western Australia

(Argonaut earning 80%)

The tenements that make-up the Higginsville project are in Western Australia's Eastern Goldfields (Figure 3). Geologically, the package sits within the Norseman-Wiluna Belt, a belt of ancient rocks endowed with gold and nickel that sits within the broader Yilgarn Craton.

Approximately 70% of Australia's historical gold production has come from the Yilgarn Craton and most of that from the Norseman-Wiluna Belt.

The Higginsville Project is located south of Kambala, west of Lake Cowan and adjacent to Higginsville where over two million ounces of gold has been historically defined.

The package of tenements at Higginsville is held by Loded Dog Prospecting Pty Ltd. Argonaut and Loded Dog Prospecting are parties to an earn-in joint venture agreement which grants Argonaut the right to earn up to 80% of the tenements in two phases. The earn-in agreement is currently in the first phase.

Gold Exploration

Argonaut's goals are to explore for near-surface oxide gold in areas with historic shallow drilling results and to target deeper primary gold mineralisation at previously untested depths.

The Amorphous and Footes Find targets are located approximately 5km along existing roads from an operating mill (Figure 3) and present an excellent opportunity for a meaningful, near-term exploration outcome.

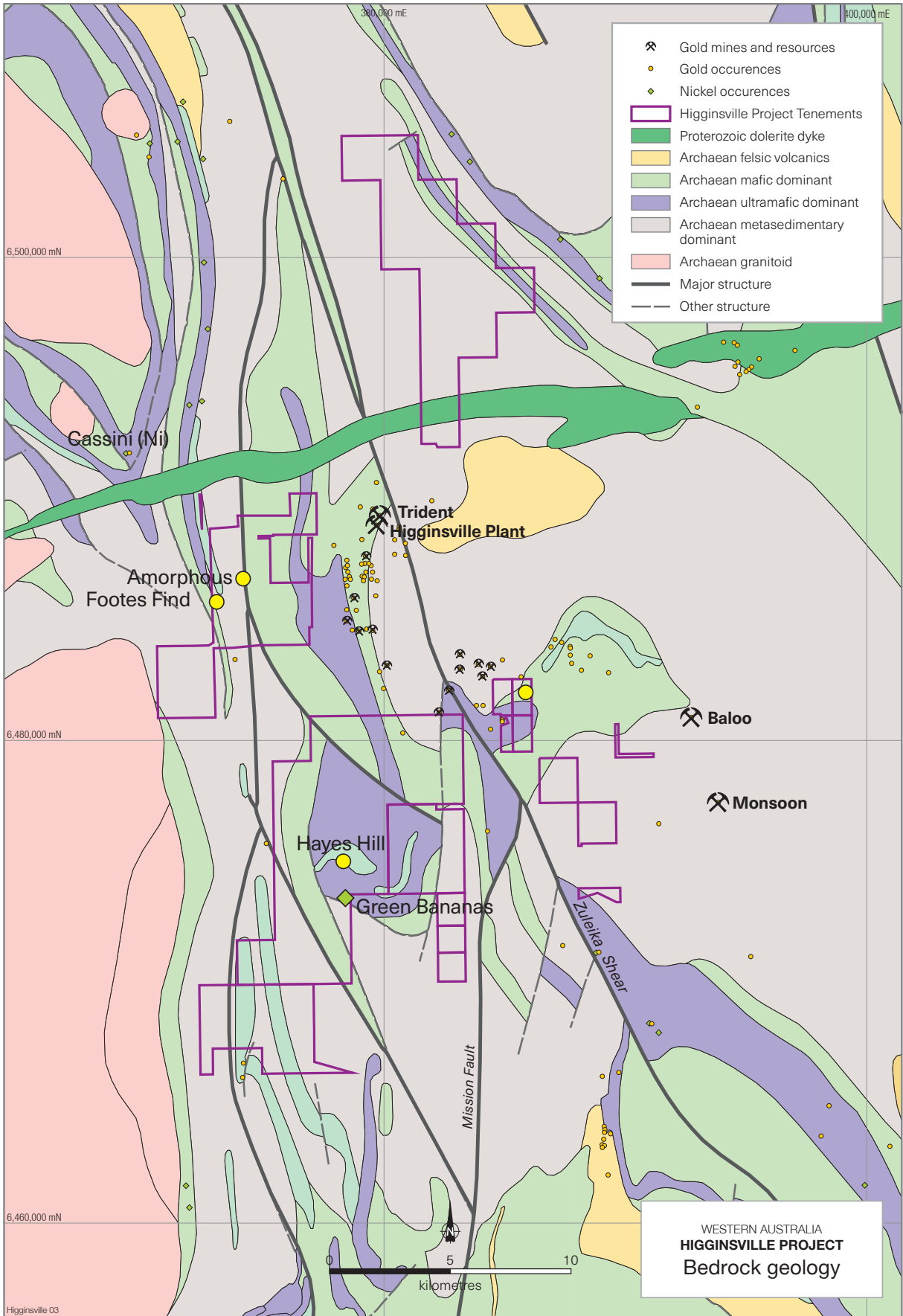


Figure 3: Higginsville tenement location.

2017 RC Drilling

Amorphous

The 2017 RC drilling program has significantly increased the potential for a commercial gold deposit at Amorphous by demonstrating improved continuity of gold grades along strike (see Figure 4, 1.0g/t gold contour).

Drilling has better defined deposit geometry by targeting down-plunge extensions of primary gold mineralisation at Amorphous.

Gold mineralisation is typically hosted in an altered shear-zone within an easterly dipping gabbroic unit. Gold grades within the mineralised shear-zone are variable.

A lower than expected dip on the mineralised shear-zone improved conceptual open-pit geometry (Figure 5). The gold mineralisation envelope dips to the east at approximately 60 degrees, rather than 80 degrees as previously interpreted, thus lowering the theoretical stripping ratio.

Highlights of 2017 RC drilling at Amorphous include:

Table 3 – Amorphous gold deposit, gold drill intercepts

| Hole | From (m) | Interval (m) | Au (g/t) |
|-----------|----------|--------------|----------|
| AMRC005 | 69 | 4 | 1.53 |
| plus | 77 | 11 | 2.76 |
| including | 81 | 6 | 4.62 |
| and | 82 | 3 | 7.47 |
| AMRC006 | 44 | 6 | 2.37 |
| including | 45 | 3 | 4.38 |
| AMRC008 | 56 | 3 | 1.66 |
| AMRC009 | 22 | 2 | 1.28 |
| AMRC015 | 64 | 4 | 2.36 |

Footes Find

Drilling at the Footes Find deposit confirmed good mineralised widths and high grades. Rock-chip sampling within an historic open pit at Footes Find further confirmed high gold grades with samples reporting up to 17.25g/t gold.

Additional drilling at Footes Find is warranted to confirm continuity of grades and widths along strike.

Highlight of 2017 RC drilling at Footes Find include:

Table 4 – Footes Find gold deposit, gold drill intercepts

| Hole | From (m) | Interval (m) | Au (g/t) |
|-----------|----------|--------------|----------|
| FFRC001 | 40 | 4 | 5.02 |
| FFRC002 | 30 | 8 | 1.68 |
| including | 33 | 2 | 5.7 |

Nickel Exploration

Nickel targets within the Higginsville tenement package are called Hayes Hill and Green Bananas. These targets are located south of Higginsville (Figure 3) near the western shore of Lake Cowan. The targets have been defined by auger drilling and are co-incident with magnetic signatures typical of nickel-bearing geological units.

Green Bananas features a nickel geochemistry anomaly with auger samples returning between 0.1 and 0.2% nickel.

These targets are prospective for massive nickel sulphides such as those discovered by Mincor Resources NL nearby at Cassini. Targets warrant a follow-up geophysical (EM) surveys.

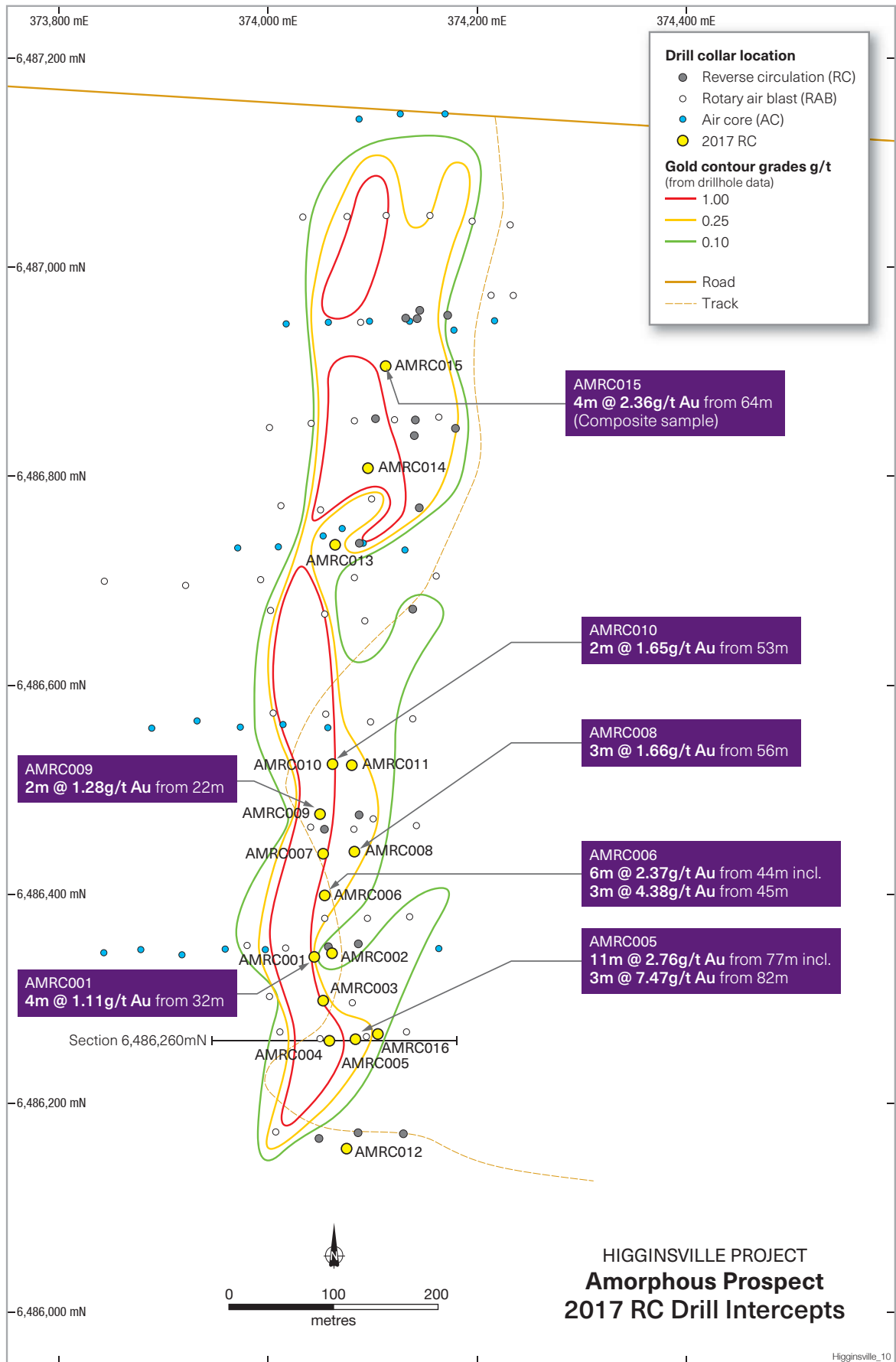


Figure 4 Amorphous Prospect showing drill collars, 2017 intercepts and gold contour grades.

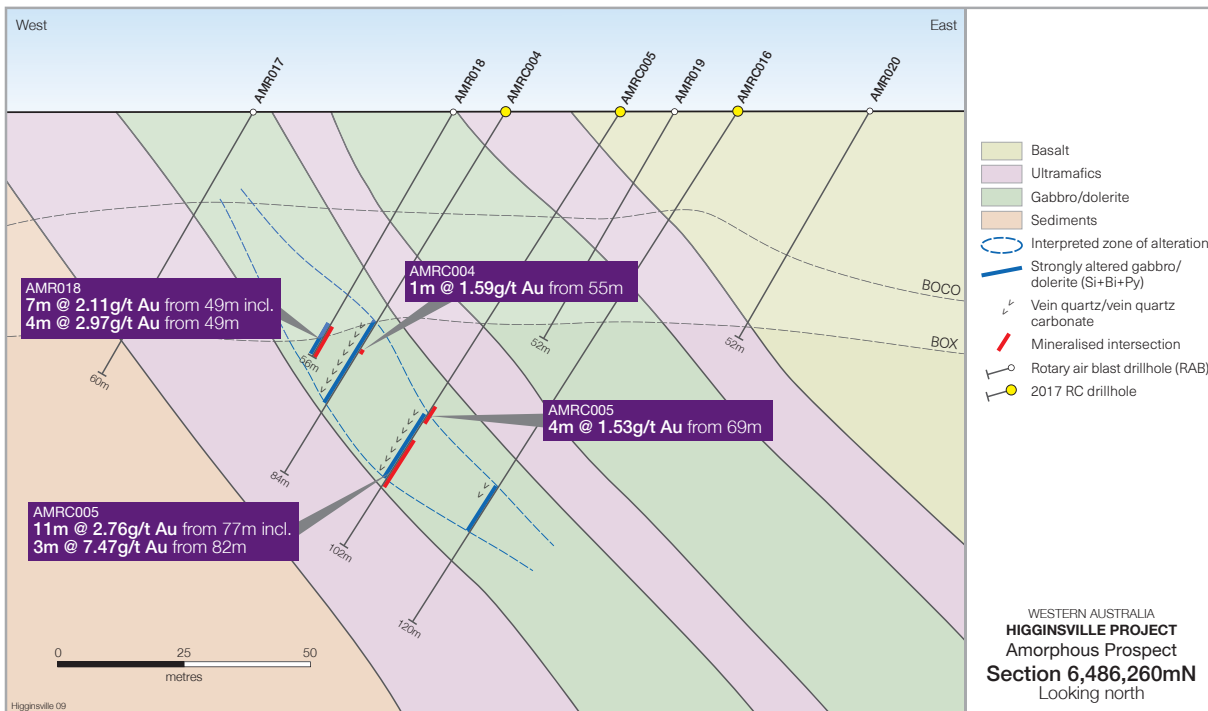


Figure 5 Amorphous Prospect – representative cross section showing interpreted geology and 2017 intercepts.

Agreement Terms

Argonaut and Loded Dog Prospecting Pty Ltd executed the Eastern Goldfields Earn-In Joint Venture and Royalty Agreement on 7 February 2017. Under the agreement, Argonaut has the right to earn an 80% interest in the tenement package according to the following terms:

- Argonaut can earn a 51% interest in the tenement package in exchange for completing \$500,000 in exploration expenditure within two years of commencement; and
- Argonaut may earn a further 29% interest, for a total of 80%, for completing an additional \$1,500,000 in exploration expenditure within a further three years.
- Reimbursement of tenement acquisition expenses totalling \$250,000 are payable by Argonaut progressively under the agreement:
 - Reimbursement of \$100,000 is payable on execution of the definitive earn-in agreement;
 - Reimbursement of \$75,000 is payable on the first anniversary; and
 - Reimbursement of \$75,000 is payable on election to proceed to the second phase of the earn-in.
- An issue of ordinary fully paid Argonaut shares valued at \$50,000 was issued on execution of the definitive earn-in agreement.

The earn-in agreement is currently in the first phase.

Lithium

Crescent Lake, Canada

(Argonaut 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. On 8 June 2016, Argonaut announced the grant of 22 additional claims in the Crescent Lake area. These claims are 100% held by Argonaut.

On 28 February 2017, Argonaut exercised its option to acquire 100% of the Falcon Lake and Zigzag claims.

Argonaut is prepared to divest its portfolio of lithium exploration assets and is considering its options in this regard.

Lake Blanche, South Australia

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.

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.

No field-based work was undertaken at Lake Blanche during the Quarter.

About Argonaut

Argonaut is an Australia Securities Exchange listed mineral exploration and development company. Argonaut operates the Torrens Iron Oxide Copper-Gold Joint Venture with Aeris Resources Ltd in South Australia, the Lumwana West copper-cobalt project in north-western Zambia and the Higginsville Gold project in Western Australia.

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 2017 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. 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 ²) | Locality | Licensee | Interest |
| EL 5998 | 21/05/2017 | 20/05/2019 | 33 | Campfire Bore | Coombedown Resources Pty Ltd | 10% ¹ |
| EL 52123 | 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 5732 | 18/10/2015 | 17/10/2020 | 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 5937 | 30/03/2017 | 29/03/2019 | 794 | West Lake Torrens | Kelaray Pty Ltd | 100% |
| EL5945 | 20/04/2017 | 19/04/2019 | 221 | Murdie | Kelaray Pty Ltd | 100% |

| Queensland Mining Lease | | | | | | |
|-------------------------|------------|------------|-------------------------|----------|-----------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| ML 5631 | 16/05/1974 | 31/05/2026 | 0.32 | Kroombit | Kelaray Pty Ltd | 100% |

| Queensland Mineral Development Licence | | | | | | |
|--|------------|------------|-------------------------|----------|-----------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| MDL 2002 | 03/08/2016 | 02/08/2021 | 0.64 | Kroombit | Kelaray Pty Ltd | 100% |

| Zambian Large Scale Exploration Licence Application | | | | | | |
|---|------------|--------|-------------------------|------------------------|-------------------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| 22399-HQ-LEL4 | 30/10/2017 | | 568 | North Western Province | Mwombezhi Resources Ltd | 90% |

| Ontario Unpatented Mining Claims | | | | | | |
|----------------------------------|------------|------------|-------------------------|--------------------------------|-------------------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| 4244211 ² | 27/10/2008 | 27/10/2019 | 1.94 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4244212 ² | 27/10/2008 | 27/10/2019 | 2.56 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4244213 ² | 27/10/2008 | 27/10/2019 | 2.56 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4252421 ² | 09/12/2009 | 09/12/2018 | 2.56 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4213186 ² | 24/09/2009 | 24/09/2019 | 2.56 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4213187 ² | 24/09/2009 | 24/09/2019 | 2.24 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4229526 ² | 24/09/2009 | 24/09/2019 | 1.93 | Crescent Lake - Zigzag | Canadian Orebodies Inc. | 100% |
| 4252441 ² | 09/12/2009 | 09/12/2018 | 1.33 | Crescent Lake - Falcon Lake | Canadian Orebodies Inc. | 100% |
| 4252442 ² | 09/12/2009 | 09/12/2018 | 0.64 | Crescent Lake - Falcon Lake | Canadian Orebodies Inc. | 100% |
| 4250593 ² | 17/07/2009 | 17/07/2018 | 2.56 | Crescent Lake - Falcon Lake | Canadian Orebodies Inc. | 100% |
| 4250594 ² | 17/07/2009 | 17/07/2018 | 2.56 | Crescent Lake - Falcon Lake | Canadian Orebodies Inc. | 100% |
| 4250595 ² | 17/07/2009 | 17/07/2018 | 2.56 | Crescent Lake - Falcon Lake | Canadian Orebodies Inc. | 100% |
| 4276304 ² | 22/03/2016 | 22/03/2019 | 2.53 | Greenbush Lake | Canadian Orebodies Inc. | 100% |
| 4276305 ² | 22/03/2016 | 22/03/2019 | 2.39 | Greenbush Lake | Canadian Orebodies Inc. | 100% |
| 4276306 ² | 22/03/2016 | 22/03/2019 | 2.56 | Greenbush Lake | Canadian Orebodies Inc. | 100% |
| 4282315 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282316 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282317 | 01/04/2016 | 01/04/2019 | 2.52 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282318 | 01/04/2016 | 01/04/2019 | 2.52 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282319 | 01/04/2016 | 01/04/2019 | 2.52 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282320 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282321 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282322 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282323 | 01/04/2016 | 01/04/2019 | 2.51 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282324 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282325 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282326 | 01/04/2016 | 01/04/2019 | 2.51 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |

| Ontario Unpatented Mining Claims | | | | | | |
|----------------------------------|------------|------------|-------------------------|--------------------------------|---------------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| 4282327 | 01/04/2016 | 01/04/2019 | 2.4 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282328 | 01/04/2016 | 01/04/2019 | 2.55 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282329 | 01/04/2016 | 01/04/2019 | 2.53 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282330 | 01/04/2016 | 01/04/2019 | 2.42 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282331 | 01/04/2016 | 01/04/2019 | 1.47 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282332 | 01/04/2016 | 01/04/2019 | 2.3 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282333 | 01/04/2016 | 01/04/2019 | 2.51 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282334 | 01/04/2016 | 01/04/2019 | 2.59 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282335 | 01/04/2016 | 01/04/2019 | 2.52 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4282336 | 01/04/2016 | 01/04/2019 | 2.49 | Crescent Lake - North Jackfish | Sunrise Canada Inc. | 100% |
| 4279256 | 15/04/2016 | 15/04/2019 | 2.53 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279257 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279258 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279259 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279260 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279261 | 15/04/2016 | 15/04/2019 | 2.57 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279262 | 15/04/2016 | 15/04/2019 | 2.56 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279263 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279264 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |
| 4279265 | 15/04/2016 | 15/04/2019 | 2.55 | Superb Lake | Sunrise Canada Inc. | 100% |

| Western Australian Mineral Exploration Licences | | | | | | |
|---|------------|------------|-------------------------|-------------------|-------------------------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| E28/25132 | 06/07/2016 | 05/07/2021 | 64 | Torquata | Loded Dog Prospecting Pty Ltd | 100% |
| E15/14842 | 18/07/2016 | 17/07/2021 | 12 | Nawock-Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |
| P63/20712 | 24/04/2017 | 23/04/2021 | 1.37 | Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |
| P63/20722 | 24/04/2017 | 23/04/2021 | 1.27 | Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |
| P63/20732 | 24/04/2017 | 23/04/2021 | 1.54 | Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |
| E15/15092 | 03/05/2017 | 02/05/2022 | 3 | Eundynie | Loded Dog Prospecting Pty Ltd | 100% |
| E 15/15102 | 08/05/2017 | 07/05/2022 | 3 | Eundynie | Loded Dog Prospecting Pty Ltd | 100% |
| E 63/17732 | 08/05/2017 | 07/05/2022 | 21 | Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |
| E15/15232 | 08/05/2017 | 07/05/2022 | 42 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| E 15/15402 | 17/05/2017 | 16/05/2022 | 9 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| P15/60292 | 04/07/2017 | 03/07/2021 | 1.2 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| P15/60302 | 25/05/2017 | 24/05/2021 | 1.2 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| P15/60312 | 25/05/2017 | 24/05/2021 | 1.2 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| P15/60322 | 25/05/2017 | 24/05/2021 | 1.2 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| E15/14892 | 14/08/2017 | 13/08/2022 | 52 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |
| P63/20772 | 26/10/2017 | 25/10/2021 | 0.7 | Hayes Hill | Loded Dog Prospecting Pty Ltd | 100% |

| Western Australian Mineral Exploration Licence Applications | | | | | | |
|---|---------|--------|-------------------------|--------------|-------------------------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| E15/15882 | | | 61 | Higginsville | Loded Dog Prospecting Pty Ltd | 100% |

Table 2 – Summary of mining tenements acquired in Quarter

No tenements were acquired in the December 2017 Quarter.

Table 3 – Summary of mining tenements surrendered in Quarter

| South Australian Mineral Exploration Licences | | | | | | |
|---|------------|------------|-------------------------|-----------------|-----------------|----------|
| Tenement | Granted | Expiry | Area (km ²) | Locality | Licensee | Interest |
| EL 5220 | 04/11/2014 | 03/11/2019 | 27 | Mt Parry | Kelaray Pty Ltd | 100% |
| EL 5829 | 16/08/2016 | 15/08/2018 | 893 | Lake Callabonna | Kelaray Pty Ltd | 100% |

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

² Under option agreement

³ Renewal application

⁴ Subsequent application for 16121-HQ-LEL

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 2017

| 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 | (179) | (467) |
| (b) development | | |
| (c) production | | |
| (d) staff costs (including exploration staff) | (165) | (341) |
| (e) administration and corporate costs | (330) | (686) |
| 1.3 Dividends received (see note 3) | | |
| 1.4 Interest received | 3 | 6 |
| 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) | | |
| 1.9 Net cash from / (used in) operating activities | (671) | (1,488) |
| 2. Cash flows from investing activities | | |
| 2.1 Payments to acquire: | | |
| (a) property, plant and equipment | (1) | (3) |
| (b) tenements (see item 10) | | |
| (c) investments | | |
| (d) other non-current assets | | |

Mining exploration entity and oil and gas exploration entity quarterly report

| 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 | (1) | (3) |

| | | | |
|-------------|---|------------|--------------|
| 3. | Cash flows from financing activities | | |
| 3.1 | Proceeds from issues of shares | 745 | 2,475 |
| 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 | (21) | (123) |
| 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 | 724 | 2,352 |

| | | | |
|------------|--|------------|------------|
| 4. | Net increase / (decrease) in cash and cash equivalents for the period | | |
| 4.1 | Cash and cash equivalents at beginning of period | 871 | 62 |
| 4.2 | Net cash from / (used in) operating activities (item 1.9 above) | (671) | (1,488) |
| 4.3 | Net cash from / (used in) investing activities (item 2.6 above) | (1) | (3) |
| 4.4 | Net cash from / (used in) financing activities (item 3.10 above) | 724 | 2,352 |
| 4.5 | Effect of movement in exchange rates on cash held | - | - |
| 4.6 | Cash and cash equivalents at end of period | 923 | 923 |

| 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 | 951 | 871 |
| 5.2 Call deposits | - | - |
| 5.3 Bank overdrafts | - | - |
| 5.4 Other (credit card) | (28) | - |
| 5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above) | 923 | 871 |

| 6. Payments to directors of the entity and their associates | Current quarter \$A'000 |
|--|----------------------------|
| 6.1 Aggregate amount of payments to these parties included in item 1.2 | 113 |
| 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 | |

Remuneration and fees paid to Directors and their related entities.

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

| 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. | | |

| |
|--|
| |
|--|

| 9. Estimated cash outflows for next quarter | \$A'000 |
|--|----------------|
| 9.1 Exploration and evaluation | 430 |
| 9.2 Development | - |
| 9.3 Production | - |
| 9.4 Staff costs | 150 |
| 9.5 Administration and corporate costs | 106 |
| 9.6 Other (provide details if material) | - |
| 9.7 Total estimated cash outflows * | 686 |

| 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 | | | | |
| 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:
Director/Company secretary

Date: 31 January 2018

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.