

ARAGON
RESOURCES LIMITED
**Quarterly Activities Report for Period
Ended September 30, 2009**

Overview

Corporate Directory

ASX Code: AAG, AAGO

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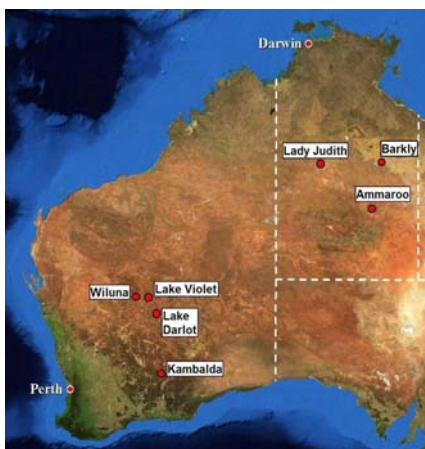
Email: admin@aragonresources.com.au

**Visit our website and subscribe:
www.aragonresources.com.au**

Major Shareholders:

Westgold Resources Ltd 37.02%

Metals X Limited 11.35%



Mission and Cable Gold Prospects, WA

A short programme of air-core drilling was conducted during the period. The objective of the drilling was to test structural, geochemical and geological targets interpreted to be analogous with mineralisation at both Mission and Cables. Whilst we are still awaiting assay data, a significant anomaly in a 4m composite result of 1.55g/t Au has been received from the first batch of results.

Lake Lefroy Nickel Prospect, WA

A review of historic data-sets and newly acquired geophysical data from this prospect indicates favourable komatiitic stratigraphy, similar to that of the Kambalda Nickel Province. Multiple conductive anomalies have been identified from the newly completed SQUID EM Geophysical Survey at Lake Lefroy and are interpreted to sit within the komatiite units. Aragon has commenced preparation to drill test this conductive anomaly as soon as land access approvals are completed.

Strategic Investment -Vital Metals Ltd ("Vital")

The placement of 17.45 million shares and convertible note was approved by Vital shareholders on the 3rd July 2009. The key asset of Vital is the Watershed Tungsten Project from which Vital has published current has published an Indicated Mineral Resource Estimate of 15.1 million tonnes at an average grade of 0.46% WO₃, containing 69,300 tonnes of WO₃, using a 0.10% WO₃ cut-off grade.

Take-over offer for Hot Chili Limited to shift Aragon's focus to Uranium.

As announced on the 15th October, 2009 Aragon has made an off-market takeover offer to acquire all the shares in the unlisted company Hot Chili Limited (Hot Chili). Hot Chili holds various interests over quality exploration and resource projects in Chile. The acquisition interest and titles of Hot Chili include three of Chile's largest and most advanced uranium projects: Productora, Los Mantos and Chile Norte. The offer is subject to due diligence and conditional upon both the approval of Aragon shareholders at an Extraordinary General Meeting and the acceptance by all Hot Chili shareholders.

Enquires:

Paul Benson CEO/Executive Director

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Email: paul.benson@aragonresources.com.au



Report on Activities

Lake Darlot Gold Prospects, Western Australia (100%*),

A short programme of air-core drilling was conducted during the period. The objective of the drilling was to test structural, geochemical and geological targets interpreted to be analogous with mineralisation at both Mission and Cables

Cables West Magnetic Anomaly

Air-core drilling was completed (9 holes for 852m, all holes orientated -60/270) to test a magnetic “bulls-eye” anomaly west of the Cables Prospect. This target is thought to represent a wedge of magnetic dolerite bounded by NNW trending reverse faults. The drilling intersected Archaean dolerite and basalts beneath thick lacustrine clays and alluvial sediments. Shearing corresponding to the interpreted thrust fault positions was noted however no mineralization of the dolerite was observed.

Cables South Structural Target

Air-core drilling was completed (31 holes for 1996m, all holes orientated -60/270) to test the convergence zone of the NW-trending reverse fault set with the N-trending master fault south of the Cables Prospect. Drilling intersected dolerite, sediments and felsic volcano-clastics beneath shallow cover. The dolerite corresponded with a linear magnetic anomaly. Shearing corresponding to the interpreted positions of the NW-trending thrust faults was observed. No mineralization was identified.

Darlot South Geochemical Anomaly

Air-core drilling was conducted within E36/503 (6 holes for 418m, all holes orientated -60/090) to test a soil anomaly previously defined by Aragon (800m N-S x 400m E-W north-northeast trending soil anomaly). The drilling targeted mafic stratigraphy adjacent to regional Ockerburry Fault. Historical drilling in the general area had encountered anomalous gold mineralization associated with weak silica and carbonate alteration as well as minor arsenopyrite. Drilling encountered sheared/foliated mafic volcanics and volcano-clastics. One significant assay result has been returned.

4m @ 1.55g/t Au, from 32m, ADAC0314 (310997mE 6910707mN)

Darlot North Geochemical Anomaly

Aircore drilling was conducted within E36/555 (8 holes for 149m) targeting a 500m N-S x 100m E-W multi-element anomaly previously defined by Aragon.

Assay results have not yet been received.

For a full list of previous high grade gold drilling results from the Mission and Cables Gold Prospects please visit our website to access previous announcements at www.aragonresources.com.au.

* Anglo Ashanti hold certain claw-back rights on the event of a discovery of a significant gold resource.

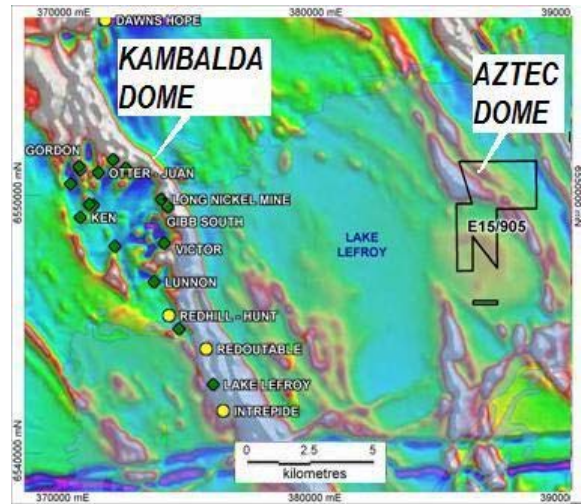




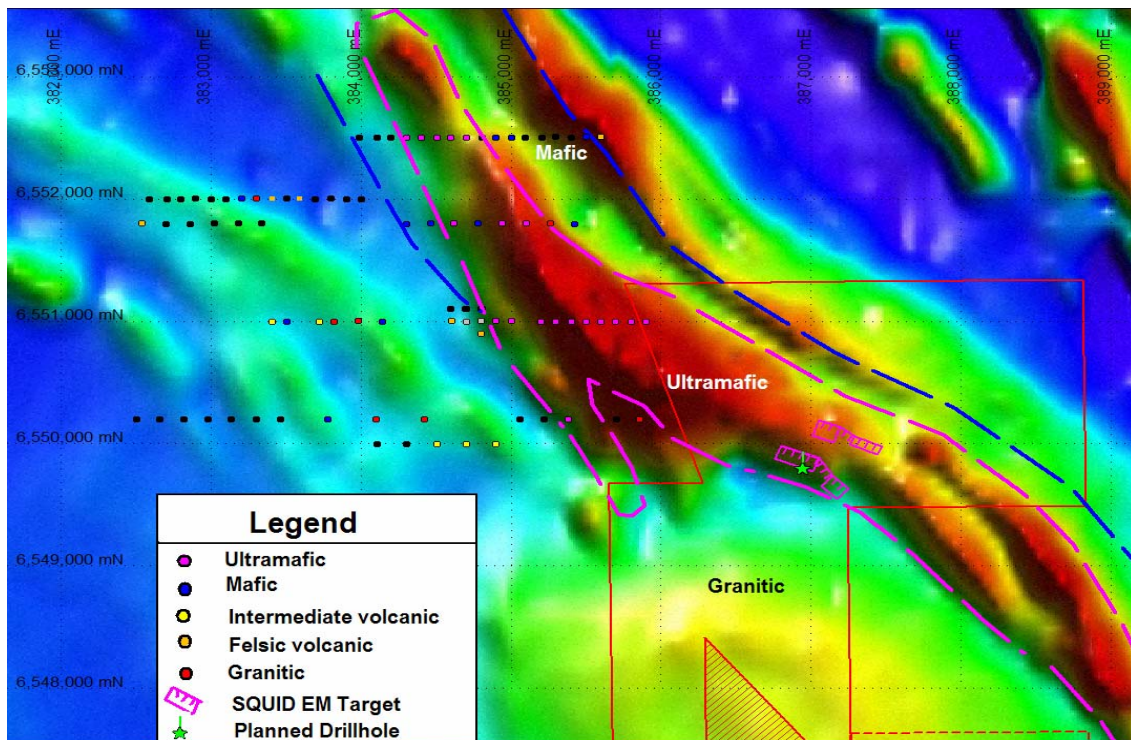
Lake Lefroy Nickel Prospect – 100%

A review of historic data-sets and newly acquired geophysical data from this prospect indicates favourable komatiitic stratigraphy, similar to that of the Kambalda Nickel Province. Multiple conductive anomalies have been identified from the newly completed SQUID EM Geophysical Survey at Lake Lefroy and are interpreted to sit within the komatiitic units. Aragon has commenced preparation to drill test this conductive anomaly as soon as land access approvals are completed.

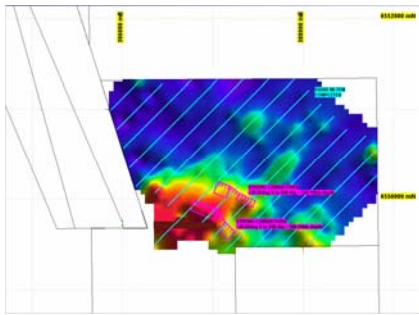
Whilst there has been no previous drilling within the tenement it is extremely encouraging to have the komatiites identified as being coincident with the magnetic high. Multiple conductive anomalies have been identified from the completed SQUID EM Geophysical Survey at Lake Lefroy and are interpreted to be within komatiite rocks. These factors are consistent with the geological setting that has the potential for nickel mineralisation similar to that being mined at Kambalda. Aragon has commenced preparation to drill test this conductive anomaly as soon as land access approvals are completed.



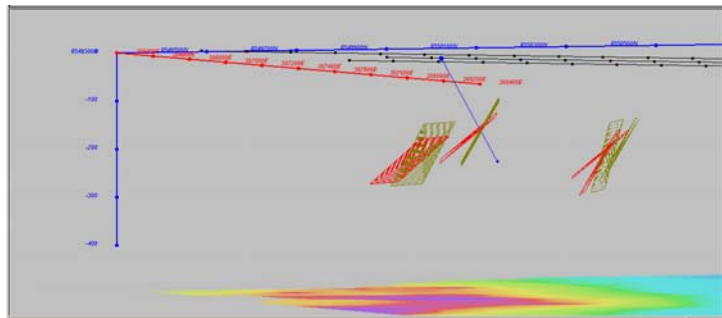
Lake Lefroy tenement map over regional magnetic imagery



Regional magnetics image showing open file drilling and interpreted geology



Plan view of SQUID MLTEM survey area



Cross section from Lake Lefroy showing potential drill targets

Aragon’s geophysical consultant, Southern Geoscien have interpreted the data and have identified a number of anomalies that are interpreted to be associated with local, strong bedrock conductive sources which strike ~NW-SE and dip to the SW. Aragon believes that these anomalies are worthy of drill testing.

Take-over offer for Hot Chili Limited to shift Aragon’s focus to Uranium, Copper & Gold.

As announced on October 15, 2009 Aragon has made an off-market takeover offer to acquire all the shares in the unlisted company, Hot Chili Limited (“Hot Chili”). Hot Chili holds various interests over quality exploration and resource projects in Chile. The acquisition interest and titles of Hot Chili include three of Chile’s largest and most advanced uranium projects: Productora, Los Mantos and Chile Norte. The offer is subject to due diligence and conditional upon both the approval of Aragon shareholders at an Extraordinary General Meeting and the acceptance by all Hot Chili shareholders.

If successful, the take-over will transform Aragon into a substantial diversified explorer with 641 square kilometres of highly prospective tenure in Chile’s Coastal Cordillera. The Chilean Commission of Nuclear Energy has recognized significant areas within the province as highly prospective for significant uranium mineralisation. The Hot Chili portfolio boasts exploration projects within these areas, including the Productora Project, which is rated by the Chilean Nuclear Commission as the country’s largest identified uranium project. The Coastal Cordillera of Chile also represents one of the world’s best iron oxide, copper gold (IOCG) provinces which host several significant IOCG deposits, including Candelaria (360Mt of 1.1%Cu and 0.3g/tAu), Mantos Blancos (400Mt of 1%Cu), Manto Verde (250Mt of 0.75%Cu as oxide) and El Soldado (200Mt of 1.5%Cu).

Hot Chili is an unlisted Australian company focused on acquiring and developing quality exploration and resource projects in Chile, one of the world’s premier and more stable mining countries. Leveraging off 15 years experience in Chile, Hot Chili have undertaken over 2½ years of project generation and reviewed over 40 large multi-commodity project opportunities. This work has laid the foundations for the acquisition of interests in three of Chile’s largest and most advanced uranium projects: Productora, Los Mantos and Chile Norte. While no resources have yet to be defined within the project areas Aragon believes that these project have great potential for future success.





Aragon has offered, subject to securing all required approvals, to issue to Hot Chili shareholders one (1) fully paid ordinary share in Aragon for every one (1) fully paid ordinary share in Hot Chili and to Hot Chili option holders one (1) option to acquire one (1) fully paid ordinary share in Aragon at an exercise price of 20 cents, expiring on 30 September 2012.

The offer is subject to the completion of due diligence by both parties and must be accepted by all Hot Chili shareholders to be effective. Hot Chili has 88,000,000 shares and 40,200,000 options on issue. Hot Chili will become a wholly owned subsidiary of Aragon. Aragon has agreed that on completion of the transaction, Hot Chili Managing Director Mr Christian Easterday will be appointed as an Executive Director on the Aragon board. Further, Aragon Chairman, Mr Peter Cook has advised of a relevant interest over 5 million shares and 2.5 million options representing a 5.85% fully diluted interest in Hot Chili.

If completed, the number of fully paid ordinary shares that Aragon has on issue rise from 67.5 million to 155.5 million as a result of the transaction.

For further technical detail on Hot Chili Ltd, refer to the ASX announcement of the proposed transaction by Aragon on 15th October, 2009.

Corporate

Cash in the Bank as at the end of the Quarter is \$3.236 million.

Aragon retains a major shareholding of 13.04% in Vital Metals Ltd. Aragon also has provided \$500,000 by way of a convertible note. The 3-year note is unsecured and will carry a coupon rate of 6% payable quarterly in arrears. The placement of 17.45 million shares and convertible note was approved by Vital shareholders on the 3rd July 2009. Interest payment for the period of \$7,068 has been received.

The notes are convertible at the higher of 4cps or 80% of the one-month VWAP of Vital shares prior to conversion. The notes cannot be converted in the first 12 months.

The key asset of Vital is the Watershed Tungsten Project. Vital has announced that Watershed has an Indicated Mineral Resource Estimate of 15.1 million tonnes at an average grade of 0.46% WO₃, containing 69,300 tonnes of WO₃, using a 0.10% WO₃ cut-off grade.

Corporate Structure

The company has the following equities on issue as at September 30, 2009.

Fully paid ordinary shares	67,529,775
Listed options convertible at \$0.25 on or before 30/09/2010	24,970,265
Unlisted options convertible at \$0.35 each on or before 28/11/2010	1,000,000
Unlisted options convertible at \$0.30 each expiring between 31/05/2011 and 13/08/2011	1,550,000

Major Shareholders

Westgold Resources Limited	25,000,000 (37.02%)
Metals X Limited	7,661,858 (11.35%)





Qualifying Statements

The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Paul Benson (B.Sc.) who is a full time employee of Aragon Resources Ltd, is a member of the AusIMM. Mr Benson has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a competent person as described by the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Benson consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

