



## Quarterly Activities Report for Period Ended December 31, 2008

### Corporate Directory

**ASX Code:** AAG, AAGO

Level 1,  
168 Adelaide Terrace  
East Perth WA 6004

PO Box 6383  
East Perth WA 6892

**Telephone:** (08) 9326 5788

**Facsimile:** (08) 9202 1050

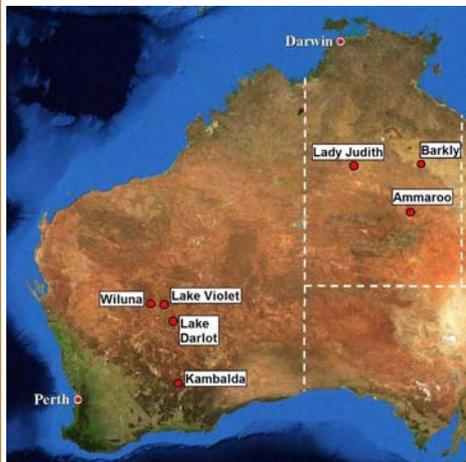
**Email:** [admin@aragonresources.com.au](mailto:admin@aragonresources.com.au)

**Visit our website and subscribe:**  
[www.aragonresources.com.au](http://www.aragonresources.com.au)

#### Major Shareholders:

Westgold Resources Ltd 37.02%

Metals X Limited 11.35%



### Overview

#### Strong Cash Position

At the end of the period Aragon Resources Ltd has no debt and cash reserves of \$5.167 million. This places Aragon in a strong position to implement prudent exploration programs in the areas of greatest potential. In light of current market conditions Aragon has initiated a full review of costs and expenditure across all areas.

#### Northern Territory Phosphate

**Ammaroo Phosphate Prospect** - Aragon has received the final Sacred Site Clearance Report over the areas that have been submitted for drilling activity during 2009. A number of wide spaced scout drilling programs targeting existing phosphate occurrences are planned to be completed in the first half of 2009.

**Barkly Phosphate Prospect** - Aragon, through 100% owned subsidiary Territory Phosphate Pty Ltd has submitted an application within the Georgina Basin for approximately 907sqkm of land over an area prospective for phosphate. ELA27082 is located approximately 200km east of Tenant Creek adjacent to the Tablelands Hwy and just 80km North West of Australia's largest phosphate resource at Wonarah.

#### Western Australia Tenement Review

Aragon has begun a review of all tenement holdings in Western Australia. This review is part of a comprehensive cost management initiative intended to reduce unacceptable risk and expenditure during these times of market uncertainty. The outcome of the review will be to retain those projects with the greatest commercial potential while relinquishing those areas with unacceptable cost benefit. Aragon will continue to explore those areas of greatest potential and actively seek acquisition opportunities with resource potential.

Enquires:

**Paul Benson**, Executive Director

**Phone:** +61 8 9326 5788

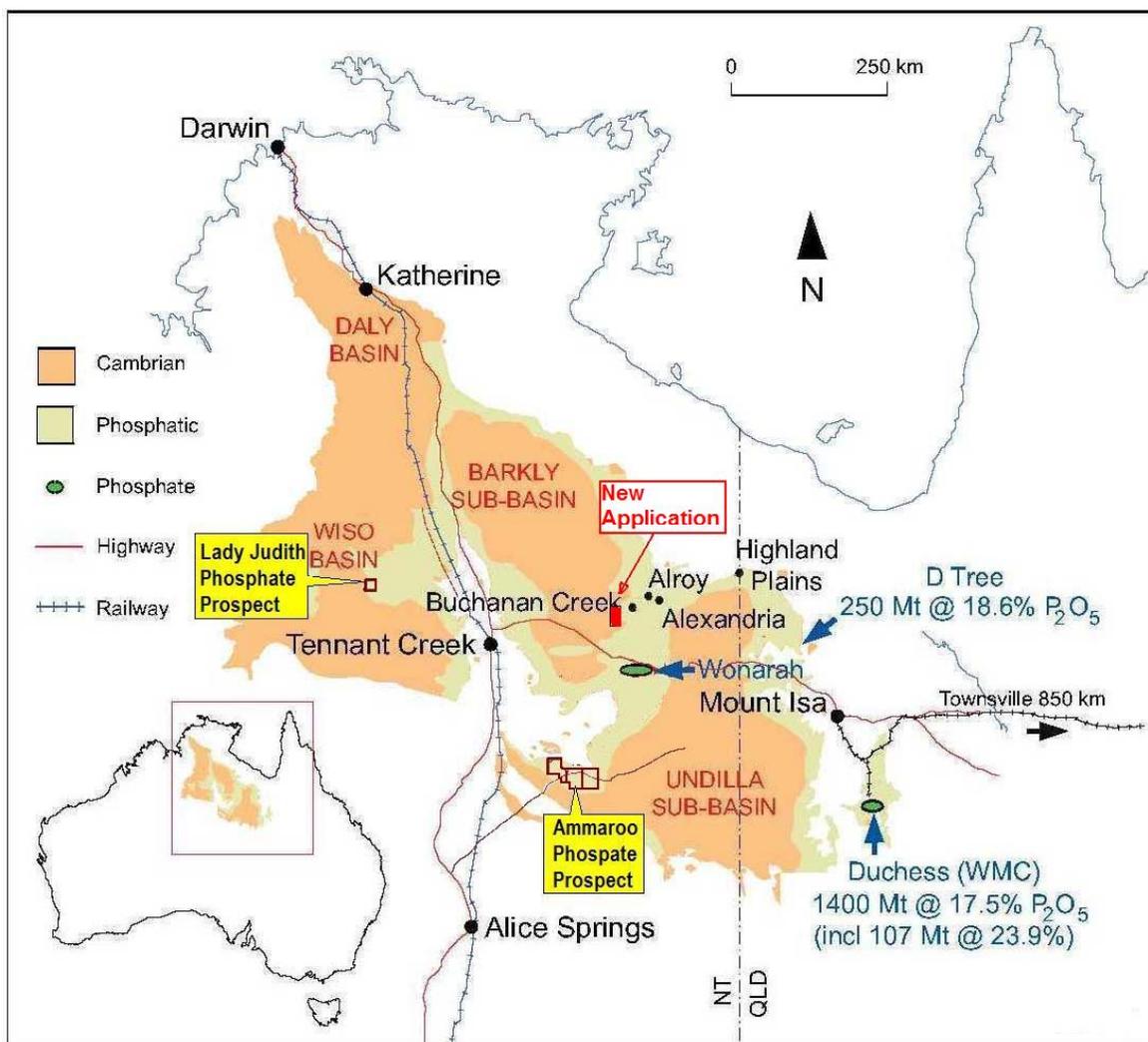
**Email:** [paul.benson@aragonresources.com.au](mailto:paul.benson@aragonresources.com.au)



## Report on Activities

### Northern Territory Projects

Aragon through its 100% owned subsidiary Territory Phosphate Pty Ltd has further strengthened its position in the fertiliser sector by applying for additional ground within the Georgina Basin in the Northern Territory. Application ELA27082 located approximately 200km east of Tennant Creek has excellent potential for phosphate mineralisation within the shallow marine Cambrian sediments similar to that at Wonarah just 80km to the south east.



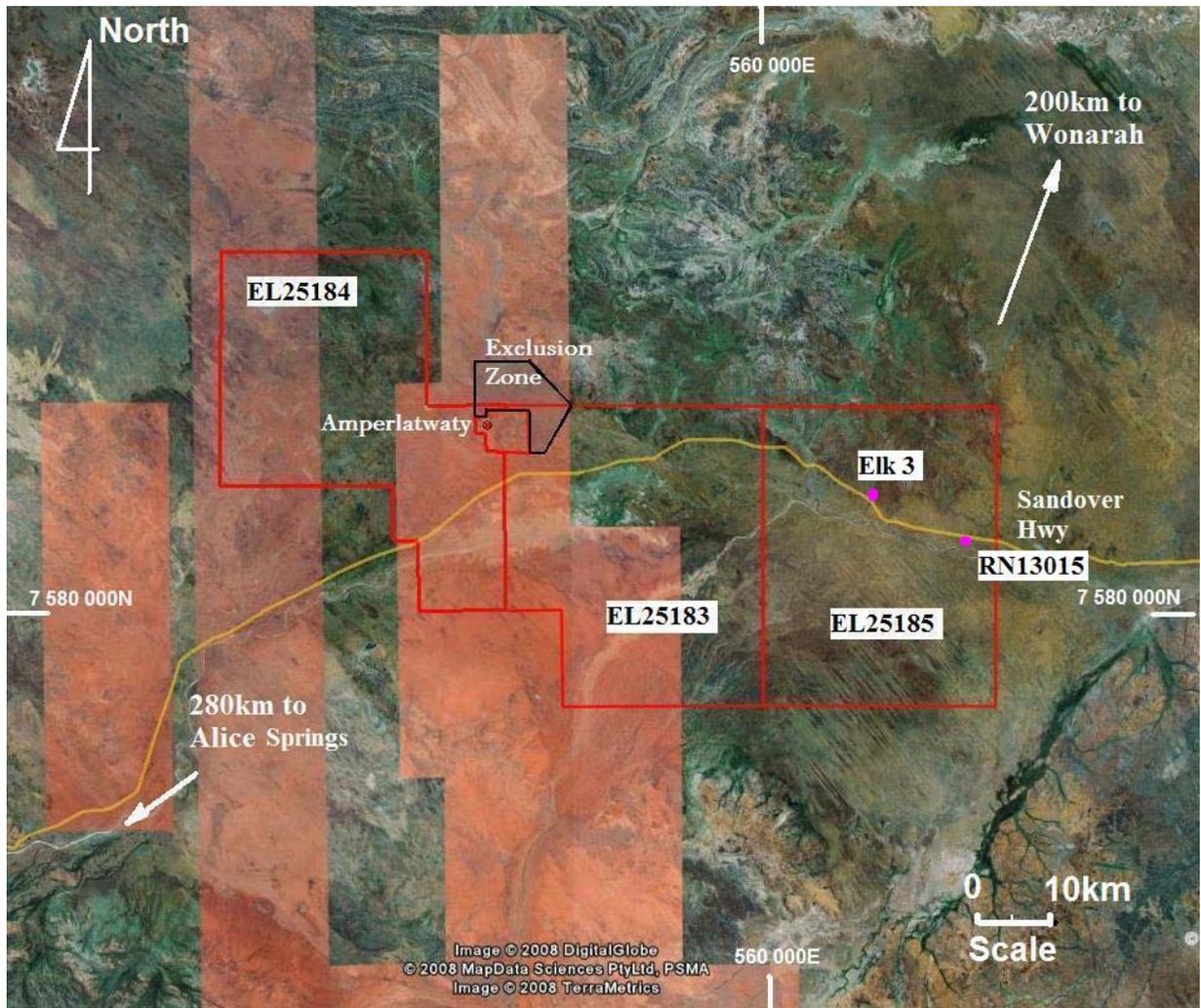
**Figure 1.** Location map showing the Ammaroo, Lady Judith and Barkly Phosphate Prospects including the major phosphate deposits. Also shown are the Wiso Basin and the Barkly and Undilla Sub-basins of the Georgina Basin.





**Ammaroo Phosphate Prospect**

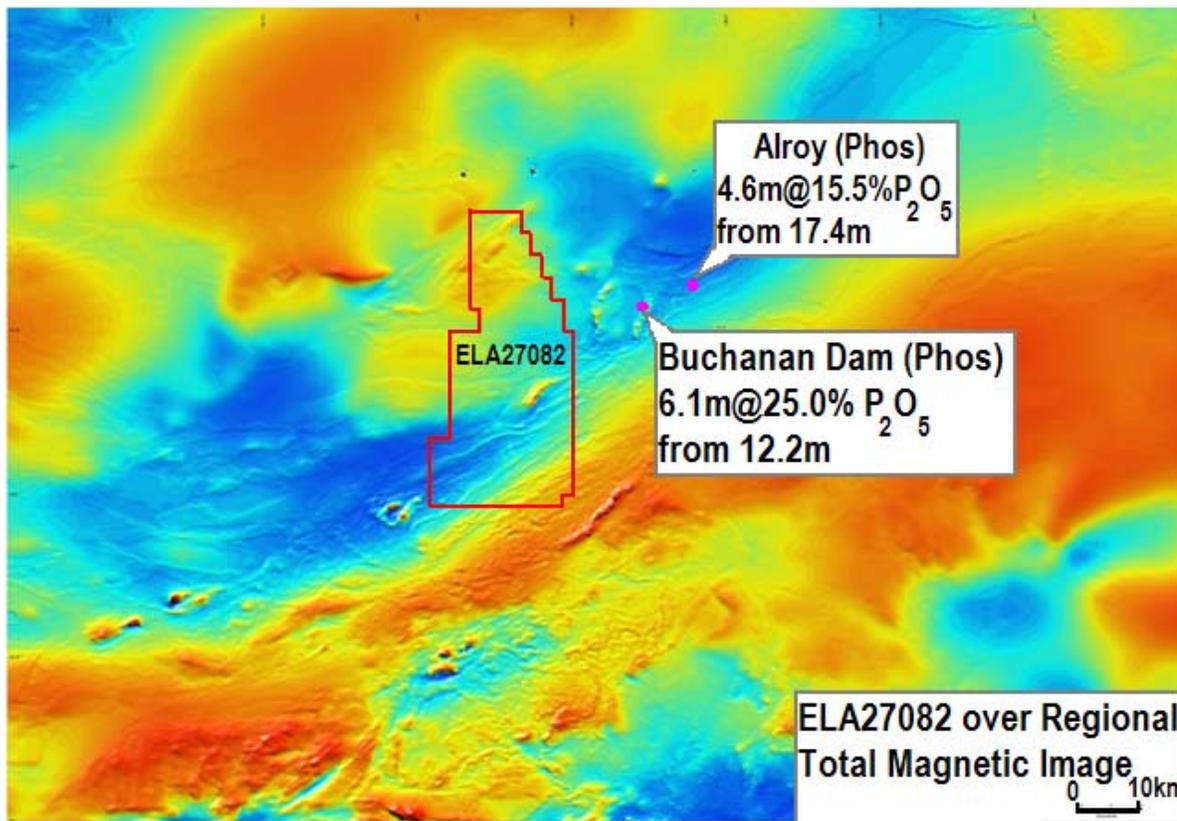
Aragon has received the Sacred Site Clearance Report over the Ammaroo Phosphate Prospect. This survey enables exploration to occur over the cleared areas on the tenements while protecting those areas identified with cultural significance. A number of wide spaced scout drilling programs are planned to occur over the prospective areas in 2009. The first aircore drill program will target the known phosphate occurrence of 45m @ 6.7% P2O5 from 30m, including 12m @ 12.8% P2O5 from 42m (3m composite samples) identified in waterbore RN13015.



**Figure 2. Ammaroo Prospect area with phosphate bearing drillhole locations**



## Barkly Phosphate Prospect



**Figure 3.** Barkly Phosphate Prospect tenement application ELA27082 over regional Total Magnetic Imagery including approximate locations of significant historical phosphate intersections

Tenement application ELA27082 is located just 20km west of the Buchanan Dam phosphate occurrence where 6m @ 25% P<sub>2</sub>O<sub>5</sub> from 12m has been identified from previous drilling. Aragon believes that the phosphatic sediments continue into the area under application and therefore has excellent potential for shallow phosphate mineralisation. The other phosphate occurrence in the area is that of Alroy where an additional significant phosphate intersection of 4.6m @ 15.5% P<sub>2</sub>O<sub>5</sub> from 17.4m has been identified. Aragon intends to immediately commence a review of all the historical data and begin the process to meet all statutory requirements required to progress to grant.

## Western Australia Projects

### Mission and Cables, E36/747 (Gold)

Assessment of the gold potential of the area surrounding the Mission and Cables Prospect has continued throughout the quarter. Aragon believes the structure controlling the gold mineralisation is extensive and warrants further investigation. The Mission and Cables Gold Prospects have excellent potential for a new primary gold discovery. During 2008 Aragon completed a number of drill programs that have successfully identified high grade gold mineralisation within a sheared magnetic dolerite host. Aragon believes that this style of mineralisation is similar to that of the Darlot Gold Mine situated just 7km to the south of the prospect area. The full list of significant results from RC drilling conducted by Aragon is shown in the following table:



**ARAGON**  
RESOURCES LIMITED

Prospect	Hole ID	Northing	Easting	Gold Intersection	From (m)	Comments
MISSION	ADRC001	6923500	329070	3m @ 2.09g/t	146	
				1m @ 1.48g/t	158	
	ADRC003	6923500	329120	1m @ 1.08g/t	45	
				2m @ 5.18g/t	48	
				1m @ 1.03g/t	52	
	ADRC004	6923500	329150	<b>1m @ 75.65g/t</b>	48	
				1m @ 1.21g/t	63	
				1m @ 1.39g/t	68	
	ADRC005	6923460	329145	<b>3m @ 11.40g/t</b>	60	<i>Including 1m @ 29.65g/t</i>
				1m @ 3.40g/t	107	
	ADRC006	6923440	329110	<b>3m @ 11.2g/t</b>	104	<i>Including 1m @ 24.60g/t</i>
	ADRC007	6923440	329135	<b>2m @ 18.62g/t</b>	74	<i>Including 1m @ 20.00g/t</i>
				4m @ 1.25g/t	121	
	ADRC008	6923440	329156	3m @ 2.60g/t	44	
				<b>2m @ 28.29g/t</b>	52	<i>Including 1m @ 55.85g/t</i>
				1m @ 2.35g/t	59	
	ADRC009	6923380	329128	1m @ 5.46g/t	67	
				1m @ 5.62g/t	84	
				1m @ 6.35g/t	97	
	ADRC010	6923380	329152	2m @ 2.81g/t	43	
3m @ 1.14g/t				48		
ADRC011	6923380	329177	2m @ 1.23g/t	47		
			3m @ 1.14g/t	71		
ADRC012	6923341	329160	1m @ 5.95g/t	65		
			1m @ 2.42g/t	97		
ADRC013	6923341	329192	1m @ 4.54g/t	36		
			1m @ 1.16g/t	51		
ADRC014	6922858	328250	1m @ 1.06g/t	86		
CABLES	ADRC015	6922858	328278	<b>3m @ 16.75g/t</b>	64	<i>Including 1m @ 36.00g/t</i>
				1m @ 1.24g/t	69	
				3m @ 1.17g/t	79	
				1m @ 1.95g/t	93	
	ADRC017	6922918	328270	1m @ 1.03g/t	80	
				1m @ 2.35g/t	82	
				3m @ 3.03g/t	114	
				1m @ 1.40g/t	137	
				1m @ 1.22g/t	163	
	ADRC018	6922918	328345	4m @ 4.87g/t	76	
	ADRC019	6922918	328395	<b>4m @ 18.85g/t</b>	182	<i>Including 1m @ 72.20g/t</i>
	ADRC020	6922983	328110	1m @ 2.43g/t	100	
	ADRC022	6923110	328184	1m @ 1.27g/t	38	
				1m @ 1.21g/t	57	
				<b>1m @ 12.60g/t</b>	62	
				<b>7m @ 27.53g/t</b>	133	<i>Including 1m @ 77.60g/t</i>
	ADRC023	6923110	328208	2m @ 1.71g/t	36	
				1m @ 1.19g/t	59	
				2m @ 6.94g/t	122	
				2m @ 1.13g/t	208	
ADRC025	6922983	328215	1m @ 3.05g/t	153		
			1m @ 2.49g/t	159		
			1m @ 1.15g/t	162		
ADRC026	6923058	328208	3m @ 1.50g/t	115		
ADRC027	6923058	328250	<b>4m @ 41.96g/t</b>	78	<i>Including 1m @ 107.50g/t</i>	
			1m @ 1.42g/t	87		
			1m @ 1.06g/t	223		
			1m @ 7.19g/t	237		

Reported intervals are calculated using a 0.5g/t lower cutoff with no upper cut and up to 1m of internal dilution. All holes at Mission Prospect orientated -60/090 and at Cables Prospect -60/270. Grid is Map Grid Australia 1994 Zone 51. Samples assayed by fire assay / AAS finish (Kalassay Leonora). The intercept widths are down hole lengths and may not reflect true mineralisation widths.

Aragon will continue to explore the area for extensions and repeats of this high grade gold system.

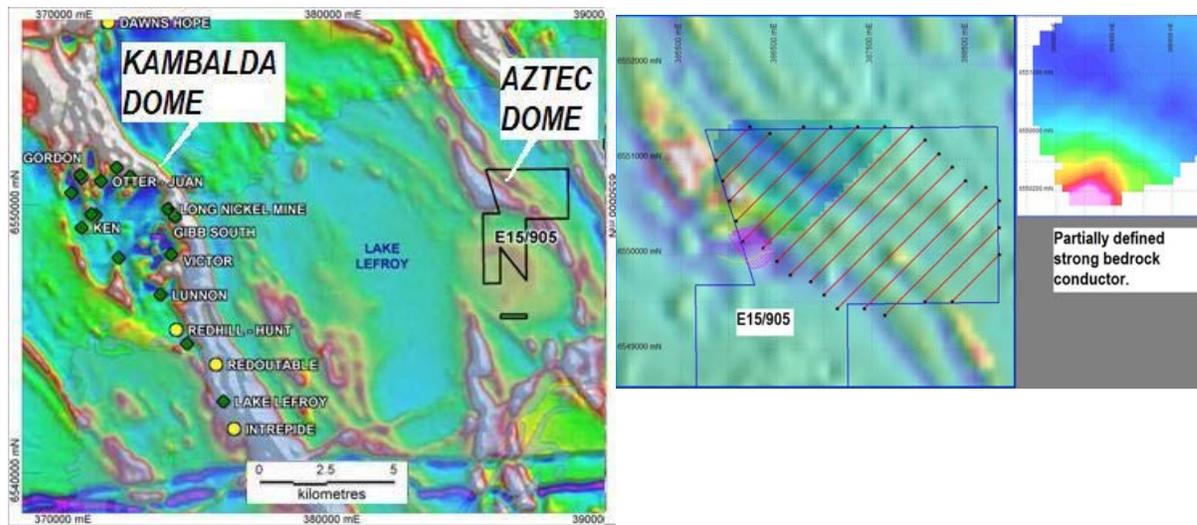


## Kambalda Projects

### Lake Lefroy (Nickel)

The Lake Lefroy Project is located on the lake approximately 15 km east of the Kambalda Dome where nickel ore is mined. Detailed aeromagnetic surveys show the Aragon tenement partly covers a highly magnetic unit doming around magnetically low granite. The magnetic image over the Company's project area shows a very similar magnetic pattern to the nearby nickel rich Kambalda Dome. This very similar geological setting has not been tested to date due to the difficulties in exploring through the Lake Lefroy lake sediments. Aragon has commenced a SQUID geophysical survey. However due to difficulties in accessing the lake the completion of the survey has been delayed. An unsuccessful attempt to access the lake was again made during the quarter. This program will resume as soon as conditions improve.

This is a speculative and conceptual nickel exploration play. Future deep diamond drilling will only occur if the EM surveys are successful in defining precise targets.



**Figure 4.** Lake Lefroy tenement map over regional magnetic imagery and the partially defined bedrock conductor from the incomplete SQUID ground geophysical survey.

The review of all the existing tenements in Western Australia will consider amongst other factors holding costs, tenement maturity, stage of exploration and potential (both technical and commercial). In response to the current market conditions Aragon will reduce its cash burn by relinquishing those tenements of low potential and to focus its activities on a core set of quality assets. The clear focus during 2009 will be on the phosphate projects in the Northern Territory and to further explore the high grade gold system at Mission and Cables.





## Corporate

Cash in the Bank as at the end of the Quarter is \$5.167 million.

## Corporate Structure

The company has the following equities on issue as at June 30, 2008.

Fully paid ordinary shares	67,529,755
Listed options convertible at \$0.25 on or before 30/09/2010	24,970,285
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	1,750,000

## Major Shareholders

The major shareholders of the Company:

Westgold Resources NL 25,000,000 (37.02%)

Metals X Limited 7,661,858 (11.35%)

**Note:** Metals X through its 22.4% holding in Westgold has 48.37% relevant interest in Aragon.

*The information in this report that relates to exploration, mineral resources or ore reserves is based on information compiled by Mr Christopher Bryans (B.App.Sc.) who is a full time employee of Aragon Resources Ltd, is a member of the AusIMM. Mr Bryans 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 Bryans consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.*

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

Aragon Resources Limited

ABN

63 114 714 662

Quarter ended ("current quarter")

31 December 2008

### Consolidated statement of cash flows

	Current quarter \$A'000	Year to date \$A'000
<b>Cash flows related to operating activities</b>		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation (b) development (c) production (d) administration	(249)	(983)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	73	163
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
<b>Net Operating Cash Flows</b>	(362)	(1,169)
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects (b) equity investments (c) other fixed assets		(3)
1.9 Proceeds from sale of: (a) prospects (b) equity investments (c) other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (specify)		
<b>Net investing cash flows</b>		(3)
1.13 Total operating and investing cash flows (carried forward)	(362)	(1,172)

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	(362)	(1,172)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.		
1.15	Proceeds from sale of forfeited shares		
1.16	Proceeds from borrowings		
1.17	Repayment of borrowings		
1.18	Dividends paid		
1.19	Other – (capital raising costs)		
	Other – (share application monies held on trust)		
	<b>Net financing cash flows</b>	-	-
	<b>Net increase (decrease) in cash held</b>	(362)	(1,172)
1.20	Cash at beginning of quarter/year to date	5,529	6,339
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	5,167	5,167

**Payments to directors of the entity and associates of the directors**

**Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	75
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

**Non-cash financing and investing activities**

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

+ See chapter 19 for defined terms.

**Financing facilities available**

*Add notes as necessary for an understanding of the position.*

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	144
4.2 Development	-
4.3 Production	-
4.4 Administration	144
<b>Total</b>	<b>288</b>

**Reconciliation of cash**

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	5,167	5,529
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>5,167</b>	<b>5,529</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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**Changes in interests in mining tenements**

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	E36/494 All Directly held	All 100%	All Nil
6.2	Interests in mining tenements acquired or increased	P36/1685 P53/1307 All Directly held	All Nil	All 100%

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+ See chapter 19 for defined terms.

**Issued and quoted securities at end of current quarter**

*Description includes rate of interest and any redemption or conversion rights together with prices and dates.*

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	67,529,755	67,529,755		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5 <b>+Convertible debt securities</b> <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 <b>Options</b> <i>(description and conversion factor)</i>	24,970,285 1,250,000 300,000 200,000 1,000,000	24,970,285	Exercise price 25 cents 30 cents 30 cents 30 cents 35 cents	Expiry date 30/09/2010 31/05/2011 01/07/2011 13/08/2011 28/11/2010
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 <b>Debentures</b> <i>(totals only)</i>				

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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7.12	<b>Unsecured notes</b> ( <i>totals only</i> )		
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## Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does ~~does not~~\* give a true and fair view of the matters disclosed.

Sign here: ..... P G BENSON ..... Date: ..... **XX** January 2009 .....  
(Director)

Print name: ..... PAUL GARRETT BENSON .....

## 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 wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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+ See chapter 19 for defined terms.