



## Quarterly Activities Report

### For the quarter ended 31 December 2010

**ASX Code:** AAG

**Shares and options:**

**Shares:** 232,994,805  
**Unlisted options:** 23,600,000

**Major shareholders:**

**Westgold (WGR)** 20.13%  
**Metals X (MLX)** 8.70%  
**Top 20 shareholders** 65.66%

**Registered office:**

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**Board:**

**Peter Cook** Non-Exec Chairman  
**Paul Benson** CEO/Exec Director  
**Brian Thomas** Non-Exec Director  
**Ben Pollard** Non-Exec Director

**Total Resource Inventory:**

**14.52Mt @ 4.2g/t for 1.96Moz Au**

**Projects:**

**Central Murchison Gold Project (100%)**  
**Lake Lefroy – nickel (100%)**  
**Ammaroo JV – phosphate/potash**  
**Maitland JV – gold (49%)**

**HIGHLIGHTS**

The December 2010 quarter was extremely positive for Aragon Resources Limited as the culmination of work across the tenement package has resulted in the achievement of key milestones in the development of the Central Murchison Gold Project.

**CENTRAL MURCHISON GOLD PROJECT**

The consolidated Total Identified Mineral Resource (JORC) estimate increased during the period by 201,000 ounces to 2.0 million ounces of gold, a total increase of 31% for 2010.

The revised combined underground Total Identified Mineral Resource Estimate (JORC) used in the mining study for Big Bell now totals 5,161,000 tonnes @ 4.5g/t Au for 748,000 ounces which equates to a 29% increase for 2010.

The revised combined underground Total Identified Mineral Resource Estimate (JORC) used in the mining study for both Golden Crown and Great Fingall (“Golden Fingall”) deposits now totals 1,947,000 tonnes @ 9.2g/t Au for 581,000 ounces. This is the most significant increase in resource with a 72% increase for 2010.

Following the completion of mining studies, Probable Mining Reserve estimates for the first phase of underground mining at the CMGP are now estimated at:

Deposit	Probable Reserve		
	Tonnes	Grade (g/t Au)	Ounces
<b>Big Bell Underground</b>	2,895,000	4.2	390,000
<b>Golden Fingall<sup>1</sup> Underground</b>	878,000	8.0	224,000
<b>Total</b>	<b>3,773,000</b>	<b>5.1</b>	<b>614,000</b>

Note: Mining recoveries of 85% with 20% dilution has been applied at Big Bell  
Mining recoveries of 80% with 10% dilution has been applied at Golden Fingall

**Big Bell – Underground Mining Study**

Pre-production capital and re-establishment costs are estimated to be \$20.1 million with mining only operating costs estimated to be \$56/tonne of ore mined or A\$465 per ounce for ore delivered to a surface stockpile at the mine. Sustaining capital development costs are estimated at an additional cost of \$11.70/t or A\$96 per ounce.

**Day Dawn – Underground Mining Study**

The study develops both the Great Fingall and Golden Crown Lodes together. Pre-production capital and re-establishment costs are estimated at \$32.7 million, an estimated mining only operating cost of \$61.5/tonne of ore or \$241 per ounce for ore delivered to a surface stockpile at the mine with sustaining capital development costs of an additional A\$117 per ounce.

**Open Pit Studies**

Unconstrained pit optimisations completed on near surface resources have highlighted the viability of the Great Fingall Pit with intra-pit studies now commenced to determine available ore on a more selective basis in the remaining locations.

**CORPORATE**

Following completion of a 15% placement to raise \$7.29 million (before placement costs) Aragon has \$14.4 million in cash (includes \$3.3 million in cash backed bonds) and no debt.



## ACTIVITY SUMMARY - CENTRAL MURCHISON GOLD PROJECT

### MINING STUDIES

The consolidated Total Identified Mineral Resource (JORC) estimate increased during the period by 201,000 ounces to 2.0 million ounces of gold, a total increase of 31% for the calendar year 2010.

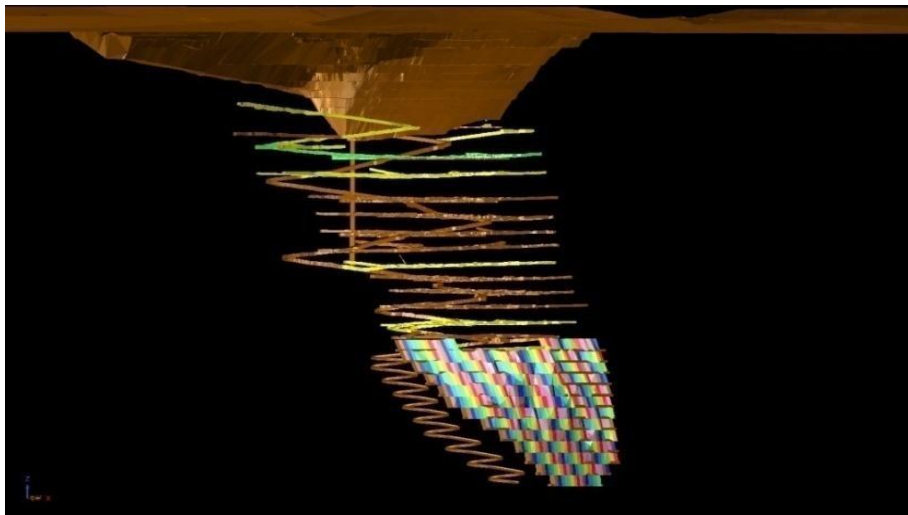
The mining studies have been broken into the components of underground and open pit sources.

#### *Underground Mining Studies*

The underground mining resources considered in these studies were from the previously mined Big Bell Mine and the combined Great Fingal and Golden Crown Mines.

#### *Big Bell Mine*

The total Identified Mineral Resource Estimate (JORC) at Big Bell is 5,161,000 tonnes @ 4.5/t Au for 748,000 ounces of gold and equates to a 29% increase over 2010. Mining studies have considered only the core component and effectively the extension of previous mining operations above the transecting pegmatite dyke (between 500mRL and 825mRL) that is classified in the Indicated Resource category. This is a component representing 83% of the total resource and totalling 4,000,000 tonnes @ 4.8g/t Au containing 623,900 oz of gold.



***Big Bell historical workings shown to the top of multi-coloured area of reserves. Also shown is the planned decline to access those reserves considered in this study.***

Although not considering the whole of the resource, a positive outcome was returned and a Probable Mining Reserve of 2,895,000 tonnes at a grade of 4.2 g/t Gold containing 390,000 ounces of Gold was estimated. This represents an approximate conversion rate of 65% resource into reserve. Significant potential to expand on this exists with consideration of resource areas long strike and at depth.

Mining methodology applied at Big Bell is longitudinal sub-level caving of the high grade core of the orebody and is planned with substantive consideration to known ground stresses.

An independent geotechnical scoping study completed by Mr John Player (Senior Research Fellow - Geotechnical Engineer, West Australian School of Mines) has confirmed the viability of the selective longitudinal sub level caving mining method used in this analysis. Mr Player is a Chartered Professional Engineer, AusIMM and has 7 years of hands on underground experience at the Big Bell deposit. During that time Mr Player spent 5 years as the Geotechnical Engineer where he was instrumental in the research and management of the geotechnical considerations at the Big Bell deposit. This mining method is designed to maintain mining efficiency and maximize recovered grade and differs from previous methods which applied a bulk low grade caving methodology.

Underground mine costing has been completed using detailed stope and development designs have resulted in the following cost estimates:

- Pre-production capital and re-establishment costs are estimated to be \$20.1 million. This includes approximately \$9.7 million for refurbishment and re-establishment of the mine, portal, decline and mine services. A further \$10.4 million is estimated for replacement mine fixed plant, services equipment and reticulation;
- Mining only operating costs are estimated to be \$56/tonne of ore mined or A\$465 per ounce for ore delivered to a surface stockpile at the mine;
- Sustaining Capital Development costs for the initial 2.895 million tonnes of probable reserve are estimated at \$33.8 million equating to an additional cost of \$11.70/t or A\$96 per ounce.

### Great Fingall / Golden Crown

As a result of the significant resource upgrades completed for the Golden Crown and Great Fingall mines, the mining study was able to consider a combined Total Identified Mineral Resource (JORC) of 1,947,000 tonnes @ 9.3g/t Au containing 581,000 ounces.

### Golden Crown and Great Fingall JORC Resource Table (using a cut-off grade of 2.5g/t Au)

Deposit	Description	Indicated			Inferred			Total		
		Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces	Tonnes	Grade (g/t Au)	Ounces
Golden Crown	Remnants	73,000	5.3	12,000	26,000	5.2	4,000	98,000	5.3	17,000
	Deeps (below 525mRL)	479,000	10.2	157,000	65,000	5.5	11,000	543,000	9.6	168,000
	<b>Total</b>	<b>551,000</b>	<b>9.6</b>	<b>169,000</b>	<b>91,000</b>	<b>5.4</b>	<b>16,000</b>	<b>642,000</b>	<b>9.0</b>	<b>185,000</b>
Great Fingall <sup>1</sup>	Remnants	464,000	10.3	154,000	53,000	10.5	18,000	517,000	10.3	172,000
	Deeps (below 525mRL)	570,000	10.1	186,000	218,000	5.5	38,000	788,000	8.8	224,000
	<b>Total</b>	<b>1,034,000</b>	<b>10.2</b>	<b>340,000</b>	<b>271,000</b>	<b>6.5</b>	<b>56,000</b>	<b>1,305,000</b>	<b>9.4</b>	<b>396,000</b>
<b>Golden Fingall</b>	<b>Combined Resource</b>	<b>1,585,000</b>	<b>10.0</b>	<b>509,000</b>	<b>362,000</b>	<b>6.2</b>	<b>72,000</b>	<b>1,947,000</b>	<b>9.3</b>	<b>581,000</b>

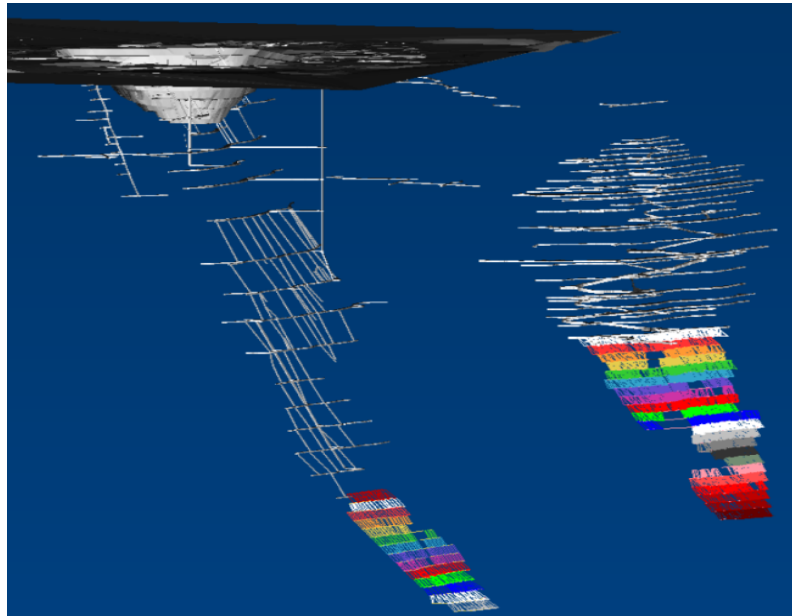
Note: There is a strata-defined claim of a 50% JV interest below 500mRL on the Great Fingall Lode

A desktop mining development and extraction study has been completed by Mining Plus Pty Ltd. The study assumes a single access decline that provides for development of both the Golden Crown and Great Fingall Reefs. The study recommends a long-hole open stoping mining methodology with top down sequencing.

The study focussed was limited to only the previously un-mined sections of the overall resource that is classified as Indicated (JORC) below the 525m RL at Golden Crown and below the 800m RL on the Great Fingall reef.

After applying a 10% dilution at zero grade and an 80% mine extraction factor a Probable Mining Reserve estimate of 878,000 tonnes @ 7.95g/t Au for 224,000 ounces of gold was determined. This equates approximately to a 65% resource to reserve conversion factor.

Significant upside potential exists with consideration toward mining of remnant resources and the upgrade of inferred resources to indicated resources which is constrained by the high cost and impracticality of close-spaced deep drilling from surface.



*Historical workings and coloured area of reserves at Golden Crown and Great Fingall.*

The study shows the Golden Fingall mine to be in a position after a 2 year establishment period to produce high-grade ore at a rate of approximately 200,000 tonnes per annum with the following mining cost estimates:

- Pre-production capital and re-establishment costs are estimated at \$32.7 million. This includes approximately \$12.5 million for fixed plant and equipment (including dewatering) and \$20.2 million for a new decline to access ore production.
- Mining only operating costs are estimated to be \$61.5/tonne of ore or \$241 per ounce for ore delivered to a surface stockpile at the mine.
- Sustaining Capital Development costs for the initial 878,000 tonnes of probable reserve are estimated at \$26.3 million equating to an additional cost of \$30/t or A\$117 per ounce.

#### **OPEN PIT STUDIES**

The overall resource inventory of the CMGP contains a number of remnant resources and smaller un-mined resources left over after open pit mining by previous owners. The bulk of these resources sit immediately below current pit voids and in some cases show significant potential for underground mining opportunities.

Aragon has verified all these resources and completed first pass optimisations using current economics to evaluate whether there remains any larger open-pittable sources of ore feed.

The outcomes suggest that re-optimisation at a gold price of A\$1,250 achieves only modest tonnages with significant pre-strip profiles and high-cost outcomes. The best of the open pit outcomes using this approach was at the Great Fingall Open Pit where the optimisation has captured a minable resource of 786,000 @ 1.86g/t (47,100 ounces).

Assuming a metallurgical recovery of 93% this equates to 43,800 ounces of gold recovered. The waste to ore strip ratio is 7.2:1 over a mine life of 13 months for an average production rate of 60,000 tonnes (3,200 ounces) per month. Total mining costs including dewatering and grade control are estimated at \$24.3 per tonne or \$437 per ounce. Using an estimated processing cost of \$18 per tonne and mine administration costs of \$3.8 per tonne the total cost per ounce including state government royalties is estimated to be \$979 per ounce. This results in an estimated net cash generated over the life of the mine of \$11.87 million.

Aragon believes it can significantly improve on the financial returns from unconstrained optimisation studies and has commenced mining studies by intra-pit methods. This is objectively assessing the application of smaller and articulated equipment and internal ramp re-design and steepening to deepen the available levels for ore extraction. It is thought that this will enable a further 10-20m of mining depth to be achieved without external cut-backs to walls.



### EXPLORATION ACTIVITIES

In addition to completing the initial mining studies at Murchison Bell and Day Dawn in the December Quarter, Aragon has continued exploration drilling across the CMGP completing 4,412 metres of air-core, 103 metres of reverse circulation (RC) and 103 metres of diamond drilling.

#### Day Dawn Exploration – Trenton Reef

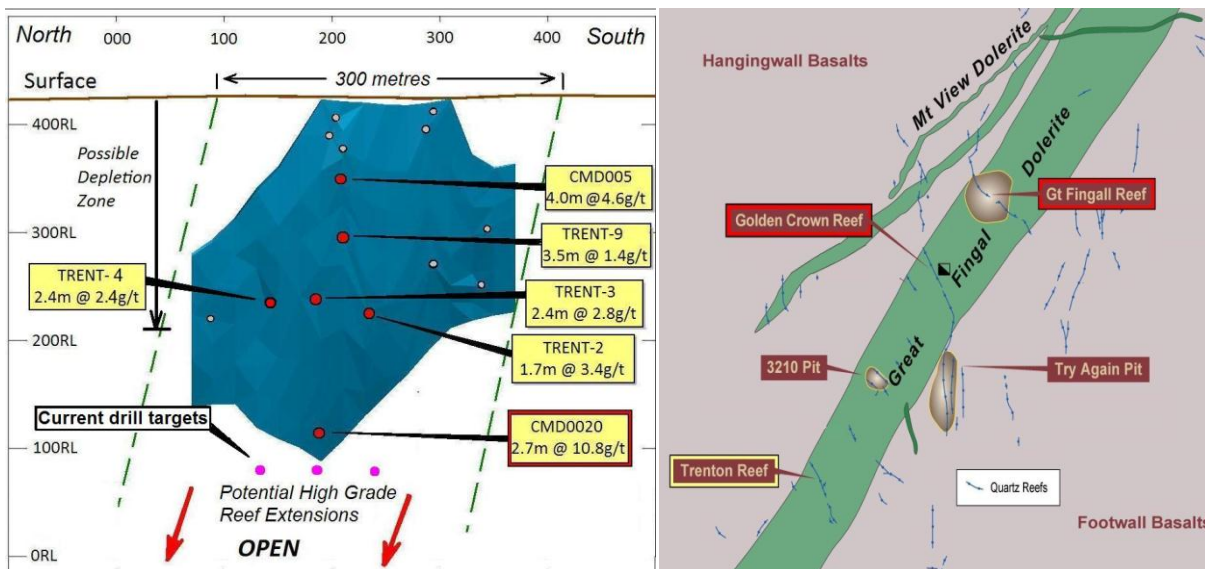
Mineralisation at Trenton is interpreted to be analogous to high-grade reefs that exist at Great Fingall and Golden Crown which are located approximately 1.8 km to the north east within the Great Fingall Dolerite (GFD). The GFD is a differentiated dolerite sill in which granophyric units enhance reef development. Drilling results received during the period has returned highlight diamond drill results of:

- CMD0021: 2.7 metres @ 10.8g/t Au from 344.3 metres (including 0.7 metres @ 36.7g/t Au with viz Au)

This follows previous diamond drill results completed by Aragon of:

- CMD0005: 4 metres @ 4.6g/t Au from 66 metres (including 1 metre @ 11.4g/t Au with viz Au)

A further program of 3 diamond holes (approx. 1360m) has commenced and is targeting down-plunge extensions of the quartz reef. Aragon’s exploration strategy aims to test the enhancement of brittle fractures within the favourable zones of the GFD for high-grade reef development. Aragon believes the Trenton Reef has right attributes for significant high-grade reef development.



**Left: Trenton Reef long section showing previous and planned drilling. Right: Trenton Reef is situated ~1.8km SW of Golden Crown and is reported to have produced 6,198 ounces of gold from 8,889 tonnes of ore at a recovered grade of 21.7g/t Au from 1897 to 1905 (Woodward 1907).**

Geological observations of the drill core received from the Trenton Reef to date reveals abundant visible gold within a 2 to 3m wide quartz vein and a similar style of mineralisation to that of the Great Fingall and Golden Crown Reefs. The assay results from CMD0004 and historical drill holes down to 200 metres suggest a similar near surface depletion as seen at the Golden Crown deposit providing potential for an increase in grade at depth.

Drilling results of returned from Aragon’s latest round of drilling tabulated below. Several old holes were re-sampled or re-entered with diamond tails completed.



Trenton drill hole summary table;

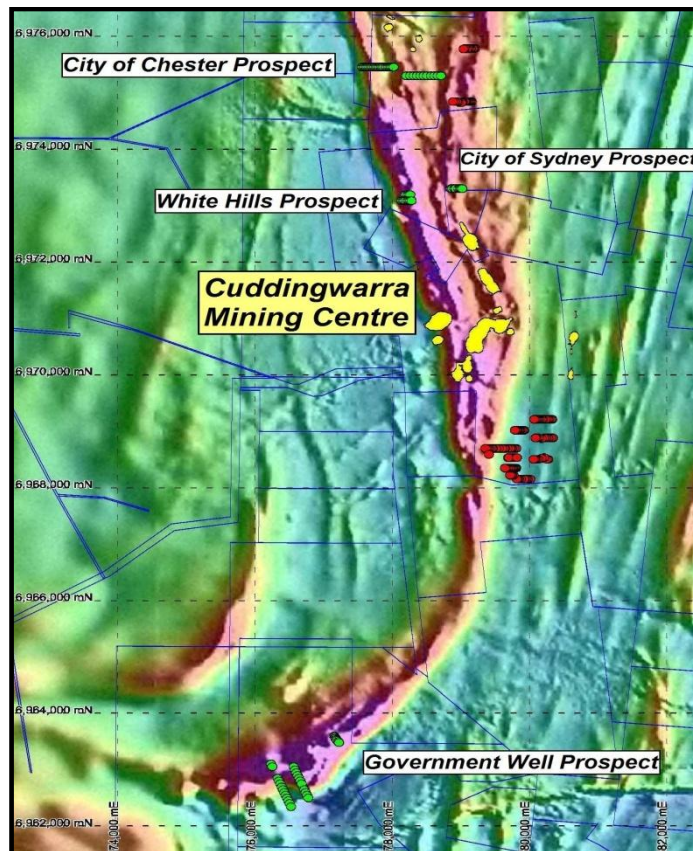
Hole ID	Northing	Easting	RL	Dip	Azi	From (m)	To (m)	Down hole Interval (m)	Grade (g/t Au)	Comments
CMD0020	6960146	582845	427	-66	076	344.30	347.00	2.7	10.8	Including 0.7m @ 36.7g/t (Diamond Drill Hole)
CMD0005	6960218	583201	420	-90	000	66.00	70.00	4.0	4.6	Including 1m @ 11.4g/t (RC Drill Hole)
						72.00	75.00	3.0	2.7	
TRENT3	6960187	583101	420	-90	000	182.10	184.45	2.4	2.8	Including 0.5m @ 7.3g/t (Resample of historic drill core)
TRENT4	6960138	583121	420	-90	000	180.60	183.00	2.4	2.4	(Resample of historic drill core)
TRENT9	6960207	583148	420	-90	000	121.75	125.25	3.5	1.4	Re-entry of historic drill hole – diamond tail
TRENT7	6960343	583083	427	-90	000	132.00	133.00	1.0	1.7	Re-entry of historic drill hole – diamond tail

Note: All descriptions and locations stated are as designed coordinates in MGA-94. Results shown as un-cut down-hole intervals and compiled applying 1g/t cut-off. Intervals include maximum of 1 metre down-hole internal dilution. Assays by 50g Fire Assay with AA finish.

Drill results of the current drilling to test the theory that grades are improving with depth have yet to be received.

### Cuddingwarra Exploration

Regional exploration targeting a new near surface discovery has continued at the Cuddingwarra Goldfield with encouraging results. The initial first phase of air-core drilling was disrupted due to weather and rig availability however this has now been completed as part of an expanded drill program that totalled 7,385 meters. Reported results are from 4 metre composite samples unless otherwise stated. Assays results are determined by 50g Fire Assay with AA finish with all descriptions and locations stated as designed coordinates in MGA-94.



*Cuddingwarra: Drill holes over regional geophysical magnetic image.*

### City of Sydney Prospect

Air-core drilling along and adjacent to the mineralized Golden Gate – City of Sydney trend has extended known mineralisation in the area. The better intercepts from the 9 air-core holes (563 metres) drilled in the area include:

Hole ID	Northing	Easting	Grade (ppm)	Interval
CMC0050	6973450	579040	0.88	25 – 26 m
CMC0064	6973450	579100	2.71	8 – 12 m
CMC0066	6973450	579140	1.22	64 – 68 m
CMC0067	6973450	579160	0.94	72 – 76 m

Gold intercepts appear to be related to narrow quartz veins within the City of Sydney shear. These results show the potential to extend the limits of the currently defined resource at City of Sydney (4,000 ounces) and provide impetus for further investigation.

#### White Hills Prospect

Drill testing at the White Hills Prospect has targeted an outcropping quartz reef and associated north east trending structural features interpreted from aeromagnetic images. Significant intersections from 12 air-core holes (378 metres) include:

Hole ID	Northing	Easting	Grade (ppm)	Interval
CMC0060	6973340	578340	2.67	11 – 12 m (EOH)
CMC0061	6973340	578360	0.48	20 – 24 m
CMC0063	6973340	578400	0.29	12 – 16 m
CMC0056	6973240	578360	0.58	3 – 4 m

The significant results from drill hole CMC0060 terminated against the reef and recorded 1m @ 2.67g/t from 11 meters and will require follow up reverse circulation drilling to penetrate the reef structure and allow for further evaluation.

#### Government Well Prospect

Drilling at the Government Well prospect has targeted a Sub-audio magnetic (“SAM”) geophysical target located over an interpreted regional scale fold hinge. Weakly anomalous gold was returned from 3 of the 7 air-core holes (148 metres), including:

Hole ID	Northing	Easting	Grade (ppb)	Interval
CMC0091	6963750	577300	38	12 – 16 m
CMC0092	6963730	577310	16	9 – 10 m
CMC0096	6963650	577350	62	14 - 15 m

The geological setting at this prospect provides a model for locations where structural dilation and gold mineralisation could develop. A number of drill holes returned above background gold results, providing encouragement for further assessment of the boarder structural target. As part of this assessment Aragon will conduct a detailed surface geochemical survey aimed to further advance the prospect and define additional drill targets into 2011.

#### City of Chester Prospect

The City of Chester prospect is located within a sheared sequence of northerly striking, steeply east dipping mafic and ultra mafic lithologies. Locally felsic porphyries intrude the main Cuddingwarra shear zone and are the hosts much of the gold mineralisation in the area. Air-core drilling has tested a SAM anomaly coincident with a series of interpreted NE-trending structures. A total of 1,087 metres were drilled in 35 holes with best results including:

Hole ID	Northing	Easting	Grade (ppm)	Depth
CMC0012	6975600	577700	0.33	4 – 8 m
CMC0040	6975450	578550	0.16	8 – 12 m
CMC0041	6975450	578600	0.19	60 – 64 m
CMC0046	6975450	578850	0.3	8 – 9 m
			0.23	12 – 13m

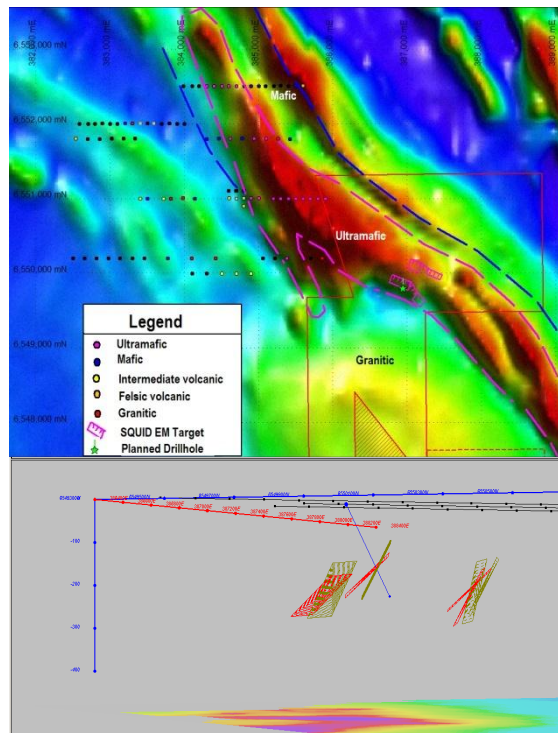


The anomalous results correlate with the base of total oxidation within mafic lithologies. The deeper intercept in hole CMC0041 represents primary mineralisation within quartz veining a few metres above bedrock. Significant sulphide mineralisation with no significant gold results was intersected in hole CMC0015. It is considered that this may explain the high conductivity anomaly in the SAM survey. Additional potential for new shallow gold discoveries remains with several structural targets still to be evaluated with further drilling.

### LAKE LEFROY – NICKEL

At the Lake Lefroy Nickel Prospect, Aragon is exploring for komatiite hosted nickel mineralisation similar to that found around Kambalda. The project area is located over part of the Aztec Dome which exhibits a similar regional magnetic signature to that of the Kambalda Dome. The Lake sediments have impeded exploration in the past.

Recent advances in geophysical techniques, in particular the application of SQUID Electro Magnetic technology developed by the CSIRO, has enabled meaningful exploration targeting.



**Regional magnetic images showing coincident favourable host lithology interpreted from previous drilling along strike of Aragon's defined SQUID EM target. Lower image shows the planned drilling to intersect conductive anomaly as modelled by Southern Geoscience.**

The SQUID EM geophysical survey completed by Aragon has defined a number of EM conductive targets worthy of drill testing. The depth of these compelling conductive targets is interpreted to be 175 to 180m deep and are thought to possibly represent an accumulation of nickel sulphides at the base of a highly magnetic (possibly Peridotite) komatiitic flow. Aragon has identified a rig with on-lake drilling capability and has been awarded co-funding to complete the drilling. The program is expected to commence during the March Quarter subject to drill rig availability and prevailing weather conditions.





### **AMMAROO – PHOSPHATE**

Subsequent to the end of the quarter, Aragon has reached agreement with Rum Jungle Resources Ltd (ASX: RUM) (“Rum Jungle”) to sell 100% of its wholly owned subsidiary, Territory Phosphate Pty Ltd to for a total consideration of \$1,000,000 cash and 16,000,000 fully paid ordinary shares. The current valuation of the sale to Aragon is approximately A\$6m with RUM trading at \$0.31 on the ASX (January 25, 2011).

Under the transaction, Aragon has also agreed to nullify its joint venture farm-in agreement between its wholly owned subsidiary, Territory Phosphate Pty Ltd and Rum Jungle and maintain exposure to the Ammaroo and Barrow Creek phosphate prospects and retain exposure to the Phosphate potential in the project through it’s substantial shareholding in RUM.

Under the farm-in agreement announced on 30th June 2010, Rum Jungle was able to earn a 60% interest by spending \$3m on exploration over a 5 year period and had the right to earn an addition 10% by spending a further \$2m on exploration over an additional 2 years.

### **LAKE DARLOT – GOLD**

Aragon has completed the sale of the remaining Darlot tenements to Interglobal Investments Ltd for a cash payment of \$150,000.

### **CORPORATE**

During the period Aragon completed a 15% placement to raise \$7.29 million (before placement costs). Aragon’s largest shareholders, Westgold Resources Limited and Metals X Limited, have both participated to maintain their respective shareholdings. The balance of the stock was placed to institutional clients of Southern Cross Equities Limited. Funds raised will be applied to working capital and used for continued exploration and mine development and feasibility studies of Aragon’s Central Murchison Gold Project.

As of 31<sup>st</sup> December 2010 the capital structure of Aragon is:

Shares: 232,994,805 (an increase of 30,360,000 during the period)  
Unlisted options: 23,600,000 (1,000,000 unlisted options expired during the period)

The top twenty shareholders account for 65.66% of the issued capital.

Mining Centre/ Deposit	Measured			Indicated			Inferred			Total Resource		
	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz	Tonnes ('000s)	Au g/t	Au Oz
<b>Murchison Bell</b>												
1600N/Shocker				415	2.5	33,000	359	3.2	37,000	774	2.8	70,000
<b>Big Bell*</b>				<b>5,153</b>	<b>4.5</b>	<b>747,000</b>	<b>7</b>	<b>4.9</b>	<b>1,200</b>	<b>5,161</b>	<b>4.5</b>	<b>748,000</b>
Fender				71	4.1	9,000				71	4.1	9,000
North Fender				385	1.7	21,000	578	1.6	30,000	963	1.7	51,000
Sub -total				6,024	4.2	810,000	944	2.2	68,200	6,969	3.9	878,000
<b>Cuddingwarra</b>												
Black Swan				222	3.5	25,000	1	1.3		223	3.5	25,000
Black Swan South				315	3.5	35,000	1,816	3.8	224,000	2,131	3.8	259,000
Chieftain				50	3.1	5,000	75	3.4	8,000	125	3.3	13,000
City of Chester				28	2.3	2,000	82	2.4	6,000	110	2.4	8,000
City of Sydney	4	1.6		62	2.1	4,000				65	2.0	4,000
Golden Gate				65	3.0	6,000	1	2.6		66	3.0	6,000
Rheingold							89	3.8	11,000	89	3.8	11,000
Rheingold South	23	3.3	3,000	82	3.6	10,000	96	3.4	11,000	202	3.5	23,000
Sub-total	27	3.0	3,000	824	3.3	87,000	2,160	3.7	260,000	3,011	3.6	349,000
<b>Day Dawn</b>												
3210				50	3.3	5,000				50	3.3	5,000
<b>Golden Crown*</b>				<b>551</b>	<b>9.6</b>	<b>169,000</b>	<b>91</b>	<b>5.4</b>	<b>16,000</b>	<b>642</b>	<b>9.0</b>	<b>185,000</b>
Great Fingall				349	1.9	21,000	1,500	1.4	67,000	1,849	1.5	88,000
<b>Great Fingall**</b>				<b>1,034</b>	<b>10.2</b>	<b>340,000</b>	<b>271</b>	<b>6.5</b>	<b>56,000</b>	<b>1,305</b>	<b>9.4</b>	<b>396,000</b>
Kinsella	1	2.9		54	3.1	5,000				55	3.1	6,000
Mt Fingall							30	3.1	3,000	30	3.1	3,000
Rubicon	19	2.9	2,000	50	2.3	4,000	12	1.3		80	2.3	6,000
South Fingall				36	2.8	3,000	28	3.1	3,000	65	3.0	6,000
Try Again	1	1.8		12	3.2	1,000	178	3.1	17,000	192	3.1	19,000
Yellow Taxi				80	2.4	6,000	15	2.9	1,000	94	2.5	7,000
Yellow Taxi South							37	4.3	5,000	37	4.3	5,000
Sub-total	21	2.8	2,000	2,216	7.8	554,000	2,162	2.5	168,000	4,399	5.1	726,000
<b>Sub Total In situ</b>	<b>47</b>	<b>3.3</b>	<b>5,000</b>	<b>9,064</b>	<b>4.98</b>	<b>1,451,000</b>	<b>5,266</b>	<b>2.9</b>	<b>496,200</b>	<b>14,379</b>	<b>4.23</b>	<b>1,953,000</b>
<b>Stockpiles</b>												
Great Fingall				108	1.0	3,000				108	1.0	3,000
Fingall Sands				34	1.2	1,000				34	1.2	1,000
Stockpiles				142	0.9	4,000				142	0.9	4,000
<b>TOTAL</b>	<b>47</b>	<b>3.3</b>	<b>5,000</b>	<b>9,206</b>	<b>4.9</b>	<b>1,455,000</b>	<b>5,266</b>	<b>2.9</b>	<b>496,200</b>	<b>14,521</b>	<b>4.2</b>	<b>1,957,000</b>

CMGP Resource Table (\* denotes underground resource).

#### Enquires:

**Paul Benson – CEO/Executive Director**

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

**Phone: +61 8 9220 5600**

#### Competent Persons Statement

The information in the tables in this report that relate 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 and a member of the AusIMM. Mr. Benson has sufficient experience which is relevant to the style of mineralisation and type of deposits 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.

#### Note 1: Great Fingall JV Claim

There is a 49% joint venture interest claim over the Great Fingall deeps from 500 metres below surface. The current total resource included in this area is approximately 927,000 tonnes @ 9.1g/t Au for 271,000 ounces.

#### Note 2: Exploration and production targets

The information in this release that relates to exploration and production targets refers to targets that are conceptual in nature; there has been insufficient exploration to define a Mineral Resource and it is uncertain if further exploration will result in the determination of a Mineral Resource.

#### Disclaimer

This release has been prepared by Aragon Resources Limited ("Aragon" or the "Company"). This release contains forecasts and forward looking statements. Such forecasts, projections and information are not a guarantee of future performance, involve unknown risks and uncertainties. Actual results and developments may differ materially from those expressed or implied.

# Appendix 5B

## Mining 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

Name of entity

Aragon Resources Limited

ABN

63 114 714 662

Quarter ended ("current quarter")

31 December 2010

**Consolidated statement of cash flows**

	Current quarter \$A'000	Year to date (6 months) \$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 & evaluation	(466)	(3,491)
(b) development	-	-
(c) production	-	-
(d) administration	(395)	(763)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	154	275
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>	<b>(707)</b>	<b>(3,979)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	-
(b) equity investments	-	-
(c) other fixed assets	(6)	(11)
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 (provide details if material)	-	-
<b>Net investing cash flows</b>	<b>(6)</b>	<b>(11)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(713)</b>	<b>(3,990)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(713)	(3,990)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	7,292	7,313
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)	(309)	(309)
	<b>Net financing cash flows</b>	6,983	7,004
	<b>Net increase (decrease) in cash held</b>	6,270	3,014
1.20	Cash at beginning of quarter/year to date	8,161	11,417
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	14,431	14,431

**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	92
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	1,300
4.2 Development	-
4.3 Production	-
4.4 Administration	350
<b>Total</b>	<b>1,650</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	11,081	4,844
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	3,350	3,317
<b>Total: cash at end of quarter</b> (item 1.22)	<b>14,431</b>	<b>8,161</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	E15/908	All Directly held	100%	0%
	E37/746		100%	0%
	E37/764		100%	0%
	E37/803		100%	0%
	E37/805		100%	0%
	E37/807		100%	0%
	E37/808		100%	0%
	E37/810		100%	0%
	P15/4869		100%	0%
	P15/4870		100%	0%
	P15/4871		100%	0%
	P15/4872		100%	0%
	P15/4873		100%	0%
	P37/6937		100%	0%
	P39/6938		100%	0%
	P37/6939		100%	0%
	P37/6940		100%	0%
P21/643	100%	0%		
6.2 Interests in mining tenements acquired or increased	P21/681	Directly held	Nil	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>	232,994,805	232,994,805		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	30,360,000	30,360,000	24 cents	24 cents
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>	1,250,000 100,000 200,000 2,500,000 650,000 17,500,000 1,000,000 400,000		Exercise price 30 cents 30 cents 30 cents 21 cents 21 cents 20 cents 20 cents 22 cents	Expiry date 31/05/2011 01/07/2011 13/08/2011 30/11/2012 30/11/2013 30/12/2013 07/01/2013 24/08/2014

+ See chapter 19 for defined terms.

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

7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter	1,000,000		35 cents	28/11/2010
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <i>(totals only)</i>				

**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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: P G Benson..... Date: 28 January 2010  
 (CEO / Executive Director)

Print name: PAUL 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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.