

17 January 2011

# ASX ANNOUNCEMENT

## Torrens Project: ERD Court determination

Argonaut Resources NL (ASX: ARE) ("Argonaut") announces that the Environment, Resource and Development Court of South Australia has determined that Mining (exploration) Operations may not be conducted, pursuant to s 63S(2)(a) of the *Mining Act 1971* (SA) on EL4296.

The parties to the Torrens Joint Venture are considering the decision and avenues of appeal. There are two independent avenues of appeal open to the parties:

1. The Minister for Mineral Resources Development has a discretionary power to overrule the determination of the ERD Court within two months of that determination where he considers it to be "in the interests of the State" to do so (see section 63W of the *Mining Act 1971* (SA)); and
2. The Respondents can make application to the full court of the Supreme Court pursuant to s30 of the *ERD Court Act 1993* (SA) within 21 days of the ERD Court determination.

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRL) and relates to the Torrens Project, EL 4296. Argonaut currently holds 100% of EL 4296 and Straits is earning a 70% interest.

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 region (Stuart Shelf), within 50 kilometres of Teck Cominco's Carrapateena copper - gold discovery and 75 kilometres from BHP Billiton's Olympic Dam mine.

Mr Patrick Elliott, the Chairman of Argonaut said, "While the Argonaut Board is disappointed with the determination of the Environment, Resource and Development Court, we remain committed to our view that the proposed mineral exploration activities of the Torrens Joint Venture remain both in the interests of the state while respecting the heritage of the native title parties concerned. In consultation with SRL, we intend to pursue our avenues of appeal at the earliest available opportunity."

"Argonaut continues to advance its exploration campaigns over the Company's broader project portfolio, having recently commenced drilling at the Alford Copper Project in South Australia. ARE has also defined a number of drill-ready targets at the Ban Bak Gold Project in Laos that are expected be drilled this month."

Argonaut is progressing its ongoing exploration programmes as follows:

### Alford, South Australia

Argonaut has commenced a 3,000m diamond drilling program at the Company's 100% held Alford tenement, EL3969, on South Australia's Yorke Peninsula.

The program is targeting copper mineralisation at three prospect areas on the basis

of previous drilling results and newly defined geophysical targets. Targets include the Alford East prospect, which is geologically and geophysically analogous to Rex Mineral's Hillside deposit, Netherleigh Park (located within the broader Alford East area) and the Glenrae Iron Oxide Copper-Gold target.

#### Xekong, Laos

Argonaut is finalising the construction of an 18km access track to it's highly prospective Ban Bak gold target on the Company's Xekong tenement in Southern Laos.

Geophysical surveys, additional soil sampling (1,200+ samples) and the clearing of unexploded ordinance has been completed since the commencement of the program in November 2010. Additional earthmoving equipment has been mobilised to the access track site so that the track-mounted, reverse circulation drilling rig can commence a 5,000m program as soon as possible.

The drilling rig is currently standing-by and is expected to have access to the Ban Bak site by the end of January 2011.

#### Century, Laos

In December 2010, Argonaut announced that it had entered a Management and Shareholders Agreement with Aurum Resources Pty. Ltd. Since this agreement was signed, Aurum has mobilised earthmoving equipment to upgrade existing exploration access tracks within the tenement area.

Aurum is currently preparing a proposal to its board to conduct drilling at the Century tenement during the current (Nov-May) Laotian dry season.

#### Blackwood Coal Pty Ltd, Queensland

In December 2010, Argonaut completed a Due Diligence Study and invested \$4.0 million in Blackwood Coal ("BWC"). BWC holds several granted EPC's and EPC applications over known coal occurrences and coal targets in the Bowen, Surat and Gallilee basins in Queensland.

BWC expects to upgrade historical drilling results in the Moorlands area to a maiden coal resource to JORC standards during the 2011 March quarter via the drilling of approximately 10 additional RC holes.

For further information, please contact:

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*Sections of information contained in this report that relate to Exploration Results and Mineral Resources 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 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 2004 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.*