

Press Release

Aragon Resources Ltd to Purchase Significant Chilean Uranium, Copper and Gold Explorer

Perth-based exploration company Aragon Resources Limited (Aragon) has struck a deal to acquire explorer Hot Chili Limited (Hot Chili). The acquisition by way of off-market take over will transition Aragon to a significant player in a country of emerging uranium exploration and world class IOCG deposits.

The deal, which is subject to due diligence and the approval of Aragon shareholders and acceptance of 100% of Hot Chili shareholders, will transform Aragon into a substantial diversified explorer with 641 sqkm of highly prospective acreage 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 significant 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 worlds 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. These projects are considered to contain a combined target mineralisation in the order of 115 to 423 million pounds of U3O8 as well as credits of 1.35 to 2.2 million tonnes of copper metal and 0.74 to 1.45 million ounces of gold.

Hot Chili is managed and predominantly owned by a highly experienced team with significant exploration experience in both Australia and Chile. As a result of the acquisition of 100% of the securities in Hot Chili, these and the remaining Hot Chili investors will become security holders of Aragon.

Aragon has agreed, 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 fully paid ordinary share in Aragon at an exercise price of 20 cents, expiring on 30 September 2012. The agreement is conditional upon Aragon acquiring 100% of the shares and options on issue in Hot Chili. 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.

The deal will see the number of fully paid ordinary shares that Aragon has on issue rise from 67.5 million to 155.5 million. A general meeting of shareholders to approve the transaction will be called as soon as possible.

Aragon believes that these quality assets in such a prospective location as Chile give it a significant opportunity to make an advanced investment in the uranium industry and to firmly establish itself as a significant diversified explorer. Aragon will continue to explore and evaluate the key gold, nickel and phosphate projects in Australia while it begins active exploration in Chile. With a strategic investment in tungsten explorer Vital Metals Ltd, Aragon is well placed to actively explore these quality assets with approximately \$5.5 million in cash and liquid assets.

Yours faithfully



Paul Benson
CEO / Executive Director
Aragon Resources Limited

For further information please contact

Tel : (08) 9326 5788
Fax : (08) 9202 1050
Web : www.aragonresources.com.au
E-mail : paul.benson@aragonresources.com.au

SUMMARY OF THE ASSETS OF HOT CHILI LTD.

Through its Chilean subsidiary company El Aguila, Hot Chili has consolidated three large uranium projects in Chile. Significantly, all projects are targeting Iron - Oxide - Copper - Gold (IOCG) style deposits which also have major endowments of copper and gold co - products as well as rare earth minerals. All projects are low altitude (<1,000m elevation) and well located to major infrastructure. In order of level of advancement, the three projects and their key features are:

PRODUCTORA (65% earn - in option and 100% purchase - option agreements)

- Flagship Project (rated by Chilean Commission for Nuclear Energy, CCHEN as largest identified uranium project in Chile)
- Advanced stage - significant drilling and extensive supporting geological work
- Target Mineralisation of 53– 198 million pounds of U3O8, 0.6 – 1.2 million tonnes of copper and 0.6– 1.0 million ounces of gold
- Indicated grade ranges of 0.4– 1.5 kg/t U3O8, 1.0– 2.0% Cu and 0.3– 0.5g/t Au
- 6.1km x 2km uranium-copper-gold mineralised system

LOS MANTOS (100% purchase option agreement)

- Target Mineralisation of 7–40 million pounds of U3O8 and 0.4– 0.6 million tonnes of copper and 0.1–0.4 million ounces of gold
- Indicated grade ranges of 0.1–0.6 kg/t U3O8, 1.5– 2.0% Cu and 0.1– 0.4g/t Au
- 2km x 1km identified surface footprint, uranium potential increasing with depth

CHILE NORTE (65% earn - in agreement, HC has large land - holding in own right)

- Early stage- significant historical uranium exploration, minor drilling, trenching and geochem
- Target Mineralisation of 55– 185 million pounds of U3O8
- Indicated grade ranges of 0.3– 1.0 kg/t U3O8
- +17 km strike of uranium anomalism identified in the area, further extensions inferred under cover along strike and in analogous areas of project. Significant copper-gold potential.
- Further consolidation opportunities identified in the area over defined uranium mineralisation



Productora Project

The Productora project is an iron-oxide-copper-gold style project with potential for porphyry style mineralisation at depth. Project core commodities are of URANIUM, copper and gold although the project also has significant concentrations of molybdenum, cobalt and rare earth minerals. Productora is Hot Chili's flagship project and is rated by the Chilean Nuclear Commission as the country's largest identified uranium project. Productora is located 15km south of Vallenar in Region III of Chile. An area measuring approximately 10km N-S by 5km E-W is controlled by 7 parties. Agreements with these parties include 65% earn-in options and 100% purchase options.

The Productora project lies along a NNE-trending fault zone which is an interpreted splay off the Atacama fault zone, 5kms to the west. Several NW-trending cross-faults appear to also correlate with areas of polymetallic mineralisation. Metasomatic and hydrothermal alteration is widespread and intense, associated with late Cretaceous to early Tertiary movement along the NNW-SSE Atacama Fault Zone (AFZ). Silicification with pyrite and chalcopyrite is accompanied by potassic alteration (K- feldspar), argillisation, tourmalinisation and sericitisation. This pattern of alteration and mineralisation suggests that it is a member of the Iron Oxide Copper-Gold (IOCG) mineral system.

Work Undertaken

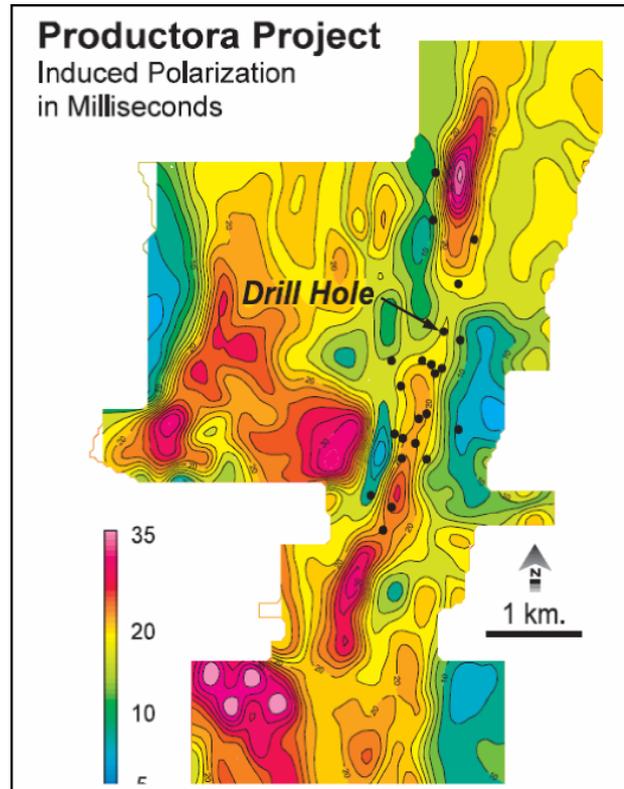
Early work recognised two zones of intense uranium –associated metasomatic surface alteration along the main NNE-trending mineralised trend: one at Productora (central area) and one at Carmen (northern area). Exploration work carried out so far by CCHEN, General Minerals, and the owners of the Productora mine, defines the presence of a 6.1km N - S by 2km E - W zone of geophysical and geochemical anomalism over the Productora area. Work over the Carmen area by CCHEN has been limited to surficial mapping and limited rock-chip sampling only, but confirms a 1 km N - S by 300m E - W zone of similar geochemistry and alteration to that defined at Productora. Preliminary CCHEN estimates of diluted uranium grade over the Productora area of the project range between 300ppm and 1,010ppm eU3O8. Information over the Carmen area in the northern extent of the project is much less advanced, however limited rock-chip results recorded by CCHEN indicated an average of 175ppm U3O8.

The Productora project is the most advanced uranium project in Chile, following extensive uranium exploration by CCHEN during the 1980's including ground mapping, rock-chip, soil geochemistry, ground and trench radiometrics and minor RC drilling. Although a significant amount of work was undertaken, this work concentrated on the near-surface potential of the project and failed to test the depth and along strike potential of the larger Productora project.

Between 1996 and 1999 General Minerals (in joint venture with Teck Corporation) explored the area for the presence of a large tonnage copper deposit. General Minerals reported intersecting wide zones of copper-gold-molybdenum mineralization in widely spaced drill holes. Work undertaken by CCHEN within the central Productora area indicates zones of high uranium results could have been expected within these drill holes. Widths of uranium mineralisation in the Productora mine area indicated by CCHEN drilling, trenching and underground sampling generally ranged between 2 and 15m in true width.



An underground copper mine is in operation within the mineral system of the Productora project. Information provided suggests the mine is operating at a rate of 250,000 tpa utilising approximately 250m of newly developed decline access for ore extraction. The operation allows access to underground drilling platforms and bulk tonnage ore parcels for future metallurgical test work. There is no available resource estimate for uranium, copper or gold over the Productora project but there is clear potential for the definition of a large polymetallic resource.

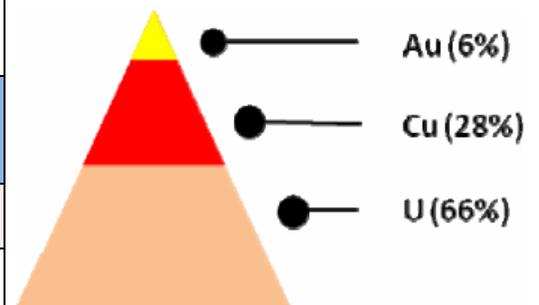


IP survey of Productora in relation to General Minerals drilling

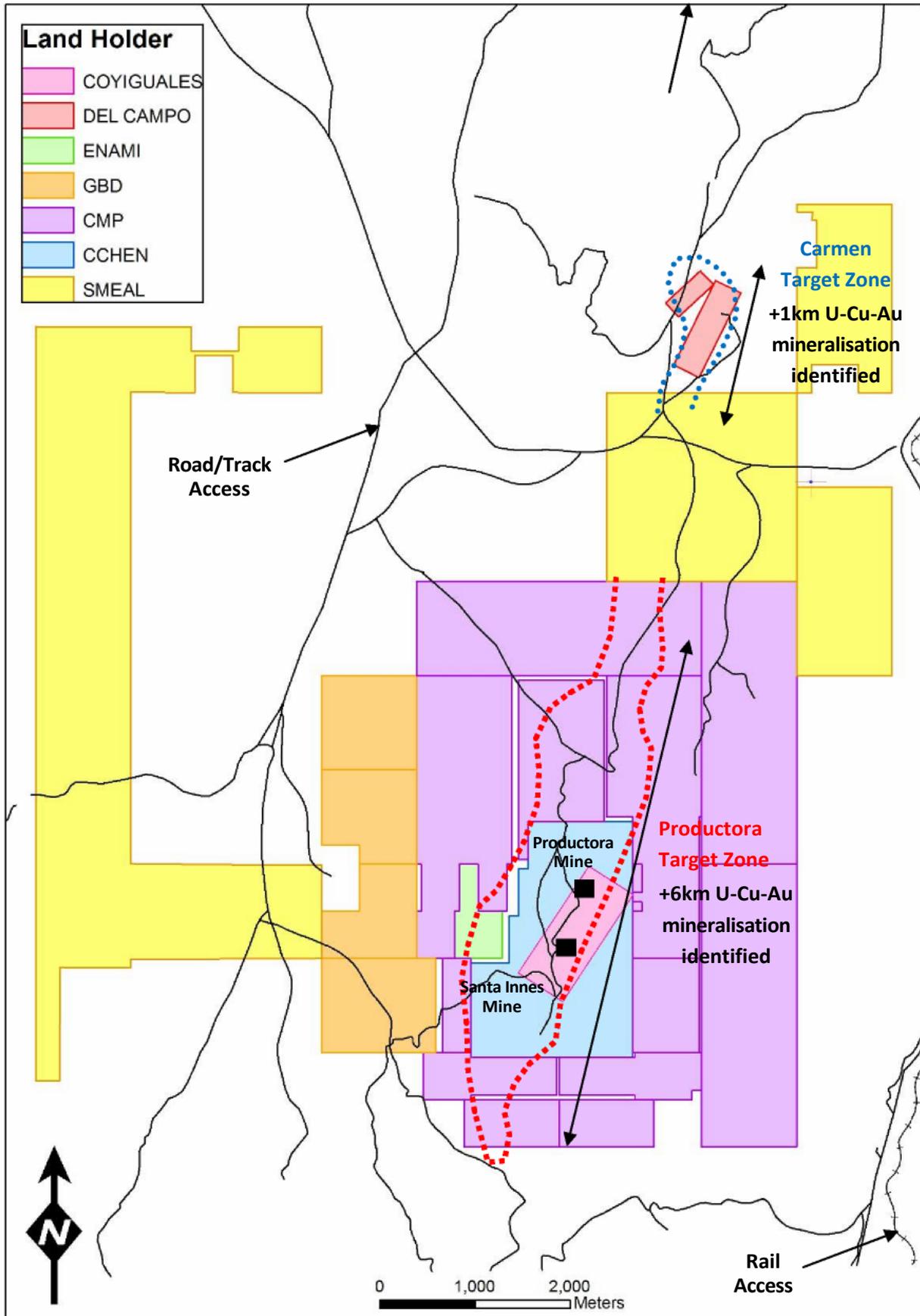
Target

Hot Chili is targeting a large uranium resource amenable to open-cut mining within an identified surface foot print of 6.1km by 2km. Available geological information compiled over this project suggests a target mineralisation in the order of 53 to 198 million pounds of U3O8 with a credit of 0.6 to 1.2 million tonnes of copper and 580,000 to 960,000 ounces of gold. The additional potential of the Carmen area has not been accounted for in the target mineralisation estimate. The commodity target value break down is shown below.

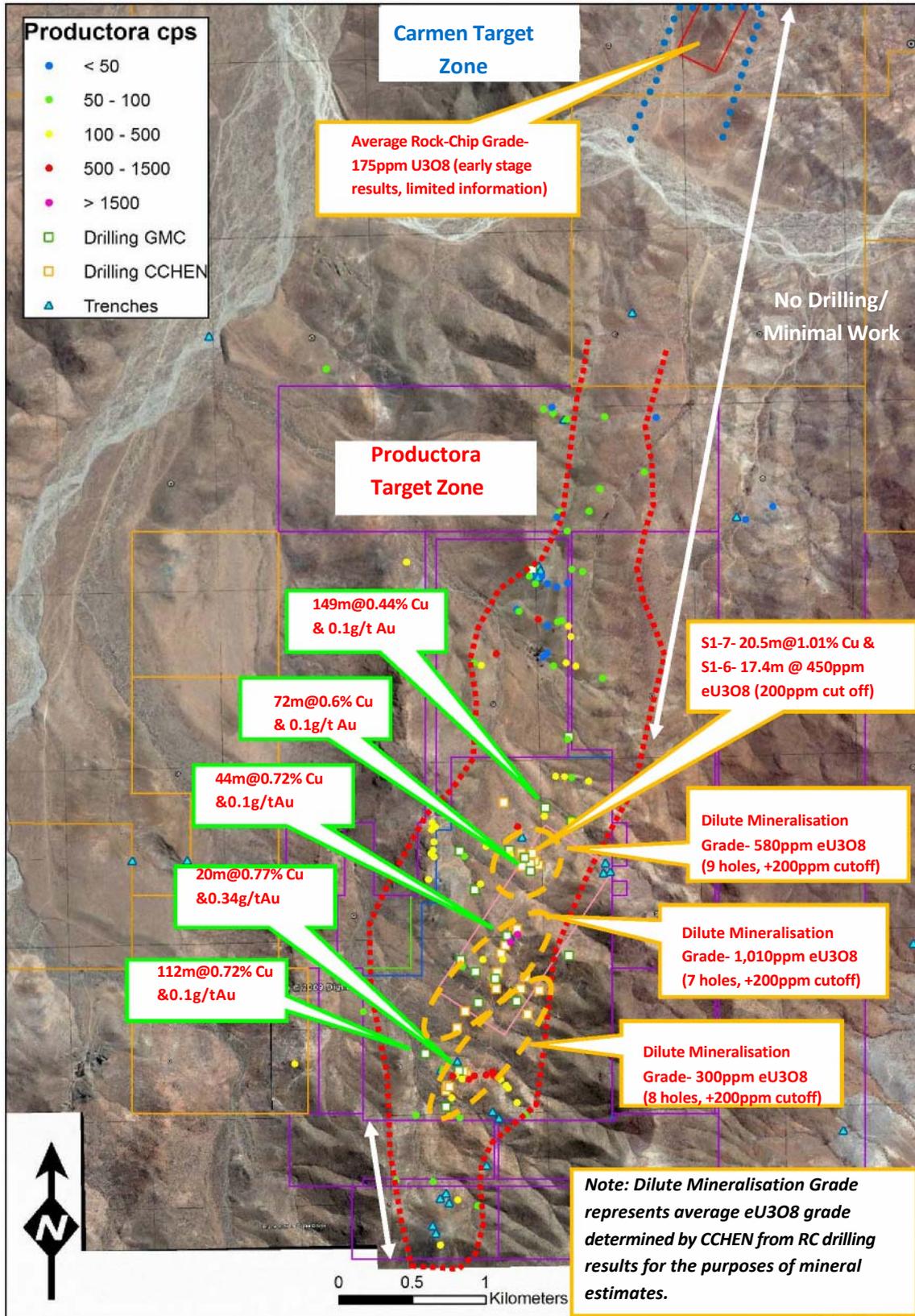
| Copper | | | Uranium | | |
|--------------------|--------|-------------------|----------------------|----------------|-------------------------------------|
| Grade Range (Cu %) | Tonnes | Metal (Mt) | Grade Range (U kg/t) | Tonnes | U ₃ O ₈ (Mlb) |
| 1-2 | > 60Mt | 0.6 - 1.2 | 0.4-1.5 | > 60Mt | 53-198 |
| REE | | | Gold | | |
| Main Types | Tonnes | Grade Range (g/t) | Tonnes | Metal (Moz) | |
| - | > 60Mt | 0.3-0.5 | > 60Mt | 0.6-1.0 | |



Note: Target sizes calculated using all available geological information to determine conservative estimates of strike, width, depth and appropriate specific gravity. Maximum depth extrapolation of 200m from surface. Commodity value break-down calculated using U₃O₈ price of US\$50/lb, Copper price of US\$3,500/t, Gold price of US\$850/oz and A\$/US\$ rate of 0.65.



Productora Land Position Map



Productora Significant Results Plan

Los Mantos Project

The Los Mantos project is an iron-oxide-copper-gold style project with potential for porphyry style mineralisation at depth. Copper, URANIUM and gold are the focus for the Los Mantos. The project lies 58km south of La Serena in Region IV of Chile with excellent access from the main sealed highway connecting La Serena to the mining township of Ovalle to the south.

The Los Mantos project is structurally located along a N-S trending fault zone which splays off the regionally significant Romeral Fault, thought to represent a southward extension of the Atacama Fault Zone. At Los Mantos, skarn alteration of andesites has occurred with magnetite-actinolite-tourmaline development associated with hypogene copper and uranium. Locally significant ENE-trending cross fault structures are evident at surface and act as feeders to copper-uranium mineralisation. These structures define an ENE trending corridor of structural disruption extending to the large Andocolla copper mine, approximately 15km ENE of Los Mantos.

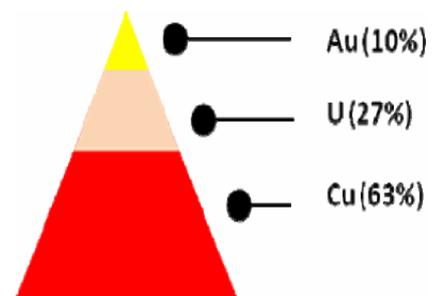
Mineralisation is characterised by multiply-stacked tabular mantos horizons that dip moderately toward the east. Hot Chili have undertaken confirmation work comprising surface and underground geological assessment of shallow workings, hand-held scintillometer work, and rock chip sampling. Hot Chili sampling of deeper and wider Mantos horizon (+6m in true width) in sulphide material recorded over 1% Cu, 440ppm U, 4060ppm Mo, and very high REE.

Target

Hot Chili is targeting a large uranium resource amenable to open - cut mining within an identified surface foot print of 2km by 1km. Available geological information compiled over this project suggests a target mineralisation in the order of 7 - 40 million pounds of U₃O₈ with a credit of 450,000 to 600,000 tonnes of copper and 100,000 to 390,000 ounces of gold at the Los Mantos project. Significant additional up - side, particularly uranium, exists at depth and is not quantified here.

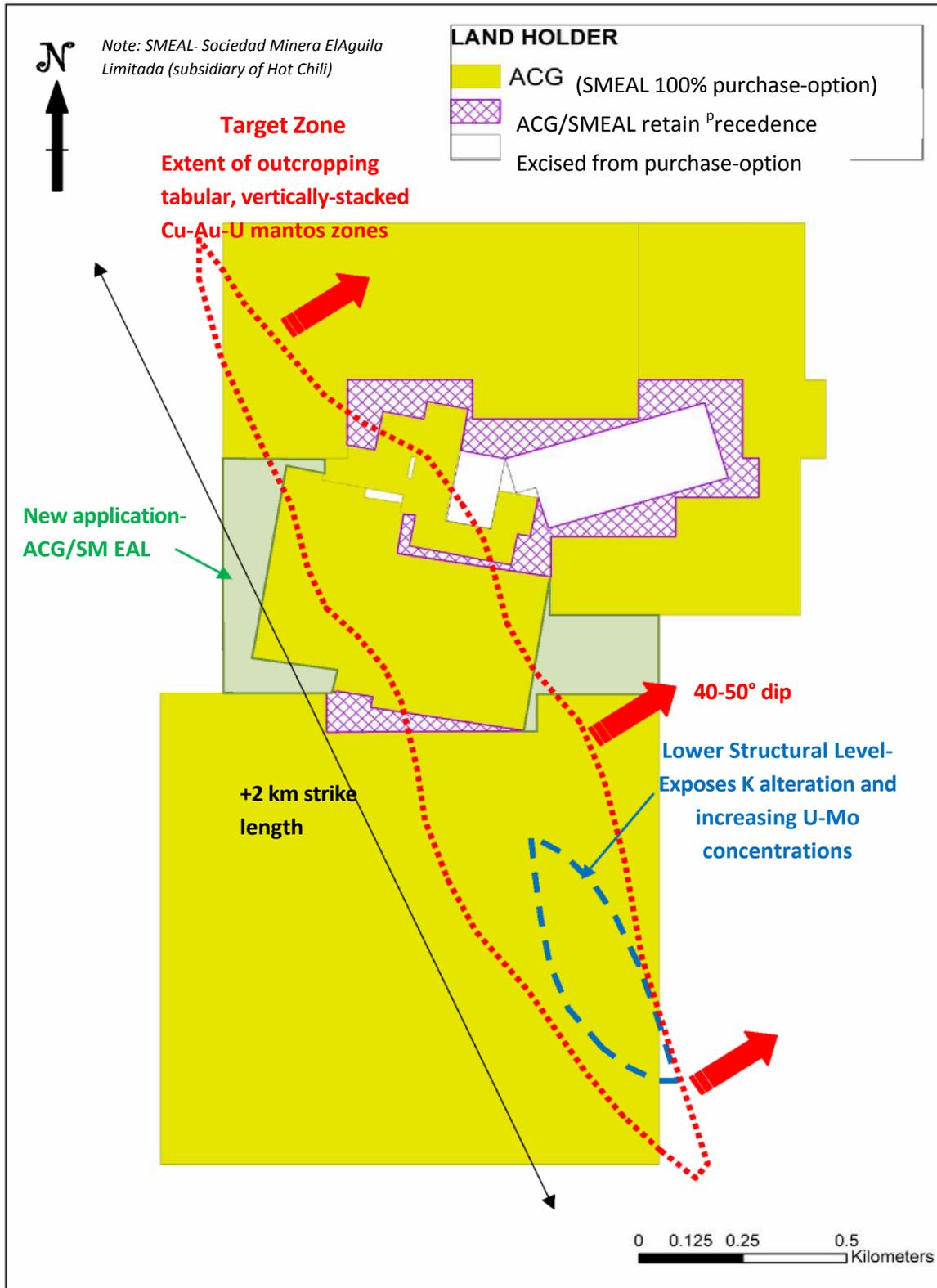
Commodity Target Value Break - Down

| Copper | | | Uranium | | |
|--------------------|--------|----------------|----------------------|--------|-------------------------------------|
| Grade Range (Cu %) | Tonnes | Metal (Mt) | Grade Range (U kg/t) | Tonnes | U ₃ O ₈ (Mlb) |
| 1.5-2 | > 30Mt | 0.4-0.6 | 0.1-0.6 | > 30Mt | 7 -40 |
| REE | | | Gold | | |
| Main Types | Tonnes | | Grade Range (g/t) | Tonnes | Metal (M Oz) |
| Eu, Nd, Sm, V | > 30Mt | | 0.1-0.4 | > 30Mt | 0.1 - 0.39 |



Note: Target sizes calculated using all available geological information to determine conservative estimates of strike, width, depth and appropriate specific gravity. Maximum depth extrapolation of 200m from surface. Commodity value break-down calculated using U₃O₈ price of US\$50/lb, Copper price of US\$3,500/t, Gold price of US\$850/oz and A\$/US\$ rate of 0.65.



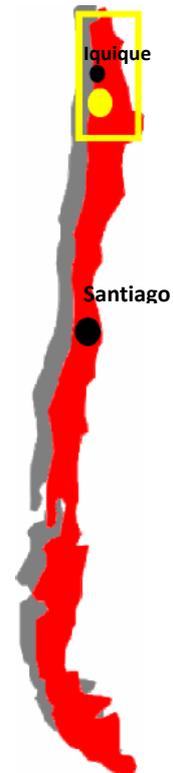


Los Mantos Land Position

Chile Norte Project

Hot Chili Limited through its subsidiary El Aguila is advanced in assembling a significant land position in Northern Chile. The Chile Norte project represents a large iron - oxide - copper gold style target with significant at surface, uranium evaporite style mineralisation already identified. Chile Norte is located in the northern Region II of Chile, south of the coastal city of Iquique. It is proximal to sealed roads, power and lies within 50kms of port facilities.

The Chile Norte project area contains identified uranium mineralisation over a 5km and 17.5km NNW – SSE zone along a 24km long section of the Atacama Fault Zone. Recent work by Hot Chili has confirmed the potential for extensions of near - surface evaporite related uranium mineralisation and primary iron - oxide - copper - gold style mineralisation within its land positions. Uranium exploration undertaken by Essex Minerals between 1977 and 1981 identified 10 anomalies over 2 sections; 5km and 17.5km in extent. The preliminary radiometric aerial survey was followed up by a limited program of ground mapping, radiometry, trenching and sampling. Comisión Chilena de Energía Nuclear (CCHEN) rated Chile Norte as the second largest uranium project in Chile (Productora rated as the largest) following a review of over 80 confirmed uranium prospects that have been identified in the country to date. Exploration work undertaken by Hot Chili has confirmed the presence of a strike extensive zone of near-surface uranium mineralisation that is interpreted to extend and be concealed under shallow colluvial cover through Hot Chili's land positions. This work mainly comprised ground truthing, confirmation sampling of trench material and ground scintillometer readings.



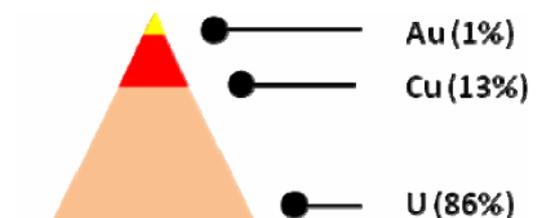
Target

Hot Chili is targeting a series of large uranium resources amenable to open-cut mining within an identified surface foot print of 10km cumulative strike by 500m width. Available geological information compiled over this project suggests a target mineralisation in the order of 55 -185 million pounds of U₃O₈. Similar potential is considered to lie within the northern and southern extensions covered by Hot Chili's exploration concession applications. Hot Chili also considers there is significant potential for the presence of a moderate sized oxide copper-gold deposit at the Chile Norte project.

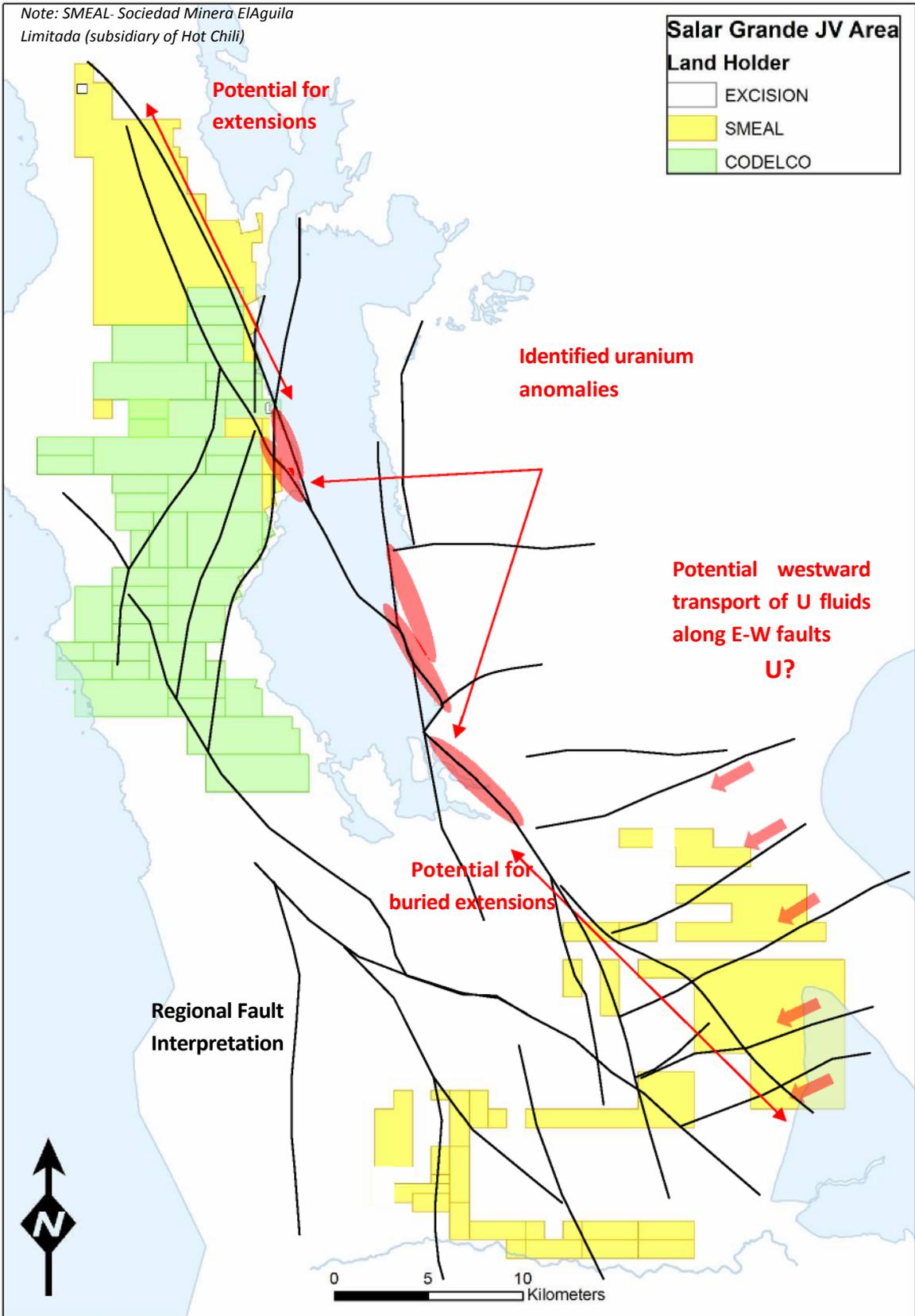
Commodity Target Value Break-Down

| Copper | | | Uranium | | |
|-----------------------|--------|---------------|-------------------------|--------|--|
| Grade Range (Cu %) | Tonnes | Metal (Mt) | Grade Range (U kg/t) | Tonnes | U ₃ O ₈ (Mlb) |
| 1.5-2 | > 20Mt | 0.3-0.4 | Surface- 0.3 - 1.0 | > 34Mt | 22-75 |
| | | | Primary- 0.3-1.0 | >50Mt | 33-110 |

| REE | | Gold | | |
|------------|--------|----------------------|--------|----------------|
| Main Types | Tonnes | Grade Range (g/t) | Tonnes | Metal (MOz) |
| ? | >84Mt | 0.3-0.5 | > 20Mt | 0.06-0.1 |



Note: Target sizes calculated using all available geological information to determine conservative estimates of strike, width, depth and appropriate specific gravity. Maximum depth extrapolation of 200m from surface. Commodity value break-down calculated using U₃O₈ price of US\$50/lb, Copper price of US\$3,500/t, Gold price of US\$850/oz and A\$/US\$ rate of 0.65.



Chile Norte Land Position

Qualifying Statements

Disequilibrium Explanatory Statement

eU3O8 refers to the equivalent U3O8 grade. This is estimated from gross gamma down-hole measurements corrected for water and drilling mud in each hole. These results are provisional upon the application of calibration correction factors which are determined from geochemical analysis. Geochemical analysis may show higher or lower amounts of actual U3O8, the difference being referred to as disequilibrium.

Target Size & Target Mineralisation Statement

Exploration Target Size and Target Mineralisation described in this information memorandum is conceptual in nature and should not be construed as a JORC compliant Mineral Resource. Target mineralisation is based on projections of established grade ranges over appropriate widths and strike lengths having regard for geological considerations including mineralisation style, specific gravity and expected mineralisation continuity as determined by qualified geological assessment. There is insufficient information to establish whether further exploration will result in the determination of a Mineral Resource.

Competent Person Statement

This ASX release has been compiled by Mr Paul Benson of Aragon Resources Ltd using information based on exploration results supplied by Mr Bernard Roland Mounford of Hot Chili Ltd who are the operators of the Productora, Los Mantos and Chile Norte Projects. 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 is a member of the Australian Institute of Mining and Metallurgy and consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The review of exploration activities and results contained in this report is based on information compiled by Mr Bernard Roland Mounford, a Member of the Australian Institute of Mining and Metallurgy. He is a director of Hot Chili Limited and has sufficient experience which is relevant to the style of mineralisation and types of deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the December 2004 edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves (the JORC Code). Mr Mounford has consented to the inclusion in the report of the matters based on his information in the form and context in which it appears.