

# QUARTERLY REPORT

For period ending 30 September 2008

The Board of Directors of Argonaut Resources NL is pleased to deliver the following report for the Quarter to 30 September 2008.

## Highlights

### Kroombit, Australia

- Argonaut announced robust drilling results from the Kroombit copper-zinc deposit resource drilling program, conducted during the Quarter.
- Results have now been received for the first 79 of 180 reverse circulation drill holes. Of these 79 holes, only 3 have failed to return a significant mineralised intercept. Highlights include:

#### *Copper*

- KRRC33: 34m at 2.02% Cu from 88m
- KRRC37: 21m at 3.16% Cu from 78m
- KRRC37: 11m at 5.00% Cu from 78m
- KRRC51: 46m at 1.56% Cu from 36m
- KRRC51: 27m at 2.01% Cu from 47m
- KRRC66: 11m at 3.95% Cu from 95m

#### *Zinc*

- KRRC38: 9m at 10.7% Zn from 51m
- KRRC43: 20m at 5.31% Zn from 48m
- KRRC50: 18m at 5.15% Zn from 71m
- KRRC51: 20m at 4.94% Zn from 14m
- KRRC80: 39m at 4.40% Zn from 50m
- incl. 10m at 11.92% Zn from 69m
- KRRC84: 16m at 6.56% Zn from 4m

### Laos

- Planning for the forthcoming dry season exploration program is being undertaken. It is planned to follow-up priority targets identified

### Cash

- At 30 September Argonaut had cash and deposits of \$9.514 million and no debt.

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# Exploration

## Australia

### *Kroombit Cu-Zn Deposit (Argonaut 100%)*

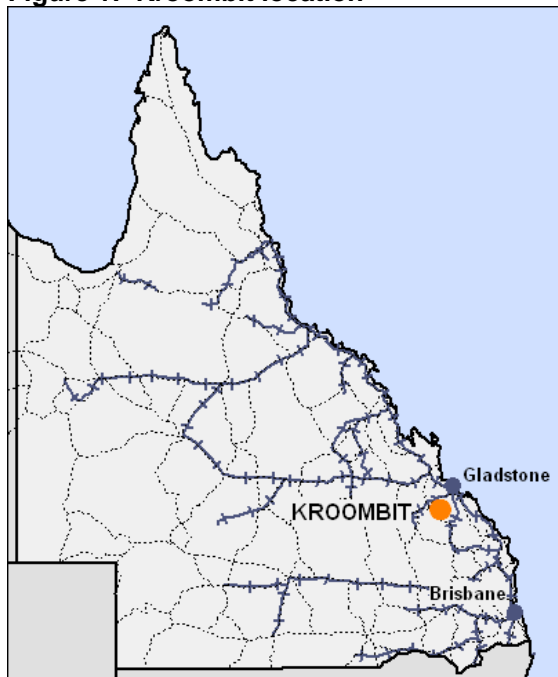
During the Quarter Argonaut completed the resource drilling program at the Kroombit copper-zinc deposit in Central Queensland.

**Results have now been received for the first 79 of 180 reverse circulation drill holes. Of these 79 holes, only 3 have failed to return a significant mineralised intercept.**

The results received to date indicate that copper mineralisation within the system is more extensive than anticipated.

Recent highlights are detailed in Table 1 and Table 2. Figure 6 shows drill collar locations and Appendix 1 details all significant analytical results received to date.

**Figure 1: Kroombit location**



**Table 1: Kroombit drilling highlights - copper**

Hole	From (m)	Interval (m)	Cu (%)
KRRC16	49	46	0.65
KRRC17	76	11	2.49
KRRC19	65	21	1.10
KRRC29	35	23	1.40
KRRC33	77	45	1.63
KRRC33	88	34	2.02
KRRC37	78	21	3.16
KRRC37	78	11	5.00
KRRC51	36	46	1.56
KRRC51	47	27	2.01
KRRC59	38	20	1.20
KRRC62	29	15	1.82
KRRC63	64	19	2.02
KRRC63	65	6	4.55
KRRC66	88	19	2.45
KRRC66	95	11	3.95
KRRC77	34	20	1.15
KRRC77	87	12	2.06
KRRC88	49	32	1.39
KRRC88	49	12	2.03
KRRC92	61	21	1.01
KRRC92	71	18	1.99

The purpose of the drilling program is to progress the resource calculation of known mineralisation at Kroombit to JORC standards and to provide core for confirmatory analysis, bulk density calculations and ongoing metallurgical testwork.

The program was comprised of 180 Reverse Circulation holes for a total of approximately 15,000 metres.

Additionally, minor diamond drilling diamond drilling was undertaken. Drilling rigs have now been demobilised.

Three Induced Polarisation (IP) lines, seeking deeper copper mineralisation were also completed. The third of these lines shows a chargeability anomaly from 100m located beneath an alteration halo, proximal to the known, near surface mineralisation. This anomaly will be tested prior to the conclusion of the program.

**Table 2: Kroombit drilling highlights - zinc**

Hole	From (m)	Interval (m)	Zn (%)
KRRC18	22	61	2.05
<i>incl.</i>	22	25	2.99
KRRC22	31	72	1.87
<i>incl.</i>	31	18	4.14
KRRC23	12	80	1.70
KRRC28	0	41	2.43
KRRC33	29	45	3.09
KRRC38	0	41	2.66
<i>and</i>	<b>51</b>	<b>9</b>	<b>10.70</b>
KRRC40	60	21	5.30
KRRC43	22	46	3.19
<i>incl.</i>	<b>48</b>	<b>20</b>	<b>5.31</b>
KRRC45	0	100	1.53
KRRC47	52	31	2.56
KRRC49	14	39	2.09
KRRC50	52	37	3.52
<i>incl.</i>	<b>71</b>	<b>18</b>	<b>5.15</b>
KRRC51	<b>14</b>	<b>20</b>	<b>4.94</b>
KRRC54	41	40	2.00
KRRC63	0	53	2.10
KRRC64	33	66	2.14
KRRC65	0	42	2.07
KRRC74	0	27	3.75
KRRC77	0	34	2.77
KRRC80	<b>50</b>	<b>39</b>	<b>4.40</b>
<i>incl.</i>	<b>69</b>	<b>10</b>	<b>11.92</b>
KRRC84	0	48	3.38
<i>incl.</i>	<b>4</b>	<b>16</b>	<b>6.56</b>
KRRC91	0	61	2.29

The Kroombit copper-zinc deposit is a skarn-style mineral deposit hosted in Devonian age sediments and volcanics with interpreted associated porphyritic intrusive rocks.

Earlier bench scale floatation tests indicate that conventional floatation cells will be able to produce zinc concentrates of approximately 35% Zn and copper concentrates of approximately 33% Cu.

To protect extensions to the Kroombit deposit and other conceptual targets in the area, the company holds three Mineral Exploration Permits covering 663 square kilometres surrounding ML 5631. These tenements are:

- EPM 15705, Mt Kroombit;
- EPM 15733, Blue Hills; and
- EPM 15734, Mt Lookerbie.

These areas include prospective geological features and all available known zinc and copper mineral occurrences adjacent to the Kroombit Mining Lease.

During the Quarter, the company undertook a stream sediment sampling program on EPM 15733 and EPM 15734 (Figure 1), aimed at providing data for the prioritisation of regional exploration targets.

### ***EL3195, Torrens (Argonaut 100%)***

Confirmation of approvals required for the recommencement of drilling was not received by the Joint Venture during the Quarter.

The Torrens Project is located in South Australia's Gawler Craton region (Stuart Shelf), within 50 kilometres of Teck Cominco's Carapateena copper-gold discovery and 75 kilometres from BHP's Olympic Dam mine.

The project contains strong magnetic and gravity anomalies with previous drilling by WMC Ltd intersecting intense magnetite and haematite alteration typical of Olympic Dam and Carapateena style ore bodies in SA.

Straits Resources Ltd. has the right to earn a 70% interest in the project, pursuant to the terms of the Joint Venture, by spending \$7 million on exploration within 5 years. Argonaut currently holds 100%.

### ***EL3037, Alford (Argonaut 80%)***

Argonaut's Joint Venture partner, Hillgrove Resources Ltd can earn a 70% interest by spending \$4 million on exploration.

### ***EL3193 and EL3075, Aroona (Argonaut 100%)***

No exploration work was undertaken on EL3195 or EL3075 during the Quarter. These tenements are currently subject to a joint venture agreement with Perilya Limited.

# Laos

**Figure 2: Laos**



Drilling is planned for 08/09 dry season and will be focussed only on very high priority targets. This is a consequence of the downturn in financial markets and the need to ensure that Argonaut concentrates its resources to optimum effect.

Argonaut continued to develop its gold targets at the Century tenement during the Lao wet season (May to October) by continuing the program of surface sampling.

## **Century Area (Argonaut 70%)**

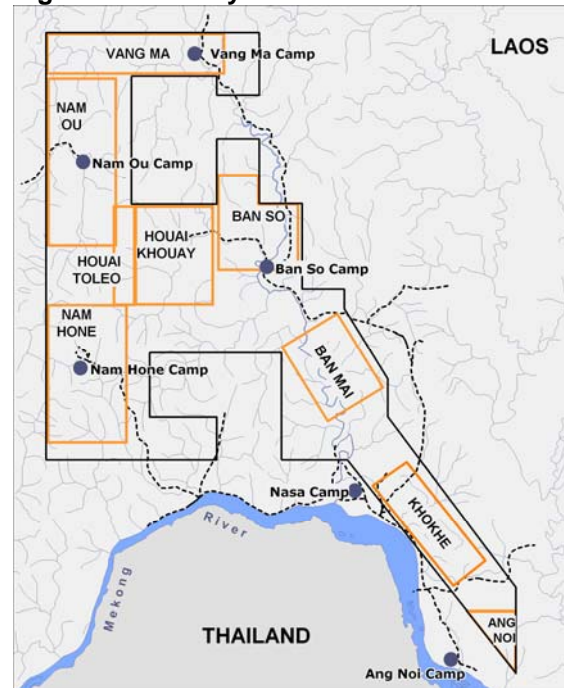
Coherent gold targets at Houai Khouay, in central Century block, remain a focus for the Company. Targets were defined by soil anomalies and a highly successful trenching program, announced last Quarter,

The Century tenement was subject to flooding during the Quarter after the Mekong River burst its banks in many places. This delayed the work program by approximately three weeks.

The exploration team completed 1:500 scale detailed topographic surveys at Century in

preparation for drilling programs and collected 436 soil samples and 205 rock chip samples.

**Figure 3: Century – 226km<sup>2</sup>**



## **Houai Khouay Prospect (Gold)**

Gold anomalies generated by soil sampling in the Houai Khouay area show that trenching results to date come from the first of many nearby targets that require detailed follow-up exploration.

The gold mineralisation at Houai Khouay, as defined by trenching, appears to be coherent and robust over potentially economic widths.

The mineralisation is found in a swarm of quartz veins, with individual veins up to 5m in thickness. These veins are hosted near the margin of an intrusive mafic body, interpreted to be part of broader, fractionated, intrusive igneous system.

The combination of: strong gold and pathfinder element geochemistry; an extensive and densely packed system of quartz veins; and a favourable, intrusive igneous setting, make the Houai Khouay gold prospect truly exciting.

## **Nickel Targets**

During the Quarter minor exploration work was undertaken on nickel targets located on the

Century tenement. Nickel targets have been identified at Nam Hone East, Vang Ma, Vang Ma West and Houai Khouay.

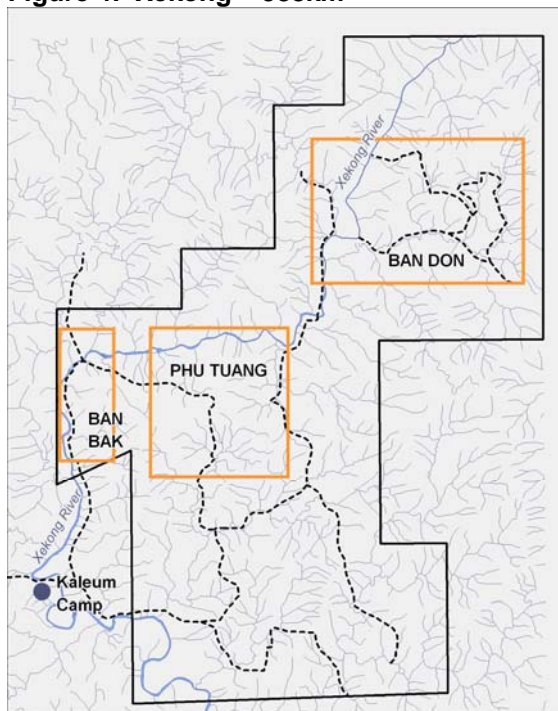
The exploration work included soil sampling rock chip sampling and topographic surveying in preparation for contingent trenching and drilling programs.

### **Xekong Area (Argonaut 65%)**

The company has defined seven prospective areas over the 588 square kilometre tenement at Xekong. The most prospective area defined by reconnaissance sampling is a prospect known as Ban Bak.

Field work was not undertaken in the Quarter due to wet season conditions.

**Figure 4: Xekong – 588km<sup>2</sup>**



### **Ban Bak Prospect**

The principal gold mineralisation at Ban Bak appears to be strata-bound, replacement style gold mineralisation hosted in a silicified mudstone, stratigraphically above a decalcified bioclastic limestone.

Mineralisation at Ban Bak is spatially associated with porphyry intrusions which, in many cases, are related to separate economically viable deposits.

The mineralised areas were identified using a gold, arsenic and antimony geochemical signature in soil samples. This geochemical 'fingerprint' has been used in the discovery of numerous economic gold deposits.

### **Corporate**

During the period, Argonaut became aware of irregularities in its financial records which are consistent with fraudulent misappropriation of Argonaut funds.

On Friday 17 October 2008, Argonaut commenced proceedings in the Supreme Court of New South Wales against former employee Sarah-Jane Vaughan, claiming \$2,386,455 plus damages, interest and costs in relation to alleged fraudulent misappropriation by her of Argonaut funds during the period of 2002 to mid-September 2008.

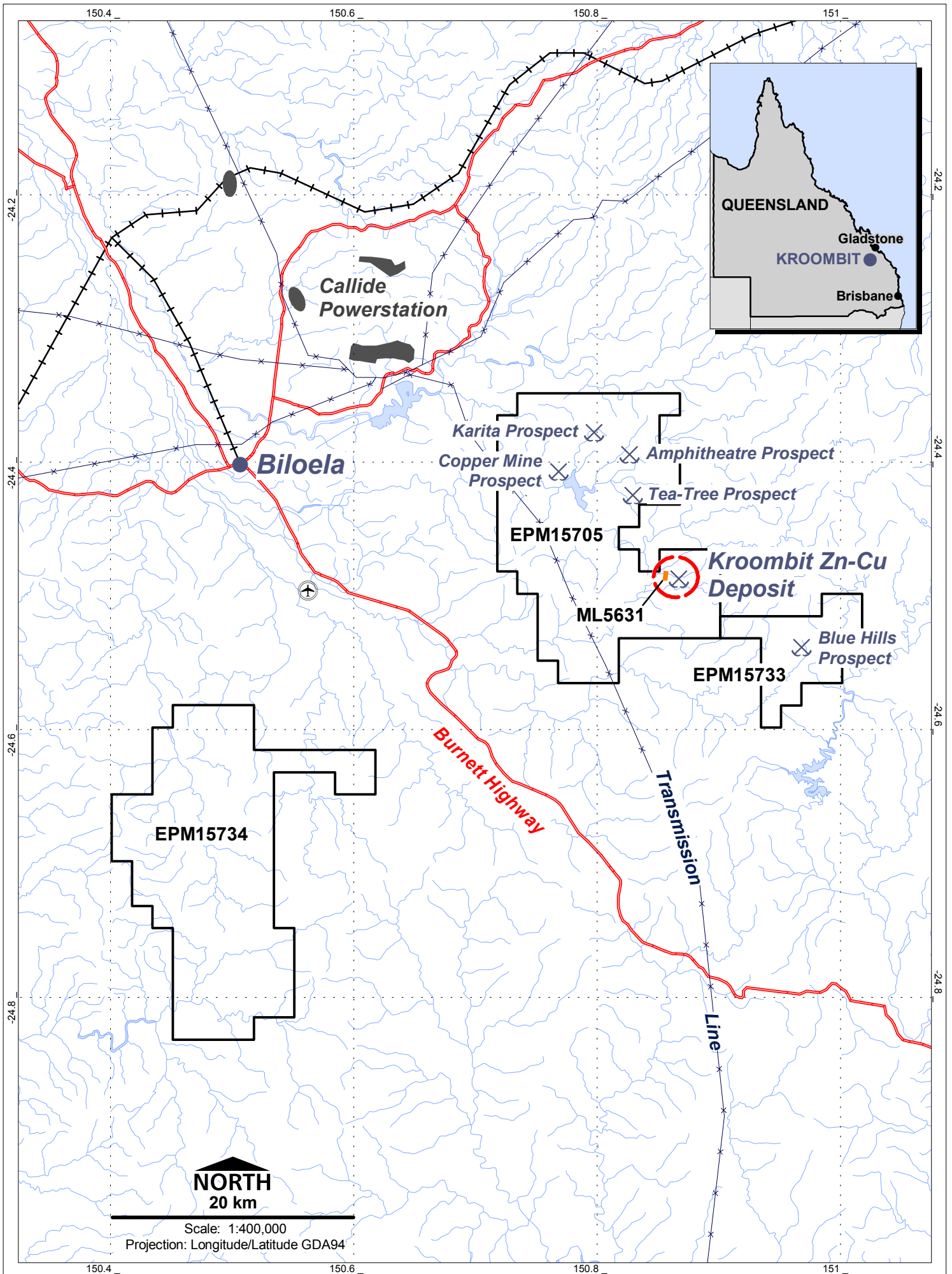
Subsequent to the Quarter, the Court made orders in relation to the proceedings including orders freezing certain of Vaughan's assets.

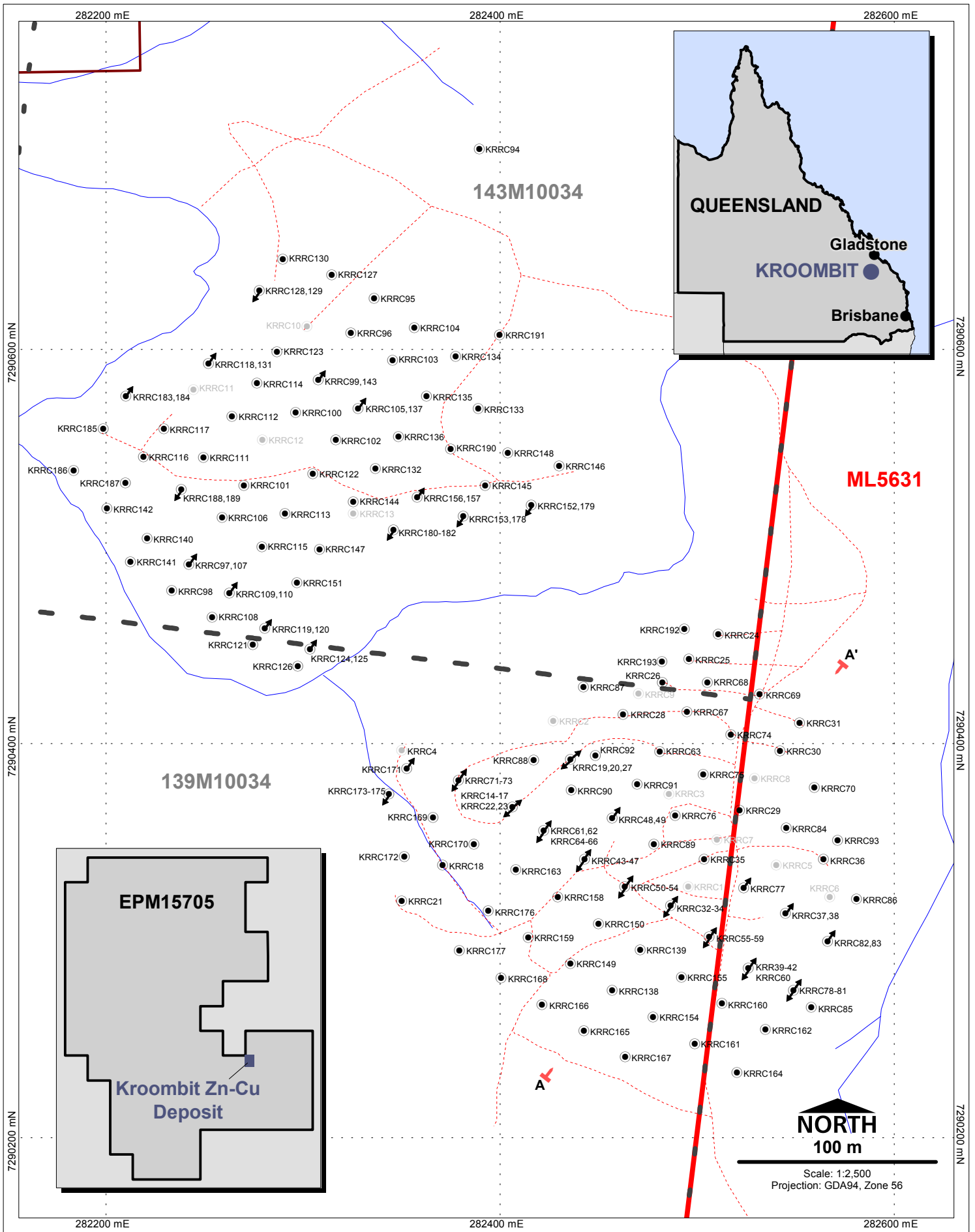
Argonaut's review as to the extent of the fraudulent misappropriation and the impact of it on the Company is continuing, as is Argonaut's consideration of further avenues for recovery of the misappropriation of funds.

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**Graeme Ellis**  
 Managing Director  
 Argonaut Resources NL

*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 appear.*



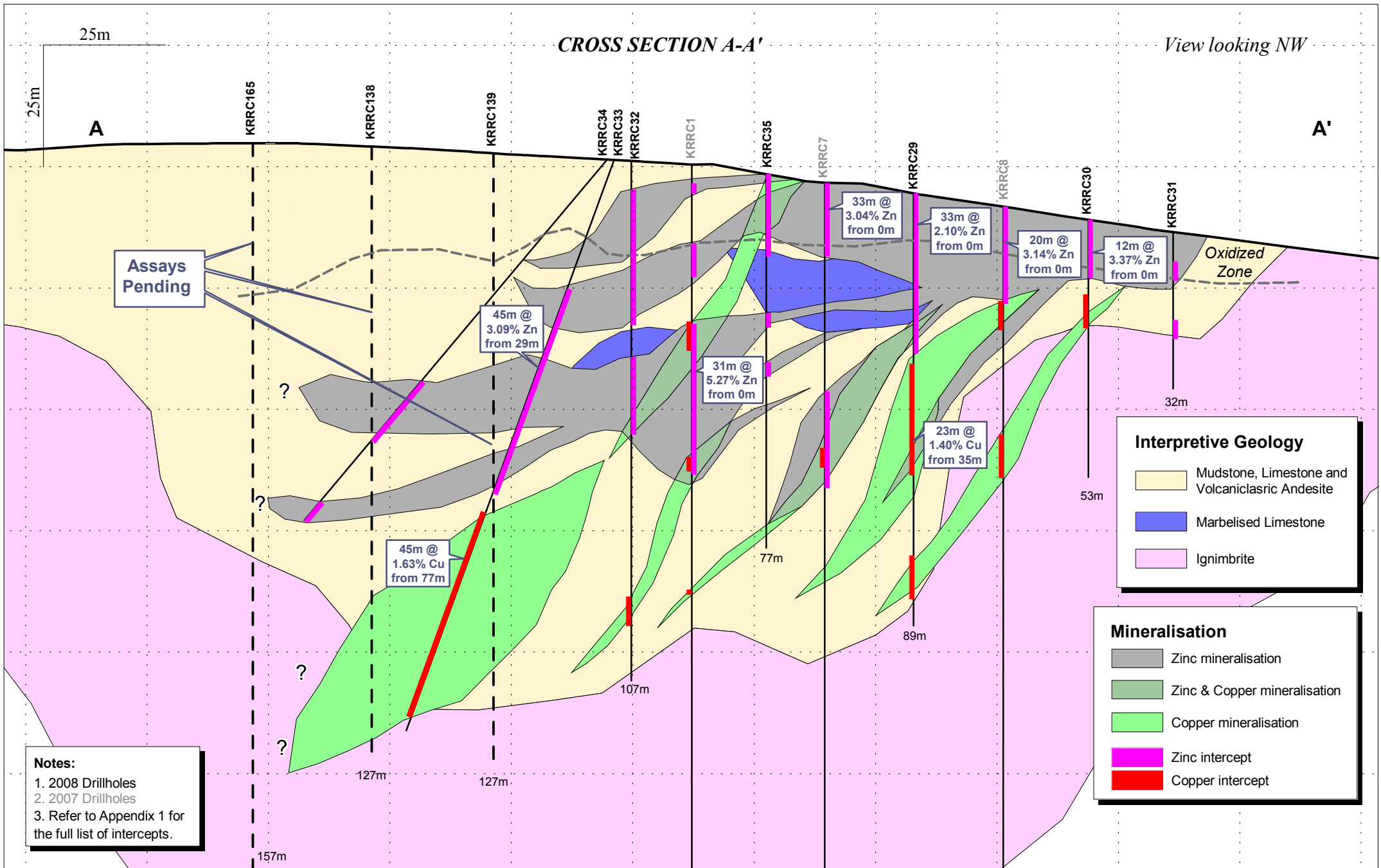


Legend	
●	Complete Drillholes
↕	Fan of 5 Drillholes
↗	Pair of one vertical and one angle Drillhole
○	Previous Argonaut Drillholes
---	Track
—	Creek
---	Argonaut Freehold



**EPM 15705, Kroombit Zn-Cu Deposit  
Resource Drilling Program**

Figure 6 Date: 6 October 2008





**Kroombit RC Drill Intersections**

Hole	East	North	RL	Dip	Azimuth	Depth	From	To	Interval	Zn (%)	Cu (%)	Comment
KRRC1	282,513	7,290,355	313	-90	0	200	4	5	1	1.15		
and							16	23	7	3.70		
and							32	38	6		1.23	
and							33	64	31	5.27		
including							61	63	2		1.05	
and							86	87	1		0.96	
KRRC2	282,429	7,290,419	300	-90	0	156	0	9	9	2.76		
and							30	37	7	3.84		
including							32	38	6		1.07	
and							68	69	1		1.53	
KRRC3	282,497	7,290,396	307	-90	0	150	0	9	9	5.18		
and							24	31	7	2.34		
and							35	62	27	1.86		
including							41	53	12	2.63		
and							67	91	24		0.95	
including							67	77	10		1.48	
KRRC4	282,358	7,290,401	290	-90	0	150	0	3	3	4.90		
and							12	43	31	2.81		
and							52	55	3	2.19		
and							102	110	8	2.03		
and							109	111	2		1.23	
KKRC5	282,551	7,290,367	309	-90	0	145	0	13	13	5.97		
and							19	44	25	4.17		
including							27	41	14	7.1		
including							37	40	3	18.55		
and							50	71	21	1.8		
including							53	65	12	2.72		
and							41	43	2		1.12	
and							89	93	3		2.54	
KKRC6	282,578	7,290,354	308	-90	0	150	13	44	31	2.56		
including							34	44	10	3.5		
KRRC7	282,523	7,290,382	309	-90	0	150	0	33	33	3.04		
including							0	15	15	6.28		
and							4	13	9		0.41	
and							43	63	20	2.21		
including							44	48	4		0.97	
KRRC8	282,537	7,290,409	305	-90	0	150	0	20	20	3.14		
including							16	19	3	7.07		
and							18	24	6		1.48	
including							20	21	1		4.37	
and							28	30	2	2.56		
and							31	33	2	2.14		
and							43	52	9		0.90	
including							44	45	1		3.77	
KRRC9	282,481	7,290,439	295	-90	0	150	0	22	22	3.88		
including							12	17	5	5.99		
including							0	1	1		3.4	
including							4	5	1		1.36	
and							22	35	13		0.62	
KRRC10	282,284	7,290,610	288	-90	0	150	1	32	31	1.14		
including							24	28	4	2.47		
and							137	140	3		1.29	
including							138	139	1		3.14	
KRRC11	282,232	7,290,570	282	-90	0	150	0	14	14	2.28		
and							24	51	27	2.16		
including							37	41	4	6.76		
and							78	90	12		1.09	
KRRC12	282,270	7,290,549	291	-90	0	150	3	74	71	2.14		
and							73	86	13		0.73	
KKRC13	282,326	7,290,519	293	-90	0	37	34	35	1		5.9	
KRRC14	282,406	7,290,367	458	-90	0	143	38	50	12	2.70		
and							56	78	22	2.49		
and							79	81	2		1.24	
KRRC15	282,409	7,290,369	458	-50	50	71	7	19	12	1.01		
and							22	25	3	1.88		
and							29	44	15	2.37		
and							52	65	13		1.58	

**Kroombit RC Drill Intersections**

Hole	East	North	RL	Dip	Azimuth	Depth	From	To	Interval	Zn (%)	Cu (%)	Comment
KRRC16	282,408	7,290,369	458	-70	50	119	7	27	20	2.26		
and							49	95	46		0.65	
incl.							66	74	8	1.58	0.86	
incl.							81	95	14		1.29	
KRRC17	282,407	7,290,368	458	-80	50	149	32	36	4	2.15		
and							60	75	15	1.17		
and							76	77	11		2.49	
KRRC18	282,371	7,290,338	452	-90	0	125	22	83	61	2.05		
incl.							22	47	25	2.99		
KRRC19	282,436	7,290,392	459	-70	50	89	2	11	9	5.56		
and							32	36	4	2.66		
and							41	52	11		1.01	
and							65	86	21		1.10	
KRRC20	282,436	7,290,393	459	-50	50	77	0	7	7	0.97		
and							16	45	29	1.90		
KRRC21	282,350	7,290,320	457	-90	0	101	37	40	13	2.57		
KRRC22	282,406	7,290,367	458	-70	230	107	31	103	72	1.87		
incl.							31	49	18	4.14		
KRRC23	282,405	7,290,366	458	-50	230	95	12	92	80	1.70		
incl.							55	65	10	5.72		
KRRC24	282,511	7,290,455	447	-90	0	77						NSI
KRRC25	282,496	7,290,443	449	-90	0	75	0	9	9	1.68		
KRRC26	282,483	7,290,431	452	-90	0	64	0	21	21	2.00		
KRRC27	282,435	7,290,391	459	-90	0	107	0	7	7	2.40		
and							29	34	5	1.41		
and							49	59	10		1.06	
and							96	99	3		0.76	
KRRC28	282,463	7,290,415	458	-90	0	81	0	41	41	2.43		
and							41	62	21		0.86	
incl.							49	62	13		1.28	
KRRC29	282,521	7,290,366	462	-90	0	89	0	33	33	2.10		
incl.							0	14	14	3.59		
and							35	58	23		1.40	
and							75	84	9		1.23	
KRRC30	282,542	7,290,396	457	-90	0	53	0	12	12	3.37		
and							15	22	7		1.01	
KRRC31	282,552	7,290,410	469	-90	0	32	6	10	4	1.40		
and							18	22	4	1.18		
KRRC32	282,487	7,290,318	469	-90	0	107	6	34	28	2.32		
and							40	56	16	2.51		
and							89	95	6		1.01	
KRRC33	282,487	7,290,317	469	-70	215	125	29	74	45	3.09		
incl.							29	37	8	7.80		
and							77	122	45		1.63	
incl.							88	122	34		2.02	
KRRC34	282,405	7,290,316	469	-50	215	97	60	76	16	1.86		
and							92	97	5	1.69		
KRRC35	282,503	7,290,341	466	-90	0	77	0	17	17	1.43		
and							28	31	3	1.32		
and							38	41	3	1.10		
KRRC36	282,566	7,290,343	461	-90	0	59	20	30	10	3.55		
and							36	38	2	4.72		
KRRC37	282,546	7,290,314	466	-90	0	107	0	12	12	0.95		
and							28	41	13		1.09	
and							35	46	11	1.36		
and							78	99	21		3.16	
incl.							78	89	11		5.00	
KRRC38	282,546	7,290,315	466	-50	35	71	0	41	41	2.66		
and							51	60	9	10.70		
KRRC39	282,529	7,290,290	470	-70	35	116	0	34	34	1.04		
and							37	47	10		1.62	
and							47	51	4	3.46		
and							57	66	9	2.11		
and							66	80	14		0.87	
and							97	104	7		1.90	
KRRC40	282,529	7,290,291	470	-50	35	110	0	9	9	0.81		
and							23	43	20	1.97		

**Kroombit RC Drill Intersections**

Hole	East	North	RL	Dip	Azimuth	Depth	From	To	Interval	Zn (%)	Cu (%)	Comment
and							29	50	21		0.65	
and							60	81	21	5.30		
and							92	94	2	1.02		
and							94	96	2		2.18	
KRRC41	282,528	7,290,289	470	-90	0	89	23	36	13	2.97		
and							56	57	1	1.41		
and							60	62	2		1.14	
and							64	66	2	1.43		
and							73	75	2	1.75		
and							79	82	3	2.77		
KRRC42	282,528	7,290,289	470	-70	215	75	0	13	13	0.89		
and							44	47	3	1.21		
and							63	68	5	2.19		
KRRC43	282,443	7,290,341	467	-90	0	89	0	20	20	0.52		
and							22	68	46	3.19		
incl.							48	68	20	5.31		
incl.							53	68	15		1.06	
KRRC44	282,442	7,290,341	467	-70	215	80	0	30	30	2.30		
and							45	75	30	2.25		
incl.							62	75	13	3.76		
and							55	63	8		0.51	
KRRC45	282,442	7,290,340	466	-50	215	100	0	100	100	1.53		
incl.							0	27	27	2.55		
KRRC46	282,443	7,290,342	466	-70	35	89	0	23	23	1.75		
incl.							8	23	15		0.50	
and							39	46	7		0.71	
and							65	69	4		0.53	
and							81	83	2	1.19	0.93	
KRRC47	282,444	7,290,343	466	-50	35	113	0	22	22	2.20		
and							25	35	10	2.96		
and							41	46	5	1.29		
and							52	83	31	2.56		
and							83	85	2		0.89	
KRRC48	282,457	7,290,362	464	-90	0	80	0	9	9	1.39		
and							15	38	23	1.83		
and							61	62	1		2.66	
KRRC49	282,458	7,290,363	464	-50	215	101	0	4	4	1.71		
and							14	53	39	2.09		
and							57	65	8	1.35		
and							72	77	5		0.91	
KRRC50	282,467	7,290,332	467	-90	0	89	8	26	18	3.23		
incl.							9	17	8	5.87		
and							44	53	9		1.32	
and							52	89	37	3.52		
incl.							71	89	18	5.15		
KRRC51	282,467	7,290,332	467	-70	215	83	14	34	20	4.94		
and							36	82	46		1.56	
incl.							47	74	27		2.01	
KRRC52	282,466	7,290,331	467	-50	215	85	25	32	7	1.47		
and							49	77	28	1.16		
KRRC53	282,467	7,290,333	467	-70	35	95	3	24	21	2.66		
and							51	58	7		0.87	
and							56	62	6	3.03		
and							77	81	4	1.25		
and							86	95	9		0.87	
KRRC54	282,468	7,290,334	467	-50	35	83	2	21	19	1.38		
and							26	29	3	2.86		
and							41	81	40	2.00		
KRRC55	282,505	7,290,300	470	-90	0	77	73	74	1	6.49		
KRRC56	282,506	729,031	470	-70	215	77	34	47	13	3.25		
and							66	77	11	1.49		
KRRC57	282,507	7,290,302	470	-50	215	59						NSI
KRRC58	282,507	7,290,303	470	-70	35	77	12	28	16	2.46		
and							41	46	5	1.27		
and							52	73	21	1.78		
KRRC59	282,505	7,290,300	470	-50	35	89	7	25	18	1.90		
and							38	58	20		1.20	

**Kroombit RC Drill Intersections**

Hole	East	North	RL	Dip	Azimuth	Depth	From	To	Interval	Zn (%)	Cu (%)	Comment
<i>incl.</i>							41	47	6	3.19		
<i>and</i>							64	68	4	2.60		
<i>and</i>							76	86	10	3.85		
KRRC60	282,526	7,290,286	470	-50	35	59	0	23	23	0.70		
KRRC61	282,422	7,290,356	462	-90	0	101	3	27	24	2.00		
<i>and</i>							26	36	10		1.61	
<i>and</i>							68	73	5	4.18		
<i>and</i>							82	95	13		1.33	
KRRC62	282,423	7,290,357	462	-70	35	100	2	15	13	2.13		
<i>and</i>							29	44	15		1.82	
<i>and</i>							44	51	7	1.88		
<i>and</i>							79	94	15		1.17	
KRRC63	282,481	7,290,396	459	-90	0	89	0	53	53	2.10		
<i>incl.</i>							0	20	20	3.16		
<i>and</i>							64	83	19		2.02	
<i>incl.</i>							65	71	6		4.55	
KRRC64	282,421	7,290,354	462	-70	215	104	1	18	17	3.88		
<i>and</i>							28	33	5		1.20	
<i>and</i>							33	99	66	2.14		
<i>incl.</i>							58	69	11	4.42		
<i>incl.</i>							74	93	19	3.05		
<i>and</i>							103	104	1	1.59		
KRRC65	282,422	7,290,355	462	-50	215	83	0	42	42	2.07		
<i>incl.</i>							16	31	15	2.98		
<i>and</i>							47	54	7	1.49		
KRRC66	282,423	7,290,357	462	-50	35	113	26	40	14	1.30		
<i>and</i>							51	58	7	1.28		
<i>and</i>							67	87	20	2.93		
<i>and</i>							88	107	19		2.45	
<i>incl.</i>							95	96	11		3.95	
KRRC67	282,495	7,290,416	455	-90	0	65	0	14	14	3.22		
<i>and</i>							26	31	5	4.58		
<i>and</i>							31	34	3		1.27	
KRRC68	282,505	7,290,431	452	-90	0	53	0	12	12	2.92		
KRRC69	282,532	7,290,425	453	-90	0	23	0	23	23	0.90		
KRRC70	282,559	7,290,377	458	-90	0	23						
KRRC71	282,379	7,290,382	454	-90	0	65	13	26	13	2.29		
<i>and</i>							51	60	9	3.96		
KRRC72	282,380	7,290,382	454	-60	35	61	9	16	7	4.24		
<i>and</i>							25	51	26	2.73		
<i>incl.</i>							25	40	15	3.43		
KRRC73	282,379	7,290,381	454	-60	215	71	10	27	17	2.22		
<i>and</i>							47	71	24	1.78		
<i>incl.</i>							48	64	16	2.35		
KRRC74	282,517	7,290,404	456	-90	0	33	0	27	27	3.75		
<i>incl.</i>							13	23	10	6.15		
KRRC75	282,503	7,290,384	460	-90	0	55	0	23	23	2.02		
<i>and</i>							43	51	8	1.95		
KRRC76	282,489	7,290,363	463	-50	35	44	0	17	17	1.61		
<i>and</i>							17	22	5		1.01	
<i>and</i>							29	41	12	1.71		
KRRC77	282,524	7,290,327	468	-90	0	101	0	34	34	2.77		
<i>incl.</i>							22	34	12	4.23		
<i>and</i>							34	54	20		1.15	
<i>and</i>							56	63	7	2.54		
<i>and</i>							69	76	7		1.24	
<i>and</i>							76	82	6	2.45		
<i>and</i>							87	99	12		2.06	
KRRC78	282,549	7,290,275	469	-90	0	71	0	33	33	0.90		
<i>and</i>							47	60	13	5.12		
KRRC79	282,549	7,290,276	468	-50	35	23	0	23	23	0.79		
KRRC80	282,550	7,290,277	468	-70	35	89	0	32	32	1.26		
<i>and</i>							50	89	39	4.40		
<i>incl.</i>							69	79	10	11.92		
KRRC81	282,548	7,290,274	469	-60	215	71	0	25	25	0.99		
<i>and</i>							25	31	6	1.31		
<i>and</i>							31	47	16	0.77		
KRRC82	282,566	7,290,300	465	-90	0	104	0	24	24	0.85		

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**Kroombit RC Drill Intersections**

Hole	East	North	RL	Dip	Azimuth	Depth	From	To	Interval	Zn (%)	Cu (%)	Comment
and							42	57	15	2.01		
and							76	87	11	1.28		
and							92	98	6		1.23	
KRRC83	282,566	7,290,300	465	-50	35	78	0	18	18	1.16		
KRRC84	282,545	7,290,357	461	-90	0	77	0	48	48	3.38		
incl.							4	20	16	6.56		
and							48	65	17		0.90	
KRRC85	282,558	7,290,266	469	-90	0	53	2	29	27	1.35		
KRRC86	282,581	7,290,321	461	-90	0	77	33	39	6	4.05		
KRRC87	282,443	7,290,429	451	-90	0	41	0	17	17	3.63		
and							17	37	20		0.72	
incl.							23	36	13		1.21	
KRRC88	282,417	7,290,392	457	-90	0	82	25	42	17	3.42		
and							49	81	32		1.39	
incl.							49	61	12		2.03	
KRRC89	282,478	7,290,349	465	-90	0	77	0	23	23	2.64		
and							44	57	13	2.63		
and							55	62	7		1.04	
and							67	73	6	2.00		
KRRC90	282,436	7,290,376	461	-90	0	88	39	60	21	2.57		
and							60	70	10		0.50	
and							78	85	7		1.19	
KRRC91	282,469	7,290,379	461	-90	0	95	0	61	61	2.29		
and							61	82	21		1.01	
KRRC92	282,449	7,290,394	458	-90	0	94	0	27	27	2.38		
and							44	54	10	2.68		
and							71	89	18		1.99	

**Notes**

- 1 1m sample interval
- 2 Splitting by riffle splitting of one metre intervals and rotary splitting of 3kg bulk
- 3 Analysis by ALS Chemex - Methods ICP61S, Cu-OG62 & Zn-OG62
- 4 Coordinate System: MGA/GDA94, Zone 56
- 5 IC = Incomplete Result
- 6 NSI = No Significant Intercept

# 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

Argonaut Resources NL

ABN

97 008 084 848

Quarter ended ("current quarter")

30 September 2008

### Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date ( Three months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(2,267)	(2,267)
(b) development		
(c) production	(198)	(198)
(d) administration		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	187	187
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
	(2,278)	(2,278)
<b>Net Operating Cash Flows</b>		
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a)prospects investments		
(b)equity		
(c) other fixed assets	(489)	(489)
1.9 Proceeds from sale of: (a)prospects investments		
(b)equity		
(c)other fixed assets		
1.10 Loans to other entities		
1.11 Loans repaid by other entities		
1.12 Other (provide details if material)	(15)	(15)
	(504)	(504)
<b>Net investing cash flows</b>		
1.13 Total operating and investing cash flows (carried forward)	(2,782)	(2,782)

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(2,782)	(2,782)
	<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 (provide details if material)	(2)	(2)
	<b>Net financing cash flows</b>	(2)	(2)
	<b>Net increase (decrease) in cash held</b>	(2,784)	(2,784)
1.20	Cash at beginning of quarter/year to date	12,325	12,325
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	9,541	9,541

**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	138
1.24	Aggregate amount of loans to the parties included in item 1.10	

1.25 Explanation necessary for an understanding of the transactions

Directors fees and superannuation.

**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

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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

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**Financing facilities available**

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

Amount available \$A'000	Amount used \$A'000

+ See chapter 19 for defined terms.

3.1	Loan facilities		
3.2	Credit standby arrangements		

**Estimated cash outflows for next quarter**

		\$A'000	
4.1	Exploration and evaluation	500	
4.2	Development		
<b>Total</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	9,541	12,325
5.2 Deposits at call		
5.3 Bank overdraft		
5.4 Other (provide details)		
<b>Total: cash at end of quarter</b> (item 1.22)	9,541	12,325

**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			
6.2	Interests in mining tenements acquired or increased			

+ See chapter 19 for defined terms.



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

**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.*

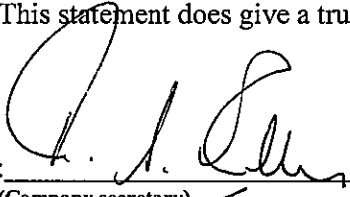
	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 <b>Preference securities</b> <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 <b>+Ordinary securities</b>	165,204,719			
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>	750,000 2,500,000 500,000 3,000,000		<i>Exercise price</i> .30 .30 .30 1.00	<i>Expiry date</i> 10.9.09 15.12.09 21.12.09 29.11.09
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.

7.12	Unsecured notes (totals only)		
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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 give a true and fair view of the matters disclosed.

Sign here:   
(Company secretary)

Date: 28<sup>th</sup> October 2008

Print Name: Graeme Ellis

## 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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