

ASX announcement

1 May 2020

Fast-Tracked Drilling at Island Gold Prospect, Higginsville

Argonaut Resources NL (ASX: ARE) (Argonaut or the Company) is pleased to announce a fast-tracked RC drilling program at the Island gold prospect, located south of the Higginsville gold deposits in Western Australia.

Highlights

- The Island gold prospect is located 9km south of the Higginsville Mining Camp (+2.5MOz) which sits between the St Ives (+15MOz) and Norseman (+10MOz) gold mining districts in Western Australia (Figure 1).
- The Island gold prospect is defined by a 1,200m by 400m gold geochemical anomaly and surface rock-chip samples (Figure 2).
- The anomaly sits over a major structural intersection that may have been a conduit for gold mineralising fluids.
- The Island prospect benefits from not having been previously drilled. Island prospect sits outside of neighbouring tenements which were comprehensively drilled in the 1990s.
- Argonaut is currently fast-tracking its plans to drill approximately 20 RC drill holes at Island prospect.
- Drilling is expected to commence **during June 2020**.
- Argonaut holds a 51% interest in a package of tenements around Higginsville and can earn up to 80% under an earn-in joint venture.

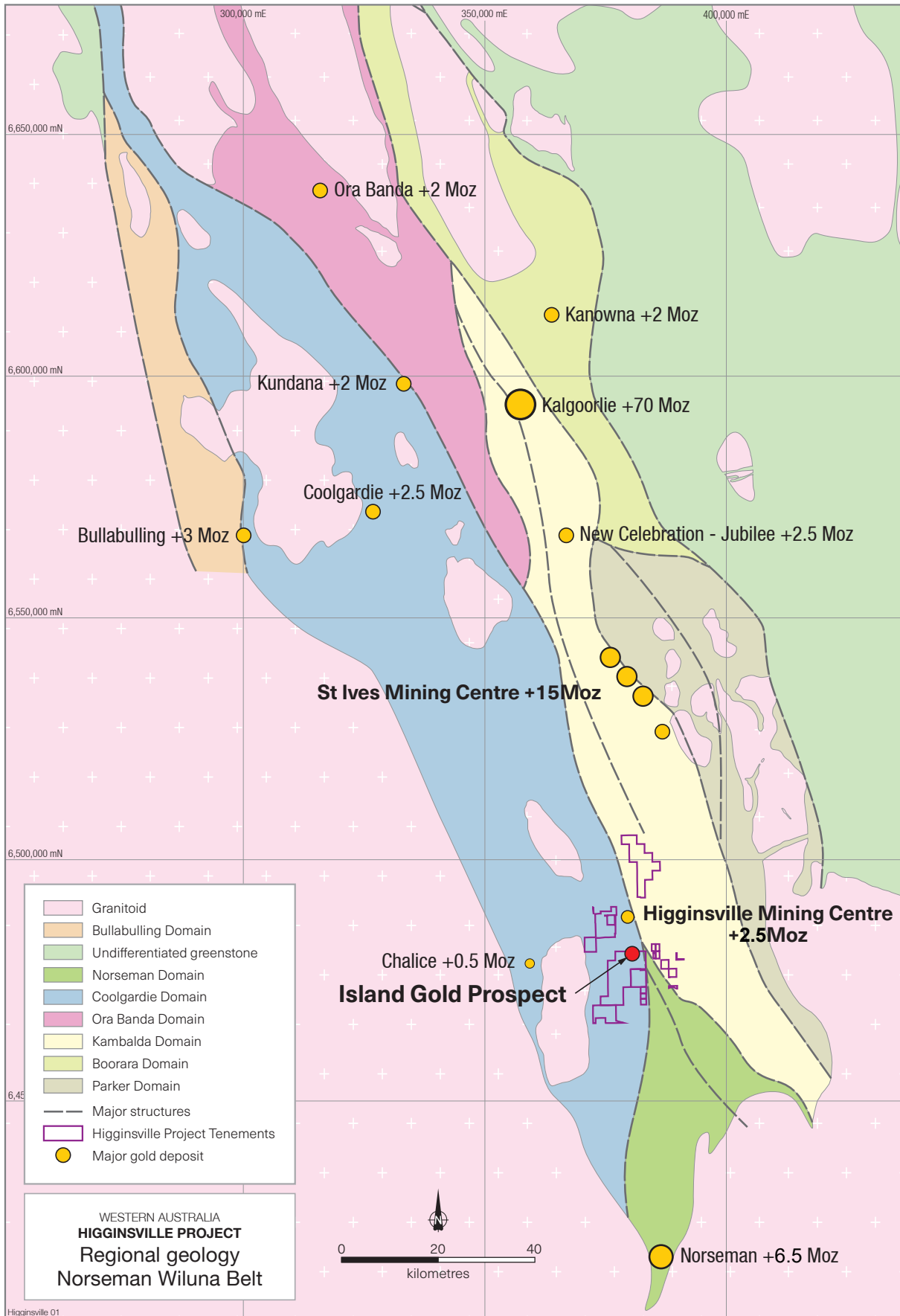


Figure 1 Higginsville regional geology showing Argonaut exploration licences and major gold deposits.

Island Gold Target

Geochemistry Anomaly

The Island prospect is defined by:

- a 1,200m by 400m >10ppb gold geochemical anomaly from auger drilling samples; and
- surface rock-chip samples from depleted, surface outcrop up to 0.34g/t gold. (Figure 2).

Structurally Controlled

The Island anomaly is excellently positioned in terms of potentially mineralising structural features and overlying palaeochannel gold deposits.

The anomaly sits directly over a major north-westerly orientated fault which terminates the north-south trending greenstone package that hosts the primary Higginsville gold deposits such as Trident, Poseiden South, Fairplay and Corona (Figure 2).

These Higginsville deposits sit on a north-south mineralisation trend that aligns with the Island prospect to the south (Figure 2).

Island is 4km to the south-west of the south-west orientated Challenge palaeochannel open pit, and directly south of the north-south trending Mitchell palaeochannel open pit (Figure 2).

Undrilled Anomaly

The Island prospect is located less than 1km south of an historic tenement boundary, north of which deposits and anomalies have been comprehensively drilled. The Island anomaly sits in between two historic drill traverses that are spaced 800m apart. Holes along these traverses failed to intercept the anomaly.

Island prospect benefits from this absence of historic drilling compared to other gold targets which often have many generations of historic drilling.

Drilling Program

Argonaut is currently fast-tracking its plans to drill 15- 20 RC drill holes at Island prospect. The program is budgeted to cost \$300,000. The Company has secured a track-mounted, slim-hole RC drilling rig which recently finished a program nearby.

Subject to final authorisations, the drilling will be conducted both on the surface of an inlet in Lake Cowan and on an island within this inlet.

Earn-In Terms

Argonaut and Loded Dog Prospecting Pty Ltd executed the Eastern Goldfields Earn-In Joint Venture and Royalty Agreement on 7 February 2017. Under the agreement, Argonaut has the right to earn an 80% interest in the tenement package according to the following terms:

- Argonaut earned a 51% interest in the tenement package by completing \$500,000 in exploration expenditure within two years of commencement; and
- Argonaut may earn a further 29% interest, for a total of 80%, for completing an additional \$1,500,000 in exploration expenditure within a further three years.
- Reimbursement of tenement acquisition expenses totalling \$250,000 was paid by Argonaut progressively under the agreement.
 - Reimbursement of \$100,000 was paid on execution of the definitive earn-in agreement;
 - Reimbursement of \$75,000 was paid on the first anniversary; and
 - Reimbursement of \$75,000 was paid on election to proceed to the second phase of the earn-in.
- An issue of ordinary fully paid Argonaut shares valued at \$50,000 was issued on execution of the definitive earn-in agreement.

The earn-in agreement is currently in the second earn-in phase.

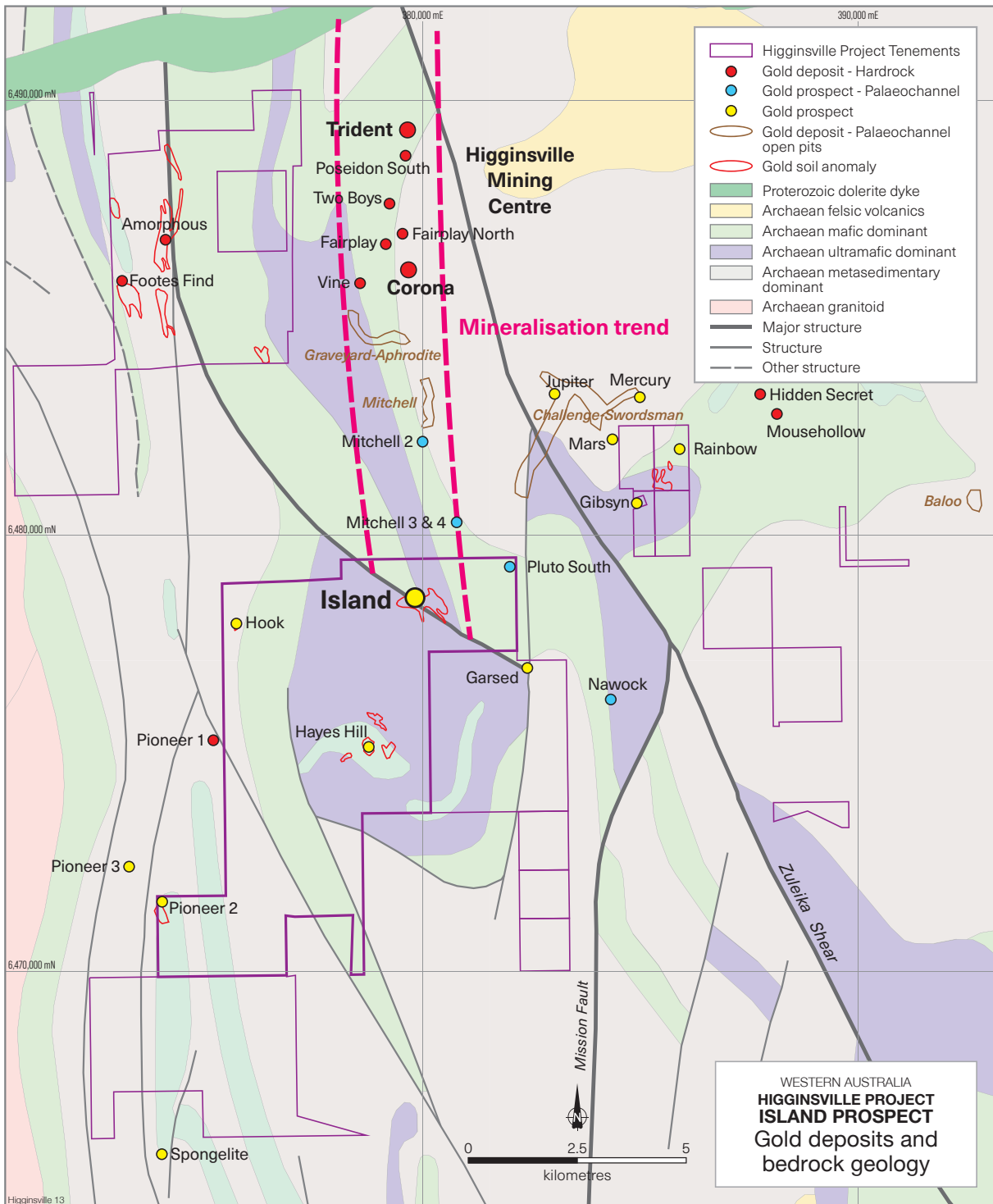


Figure 2 Gold deposits and bedrock geology.

Murdie Update

Argonaut has progressed its plans to drill near-shore IOCG gravity targets at its 100% held Murdie project at the eastern margin of South Australia's Gawler Craton. Since being granted operational approval in late January 2020 by the South Australian Government to drill on the surface of Lake Torrens, Argonaut has lodged an application under the South Australian Aboriginal Heritage Act for the final authorisation.

Argonaut is currently planning several ground gravity surveys over discrete airborne gravity anomalies. The ground gravity data will provide the most accurate gravity data for final modelling and targeting prior to drilling.

Authorised for release by:

Lindsay Owler

Director and CEO