

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")

30th June 2003

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter \$A'000	Year to date (12 months) \$A'000
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(211)	(225)
(b) development		
(c) production	(115)	(1174)
(d) administration		
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	9	24
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Other (provide details if material)		
Net Operating Cash Flows	(317)	(1375)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects investments		(200)
(b)equity		
(c) other fixed assets	(1)	(23)
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)		
Net investing cash flows	(1)	(223)
1.13 Total operating and investing cash flows (carried forward)	(318)	(1598)

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1.13	Total operating and investing cash flows (brought forward)	(318)	(1598)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.		2166
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)		
	Net financing cash flows	-	2166
	Net increase (decrease) in cash held	(318)	568
1.20	Cash at beginning of quarter/year to date	1013	127
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	695	695

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	56
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Payment Directors Fees

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

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		

+ See chapter 19 for defined terms.

Estimated cash outflows for next quarter

		\$A'000
4.1	Exploration and evaluation	150
4.2	Development	-
Total		150

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	27	11
5.2 Deposits at call	668	1002
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	695	1013

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			

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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 Preference +securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	34,972,727	34,972,727		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	530,960			
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options <i>(description and conversion factor)</i>	Convertible to ordinary shares on payment of 30 cents	18,986,379	<i>Exercise price</i>	<i>Expiry date</i>
7.8 Issued during quarter				
7.9 Exercised during quarter				
7.10 Expired during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

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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: Date: 28th July 2003
(Director)

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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ASX Code: ARE

QUARTERLY REPORT

For period ending 30 June 2003

The Board of Directors of Argonaut Resources NL (Argonaut) report for the quarter to 30 June 2003 as follows.

HIGHLIGHTS

- Drilling at EL 3037 resulted in significant intersections of copper, silver, lead and zinc at the Netherleigh Park prospect. Intersections from drill-hole ALDDH01 included **76m at 0.95% copper** from 138m including **14m at 2.18% copper** from 146m and **4m at 402 g/t silver** from 150m.
- Follow-up drilling at Netherleigh Park resulted in 20m at 0.75% copper from 131m including 10m at 1.06% copper from 135m from drill-hole ALDDH04.
- The Argonaut board has approved an additional drilling programme at Netherleigh Park, scheduled for August 2003, following exploration success in the June Quarter.
- Patrick J D Elliott was appointed to the Argonaut board as an independent non-executive Director and Chairman following the resignation of Lord Razzall.

EXPLORATION

EL 3037, Alford

The Alford Project is located north of the Moonta-Wallaroo mines within the Olympic Copper-Gold Domain.

The Alford tenement is on freehold land and no claim for Native Title exists over this area.

Netherleigh Park

During the quarter Argonaut announced drilling results from Netherleigh Park drill-hole ALDDH01 and followed up on these results by drilling ALDDH04 in the opposite orientation.

ALDDH01 was drilled 150m northeast of existing drill-hole MPBD-3 which intersected 12m at 1.61% copper from 164m. Previous percussion drilling in this area failed to reach target depths.

ALDDH01 was drilled to 252m at 60° to the east, 4.5km northeast from the township of Alford.

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Mineralised intersections from ALDDH01 include:

Hole	From	To	Width	Mineralisation
ALDDH01 Dip 60° Azimuth 090° 764,510E 6,257,660N* * GDA94, Zone 53	138m	214m	76m	0.95% copper, including
	146m	160m	14m	2.18% copper , including
	152m	154m	2m	4.65% copper
	238m	242m	4m	2.26% copper, 1.89% lead and 0.25% zinc
	146m	156m	10m	180 g/t silver , including
	150m	154m	4m	402 g/t silver
	190m	208m	18m	82 g/t silver, including
	198m	200m	2m	280 g/t silver

Argonaut has verified these results by resubmitting a series of check samples for additional analysis and by independent petrographical analysis.

Mineralised intersections from ALDDH04 include:

Hole	From	To	Width	Mineralisation
ALDDH04 Dip 60° Azimuth 270° 764,660 E 6,257,630 N* * GDA94, Zone 53	131m	151m	20m	0.75% copper, including
	135m	145m	10m	1.06% copper , including
	143m	145m	2m	1.72% copper
	173m	181m	8m	0.32% lead, with
	175m	177m	2m	1.00% zinc
	179m	183m	4m	2.32% copper and
				40 g/t silver

Petrographical analysis conducted by Mr Ian Pontifex, a petrologist with over 30 years experience in South Australia geology, confirmed the presence of four copper sulphide minerals - principally (hypogene) chalcocite, a high-grade copper mineral, in veins to 10mm wide and finely disseminated in host rocks. Base-metals occur as lead and zinc sulphides and silver is interpreted to occur in solid solution within chalcocite veins.

Information obtained from ALDDH04 has increased the understanding of Netherleigh Park geology. Argonaut now interprets the mineralisation to be strata-bound within a north-south striking and easterly dipping carbonaceous

+ See chapter 19 for defined terms.

meta-siltstone of the Wandearah Formation (Wallaroo Group) with a **width of up to 400m and strike length of 1800m**. This meta-siltstone is adjacent to a younger intrusive granite of the Hiltaba Suite which is likely to have activated the low-temperature, hydrothermal chalcocite mineralisation intersected to date. Lead, zinc and lower-grade copper sulphide minerals are likely to be indigenous to the host rock.

Argonaut conducted a detailed ground magnetic survey over Netherleigh Park aimed at identifying small faults and fractures that may offset mineralisation along strike. This survey succeeded in delineating these structures and will be incorporated in future drilling programmes.

The Argonaut board has approved an additional core drilling programme at Netherleigh Park to be commenced in August 2003.

Glenrae Prospect

During the quarter Argonaut commenced the compilation of all previous exploration work at Glenrae into a spatial database. This includes data from three gravity surveys, several RAB drilling programmes and minor basement drilling.

Mineralogical samples from certain RAB holes show identical mineral assemblages to those found at Olympic Dam.

Argonaut intends to interpret this data in conjunction with modern aeromagnetic data and identify targets for drilling early in the December quarter.

EL 2533, Torrens

M.I.M. Exploration Pty Ltd continued to progress Native Title access negotiations under the Torrens Option & Joint Venture Agreement.

Subsequent to the end of the quarter Argonaut has been advised that Xstrata Plc intends to divest it's interest in EL 2533, Torrens.

Since Xstrata took control of M.I.M. Holdings Limited it has conducted a review of all M.I.M. Exploration Pty Ltd activities and has decided to divest itself of all exploration tenements, joint venture agreements and interests which are not in close proximity to its operations.

As a result of the decision, Xstrata intends to offer for sale to interested parties its rights and interests in the Torrens Option & Joint Venture Agreement that it has with Argonaut's subsidiary Kellaray Pty Ltd.

In the event that Xstrata is unable to identify an interested party Argonaut will to seek new joint venture partners.

EL 2895, Willouran Hill

Argonaut progressed Native Title access negotiations with relevant claimant groups during the quarter.

EL 2889, Sandstone

During the quarter joint venture negotiations were commenced. No field work was undertaken.

EL 2570 and EL 3075, Aroona

Argonaut has not conducted any field activities at Aroona, however, subsequent to the end of the quarter joint venture negotiations were commenced.

CORPORATE

Lord Razzall, a non-executive director of the company for 10 years and Chairman for the last five years resigned from the board. A lawyer and partner in a corporate advisory firm based in London; Lord Razzall stated that the companies Australian mining exploration, investment and development focus has changed the importance of a London based Chairman.

The board has appointed Patrick J D Elliott to fill this casual vacancy, from 30 June 2003, as an independent non-executive Director and Chairman, a position which will be subject to confirmation at the next meeting of Shareholders.

Pat Elliott is an investment banker who has 32 years experience in resource investment and development. He is also a Director of Magnesium International Limited, Easter Star Gas Ltd and Marlborough Resources NL.



Graeme Ellis
Managing Director
Argonaut Resources NL

Geological information detailed in this report were compiled by Mr Lindsay Owler of Argonaut Resources NL who is a corporate member of the Australian Institute of Mining and Metallurgy and who has in excess of 5 years experience in this field of activity.