



QUARTERLY REPORT

For period ending 30th September 2004

The Board of Directors of Argonaut Resources NL (Argonaut) report for the quarter to 30 September 2004 as follows.

HIGHLIGHTS

- Mineral Reconnaissance and Exploration Agreement for the Century Block area in Laos signed with the Government of the Lao P.D.R on 22 September 2004.
- Laotian Foreign Investment License granted to Argonaut by the Government of the Lao P.D.R on 1 October 2004.
- Further resource drilling was undertaken at Emily Star, Emily Star South and Paringa deposits on EL2663, Kanmantoo in Joint Venture with Hillgrove Resources Ltd. Highlights of this work included 14m at 4.46% copper, 10.96g/t silver and 0.14g/t gold from drillhole KTRC023.

EXPLORATION

Laos Venture

A Mineral Reconnaissance and Exploration Agreement (MREA) covering mineral reconnaissance, exploration and feasibility study phases has been signed during the quarter by the Government of the Lao P.D.R. and Argonaut.

Subject to completion of a bankable feasibility study the Government shall grant the Company a production agreement based on the laws and regulations of the Lao P.D.R.

This agreement is for a significant exploration area in the Vientiane Municipality of the Lao P.D.R. known as the Century Block and covers all the commercial and practical aspects of mineral exploration and development through to a feasibility study.

Argonaut Resources NL's 70% equity will be held through Argonaut Resources (Laos) Company Ltd. Argonaut Resources NL is responsible for funding through to decision to mine.

It is the first agreement of this type to be granted to a western company and follows a nine-month period of careful and determined negotiation by the Company.

The signing of this historic agreement grants Argonaut a 70% interest in a 300 square kilometre concession area located north of the Mekong River, which, at this location, is the border between Laos and Thailand. The capital city, Vientiane, is 75 kilometres southeast of Century by road.

Existing geological mapping of the Century Block shows two near perpendicular, mineralised structures within the concession area.

The first, the Century Thrust Zone, is part of the Luang Prabang - Petchabun Tectonic Foldbelt. Samples taken from elsewhere in the Century Thrust Zone have contained significantly elevated gold levels.

The second, the Hanuman trend where trench sampling immediately adjacent to the concession area has also identified elevated gold levels across the structure providing ample encouragement for further exploration work.

In securing this agreement, negotiated under new mining laws and regulations, Argonaut is initiating a new generation of mineral exploration works. Australian ASX listed companies Oxiana Limited and Pan Australian Resources NL are currently demonstrating that robust mining operations and funding arrangements are achievable in the largely unexplored, highly prospective country of the Lao P.D.R.

Subsequent to the quarter, the Government of Lao issued Argonaut a Foreign Investment License to facilitate the registration of a Lao company which will hold the tenement provided for by the MREA. Argonaut established an office in the capital city, Vientiane and engaged qualified staff to carry out our activities in that country.

The Company will present to the Government of Lao a proposed programme of works that will include detailed stream sediment sampling and prospect level soil geochemistry. Initial exploration programmes will focus on four initial gold zone targets identified by previous exploration work with a view to commencing drilling prior to the wet season.

It is anticipated that exploration activities will start in November 2004, an announcement will be made shortly detailing the initial exploration program.

The MREA allows for two years of reconnaissance work; however the Company is of the opinion that this phase will be significantly shortened in order to start drilling programmes which must be conducted during the exploration phase of the MREA

EL2663, Kanmantoo

Argonaut holds a 10% free carried interest in EL2663, Kanmantoo with operators Hillgrove Resources Ltd. (90%). During the quarter 11 reverse circulation holes for a total of 1,334 metres were drilled. Of these holes, 6 were drilled at the Emily Star Prospect, 3 at the Emily Star South Prospect and 2 at the Paringa Prospect.

Highlights of this work include:

- ❑ 14m at 4.46% copper, 10.96g/t silver and 0.14g/t gold from KTRC023;
- ❑ 10m at 2.16% copper, 3.15g/t silver and 0.10g/t gold from KTRC022; and
- ❑ 14m at 1.08% copper, 3.00g/t silver and 0.13g.t gold from KTRC024.

Exploration and resource development work at Kanmantoo will be ongoing and a resource is expected to be calculated at Emily Star in the near future.

EL3037, Alford

The acquisition of gravity data in selected areas of EL3037 is currently being completed. Further drilling by Hillgrove Resources Ltd. under the terms of an Option Agreement is planned for the December quarter of 2004.

EL3195, Torrens

No exploration work was undertaken on EL3195 during the quarter.

EL2889, Sandstone

No exploration work was undertaken on EL2889 during the quarter.

EL2895, Willouran Hill and EL3172, Breaden Hill

No exploration work was undertaken on EL2895/EL3172 during the quarter.

EL3193 and EL3075, Aroona

No exploration work was undertaken on EL3193 or EL3075 during the quarter.

A handwritten signature in black ink, appearing to read 'Graeme Ellis', with a horizontal line underneath.

Graeme Ellis
Managing Director
Argonaut Resources NL

Drilling intersections 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 each have in excess of 5 years experience in this field of activity.

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 September 2004*Consolidated statement of cash flows*

	Current quarter \$A'000	Year to date (3 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors		
1.2 Payments for (a) exploration and evaluation	(52)	(52)
(b) development		
(c) production		
(d) administration	(270)	(270)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	27	27
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	(295)	(295)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	(285)	(285)
(b)equity investments		
(c) other fixed assets		
1.9 Proceeds from sale of: (a)prospects		
(b)equity investments		
(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	(285)	(285)
1.13 Total operating and investing cash flows (carried forward)	(580)	(580)

1.13	Total operating and investing cash flows (brought forward)	(580)	(580)
	Cash flows related to financing activities		
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)		
	Net financing cash flows		
	Net increase (decrease) in cash held	(580)	(580)
1.20	Cash at beginning of quarter/year to date	2,422	2,422
1.21	Exchange rate adjustments to item 1.20		
1.22	Cash at end of quarter	1,842	1,842

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	109
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 payable

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
3.1 Loan facilities		
3.2 Credit standby arrangements		

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	100

4.2	Development	-
Total		100

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	1,420	2,422
5.2	Deposits at call	422	
5.3	Bank overdraft		
5.4	Other (provide details)		
Total: cash at end of quarter (item 1.22)		1,842	2,422

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	EL 2663 Kanmantoo	60%	10%
6.2	Interests in mining tenements acquired or increased	Century Block Vientiane Municipality Laos	Nil	70%

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	56,183,227	56,183,227		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
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>	19,236,379	18,986,379	<i>Exercise price</i> .30	<i>Expiry date</i> 30.06.07
7.8	Issued during quarter	250,000 unlisted employee options convertible to ordinary shares on payment of .30 cents	-	.30	10.09.09
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>				

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: 30th September 2004
(Director/Company secretary)

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.

TENEMENT SCHEDULE AS AT 30 SEPTEMBER 2004

EXPLORATION LICENCES

Tenement	Granted	Expiry	Area Km²	Locality	Licensee	Interest
EL 2654	14/10/1999	13/10/2004	215	Sandstone	Coombedown Resources Pty Ltd	10%
EL 2663	3/11/1999	2/11/2004	489	Kanmantoo	Kelaray Pty Ltd	10%
EL 2884	7/01/2002	6/01/2005	42	Campfire Bore	Coombedown Resources Pty Ltd	10%
EL 2889	18/01/2002	17/01/2005	215	Sandstone	Kelaray Pty Ltd	76.6%
EL 2895	22/02/2002	21/02/2005	826	Willouran Hill	Kelaray Pty Ltd	100%
EL 3037	25/10/2002	24/10/2005	477	Alford	Kelaray Pty Ltd	100%
EL 3075	2/04/2003	1/04/2005	166	Myrtle Springs	Kelaray Pty Ltd	100%
EL 3115	4/8/2003	3/8/2005	80	Aurora Tank	Kelaray Pty Ltd	45%
EL 3172	4/3/2004	3/3/2005	95	Breaden Hill	Kelaray Pty Ltd	100%
EL 3193	1/4/2004	31/3/2005	281	Mt Parry	Kelaray Pty Ltd	100%
EL 3195	6/4/2004	5/4/2005	295	Lake Torrens	Kelaray Pty Ltd	100%
EL 3210	1/6/2004	31/5/2005	66	Garford	Kelaray Pty Ltd	76.6%
Century Block	22/9/2004	22/9/2009	300	Vientiane Municipality Laos	Argonaut Resources (Laos) Company Limited	70%

EXPLORATION LICENCE APPLICATIONS

Tenement	Application Date	Area Km²	Locality	Applicant
ELA 143/97	6/02/1997	1040	Carbeena Hill	Kelaray Pty Ltd
ELA 144/97	6/02/1997	835	Harcus	Kelaray Pty Ltd
ELA 186/97	14/02/1997	1815	Moombunya	Kelaray Pty Ltd
ELA 321/97	15/04/1997	624	Mt Illillinna	Kelaray Pty Ltd