Argonaut RESOURCES NL

21 April 2006

Dear Shareholder

Argonaut Resources NL (Argonaut) – Rights Offer

As previously announced, Argonaut is raising up to $7 million (before issue costs) in additional share capital by way of two placements to sophisticated and professional investors (together the **Placements**) and a fully underwritten non-renounceable rights issue to shareholders (**Rights Offer**). Under the Rights Offer, approximately 16.8 million new shares will be offered to shareholders raising approximately $2 million. Of the two placements, the first placement raising approximately $0.9 million is due to be completed on or about 21 April 2006 and the second placement raising $4.1 million is due to be completed following a General Meeting to be held on 24 May 2006, if approved. The raising of new capital is primarily to enable Argonaut to fund the next two years of its exploration programs in Laos. The balance will provide working capital for operating purposes, including management of exploration activities and will cover the costs of the Rights Offer and the Placements.

The Prospectus sets out details of the Rights Offer and was lodged with ASX on 20 April 2006. The Prospectus is available on the ASX and Argonaut websites.

The Rights Offer involves a 1 for 5 non-renounceable issue to all shareholders of approximately 16,796,884 rights to new shares at an issue price of 12 cents per new share.

The record date for determining entitlements to the Rights Offer is 1 May 2006.

The Rights Offer is being fully underwritten by Veritas Securities Limited (**Veritas**). Veritas will be paid an underwriting fee of 5% of the underwritten amount of their underwriting and reimbursement of all direct cost and reasonable expenses associated with the underwriting. In addition, Veritas will be charging a management fee of 1% of the total capital raising under the Rights Offer. Veritas is not an entity associated with the directors of Argonaut.

The new Argonaut shares will be issued on the same terms and conditions as ordinary shares currently on issue and will rank equally with all shares currently on issue.

On completion of the Rights Offer, Argonaut will have approximately 134,881,303 ordinary shares quoted on ASX assuming all the rights are exercised (which will be the case as the Rights Offer is fully underwritten), no options are exercised prior to the record date and the second placement is approved at the General Meeting.

The Rights Offer relates to all ordinary shares and all fractional entitlements to rights will be rounded up.

The Rights Offer is not being offered to persons in any jurisdiction in which, or to any person to whom it would be unlawful to make such an offer.

Key dates

Prospectus lodged with ASIC and ASX	20 April 2006
Securities quoted on an “ex” basis	24 April 2006
Record date to determine entitlements under the Rights Offer	1 May 2006
Prospectus and acceptance forms sent to security holders	by 5 May 2006
Closing date for lodgement of completed acceptance forms	22 May 2006 at 5 pm
Issue and registration of new securities	30 May 2006
Normal trading of new shares to commence on ASX	31 May 2006

If you wish to participate in the Rights Offer, it is essential that you complete and return the acceptance form which will accompany the Prospectus by **22 May 2006 at 5 pm**. We look forward to your continuing support of the Company.

Yours sincerely

Patrick Elliot

Chairman