QUARTERLY REPORT

For period ending 31st March 2006

The Board of Directors of Argonaut Resources NL is pleased to deliver the following report for the Quarter to 31 March 2006.

The company has continued to progress solidly towards an economic gold discovery at the Century area in Laos.

Highlights

- Results of exploration by trenching at the Khokhe prospect at the Century tenement included:
  - **KHTR110: 10m at 50.3g/t gold; and**
  - **KHTR118: 6m at 31.6g/t gold.**
- Results of Reverse Circulation drilling at the Khokhe prospect included:
  - **KHRC44: 7m at 5.31g/t gold from 73m; and**
  - **KHRC35: 7m at 2.7g/t gold from 66m.**
- The Nam Hone prospect in the SW of Century returned excellent initial trenching results and very strong stream sediment sampling results. This prospect is developing into a first-rate exploration target. Results from trenching in the Quarter included:
  - **ANTR12: 55m at 1.15g/t gold; and**
  - **ANTR6: 88m at 0.4g/t gold.**
- The continuing stream sediment sampling program at Nam Hone is generating an increasing number of catchments with greater than 1,000ppb gold.

ASX Code: ARE

ABN: 97 008 084848

Head office
Level 65 Suite 6501 MLC Centre
19-29 Martin Place
Sydney 2000 Australia
T: +61 2 9239 8787
F: +61 2 9239 8788
E: sydney@argonautresources.com

Laos
Unit 3, level 5
Vientiane Commercial Buiding
33, Lane Xang Avenue
Vientiane, Laos
T: +856 21 222 731
F: +856 21 240 281
E: laos@argonautresources.com

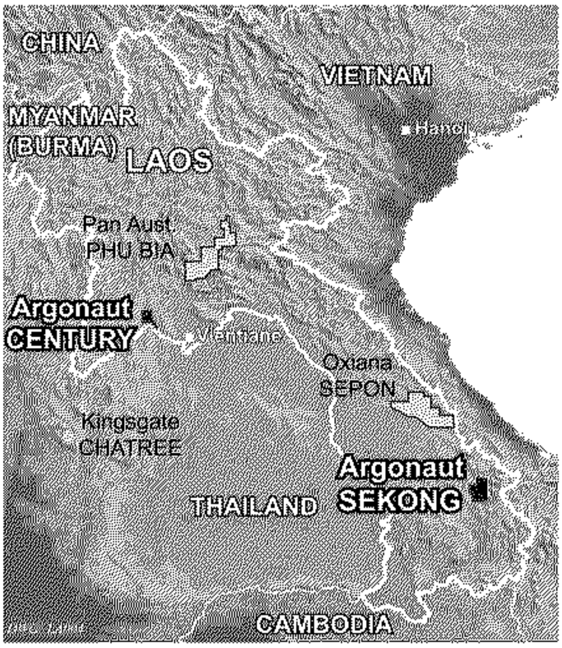
www.argonautresources.com

Exploration

Laos

Argonaut has two flagship exploration areas in Laos. The **Century Area** is in NW Laos next to the Mekong River which forms the boarder with Thailand. It lies on the prospective Loei – Luang Prabang foldbelt. This belt hosts Kingsgate Consolidated's expanding Chatree gold mine to the south in Thailand and Pan Australian's Phu Bia gold mine in Laos to the north. The **Sekong Area** is in SE Laos, 150km SE of Oxiana's Sepon gold – copper project which is also under expansion. Argonaut management is encouraged by continuing strong exploration results and by the similarities our projects show to the 'new' gold mines that have pioneered the region and give valuable geological and economic insights to explorers such as Argonaut.

Figure 1: Laos



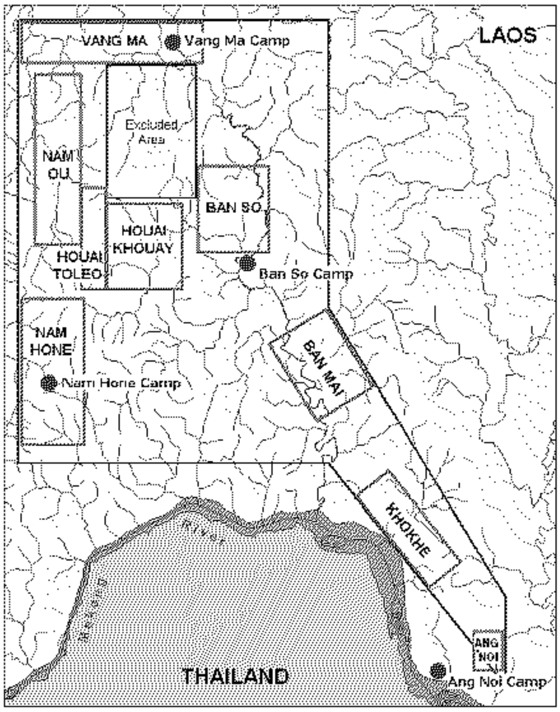
The Century area is operated through the 70% owned subsidiary Argonaut Resources (Laos) Co. Ltd. under terms specified in the Mineral Reconnaissance and Exploration Agreement (MREA) signed with the Government of Laos. The Sekong area is operated through the 65% owned subsidiary Xekong River Mining Co. Ltd. under a separate MREA also signed with the Government of Laos.

Century Area (Argonaut 70%)

The company is rapidly progressing towards the discovery of an economic gold deposit at Century with intensive exploration work being undertaken at nine prospect areas.

During the Quarter reverse circulation drilling programs were conducted at Khokhe prospect and trenching was conducted at Khokhe and Nam Hone. Surface exploration work was progressed at Nam Ou, Houai Toleo, Ban Mai, Ban So and at a new prospect area in the north of the tenement called Vang Ma.

Figure 2: Century



Kokhe Prospect

Argonaut completed 26 reverse circulation drillholes for a total of 2,372m and 91 trenches that totalled 4,685m at Khokhe during the quarter.

An area in the north of Khokhe, initially prioritised due to rock chip samples up to 182g/t gold, was explored intensively by trenching and drilling in the Quarter

A program of RC drilling designed to test trench intercepts in the vicinity of a contact between sedimentary units and a diorite intrusion has demonstrated the potential of this system. Mineralisation appears to be hosted in a quartz-carbonate veins which occur both in the sediments and the younger, intrusive diorite.

Two of the best drilling intersections, KHRC44 with 7m at 5.31g/t gold from 73m and KHRC52 with 10m at 1.04g/t gold from 41m, are at the edge of the current drill pattern.

Further work is required to better define the geometry of the deposit.

Table 1: Highlights of recent RC drilling Khokhe Prospect

Drillhole	From (m)	Int. (m)	Au (g/t)
KHRC31	31	4	0.28
KHRC33	21	4	0.25
KHRC35	66	**7**	**2.7**
KHRC36	43	8	0.51
KHRC40	67	4	0.71
KHRC41	76	7	0.76
KHRC44	73	**7**	**5.31**
KHRC48	41	4	0.45
KHRC49	83	4	0.19
and	31	8	0.4
KHRC50	15	**22**	**0.48**
and	71	8	0.31
KHRC51	45	21	0.39
KHRC52	41	**10**	**1.04**
KHRC53	32	3	0.68
and	21	6	0.51
KHRC54	64	11	0.25
and	99	2	0.52
and	106	3	0.2

Figure 3: Northern Khokhe cross section

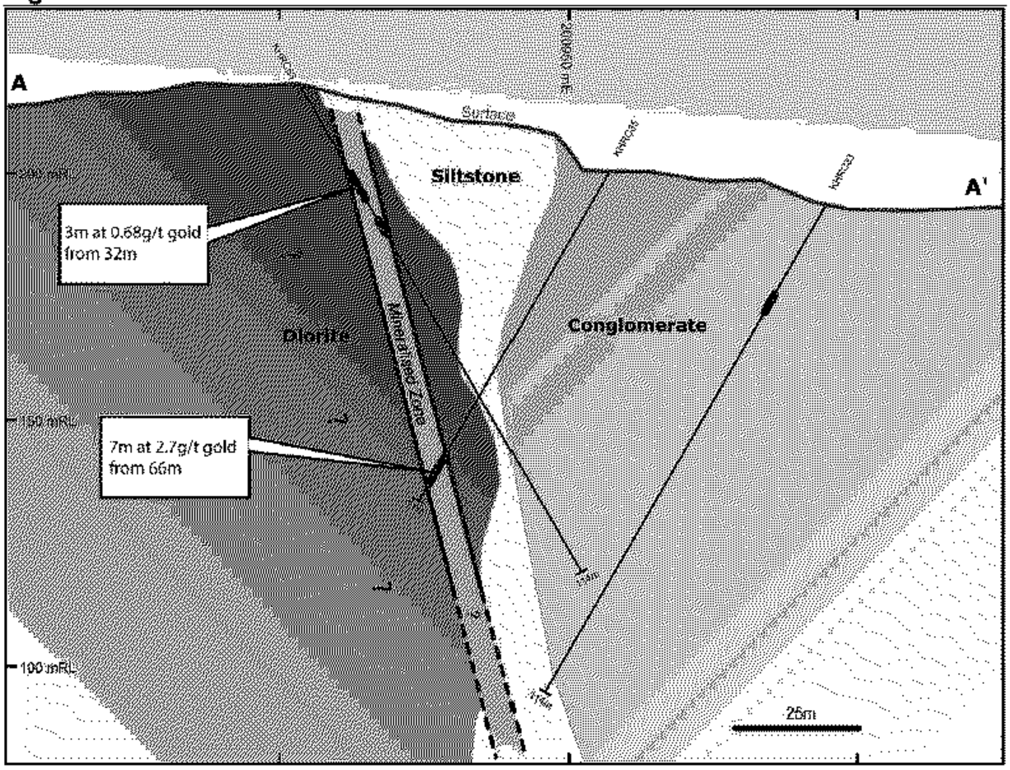
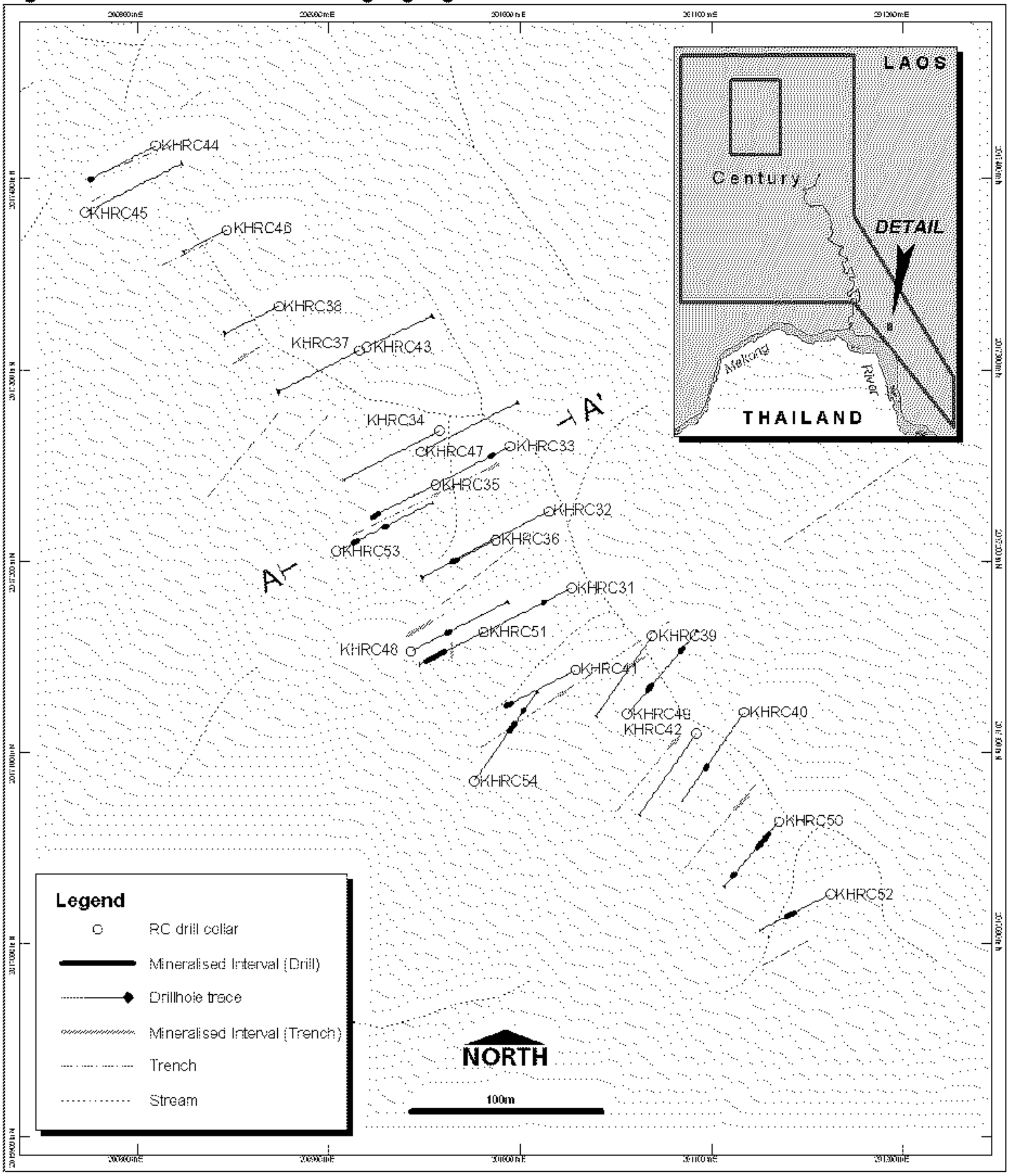


Figure 4: Khokhe North RC drilling highlights with trenches



Trenching at Khokhe during the Quarter was highly successful with the return of numerous ore-grade intersections including 10m at 50.3g/t gold from trench KHTR110 and 6m at 31.6g/t from trench KHTR118.

Table 2: Highlights of recent trenching Khokhe Prospect

Trench	Interval (m)	Au (g/t)
KHTR82	4	1.2
KHTR85	**5**	**5.1**
KHTR89	**15**	**2.7**
KHTR91	7	1.9
KHTR92	7	0.8
KHTR93	6	1.2
and	2	1.6
and	4	0.4
KHTR96	10	0.4
KHTR103	6	1.3
KHTR105	4	0.5
KHTR109	**10**	**1.7**
KHTR110	**10**	**50.3**
KHTR118	**6**	**31.6**

In addition, further surface sampling at Khokhe has delineated two new targets within the prospect area. One of these new areas is defined by stream sediment sampling results of greater than 1,000ppb (maximum 2,490ppb).

Nam Hone Prospect

The continuing detailed stream sediment sampling program at Nam Hone is expanding the number of catchments generating a +500ppb result and providing better resolution for current trenching program.

Of 110 detailed stream sediment samples taken at Nam Hone recently:

- 53 samples are greater than 100ppb;
- 24 samples are greater than 1,000ppb; and
- 4 samples are greater than 10,000ppb.

Elsewhere explorers are targeting stream sediment gold anomalies which are orders of magnitude lower than those at Century.

The stream sediment sampling indicates that the gold is hosted in a long NNE trending ridge. This ridge has been repeatedly offset by faulting and each of the four prospective segments of this ridge is approximately 1km in length. Expansion of the confirmed mineralised area to the North and South, along the same system of ridges, is expected.

Trenching has returned broad intervals of gold mineralisation over one of these ridges. Geologically it is an anticline (an upwards convex fold) comprised of a layer cake of metamorphosed volcanic and sedimentary rocks.

Gold mineralisation is interpreted as being associated with vast stockworks of dilational cracks and joints which attracted gold bearing fluids and now form a network of fine veins.

A program of trenching designed to determine the extent of the mineralisation is in progress.

Table 3: Highlights of recent trenching Nam Hone Prospect

Trench	Int. (m)	Au (g/t)
NHTR6 *	88	0.18
NHTR6 *	**88**	**0.4**
NHTR7	15	0.18
NHTR8 *	39	0.3
NHTR9	**59**	**0.28**
NHTR10	28	0.31
NHTR11	41	0.32
NHTR12 *	**55**	**1.15**
NHTR13	**8**	**3.67**
NHTR14	**9**	**1.17**
NHTR14	19	0.21
NHTR15	41	0.22

* Revised since 14 March 2006

Vang Ma Prospect

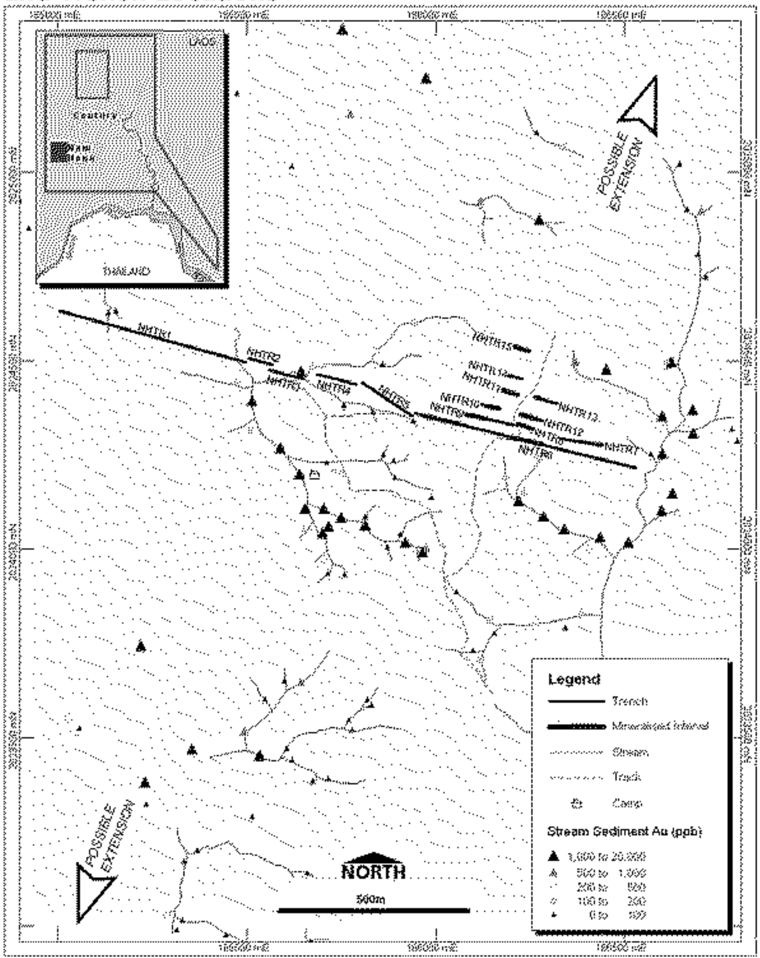
Argonaut has established a campsite in the north of Century at a new prospect area known as Vang Ma. The Vang Ma prospect is divided into an eastern and western area on the basis of positive rock chip sampling and stream sediment sampling.

The camp will provide a base for the exploration team to conduct a wet season program of soil sampling and detailed stream sediment sampling.

Nam Ou and Houai Toleo

The company is currently upgrading tracks to Nam Ou and Houai Toleo in order to gain safer and more reliable wet season access to these areas. Detailed surface exploration will continue followed by trenching contingent on access.

Figure 5: Nam Hone Prospect Stream Sediment Samples and Trench Locations



Sekong Area (Argonaut 65%)

A highly successful reconnaissance exploration program was completed at the Sekong tenement. Of 155 stream sediment sample results received recently 21 were greater than 500ppb gold including 15 greater than 1,000ppb gold with a peak result of 4,270ppb.

A substantial area of gold anomalism in stream sediments, panned concentrates, soils and rock chips has defined a new prospect area called Ban Bak. At Ban Bak several bodies of pyritic porphyry intruding excellent host lithologies such as silicified bioclastic limestone and calcareous, carbonaceous shale. This is regarded as an ideal setting for the target style of mineralisation behind the modern discoveries of Indochina.

The geochemisty at Ban Bak shows a strong association between gold, arsenic and antimony (Au-As-Sb). This signature is associated with gold deposits at Oxiana's Sepon Mine, 150km north west of Sekong. Other robust gold anomalies have also now been generated at Sekong and follow-up, prospect development work is ongoing.

The company is currently awaiting the results of 800 surface samples from Ban Bak. Argonaut geologists are confident that these results will further upgrade this excellent new prospect.

Australia

EL3277 Kanmantoo

Argonaut holds a 10% free carried interest in the Kanmantoo licence with Hillgrove Resources. During the Quarter Hillgrove began a Pre-feasibility study at Kanmantoo and continued a program of reverse circulation drilling. Highlights of the Quarter include 10m at 1.69% copper in drillhole KTRC190

EL3037 Alford

The company holds a 70% interest in the Alford tenement. During the Quarter Joint Venture partners, Hillgrove, completed a drilling program. Results of this program have not yet been reported.

EL3195, Torrens

Joint Venture partners Straits Resources Ltd have conducted access negotiations which include a site visit with Native Title Claimants during the Quarter. Straits may earn up to 70% interest by spending $7million on this tenement. No exploration work was undertaken on EL3195 during the Quarter.

EL3193 and EL3075, Aroona

No exploration work was undertaken on EL3195 or EL3075 during the Quarter.

Graeme Ellis
Managing Director
Argonaut Resources NL

Exploration results 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 the field of activity being reported.

Rule 5.3

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	Quarter ended ("current quarter")
97 008 084 848	31st December 2005

Consolidated statement of cash flows

	Cash flows related to operating activities	Current quarter $A'000	Year to date (6 months) $A'000
1.1	Receipts from product sales and related debtors		
1.2	Payments for (a) exploration and evaluation	(364)	(648)
	(b) development		
	(c) production		
	(d) administration	(398)	(642)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	8	23
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	(754)	(1267)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a)prospects		
	(b)equity investments		
	(c) other fixed assets		
1.9	Proceeds from sale of: (a)prospects		(30)
	(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	-	(30)
1.13	Total operating and investing cash flows (carried forward)	(754)	(1297)

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(754)	(1297)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	1.500	1.500
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	1.500	1.500
	Net increase (decrease) in cash held	746	203
1.20	Cash at beginning of quarter/year to date	871	1.414
1.21	Exchange rate adjustments to item 1.20		
1.22	**Cash at end of quarter**	1.617	1.617

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	123
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

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		

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	350
4.2	Development	
	Total	

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	1.617	20
5.2	Deposits at call		851
5.3	Bank overdraft		
5.4	Other (provide details)		
	Total: cash at end of quarter (item 1.22)	1.617	871

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.

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** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	76,184,419	76,184,419		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*	22,735,187	18,985,187	*Exercise price* *30 cents*	*Expiry date* *30.06.07*
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

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: 31st January 2006
(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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+ See chapter 19 for defined terms.