



## ASX ANNOUNCEMENT

29 July 2011

## QUARTERLY ACTIVITIES AND CASHFLOW REPORT

### HIGHLIGHTS

- Argent earns 70% interest in Kempfield and moves to acquire remaining 30% from Golden Cross Resources Limited.
- Kempfield freehold acquired.
- 51% interest in Sunny Corner earned.
- Capital raised of \$8.8 million through a placement (\$1.5million) and exercise of options (\$7.3 million).
- Mr Ross Smyth-Kirk appointed to Argent's Board.
- Kempfield Definitive Feasibility Study progressed and gold intersected over 20 metres.
- Available cash at 28 July 2011 is \$9.8 million.

### KEMPFIELD SILVER PROJECT

#### **Argent acquires 100% interest in the Kempfield Silver Project**

Argent Minerals Limited ("Argent" or "Company") announced on the 12 April 2011 that it had earned a 70% interest in the Kempfield project through the expenditure of \$2.745 million under the farm-in agreement with Golden Cross Resources (GCR).

On 19 April 2011 Argent announced that it had reached an agreement with GCR to acquire its 30% interest in the project, the acquisition of the remaining 30% will take Argent's interest in the project to 100%. The following is payable for GCR's 30% interest in Kempfield Silver Project:

- \$1.0 million in cash at settlement;
- \$1.0 million in fully paid Argent shares at settlement, issued at the VWAP over the 5 days prior to signing the Sale Agreement; and
- \$1.0 million upon a Decision to Mine at Kempfield, payable, at Argent's election, in cash or shares issued at the VWAP over the 5 days prior to the Decision to Mine.

The Agreement is currently awaiting approval from the relevant NSW Government authorities.

#### **Kempfield Pastoral Property Acquired**

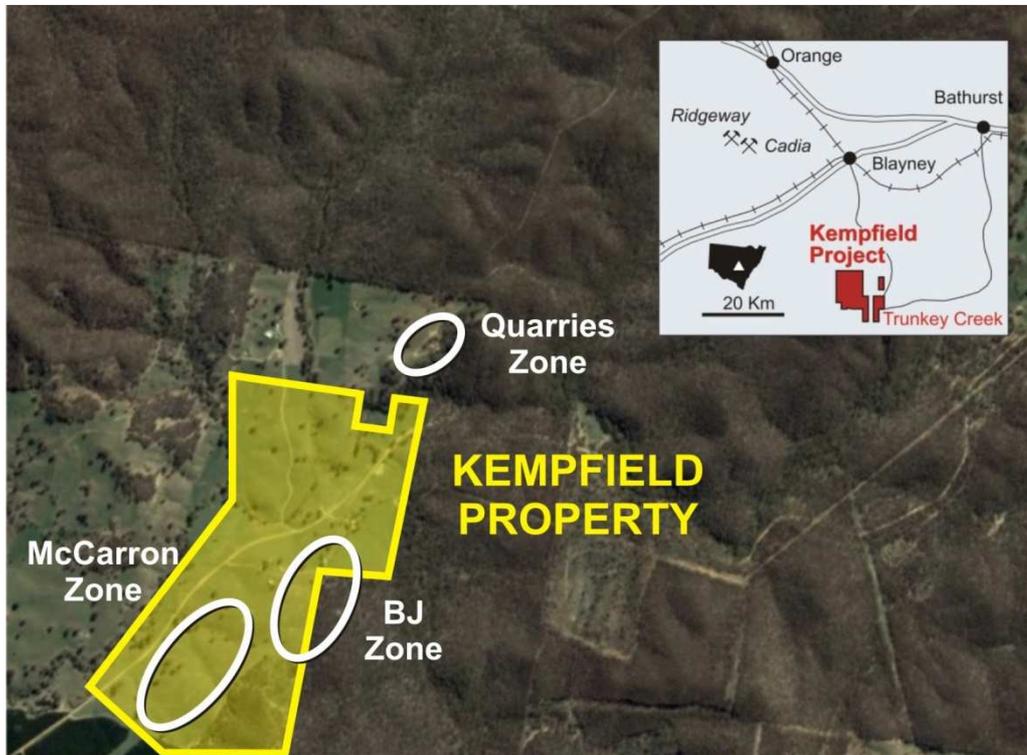
On the 8 April 2011 the Company announced that it had purchased the Kempfield freehold covering the surface rights of some 115 hectares of land within which the Company's main silver project tenements are located, see Figure One below.

Ownership of the property, which contains over 90% of the Kempfield silver resources, will greatly facilitate the approvals process for Argent's Kempfield Silver Project. The property is located some 80kms south east of the city of Orange and is approximately 29kms south of the town of Blayney, in the central-west of NSW.



The Property contains a number of dwellings and farm sheds that Argent uses to accommodate field staff and to provide core cutting and storage facilities.

**Figure One - Location of Kempfield Pastoral Property**



## **DEFINITIVE FEASIBILITY STUDY (DFS)**

The DFS has been advanced on many fronts since the March 2011 quarterly report. Key issues addressed during this quarter include:

- Infill drilling; a total of 45 holes for 4054 metres has been completed with a further 19 holes (2986 metres) to be done over the next 5-6 weeks. Extensional holes to test for the continuation of high grade shoots beneath the BJ and McCarron pits are also planned for the same period.
- Metallurgical test work is continuing at Metcon (leaching and flotation) and at AMMTECH (comminution). Test work is underway to determine the potential for acid mine generation from the waste rock.
- Studies have been undertaken to determine the sites of the processing plant, the tailings storage facility and the waste rock emplacement. Geotechnical testing and sterilization work for these facilities is expected to be undertaken this quarter.
- Water sourcing studies have been done with preliminary modelling indicating that ground water sources might be sufficient to meet a large part of the make-up water requirements for the mine and processing plant.
- Power requirements have been determined and alternative routes identified for a 66kv line to be constructed to bring power from the State electricity grid.
- Community meetings have been held at Trunkey Creek and Neville. There was broad support for the project from both communities, some concerns were expressed regarding potential traffic movement.



- The approvals process mechanisms are in a state of change following the NSW Government's decision to abolish that part of the Planning Act (Part 3A) that has been used in the past to determine Development Approvals for projects of State Significance such as Kempfield. New regulations are being prepared to replace those that applied under the previous arrangements.
- The Preliminary Environmental Assessment (PEA) document will be finalized shortly and circulated to the relevant departments and authorities in readiness for an on-site planning focus meeting. The PEA and focus meeting will facilitate the preparation of the project's specific guidelines for obtaining development approval under the new regulations.

## **Gold Intersection**

A vertical water monitoring hole, KMB7b, intersected 20 metres @ 0.72g/t Au from 29 metres, including 4 metres @ 2.6g/t Au from 36 metres. The hole is located approximately 150 metres to the west of the south western corner of the McCarron pit. The intersection is described as being in "hard fresh rock-silicified schist with minor quartz veins and some sulphides". Three follow up holes are planned and will be drilled as soon as a rig is available.

This is the first substantial gold intersection encountered since Argent began exploration work on the tenements. An earlier explorer drilled a hole at the Causeway prospect, approximately 800 metres to the north of KMB7b, which returned 50 metres @ 0.37g/tAu.

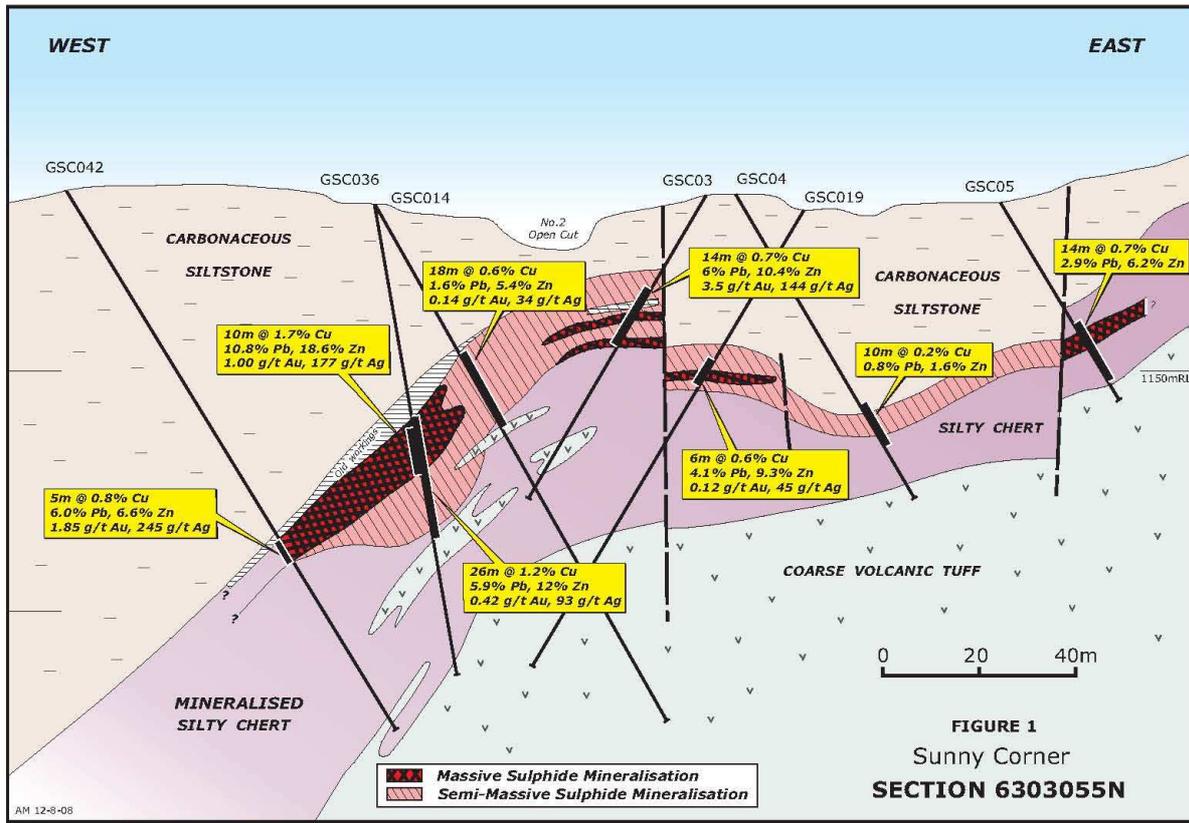
## **ARGENT EARNS 51% INTEREST IN SUNNY CORNER**

On 30 May 2011 Argent announced that it has earned a 51% interest in the Sunny Corner tenements. Under the terms of the 8 June 2007 Farm In and Joint Venture Agreement between Argent and GCR, Argent may earn a 51% interest in the Sunny Corner tenements by the expenditure of \$500,000 before 1 June 2011 and a further 19% through the expenditure of an additional \$168,000 by July 2013. As of 30 April 2011 Argent had spent \$534,000 and thereby earned the 51% interest. Argent will continue to evaluate the potential for the tenements to support a viable project to produce base and precious metals.

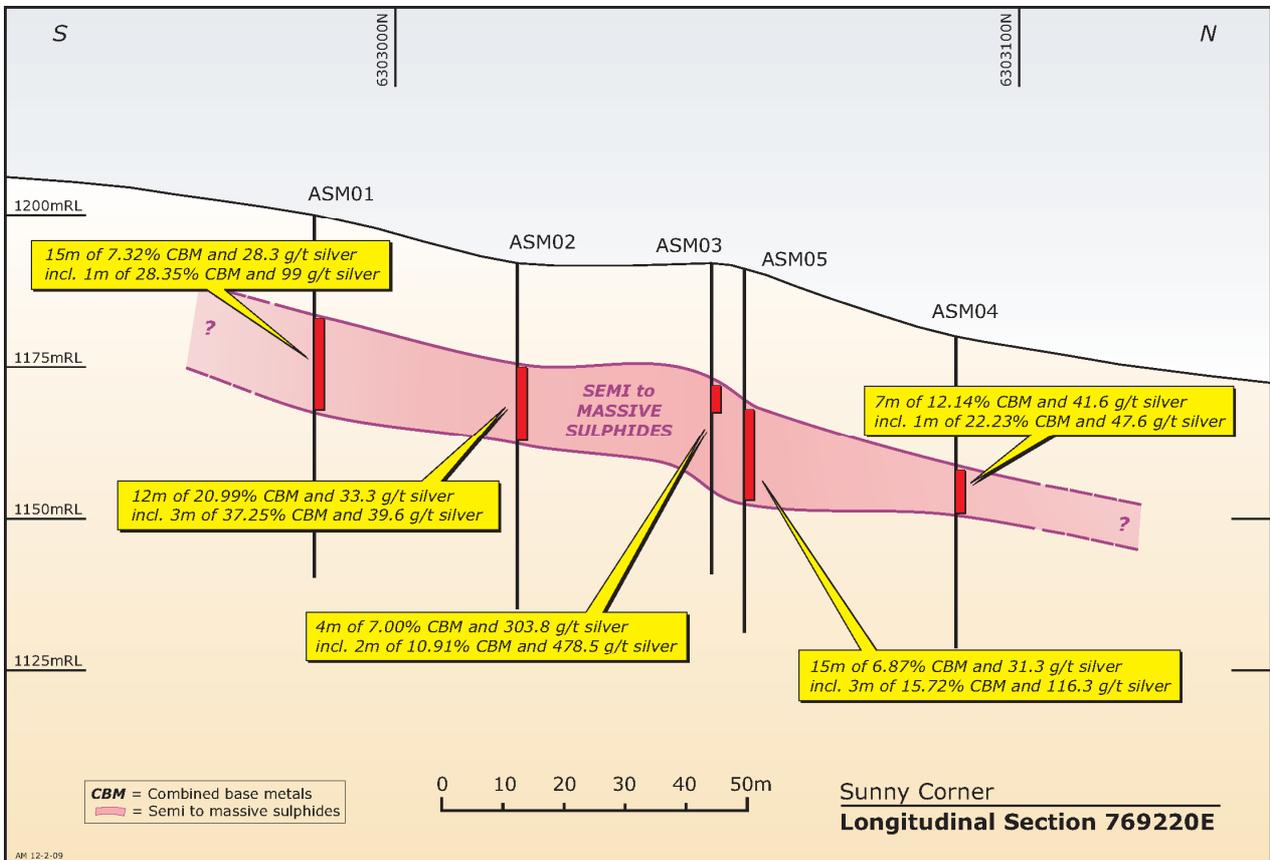
Sunny Corner contains the historic Sunny Corner Polymetallic Mine, located between Lithgow and Bathurst in NSW. An Inferred Resource of 1.5 mt @ 2.1% lead, 3.7% zinc, 0.4% copper, 24g/t Ag and 0.3g/t Au has been identified in a shallow flat lying deposit which is likely to be amenable to open pit mining, see Figures Two and Three.



### Figure Two



### Figure Three





## **Appointment of Mr Ross Smyth-Kirk to Argent's Board**

Mr Smyth-Kirk was appointed as a non executive director to Argent's board on 25 May 2011. He is a highly experienced participant in the Australian and international mining industry with a background in investment finance. Mr Smyth-Kirk is the Chairman of Kingsgate Consolidated Limited, a major Australian minerals company which, through its Chatree Gold Mine in Thailand, was one of the first Australian companies to successfully develop large scale mining operations in Asia. Mr Smyth-Kirk was one of the founding directors of the Australian investment company Clayton Robard Management Limited, a pioneer in the development of the modern Australian investment industry.

Mr Smyth-Kirk's experience and knowledge of the mining and investment industries will be of great benefit to the Company and its shareholders in the task of taking the Kempfield silver project from the DFS stage through to production.

## **Capital Raisings**

The Company has raised \$1.5 million through a placement of 6,818,182 shares at \$0.22 per share. A further \$7.3 million was raised during the quarter from the exercise of 41,208,625 options at an exercise price of \$0.178 per share. As at 28 July 2011 the Company had available cash (after deducting \$1.0 million to be paid to GCR as part consideration for the purchase of the 30% interest in Kempfield) of \$8.8 million.

## **Capital Structure**

As at 28 July 2011 the Company had on issue 137,420,184 fully paid ordinary shares and 2,000,000 unlisted options exercisable on or before 28 February 2013 at an exercise price of \$0.178 per share.

For more information

Kerry McHugh  
Executive Chairman  
**Argent Minerals Limited**  
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## **Competent Person Statements**

The data in this report that relates to Mineral Resources for the Sunny Corner Deposit is based on information evaluated by Mr Simon Tear who is a Member of The Australasian Institute of Mining and Metallurgy (MAusIMM) and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the "JORC Code"). Mr. Tear is a full-time employee of Hellman & Schofield Pty Ltd and he consents to the inclusion in the report of the Mineral Resource in the form and context in which they appear.



The information in this Report that relates to Exploration is based on information compiled by David Timms who is a member of the Australian Institute of Geoscientists, and a Technical Consultant to Argent, and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves”. Mr Timms consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

# Appendix 5B

## Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

Argent Minerals Limited

ABN

89 124 780 276

Quarter ended ("current quarter")

30 June 2011

### 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 & evaluation	(758)	(1,429)
(b) development	-	(2,172)
(c) production	-	-
(d) administration	(242)	(880)
1.3 Dividends received		
1.4 Interest and other items of a similar nature received	28	65
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	(53)	(167)
<b>Net Operating Cash Flows</b>	<b>(1,025)</b>	<b>(4,583)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	(3,790)
(b) equity investments	(46)	(3,115)
(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 - Security Bonds/Term Deposit	-	(891)
Sale of Subsidiary Company	(50)	(971)
<b>Net investing cash flows</b>	<b>(96)</b>	<b>(8,767)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(96)</b>	<b>(8,767)</b>

+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

1.13	Total operating and investing cash flows (brought forward)	<b>(1,121)</b>	<b>(13,350)</b>
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	4,262	14,713
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	2,550
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other – Cost from issue of shares	(49)	(562)
	<b>Net financing cash flows</b>	<b>4,213</b>	<b>16,701</b>
	<b>Net increase (decrease) in cash held</b>	<b>3,092</b>	<b>3,351</b>
1.20	Cash at beginning of quarter/year to date	1,653	1,394
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>4,745</b>	<b>4,745</b>

**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	158
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

	\$'000
Directors fees and remuneration	112
Accounting, corporate, bookkeeping and secretarial services	37
Engineering Consulting	9

**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

On 5<sup>th</sup> October 2010 Argent Minerals Limited (“Argent”) completed the purchase of Argent (Bullant) Pty Ltd. Costs relating to operating activities at section 1.2 (b) are in relation to development of the Bullant mine site.

On 25<sup>th</sup> March 2011 Argent Minerals Limited (“Argent”) completed the sale of its subsidiary Argent (Bullant) Pty Ltd to US Nickel Limited (“US Nickel”). The agreement for the sale of Argent (Bullant) Pty Ltd included the cancellation of 19,500,000 ordinary Argent shares held by US Nickel and the issue of 44,000,000 ordinary shares in US Nickel to Argent.

Argent shareholders on the record date of 1 April 2011 participated in an in specie distribution of 44,000,000 US Nickel shares.

The proceeds from borrowings referred to in cash flows relating to financing activities at 1.16 above, related wholly to US Nickel financing Argent (Bullant) Pty Ltd up to the date of the sale of Argent (Bullant) Pty Ltd to US Nickel. The completion of the purchase of Argent (Bullant) Pty Ltd by US Nickel results in US Nickel now assuming these borrowings and Argent having no interest bearing loans.

+ See chapter 19 for defined terms.

- 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	NIL	
3.2 Credit standby arrangements	NIL	

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	1,400
4.2 Development	-
4.3 Production	-
4.4 Administration	200
<b>Total</b>	<b>1,600</b>

**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	16	10
5.2 Deposits at call	4,729	1,643
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>4,745</b>	<b>1,653</b>

+ See chapter 19 for defined terms.

**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			

**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	<b>Preference securities</b> <i>(description)</i>			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions			
7.3	<b>*Ordinary securities</b>	118,172,966	118,172,966	
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	6,818,182 27,713,533	6,818,182 27,713,533	\$0.220 \$0.178
7.5	<b>*Convertible debt securities</b> <i>(description)</i>			

+ See chapter 19 for defined terms.

7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	<b>Options</b> <i>(description and conversion factor)</i>	19,247,218 2,000,000	19,247,218 2,000,000	<i>Exercise price</i> \$0.178 \$0.178	<i>Expiry date</i> 30 June 2011 28 February 2013
7.8	Issued during quarter				
7.9	Exercised during quarter	27,713,533	27,713,533	\$0.178	30 June 2011
7.10	Expired during quarter				
7.11	<b>Debentures</b> <i>(totals only)</i>				
7.12	<b>Unsecured notes</b> <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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:            Marcus Michael  
                                 Director

Date: 29 July 2011

Print name:         Marcus Michael

## 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.

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+ See chapter 19 for defined terms.

**Appendix 5B**  
**Mining exploration entity quarterly report**

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- 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 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting 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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