



## ASX Announcement

30 July 2012

### QUARTERLY ACTIVITIES AND CASH FLOW REPORT – FOR QUARTER ENDING 30 JUNE 2012 HIGHLIGHTS

- **Project staging update**
- **Feasibility study progress**
- **Exploration update – Kempfield, Sunny Corner and West Wyalong**
- **Available cash of approximately \$ 3.345 million as at 30 June 2012**

#### KEMPFIELD SILVER PROJECT

##### PROJECT STAGING UPDATE

In the 31 March 2012 Quarterly Report Argent Minerals Limited (“Argent Minerals” or the “Company”) advised that it was assessing the improved potential to mine the deposit in two stages in order to optimise cash flows, the company’s capital requirements, and shareholder returns. This followed the upgraded Resource estimate announced on 26 April 2012. In its 31 March 2012 quarterly report Argent Minerals advised that the oxide and transitional layers, being from surface to an approximate depth of 40 metres, present an opportunity for the company to mine and extract leachable materials as a first stage, and match outgoing cash for the flotation plant investment and associated mine development closer to when it will actually be required for the deeper and larger primary layer as a second stage.

During the 30 June 2012 quarter the Company focussed its feasibility study efforts on the first stage, with the aim of establishing an open cut mining and processing operation at Kempfield that will initially produce silver and gold doré bars; transport of this form of product is relatively simple and cost effective, and refinery terms and conditions are typically quite favourable. A core aim of the business model is to establish the earliest positive cash flow, in order to fund the Company’s continued development and open up additional opportunities for growth. Other benefits of this approach include reduced environmental impact and traffic flows.

The Australian mining industry has been significantly impacted by rising equipment and labour costs as well as a decline in commodity prices, and Argent Minerals is no exception. However, whilst many Australian-sourced supplies to the mining industry have increased in price, this has opened up opportunities for overseas suppliers to manufacture and ship competitively priced, high quality alternatives into the Australian market.

Accordingly, Argent Minerals has identified several alternative sources of equipment supply, including an experienced Australian engineering company with access to manufacturing facilities in Thailand. This particular company is currently assisting Argent Minerals with investigating the potential sourcing and prefabrication of processing plant offshore at a significantly lower cost than Australian-sourced price estimates. Whilst Argent Minerals has considered other sources of supply such as China, its preliminary view is that the Thailand-sourced alternative is a compelling higher quality and competitive alternative that merits serious consideration.



Argent Minerals also believes that it is well-placed for sourcing competitive labour locally. As news travels about the Kempfield Silver Project, the Company continues to be approached by locals in search of employment closer to home. Argent Minerals looks forward to working with the local communities in this regard. The Company's clear preference is to build a stable local employment base in the region and avoid fly-in-fly-out arrangements with their related costs and issues.

## FEASIBILITY STUDY PROGRESS

Detailed feasibility work continued during the quarter in parallel with the above, and is summarised as follows:

### **Air quality & Noise Analysis**

- A preliminary site layout has been finalised;
- Air quality and noise modelling was conducted based on full scale operational scenarios;
- Minimal impact anticipated on local residents other than for one adjacent property.

### **Aquatic Ecology Survey**

- Potential impact of project on aquatic habitats was investigated;
- Minimal impact expected on fish populations downstream of the project.

### **Blasting Analysis**

- Impacts of open pit blasting were assessed;
- Safe operational procedures being developed to prevent harm to people and property as a result of blasting events during the project life.

### **Community & Stakeholder Engagement**

- Ongoing consultation was carried out with local communities and landowners regarding the likely effects of the project;
- Meetings were held with Bathurst Regional Council and Blayney Council to resolve any issues that might arise during the life of the project;
- Discussions were held with Forests NSW to establish management procedures for timber harvesting and fire protection during the project life;
- Sponsorship of the Indigenous Youth Art Program for local schools and Bathurst. Successfully trialed by Andrew Forrest / Fortescue Metals Group in 2011, the program is designed to provide high quality arts and cultural workshops that are focused on the education, health and wellbeing of Indigenous youth. Argent Minerals is pleased to support the local communities in this way.

### **Flora & Fauna Assessments**

- Detailed surveys were conducted to assess the existing ecological communities and evaluate the potential impacts of the project development;
- Investigations were carried out as to the biodiversity effects and the likely need for the acquisition and protection of suitable land of equivalent ecological value to offset these impacts.

### **Geotechnical & Geochemical Investigations**

- Both plant site and TSF wall location were assessed to ensure that suitable foundations and footings can be designed;
- A variety of samples from various locations on the site were analysed to assess the likely metal contents and to detect any deleterious constituents.



## **Heritage Surveys**

- Surveys were conducted to assess potential project impacts on both European and Aboriginal heritage;
- Little European heritage remains and there will be minimal impact on these items;
- Some Aboriginal artefacts may be disturbed during development and this will be managed in consultation with the relevant claimants.

## **Metallurgy**

- Metallurgical testing continued, including:
  - Intermittent bottle roll tests on a range of ores, mineralised zones and grades;
  - Additional diamond drilling was conducted for further assaying and metallurgical testing - 6 holes for a total of 272 metres. Details will be released when all assays (including assays of historical cores – see Exploration section) are received and their significance assessed.

## **Power Supply Investigation (REF & supply)**

- Several alternative sources of power were investigated, including:
  - A new dedicated power line from the Manduramah / Blayney line;
  - An upgrade of the existing power line to the site; and,
  - Site based diesel generators.
- The most likely source will be via a new line from north of the project site and landowner consultations were commenced with properties likely to lie on the line easement;
- Discussion continued with Essential Energy on details of the proposed supply system;
- A Review of Environmental Factors (“REF”) was initiated as part of the power line approval process.

## **Roads & Traffic Analysis**

- Scoping designs were completed for an upgrade of the existing access via Colo Road to the site from Trunkey Creek;
- Discussions were held with Bathurst Regional Council on their requirements for such an upgrade;
- An application was lodged with the Council regarding privatisation of the western portion of Colo Road to allow secure and safe management of traffic flows in the project area.

## **Socio-economic Evaluation**

- Surveys of local communities have been initiated to assess the impact of the project on local amenities and the regional economy;
- Availability of suitable accommodation in the area was assessed on the assumption that no on-site dwellings will be constructed.

## **Soils Survey**

- A comprehensive soil survey was conducted to assess the existing soil characteristics and to evaluate the likely productivity effects of the development;
- Limited impact on local land productivity is expected as a result of the development.

## **Telecommunications Study**

- Discussions were held with a number of service providers regarding ongoing data and voice connections – including cable, satellite and microwave facilities.



## **Water Supply Assessment**

- Preliminary water balances were completed for a range of climatic conditions;
- A number of potential water sources were evaluated, including:
  - Access to Harvestable Rights water from wholly-owned property;
  - Purchase of existing surface water licences in the Abercrombie above Wyangala Catchment;
  - New drilled and tested water bores adjacent to the operational footprint;
  - Supply from existing dams and sewerage water sources in the region.
- An adequate supply is potentially available from a combination of these sources as well as from capture of rainfall from the operational footprint.

## **EXPLORATION**

### **KEMPFIELD**

During the quarter Argent Minerals conducted a review of the Kempfield mineralisation and other deposits within the exploration licence, with the aim of developing the next phase of exploration for potential resource extensions and other potential ore feeds for the Kempfield Silver Project.

The review of the Kempfield mineralisation zones and drill results indicated that 9 historical diamond cores within the preliminary pit shells had been originally assayed with a base metals focus, and not tested for either silver or gold. The core located in the NSW Government's Londonderry core library had been relogged, cut and reassayed using standard Argent analytical methods (ICP for base metals and fire assay for gold). The assay results have been received, and confirm the presence of silver and gold in varying grades where the database had recorded zero. This new information is being analysed and will be released in a separate report following completion of the analysis.

### **SUNNY CORNER**

Following the successful outcome of an environmental Assessment of Significance conducted by Argent Minerals in the Sunny Corner tenement, the Department of Trade and Investment, Mineral Resources approved an RC hole drilling program submitted by the Company earlier in the quarter. A programme to test possible northern extension of Sunny Corner mineralisation of 4 RC holes for 274 metres was undertaken in July and assaying is currently in progress.

### **WEST WYALONG**

No exploration was conducted at West Wyalong during the quarter.

## **APPENDIX 5B CASH FLOW REPORT**

The Appendix 5B cash flow report is attached.



# Argent Minerals Limited

ABN 89 124 780 276

For more information:

David Busch  
Managing Director  
**Argent Minerals Limited**  
Ph: 0415 613 800

## **Competent Person Statements**

The information in this report that relates to Exploration is based on information compiled by Vladimir David who is a member of the Australian Institute of Geoscientists, and a technical consultant to Argent Minerals, and who has sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activities being undertaken to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting Exploration Results, Mineral Resources and Ore Reserves". Mr. David 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 2012

### 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	(9)	(160)
(b) development	(1,006)	(5,068)
(c) production	-	-
(d) administration	(272)	(968)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	46	291
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	31	12
<b>Net Operating Cash Flows</b>	<b>(1,210)</b>	<b>(5,893)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of: (a) prospects	-	(1,000)
(b) equity investments	-	-
(c) other fixed assets	(3)	(16)
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	-	-
<b>Net investing cash flows</b>	<b>(3)</b>	<b>(1,016)</b>
1.13 Total operating and investing cash flows (carried forward)	<b>(1,213)</b>	<b>(6,909)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (brought forward)	(1,213)	(6,909)
	<b>Cash flows related to financing activities</b>		
1.14	Proceeds from issues of shares, options, etc.	-	5,724
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 – cost from issue of shares	-	(215)
	<b>Net financing cash flows</b>	-	<b>5,509</b>
	<b>Net increase (decrease) in cash held</b>	<b>(1,213)</b>	<b>(1,400)</b>
1.20	Cash at beginning of quarter/year to date	4,558	4,745
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	<b>Cash at end of quarter</b>	<b>3,345</b>	<b>3,345</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	186
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	163
Accounting, corporate, bookkeeping and secretarial services	23

**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

N/A
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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

N/A
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+ See chapter 19 for defined terms.

### 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	NIL
3.2 Credit standby arrangements	NIL	NIL

### Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	920
4.2 Development	
4.3 Production	
4.4 Administration	280
<b>Total</b>	<b>1,200</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	41	17
5.2 Deposits at call	3,304	4,541
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,345</b>	<b>4,558</b>

### 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	N/A			

+ See chapter 19 for defined terms.

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

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6.2 Interests in mining  
tenements acquired or  
increased

N/A			
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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 <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>	141,700,493	141,700,493	N/A	N/A
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	-	-	-	-
7.5 <b>+Convertible debt securities</b> <i>(description)</i>	-	-	-	-
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>	2,000,000	2,000,000	<i>Exercise price</i> \$0.178	<i>Expiry date</i> 28 February 2013
7.8 Issued during quarter	-	-	-	-
7.9 Exercised during quarter	-	-	-	-
7.10 Expired during quarter	-	-	-	-
7.11 <b>Debentures</b> <i>(totals only)</i>	-	-		

+ See chapter 19 for defined terms.

7.12	<b>Unsecured notes</b> ( <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 5).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:            Marcus Michael  
                                 Director

Date: 30 July 2012

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.
- 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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