



## ASX ANNOUNCEMENT

31 January 2011

## QUARTERLY ACITIVITIES AND CASHFLOW REPORT

### HIGHLIGHTS

- Argent to sell Bullant Gold Project.
- Drilling for Metallurgical testwork samples at Kempfield has been completed with high value intersections encountered e.g. Hole AKM07, 2m at 106.6g/t silver and 25.82% combined lead/zinc, and Hole AKM09, 1m at 751g/t silver and 2.77% combined lead/zinc.
- Review of Kempfield mining inventory illustrates the project's leverage to silver prices.
- The Bullant Gold Mine has been re-opened and work is proceeding on dewatering the decline and investigating upper level ore resources.

### Corporate

During the quarter two major corporate developments occurred:

1. On 23 November 2010, Argent's major shareholder, US Nickel Limited advised it intended to make a takeover offer for all the shares in Argent it did not already own.
2. On 9 December 2010, Argent and US Nickel advised that they had entered into an agreement under which Argent would sell the Bullant gold project to US Nickel. Details of the Agreement are set out in the Company's ASX announcement released on the 9 December 2010. A meeting of Argent shareholders is scheduled for 28 February 2011 to approve the proposed transaction. A Notice of Meeting has been sent to shareholders, see the Company's ASX announcement released on 19 January 2011.

### Capital Raising

On 17 December 2010, Argent advised it had raised \$2.12 million, by way of a placement to Sophisticated Investors of 13,290,000 shares at \$0.16c. The funds are to be used to progress the Kempfield Definitive Feasibility Study and for working capital purposes. Cash at 31 December 2010 amounted to \$3.09 million.



## **KEMPFIELD SILVER PROJECT**

Argent is earning a 70% interest from Golden Cross Resources Ltd (51% owned now, additional 19% after expenditure of further \$200,000. At 31 December 2010 approximately \$45,000 remained to be spent by Argent to earn a 70% interest).

### **Definitive Feasibility Study**

Argent has commenced a Definitive Feasibility Study following an earlier Scoping Study which showed the potential for an economically viable silver project based on the Kempfield resources of 9.9 million tonnes at 67g/t silver, including sulphide resources of 6.7 million tonnes at 62g/t silver and 2.5% combined lead/zinc, containing 21 million ounces of silver, 54,000 tonnes of lead and 114,000 tonnes of zinc.

A recent review of the Kempfield Scoping Study outputs was released to the market on 23 November 2010. This showed that the application of then current prices for silver, gold, lead and zinc enables reporting of resources at reduced cut-off grades from 40g/t Ag to 25g/t Ag for the oxide and transitional mineralization and from 80g/t Ag equivalent to 50g/t Ag equivalent for the primary mineralization. This increased the contained metal in the resources to 31 million ounces of silver, 175,000 tonnes of zinc, 86,000 tonnes of lead and 65,000 ounces of gold (Tables 3 & 4).

Operating cash flows, before capex, would increase to \$251 million at 600,000 tpa throughput and to \$297 million at 1.0 million tpa.

In the Company's September Quarterly Report and Cash Flow Statement released on 27 October 2010, Argent said that: "Recent increases in the silver price from A\$18.67 per ounce used in the April 2010 Scoping Study to the current A\$23.77 per ounce, a 27% increase, have prompted a decision to review the cut off grades used to calculate the Kempfield resources and to review the in-pit mining inventory. The scoping study numbers will also be run at a throughput of 1.0 million tonnes per annum compared to the 600,000 tonnes per annum used in the previous study. The review will give an indication of the deposit's sensitivity to price and throughput rates and is expected to be available in three to four weeks." The results of that review were released on 23 November 2010.

Australian Mine Design and Development Pty Ltd (AMDAD) has revised the pit-optimization model used to underpin the Kempfield Scoping Study. The pit-optimization review used prices prevailing at 9 November 2010 for two models;

- a) 600,000 tpa throughput, as used in the scoping study; and
- b) 1.0 million tpa throughput.



The key revised numbers are set out in table one below:

**Table One – Revised Pit Optimisation Outcomes**

<b>Pit Optimization</b>	<b>600,000 tpa April 2010 Scoping Study</b>	<b>600,000 tpa November 2010 Prices</b>	<b>1.0 million tpa November 2010 Prices</b>
<b>November 2010 Prices</b>			
Tonnes Treated*	6.3mt	11.8mt	15.9mt
Strip Ratio	1.6 to 1	1.32 to 1	1.43 to 1
Mine Life	10.5 years	19.6 years	15.9 years
Payable Silver Produced	12.3 mill ounces	17.9 mill ounces	21.7 mill ounces
Payable Gold Produced	15,200 ounces	25,000 ounces	34,000 ounces
Payable Lead Produced	10,900 tonnes	18,000 tonnes	26,000 tonnes
Payable Zinc Produced	31,300 tonnes	55,000 tonnes	81,500 tonnes
<b>Operating Cash Flow (Before Capex)</b>			
<b>Undiscounted</b>	<b>\$97.3 million</b>	<b>\$251.0 million</b>	<b>\$297.5 million</b>
<b>Discounted at 10% pa</b>	<b>\$80.6 million</b>	<b>\$185.0 million</b>	<b>\$230.0 million</b>

\*10% and 13% of the Nov 2010 600,000tpa and 1.0mtpa cases respectively are Inferred.

The following table compares the prices used in the April scoping study with prices as at 9 November 2010:

**Table Two – Metal Prices**

	<b>April 2010</b>	<b>November 2010</b>
Silver US\$ per ounce	16.00	26.84
Gold US\$ per ounce	1,100	1,394
Lead US\$ per tonne	2,205	2,510
Zinc US\$ per tonne	2,205	2,510
Exchange Rate \$A/\$US	0.88	1.02



**Table Three – Revised Resources**

	Tonnes	Silver		Gold		Lead		Zinc	
		Grade	Contained Metal	Grade	Contained Metal	Grade	Contained Metal	Grade	Contained Metal
	Million	g/t	M ozs	g/t	000 ozs	%	000t	%	000t
<b>Oxide/Mixed*</b>	5.8	58	10.8	0.1	19	N/A	N/A	N/A	N/A
<b>Primary**</b>	14.4	45	20.8	0.1	46	0.6	86	1.2	175
<b>Total</b>	<b>20.2</b>	<b>49</b>	<b>31.6</b>	<b>0.1</b>	<b>65</b>	<b>N/A</b>	<b>86</b>	<b>N/A</b>	<b>175</b>

\*Approximately 83% of these resources are Measured or Indicated-see Table 4 below

\*\*Approximately 64% of these resources are Measured or Indicated-see Table 4 below

**Table Four – Resources by Category (cut off grades as above)**

	Tonnes	Grade (g/t)		Grade (%)	
		million	Silver	Gold	Lead
<b>Oxide and Mixed</b>					
Measured	2.1	70.3	0.1		
Indicated	2.7	52.4	0.1		
Inferred	1.0	45.5	0.1		
<b>Primary</b>					
Measured	2.1	60.2	0.1	0.64	1.08
Indicated	7.5	45.7	0.1	0.59	1.21
Inferred	4.8	38.5	0.1	0.60	1.31

## Metallurgy

Metallurgical testwork is scheduled to commence next week aimed at confirming the estimates included in the scoping study relating to the production of zinc concentrates and silver-rich lead concentrates and to the estimates of metallurgical recoveries for silver, lead and zinc. Testwork results are expected to be available in approximately six weeks.

Six metallurgical holes were drilled at Kempfield to provide representative samples for metallurgical testing from the proposed pits in three zones.

Some high value results were recorded as follows:

- 2m in hole AKM07 from 79m averaged 25.82% Pb+Zn plus 106.6g/t Ag, including 1m from 80m averaging 39.19% Pb+Zn plus 157.0g/t Ag
- 65m from surface in AKM08 averaged 3.10% PB+Zn plus 55.5g/t Ag
- 1m in hole AKM09 at 134m averaged 2.77% Pb+Zn plus 751.0g/t Ag



## Description of individual holes:

Hole AKM06 was drilled at the northern end of the proposed McCarron North open pit to see if the high grades in hole AKRC76 would extend 30m further down. Results were disappointing in that it recorded only 9m at a grade of 2.5% Pb+Zn and 12.7g/t Ag compared to the hole 30m above. The possible cause was that the hole intersected the ore zone below the northerly plunging high grade shoot. Further drilling will be undertaken to test this.

Hole AKM07 drilled in the middle of the proposed McCarron zone open pit recorded Kempfield's best ever 2m intersection of combined lead-zinc at 25.8% plus 106.6g/t silver and the highest grade 1m sample at 39.2% Pb+Zn plus 157.0g/t Ag.

Hole AKM08 drilled at the southern end of the proposed McCarron zone open pit resulted in 65m of higher grade ore of 3.10% Pb-Zn plus 55.5g/t Ag from surface with some very high grade intervals such as 5m from 57m averaging 12.04% Pb-Zn plus 127.0g/t Ag.

Hole AKM09 drilled into the centre of the quarry zone pit yielded the anticipated 67m (46m to 113m) averaging 2.23% Pd-Zn plus 33g/t Ag. The hole also intersected 13m (from 124m to 137 m) towards the bottom of the hole which ran 132.1g/t Ag including 1m of exceptionally high silver assay of 751g/t Ag (i.e. 24.2 ounces per tonne of silver).

Hole AKM10 was drilled at the very northern end of the proposed BJ zone open pit exploring the possible depth extension of the ore zone 30m below previous holes. The hole intersected two zones, one of 5m averaging 75.2g/t Ag and another zone of 9m averaging 2.33% Pb+Zn and 17.4g/t Ag.

Hole AKM11 was drilled into the middle of the proposed BJ open pit to confirm the above average grades in the section. The hole confirmed the continuity of the mineralisation with a 66m section averaging 81.4g/t silver plus another ore shoot of 10m averaging 75.9g/t Ag including one metre of 152.5g/t Ag plus 1.37% Pb+Zn.

In conclusion the six holes provided the required core for metallurgical testing of the zones with some unexpectedly good results and holes AKM09, AKM10 and AKM11 intersected ore grade mineralization below previously drilled holes.

The best results from each hole are listed in the Table 5.



**Table Five -The best results from each Kempfield metallurgical hole are listed in the following table**

Hole No	Northing GDA	Easting GDA	From m	Interval m	Grade Ag g/t	Grade Au g/t	Grade Pb %	Grade Zn %	Grade Pb+Zn %
AKM06	708365	6258309	55	<b>9</b>	12.7	0.39	0.57	<b>2.03</b>	<b>2.50</b>
AKM07	708365	6258077	21	<b>10</b>	45.1	0.08	0.73	0.51	1.24
	and		61	<b>1</b>	<b>77.1</b>	0.16	<b>3.35</b>	<b>3.69</b>	<b>7.04</b>
	and		64	<b>2</b>	<b>67.4</b>	0.21	1.30	0.51	1.81
	and		69	<b>15</b>	49.6	0.11	1.98	<b>4.74</b>	<b>6.72</b>
	including		75	<b>8</b>	<b>67.3</b>	0.14	<b>2.79</b>	<b>7.21</b>	<b>10.00</b>
	including		79	<b>2</b>	<b>106.6</b>	0.23	<b>5.13</b>	<b>20.69</b>	<b>25.82</b>
	including		80	<b>1</b>	<b>157.0</b>	0.29	<b>7.59</b>	<b>31.6</b>	<b>39.19</b>
AKM08	708190	6257917	<b>Surface</b>	<b>65</b>	<b>55.5</b>	0.18	1.29	1.81	<b>3.10</b>
	including		37	<b>28</b>	<b>60.8</b>	0.20	<b>2.12</b>	<b>3.85</b>	<b>5.97</b>
	including		57	<b>5</b>	<b>127.6</b>	0.28	<b>4.38</b>	<b>7.66</b>	<b>12.04</b>
	including		54	<b>1</b>	<b>157</b>	0.52	<b>6.71</b>	<b>13.05</b>	<b>19.76</b>
AKM09	709160	6259394	17	<b>13</b>	42.4	0.03	0.68	0.72	1.40
	and		46	<b>67</b>	33.0	0.05	0.86	1.37	<b>2.23</b>
	including		95	<b>2</b>	<b>225.0</b>	0.03	0.41	0.31	0.72
	including		86	<b>16</b>	<b>85.4</b>	0.02	1.13	<b>2.27</b>	<b>3.40</b>
	and		124	<b>13</b>	<b>132.1</b>	0.03	0.08	0.30	0.38
	including		134	<b>1</b>	<b>751.0</b>	0.09	0.54	<b>2.23</b>	<b>2.77</b>
AKM10	708718	6258495	50	<b>5</b>	<b>75.2</b>	0.02	0.05	0.22	0.27
	and		86	<b>9</b>	17.4	0.02	0.45	1.88	<b>2.33</b>
	including		92	<b>1</b>	26.5	0.02	1.21	<b>5.70</b>	<b>6.91</b>
AKM11	708691	6258418	36	<b>66</b>	<b>81.4</b>	0.01	0.18	0.70	0.88
	including		44	<b>21</b>	<b>121.0</b>	0.01	0.02	0.21	0.23
	including		78	<b>19</b>	<b>95.5</b>	0.01	0.28	1.34	1.62
	including		92	<b>10</b>	<b>76.7</b>	0.01	0.45	<b>2.40</b>	<b>2.85</b>
	and		118	<b>10</b>	<b>75.9</b>	0.04	0.24	1.11	1.35
	including		125	<b>2</b>	<b>152.5</b>	0.11	0.09	1.28	1.37

## **BULLANT GOLD PROJECT**

Under the agreement between Argent and US Nickel released to the ASX on the 9 December 2010, in the period between 9 December 2010 and completion of the transaction, Argent will continue to manage the Bullant project using budgets proposed and funded by US Nickel and approved by both Companies.

The main operational matters to report are as follows:

- Testing of the dewatering pumps is continuing pending the receipt of the necessary approvals.



- Toll Treating discussions are continuing with a number of mills in the region.
- As part of the upper level mining plans the eastern crown pillar, containing an estimated 10,000 tonnes at 4.5g/t gold, is expected to be mined following receipt of the necessary approvals.
- Underground drilling to prove up resources in the upper levels of the mine is being undertaken with a view to commencing ore production from these areas in the next three months.
- An ongoing review of information concerning resources identified by previous owners indicates there are potentially mineable resources at a number of sites on the mining leases including Bullant South and Wattlebird requires further work to determine what opportunities might exist for both open pit and underground mining at these sites and that work is expected to be undertaken over the next twelve months.
- Consideration is being given to the viability of constructing an on-site mill capable of treating Bullant ore (including lower grade open pit material that might become available in the future) and ore from surrounding areas. In this context US Nickel announced on 13 January 2011, that it had signed a purchase agreement to purchase a 500,000t/pa ball mill, associated drives and pumps located north of Leonora, Western Australia. US Nickel added that “removal and relocation of the ball mill to the Bullant mine site is expected to begin within the next few weeks.”
- A review of previous exploration and remaining targets has been undertaken by Mr Greg Jorgensen, a Kalgoorlie based consulting geologist. His review concludes that “A major problem with the current review has been the lack of a complete assay database and this has made detailed assessments of each prospect difficult. However, using a combination of the available database and detailed reviews of past annual technical reporting and other sources, it is clear that there are a number of prospect areas and exploration targets that require further work. These targets range from relatively early stage and poorly tested geochemical targets through to more advanced prospect areas that are likely to generate further significant intercepts, if not resources. Excluding Bullant itself, the most advanced of these are Wattlebird-Old Zuleika, Bowerbird, Zuleika South, Rocky Dam and the SW Geochem Anomaly and all have the potential to generate small resources and all require further, more detailed assessments.

However, there are two exploration areas that have real potential to significantly add to the resource inventory of the Bullant Project. The first of these is the Kestral prospect and the second occurs approximately 300m west of the Bullant pit and appears to be un-named. Both areas have extensive strike potential (1km & 500m, respectively) and have numerous highly significant intercepts in relatively wide-spaced drilling (100-150m spaced drill traverses). Both oxide and hypogene-hosted mineralisation is possible and both areas require infill drilling to identify resources, if present.”



For more information:

[www.argentminerals.com.au](http://www.argentminerals.com.au)

Kerry McHugh  
Executive Chairman  
Argent Minerals Limited  
Ph: 0404 465 154

### **Competent Person Statements**

The information in this Report that relates to Mineral Resources is based on information compiled by Dr Phillip Hellman, who is a Fellow of the Australian Institute of Geoscientists and a Director of Hellman & Schofield Pty Ltd. Dr Hellman 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”. Dr Hellman consents to the inclusion in the report of the matters based on the information in the form and context in which it appears.

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.



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, 01/06/10.

Name of entity

Argent Minerals Limited

ABN

89 124 780 276

Quarter ended ("current quarter")

31 December 2010

#### 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 & evaluation	(220)	(588)
(b) development	(416)	(416)
(c) production	-	-
(d) administration	(227)	(452)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	-	12
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other - GST	(132)	(181)
<b>Net Operating Cash Flows</b>	<b>(995)</b>	<b>(1,625)</b>
<b>Cash flows related to investing activities</b>		
1.8 Payment for purchases of:		
(a) prospects	(269)	(3,790)
(b) equity investments	-	-
(c) other fixed assets	(710)	(2,489)
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	-	(890)
<b>Net investing cash flows</b>	<b>(979)</b>	<b>(7,169)</b>

+ See chapter 19 for defined terms.

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

1.13	Total operating and investing cash flows (carried forward)	(1,974)	(8,794)
<b>Cash flows related to financing activities</b>			
1.14	Proceeds from issues of shares, options, etc.	2,201	10,201
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	800	800
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other	(137)	(511)
	<b>Net financing cash flows</b>	<b>2,864</b>	<b>10,490</b>
	<b>Net increase (decrease) in cash held</b>	<b>890</b>	<b>1,696</b>
1.20	Cash at beginning of quarter/year to date	2,200	1,394
1.21	Exchange rate adjustments to item 1.20		
1.22	<b>Cash at end of quarter</b>	<b>3,090</b>	<b>3,090</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	210
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	138
Accounting and bookkeeping and secretarial services	72

**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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+ 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	
3.2 Credit standby arrangements	NIL	

**Estimated cash outflows for next quarter**

	\$A'000
4.1 Exploration and evaluation	200
4.2 Development	1,200
4.3 Production	-
4.4 Administration	300
<b>Total</b>	<b>1,700</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	621	15
5.2 Deposits at call	2,469	2,185
5.3 Bank overdraft	-	-
5.4 Other	-	-
<b>Total: cash at end of quarter (item 1.22)</b>	<b>3,090</b>	<b>2,200</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	NIL			
6.2 Interests in mining tenements acquired or increased	NIL			

+ See chapter 19 for defined terms.

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

**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>	101,891,251	101,891,251		
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	13,290,000	-	\$0.16	\$0.16
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>	48,210,751	48,210,751	<i>Exercise price</i> \$0.20	<i>Expiry date</i> 30 June 2011
7.8 Issued during quarter				
7.9 Exercised during quarter	20,000	20,000	\$0.20	\$0.20
7.10 Expired during quarter				

+ See chapter 19 for defined terms.

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 4).
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here:            Marcus Michael  
                                 Director

Date: 31 January 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.
- 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.