

HALF YEARLY REPORT

For period ending 31 December 2007

ASX Code: ARE
ABN: 97 008 084848

Head office

Level 8
235 Macquarie Street
Sydney 2000 Australia
T: +61 2 9239 8787
F: +61 2 9239 8788
E: sydney@argonautresources.com

Laos

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

www.argonautresources.com

Contents

	Page No.
Company Particulars	3
Directors' Report	4
Auditors' Independence Declaration	7
Consolidated Income Statement	8
Consolidated Balance Sheet	9
Consolidated Statement of Changes in Equity	10
Statement of Cash Flow Statement	11
Notes to the Financial Statements	12
Directors' Declaration	15
Independent Review Report to the Members	16

Company Particulars

Directors:	PJD Elliott <i>Independent Non-executive Chairman</i>
	GA Ellis <i>Managing Director</i>
	GN Williams <i>Independent Non-executive Director</i>
	LJ Owler <i>Exploration Director</i>
Company Secretary:	GA Ellis
Registered Office:	Level 8 235 Macquarie Street Sydney NSW 2000 T: 02 92398787 F: 02 92398788 E: sydney@argonautresources.com
Laos Office:	Unit 3, Level 5 Vientiane Commercial Building 33 Lane Xang Avenue Vientiane, Laos PDR T: +856 21 222 731 F: +856 21 240 281 E: laos@argonautresources.com
Auditor:	PricewaterhouseCoopers Chartered Accountants 201 Sussex Street Sydney NSW 1171
Solicitors:	Watson Mangioni 50 Carrington Street Sydney NSW 2000
Share Register:	Computershare Registry Services Pty Limited Level 5 115 Grenfell Street Adelaide SA 5000
Stock Exchange Listing:	Argonaut Resources NL's shares are quoted on the Australian Stock Exchange Stock code ARE and Option code AREO www.argonautresources.com

Directors' Report

Your Directors present their report on the consolidated entity consisting of Argonaut Resources NL and the entities it controlled at the end of, or during, the half-year ended 31 December 2007.

Directors

The following persons were Directors of Argonaut Resources NL during the whole of the half-year and up to the date of this report.

PJD Elliott
(Non Executive Chairman)
GA Ellis
(Managing Director)
GN Williams
(Independent Non-Executive Director)
LJ Owler
(Exploration Director)

Review of Operations

The consolidated loss of the consolidated entity for the six months to 31 December 2007, after providing for any income tax, was \$758,154 (2006: \$542,777 loss).

Principal Activities

During the half year the principal continuing activities of the consolidated entity were directed toward identifying resource opportunities capable of exploration to increase value with clear emphasis on projects capable of early development into production.

EXPLORATION

Australia

EL3195, Torrens (Argonaut 100%)

On 2 October 2007 Argonaut announced that a Declaration of Environmental Factors submitted by Joint Venture partners, Straits Resources Ltd. (Straits) for drilling on EL3195, Torrens, had been approved by Primary Industries and Resources, South Australia

The approval allowed for the establishment of a camp and the land based drilling of holes into the Torrens copper-gold target from Andamooka Island.

Drilling of the first hole at Torrens (TD004) under the Torrens Joint Venture commenced on 31 October 2007. This program is targeting large high density, low susceptibility bodies identified by inversion modelling of gravity and magnetic data.

On 14 December 2007 the company announced that TD004, drilled to 1,198m, appeared to have skimmed the southern edge of its intended target.

It was anticipated that TD004 would lift (deviate) as much as 20 degrees to the north from its original orientation during the course of drilling to intercept its intended target. Instead, the hole remained straight and appears to have passed to the south of the modelled haematite body.

Argonaut's joint venture partner, Straits, has commenced drilling a daughter hole (wedge), oriented north, towards the target. The daughter hole (TD005) was wedged-off TD004 at 516m.

An aeromagnetic survey was flown over EL3195 in the period for the purpose of improving the resolution of the inversion model. Refined models were completed in December.

Straits has now established an exploration camp on Andamooka Island and the drilling rig recommenced drilling on 7 January 2008.

Assay results from hole TD004 had not been received from the laboratory at the time of writing.

Argonaut Directors visited the exploration site in January 2008 and were impressed by the commitment made by Straits to the project and by the professional manner in which the project was being operated.

The Torrens Project is located in South Australia's Gawler Craton region (Stuart Shelf), within 50 kilometres of Tech Cominco's Carapateena copper-gold discovery and 75 kilometres from BHP's Olympic Dam mine.

The project contains strong magnetic and gravity anomalies with previous drilling by WMC Ltd intersecting intense magnetite and haematite alteration typical of Olympic Dam and Carapateena style ore bodies in SA.

Straits has the right to earn a 70% interest in the project, pursuant to the terms of the Joint Venture, by spending \$7 million on exploration within 5 years. Argonaut currently holds 100%.

Kroombit Zn-Cu Deposit (Argonaut 100%)

During the Quarter the Company announced the results of the highly successful confirmatory RC drilling program undertaken at the Kroombit zinc-copper deposit in Central Queensland.

The confirmatory program was aimed at improving known intercepts and extending the identified mineralisation laterally and at depth

The 13 holes drilled by Argonaut at Kroombit during August and September 2007 confirm the presence of zinc and copper mineralisation reported in holes drilled by MIM during the 1960s and 1970s.

Following the receipt of initial drill results, Argonaut submitted representative samples for preliminary metallurgical test work.

Results of initial acid leach tests, designed to establish amenability to heap leaching, included zinc recovery up to 76%.

The basis for a resource drilling program at Kroombit to JORC standards was established by an independent consultant during the quarter and the parameters determined, in particular drill spacing form part of an additional application to the Queensland Environment Protection Agency for approval to conduct resource drilling.

After establishing a mineral resource to JORC standards the Company proposes to conduct a Preliminary Feasibility Study to consider the economics of an initial open pit operation and production facility.

Power, road, rail and port facilities are all located within easy reach of the Kroombit deposit.

Straits Resources Ltd holds a 2% Net Smelter Royalty interest in ML 5631.

To protect extensions to the Kroombit deposit and other conceptual targets, the Company holds three Mineral Exploration Permits covering 663 square kilometres surrounding ML 5631. These tenements are:

- EPM 15705, Mt Kroombit;
- EPM 15733, Blue Hills; and
- EPM 15734, Mt Lookerbie.

These areas include prospective geological features and all available known zinc and copper mineral occurrences adjacent to the Kroombit Mining Lease.

Argonaut geologists have conducted a preliminary assessment of several of these regional targets and have found them to be highly prospective.

Argonaut has planned a program of targeted regional exploration designed to define drill targets within the broad, prospective zones. The Company will drill test these targets as they become clearly delineated during the course of the nearby resource drilling program.

EL3037, Alford

Argonaut's Joint Venture partner, Hillgrove Resources Ltd can earn a 70% interest by spending \$4 million on exploration.

EL3193 and EL3075, Aroona

No exploration work was undertaken on EL3195 or EL3075 during the Quarter. These tenements are currently subject to a joint venture agreement with Perilya Limited.

Laos

Xekong Area (Argonaut 65%)

The company has defined seven prospective areas over the 588 square kilometre tenement at Xekong. The most prospective area defined by reconnaissance sampling is a prospect known as Ban Bak.

The early end to the Lao wet season allowed Argonaut geologists to start work in the first week of November 2007, six to eight weeks earlier than previous years.

In the quarter the company collected 27 stream sediment samples, 998 soil samples, 246 rock-chip samples and completed 1,071 m of channel sampling at Xekong.

Ban Bak Prospect

Gold mineralisation at Ban Bak is hosted in a sequence of silicified sedimentary rocks in association with porphyry intrusions. High grade samples have been taken from silicified mudstones, silicified sandstones and bioclastic limestone showing 'replacement style' mineralisation.

The Company has sent a large exploration team to Ban Bak to carry out an extensive sampling, mapping and channel sampling program. The company's intention is to generate a large number of drill targets for an extensive man portable diamond drilling program in the 2008/2009 dry season.

The focus of the current program at Ban Bak is soil sampling and detailed geological mapping. High resolution multi-element soil geochemistry and a sound understanding of lithologies and their geometry allow accurate

targeting of channel sampling and drilling programs.

Ban Don Prospect

Ban Don is a prospect area currently defined by a broad gold anomaly from stream sediments. Further sampling and channel sampling will be undertaken at Ban Don during the current dry season program.

Century Area (Argonaut 70%)

During the quarter the company continued its aggressive exploration program at the Century Block. Exploration work was undertaken at Ang Noi, Vang Ma, Ban So/Houai Khouay and Khokhe prospects.

In the quarter the company collected 224 stream sediment samples, 724 soil samples, 376 rock-chip samples and completed 3,853 m of trenching at Century.

Ang Noi Prospect

Argonaut previously defined several mesothermal quartz veins carrying high grade gold hosted within a body of granite porphyry. The Company is continuing to define these veins and broadening the soil sampling coverage to search for additional veins.

A peak soil sample of 12.6 g/t Au was achieved in the quarter.

Vang Ma Prospect

Access to Vang Ma prospect was re-established late in the quarter and a program of follow-up trenching is now underway. Results of this work are still outstanding. Infill stream sediment sampling at Vang Ma produced some excellent results in the quarter with a peak stream sediment sample of 17.0 g/t Au.

Ban So / Houai Khouay Prospects

Gold in surface samples taken from Ban So and Houai Khouay prospects previously were not explained by initial trenching undertaken by Argonaut in 2005. On revisiting this area Argonaut geologists now believe that fault controlled alteration zones

near the margins of diorite intrusions control the gold mineralisation.

Fundraising.

During the period 30,300,000 shares were issued to sophisticated investors to raise a gross amount of \$12,120,000.

These funds will be used to progress exploration activities in Laos and Australia and to provide working capital for the company.

Sections of information contained in this report that relate to Exploration Results and Mineral Resources were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy, is a full time employee of Argonaut Resources NL, and has sufficient experience which is relevant to the style of mineralisation of deposits 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 Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Auditors Independence declaration.

A copy of the auditors independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 8.

This report is made in accordance with a resolution of the Directors.



Graeme A Ellis
Director
11 March 2007

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' independence declaration

As lead auditor for the review of Argonaut Resources NL for the half-year ended 31 December 2007, I declare that, to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Argonaut Resources NL and the entities it controlled during the period.



Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
11 March 2008

Argonaut Resources NL
Consolidated income statement
For the half-year ended 31 December 2007

	HALF YEAR	
	2007	2006
	\$	\$
Revenue from operations	163,506	142,070
Accounting, audit & legal fees	(128,688)	(48,386)
Office administration expenses	(114,372)	(134,335)
Office lease & maintenance costs	(24,869)	(39,246)
Foreign exchange loss	(39,120)	(63,459)
Exploration expenses	-	-
Travel expenses	(211,524)	(89,299)
ASX and registry fees	(40,493)	(44,828)
Borrowing costs	(2,612)	(3,147)
Depreciation expense	(10,990)	(9,407)
Director & employee benefits	(348,992)	(252,740)
Loss before income tax expense	<u>(758,154)</u>	<u>(542,777)</u>
Income tax expense	-	-
Loss from operations	<u>(758,154)</u>	<u>(542,777)</u>
Loss for the half-year	<u>(758,154)</u>	<u>(542,777)</u>
Loss attributable to members of Argonaut Resources N.L.	<u>(758,154)</u>	<u>(542,777)</u>
Loss per share attributable to the ordinary equity holders of the company:		
Basic earnings per share	(0.56) cents	(0.40) cents
Diluted earning per share	(0.56) cents	(0.40) cents

The above consolidated income statement should be read in conjunction with the accompanying notes.

Argonaut Resources NL
Consolidated balance sheet
As at 31 December 2007

	Note	31 December 2007 \$	30 June 2007 \$
ASSETS			
Current Assets			
Cash and cash equivalents		11,834,340	2,330,473
Other		147,865	117,809
Total Current Assets		<u>11,982,205</u>	<u>2,448,282</u>
Non-Current Assets			
Property, Plant and Equipment		190,469	203,224
Exploration and Evaluation Assets		6,452,466	5,900,528
Total Non-Current Assets		<u>6,642,935</u>	<u>6,103,752</u>
Total Assets		<u>18,625,140</u>	<u>8,552,034</u>
LIABILITIES			
Current Liabilities			
Payables		288,496	253,016
Interest Bearing Liabilities		8,674	8,031
Total Current Liabilities		<u>297,170</u>	<u>261,047</u>
Non-Current Liabilities			
Provisions		127,063	114,063
Interest Bearing Liabilities		23,137	30,358
Total Non-Current Liabilities		<u>150,200</u>	<u>144,421</u>
Total Liabilities		<u>447,370</u>	<u>405,468</u>
Net Assets		<u>18,177,770</u>	<u>8,146,566</u>
EQUITY			
Contributed Equity	3	27,715,700	16,310,394
Reserves		(1,142,710)	(526,762)
Retained Losses		(8,395,220)	(7,637,066)
Parent Entity Interest		18,177,770	8,146,566
TOTAL EQUITY		<u>18,177,770</u>	<u>8,146,566</u>

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Argonaut Resources NL
Consolidated Statement of changes in equity
For the half-year ended 31 December 2007

	HALF YEAR	
	2007	2006
	\$	\$
Total equity at the beginning of the half year	8,146,566	9,927,002
Exchange differences on translation of foreign operations	(615,948)	(352,716)
Net income recognised directly in equity	<u>(615,948)</u>	<u>(352,716)</u>
Loss for the half-year	<u>(758,154)</u>	<u>(542,777)</u>
Total recognised income and expense for the half year	<u>(1,374,102)</u>	<u>(895,493)</u>
Transactions with equity holders in their capacity as equity holders:		
Employee share options	-	-
Contributions of equity, net of transactions costs	<u>11,405,306</u>	<u>-</u>
Total equity at the end of the half year	<u>18,177,770</u>	<u>9,031,509</u>
Total recognised income and expense for the half year is attributable to:		
Members of Argonaut Resources N.L.	<u>(1,374,102)</u>	<u>(895,493)</u>
	<u>(1,374,102)</u>	<u>(895,493)</u>

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Argonaut Resources NL
Consolidated cash flow statement
For the half-year ended 31 December 2007

	HALF YEAR	
	2007	2006
	\$	\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments to suppliers and employees (inclusive of goods and services tax)	(937,018)	(1,121,512)
Interest received	163,506	142,070
Borrowing costs	(2,612)	(3,147)
GST refund received	130,978	
Receipts from other debtors	-	30,541
Net cash outflow from operating activities	<u>(645,146)</u>	<u>(952,048)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(1,166,120)	(648,431)
Payments for Plant and Equipment	-	(3,285)
Net cash outflow from investing activities	<u>(1,166,120)</u>	<u>(651,716)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from share issue	12,076,000	-
Share issue transactions costs	(714,694)	-
Finance lease principal repayments	(6,578)	(2,371)
Net cash outflow from financing activities	<u>11,354,728</u>	<u>(2,371)</u>
Net increase (decrease) in cash and cash equivalents	9,543,462	(1,606,135)
Cash and cash equivalents at the beginning of the half year (less restricted cash)	<u>2,273,730</u>	<u>6,057,959</u>
Effects of exchange rate changes on cash	(39,120)	(63,459)
Cash and cash equivalents at the end of the half year	<u><u>11,778,072</u></u>	<u><u>4,388,365</u></u>
Reconciliation of Cash and cash equivalents		
Cash (as disclosed on the face of the Balance Sheet)	11,834,340	4,445,339
Less: Restricted cash – un-presented cheques (as disclosed under Payables on the face of the Balance Sheet)	(56,268)	(56,974)
	<u><u>11,778,072</u></u>	<u><u>4,388,365</u></u>

The above consolidated cash flow statement should be read in conjunction with the accompanying notes.

Argonaut Resources NL
Notes to the Consolidated Financial Statements
For the half-year ended 31 December 2007

1. Summary of significant accounting policies

This general purpose financial report for the interim half-year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134: *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by Argonaut Resources NL during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

2. SEGMENT INFORMATION

The economic entity operates predominantly in the one industry and in two geographical areas, namely mineral exploration and evaluation in Australia and Laos.

Primary reporting format – business segments

31 December 2007

	Australia \$	Laos \$	Other \$	Consolidated \$
Total segment revenue	163,506	-	-	163,506
Total revenue				<u>163,506</u>
Segment result	(758,154)	-	-	(758,154)
Loss from operations before related income tax expense				<u>(758,154)</u>

31 December 2006

	Australia \$	Laos \$	Other \$	Consolidated \$
Total segment revenue	142,070	-	-	142,070
Total revenue				<u>142,070</u>
Segment result	(542,777)	-	-	(542,777)
Loss from operations before related income tax expense				<u>(542,777)</u>

3. EQUITY SECURITIES ISSUED

	HALF YEAR		HALF YEAR	
	31 December 2007 Shares	30 June 2007 Shares	31 December 2007 \$	30 June 2007 \$
Equity securities issued	165,244,719	134,944,719	27,715,700	16,310,394

Movements in ordinary share capital

Date	Details	Notes	Number of Shares	Issue Price	\$
1 July 2006	Balance		134,889,664		16,293,877
31 March 2007	Exercise of listed options		1,698	\$0.30	509
29 June 2007	Exercise of listed options		53,357	\$0.30	16,008
1 July 2007	Balance		134,944,719		16,310,394
16 Oct 2007	Share placement @ 40cents		30,000,000	\$0.40	12,000,000
24 Oct 2007	Share placement @ 40cents		300,000	\$0.40	120,000
24 Oct 2007	Fund raising costs				(714,694)
31 Dec 2007	Closing balance		165,244,719		27,715,700

Options	31 December 2007 Options	30 June 2007 Options	31 December 2007 \$	30 June 2007 \$
Listed options	-	-		
Options expired: 30.06.2007				
Unlisted options				
Opening Balance	6,750,000	6,750,000	48,633	48,633
Option premium reserve	-	-	-	-
Closing Balance	6,750,000	6,750,000	48,633	48,633

Unlisted options expire:
3,000,000 on 30.06.08
750,000 on 10.09.2009
2,500,000 on 15.12.2009
500,000 on 21.12.2009

The unlisted options have an exercise price of 30 cents

4. EXPLORATION AND EVALUATION ASSETS

	Consolidated	
	31 December 2007	30 June 2007
	\$	\$
Exploration assets – 30 June	5,900,528	3,887,515
Expenditure incurred during the year	1,167,886	2,606,873
Exchange differences	(615,948)	(562,063)
Expenditure written off during the year	-	(31,797)
Proceeds from joint venturer executed	-	-
Exploration assets – 30 June	<u>6,452,466</u>	<u>5,900,528</u>

5. CONTINGENT LIABILITIES

The consolidated entity has contingent liabilities at 31 December 2007 in respect of:

Native Title

Tenements in which the company has an interest are covered by one or more Native Title claims or are within aboriginal lands. The estimated contingent liability with respect to Native Title claims is not expected to exceed \$100,000. No material losses are anticipated in respect of this contingent liability.

Deferred Laos acquisition costs

On completion of a bankable feasibility study by the Government of Laos relating to Century or Xekong tenements and the issue of a mining licence for either tenement on terms acceptable to the Company, the Company is required to pay within 5 days US\$450,000 for Century or US\$700,000 for Xekong respectively in deferred acquisition costs.

There are no other material contingent liabilities relating to the Company and/or the consolidated entity.

6. EVENTS OCCURRING AFTER BALANCE DATE

No matters or circumstances have arisen since 31 December 2007 that have significantly affected or may significantly affect:

- (i) the consolidated Company's operations in future financial years; or
- (ii) the results of those operations in future financial years; or
- (iii) the consolidated Company's state of affairs in future financial years

Directors' Declaration

In the directors' opinion:

a) the financial statements and notes set out on pages 8 to 14 are in accordance with the *Corporation Act 2001*, including:

(i) complying with Accounting Standards, the *Corporation Act 2001* and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the company's and consolidated entity's financial position as at and of their performance, as represented by the results of their operations and their cash flow, for the financial year ended on that date; and

b) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and

The directors have been given the declaration by the Managing Director required by section 295A of the *Corporation Act 2001*.

This declaration is made in accordance with a resolution of the directors.



GA Ellis, Director

11 March 2008, Sydney

INDEPENDENT AUDITOR'S REVIEW REPORT

to the members of Argonaut Resources NL

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Argonaut Resources NL, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Argonaut Resources NL Group (the consolidated entity). The consolidated entity comprises both Argonaut Resources NL (the company) and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argonaut Resources NL, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

For further explanation of a review, visit our website
<http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argonaut Resources NL is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Marc Upcroft
Partner

Sydney
11 March 2008