

7th February 2012

Argonaut agrees to \$4m sell-down as part of Cuesta IPO

Argonaut Resources NL (“Argonaut” / ASX:ARE) is pleased to announce that agreement has been reached with Cuesta Coal Limited (“Cuesta Coal”) enabling Argonaut to sell-down up to \$4m of its investment, subject to any ASX imposed escrow, in Cuesta Coal as part of the Cuesta Coal proposed initial public offering (“IPO”).

The sell-down process will be managed by Austock Securities Limited as part of the Cuesta Coal proposed IPO.

Cuesta Coal was formed in September 2011 to acquire all of the securities on issue in Blackwood Coal Pty Limited in preparation for a public listing.

Cuesta Coal have advised that they aim to lodge the prospectus for the IPO with ASIC and the ASX within the next two weeks with an expected offer price of 30c per share.

Argonaut has invested \$4.85 million in Cuesta Coal over the last 14 months and, based on the proposed IPO price of 30c per share, the total value of this investment in Cuesta Coal is approximately \$9 million.

At the completion of the IPO process, Argonaut will continue to hold a minimum of 16,734,667 shares in Cuesta Coal, with an implied value of approximately \$5 million at the proposed IPO price. In addition, Argonaut will have in excess of \$8.5 million in cash.

Argonaut’s Chairman, Mr Patrick Elliott, said “We are very pleased with the progress made by Cuesta Coal since our initial investment 14 months ago and our ongoing commitment to Cuesta Coal is evident in our decision to sell less than 50% of our current shareholding. Our decision to sell-down is driven purely by our desire to ensure our extensive exploration programs at Ban Bak in Laos and in Zambia remain fully funded. We also expect to be contributing during the year to the ongoing litigation costs at Lake Torrens as Straits Resources reach their \$7 million earn-in expenditure.

We remain confident in the future success of Cuesta Coal and are supportive of the Cuesta’s ongoing development program.”

Further details on the Cuesta Coal IPO will be released as they become available to the Company.

For further information:

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