

16 February 2011

ASX ANNOUNCEMENT

Blackwood Announces Maiden Resource

Argonaut Resources NL is pleased to announce that Blackwood Coal Pty Ltd ("Blackwood"), a company in which Argonaut holds a 38% undiluted interest, has announced a maiden inferred resource calculated to JORC standards for its Moorlands Project (EPC 1738).

A copy of the announcement by Blackwood is attached to this release.

Blackwood has also confirmed that Mr Patrick Elliott, Chairman of Argonaut, has been appointed as a Director of Blackwood Coal.

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Moorlands Project Maiden Inferred Resource

Blackwood Coal Pty Limited is pleased to announce that it has recently completed its maiden Inferred Resource statement, calculated in accordance with the JORC code, for its Moorlands Project with the delineation of 27.3 million tonnes in EPC 1738.

The inferred resource has been estimated from the geological desktop compilation of results from past drilling. The exploration was conducted predominantly by CRA and the Geological Survey of Queensland.

The report has indicated key points as follows;

- This Inferred Resource comprises approximately 16 million tonnes in the Kalbar 2 seam and about 11 million tonnes in the overlying Monteagle seam.
- The thickness of the Kalbar 2 seam ranges from a little less than 2 metres up to 3 metres.
- A workable thickness of up to 5 metres for the Monteagle seam in the far north is possible.
- In the extreme north of EPC 1738, two non-cored but geophysically logged CRA boreholes encountered coal seams in which the aggregate vertical thickness of what appears to be coal clean enough for exploitation is 7m to a depth of 153m in one and 19m to a depth of 285m in the other. These seams dip steeply, and true seam thicknesses would be substantially less. Coal in these seams is not included in the current estimates.
- Beneficiated coal analysis of the Monteagle and Kalbar 2 seams:

Analysis	Monteagle seam quantity	Kalbar 2 seam quantity	Units	Analysis Basis
Ash	9	10-18	%	Air Dried
Moisture Content	10-12	7-10	%	Air Dried
Volatile matter	31-35	usually 34-36	%	Air Dried
Total sulphur	0.74 - 0.76	often 0.8-0.9, higher in centre	%	Air Dried
Calorific value	25.5-25.9	24.3-26.2	MJ/kg	Air Dried
Ash fusion temperatures	>1600	flow (red.) usually 1520 - >1600	°C	n/a
Vitrinite content	50 to 73	56-70	%	Air Dried
Vitrinite reflectance	0.52-0.53	usually 0.51-0.52	%	
Hardgrove Grindability Index	43 - 49	40-53	HGI	n/a

The coal is a high-volatile bituminous thermal coal. The coal washability work, which was completed in the 1980's, has indicated that the washed coal ash values usually lie in the range 9% - 15%, with calorific values of washed coal mostly in the range 25 to 26 MJ/kg on an air dried basis.

Blackwood is intending to conduct a 12 - 15 hole exploration program with the aim of corroborating or augmenting the resource base, and moving a portion of the Inferred Resources into Indicated status. Efforts will be concentrated partly in the north of EPC 1738 where the CRA boreholes indicated additional coal seams above the Monteagle seam.

Background on Moorlands

The entire Moorlands project stretches over an area of 1000km², which at its nearest point is located 20km west of Clermont. It consists of EPC 1738 and, further west, EPC 1891. EPC 1738 is adjacent to Rio Tinto's Blair Athol mine, which has produced up to 12 million tonnes of thermal coal per annum for the export market.

The Moorlands Basin was investigated in the late 1980's by the Queensland Government, when an exploration program was completed to assess the commercial potential of the basin. Fifteen fully-cored holes were drilled for an aggregate of 2,208.27m. The subsequent reporting confirmed there was coal present in the Kalbar 1 and 2 coal seams. However, at the present time the Kalbar 1 seam is considered to be too thin to be mined. The Monteagle seam, which had intersections over 4 m thick, was excluded from the resource calculation because its continuity had not been established. The Kalbar 2 seam is continuous over the length of the basin.

About Blackwood Coal

Blackwood Coal Pty Ltd is a Sydney based private Australian company, established in November 2009, and focused on coal exploration. Since then the Company has acquired a portfolio of EPCs in the Bowen, Surat/Moreton and Galilee coal basins in Queensland. The company is seeking to list on the ASX in Q3 of 2011 and has raised in excess of AU\$7 million in pre-IPO funding.

Blackwood Coal is a junior coal explorer and will focus its exploration activities in Queensland.

Blackwood has a strong board and management team, led by chairman Mr Arthur Sinodinos AO and its Managing Director Mr Matthew Crawford.

Competent Persons Statement

The geological interpretation and estimation discussed in this announcement are based on a report entitled 'Moorlands Prospect: coal occurrence and resources' and dated 13 November 2010, made by Fred Robins of Fred Robins Geological Consulting, and reflect his current view of the Moorlands coal deposit. In the future, as additional information may become available, this view could be subject to modification. The full report contains additional information regarding the Moorlands deposit.

Fred Robins is paid by Blackwood Coal Pty.Ltd. for geological consultancy concerning the Moorlands deposit, but he has no other interest in the Moorlands project.

Fred Robins has been a Member of the Australasian Institute of Mining and Metallurgy continuously since 1973, and for the majority of this time has worked on the geology and exploration of coal deposits. He has sufficient experience which is 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' published by the Joint Ore Reserves Committee (JORC).

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