



Morning Note

18 August 2009

Wall Street tumbles

Weak data from Japan and a disappointing outlook from retailer Lowe's Cos forced the Dow 186 points, or 2.0% lower overnight to 9135. Japan's GDP showed its economy pulled out of recession in the second quarter, but at a slower pace than expected, prompting a sell-off in major Asian markets that spilled over into Europe and North America.

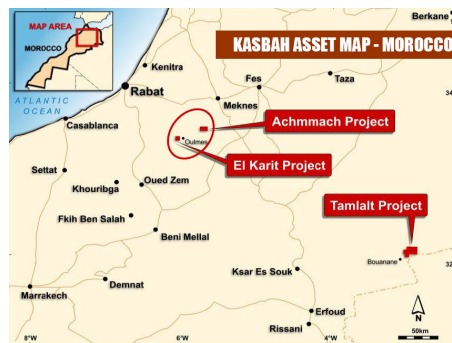
A bounce in the greenback and weak equities forced all metals concede ground. Gold shed more than US\$12 to US\$936/oz. On the LME, tin suffered the most (down 3.9%), although copper, lead and zinc also surrendered more than 3% each.

Freeport-McMoRan Copper & Gold slid 6.7% in the US as the Congolese government detained three company employees in association with alleged misappropriation of public funds. The government is yet to provide any evidence of wrongdoing.

Kasbah (KAS) – Top tin tip

KAS remains focused on developing the high grade Achmmach Tin Project in Morocco. JORC Resources are 6mt @ 0.9% Sn. Recent highlights include:

- Achmmach Option Agreement extended to June 2011
- 15,000m Meknes Zone Indicated Resource drilling program underway this month
- Scoping study completed for the Achmmach Exploration Decline – plan to establish drill cuddies to test the extent and continuity of the mineralisation at depth and proximate to the Meknes Zone
- Metallurgical tests produced high grade primary tin concentrates (>60% Sn)



Kasbah project locations
Source: KAS

Morocco is an attractive investment destination offering:

- Political stability - constitutional monarchy with an established rule of law
- The right rocks - richly endowed extension of the Iberian belt
- Long mining history - 3rd largest phosphate exporter, significant Ag and Cu production
- Mining investment opportunities – incentives to Western investors include assistance with infrastructure development and a low 16% corporate tax rate
- Proximity to European markets

KAS has a market cap \$8.3m, and cash of ~\$4.5m following a 1:1 rights issue that raised \$2.6m at 3cps. Major shareholders include RCF and African Lion with 10% each. The stock is Argonaut's top tin pick - SPECULATIVE BUY.

World Markets		+ / -	%
Dow Jones	9,135	-186	-2.0
NASDAQ	1,931	-55	-2.8
S & P 500	980	-24	-2.4
FTSE 100	4,645	-69	-1.5
Nikkei 225	10,269	-329	-3.1
ASX All Ords	4,398	-67	-1.5

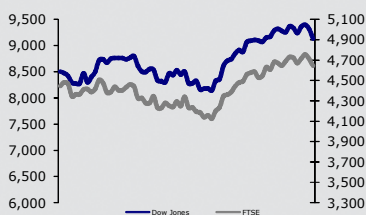
Currencies		+ / -	%
\$/A/\$US	0.82	-0.01	-1.2
\$/US/Yen	94.47	-0.25	-0.3
GBP/\$A	1.99	0.00	0.1
Euro/\$US	1.41	-0.01	-0.8

Energy		+ / -	%
WTI Spot (US\$/bbl)	66.75	-0.76	-1.1
Henry Hub (US\$/mcf)	3.11	-0.07	-2.2
UxC Uranium (US\$/lb)	48.00	0.00	0.0

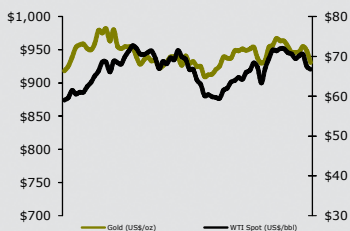
Precious Metals (Bloomberg)		+ / -	%
Gold (US\$/oz)	936.2	-12.3	-1.3
Platinum (US\$/oz)	1,221.0	-38.0	-3.0
Silver (US\$/oz)	14.0	-0.7	-4.7

LME, Cash		+ / -	%
Aluminium (US\$/t)	1,926	-31.3	-1.6
Copper (US\$/t)	6,055	-196.5	-3.1
Lead (US\$/t)	1,767	-67.8	-3.7
Nickel (US\$/t)	19,078	-436.0	-2.2
Tin (US\$/t)	14,348	-579.0	-3.9
Zinc (US\$/t)	1,744	-55.3	-3.1

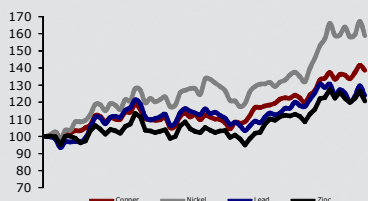
International Markets (3 Month)



Gold v Oil (3 Month)



Base Metals (Rebased) (3 Month)



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Important Disclosures

Argonaut owns/ and or controls 3m Kasbah Shares and 2,070,000 Kasbah Options exercisable at \$0.30 per share on or before 10 April 2010.

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