Argonaut
RESOURCES NL
ABN 97 008 084 848

ANNUAL REPORT
2018

Corporate Directory

Argonaut Resources NL
ABN 97 008 084 848

Directors
P J D Elliott
L J Owler
A W Bursill
M R Richmond

Company Secretary
A W Bursill

Registered office
Level 5
126 Phillip Street
Sydney NSW 2000

Share register
Automic Registry Services
Level 5
126 Phillip Street
Sydney NSW 2000

Telephone: 1300 288 664 (within Australia)
Telephone: +61 2 9698 5414 (outside Australia)
Email: hello@automic.com.au

Auditor
Ernst & Young
200 George Street
Sydney NSW 2000

Bankers
National Australia Bank
Level 36
100 Miller Street
North Sydney NSW 2060

Stock exchange listing
Argonaut Resources NL shares are listed on the Australian Securities Exchange (ASX code: ARE)

Website
www.argonautresources.com

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Review of Operations

Australia

TORRENS, SA

Commodities: Copper, Gold

Argonaut Interest: 30%

Operator: Argonaut during the Period (Aeris Resources from September 2018)

Highlights

- Final access approvals required to undertake a major drilling program at Torrens were granted in February 2018.
- A FALCON airborne gravity survey was completed in March 2018, the results of which are very promising.
- Interpretations of this new data have defined 28 large-volume drilling targets.
- These targets have the physical properties of iron oxide-copper-gold deposits such as Olympic Dam, Prominent Hill, Carrapateena or Hillside.
- Preparations for a major drilling program are well advanced – drilling is expected to commence before the end of calendar year 2018.

The Torrens Anomaly

The Torrens anomaly is a coincident magnetic and gravity anomaly with a footprint larger than that of Olympic Dam. The anomaly is located over the Torrens Hinge Zone, a continent-scale zone of crustal weakness that appears to have been a conduit for mineralising fluids from the Earth's mantle.

Drilling of the Torrens anomaly by Western Mining Corporation in the late 1970s and by the Torrens Joint Venture in 2007 and 2008 confirmed the existence of a major iron oxide copper-gold mineralising system beneath several hundred metres of sedimentary cover.

More drilling is required to vector-in on the modelled copper-gold mineralisation. In the event of a discovery, Torrens has the potential to host a world-class copper-gold deposit.

Permits

Native Title Access

In April 2017, Argonaut announced that the South Australian ERD Court granted authority to enter and undertake mining operations (exploration) within the area of EL 5614.

The granting of this authority was one of three steps towards the recommencement of drilling at Torrens. Native Title was the principal reason for a hiatus in exploration that has lasted since March 2008.

Operation Approval Granted

On 28 November 2017, the South Australian Government approved the 'Exploration Program for Environment Protection and Rehabilitation (E-PEPR) for ongoing exploration activities including aerial and ground gravity surveys, and diamond drilling at EL 5614.

This approval permits the drilling of up to 70 deep diamond drill holes into the giant Torrens anomaly from the salt crust of Lake Torrens. The approval lasts for the term of EL 5614 and any subsequent licences.

Authorised drilling is subject to strict environmental controls.

Authority under the Aboriginal Heritage Act

On 15 February 2018, the Minister for Aboriginal Affairs and Reconciliation granted an authorisation under section 23 of the *Aboriginal Heritage Act 1998*. The authorisation allows for up to 70 deep diamond drill holes and covers an area of 120km^2 over the Torrens gravity anomaly.

Appropriately, the authorisation requires the Torrens Joint Venture to stay in close consultative contact with two aboriginal groups.

This authorisation allows the Torrens Joint Venture to proceed to a major exploration drilling program. No further approvals are required.

Australia

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Aeris Resources Limited (ASX: AIS, previously Straits Resources Ltd) and relates to the Torrens Project, EL 5614.

The Torrens Joint Venture is exploring for iron oxide-copper-gold systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 50 kilometres of Oz Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

In its role as manager of the joint venture, Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, secured access to the tenement in difficult circumstances for the purpose of a planned drilling program. Targeting areas which have been geophysically modelled as having the physical properties of large iron oxide-copper-gold deposits. In September 2018, Argonaut's partner, Aeris Resources, took over as manager of the joint venture.

Geophysics

New geophysical survey data has defined numerous large areas that have the physical properties of iron oxide copper-gold (IOCG) deposits. This survey has increased the probability of drilling success at Torrens due to its higher precision.

Gravity Targets

Argonaut has defined 28 gravity targets from modelling of gravity and magnetic data. These targets each display the properties of large IOCG deposits. The targets have been categorised into four groups which are detailed in Table 1 below.

Table 1 Categorised gravity anomalies identified at Torrens.

Target Type	Description	Targets
Partial to non-coincident gravity and magnetic anomaly	Modelled magnetite anomaly offset from interpreted hematite/sulphide mineralisation.	5
Coincident gravity and magnetic anomaly	Largely coincident gravity and magnetic anomalies plus or minus abutting non-magnetic interpreted hematite/sulphide mineralisation.	9
Gravity only anomaly	Modelled gravity anomaly without a proximal magnetic anomaly. Carrapateena-style.	10
Deeper gravity anomaly	Modelled gravity anomaly greater than 700m depth plus or minus magnetic anomalism.	4

IOCG Deposits and Geophysics

Rocks with locally high concentrations of subsurface iron can be distinguished via gravity (high rock density) and magnetic (high or low susceptibility to magnetism) surveys. These iron-rich rocks can be associated with economic concentrations of copper and gold. Drilling of this type of anomaly along the eastern margin of the Gawler Craton has led to the discovery of the Olympic Dam, Prominent Hill and Carrapateena mines. Different IOCG deposits have different geophysical characteristics. This is due to variations in the extent of iron alteration. It is generally accepted that large bodies of high-density, magnetite-rich rock with low concentrations of copper can be altered into non-magnetic hematite which can carry higher copper and gold grades. This alteration from magnetic to non-magnetic iron can be partial, as is the case at Olympic Dam and Prominent Hill, or complete as seen at Carrapateena. It follows that IOCG gravity targets with a variety of relationships to magnetics can be prospective for IOCG mineralisation. 3D models of the new survey data show the spatial relationship between gravity and magnetic anomalies more precisely. This provides better definition of target zones and higher accuracy drill targeting. The Torrens licence contains numerous gravity anomalies with a variety of gravity-magnetic relationships. These are described in Table 1.

Australia

Geophysical Modelling

There are several valid ways to model geophysical data. A common modelling technique is unconstrained inversion modelling. This involves using the geophysical survey data to create three-dimensional, mathematical models without any imposed geological constraints. Then, in the case of targets like Torrens where downhole geophysical measurements are available from existing drill holes, the theoretical models are validated against real density and susceptibility measurements taken from drill core.

The Torrens joint venture has completed the three-dimensional inversion modelling process and these results are presented in Figures 1 to 3.

Additional three-dimensional modelling of gravity and magnetic data using alternative modelling techniques has been undertaken. The output of this modelling will be used in conjunction with the inversion modelling and geological interpretations to determine drill hole locations.

Interpretations

Figures 1 shows that the gravity inversion model produced numerous, high-density gravity targets within the Torrens licence area. Figure 2 shows the relationship between a gravity inversion iso-surface and a magnetic inversion iso-surface. Argonaut has categorised all significant gravity inversion highs according to their relationship with magnetics and depth. Anomalies that occur at expected drilling depths and have coincident, partially coincident or non-coincident magnetic associations have been categorised, as have those gravity anomalies without associated magnetic highs. Gravity targets at depths greater than 700m are grouped separately. The categorisation of gravity targets is shown in Figure 3.

Survey

In March 2018, the Torrens JV completed an airborne geophysical survey over the entire 295 square kilometre area of exploration licence 5614, Torrens. The survey recorded gravity via a FALCON airborne gravity gradiometer system and magnetics via a high resolution, high sensitivity Scintrex magnetometer.

The survey was flown at a 200m line-spacing in north-south orientation for a total of approximately 2,000 line-kilometres.

Laser scanner data was acquired for accurate terrain correction of the gravity data. Previously, the Torrens JV used several generations of ground-based gravity survey data to geophysically model the Torrens anomaly. Some of this ground-based data was relatively modern (2007) and some was historic (1976). The three-dimensional modelling of historic data had comparatively poor resolution and had the potential to negatively affect drill targeting.

Exploration Program

The Torrens joint venture technical committee has completed a thorough review of Eastern Gawler Craton geology with specific regard to IOCG mineralisation. Experts in IOCG geology have contributed papers, comparisons and targeting reviews. The committee will select the most prospective targets for drilling early in the program. The fabrication of specialist heli-portable equipment required for environmentally sensitive drilling on a salt-lake crust commenced during July 2018 and is continuing.

The drafting of operational safety and environmental protection systems, specific to helicopter-supported drilling and Torrens project approvals, is underway.

Drilling is expected to commence before the end of calendar year 2018.

Australia

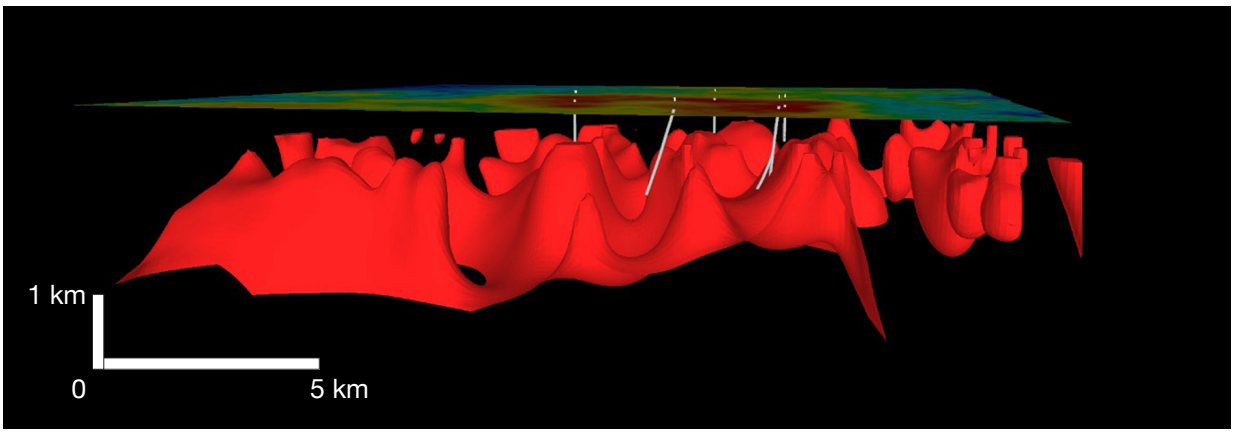

Figure 1 *Gravity inversion model iso-surface (red) under GDD gravity image (colour) with existing drill holes (white).*

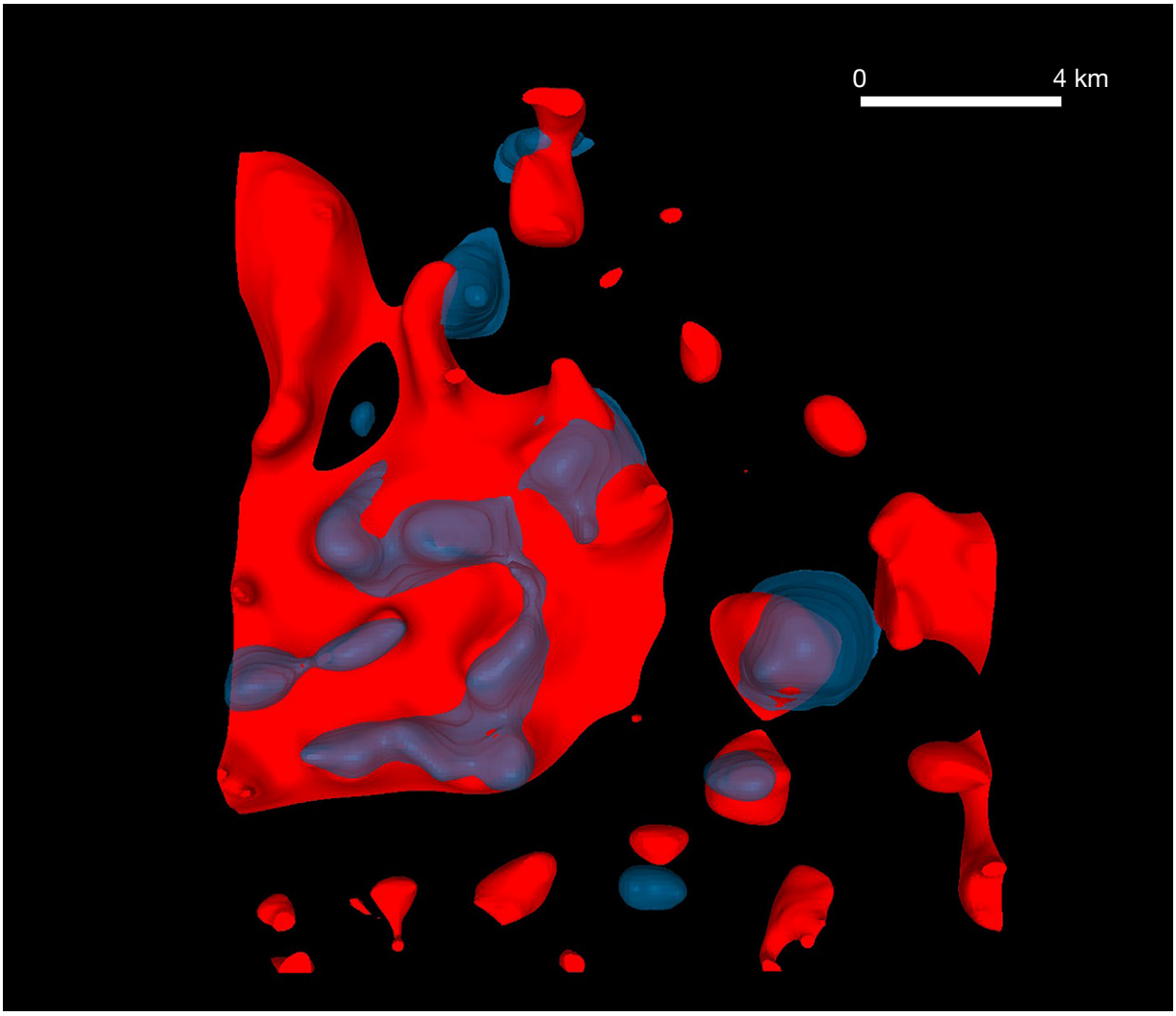

Figure 2 *Gravity inversion model iso-surface (red) with magnetic inversion model iso-surface (transparent blue).*

Australia

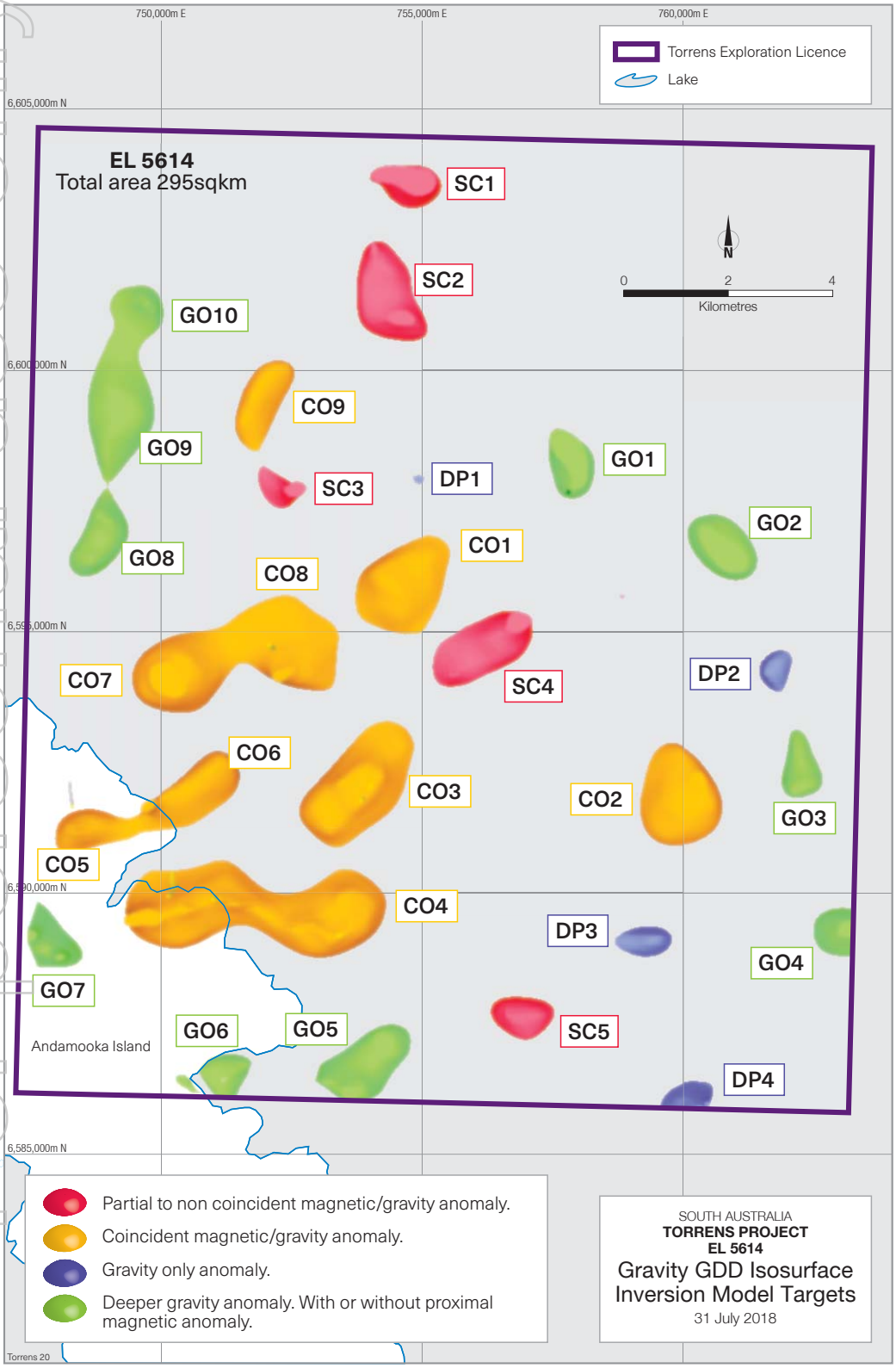

Figure 3 *Gravity inversion model targets by category.*

Australia

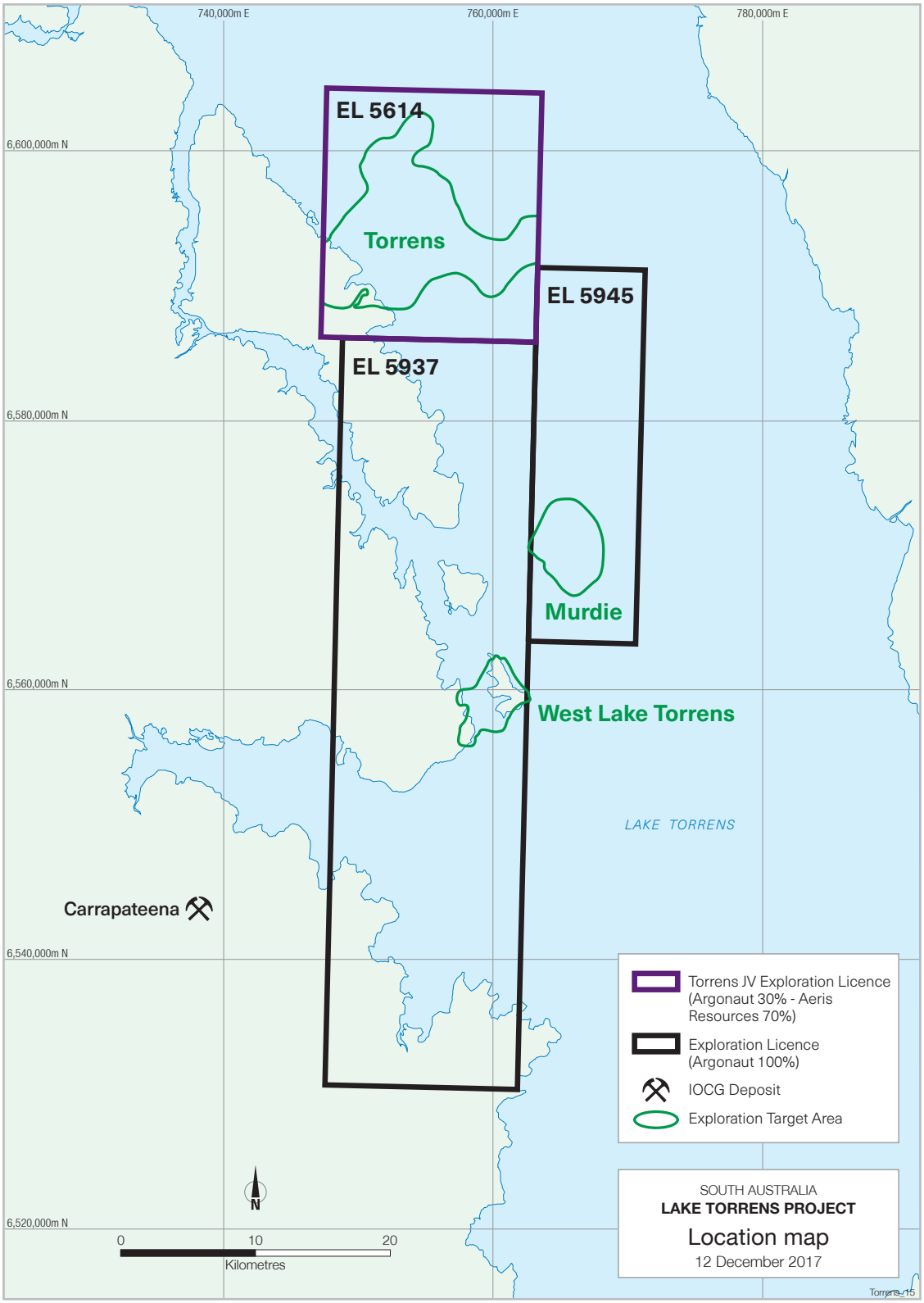

Figure 4 *Lake Torrens exploration licences.*

Australia

MURDIE, SA

Commodities: Copper, Gold

Argonaut Interest: 100%

Operator: Argonaut

Argonaut Resources was granted two strategic South Australian exploration licences, EL5937 and EL5945 (Figure 4). The licences are contiguous with the Company's Torrens project in South Australia. These licences cover a confirmed IOCG target in an area known as Murdie as well as a second anomaly at West Lake Torrens.

The licences cover an area of 1,015 square kilometres and are located immediately south and east of the Torrens project and east of the Carrapateena deposit (Figure 4).

The Murdie licences constitute excellent exploration opportunities in their own right and provide Argonaut with a commanding land holding in the event of a discovery at Torrens.

HIGGINSVILLE, WA

Commodities: Gold, Copper

Argonaut Interest: earning 80%

Operator: Argonaut

Highlights

- A program of 17 reverse circulation drill holes was completed in October 2017.
- The RC program significantly increased the potential for a commercial gold deposit at Amorphous, demonstrating improved continuity of Au grades along strike, including:
  - » AMRC006 – **11m @ 2.76g/t Au**, including 6m @ 4.62g/t Au and 3m @ 7.47g/t Au
  - » AMRC006 – **6m @ 2.37g/t Au**, including 3m @ 4.38g/t Au
- Highlights of the Footes Find prospect drilling are below:
  - » FFRC001 – **1m @ 5.02g/t Au**
  - » FFRC002 – **8m @ 1.68g/t Au**, including 2m @ 5.7g/t Au
- Follow up drilling is planned to define the strike extents of both prospects.

Location

The tenements that make-up the Higginsville project are in Western Australia's Eastern Goldfields. Geologically, the package sits within the Norseman-Wiluna Belt, a belt of ancient rocks endowed with gold and nickel that sits within the broader Yilgarn Craton.

Approximately 70% of Australia's historical gold production has come from the Yilgarn Craton and most of that from the Norseman-Wiluna Belt.

The Higginsville Project is located south of Kambala, west of Lake Cowan and adjacent to Higginsville where over two million ounces of gold has been historically defined. Gold discoveries at Baloo and Monsoon (Polar Bear) by S2 Resources are located immediately east of the Higginsville Project at Lake Cowen.

Gold Exploration

Argonaut's goals are to explore for near-surface oxide gold in areas with historic shallow drilling results and to target deeper primary gold mineralisation at previously untested depths.

The Amorphous and Footes Find targets are located approximately 5km along existing roads from an operating mill and present an excellent opportunity for a meaningful, near-term exploration outcome.

Australia

2017 RC Drilling

During the period, a program of 19 reverse circulation drill holes was completed. This drilling targeted oxide and primary gold mineralisation at Amorphous and Footes Find prospects. The Amorphous prospect is 1km in strike length and Footes Find is 700m in strike length.

Amorphous

The 2017 RC drilling program has significantly increased the potential for a commercial gold deposit at Amorphous by demonstrating improved continuity of gold grades along strike (see Figure 5, 1.0g/t gold contour).

Drilling has better defined deposit geometry by targeting down-plunge extensions of primary gold mineralisation at Amorphous.

Gold mineralisation is typically hosted in an altered shear-zone within an easterly dipping gabbroic unit. Gold grades within the mineralised shear-zone are variable. A lower than expected dip on the mineralised shear-zone improved conceptual open-pit geometry (Figure 6). The gold mineralisation envelope dips to the east at approximately 60 degrees, rather than 80 degrees as previously interpreted, thus lowering the theoretical stripping ratio.

Highlights of 2017 RC drilling at Amorphous include:

Table 2 Amorphous gold deposit, gold drill intercepts.

Hole	From (m)	Interval (m)	Au (g/t)
AMRC006	69	4	1.53
plus	77	11	2.76
including	81	6	4.62
and	82	3	7.47
AMRC006	44	6	2.37
including	45	3	4.38
AMRC008	56	3	1.66
AMRC009	22	2	1.28
AMRC015	64	4	2.36

Footes Find

Drilling at the Footes Find deposit confirmed good mineralised widths and high grades. Rock-chip sampling within an open pit at Footes Find further confirmed high gold grades with samples reporting up to 17.25g/t gold.

Additional drilling at Footes Find is warranted to confirm continuity of grades and widths along strike.

Highlights of 2017 RC drilling at Footes Find include:

Table 3 Footes Find deposit, gold drill intercepts.

Hole	From (m)	Interval (m)	Au (g/t)
FFRC001	40	4	5.02
FFRC002	30	8	1.68
including	33	2	5.7

Australia

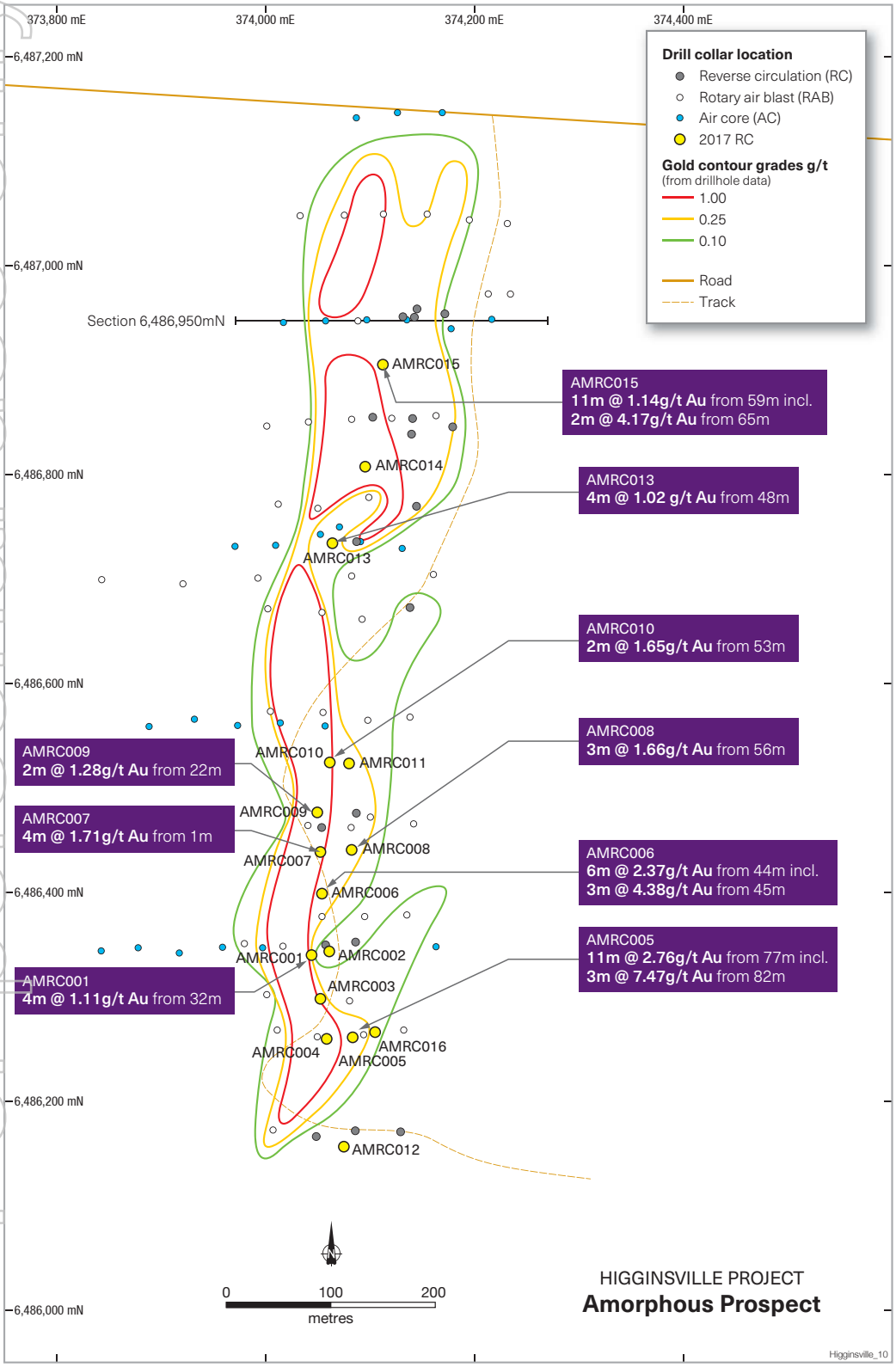

Figure 5 *Amorphous Prospect showing drill collars, 2017 intercepts and gold contour grades.*

Australia

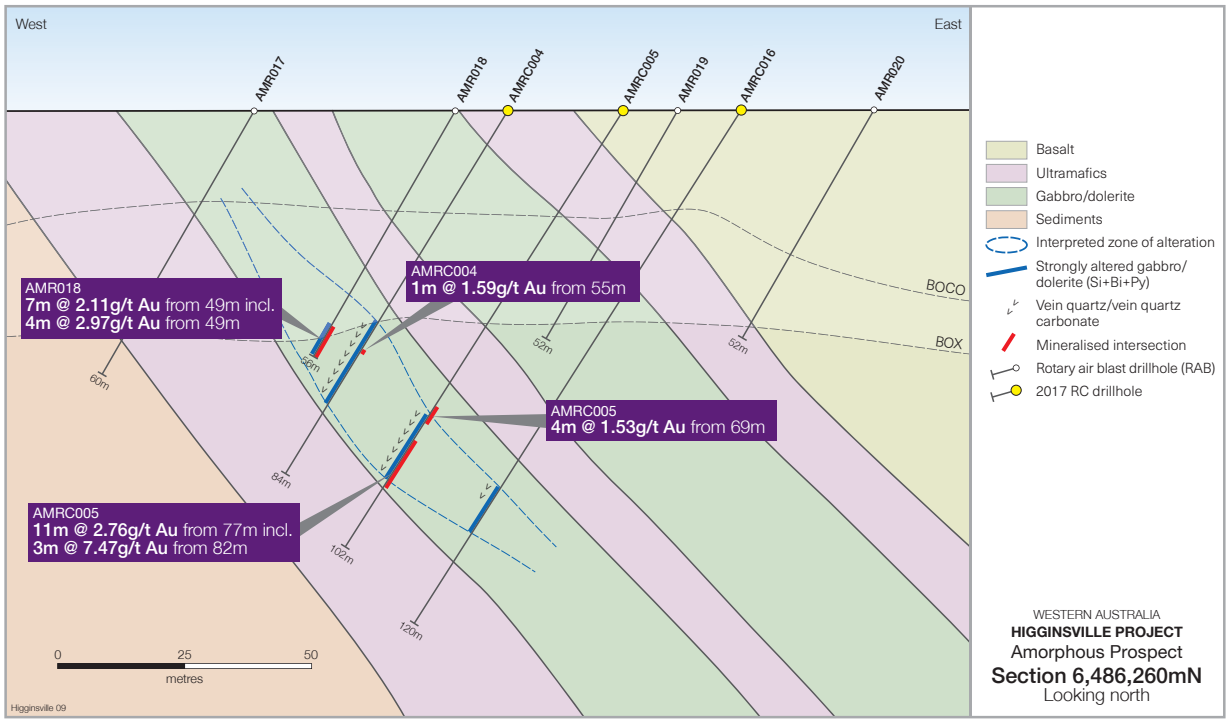

Figure 6 *Amorphous Prospect - representative cross section showing interpreted geology and 2017 intercepts.*

Nickel Exploration

Nickel targets within the Higginsville tenement package are called Hayes Hill and Green Bananas. These targets are located south of Higginsville near the western shore of Lake Cowan. The targets have been defined by auger drilling and are coincident with magnetic signatures typical of nickel-bearing geological units.

Green Bananas features a nickel geochemistry anomaly with auger samples returning between 0.1 and 0.2% nickel.

These targets are prospective for massive nickel sulphides such as those discovered by Mincor Resources NL nearby at Cassini. Targets warrant geological review and contingent, follow-up geophysical (EM) surveys.

Agreement Terms

Argonaut and Loded Dog Prospecting Pty Ltd executed the Eastern Goldfields Earn-In Joint Venture and Royalty Agreement on 7 February 2017. Under the agreement Argonaut has the right to earn an 80% interest in the tenement package according to the following terms:

- Argonaut can earn a 51% interest in the tenement package in exchange for completing $500,000 in exploration expenditure within two years of commencement; and
- Argonaut may earn a further 29% interest, for a total of 80%, for completing an additional $1,500,000 in exploration expenditure within a further three years.
- Reimbursement of tenement acquisition expenses totalling $250,000 are payable by Argonaut progressively under the agreement.
  - » reimbursement of $100,000 is payable on execution of the definitive earn-in agreement;
  - » reimbursement of $75,000 is payable on the first anniversary; and
  - » reimbursement of $75,000 is payable on election to proceed to the second phase of the earn-in.

An issue of ordinary fully paid Argonaut shares to the value of $50,000 was made on execution of the definitive earn-in agreement.

The earn-in agreement is currently in the first phase.

Australia

KROOMBIT, QLD

Commodities: Zinc, Copper

Argonaut Interest: 100%

Operator: Argonaut

Background

Argonaut holds a 100% interest in the Kroombit zinc-copper deposit in Central Queensland via its interest in ML5631 and MDL2002. Mining on ML5631 is subject to a 2% net smelter royalty, payable to Aeris Resources Ltd.

On 11 June 2009 Argonaut announced a maiden resource estimation for the Kroombit deposit. The Indicated and Inferred Resources at Kroombit comprise:

- a Zinc Resource of 5.2 million tonnes at 1.9% zinc and 0.15% copper using a cut-off of 1.0% Zn, for 98,800 tonnes of zinc and 7,800 tonnes of copper; and
- a Copper Resource of 0.9 million tonnes at 1.0% copper at a cut-off of 0.5% Cu for 9,000 tonnes of copper.

In addition, Exploration Results are reported comprising a defined Exploration Potential of between:

- 1 million and 1.5 million tonnes at 1.5% to 2.0% zinc, and between
- 0.5 million and 1 million tonnes at 0.7% to 1.3% copper.

On 21 July 2010, Argonaut announced that metallurgical testing had succeeded in producing a particularly high grade zinc concentrate of 54%.

No field based work was undertaken at Kroombit during the period.

ALFORD, SA

Commodities: Copper, Gold

Argonaut Interest: 100%

Operator: Argonaut

The Alford Project on South Australia's Yorke Peninsula lies 20km north-east of Wallaroo within the geological province known as the Olympic Domain. The tenement is prospective for iron oxide copper-gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside.

Argonaut was granted a subsequent exploration licence (EL6172) in November 2017 to retain a 100% interest of a reduced area containing the most prospective geology.

No field-based work was undertaken during the period.

AROONA, SA

Commodity: Zinc

Argonaut Interest: 100%

Operator: Perilya Ltd

EL5336, Aroona, is subject to a joint venture agreement with Perilya Limited.

No field-based work was undertaken at Aroona during the period.

Zambia

LUMWANA WEST

Commodities: Copper, Cobalt

Argonaut Interest: 90%

Operator: Argonaut

Highlights

Potential exists for a two-stage, low capital cost, short lead-time copper-cobalt mine at the Nyungu deposit.

A program of metallurgical test work on copper-cobalt sulphide and transitional mineralisation is underway with a team engaged to undertake and supervise tests.

Metallurgical testing aims to define a process flow-sheet which will in-turn allow Argonaut to meaningfully evaluate the economics of a mine.

A large-scale exploration licence was reissued over the Lumwana West area by the Zambian Government for a period of up to 10 years.

Location

The Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia. The area is prospective for large tonnage, low to medium grade copper deposits. There are several major mines nearby to Lumwana West that are hosted in similar geological settings.

Argonaut, via its majority held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper and cobalt intercepts at the Nyungu deposit. The upturn in commodity prices has caused the value of the Nyungu deposit to increase sharply. With the benefit of a newly granted licence, Argonaut has proceeded to a scoping mining study and is now developing a process flow-sheet to better understand the economics of a potential mine.

Metallurgical Test Work

Argonaut has identified the potential for a two-stage, low capital cost, short lead-time copper-cobalt mine. The high priority processes for investigation are:

- Stage one – dense media separation of cobalt oxide.
- Stage two – leach and solvent extraction from copper-cobalt concentrate.

Metallurgical samples have been selected from existing drill core and these samples are being exported to Australia for test work. Initial test work involves a mineralogical study of four mineralisation types. Results of this initial work will direct further test work and infill drilling at Nyungu Central.

Follow-up metallurgical work may include:

- dense media separation of copper and cobalt oxide;
- leaching and solvent extraction of copper and copper-cobalt; and
- conventional flotation of copper-cobalt sulphide.

Mining Study

RPM conducted a preliminary open pit optimisation study on the Nyungu Central and Nyungu South deposits. The modelling was conducted for copper production only using costs from similar mines. Results were highly encouraging.

Modelling shows excellent deposit geometry via a very low stripping ratio (Figure 7).

- Stripping ratio of 1.5 to 1 for the optimum pit at the current copper price; and
- Stripping ratio of 2.3 to 1 to a depth of >300m at 150% of the current copper price, indicating the deposit has a low sensitivity to stripping ratio.

RPM concluded the project had economic potential and warrants further studies.

Zambia

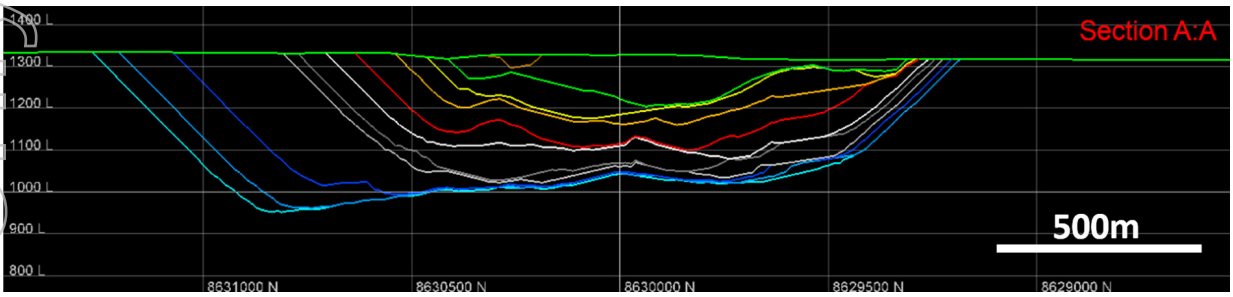

Figure 7 *Nyungu Central long-section, looking east. Preliminary pit optimisation open pit shells. White shell has a stripping ratio of 1.5 to 1 and reflects the optimisation at the current copper price. The light blue shell has a stripping ratio of 2.3 to 1 and is economic at 150% of the current copper price.*

Copper and Cobalt Exploration Targets

RPM have previously estimated Exploration Targets for both copper and cobalt mineralisation at Nyungu. These are shown below in Table 4.

Table 4 Nyungu March 2017 Exploration Target.

Commodity	Tonnage Range (Mt)	Grade Range (%)	Contained Metal Range (kt)
Copper*	130 to 180	0.45 to 0.65	580 to 1,150
Cobalt^	15 to 20	0.08 to 0.12	12 to 24

The potential quantity and grade of the Exploration Target is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

* *Copper Exploration Target announced to the ASX by Argonaut on 9 April 2013.*

^ *Cobalt Exploration Target announce to the ASX by Argonaut on 27 March 2017.*

Both Exploration Targets are estimated to JORC 2012 standards.

Argonaut is planning to undertake a drilling program targeting cobalt of at least 3,000 metres as soon as possible.

Copper-Cobalt Deposit

The Nyungu copper-cobalt deposit was drilled by Argonaut in 2011 and 2012. 48 drill holes for 9,019m were considered by RPM in its studies of Nyungu. This drilling targeted copper mineralisation, rather than cobalt, due to metal prices of the day.

Cobalt mineralisation tends to sit at the footwall of the Nyungu Central deposit in a relatively predictable manner (Figure 9), typically with grades of 0.1%. Wide high-grade zones, such as 23m at 0.21% cobalt, have been intercepted.

Three cobalt domains have been defined using wireframes for estimation purposes (Figure 8). These cobalt domains sit within the envelope of copper mineralisation (Figures 7-8).

Resource Upgrade

Cobalt Oxide

Initial drilling targeted fresh copper sulphide mineralisation i.e. copper mineralisation below the weathered (oxide and transitional) zones. Consequently, very few existing drill holes intercept mineralisation in these weathered zones.

A program of shallow drilling has the potential to significantly upgrade copper and copper-cobalt mineralisation in the oxide and transitional zones. This is particularly significant because of the favourable metallurgical properties of cobalt oxide. Much of the cobalt produced in the DRC is mined from cobalt oxide.

Argonaut plans to target these zones for drilling. This drilling will provide both resource estimation data and metallurgical samples for dense media separation and leach test work.

Zambia

Cobalt Sulphide

The Nyungu Central deposit plunges gently to the north. Existing drill holes targeted this plunging mineralisation to approximately 300m below the surface. The cobalt grades increase down-plunge and copper grades stay roughly consistent.

The preliminary mining study, discussed above, clearly demonstrates that deeper drilling is warranted at Nyungu Central due to the low stripping ratio and increased cobalt value. This drilling will increase the contained tonnages of both copper and cobalt.

Tenure

The Lumwana West large-scale exploration licence was reissued recently for a maximum period of 10 years. The new licence was granted in February 2018 and the cadastral system was recently updated to reflect the grant. The licence covers 568 square kilometres.

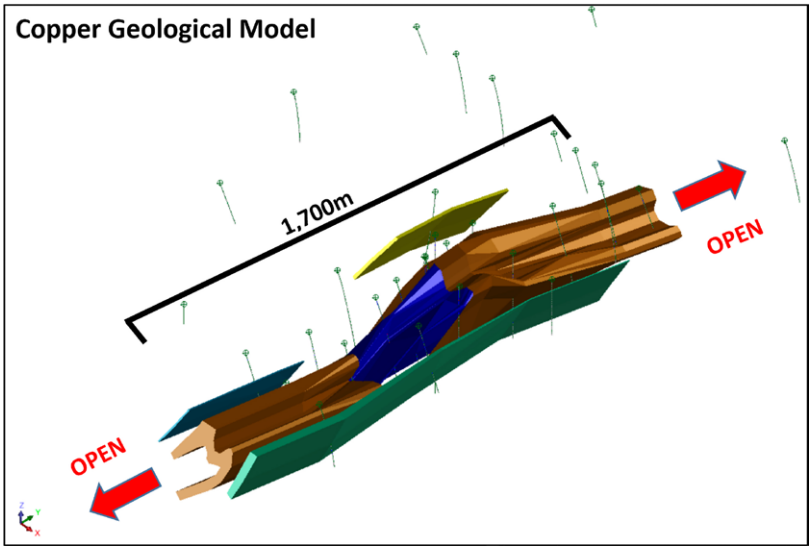

Figure 8 *Nyungu Central, copper wireframes. Oblique view.*

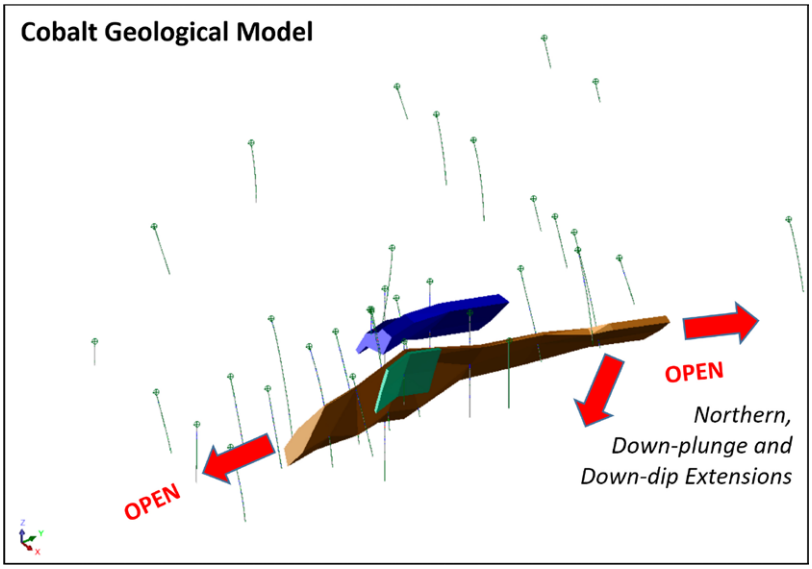

Figure 9 *Nyungu Central, cobalt wireframes. Oblique view.*

Canada

CRESCENT LAKE, ONTARIO

Commodity: Lithium

Argonaut Interest: 100%

Operator: Argonaut

On 4 March 2016, Argonaut released details of the acquisition of the Crescent Lake Lithium Project to the ASX. The initial acquisition included the Falcon Lake and Zigzag areas. On 8 June 2016, Argonaut announced the grant of 22 additional claims in the Crescent Lake area. These claims are 100% held by Argonaut.

On 28 February 2017, Argonaut exercised its option to acquire 100% of the Falcon Lake and Zigzag claims.

No field-based work was undertaken at Crescent Lake during the period.

Argonaut is prepared to divest its portfolio of lithium exploration assets and is considering its options in this regard.

Mineral Resources Statement

Argonaut conducted a review of its mineral resources for the 12-month period to 30 June 2018. The review concluded there had been no change to the Company's mineral resource holding during the Period.

Argonaut does not have any ore reserves as defined by the JORC Code 2012.

Kroombit Zinc-Copper Deposit, Central Queensland, Australia

ML5631 and MDL2002

Global Zinc Resource		1% Zn cut off		Ave Density = 2.78t/m^3	
Category	**Tonnes**	**Zinc %**	**Copper %**	**Zn Tonnes**	**Cu Tonnes**
Indicated	4,986,000	1.88	0.15	93,600	7,600
Inferred	172,000	1.79	0.12	3,100	200
Total	5,158,000	1.88	0.15	96,700	7,800

Oxide		1% Zn cut off		Ave Density = 2.29t/m^3	
Category	**Tonnes**	**Zinc %**	**Copper %**	**Zn Tonnes**	**Cu Tonnes**
Indicated	756,000	2.08	0.16	157,000	1,150
Inferred	70,000	1.87	0.08	1,300	50
Total	826,000	2.06	0.15	17,000	1,200

Transition		1% Zn cut off		Ave Density = 2.84t/m^3	
Category	**Tonnes**	**Zinc %**	**Copper %**	**Zn Tonnes**	**Cu Tonnes**
Indicated	653,000	1.87	0.12	12,200	800
Inferred	30,000	1.70	0.10	500	50
Total	683,000	1.86	0.12	12,700	850

Sulphide		1% Zn cut off		Ave Density = 2.91t/m^3	
Category	**Tonnes**	**Zinc %**	**Copper %**	**Zn Tonnes**	**Cu Tonnes**
Indicated	3,578,000	1.84	0.16	65,700	5,600
Inferred	72,000	1.75	0.18	1,300	100
Total	3,650,000	1.84	0.16	67,000	5,700

Copper Sulphide Resource		0.5 % Cu cut off	Ave Density = 3.22t/m^3
Category	**Tonnes**	**Copper %**	**Cu Tonnes**
Indicated	729,000	1.06	7,700
Inferred	128,000	0.91	1,200
Total	857,000	1.04	8,900

There have been no material changes to the mineral resource, including changes to commodity type, grade or quality of Mineral Resources in the Period. Similarly, there have been no material changes to the total mineral resource by geographical area based on the materiality of the mineral resource holding to the Company.

Argonaut reviews its mineral resources and, if held, ore reserves on an annual (financial year) basis and releases results of this review in its annual accounts and annual report to shareholders. Argonaut will not release details of any new or existing mineral resources and ore reserves that have not been estimated to the standards of the JORC Code 2012.

Directors' Report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2018.

DIRECTORS

The following persons were directors of Argonaut Resources NL during the whole of the financial year and up to the date of this report, unless otherwise stated:

P J D Elliott

L J Owler

A W Bursill

M R Richmond

PRINCIPAL ACTIVITIES

Argonaut Resources NL is a mineral exploration and development company with operations in Canada, Zambia and Australia. The consolidated entity's prime commodity focus is lithium and copper, and to a lesser extent gold. In addition, the consolidated entity holds a 100% interest in a zinc-copper resource in Queensland, Australia. During the year the principal activities of the consolidated entity were the identification and development of mineral resource opportunities with an emphasis on projects that were amenable to value-adding via exploration and rapid development into production.

DIVIDENDS

There were no dividends paid, recommended or declared during the current or previous financial year.

REVIEW OF OPERATIONS

The loss for the group after providing for income tax amounted to $2,590,452 (30 June 2017: $2,070,049).

A review of operations reports is presented on pages 4-18.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the group during the financial year.

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

On 27 July 2018, the Company announced that the Unmarketable Parcel Sale Facility had been completed. A total of 7,392,329 shares were sold in an off-market transaction at $0.0182 per share (10% discount to 5-day V-WAP of $0.0202 from the share sale facility closing date on 5 July 2018). The proceeds were distributed to shareholders who participated in the Unmarketable Parcel Sale Facility. Where the total proceeds from the sale of an Unmarketable Parcel was less than $2.00, the funds were donated to the Davenport Community Council in Port Augusta. The amount donated was $488.87.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

Likely developments in the operations of the consolidated entity to the extent they would not result in unreasonable prejudice to the consolidated entity are included in the review of operations report.

ENVIRONMENTAL REGULATION

The consolidated entity is subject to and compliant with all aspects of environmental regulation of its exploration and mining activities. The directors are not aware of any environmental law that is not being complied with.

Information on Directors

P J D ELLIOTT

NON-EXECUTIVE DIRECTOR AND CHAIRMAN

B.Com, MBA

Experience and expertise

Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 10 years. Mr Elliott is an investment banker who has over 40 years experience in financial management and resource investment and development.

Other current directorships

Cap-XX Limited, Global Geoscience Limited, Variscan Mines Limited and Kirrama Resources Limited

Former directorships (last 3 years)

None

Interests in shares

21,735,726

Interests in options

8,000,000

L J OWLER

CHIEF EXECUTIVE OFFICER

B.Sc, MAusIMM

Experience and expertise

Mr Owler is Argonaut Resources NL's Chief Executive Officer and was appointed onto the Board as Executive Director on 1 June 2005. Mr Owler is a Geologist and Geophysicist with 23 years' experience in mineral exploration and development. Mr Owler holds a Bachelor of Science and is a Member of the Australasian Institute of Mining and Metallurgy.

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

1,400,000

Interests in options

26,000,000

A W BURSILL

NON-EXECUTIVE DIRECTOR, COMPANY SECRETARY AND CFO

B.Agr. Ec., CA.

Experience and expertise

Mr. Andrew Bursill holds a Bachelor of Agricultural Economics from the University of Sydney and is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse).

Since commencing his career as an outsourced CFO and Company Secretary in 1998, Mr. Bursill has been CFO, Company Secretary and/or Director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.

Other current directorships

None

Former directorships (last 3 years)

ShareRoot Limited

Interests in shares

3,049,438

Interests in options

8,000,000

Information on Directors

M R RICHMOND

NON-EXECUTIVE DIRECTOR

BSc Hons (Metallurgy) and B. Comm. Merit (Econs)
New South Wales

Experience and expertise

Professor Richmond is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries. He is a fellow of the Australian Academy of Technological Sciences & Engineering and the Australian Institute of Mining and Metallurgy. Professor Richmond spent 30 years with the Rio Tinto and CRA Groups including the position of managing director of research and development and vice president strategy and acquisitions. Immediately prior to his retirement he held the position of managing director of development at Hamersley Iron Pty Limited. Professor Richmond served as a visiting professor at the University of Western Australia until January 2012, teaching in the MBA programme.

Other current directorships

Strike Resources Ltd

Former directorships (last 3 years)

Water Resources Group Ltd, Cuervo Resources Inc (listed on CSE) and Advanced Braking Technology Ltd.

Interests in shares

10,545,454

Interests in options

8,000,000

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

COMPANY SECRETARY

A W Bursill

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2018, and the number of meetings attended by each director were:

	Full Board	
	Attended	**Held**
P J D Elliott	4	4
L J Owler	4	4
A W Bursill	4	4
M R Richmond	4	4

Held: represents the number of meetings held during the time the director held office.

Remuneration Report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the *Corporations Act 2001* and its Regulations.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

The remuneration report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

The Remuneration Committee, consisting of the non-executive directors, advises the board on remuneration policies and practices generally, and makes specific recommendations on remuneration packages and other terms of employment for executive directors and other senior executives.

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to determination of his own remuneration.

The current non-executive directors' fees are determined within an aggregate directors' fee limit. The maximum current aggregate non-executive directors' fee limit stands at $350,000.

Executive remuneration

The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has three components:

- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Executives can receive their fixed remuneration in the form of cash or other fringe benefits (for example accommodation, car allowance and health insurance benefits) where it does not create any additional costs to the consolidated entity and adds additional value to the executive.

Consolidated entity performance and link to remuneration

Remuneration can be directly linked to performance of the consolidated entity. Options are issued to directors to incentivise their future performance. Refer to the remuneration report for details of the last five years earnings and total shareholders return. Refer to section on additional information below.

Remuneration Report (audited) continued

Voting and comments made at the company's 30 June 2017 Annual General Meeting ('AGM')

The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2017. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

DETAILS OF REMUNERATION

Amounts of remuneration

Details of the remuneration of key management personnel of the group are set out in the following tables.

The key management personnel of the group consisted of the following directors of Argonaut Resources NL:

- P J D Elliott
- L J Owler
- A W Bursill
- M R Richmond

2018	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
Non-executive directors:							
P J D Elliott	85,000	-	-	-	-	76,800	161,800
A W Bursill	40,000	-	-	-	-	76,800	116,800
M R Richmond	85,000	-	-	-	-	76,800	161,800
Executive directors:							
L J Owler	291,667	-	-	27,708	4,168	307,200	630,743
	501,667	-	-	27,708	4,168	537,600	1,071,143

A Bursill is also the company secretary of the Company and a principal of Franks & Associates Pty Ltd who provides accounting and company secretarial services to the Company. The contract between the Company and Franks & Associates Pty Ltd is based on normal commercial terms. Franks & Associates Pty Ltd were paid a total of $136,242 (2017: $131,018).

2017	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
Non-executive directors:							
P J D Elliott	85,000	-	-	-	-	17,200	102,200
A W Bursill	40,000	-	-	-	-	17,200	57,200
M R Richmond	85,000	-	-	-	-	17,200	102,200
Executive directors:							
L J Owler	250,000	-	-	23,750	9,776	43,000	326,526
	460,000	-	-	23,750	9,776	94,600	588,126

Remuneration Report (audited) continued

The proportion of remuneration linked to performance and the fixed proportion are as follows. Fixed remuneration is the actual percentages:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Non-executive directors:						
P J D Elliott	53%	83%	-	-	47%	17%
A W Bursill	34%	70%	-	-	66%	30%
M R Richmond	53%	83%	-	-	47%	17%
Executive directors:						
L J Owler	51%	87%	-	-	49%	13%-

SERVICE AGREEMENTS

Remuneration and other terms of employment for the Chief Executive Officer, L Owler, is formalised in a service agreement. L Owler salary is currently at $350,000 p.a. plus superannuation.

The other directors are not employed under a contract. Under current arrangements, there is no termination periods with respect to the other directors.

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2018.

Options

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2018 are set out below:

Name	Grant date	Vesting date	Number of options granted	Value of options granted	Value of options vested	Number of options lapsed	Value of options lapsed
				$	$		$
P J D Elliott	03/11/2017	03/11/2017	4,000,000	76,800	76,800	-	-
M R Richmond	03/11/2017	03/11/2017	4,000,000	76,800	76,800	-	-
A W Bursill	03/11/2017	03/11/2017	4,000,000	76,800	76,800	-	-
L J Owler	03/11/2017	03/11/2017	16,000,000	307,200	307,200	-	-

ADDITIONAL INFORMATION

The earnings of the group for the five years to 30 June 2018 are summarised below:

	2014	2015	2016	2017	2018
	$	$	$	$	$
Profit/(loss) after income tax	(7,779,724)	(6,586,287)	(7,810,060)	(2,070,049)	(2,590,452)

Remuneration Report (audited) continued

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2014	2015	2016	2017	2018
Share price at financial year end ($)	0.020	0.006	0.012	0.007	0.021
Basic loss per share (cents per share)	(0.725)	(1.484)	(1.592)	(0.288)	(0.205)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

Ordinary shares

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals / other	Balance at the end of the year
P J D Elliott	196,082	-	21,539,644	-	21,735,726
L J Owler	1,400,000	-	-	-	1,400,000
A W Bursill	3,049,438	-	-	-	3,049,438
M R Richmond	1,000,000	-	9,545,454	-	10,545,454
	5,645,520	-	31,085,098	-	36,730,618

Option holding

The number of options over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the group, including their personally related parties, is set out below:

Options over ordinary shares

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired / forfeited / other	Balance at the end of the year
P J D Elliott	4,000,000	4,000,000	-		8,000,000
L J Owler	10,000,000	16,000,000	-		26,000,000
A W Bursill	4,000,000	4,000,000	-		8,000,000
M R Richmond	4,000,000	4,000,000	-		8,000,000
	22,000,000	28,000,000	-		50,000,000

THIS CONCLUDES THE REMUNERATION REPORT, WHICH HAS BEEN AUDITED.

SHARES UNDER OPTION

Unissued ordinary shares of Argonaut Resources NL under option at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under option
10/06/2016*	30/06/2018	$0.020	15,000,000
07/12/2016*	31/12/2018	$0.030	22,000,000
03/11/2017*	31/12/2022	$0.030	28,000,000
			65,000,000

* *Unlisted options*

No person entitled to exercise the options had or has any right by virtue of the option to participate in any share issue of the company or of any other body corporate.

SHARES ISSUED ON THE EXERCISE OF OPTIONS

The following ordinary shares of Argonaut Resources NL were issued during the year ended 30 June 2018 and up to the date of this report on the exercise of options granted:

Date options granted	Exercise price	Number of shares issued
11/07/2017	$0.006	127,272,727

INDEMNITY AND INSURANCE OF OFFICERS

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the *Corporations Act 2001*. The contract of insurance prohibits disclosure of the nature of liability and the amount of premium.

INDEMNITY AND INSURANCE OF AUDITOR

To the extent permitted by law, the company has agreed to indemnify the auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit. No payment has been made to indemnify the auditors during or since the financial year.

PROCEEDINGS ON BEHALF OF THE COMPANY

No person has applied to the Court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 17 to the financial statements.

The directors are satisfied that the provision of non-audit services during the financial year, by the auditor (or by another person or firm on the auditor's behalf), is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*.

The directors are of the opinion that the services as disclosed in note 17 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

OFFICERS OF THE COMPANY WHO ARE FORMER PARTNERS OF ERNST & YOUNG

There are no officers of the company who are former partners of Ernst & Young.

AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out immediately after this directors' report.

AUDITOR

Ernst & Young continues in office in accordance with section 327 of the *Corporations Act 2001*.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the *Corporations Act 2001*.

On behalf of the directors

P J D Elliott

CHAIRMAN

28 September 2018

Auditor's Independence Declaration

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Auditor's Independence Declaration to the Directors of Argonaut Resources N.L.

As lead auditor for the audit of Argonaut Resources N.L. for the financial year ended 30 June 2018, I declare 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Argonaut Resources N.L. and the entities it controlled during the financial year.

Ernst & Young

Ryan Fisk
Partner
28 September 2018

Financial Report

CONTENTS

GENERAL INFORMATION

The financial statements cover Argonaut Resources NL as a group consisting of Argonaut Resources NL and the entities it controlled at the end of, or during, the year. The financial statements are presented in Australian dollars, which is Argonaut Resources NL's functional and presentation currency.

Argonaut Resources NL is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 5
126 Phillip Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 28 September 2018.

Corporate Governance Statement The Company's Corporate Governance Statement can be found on the company's website: *http://www.argonautresources.com*

Statement of Profit or Loss and Other Comprehensive Income

For the year ended 30 June 2018

		Consolidated	
	Note	2018 $	2017 $
Other income	4	24,874	6,242
Net gain transferred from asset revaluation reserve	13	-	97,898
Expenses			
Employee benefits expense	5	(778,805)	(453,597)
Office administration expense		(408,321)	(181,377)
Depreciation and amortisation expense		(1,737)	(483)
Impairment of exploration and evaluation asset	9	(61,166)	-
Share based payments	25	(537,600)	(313,350)
Exploration costs expensed		(155,142)	(828,642)
Other expenses	5	(672,555)	(396,740)
Loss before income tax expense		(2,590,452)	(2,070,049)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Argonaut Resources NL		(2,590,452)	(2,070,049)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	13	17,242	65,066
Revaluation of financial assets, net of tax	13	-	(97,898)
Other comprehensive income for the year, net of tax		17,242	(32,832)
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(2,573,210)	(2,102,881)
		Cents	Cents
Basic earnings per share	24	(0.210)	(0.288)
Diluted earnings per share	24	(0.210)	(0.288)

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.

Statement of Financial Position

As at 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Assets			
Current assets			
Cash and cash equivalents	7	5,335,855	62,015
Trade and other receivables	8	96,496	73,565
Other		47,465	36,986
Total current assets		5,479,816	172,566
Non-current assets			
Property, plant and equipment		22,394	14,543
Exploration and evaluation	9	1,860,755	1,274,796
Total non-current assets		1,883,149	1,289,339
Total assets		7,362,965	1,461,905
Liabilities			
Current liabilities			
Trade and other payables	10	504,540	590,125
Employee benefits	11	249,119	213,629
Total current liabilities		753,659	803,754
Total liabilities		753,659	803,754
Net assets		6,609,306	658,151
Equity			
Issued capital	12	51,662,533	43,675,768
Reserves	13	(2,016,241)	(2,571,083)
Accumulated losses		(43,036,986)	(40,446,534)
Total equity		6,609,306	658,151

The above statement of financial position should be read in conjunction with the accompanying notes.

Statement of Changes in Equity

For the year ended 30 June 2018

Consolidated	Contributed equity	Other reserves	Share based payments reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2016	42,788,284	(3,299,822)	666,971	(38,376,485)	1,778,948
Loss after income tax expense for the year	-	-	-	(2,070,049)	(2,070,049)
Other comprehensive income for the year, net of tax	-	(32,832)	-	-	(32,832)
Total comprehensive income for the year	-	(32,832)	-	(2,070,049)	(2,102,881)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 12)	557,019	-	-	-	557,019
Share-based payments (note 25)	330,465	-	94,600	-	425,065
Balance at 30 June 2017	43,675,768	(3,332,654)	761,571	(40,446,534)	658,151

Consolidated	Contributed equity	Other reserves	Share based payments reserve	Accumulated losses	Total equity
	$	$	$	$	$
Balance at 1 July 2017	43,675,768	(3,332,654)	761,571	(40,446,534)	658,151
Loss after income tax expense for the year	-	-	-	(2,590,452)	(2,590,452)
Other comprehensive income for the year, net of tax	-	17,242	-	-	17,242
Total comprehensive income for the year	-	17,242	-	(2,590,452)	(2,573,210)
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs (note 12)	7,986,765	-	-	-	7,986,765
Share-based payments (note 25)	-	-	537,600	-	537,600
Balance at 30 June 2018	51,662,533	(3,315,412)	1,299,171	(43,036,986)	6,609,306

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

Statement of Cash Flows

For the year ended 30 June 2018

	Note	Consolidated 2018 $	Consolidated 2017 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,895,548)	(895,821)
Interest received		24,874	6,242
Net cash used in operating activities	23	(1,870,674)	(889,579)
Cash flows from investing activities			
Payments for property, plant and equipment		(9,588)	-
Payments for exploration and evaluation		(832,663)	(1,336,912)
Proceeds from disposal of financial assets		-	415,856
Net cash used in investing activities		(842,251)	(921,056)
Cash flows from financing activities			
Proceeds from issue of shares	12	8,543,568	561,639
Payment for share issue costs		(556,803)	(4,620)
Net cash from financing activities		7,986,765	557,019
Net increase/(decrease) in cash and cash equivalents		5,273,840	(1,253,616)
Cash and cash equivalents at the beginning of the financial year		62,015	1,315,631
Cash and cash equivalents at the end of the financial year	7	5,335,855	62,015

The above statement of cash flows should be read in conjunction with the accompanying notes.

Note 1. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The group has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period. No accounting impact resulted from the adoption of the new or amended Accounting Standards and Interpretations.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Going concern
The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The group has incurred net losses after tax of $2,529,286 (2017: $2,070,049) and net cash outflows from operating and investing activities of $2,712,925 (2017: $1,810,636) for the year ended 30 June 2018.

The directors have prepared cash flow forecasts which indicate that the current cash resources will be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the sale of non-core assets and/or capital raising to fund its current operations through to 30 September 2019. The group is also reviewing various capital raising opportunities to meet its capital requirements.

Based on the cash flow forecasts and achieving all or some funding, the directors are confident that the group will be able to continue as a going concern.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets at fair value.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 19.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Argonaut Resources NL ('company' or 'parent entity') as at 30 June 2018 and the results of all subsidiaries for the year then ended. Argonaut Resources NL and its subsidiaries together are referred to in these financial statements as the 'group'.

The group re-assessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year and included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

Note 1. Significant accounting policies (continued)

Intercompany transactions, balances and unrealised gains on transactions between entities in the group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the group loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The group recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Argonaut Resources NL's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Note 1. Significant accounting policies (continued)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification
Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the group's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the group's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Other receivables are recognised at amortised cost, less any provision for impairment.

Joint operations
A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. The group has recognised its share of jointly held assets, liabilities, revenues and expenses of joint operations. These have been incorporated in the financial statements under the appropriate classifications.

Note 1. Significant accounting policies (continued)

Investment and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Impairment of non-financial assets
Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly listed companies or other available fair value indicators. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that have interdependent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Defined contribution superannuation expense
Contributions to defined contribution superannuation plans are expensed in the period in which they are incurred.

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

Note 1. Significant accounting policies (continued)

If the non-vesting condition is within the control of the group or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the group or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs may include share-based payments such as options issued to advisers.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Argonaut Resources NL, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the group for the annual reporting period ended 30 June 2018. The group's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the group, are set out below.

Note 1. Significant accounting policies (continued)

AASB 9 Financial Instruments
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. Based on a preliminary assessment management believe it will not materially impact the financial statements.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. Based on a preliminary assessment management believe it will not materially impact the financial statements.

Note 1. Significant accounting policies (continued)

AASB 16 Leases
This standard is applicable to annual reporting periods beginning on or after 1 January 2019. The standard replaces AASB 117 'Leases' and for lessees will eliminate the classifications of operating leases and finance leases. Subject to exceptions, a 'right-of-use' asset will be capitalised in the statement of financial position, measured at the present value of the unavoidable future lease payments to be made over the lease term. The exceptions relate to short-term leases of 12 months or less and leases of low-value assets (such as personal computers and small office furniture) where an accounting policy choice exists whereby either a 'right-of-use' asset is recognised or lease payments are expensed to profit or loss as incurred. A liability corresponding to the capitalised lease will also be recognised, adjusted for lease prepayments, lease incentives received, initial direct costs incurred and an estimate of any future restoration, removal or dismantling costs. Straight-line operating lease expense recognition will be replaced with a depreciation charge for the leased asset (included in operating costs) and an interest expense on the recognised lease liability (included in finance costs). In the earlier periods of the lease, the expenses associated with the lease under AASB 16 will be higher when compared to lease expenses under AASB 117. However EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) results will be improved as the operating expense is replaced by interest expense and depreciation in profit or loss under AASB 16. For classification within the statement of cash flows, the lease payments will be separated into both a principal (financing activities) and interest (either operating or financing activities) component. For lessor accounting, the standard does not substantially change how a lessor accounts for leases. The standard will affect primarily the accounting for the Group's operating leases. However, management has not yet determined to what extent these commitments will result in the recognition of an asset and liability for future payments and how this will affect the Group's profit and classification of cash flows.

Some commitments may be covered by the exception for short-term and low-value leases and some commitments may relate to arrangements that will not qualify as leases under AASB16.

Note 2. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Share-based payment transactions
The group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the annual reporting period but may impact profit or loss. The accounting estimates and assumptions relating to equity share-based payments would have no impact on the carrying amounts of assets and liabilities within the annual reporting period but may impact profit or loss and equity if new instruments are granted.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets
The group assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the group and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Exploration and evaluation costs
Exploration and evaluation costs have been capitalised on the basis that the group will commence commercial production in the future, from which time the costs will be amortised in proportion to the depletion of the mineral resources. Key judgements are applied in considering costs to be capitalised which includes determining expenditures directly related to these activities and allocating overheads between those that are expensed and capitalised. In addition, costs are only capitalised that are expected to be recovered either through successful development or sale of the relevant mining interest. Factors that could impact the future commercial production at the mine include the level of reserves and resources, future technology changes, which could impact the cost of mining, future legal changes and changes in commodity prices. To the extent that capitalised costs are determined not to be recoverable in the future, they will be written off in the period in which this determination is made.

Note 3. Operating segments

Identification of reportable operating segments
The CODM reviews only direct exploration expenditure. As such no segment results or revenues are separately disclosed. The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

The information reported to the CODM is on a monthly basis.

Segment assets
Segment assets are those operating assets of the entity that the CODM views as directly attributing to the performance of the segment. These are the mining and exploration assets.

Where an asset is used across multiple segments, the asset is allocated to the segment that receives the majority of economic value from the asset. In the majority of instances, segment assets are clearly identifiable on the basis of their nature and physical location.

Corporate Office Activities
Corporate office activities comprise non-segmental revenues and expenses and are therefore not allocated to operating segments.

Operating segment information

	Australia	Canada	Zambia	
Consolidated - 2018	$	$	$	Total $
Assets				
Exploration assets	1,032,745	637,749	190,261	1,860,755
Unallocated assets:				
Cash and cash equivalents				5,335,855
Other assets				166,355
Total assets				7,362,965
Liabilities				
Unallocated liabilities:				
Current				753,659
Total liabilities				753,659

Note 3. Operating segments (continued)

Consolidated - 2017	Australia $	Canada $	Total $
Assets			
Exploration assets	669,411	605,385	1,274,796
Unallocated assets:			
Cash and cash equivalents			62,015
Other assets			125,094
Total assets			1,461,905
Liabilities			
Unallocated liabilities:			
Current			803,754
Total liabilities			803,754

Note 4. Other income

	Consolidated 2018 $	Consolidated 2017 $
Interest	24,874	6,242

Note 5. Expenses

	Consolidated 2018 $	Consolidated 2017 $
Loss before income tax includes the following specific expenses:		
Other expenses include:		
Audit, accounting and legal fees	279,399	277,183
Office lease and maintenance	37,238	29,200
Statutory expenses	65,756	64,662
Travelling	174,795	25,695
Other	115,367	-
Total other expenses	672,555	396,740
Share-based payments		
Share-based payments - shares	-	330,465
Share-based payments - options	537,600	94,600
Less: Share-based payments capitalised as part of exploration and evaluation assets	-	(111,715)
Total share-based payments expense	537,600	313,350
Employee benefit expense includes:		
Defined contribution superannuation expense	40,043	39,791

Note 6. Income tax expense

	Consolidated 2018 $	Consolidated 2017 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,590,452)	(2,070,049)
Tax at the statutory tax rate of 27.5%	(712,374)	(569,263)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	147,840	87,254
	(564,534)	(482,009)
Tax losses (used) / unrecognised	564,534	482,009
Income tax expense	-	-

	Consolidated 2018 $	Consolidated 2017 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	39,792,760	37,801,073
Potential tax benefit @ 27.5%	10,943,009	10,395,295

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Unused income tax losses carried forward to later years are $40,391,525 (2017: $37,801,073) resulting in potential tax benefits of $11,107,669 (2017: $12,071,566).The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Note 7. Current assets - cash and cash equivalents

	Consolidated 2018 $	Consolidated 2017 $
Cash at bank	5,335,855	62,015

Exposure to interest rate risks is disclosed in the financial risk management Note 15 below.

Note 8. Current assets - trade and other receivables

	Consolidated 2018 $	Consolidated 2017 $
Other receivables	96,496	73,565

Note 9. Non-current assets - exploration and evaluation

	Consolidated 2018 $	Consolidated 2017 $
Exploration and evaluation assets - at cost	23,874,827	23,290,826
Less: Impairment	(22,014,072)	(22,016,030)
	1,860,755	1,274,796

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Australia $	Canada $	Mwombezhi Zambia $	Total $
Balance at 1 July 2016	34,082	430,659	-	464,741
Transfer from intangible assets	50,000	-	-	50,000
Expenditure during the year	585,329	174,726	-	760,055
Balance at 30 June 2017	669,411	605,385	-	1,274,796
Expenditure during the year	363,334	32,364	190,261	585,959
Balance at 30 June 2018	1,032,745	637,749	190,261	1,860,755

Note 10. Current liabilities - trade and other payables

	Consolidated 2018 $	Consolidated 2017 $
Trade payables	161,792	322,441
Other payables	342,748	267,684
	504,540	590,125

Refer to note 15 for further information on financial instruments.

Note 11. Current liabilities - employee benefits

	Consolidated 2018 $	Consolidated 2017 $
Annual leave	173,253	130,297
Long service leave	75,866	83,332
	249,119	213,629

Amounts not expected to be settled within the next 12 months
The current provision for long service leave includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued long service leave or require payment within the next 12 months.

Note 11. Current liabilities - employee benefits (continued)

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated 2018 $	2017 $
Employee benefits obligation expected to be settled after 12 months	75,856	83,332

Note 12. Equity - issued capital

	Consolidated 2018 Shares	2017 Shares	2018 $	2017 $
Ordinary shares - fully paid	1,554,380,617	813,851,672	51,662,533	43,675,768

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance	1 July 2016	654,340,318		42,788,284
Issue of shares - share based payment	14 December 2016	10,285,774	$0.006	61,715
Issue of shares - share based payment - supplier	9 February 2017	7,974,700	$0.006	50,000
Issue of shares - placement	9 February 2017	110,000,007	$0.005	491,584
Issue of shares - share based payment -capital raising	9 February 2017	31,250,000	$0.007	218,750
Issue of shares - exercise of options	31 March 2017	873	$0.063	55
Issue of shares - placement (completion in July) *	16 June 2017	-	$0.000	70,000
Share issue costs		-	$0.000	(4,620)
Balance	30 June 2017	813,851,672		43,675,768
Issue of shares	11 July 2017	254,545,448	$0.006	1,330,000
Issue of shares - exercise of options	11 July 2017	47	$0.064	3
Issue of shares	7 Aug 2017	66,666,632	$0.006	400,000
Issue of shares - placement	28 November 2017	35,000,000	$0.020	700,000
Issue of shares - exercise of options	15 January 2018	39,636,356	$0.006	218,000
Issue of shares - exercise of options	1 February 2018	51,939,551	$0.006	285,666
Issue of shares - exercise of options	14 February 2018	1,090,912	$0.006	6,000
Issue of shares - exercise of options	28 February 2018	7,272,727	$0.006	40,000
Issue of shares - exercise of options	15 March 2018	4,797,727	$0.006	26,387
Issue of shares - exercise of options	28 March 2018	3,729,545	$0.006	20,512
Issue of shares - placement **	23 April 2018	275,850,000	$0.020	5,517,000
Share issue costs		-	$0.000	(556,803)
Balance	30 June 2018	1,554,380,617		51,662,533

* the Company received a cash transfer for placement completed in July 2017.

** On 23 April 2018, the Company issued 275,850,000 ordinary shares to sophisticated and professional investors in a private share placement for $0.02 per share, raising a total of $5.5 million before costs.

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

Note 12. Equity - issued capital (continued)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Share buy-back
There is no current on-market share buy-back.

Capital risk management
The group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. Capital is defined as total shareholders' equity.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

In order to maintain or adjust the capital structure, the group may issue new shares or sell assets.

Note 13. Equity - reserves

	Consolidated	
	2018	**2017**
	$	**$**
Foreign currency reserve	(1,728,325)	(1,745,567)
Share-based payments reserve	1,299,171	761,571
Transaction between shareholders reserve	(1,587,087)	(1,587,087)
	(2,016,241)	(2,571,083)

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of equity instruments.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Transaction between shareholders reserve
The reserve was set-up in the year ended 30 June 2013 as consideration for the acquisition of the remaining 20% non-controlling interest in Lumwana West Resources Ltd through Arctic Scene Limited. Consideration was a combination of cash payment of $250,000, issuance of shares of $1,120,000, share options of $167,300 and deferred consideration fair valued at $50,000 at acquisition date.

Note 13. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current and previous financial year are set out below:

Consolidated	Foreign currency reserve $	Share based payment reserve $	Revaluation reserve $	Transaction between shareholders reserve $	Total $
Balance at 1 July 2016	(1,810,633)	666,971	97,898	(1,587,087)	(2,632,851)
Foreign currency translation	65,066	-	-	-	65,066
Reclassified to profit or loss *	-	-	(97,898)	-	(97,898)
Share-based payments	-	94,600	-	-	94,600
Balance at 30 June 2017	(1,745,567)	761,571	-	(1,587,087)	(2,571,083)
Foreign currency translation	17,242	-	-	-	17,242
Share-based payments	-	537,600	-	-	537,600
Balance at 30 June 2018	(1,728,325)	1,299,171	-	(1,587,087)	(2,016,241)

* Reclassified to profit or loss on sale of the financial assets at fair value.

Note 14. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 15. Financial instruments

Financial risk management objectives
The group's activities expose it to a variety of financial risks: market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the group.

Risk management is carried out by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits.

Market risk

Foreign currency risk
The group undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Despite international operations, the financial statements are not significantly affected by transactional currency exposures given overseas operations are transacted in their functional currencies. The consolidated entity does not have any significant transactions or balances denominated in foreign currencies at the year end.

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash at bank. Due to the size and quantum of interest income, a sensitivity analysis was not performed as movement in interest rate is not considered to be material to the group's profit or loss.

Note 15. Financial instruments (continued)

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the group. The group has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The group obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The group does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the group to maintain sufficient liquid assets (mainly cash and cash equivalents) to be able to pay debts as and when they become due and payable. The group manages liquidity risk by maintaining adequate cash reserves by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the group's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2018	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	161,792	-	-	-	161,792
Other payables	-	342,748	-	-	-	342,748
Total non-derivatives		504,540	-	-	-	504,540

Consolidated - 2017	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	322,441	-	-	-	322,441
Other payables	-	267,684	-	-	-	267,684
Total non-derivatives		590,125	-	-	-	590,125

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 16. Key management personnel disclosures

Directors
The following persons were directors of Argonaut Resources NL during the financial year:

P J D Elliott
L J Owler
A W Bursill
M R Richmond

Note 16. Key management personnel disclosures (continued)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the group is set out below:

	Consolidated	
	2018	2017
	$	$
Short-term employee benefits	501,667	460,000
Post-employment benefits	27,708	23,750
Long-term benefits	4,168	9,776
Share-based payments	537,600	94,600
	1,071,143	588,126

Note 17. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Ernst & Young, the auditor of the company:

	Consolidated	
	2018	2017
	$	$
Audit services - Ernst & Young		
Audit or review of the financial statements	45,000	43,700
Other services - Ernst & Young		
Preparation of the tax return and tax related services	-	6,400
	45,000	50,100

Note 18. Related party transactions

Parent entity
Argonaut Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 20.

Joint operations
Interests in joint operations are set out in note 21.

Key management personnel
Disclosures relating to key management personnel are set out in note 16 and the remuneration report included in the directors' report.

Note 18. Related party transactions (continued)

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated 2018 $	Consolidated 2017 $
Payment for goods and services:		
Payment for accounting, administration and company secretarial services to Franks & Associates Pty Ltd of which the director, A W Bursill, is a principal	136,242	131,018

All transactions were made on normal commercial terms and conditions and at market rates.

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2018 $	Consolidated 2017 $
Current payables:		
Trade payables to key management personnel*	21,609	-

* Invoices and accruals relating to accounting, administration and company secretarial services to Franks & Associates Pty Ltd of which the director, A W Bursill, is a principal

Loans to/from related parties
There were no loan to/from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 19. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2018 $	Parent 2017 $
Loss after income tax	(2,501,370)	(1,824,783)
Total comprehensive income	(2,501,370)	(1,824,783)

Note 19. Parent entity information (continued)

Statement of financial position

	Parent 2018 $	Parent 2017 $
Total current assets	6,014,549	696,653
Total assets	7,332,448	1,214,282
Total current liabilities	723,142	627,972
Total liabilities	723,142	627,972
Equity		
Issued capital	51,662,534	43,675,768
Share-based payments reserve	1,299,171	761,571
Accumulated losses	(46,352,399)	(43,851,029)
Total equity	6,609,306	586,310

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2018 and 30 June 2017.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2018 and 30 June 2017.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at 30 June 2018 and 30 June 2017.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the group, as disclosed in note 1, except for the following:

- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.

Note 20. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
Kelaray Pty Limited	Australia	100.00%	100.00%
Argonaut Resources Overseas Investments Limited	British Virgin Islands	100.00%	100.00%
Argonaut Overseas Investments Limited	British Virgin Islands	99.00%	99.00%
Arctic Scene Ltd	Hong Kong	100.00%	100.00%
Yellow Bridge Limited	Hong Kong	100.00%	100.00%
Lumwana West Resources Limited	Zambia	100.00%	100.00%
Mwombezhi Resources Limited	Zambia	90.00%	90.00%
Sunrise Canada Inc	Canada	100.00%	100.00%

Subsidiaries domiciled in British Virgin Islands and Hong Kong are not required to be audited under these countries requirements.

Note 21. Interests in joint operations

Information relating to joint operations are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2018 %	Ownership interest 2017 %
EL 4577 - Sandstone *	South Australia - Gold	3.30%	3.30%
EL 5183 - Campfire Bore *	South Australia - Gold	3.30%	3.30%
EL 5336 - Myrtle Springs **	South Australia - Zinc	100.00%	100.00%
EL 5220 - Mt Parry **	South Australia - Zinc	100.00%	100.00%
16121-HQ-LPL Lumwana West ***	Zambia - Copper	90.00%	90.00%

* Kelaray Pty Ltd, a subsidiary of the consolidated entity, holds a 33% interest in Coombedown Resources Pty Ltd.

** These are subject to an earn in agreement with the joint operation partner. As at year end, the joint operation partner has completed the required expenditure but the transfer of interest is yet to be effected and Argonaut Resources still holds 100% interest.

*** Lumwana West Resources Ltd ("Lumwana West"), a subsidiary of the consolidated group, has entered into a farm in joint arrangement with Mwombezhi Resources Ltd. Under the terms of the joint arrangement Lumwana West can earn up to 90% in the copper project. In October 2012, 51% shareholding in Mwombezhi Resources Ltd was alloted to the Lumwana West upon completion of the initial earn-in by spending US$1.8 million on exploration and by paying the original shareholders of Mwombezhi Resources Ltd a milestone payment of US$600,000.

Note 22. Events after the reporting period

On 27 July 2018, the Company announced that the Unmarketable Parcel Sale Facility had been completed. A total of 7,392,329 shares were sold in an off-market transaction at $0.0182 per share (10% discount to 5-day V-WAP of $0.0202 from the share sale facility closing date on 5 July 2018). The proceeds were distributed to shareholders who participated in the Unmarketable Parcel Sale Facility. Where the total proceeds from the sale of an Unmarketable Parcel was less than $2.00, the funds were donated to the Davenport Community Council in Port Augusta. The amount donated was $488.87.

No other matter or circumstance has arisen since 30 June 2018 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 23. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax expense for the year	(2,590,452)	(2,070,049)
Adjustments for:		
Depreciation and amortisation	1,737	483
Share-based payments	537,600	313,350
Net gain transferred from asset revaluation reserve	-	(97,898)
Tenement expensed to profit or loss	327,943	828,642
Change in operating assets and liabilities:		
Increase in trade and other receivables	(33,412)	(14,054)
Increase/(decrease) in trade and other payables	(114,090)	149,947
Net cash used in operating activities	(1,870,674)	(889,579)

Note 24. Earnings per share

	Consolidated 2018 $	Consolidated 2017 $
Loss after income tax attributable to the owners of Argonaut Resources NL	(2,590,452)	(2,070,049)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,233,535,703	718,002,941
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,233,535,703	718,002,941
	Cents	**Cents**
Basic earnings per share	(0.210)	(0.288)
Diluted earnings per share	(0.210)	(0.288)

There are approximately 65 million share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Note 25. Share-based payments

A share option plan was established by the consolidated entity and was approved by shareholders at a general meeting, whereby the consolidated entity may grant options over ordinary shares in the parent entity to employees, key management personnel and suppliers of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the board. During the financial year ended 30 June 2018, the shareholders approved the issue of 28,000,000 options to Directors at the annual general meeting.

In addition, the Company may also grant options to advisers and supplies for goods and services rendered. None was granted during the year ended 30 June 2018.

Set out below are summaries of options granted under share-based payment arrangements:

2018

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/06/2016	30/06/2019	$0.020	15,000,000	-	-	-	15,000,000
14/12/2016	31/12/2021	$0.030	22,000,000	-	-	-	22,000,000
03/11/2017	31/12/2022	$0.030	-	28,000,000	-	-	28,000,000
			37,000,000	28,000,000	-	-	65,000,000
Weighted average exercise price			$0.026	$0.030	$0.000	$0.000	$0.028

2017

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
10/06/2016	30/06/2019	$0.020	15,000,000	-	-	-	15,000,000
14/12/2016	31/12/2021	$0.030	-	22,000,000	-	-	22,000,000
			15,000,000	22,000,000	-	-	37,000,000
Weighted average exercise price			$0.020	$0.030	$0.000	$0.000	$0.026

The options above are exercisable at the end of the financial year.

Note 25. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 3.4 years (2017: 3.5 years).

The average exercise price of options outstanding as at the end of the financial year was $0.028 (2017: $0.020).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/11/2017	31/12/2022	$0.026	$0.030	100.00%	-	2.21%	$0.019

The options with grant date 3 November 2017 above were granted to directors of the Company. Based on the above assumption, share based payment of $537,600 has been recognised in the statement of profit or loss and other comprehensive income.

Directors' Declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2018 and of its performance for the financial year ended on that date; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by section 295A of the *Corporations Act 2001*.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the *Corporations Act 2001*.

On behalf of the directors

P J D Elliott

CHAIRMAN

28 September 2018

Independent Auditor's Report to the Members of Argonaut Resources NL

Ernst & Young
200 George Street
Sydney NSW 2000 Australia
GPO Box 2646 Sydney NSW 2001

Tel: +61 2 9248 5555
Fax: +61 2 9248 5959
ey.com/au

Independent Auditor's Report to the Members of Argonaut Resources NL

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Argonaut Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a) giving a true and fair view of the consolidated financial position of the Group as at 30 June 2018 and of its consolidated financial performance for the year ended on that date; and

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report

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1. Carrying value of exploration & evaluation assets

Why significant	How our audit addressed the key audit matter
Capitalised exploration and evaluation assets represent 26% of the Group's total assets. The carrying value of exploration and evaluation assets is impacted by the Group's ability, and intention, to continue to explore their exploration assets. The results of exploration work also determines to what extent the mineral reserves and resources may or may not be commercially viable for extraction. Due to the significance of this asset and the subjectivity involved in determining its carrying value, this was a key audit matter. Refer to Note 9 *Non-current assets, Exploration and evaluation assets* to the financial statements for the amounts held on the Statement of financial position by the Group as at 30 June 2018 and related disclosure.	Our procedures to address the Group's assessment of the carrying value of exploration and evaluation assets included: ‣ Consideration of the Company's right to explore in the relevant exploration areas which included obtaining and assessing relevant documentation such as license agreements. ‣ Agreed a sample of costs capitalised for the period to supporting documentation and considered whether these costs met the requirements of Australian Accounting Standards and the Group's accounting policy. ‣ Consideration of the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area which included an assessment of the Group's cash-flow forecast models and discussions with the Group and its Directors as to their intentions and strategy.

2. Going concern

Why significant	How our audit addressed the key audit matter
Due to being an exploration company and having no ongoing revenue stream, the ability for the Group to raise additional funds from other sources, such as selling assets or raising funds from capital markets, is important for the going concern assumption and, as such, is a significant aspect of our audit. This assessment is largely based on the expectations of and the estimates of future cash flows made by the Group. We consider that the conclusion on whether the Group represents a going concern is a key audit matter.	We assessed the Group's going concern model, including: ‣ the liquidity position at year end and the projected cash flows; ‣ the accuracy of exploration and evaluation expenditure commitments; ‣ the anticipated uses of funding; ‣ projected administration overhead costs. We assessed the consistency of the assumptions included within the going concern model with the statements related to future plans and commitments contained within the financial report.

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The Group's financial statements were prepared on a going concern basis. Refer to Note 1 to the financial statements for the basis of preparation and the Directors' Report for the Group's assessment of going concern

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2018 Annual Report other than the financial report and our auditor's report thereon. We obtained the Directors' Report that is to be included in the Annual Report, prior to the date of this auditor's report, and we expect to obtain the remaining sections of the Annual Report after the date of this auditor's report.

Our opinion on the financial report does not cover the other information and we do not and will not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

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As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 23 to 26 of the directors' report for the year ended 30 June 2018.

In our opinion, the Remuneration Report of Argonaut Resources NL for the year ended 30 June 2018, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ryan Fisk
Partner
28 September 2018

Shareholder Information

The shareholder information set out below was applicable as at 14 September 2018.

DISTRIBUTION OF EQUITABLE SECURITIES

Analysis of number of equitable security holders by size of holding:

Range	Ordinary Shares	Unlisted Options Exercise price $0.02, Expiry 30/06/2019	Unlisted Options Exercise price $0.03, Expiry 31/12/2021	Unlisted Options Exercise price $0.03, Expiry 31/12/2022
1 to 1,000	149	-	-	-
1,001 to 5,000	62	-	-	-
5,001 to 10,000	38	-	-	-
10,001 to 100,000	859	-	-	-
100,001 and over	999	2	4	4
	2,107	2	4	4
Holding less than a marketable parcel	314	-	-	-

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

The names of the twenty largest security holders of quoted equity securities are listed below:

Ordinary shares	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	68,477,363	4.40
CLELAND PROJECTS PTY LTD	54,435,834	3.50
BARON NOMINEES PTY LTD	51,065,544	3.28
MS SARAH JANE LOUISE FRANKS	42,624,027	2.74
BNP PARIBAS NOMS PTY LTD	40,009,007	2.57
BNP PARIBAS NOMINEES PTY LTD	38,169,666	2.45
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	29,254,066	1.88
MR ADAM JAMES LIENERT	27,272,729	1.75
MR DAMIEN MICHAEL HUDSON	25,800,000	1.66
ANTESS PTY LTD	24,618,055	1.58
POAL PTY LTD	23,886,364	1.53
YERONDA NOMINEES PTY LTD	20,324,574	1.31
MR DOMINIC VIRGARA	17,000,000	1.09
MR DAVID SLYKERMAN	17,000,000	1.09
AGRICO PTY LTD	14,636,364	0.94
BLUESTAR MANAGEMENT PTY LTD	14,250,000	0.92
GLENEDEN NOMINEES PTY LTD	13,315,160	0.86
MR DOMINIC VIRGARA	13,000,000	0.83
ENDEAVOUR RESOURCES PTY LTD	12,580,009	0.81
N G LIENERT INVESTMENTS PTY LTD	11,541,515	0.74
	559,260,277	35.93

Unquoted equity securities

	Number on issue	Number of holders
UNLISTED OPTIONS EXERCISE PRICE $0.02, EXPIRY 30/06/2019	15,000,000	2
UNLISTED OPTIONS EXERCISE PRICE $0.03, EXPIRY 31/12/2021	22,000,000	4
UNLISTED OPTIONS EXERCISE PRICE $0.03, EXPIRY 31/12/2022	28,000,000	4

The following persons hold 20% or more of unquoted equity securities:

Name	Class	Number held
CLELAND PROJECTS PTY LTD	UNLISTED OPTIONS EXERCISE PRICE $0.02, EXPIRY 30/06/2019	7,500,000
BJ RETAIL PTY LTD	UNLISTED OPTIONS EXERCISE PRICE $0.02, EXPIRY 30/06/2019	7,500,000
LINDSAY OWLER	UNLISTED OPTIONS EXERCISE PRICE $0.03, EXPIRY 31/12/2021	10,000,000
LINDSAY OWLER	UNLISTED OPTIONS EXERCISE PRICE $0.03, EXPIRY 31/12/2022	16,000,000

SUBSTANTIAL HOLDERS

There are no substantial holders in the company.

VOTING RIGHTS

Voting rights are as set out below:

ORDINARY SHARES

All ordinary shares carry one vote per share without restriction.

OPTIONS

Options do not carry any voting rights

Tenement Schedule

Table 1 – Summary of mining tenements

SOUTH AUSTRALIAN MINERAL EXPLORATION LICENCES

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
EL 5998	21/05/2017	20/05/2019	33	Campfire Bore	Coombedown Resources Pty Ltd	10%[1]
EL 6172	05/11/2017	04/11/2019	351	Alford	Kelaray Pty Ltd	100%
EL 5336	04/06/2013	03/06/2018	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 5614	18/08/2014	17/08/2019	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 5732	18/10/2015	17/10/2020	104	Sandstone	Coombedown Resources Pty Ltd	10%[1]
EL 5937	30/03/2017	29/03/2019	794	West Lake Torrens	Kelaray Pty Ltd	100%
EL 5945	20/04/2017	19/04/2019	221	Murdie	Kelaray Pty Ltd	100%

QUEENSLAND MINING LEASE

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%

QUEENSLAND MINERAL DEVELOPMENT LICENCE

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
MDL 2002	03/08/2016	02/08/2021	0.64	Kroombit	Kelaray Pty Ltd	100%

ZAMBIAN LARGE SCALE EXPLORATION LICENCE APPLICATION

Tenement	Applied	Expiry	Area (km^2)	Locality	Licensee	Interest
22399-HQ-LEL	29/12/2017	28/12/2021	568	North Western Province	Mwombezhi Resources Ltd	90%

ONTARIO UNPATENTED MINING CLAIMS

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
4244211[2]	27/10/2008	27/10/2019	1.94	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244212[2]	27/10/2008	27/10/2019	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244213[2]	27/10/2008	27/10/2019	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
42524212	09/12/2009	09/12/2018	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213186[2]	24/09/2009	24/09/2019	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213187[2]	24/09/2009	24/09/2019	2.24	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4229526[2]	24/09/2009	24/09/2019	1.93	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4252441[2]	09/12/2009	09/12/2018	1.33	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4252442[2]	09/12/2009	09/12/2018	0.64	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250593[2]	17/07/2009	17/07/2018	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250594[2]	17/07/2009	17/07/2018	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250595[2]	17/07/2009	17/07/2018	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4276304[2]	22/03/2016	22/03/2019	2.53	Greenbush Lake	Canadian Orebodies Inc.	100%
4276305[2]	22/03/2016	22/03/2019	2.39	Greenbush Lake	Canadian Orebodies Inc.	100%

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
4276306[2]	22/03/2016	22/03/2019	2.56	Greenbush Lake	Canadian Orebodies Inc.	100%
4282315	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282316	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282317	01/04/2016	01/04/2019	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282318	01/04/2016	01/04/2019	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282319	01/04/2016	01/04/2019	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282320	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282321	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282322	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282323	01/04/2016	01/04/2019	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282324	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282325	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282326	01/04/2016	01/04/2019	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282327	01/04/2016	01/04/2019	2.4	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282328	01/04/2016	01/04/2019	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282329	01/04/2016	01/04/2019	2.53	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282330	01/04/2016	01/04/2019	2.42	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282331	01/04/2016	01/04/2019	1.47	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282332	01/04/2016	01/04/2019	2.3	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282333	01/04/2016	01/04/2019	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282334	01/04/2016	01/04/2019	2.59	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282335	01/04/2016	01/04/2019	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282336	01/04/2016	01/04/2019	2.49	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4279256	15/04/2016	15/04/2019	2.53	Superb Lake	Sunrise Canada Inc.	100%
4279257	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279258	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279259	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279260	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279261	15/04/2016	15/04/2019	2.57	Superb Lake	Sunrise Canada Inc.	100%
4279262	15/04/2016	15/04/2019	2.56	Superb Lake	Sunrise Canada Inc.	100%
4279263	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279264	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279265	15/04/2016	15/04/2019	2.55	Superb Lake	Sunrise Canada Inc.	100%

WESTERN AUSTRALIAN MINERAL EXPLORATION LICENCES

Tenement	Granted	Expiry	Area (km^2)	Locality	Licensee	Interest
E28/2513[2]	06/07/2016	05/07/2021	64	Torquata	Loded Dog Prospecting Pty Ltd	100%
E15/1484[2]	18/07/2016	17/07/2021	12	Nawock-Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
P63/2071[2]	24/04/2017	23/04/2021	1.37	Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
P63/2072[2]	24/04/2017	23/04/2021	1.27	Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
P63/2073[2]	24/04/2017	23/04/2021	1.54	Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
E15/1509[2]	03/05/2017	02/05/2022	3	Eundynie	Loded Dog Prospecting Pty Ltd	100%
E15/1510[2]	08/05/2017	07/05/2022	3	Eundynie	Loded Dog Prospecting Pty Ltd	100%
E63/1773[2]	08/05/2017	07/05/2022	21	Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
E15/1523[2]	08/05/2017	07/05/2022	42	Higginsville	Loded Dog Prospecting Pty Ltd	100%
E15/1540[2]	17/05/2017	16/05/2022	9	Higginsville	Loded Dog Prospecting Pty Ltd	100%
P15/6029[2]	04/07/2017	03/07/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	100%
P15/6030[2]	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	100%
P15/6031[2]	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	100%
P15/6032[2]	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	100%
E15/1489[2]	14/08/2017	13/08/2022	52	Higginsville	Loded Dog Prospecting Pty Ltd	100%
P63/2077[2]	26/10/2017	25/10/2021	0.7	Hayes Hill	Loded Dog Prospecting Pty Ltd	100%
E15/1588[2]	1/12/2017	30/11/2022	61	Higginsville	Loded Dog Prospecting Pty Ltd	100%

1 Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.

2 Under option agreement

Argonaut
RESOURCES NL