Argonaut Resources NL

ABN 97 008 084 848

Annual Financial Report - 30 June 2019

Directors	P J D Elliott L J Owler A W Bursill M R Richmond
Company secretary	A W Bursill
Registered office	Automic Group Level 5, 126 Philip 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

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 2019.

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 $2,032,251 (30 June 2018: $2,590,452).

Australia

Torrens, SA

Commodities: Copper, Gold
Argonaut Interest: 30%
Operator: Straits Exploration (Australia) Pty Ltd

Highlights

- The Torrens Joint Venture commenced a major drilling program at the internationally recognised Torrens copper anomaly in January 2019.
    - Four drillholes commenced, two successfully intersected basement lithologies with evidence of IOCG alteration assemblages.
- The approved Stage One Torrens drilling program was unilaterally ceased by Argonaut's 70% joint Venture partner, Aeris Resources Ltd.
    - Argonaut has focused its attention on sensible pathways to the recommencement of systematic drill testing of the Torrens anomaly under a pro-rata 30:70 joint venture.

The Torrens Joint Venture is located within the globally recognised iron-oxide copper-gold (IOCG) metallogenic province, at the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 40 kilometres of BHP's Oak Dam West copper discovery, 50 kilometres of OZ Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP's Olympic Dam mine (Figure 1).

BHP's recent discovery at Oak Dam West, located just 40 kilometres to the southwest of the Torrens Project, has confirmed the validity of the Torrens target and the copper endowment of the Eastern Gawler Craton, beneath the Stuart Shelf.

Exploration Drilling
The Torrens Joint Venture commenced Stage One of a major drilling program in January 2019. The Torrens anomaly sits under at least 400m of sediment cover and Stage One involved helicopter-supported drilling to depths of 700-1,500m, targeting priority drill targets.

The first hole of the program, TD7, is located 1.5 kilometres from the shore of Lake Torrens (Figure 4) and targeted a coincident gravity-magnetic anomaly. TD7 was successfully drilled to 859m and intersected an encouraging 60m zone of hematite alteration within a broader magnetite skarn-like alteration zone, consistent with IOCG mineralisation.

Drill hole TD8 is located over 8 kilometres from the shore of Lake Torrens (Figure 4) and targeted a partially coincident gravity-magnetic anomaly. TD8 was abandoned at 112m due to complications caused by a high-pressure, artesian aquifer.

The rig was mobilised northward to TD9 to target a coincident gravity-magnetic anomaly (Figure 4). TD9 was abandoned at 145m due to drilling complications caused by the same artesian aquifer.

The Joint Venture reviewed drilling procedures for the upper 150m of the cover sequence. Several changes were implemented to better address the difficult drilling conditions encountered in holes TD8 and TD9.

Drilling recommenced in the second half of April 2019. Drill hole TD10 targeted the same coincident gravity-magnetic anomaly as TD9.

On 29 May 2019, parties to the Torrens Joint Venture announced that drilling at the Torrens Project had been stopped by Argonaut's 70% Joint Venture partner, Aeris Resources Ltd, following the completion of the second drill hole, TD10.

The agreed drilling program announced by the parties on 17 September 2018 of 8 to 10 holes to depths of between 700m and 1,500m was not completed.

Argonaut and its wholly owned subsidiary, Kelaray Pty Ltd, are strongly opposed to the early cessation of the agreed drilling program.

Next Steps

General Comments

The Torrens anomaly is a particularly attractive set of exploration targets hosted in a geological domain that has persistently rewarded explorers with large, high-grade copper discoveries. The discovery of an IOCG deposit by a listed junior exploration company creates to a once-in-a-lifetime opportunity for shareholders. Argonaut continues to work towards this goal.

Exploration in the Olympic Dam Domain has historically been hindered by two factors: the thickness of cover formations, and difficulties securing access. These factors, although frustrating, have preserved exploration targets that would have otherwise been tested.

Statistically, the drill testing of gravity targets in the Olympic Dam Domain has delivered a higher than average discovery rate. It makes commercial sense to invest exploration budgets into drilling bona fide gravity targets in Eastern Gawler Craton.

Argonaut persistently pursued access rights to the Torrens anomaly until the final authorisation was granted in February 2018. The Torrens Project is fully permitted.

Major, diversified miners and mid-cap copper miners are specifically seeking to increase copper production due to forecast copper supply shortages. There was an underinvestment in copper exploration between 2012 and 2017 and consequentially the copper project pipeline is empty. Copper discoveries are necessary and copper deposits are in-demand.

The combination of geological prospectivity, granted access rights and a global appetite for new copper deposits make the Torrens Project a compelling investment opportunity.

Joint Venture Provisions

Argonaut is of the view that Aeris has acted in contravention of the Torrens Joint Venture Agreement. A dispute notice was served during the period by Argonaut's subsidiary, Kelaray Pty Ltd, on Aeris' subsidiary, Straits Exploration (Australia) Pty Ltd.

Looking Forward

Argonaut is optimistic that the setback suffered at Torrens in late May 2019 can be overcome in a timely manner.

Argonaut has focused its attention on sensible pathways to the recommencement of systematic drill testing of the Torrens anomaly under a pro-rata 30:70 joint venture.

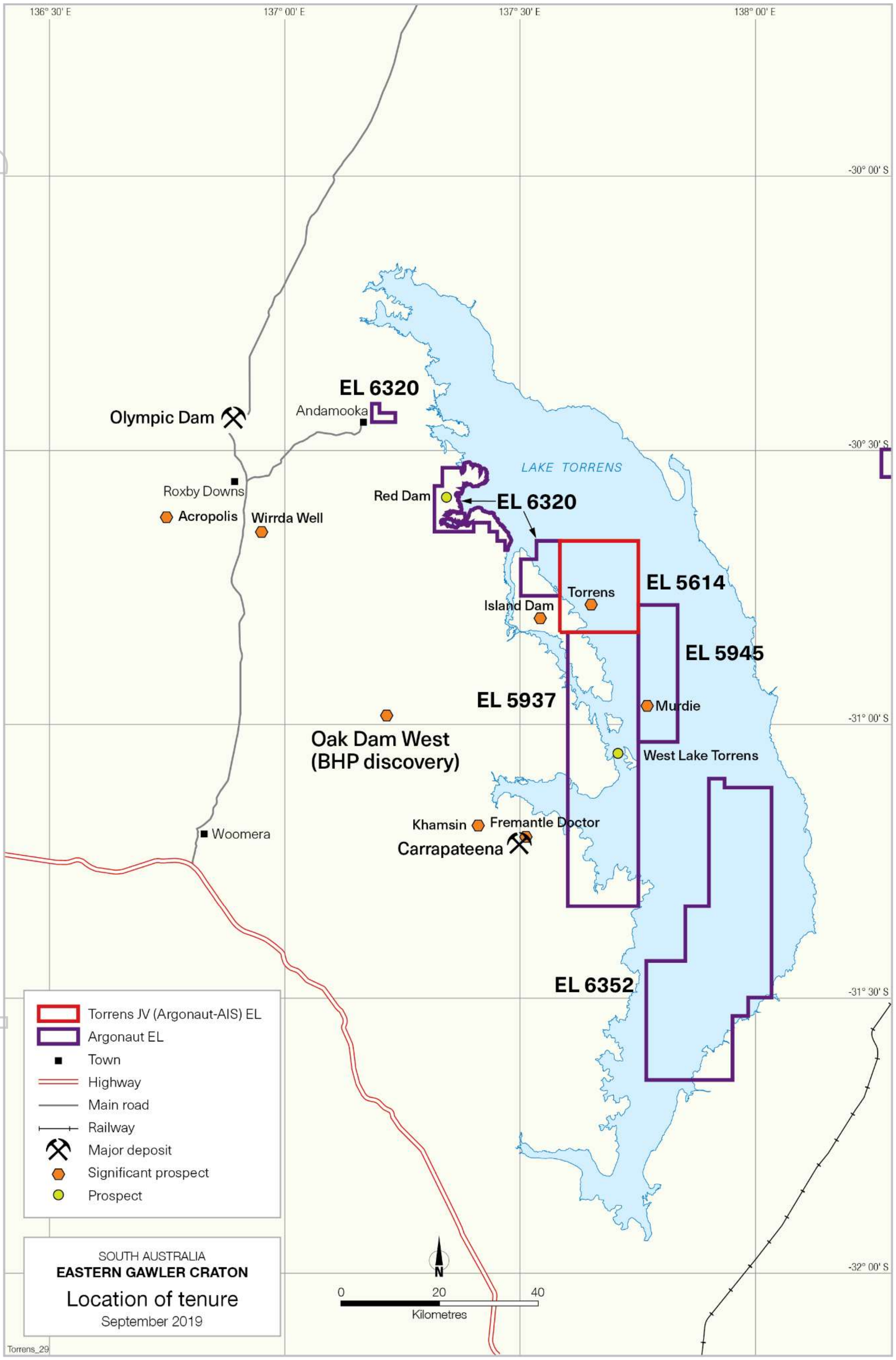

Figure 1. Lake Torrens exploration licences

Geophysics

Geophysical survey data has defined numerous large areas that have the physical properties of IOCG deposits.

The Torrens Joint Venture Technical Committee completed several phases of 2D modelling of selected target to better define potential copper mineralisation at depth. Recent phases of geophysical modelling have benefitted from improved geological interpretations completed by the technical committee and various expert consultants.

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.

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

Table 1. Categorised gravity anomalies identified at Torrens. See Figure 4 for locations.

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, and more recently, the Oak Dam West deposit.

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 and Oak Dam West. It follows that IOCG gravity targets with a variety of relationships to magnetics can be prospective for IOCG mineralisation.

3D models of airborne 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 and Figure 4.

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 2 to 4.

Additional three-dimensional modelling of gravity and magnetic data using alternative modelling techniques has also been completed. The output of this modelling will be used in conjunction with the inversion modelling and geological interpretations. Finally, two-dimensional modelling techniques are used to confirm and reinforce the targets prior to drilling.

Interpretations

Figure 2 shows that the gravity inversion model produced numerous gravity targets within the Torrens licence area. Figure 3 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. This categorisation of gravity targets is shown in Figure 4.

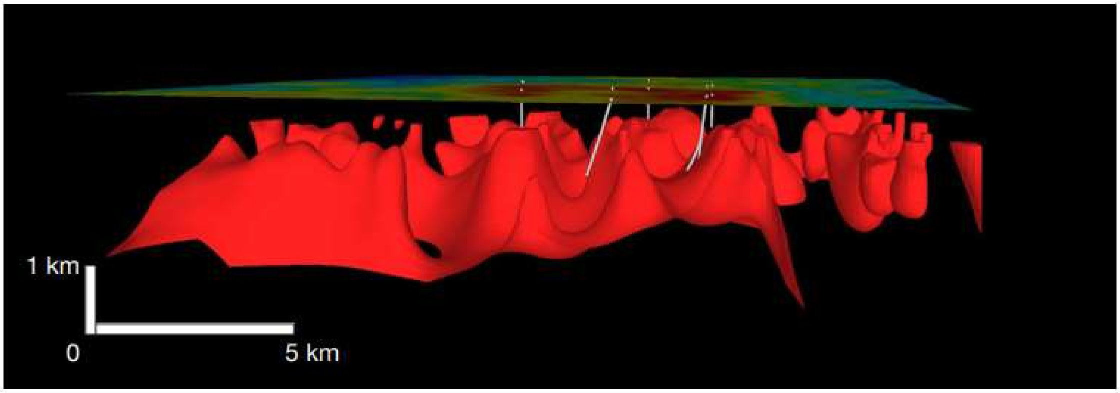

Figure 2. Gravity inversion model iso-surface (red) under GDD gravity image (colour) with existing drill holes (white.

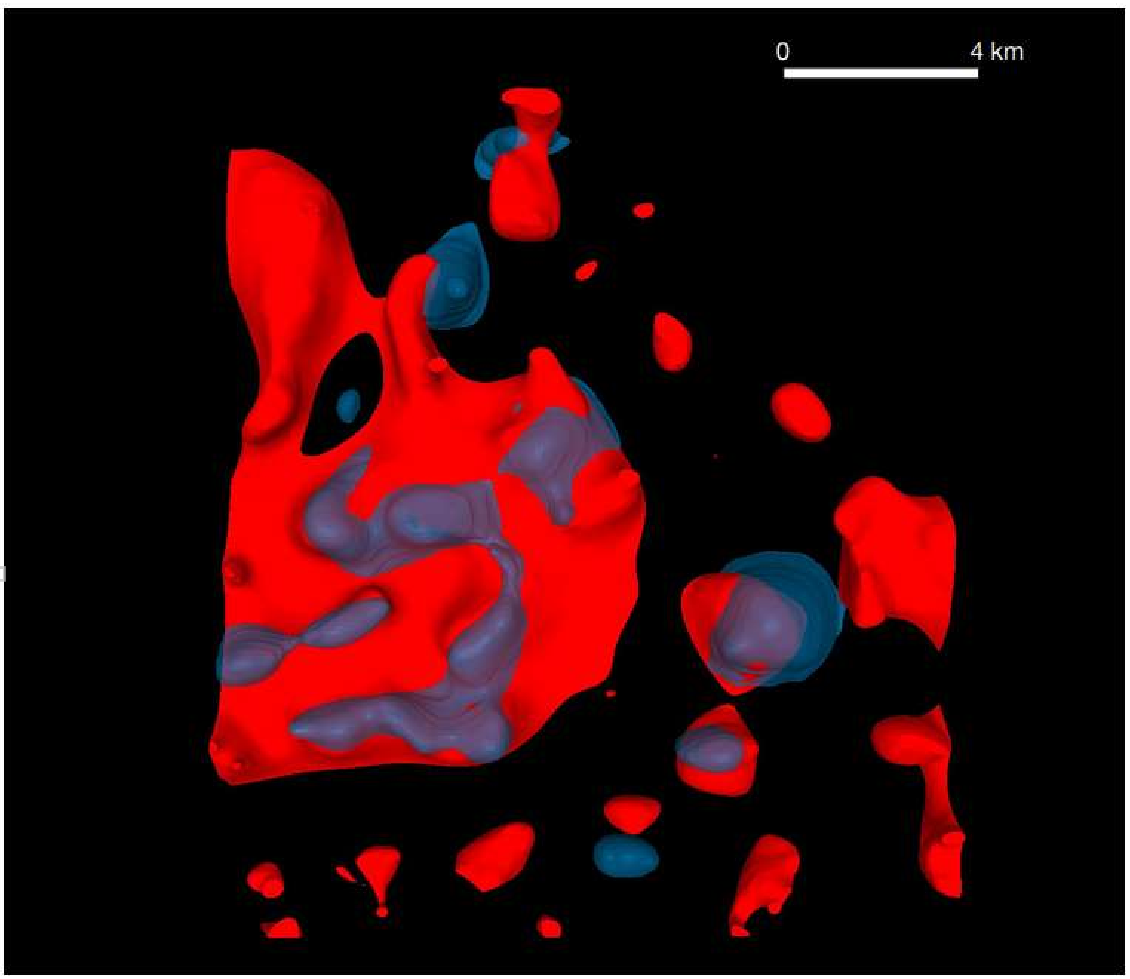

Figure 3. Gravity inversion model iso-surface (red) with magnetic inversion model iso-surface (transparent blue.

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 at 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 at Torrens to date has confirmed the existence of a major IOCG mineralising system beneath several hundred metres of sedimentary cover.

Further drilling is required to intercept the modelled copper-gold mineralisation. In the event of a discovery, the Torrens anomaly has the scale to host a world-class copper-gold deposit.

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL (30%) and Aeris Resources Limited (ASX: AIS) (70%) and relates to the Torrens project, EL5614. Aeris' subsidiary, Straits Exploration (Australia) Pty Ltd, is the manager of the project.

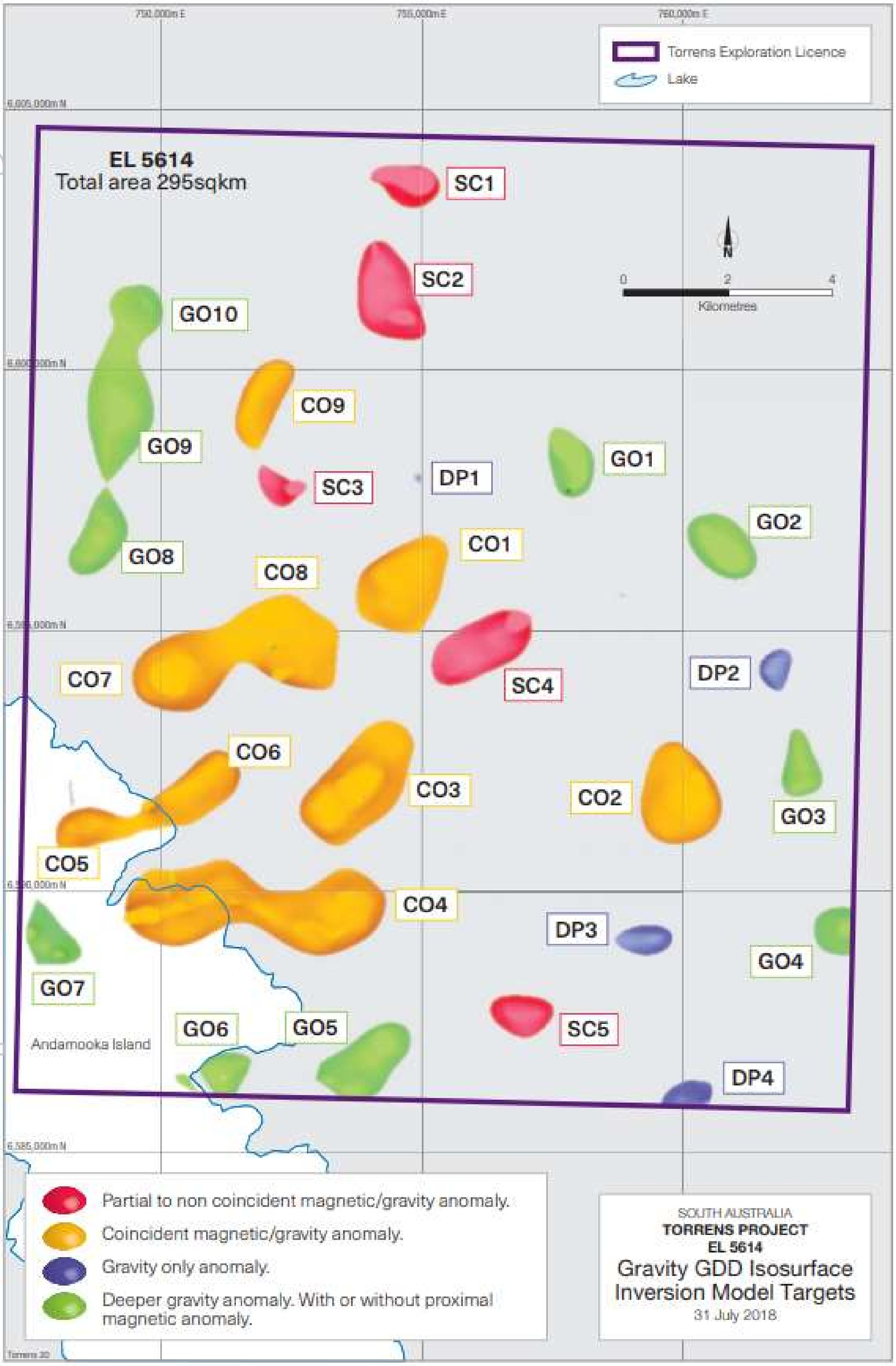

Figure 4. Gravity inversion model targets by category.

Torrens Photo Gallery

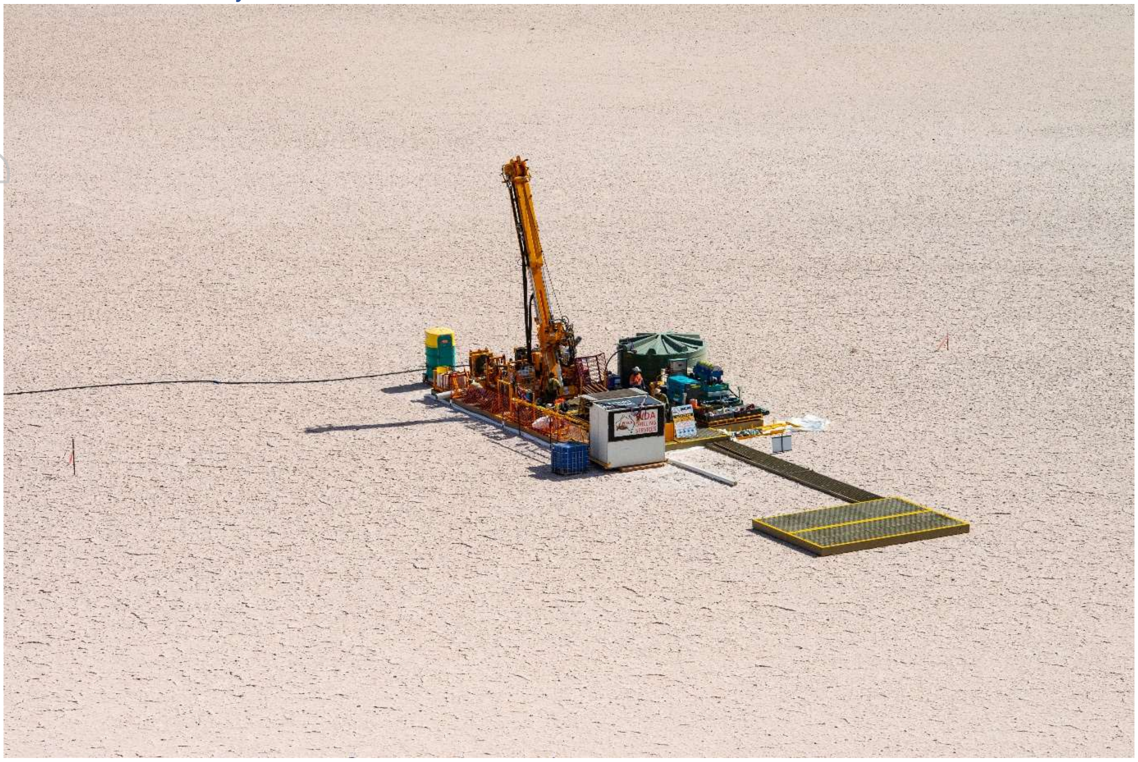

Photo 1: Drilling equipment and helicopter landing pad at Lake Torrens, January 2019

Photo 2: Lake Torrens drilling is helicopter supported to avoid heavy vehicle traffic on the salt lake crust, January 2019

Murdie, SA

Commodities: Copper, Gold
Argonaut Interest: 100%
Operator: Argonaut

Highlights

- The Murdie Project is 100% held and operated by Argonaut.
- 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.
- Many of the newly identified geophysical targets are 'gravity-only' anomalies, similar to the anomaly that led to discovery of Oak Dam West by BHP.
- The Murdie licences constitute excellent exploration opportunities in their own right and provide Argonaut with a commanding land holding in the eastern Gawler Craton.
- Argonaut plans to commence drilling at the Murdie Project on receipt of the final permit.

Argonaut Resources holds a 100% interest in two highly prospective exploration licences, EL5937 and EL5945 via its subsidiary, Kelaray Pty Ltd. The Murdie licences are contiguous with the Company's Torrens licence and are located within 10km of OZ Minerals' Carrapateena deposit and 45km of BHP's high-grade Oak Dam West discovery, along the western margin of Lake Torrens (Figure 1).

The Murdie Project encompasses a confirmed magnetite-bearing IOCG system known as Murdie plus a series of non-magnetic, gravity only targets that straddle the shoreline and islands (Figure 5). Recent geophysical modelling has defined new drilling targets and Argonaut is seeking permits to access these areas for drilling.

Targets

Argonaut has received the results of the geophysical modelling of an airborne gravity survey (Barrick, 2010) and an aeromagnetic survey (SA Government, 2017). These data were modelled by 3D inversion and 54 distinctive anomalies were defined (Figure 5).

Of these fifty-four 3D anomalies, eight gravity-only anomalies were selected for initial 2D modelling.

The 2D modelling resulted in the definition of seven anomalies that warrant drill testing. Further 2D modelling is required to assess many of the remaining 3D anomalies.

Preliminary Murdie drill targets were selected on the basis of:

1. Density contrast i.e. high density compared to surrounding rocks;
2. Size;
3. Host rock lithology. Most targets appear to be hosted in, or are proximal to, Donnington Suite Granitoid and associated sediments which makes these targets geologically comparable to Oak Dam West and Carrapateena; and
4. Structural setting. Targets are near major faults and the intersection of major faults and these faults have scope to act as pathways for mineralising fluids.

The Argonaut technical team has come to know a great deal about Olympic Dam Domain IOCG deposits, and the team is excited about the Murdie anomalies and their geological setting.

The drilling targets defined at Murdie are equally as prospective as those at the Torrens Project.

Drilling

The preliminary Murdie drill targets have been defined in three operational domains (Figure 5): onshore, nearshore and offshore. Each of these domains involves different drilling procedures due to different surface and subsurface conditions. Table 2 below summaries these conditions.

	Drilling Techniques		
	Helicopter Supported	Artesian Groundwater	Percussion Pre-Collar
Onshore	No	No	Yes
Nearshore	No	No	Yes
Offshore – No Aquifer	Yes	No	No

Offshore - Aquifer	Yes	Yes	No

Table 2: Murdie Project operational domains and required drilling techniques

Six of the seven selected drill targets selected are located within the onshore and nearshore exploration domains and therefore can be drilled using a conventional truck-mounted drilling rig (not helicopter supported), with a cost-effective percussion (RC) pre-collar and without the additional equipment, consumables and staff required to manage drilling through the artesian aquifer.

Argonaut plans to commence drilling at the Murdie project as soon as practical after receiving the final permit.

Permits

Native Title

Native title authorisation for nearshore and offshore drilling was granted via an ERD Court determination in 2018.

Operational Approval

An Exploration Program for Environmental Protection and Rehabilitation (E-PEPR) has been submitted and is currently being reviewed by the Department for Energy and Mining. Argonaut is proposing to conduct ground gravity and deep drilling by conventional drilling methods onshore, conventional drilling methods nearshore and heli-supported drilling offshore.

Aboriginal Heritage Act

Argonaut has prepared an application under the SA Aboriginal Heritage Act for authorisation to undertake nearshore and offshore drilling. This authorisation is equivalent to the authorisation secured by Argonaut for the Torrens project in February 2018.

Argonaut will submit this application on receipt of authorisation of the E-PEPR.

This Ministerial authorisation is not required for onshore drilling, away from Lake Torrens.

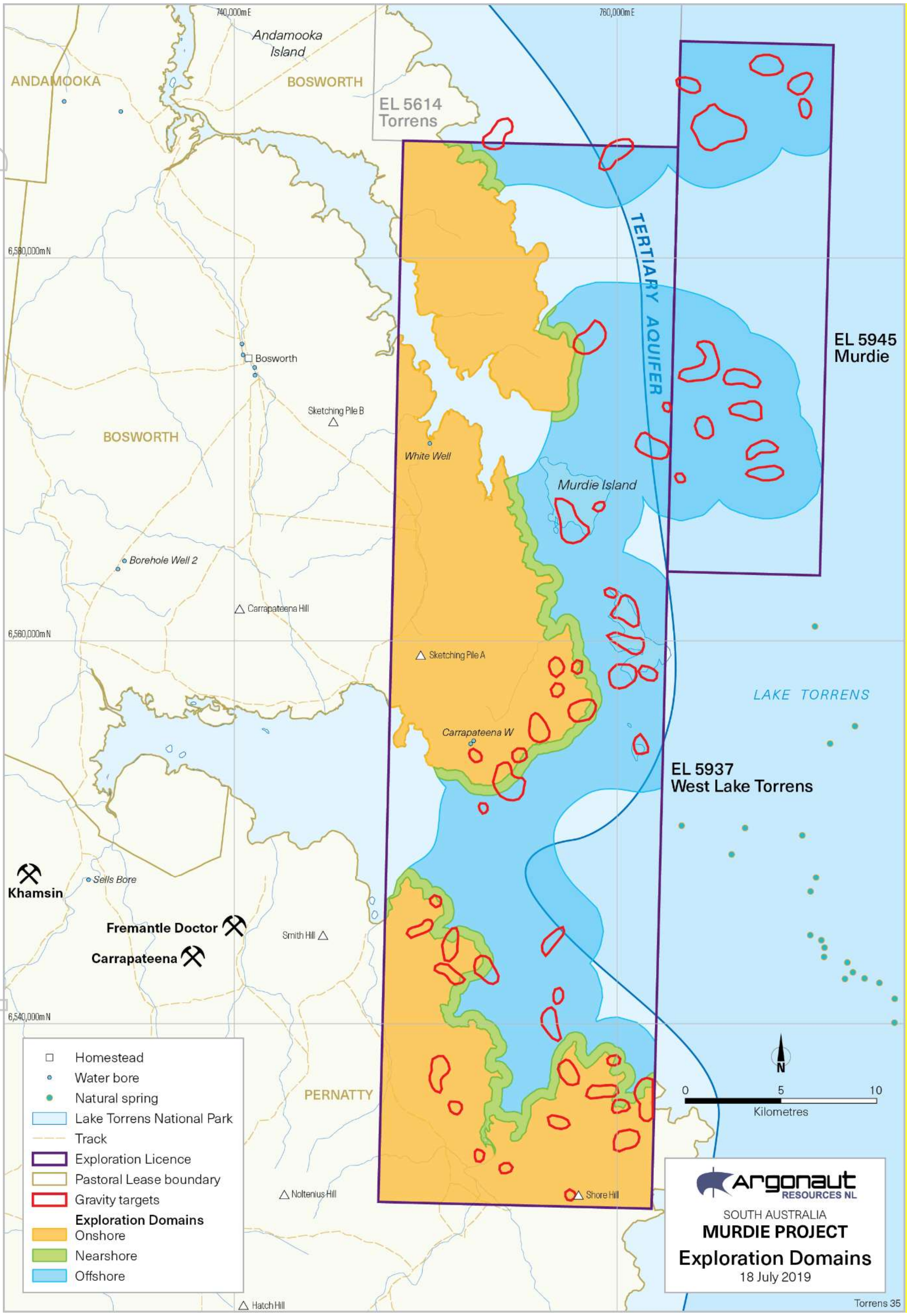

Figure 5. Murdie Project gravity targets and exploration domains

Red Dam, SA

Commodities: Copper, Gold
Argonaut Interest: 100%
Operator: Argonaut

Highlights

- Argonaut has increased landholding in the Eastern Gawler Craton by the grant of the Red Dam Project and the Torrens exploration licences EL6320 and EL6352, respectively.

Argonaut was granted exploration licence EL6320 in February 2019 and is located adjacent to the Torrens Project (Figure 1). The 198 square kilometre licence area is in three parts and encompasses the Red Dam IOCG target, previously identified by WMC.

The licence areas were relinquished by BHP prior to the announcement of the Oak Dam West discovery.

Argonaut has assessed the relevant, historical drill core and plans to acquire additional gravity data to improve resolution for geophysical modelling and resultant target generation.

Lake Torrens South, SA

Commodities: Copper, Gold
Argonaut Interest: 100%
Operator: Argonaut

Argonaut was granted exploration licence 6352 in June 2019 and is located southeast of the Torrens and Murdie Projects (Figure 1). The 993 square kilometre licence area covers a portion of southern Lake Torrens. Argonaut now has a commanding 2,501 square kilometre land position in the Torrens area.

Higginsville, WA

Commodities: Gold, Copper
Argonaut Interest: earning 80%
Operator: Argonaut

Highlights

- A comprehensive desktop review of the existing gold exploration data was completed during the period and gold exploration targets have been delineated and ranked for follow-up exploration.
- Argonaut investigated the nickel potential of the Higginsville Project and produced a series of ranked exploration targets for follow-up field work.

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.

The package of tenements at Higginsville is held by Loded Dog Prospecting Pty Ltd. Argonaut and Loded Dog Prospecting are parties to an earn-in joint venture agreement which grants Argonaut the right to earn up to 80% of the tenements in two phases.

Argonaut has completed the first earn-in phase and earned a 51% interest in the company that holds the Higginsville tenement package.

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

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.

A comprehensive desktop review of the existing gold exploration data was completed during the period and gold exploration targets have been delineated and ranked for follow-up exploration.

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.

Nickel Exploration
Argonaut has completed and investigation into the nickel potential of the Higginsville Project following the high-grade nickel intercepts returned from the Cassini deposit and announced by Mincor in December 2018.

The mineralisation model is typical of Kambalda-style komatiitic nickel sulphide deposits, comprising Ni-Cu-PGE ores identified using geochemistry, geophysical and stratigraphic analysis.

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 co-incident 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.

Argonaut has completed a desktop review of the existing data. These targets warrant follow-up geophysical (EM) surveys and fieldwork is planned.

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 earned a 51% interest in the tenement package by 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 was paid by Argonaut progressively under the agreement.
    - Reimbursement of $100,000 was paid on execution of the definitive earn-in agreement;
    - Reimbursement of $75,000 was paid on the first anniversary; and
    - Reimbursement of $75,000 was paid on election to proceed to the second phase of the earn-in.
- An issue of ordinary fully paid Argonaut shares valued at $50,000 was issued on execution of the definitive earn-in agreement.

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

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% zinc, 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% copper for 9,000 tonnes of copper.
- On 21 July 2010, Argonaut announced that metallurgical testing had succeeded in producing a particularly high grade zinc concentrate of 54%.

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.

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 mine, Olympic Dam mine and the Hillside Project. 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

- A program of metallurgical test work on copper-cobalt mineralisation proceeded during the period.
- A flotation testwork is continuing and hydrometallurgical testing will follow.

The Lumwana West project is in the Central African Copperbelt, North-Western Province, Zambia. The area is prospective for large tonnage, low to medium grade copper/cobalt deposits. There are several major mines nearby to Lumwana West that are hosted in similar geological settings (Figure 6).

Argonaut, via its 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper and cobalt intercepts at the Nyungu deposit. Argonaut has commenced a scoping metallurgical study so it can develop a process flow-sheet to better understand the economics of a potential mine.

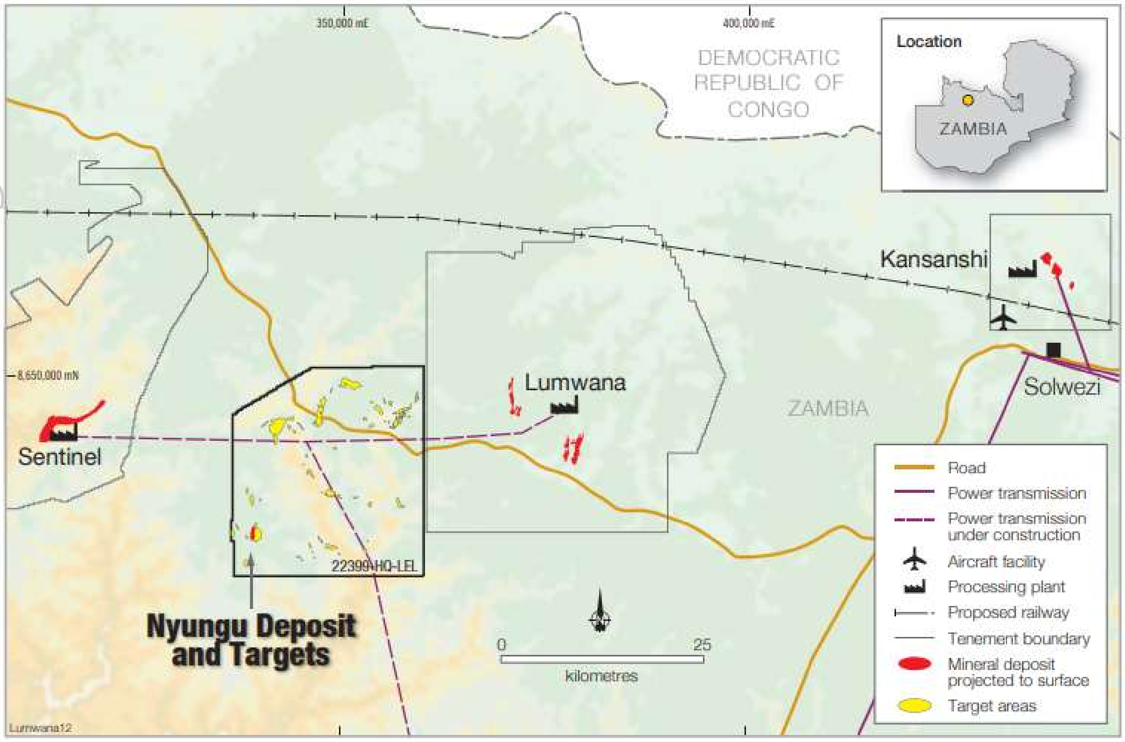

Figure 6. Lumwana West licence showing the Nyungu copper-cobalt deposit plus nearby mines and infrastructure.

Metallurgical Test Work

A mineralogical study of three mineralisation types from the Nyungu deposit was completed during the period. This mineralogy provided the footing for flotation test-work.

Flotation testing is ongoing. Argonaut expects to be able to announce encouraging flotation results from both sulphide and transitional zone mineralisation.

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 with highly encouraging results.

Modelling shows excellent deposit geometry via a very low stripping ratio.

- Stripping ratio of 1.5 to 1 for the optimum pit at the February 2018 copper price; and
- Stripping ratio of 2.3 to 1 to a depth of >300m at 150% of the February 2018 copper price, indicating the deposit has a low sensitivity to stripping ratio.

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

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 3.

Table 3. 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 announced 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. Consent for drilling at Nyungu has been granted by Zambian authorities.

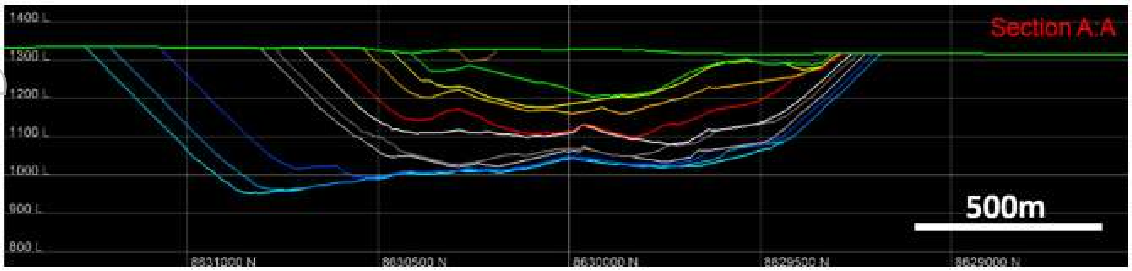

Figure 7. Nyungu Central long-section, looking east. Preliminary pit optimisation open pit shells. White shell has a stripping ratio of 1.5 to 1 and reflects the optimisation at the current copper price. The light blue shell has a stripping ratio of 2.3 to 1 and is economic at 150% of the current copper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

Copper-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 the metal prices at the time.

Cobalt mineralisation tends to sit at the footwall of the Nyungu Central deposit in a relatively predictable manner, 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. These cobalt domains sit within the envelope of copper mineralisation.

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.

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 in February 2018 for a maximum period of 10 years. The licence covers 568 square kilometres.

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

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
No matter or circumstance has arisen since 30 June 2019 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

Name:	P J D Elliott
Title:	Non-executive director and chairman
Qualifications:	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, ioneer Limited, Kirrama Resources Limited and Rockfire Resources PLC
Former directorships (last 3 years):	None
Interests in shares:	21,735,726
Interests in options:	8,000,000

Name:	L J Owler
Title:	Chief Executive Officer
Qualifications:	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 25 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

Name:	A W Bursill
Title:	Non-executive director and company secretary
Qualifications:	B.Agr. Ec., CA., FGIA
Experience and expertise:	Mr. Andrew Bursill holds a Bachelor of Agricultural Economics from the University of Sydney, is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) and is a Fellow of the Governance Institute in Australia. Since commencing his career as an outsourced Company Secretary and CFO 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:	NVOI Limited
Former directorships (last 3 years):	None
Interests in shares:	3,049,438
Interests in options:	8,000,000

Name:	M R Richmond
Title:	Non-executive director
Qualifications:	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 was 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 2019, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
PJ 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 board has not established a remuneration committee as the role of the committee is undertaken by the full board, which currently comprises of 4 members. In the absence of a formal committee, the Board undertakes the role of reviewing the level and composition of remuneration for directors and 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.

Voting and comments made at the company's 30 June 2018 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 2018. 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

2019	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: Equity-settled $	Total $
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	-	85,000
A W Bursill	40,000	-	-	-	-	-	40,000
M R Richmond	85,000	-	-	-	-	-	85,000
Executive Directors:							
L J Owler	350,000	-	76,025	33,250	36,183	217,981	713,439
	560,000	-	76,025	33,250	36,183	217,981	923,439

A Bursill is the company secretary of the Company and until recently, a principal of Automic Group Pty Ltd who provides accounting and company secretarial services to the Company. The contract between the Company and Automic Group Pty Ltd is based on normal commercial terms. Automic Group Pty Ltd were paid a total of $143,477 (2018: $136,242).

2018	Short-term benefits: Cash salary and fees $	Short-term benefits: Bonus $	Short-term benefits: Non-monetary $	Post-employment benefits: Super-annuation $	Long-term benefits: Long service leave $	Share-based payments: 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

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

Name	Fixed remuneration 2019	Fixed remuneration 2018	At risk - STI 2019	At risk - STI 2018	At risk - LTI 2019	At risk - LTI 2018
Non-Executive Directors:						
PJ D Elliott	100%	53%	-	-	-	47%
A W Bursill	100%	34%	-	-	-	66%
M R Richmond	100%	53%	-	-	-	47%
Executive Directors:						
L J Owler	69%	51%	-	-	31%	49%

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. 3 month termination notice by either party, and the Company reserves the right to pay a sum of money equivalent to 3 months' pay in lieu of working out the notice period or part thereof.

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 2019.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2019.

Additional information
The earnings of the group for the five years to 30 June 2019 are summarised below:

	2015 $	2016 $	2017 $	2018 $	2019 $
Profit/(loss) after income tax	(6,586,287)	(7,810,060)	(2,070,049)	(2,590,452)	(2,032,251)

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

	2015	2016	2017	2018	2019
Share price at financial year end ($)	0.006	0.012	0.007	0.021	0.005
Basic loss per share (cents per share)	(1.484)	(1.592)	(0.288)	(0.210)	(0.131)

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:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
P J D Elliott	21,735,726	-	-	-	21,735,726
L J Owler	1,400,000	-	-	-	1,400,000
A W Bursill	3,049,438	-	-	-	3,049,438
M R Richmond	10,545,454	-	-	-	10,545,454
	36,730,618	-	-	-	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:

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
P J D Elliott	8,000,000	-	-	-	8,000,000
L J Owler	26,000,000	-	-	-	26,000,000
A W Bursill	8,000,000	-	-	-	8,000,000
M R Richmond	8,000,000	-	-	-	8,000,000
	50,000,000	-	-	-	50,000,000

All options had vested and are exercisable at the end of the year.

Loan Funded Shares
As approved by the shareholders at the 2018 AGM, under the EIP up to 40,000,000 Loan Funded Shares are available to Mr Owler in 3 annual tranches. The Loan Funded Shares will be funded by the Loan pursuant to the terms of the EIP. They are fully paid ordinary shares of the Company. As at the date of this report no shares have been issued under the EIP.

Grant date	Vesting date	Fair Value	Shares available
2018 AGM	12 months after the 2018 AGM	1.533	12,000,000
2019 AGM	12 months after the 2019 AGM	1.470	12,000,000
2020 AGM	12 months after the 2020 AGM	1.415	16,000,000
			40,000,000

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	Vesting date	Expiry date	Exercise price	Number under option
07/12/2016*	07/12/2016	31/12/2021	$0.030	22,000,000
03/12/2017*	03/12/2017	31/12/2022	$0.030	28,000,000
				50,000,000

* 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
There were no ordinary shares of Argonaut Resources NL issued on the exercise of options during the year ended 30 June 2019 and up to the date of this report.

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

30 September 2019

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 the financial report of Argonaut Resources N.L. for the financial year ended 30 June 2019, 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

Ernst & Young

Scott Jarrett
Partner
30 September 2019

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 27 September 2019.

Corporate Governance Statement

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

	Note	Consolidated 2019 $	2018 $
Other income	4	838,624	-
Interest revenue calculated using the effective interest method		57,581	24,874
Expenses			
Employee benefits expense		(925,556)	(778,805)
Office administration expense		(305,586)	(408,321)
Depreciation and amortisation expense	5	(10,384)	(1,737)
Impairment of exploration and evaluation asset	9	(723,188)	(61,166)
Share based payments	25	(217,981)	(537,600)
Exploration costs expensed		(122,746)	(155,142)
Other expenses	5	(623,015)	(672,555)
Loss before income tax expense		(2,032,251)	(2,590,452)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Argonaut Resources NL		(2,032,251)	(2,590,452)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	13	(346,566)	17,242
Other comprehensive income for the year, net of tax		(346,566)	17,242
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(2,378,817)	(2,573,210)
		Cents	**Cents**
Basic earnings per share	24	(0.131)	(0.210)
Diluted earnings per share	24	(0.131)	(0.210)

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

	Note	Consolidated 2019 $	2018 $
Assets			
Current assets			
Cash and cash equivalents	7	2,039,163	5,335,855
Trade and other receivables	8	128,521	96,496
Other		18,653	47,465
Total current assets		2,186,337	5,479,816
Non-current assets			
Property, plant and equipment		96,464	22,394
Exploration and evaluation	9	3,070,727	1,860,755
Total non-current assets		3,167,191	1,883,149
Total assets		5,353,528	7,362,965
Liabilities			
Current liabilities			
Trade and other payables	10	523,429	504,540
Employee benefits	11	381,629	249,119
Total current liabilities		905,058	753,659
Total liabilities		905,058	753,659
Net assets		4,448,470	6,609,306
Equity			
Issued capital	12	51,662,533	51,662,533
Reserves	13	(2,144,826)	(2,016,241)
Accumulated losses		(45,069,237)	(43,036,986)
Total equity		4,448,470	6,609,306

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

Argonaut Resources NL
Statement of changes in equity
For the year ended 30 June 2019

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

Consolidated	**Contributed equity $**	**Other reserves $**	**Share based payments reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2018	51,662,533	(3,315,412)	1,299,171	(43,036,986)	6,609,306
Loss after income tax expense for the year	-	-	-	(2,032,251)	(2,032,251)
Other comprehensive income for the year, net of tax	-	(346,566)	-	-	(346,566)
Total comprehensive income for the year	-	(346,566)	-	(2,032,251)	(2,378,817)
Transactions with owners in their capacity as owners:					
Share-based payments (note 25)	-	-	217,981	-	217,981
Balance at 30 June 2019	51,662,533	(3,661,978)	1,517,152	(45,069,237)	4,448,470

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

Argonaut Resources NL
Statement of cash flows
For the year ended 30 June 2019

	Note	Consolidated 2019 $	2018 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,520,849)	(1,895,548)
Payments for exploration and evaluation		(990,615)	-
		(2,511,464)	(1,895,548)
Interest received		57,581	24,874
Reimbursement of costs from JV partner		838,624	-
Net cash used in operating activities	23	(1,615,259)	(1,870,674)
Cash flows from investing activities			
Payments for property, plant and equipment		(84,454)	(9,588)
Payments for exploration and evaluation		(1,596,979)	(832,663)
Net cash used in investing activities		(1,681,433)	(842,251)
Cash flows from financing activities			
Proceeds from issue of shares	12	-	8,543,568
Payment for share issue costs	12	-	(556,803)
Net cash from financing activities		-	7,986,765
Net increase/(decrease) in cash and cash equivalents		(3,296,692)	5,273,840
Cash and cash equivalents at the beginning of the financial year		5,335,855	62,015
Cash and cash equivalents at the end of the financial year	7	2,039,163	5,335,855

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 new or amended Accounting Standards and Interpretations resulted in a material accounting impact.

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

The following Accounting Standards and Interpretations are the most relevant to the group.

AASB 9 Financial Instruments

The consolidated entity has adopted AASB 9 Financial Instruments from 1 July 2018, which replaced AASB 139 Financial Instruments: Recognition and Measurement. As a result, the consolidated entity has changed its accounting policy for the recognition and measurement of receivables. The adoption of AASB 9 has not had a material impact on the consolidated entity's financial statements.

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 $2,032,251 (2018: $2,590,452) and net cash outflows from operating and investing activities of $3,296,692 (2018: $2,712,925) for the year ended 30 June 2019.

The ability of the group to continue as a going concern is dependent on the group being able to continue to raise additional funds as required to fund ongoing exploration expenditure, other principal activities and working capital. This results in a material uncertainty in relation to the ability to continue as a going concern.

The Directors believe that they will be able to raise additional equity capital and/or debt as required to continue as a going concern. No adjustments have been made relating to the recoverability of assets and classification of liabilities that might be necessary should the group not 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 2019 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'.

Note 1. Significant accounting policies (continued)

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.

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
The group recognises revenue as follows:

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.

Note 1. Significant accounting policies (continued)

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.

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.

The Group is a tax consolidated group at balance date.

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 allowance for expected credit losses.

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.

Impairment of financial assets
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.

The group has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the group based on recent sales experience, historical collection rates and forward-looking information that is available.

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year.

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 2019. The group has assessed that the impact of these new or amended Accounting Standards and Interpretations is immaterial.

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 Group will adopt this standard from 1 July 2019 but the impact of its adoption is yet to be assessed by the Group.

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.

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

Consolidated - 2019	Australia $	Canada $	Zambia $	Total $
Assets				
Exploration assets	2,879,480	-	191,247	3,070,727
Unallocated assets:				
Cash and cash equivalents				2,039,163
Other assets				243,638
Total assets				5,353,528
Liabilities				
Unallocated liabilities:				
Current				905,058
Total liabilities				905,058

Consolidated - 2018	Australia $	Canada $	$	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 4. Other income

	Consolidated 2019 $	Consolidated 2018 $
Reimbursement of JV costs previously expensed in profit and loss	838,624	-

Note 5. Expenses

	Consolidated 2019 $	Consolidated 2018 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Motor vehicles	7,521	1,254
Office equipment	2,863	483
Total depreciation	10,384	1,737
Other expenses include:		
Audit, accounting and legal fees	368,709	394,766
Office lease and maintenance	96,267	37,238
Statutory expenses	81,555	65,756
Travelling	76,484	174,795
Total other expenses	623,015	672,555
Share-based payments		
Share-based payments - options	217,981	537,600
Employee benefit expense includes:		
Defined contribution superannuation expense	55,751	40,043

Note 6. Income tax expense

	Consolidated 2019 $	Consolidated 2018 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(2,032,251)	(2,590,452)
Tax at the statutory tax rate of 27.5%	(558,869)	(712,374)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Deferred taxes not recognised	2,856	478
Entertainment expenses	3,324	-
Share-based payments	59,945	147,840
Tenement impairment	198,877	-
	(293,867)	(564,056)
Current year temporary differences not recognised	293,867	564,056
Income tax expense	-	-

Note 6. Income tax expense (continued)

	Consolidated	
	2019	**2018**
	$	**$**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	39,403,061	37,963,148
Potential tax benefit @ 27.5%	10,835,842	10,439,866

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 $39,403,061 (2018: $37,963,148) resulting in potential tax benefits of $10,835,842 (2018: $10,439,866). 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	
	2019	**2018**
	$	**$**
Cash at bank	2,039,163	5,335,855

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

Note 8. Current assets - trade and other receivables

	Consolidated	
	2019	**2018**
	$	**$**
Other receivables	31,763	7,824
GST receivable	96,758	88,672
	128,521	96,496

Note 9. Non-current assets - exploration and evaluation

	Consolidated	
	2019	**2018**
	$	**$**
Exploration and evaluation assets - at cost	25,807,987	23,874,827
Less: Impairment	(22,737,260)	(22,014,072)
	3,070,727	1,860,755

Note 9. Non-current assets - exploration and evaluation (continued)

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 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
Expenditure during the year	1,899,730	32,444	986	1,933,160
Impairment of assets	(52,995)	(670,193)	-	(723,188)
Balance at 30 June 2019	2,879,480	-	191,247	3,070,727

The Directors have reviewed the Company's projects and prevailing stock market and commodity conditions and have accordingly impaired certain assets in Australia and Canada on the basis that the company is unlikely to recover the exploration costs incurred on these licences in the foreseeable future. The remaining carrying value as at 30 June 2019 represents the Directors' view of the recoverable value of these assets.

Note 10. Current liabilities - trade and other payables

	Consolidated 2019 $	Consolidated 2018 $
Trade payables	170,824	161,792
Other payables	352,605	342,748
	523,429	504,540

Refer to note 15 for further information on financial instruments.

Note 11. Current liabilities - employee benefits

	Consolidated 2019 $	Consolidated 2018 $
Annual leave	249,278	173,253
Long service leave	132,351	75,866
	381,629	249,119

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 annual leave and long service leave or require payment within the next 12 months.

Note 11. Current liabilities - employee benefits (continued)

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

	Consolidated	
	2019 $	2018 $
Employee benefits obligation expected to be settled after 12 months	132,351	75,866

Note 12. Equity - issued capital

	Consolidated			
	2019 Shares	2018 Shares	2019 $	2018 $
Ordinary shares - fully paid	1,554,380,617	1,554,380,617	51,662,533	51,662,533

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance	1 July 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
Balance	30 June 2019	1,554,380,617		51,662,533

* 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.

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.

Note 12. Equity - issued capital (continued)

Loan Funded Shares
During the financial year, the shareholders approved that Mr Owler was entitled to Loan Funded Shares (LFS) under the EIP to be granted in 3 annual tranches totalling 40,000,000. The nature of the financial benefit to be given is the issue of LFS totalling 40,000,000 to Mr Owler (or his nominee) and the provision of the accompanying loan to fund their acquisition. Tranche 1 of 12,000,000 to be issued following the Company's 2018 annual general meeting (AGM). Tranche 2 of 12,000,000 to be issued following the Company's 2019 AGM. Tranche 3 of 16,000,000 to be issued following the Company's 2020 AGM.

The LFS will be funded by the Loan pursuant to the terms of the EIP. The LFS are fully paid ordinary shares of the Company.

As at the date of this report no shares have been issued under the EIP.

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	
	2019	**2018**
	$	**$**
Foreign currency reserve	(2,074,891)	(1,728,325)
Share-based payments reserve	1,517,152	1,299,171
Transaction between shareholders reserve	(1,587,087)	(1,587,087)
	(2,144,826)	(2,016,241)

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 $	Transaction between shareholders reserve $	Total $
Balance at 1 July 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)
Foreign currency translation	(346,566)	-	-	(346,566)
Share-based payments	-	217,981	-	217,981
Balance at 30 June 2019	(2,074,891)	1,517,152	(1,587,087)	(2,144,826)

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.

The group has limited credit risk as currently not under operation.

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 - 2019	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	-	170,824	-	-	-	170,824
Other payables	-	352,605	-	-	-	352,605
Total non-derivatives		523,429	-	-	-	523,429

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

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 approximates their fair value due to their short-term nature.

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

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

	Consolidated	
	2019 $	2018 $
Short-term employee benefits	636,025	501,667
Post-employment benefits	33,250	27,708
Long-term benefits	36,183	4,168
Share-based payments	217,981	537,600
	923,439	1,071,143

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	
	2019 $	2018 $
Audit services - Ernst & Young		
Audit or review of the financial statements	46,000	45,000
Other services - Ernst & Young		
Other services	380	-
	46,380	45,000

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	
	2019	**2018**
	$	**$**
Payment for goods and services:		
Payment for accounting, administration and company secretarial services to Automic Group Pty Ltd of which the director, A W Bursill, until recently, was a principal	143,477	136,242

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	
	2019	**2018**
	$	**$**
Current payables:		
Trade payables to key management personnel*	21,224	21,609

* Invoices and accruals relating to accounting, administration and company secretarial services to Automic Group Pty Ltd of which the director, A W Bursill, until recently, was 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	
	2019	**2018**
	$	**$**
Loss after income tax	(2,378,816)	(2,419,786)
Total comprehensive income	(2,378,816)	(2,419,786)

Note 19. Parent entity information (continued)

Statement of financial position

	Parent 2019 $	Parent 2018 $
Total current assets	2,688,922	6,014,549
Total assets	5,130,692	7,332,448
Total current liabilities	682,223	723,142
Total liabilities	682,223	723,142
Equity		
Issued capital	51,662,533	51,662,534
Share-based payments reserve	1,517,152	1,299,171
Accumulated losses	(48,731,215)	(46,352,399)
Total equity	4,448,470	6,609,306

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 2019 and 30 June 2018.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2019 and 30 June 2018.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at 30 June 2019 and 30 June 2018.

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 2019 %	Ownership interest 2018 %
Kelaray Pty Limited	Australia	100.00%	100.00%
Trachre 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%
Sunrise International	British Virgin Islands	100.00%	100.00%
Prospect Exploration and Mining 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 Exploration and Mining Limited	Zambia	99.90%	99.90%
Sunrise Canada Inc	Canada	100.00%	100.00%

Note 20. Interests in subsidiaries (continued)

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 2019 %	Ownership interest 2018 %
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. Coombedown holds a 10% interest in the Sandstone and Campfire Bore exploration licences.

** Myrtle Springs is subject to an earn-in agreement with the joint venture partner. As at year end, the joint operation partner has completed the required expenditure under the earn-in 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, is party to a joint venture agreement in respect of Mwombezhi Resources Ltd which holds 22399-HQ-LEL, the Lumwana West exploration licence. Under the terms of the joint venture, Lumwana West Resources Ltd has earned a 90% shareholding in Mwombezhi Resources Ltd.

Note 22. Events after the reporting period

No matter or circumstance has arisen since 30 June 2019 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 2019 $	Consolidated 2018 $
Loss after income tax expense for the year	(2,032,251)	(2,590,452)
Adjustments for:		
Depreciation and amortisation	10,384	1,737
Share-based payments	217,981	537,600
Tenement expensed to profit or loss	-	327,943
Argonaut Torrens JV loan write off costs previously expenses in profit and loss	(124,605)	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(3,214)	(33,412)
Increase/(decrease) in trade and other payables	316,446	(114,090)
Net cash used in operating activities	(1,615,259)	(1,870,674)

Note 24. Earnings per share

	Consolidated 2019 $	Consolidated 2018 $
Loss after income tax attributable to the owners of Argonaut Resources NL	(2,032,251)	(2,590,452)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	1,554,380,617	1,233,535,703
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,554,380,617	1,233,535,703

	Cents	Cents
Basic earnings per share	(0.131)	(0.210)
Diluted earnings per share	(0.131)	(0.210)

There are approximately 50 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. All options vested on the grant date. During the financial year ended 30 June 2019, no options (2018: 28,000,000) were issued to Directors at the annual general meeting.

In addition, the Company may also grant options to advisers and supplies for goods and services rendered. No options were granted during the year ended 30 June 2019.

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

2019

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
			65,000,000	-	-	(15,000,000)	50,000,000
Weighted average exercise price			$0.028	$0.000	$0.000	$0.020	$0.030

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

Note 25. Share-based payments (continued)

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 3.1 years (2018: 3.4 years).

The average exercise price of options outstanding as at the end of the financial year was $0.030 (2018: $0.028).

Loan Funded Shares
As approved by the shareholders at the 2018 AGM, under the EIP up to 40,000,000 Loan Funded Shares are available to Mr Owler in 3 annual tranches. The Loan Funded Shares will be funded by the Loan pursuant to the terms of the EIP. They are fully paid ordinary shares of the Company. As at the date of this report no shares have been issued under the EIP.

Grant date	Vesting date	Fair Value	Shares available
2018 AGM	12 months after the 2018 AGM	1.533	12,000,000
2019 AGM	12 months after the 2019 AGM	1.470	12,000,000
2020 AGM	12 months after the 2020 AGM	1.415	16,000,000
		4.418	40,000,000

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 2019 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

30 September 2019

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 Audior's Report to the Members of Argonaut Resources N.L.

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of Argonaut Resources N.L. (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2019, 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 2019 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial report, which describes the events or conditions that indicate a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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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. In addition to the matter described in the *Material Uncertainty Related to Going Concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. 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.

1. Carrying value of exploration & evaluation assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 9 of the financial report, as at 30 June 2019 the Group held deferred exploration and evaluation expenditure of \$3.0m (\$1.9m at 30 June 2018). The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require deferred exploration and evaluation expenditure to be assessed for impairment, involves a number of judgments including the intention to carry out significant exploration and evaluation activity and whether there is sufficient information for a decision to be made that the area of interest is not commercially viable. During the year the Group determined that there had been no indicators of impairment. Due to the size of the deferred exploration and evaluation expenditure asset relative to the Group's total assets and the judgment involved in assessing whether indicators of impairment exist at 30 June 2019, this was a key audit matter.	Our audit procedures included the following: ▸ Considered the Group's right to explore in the relevant exploration area which included obtaining and assessing relevant documentation such as license agreements. ▸ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area. ▸ Considered the results of exploration and evaluation activities carried out in the relevant licensed area. ▸ Considered whether the exploration and evaluation activities within each area of interest had reached a stage where the commercial viability of extracting the resource could be made. ▸ Considered whether any other data or information exists which indicates that the carrying amount of the deferred exploration and evaluation expenditure asset is unlikely to be recovered in full from successful development or by sale. ▸ Assessed the adequacy of disclosure included in the financial report.

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 2019 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.

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.

Report on the Audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 10 to 13 of the directors' report for the year ended 30 June 2019.

In our opinion, the Remuneration Report of Argonaut Resources NL for the year ended 30 June 2019, complies with section 300A of the *Corporations Act 2001*.

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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

Scott Jarrett
Partner
Sydney
30 September 2019

The shareholder information set out below was applicable as at 12 September 2019.

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

Range	Ordinary shares	Unlisted options Exercise price $0.03, Expiry 31/12/2021	Unlisted options Exercise price $0.03, Expiry 31/12/2022
1 to 1,000	163	-	-
1,001 to 5,000	64	-	-
5,001 to 10,000	39	-	-
10,001 to 100,000	888	-	-
100,001 and over	1,097	4	4
	2,251	4	4
Holding less than a marketable parcel	1,022	-	-

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
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	85,121,837	5.47
BNP PARIBAS NOMINEES PTY LTD	58,655,519	3.77
BARON NOMINEES PTY LTD	51,065,544	3.28
CLELAND PROJECTS PTY LTD	44,435,834	2.85
MS SARAH JANE LOUISE FRANKS	42,624,027	2.74
MR DOMINIC VIRGARA	34,000,000	2.18
MR ROBERT ANTHONY HEALY	31,690,000	2.04
MR ADAM JAMES LIENERT	30,772,729	1.98
YERONDA NOMINEES PTY LTD	20,324,574	1.31
MR SAVERIO VIRGARA	16,780,011	1.08
POAL PTY LTD	16,386,364	1.05
MR DAMIEN MICHAEL HUDSON	15,000,000	0.96
AGRICO PTY LTD	14,636,364	0.94
CITICORP NOMINEES PTY LIMITED	14,411,410	0.93
BLUESTAR MANAGEMENT PTY LTD	14,250,000	0.92
EXERTUS CAPITAL PTY LTD	14,241,817	0.91
GLENEDEN NOMINEES PTY LTD	13,315,160	0.86
V BUCAN PTY LTD	12,700,806	0.82
N G LIENERT INVESTMENTS PTY LTD	11,541,515	0.74
RADROB PTY LTD	10,977,329	0.70
	552,930,840	35.53

Unquoted equity securities

	Number on issue	Number of holders
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
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