Argonaut RESOURCES NL

ABN 97 008 084 848

Interim financial report

31 December 2019

Corporate directory

Argonaut Resources NL
ABN 97 008 084 848

Directors

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

Company Secretary

A W Bursill – resigned 20 December 2019
J E Morbey – appointed 20 December 2019

Registered Office

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Adelaide SA 5000

Share Register

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Auditor

Ernst & Young
121 King William Street
Adelaide SA 5000

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

Directors report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') 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 half-year ended 31 December 2019.

Directors

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

Patrick Elliott
Lindsay Owler
Andrew Bursill
Malcolm Richmond

Principal Activities

Argonaut Resources NL is a mineral exploration and development company with operations in Zambia and Australia. The consolidated entity's prime commodity focus is 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 period 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.

Review of Operations

The loss for the consolidated entity after providing for income tax amounted to $1,115,116 (31 December 2018: $1,045,583).

Review of operations

Copper

Murdie, South Australia

(Argonaut 100%)

Argonaut Resources holds a 100% interest in two highly prospective South Australian exploration licences, EL5937 and EL5945 via its subsidiary, Kelaray Pty Ltd. The Murdie licences cover an area of 1,015 square kilometres and are contiguous with the Company's Torrens joint venture licence EL6407 and are located within 10 kilometres of OZ Minerals' Carrapateena copper-gold deposit and 45 kilometres of BHP's Oak Dam West high-grade copper discovery, along the western margin of Lake Torrens (Figure 1).

BHP's recent discovery (November 2018) at Oak Dam West has confirmed the validity of the Murdie targets and the copper endowment of the Stuart Shelf.

The Murdie project encompasses a confirmed magnetite-bearing ironoxide coppergold (IOCG) system known as Murdie plus a series of non-magnetic, gravity-only targets that straddle the shoreline and lake islands. Geophysical modelling conducted during the reporting period has defined new drilling targets and Argonaut is currently seeking necessary approval permits to access these areas for drilling.

Geophysical modelling of the Murdie targets has succeeded in defining target areas to a resolution suitable for drilling and has also identified substantial new gravity-only targets, along trends of anomalies that led to the discovery of Carrapateena and Oak Dam West.

Targets recently defined at Murdie are now considered more prospective than those defined at the Torrens project as many of these targets have two important and sought-after qualities:

- targets are within or at the margin of the Donnington Suite granite body that hosts both the Carrapateena and Oak Dam IOCG deposits; and
- the Carrapateena deposit and Oak Dam deposit and the Murdie targets are defined by 'gravity only' geophysical anomalies.

Gravity-only anomalies don't have an associated magnetic anomaly and can be indicative of IOCG deposits that have been entirely altered from magnetite-dominant, low-grade systems to high-grade, hematite-dominant IOCG systems.

Large, gravity-only anomalies within the Donnington Suite granite is the most compelling copper exploration rationale in the country.

An Exploration Program for Environmental Protection and Rehabilitation (E-PEPR) for exploration activities including gravity surveys and diamond drilling at Murdie has been submitted and was subsequently, successfully approved in January 2020. This is a milestone toward gaining approval to commence drill testing the Murdie IOCG anomalies.

In response to the E-PEPR approval, Argonaut has prepared and subsequently submitted (February 2020) an application under the South Australian Aboriginal Heritage Act for authorisation to undertake nearshore and offshore drilling. In addition, Argonaut's subsidiary, Kelaray, has been granted native title authority to access the Murdie targets and exercise exploration rights under the licences.

Targets

Argonaut has conducted geophysical modelling of an airborne gravity survey (flown by Barrick, 2010) and an aeromagnetic survey (compiled by South Australian Government, 2017). Data was modelled by 3D inversion and as a result, 54 distinctive anomalies were defined (Figure 2).

Of these 54 anomalies, eight gravity-only anomalies were selected for 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. a high density compared to surrounding rocks;
2. size;
3. host rock lithology - most targets appear to be in or at the margin of Donnington Suite granite, the host rock of Carrapateena and Oak Dam; and
4. structural setting - targets are near the intersection of major faults which can act as a pathway for mineralising fluids.

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

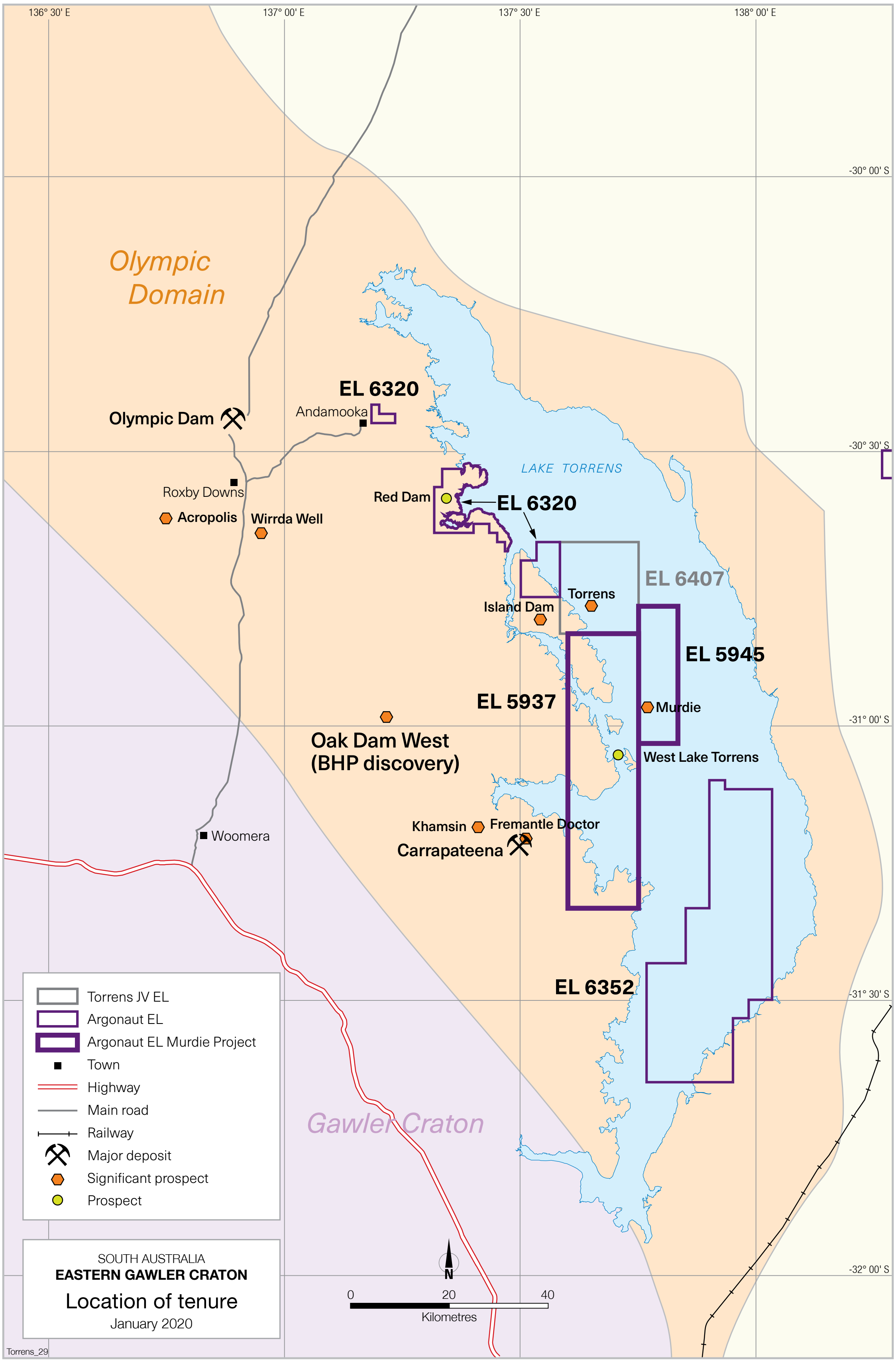

Figure 1 *Lake Torrens exploration licences.*

Lower Cost Drilling

Many of the granite-hosted gravity targets at the Murdie project are located at the shoreline of Lake Torrens (Figure 2), which means that these targets can be drilled without the cost of helicopter support.

The operational approval covers both nearshore and offshore drilling. Nearshore drilling will involve conventional truck or track-mounted drilling utilising protective road-matting to preserve the Lake Torrens salt crust.

Nearshore targets and the most prospective offshore targets can be drilled without intersecting the artesian aquifer that frustrated 2019 drilling efforts at the neighbouring Torrens anomaly.

The Murdie drill targets are in three operational domains (Figure 2): onshore, nearshore and offshore. Each of these domains involves different drilling procedures due to different surface and subsurface conditions. Table 1 below summarises these conditions.

DrillingTechniques

Table 2 *Murdie Project operational domains and required drilling techniques.*

	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

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

Permits

Native Title Act

In accordance with the Native Title Act (SA) native title authorisation for nearshore and offshore drilling was granted via an ERD Court determination in 2018.

Mining Act

In accordance with the Mining Act (SA) the 'Exploration Program for Environment Protection and Rehabilitation' for ongoing exploration activities including ground gravity surveys and diamond drilling at exploration licences 5937 and 5945 has been approved (subsequent to the reporting period in January 2020).

The approval permits the drilling of up to 200 deep diamond drill holes into a string of large and prospective IOCG anomalies from nearshore and offshore locations on the salt crust of Lake Torrens (Figure 2).

Aboriginal Heritage Act

In accordance with the Aboriginal Heritage Act (SA) Argonaut has prepared and subsequently submitted (February 2020) an application for authorisation to undertake nearshore and offshore drilling. This authorisation is equivalent to the authorisation secured by Argonaut for the adjoining Torrens project in February 2018.

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

This Aboriginal heritage authorisation is not required for onshore drilling in areas away from Lake Torrens.

Torrens, South Australia

(Argonaut 30%)

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

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 drilling involved helicopter-supported drilling to depths of 700-1,500m, targeting priority drill targets. This drilling program was the first phase of a multi-phase program that was expected to take 18-24 months and comprise 20-30 deep drill holes.

On 29 May 2019, parties to the Torrens Joint Venture announced that drilling at the Torrens project had been unilaterally 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 to 1,500m was not completed.

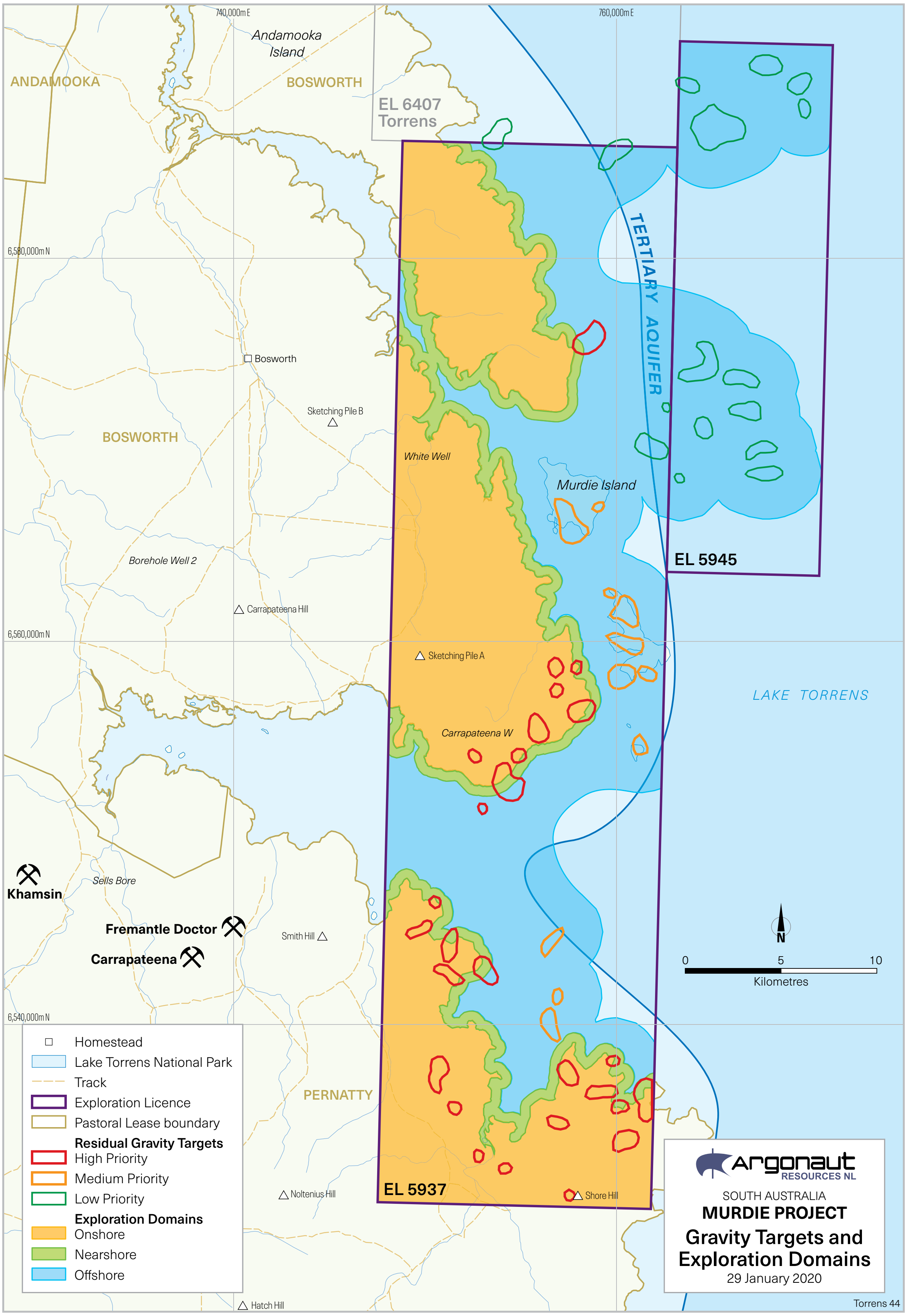

Figure 2 *Murdie project gravity targets and exploration domains.*

In total four holes were drilled. The first hole TD7, located 1.5 kilometres from the shore of Lake Torrens 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, located over 8 kilometres from the shore of Lake Torrens 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. 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 and drill hole TD10 targeted the same coincident gravity-magnetic anomaly as TD9. TD10 was completed at 1,300m, minor chalcopyrite was observed in drill core.

Argonaut is strongly opposed to the early cessation of the agreed drilling program by the joint venture partner, which was stopped in contravention of the agreed work program.

Next Steps

General Comments

The Torrens anomaly remains 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 a once-in-a-lifetime opportunity for shareholders. Argonaut continues to work towards this goal.

Exploration in the Olympic 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 Domain has delivered a higher than average discovery rate. It makes commercial sense to invest exploration budgets into drilling well defined gravity targets in the Eastern Gawler Craton.

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, consequentially there are relatively few copper deposits available to acquire. 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.

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, EL6407. Aeris' subsidiary, Straits Exploration (Australia) Pty Ltd, is the manager of the project.

Joint Venture Provisions

Argonaut is of the view that its partner Aeris has acted in contravention of the Torrens Joint Venture Agreement. A dispute notice was served on 12 June 2019, by Argonaut's subsidiary, Kelaray Pty Ltd, on Aeris' subsidiary, Straits Exploration (Australia) Pty Ltd. A mediator is currently being selected.

Looking Forward

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

Argonaut has since 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.

Red Dam, South Australia

(Argonaut 100%)

Argonaut holds exploration licence EL6320 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 that was previously identified by WMC. The licence areas were relinquished by BHP prior to the announcement of the Oak Dam West discovery (November 2018).

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

Lake Torrens South, South Australia

(Argonaut 100%)

Argonaut holds exploration licence EL6352 located southeast of the Murdie project (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 Eastern Gawler Craton.

Lumwana West, Zambia

(Argonaut 90%)

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 3).

Argonaut, via its 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper and cobalt intercepts at the Nyungu deposit.

Argonaut is working on a series of scoping studies to better understand the economics for a potential mine. Table 2 summarises elements of a potential mining development at Lumwana West.

Table 2. *Feasibility factors for a mine development at Lumwana West*

Jurisdiction	Zambia has a long and ongoing history of large-scale copper mining. Social and Government pressures favour the development of new mines.
Infrastructure	Lumwana West is located at major electricity and transport corridors (Figure 3).
Resource	The Nyungu copper-cobalt deposit has predicable geometry and scope for significant growth with continued drilling (Table 3).
Mining	Very low stripping ratio of 1.5 tonnes of waste rock for every 1 tonne of ore. Resource drilling to greater depths is warranted.
Processing	Fast, high copper recovery flotation of both transitional and primary copper ore minerals.
Economics	Scoping economic study has commenced.

Metallurgical Test Work

Argonaut exported metallurgical samples from Zambia to Australia for a program of testwork. Four samples taken from four potential ore types were tested for mineralogy, comminution and flotation to represent the Nyungu copper-cobalt deposit.

Results produced a saleable copper concentrate grading 25.6% copper at a recovery of 87%. This particular copper concentrate is of a specification that can be sold to nearby smelters. If project economics determine that a concentrate product can be more profitably processed on-site then concentrates of different specifications (i.e. a higher tolerance of gangue minerals) become relevant, hence varied flotation tests have been undertaken.

Flotation tests demonstrate that a flotation circuit can achieve high recovery from both transitional zone copper minerals (88% recovery) and primary zone copper sulphides (96% recovery). It is unusual and encouraging to achieve a copper recovery of 88% via the flotation of transitional (partially oxidised) mineralisation.

Efficient production of a copper concentrate from transitional zone mineralisation makes strong, positive contribution to project economics.

Various oxidation and leaching tests plus solvent extraction and electro-winning (SX/EW) testing will follow. These results from metallurgical studies and the mining study will feed into the scoping economic study.

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.

Further studies including mining scheduling are being undertaken at present.

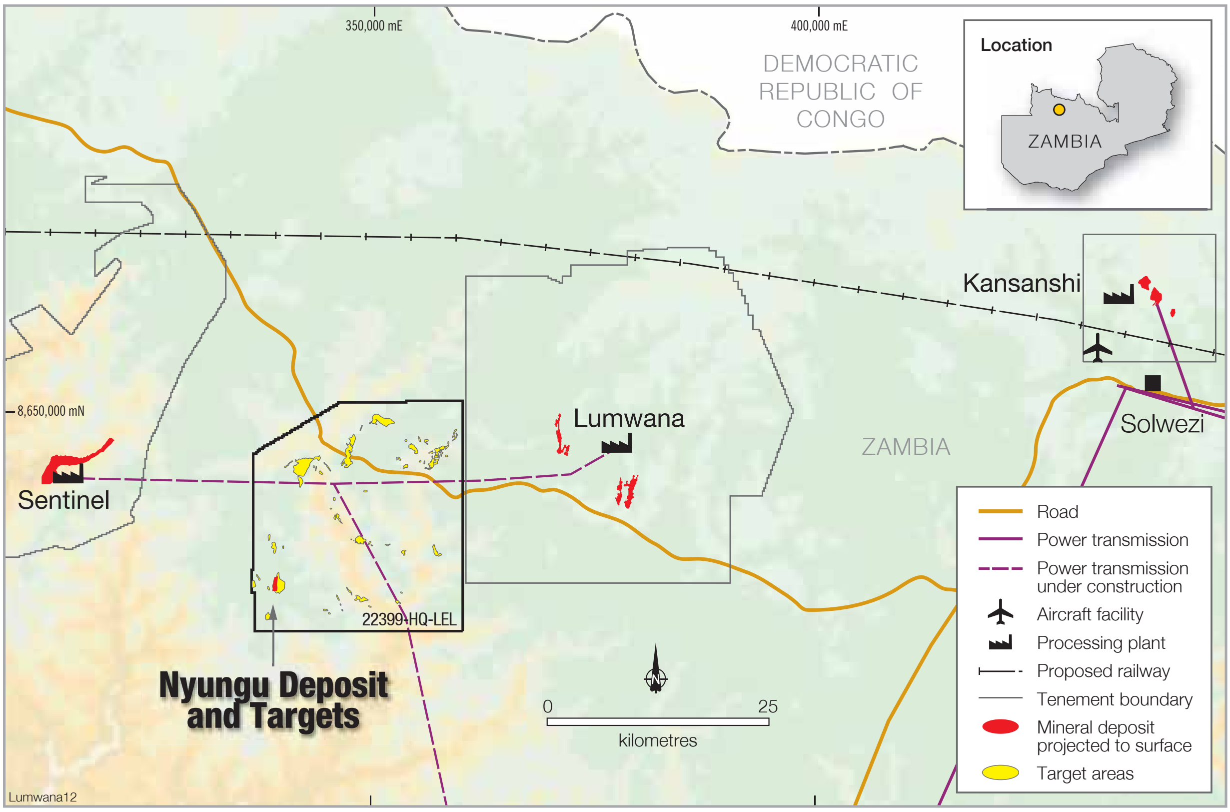

Figure 3 *Lumwana West licence showing the Nyungu copper-cobalt deposit plus nearby mines and infrastructure.*

Economic Study

Argonaut has commenced a scoping economic study into three potential processing flowsheets. These flowsheets involve:

1. Crush > grind > flotation > sale of concentrate
2. Crush > grind > flotation > roasting > leaching > SX/EW > sale of copper metal
3. Crush > grind > flotation > albion process > precipitation > SX/EW > sale of copper metal

Data to achieve a meaningful economic projection is being generated at present and economic results will become available progressively.

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.

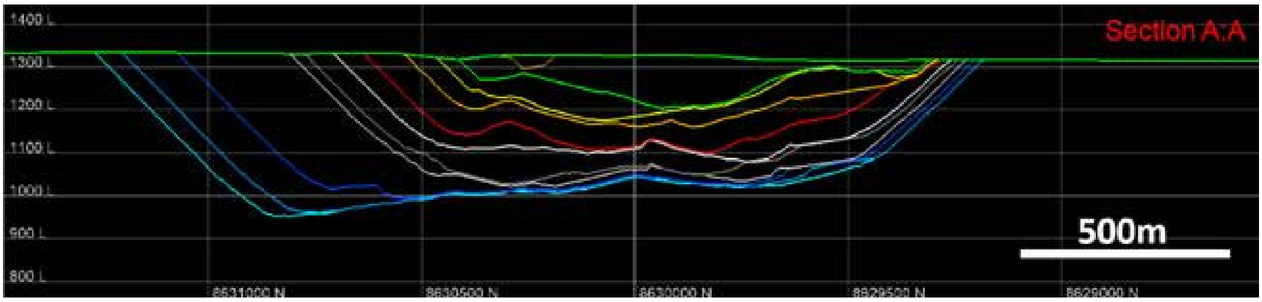

Figure 4 *Nyungu Central long-section, looking east. Preliminary pit optimisation open pit shells. White shell has a stripping ratio of 1.5 to 1 and reflects the optimisation at the current copper price. The light blue shell has a stripping ratio of 2.3 to 1 and is economic at 150% of the current copper 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 mineralization.

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.

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, clearly demonstrates that deeper drilling is now warranted at Nyungu Central due to the low stripping ratio, favourable deposit geometry and increased cobalt value. This drilling will increase the contained tonnages of both copper and cobalt.

Drilling

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 is now permitted to undertake drilling targeting these zones, which could logically commence in the 2020 Zambia dry season (May to November). This drilling will provide both resource estimation data and metallurgical samples for dense media separation and leach test work.

Consent for further drilling at Nyungu was granted by Zambian authorities during the previous reporting period.

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.

Kalaba East, Zambia

(Argonaut 90%)

The Kalaba East project is located in the Central African Copperbelt, North-Western Province, Zambia. The area is prospective for large tonnage, low to medium grade copper-cobalt deposits.

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring two contiguous licences and is currently awaiting operational approvals and consent from Zambian authorities.

The Kalaba East project lies adjacent to ARC Minerals' recent Cheyeza East prospect (Figure 5) and Muswema North prospect discovery and west of the world-class copper mine Sentinel, operated by First Quantum Minerals.

Regional interpretations are underway and on-ground activities are expected to commence in 2020.

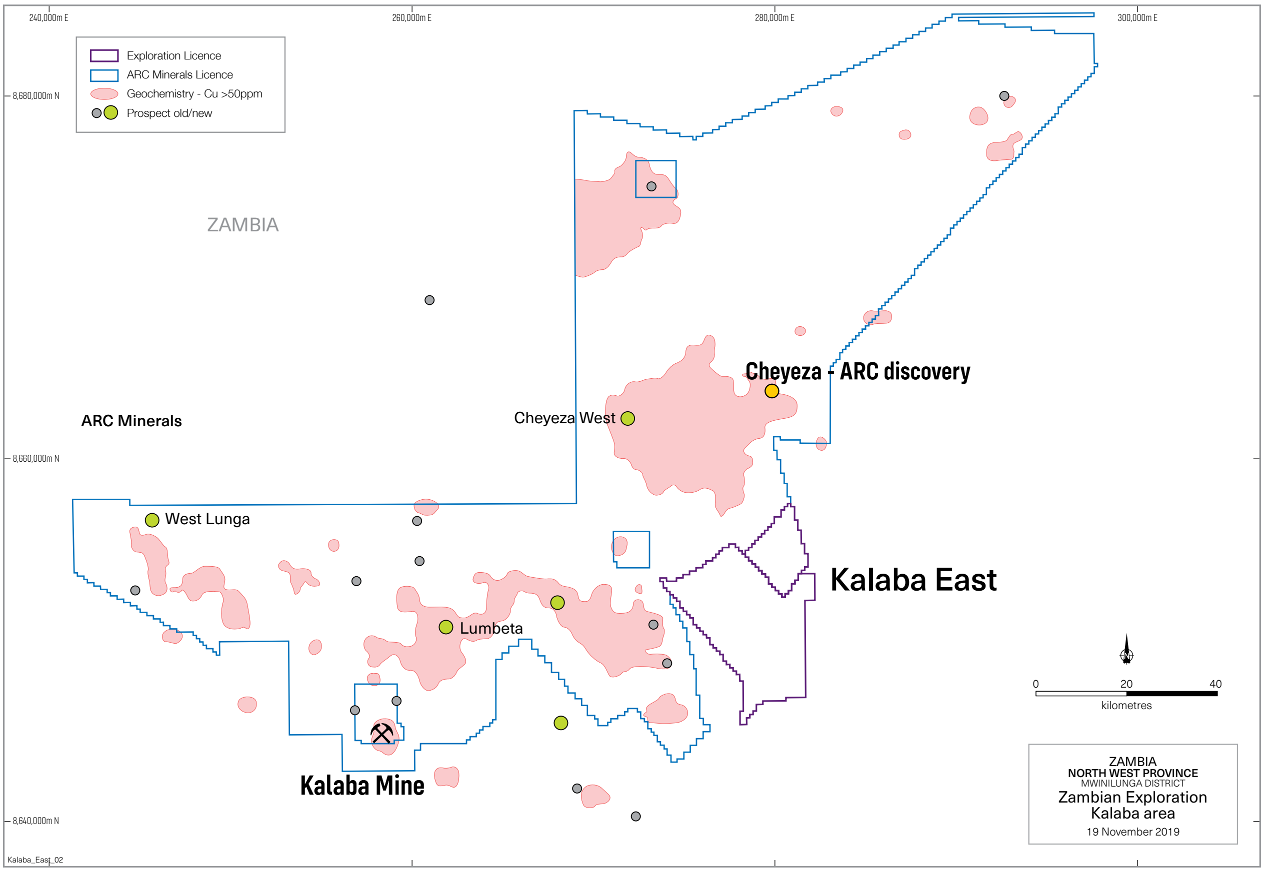

Figure 5 *Kalaba East project location, Zambia.*

Kamapanda, Zambia

(Argonaut 90%)

The Kamapanda project is located in the Central African Copperbelt, North-Western Province, Zambia (Figure 6). The area is prospective for large tonnage, low to medium grade copper-cobalt deposits and alluvial gold.

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring the licence and is currently awaiting operational approvals and consent from Zambian authorities.

The area is situated adjacent to the Domes Region, on the southwestern flank of the Kabompo Dome and is prospective for copper-cobalt mineralisation within units of the Lower Roan Group of the Katanga Supergroup.

The large-scale exploration licence covers an area of 225 km^2 and extends to the Angolan border. The area is remote, with limited access and is largely underexplored.

Regional interpretations are underway and on-ground activities are proposed to commence in 2020.

Kroombit, Queensland

(Argonaut 100%)

Background

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

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

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

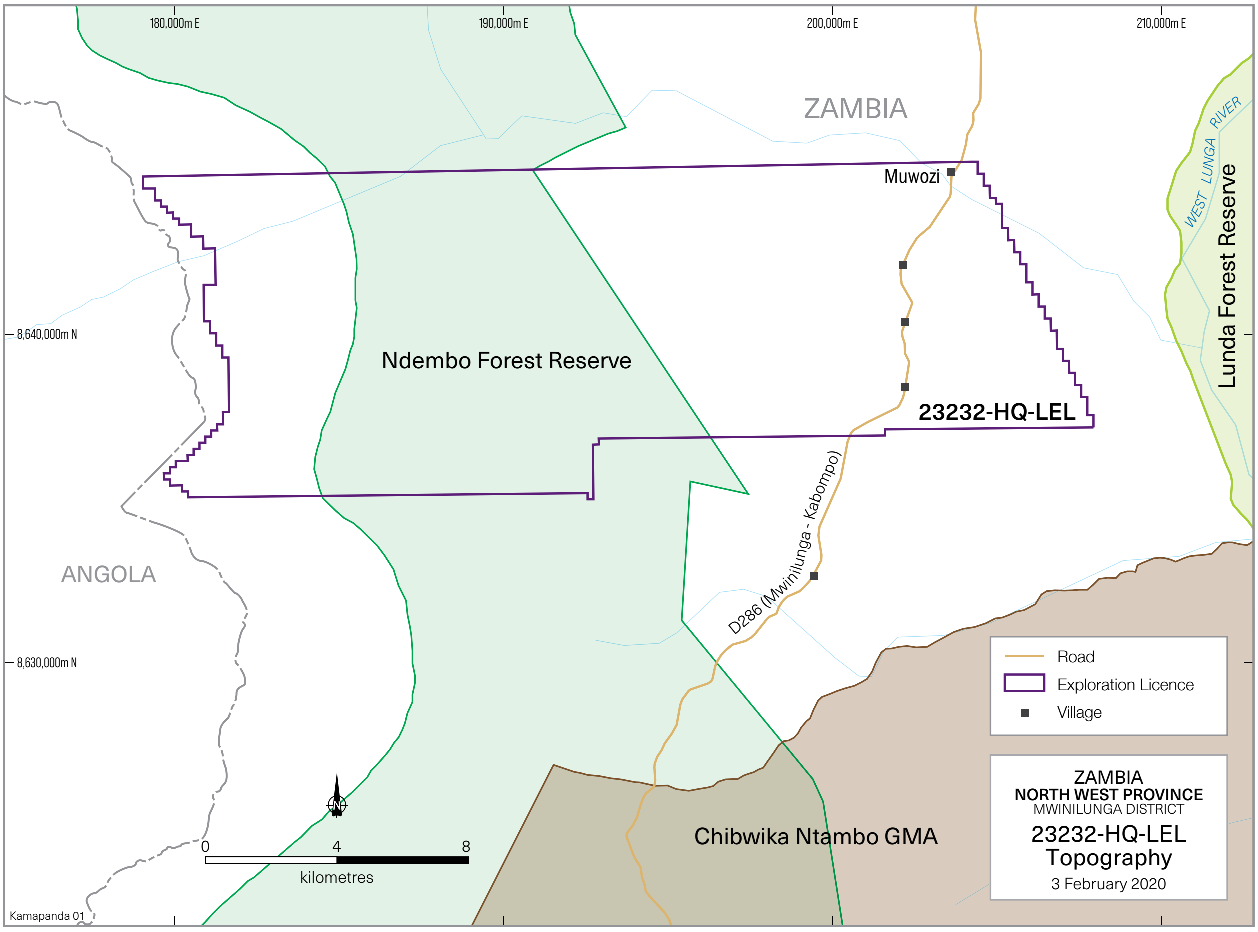

Figure 6 *Kamapanda project location, Zambia.*

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 reporting period.

Aroona, South Australia

(Argonaut 100%)

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

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

Higginsville, Western Australia

(Argonaut earning up to 80%)

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 Kambalda, west of Lake Cowan and adjacent to the Higginsville mine where over two million ounces of gold has been defined.

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.

Gold Exploration

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

The Amorphous and Footes Find targets are located approximately 5km along existing roads from an operating mill (Figure 7) and present an excellent opportunity for a meaningful, near-term exploration outcome.

Nickel Exploration

Argonaut has investigated the nickel potential of the Higginsville project following the high-grade nickel intercepts returned from the Cassini deposit operated by Mincor.

The mineralisation model is typical of Kambalda-style komatiitic nickel sulphide deposits, comprising Ni-Cu-PGE ores identified using geochemistry, geophysical and stratigraphic analysis. Published mapping, interpretation of the aeromagnetics and review of existing drill logs shows that an ultramafic trend continues through the licence area.

The ultramafics are almost completely concealed by Lake Cowan and represent an obvious target for future testing. Field mapping and sampling is planned over the outcropping ultramafics with follow-up aircore drilling on the target zone under the edge of Lake Cowan to assist in identifying priority areas for follow-up EM surveying and deeper drilling.

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.

Lindsay Owler
Director and CEO

Argonaut Resources NL

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, details of which are disclosed in the Company's 2019 Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

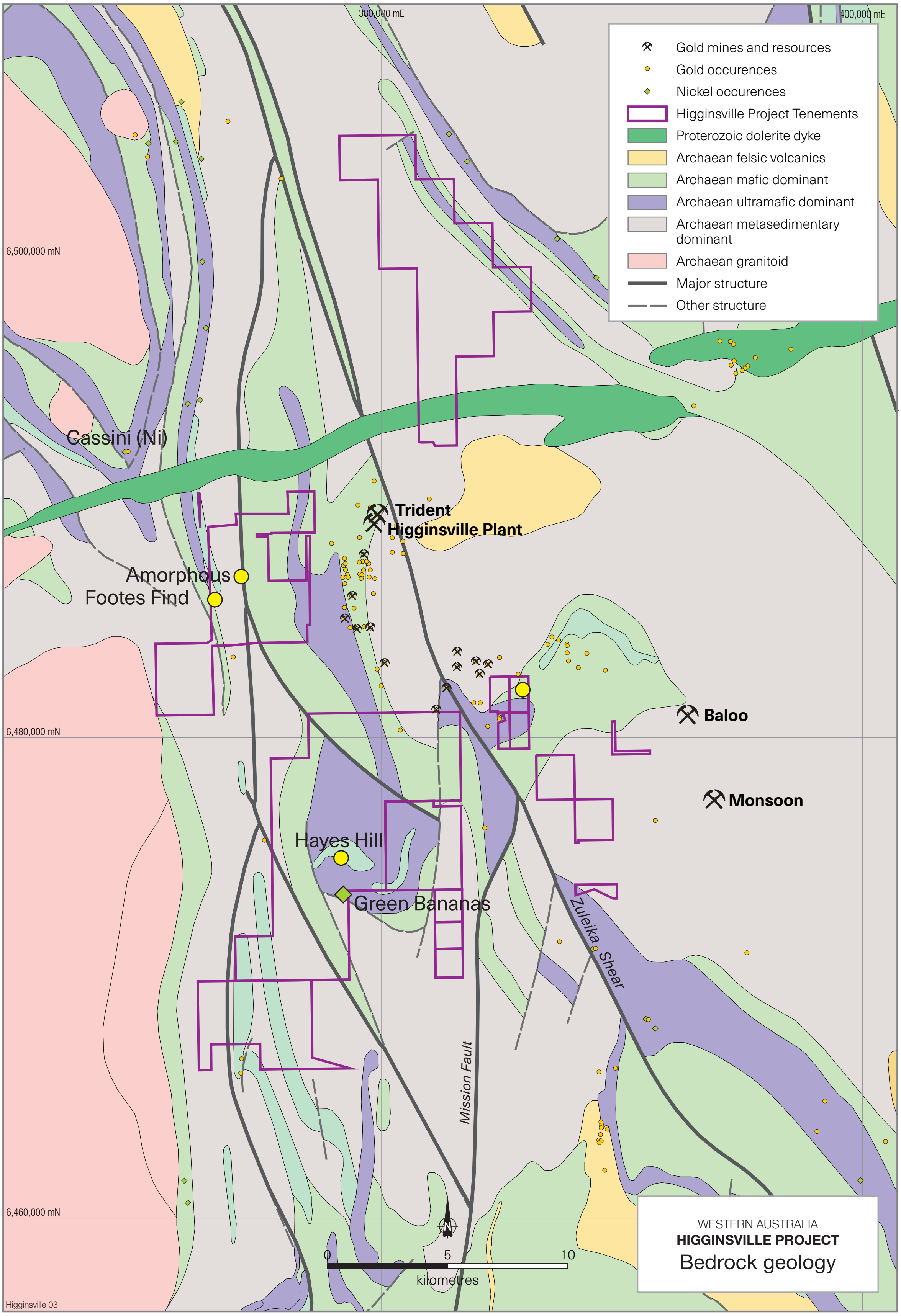

Figure 7 *Higginsville tenement location and regional geology.*

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the consolidated entity during the financial half-year.

Matters subsequent to the end of the financial half-year

An Exploration Program for Environmental Protection and Rehabilitation (E-PEPR) for exploration activities including gravity surveys and diamond drilling at Murdie has been submitted and was successfully approved in January 2020. This is a milestone toward gaining access to commence drilling and testing the defined IOCG anomalies.

Argonaut has prepared and subsequently submitted (February 2020) 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 submitted this application on receipt of authorisation of the E-PEPR.

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

Metallurgical studies from Nyungu deposit produced a saleable copper concentrate grading 25.6% copper at a recovery 87% during the period. This indicates flotation can achieve high recovery from both transitional zone copper minerals (88% recovery) and primary zone copper sulphides (96% recovery).

The Company is investigating capital raising alternatives to ensure the ongoing financial viability of the Company and consolidated entity as set out in Note 1 to the financial statements.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

Lindsay Owler
Managing Director

13 March 2020

Auditor’s Independence Declaration

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Auditor’s Independence Declaration to the Directors of Argonaut Resources NL

As lead auditor for the review of the half-year financial report of Argonaut Resources NL for the half-year ended 31 December 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 review; and

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

This declaration is in respect of Argonaut Resources NL and the entities it controlled during the financial period.

Ernst & Young

Ernst & Young

L A Carr

L A Carr
Partner
13 March 2020

RAP 003 1/1

Financial Report

CONTENTS

General information

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

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

Level 1
63 Waymouth Street
Adelaide SA 5000

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 13 March 2020.

Argonaut Resources NL
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Other income	3	6,452	873,841
Expenses			
Employee benefits expense		(434,965)	(497,961)
Office administration expenses		(107,542)	(149,345)
Depreciation and amortisation expense		(43,900)	(1,673)
Impairment of exploration assets		-	(781,082)
Exploration costs expensed		(80,665)	(142,844)
Share based payments		(150,954)	(45,690)
Other expenses		(303,542)	(300,829)
Loss before income tax expense		(1,115,116)	(1,045,583)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Argonaut Resources NL		(1,115,116)	(1,045,583)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	6	-	3,517
Other comprehensive income for the half-year, net of tax		-	3,517
Total comprehensive income for the half-year attributable to the owners of Argonaut Resources NL		(1,115,116)	(1,042,066)
		Cents	**Cents**
Basic earnings per share	10	(0.07)	(0.07)
Diluted earnings per share	10	(0.07)	(0.07)

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

Argonaut Resources NL
Statement of financial position
As at 31 December 2019

	Note	Consolidated 31 Dec 2019 $	30 Jun 2019 $
Assets			
Current assets			
Cash and cash equivalents		895,575	2,039,163
Trade and other receivables		87,338	128,521
Other		41,133	18,653
Total current assets		1,024,046	2,186,337
Non-current assets			
Property, plant and equipment		51,565	96,464
Exploration and evaluation	4	3,296,090	3,070,727
Total non-current assets		3,347,655	3,167,191
Total assets		4,371,701	5,353,528
Liabilities			
Current liabilities			
Trade and other payables		486,673	523,429
Employee benefits		400,720	381,629
Total current liabilities		887,393	905,058
Total liabilities		887,393	905,058
Net assets		3,484,308	4,448,470
Equity			
Issued capital	5	51,662,533	51,662,533
Reserves	6	(1,993,872)	(2,144,826)
Accumulated losses		(46,184,353)	(45,069,237)
Total equity		3,484,308	4,448,470

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 half-year ended 31 December 2019

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 half-year	-	-	-	(1,045,583)	(1,045,583)
Other comprehensive income for the half-year, net of tax	-	3,517	-	-	3,517
Total comprehensive income for the half-year	-	3,517	-	(1,045,583)	(1,042,066)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	45,690	-	45,690
Contributions of equity	(8,469)	-	-	-	(8,469)
Balance at 31 December 2018	51,654,064	(3,311,895)	1,344,861	(44,082,569)	5,604,461

Consolidated	**Contributed equity $**	**Other reserves $**	**Share based payments reserve $**	**Accumulated losses $**	**Total equity $**
Balance at 1 July 2019	51,662,533	(3,661,978)	1,517,152	(45,069,237)	4,448,470
Loss after income tax expense for the half-year	-	-	-	(1,115,116)	(1,115,116)
Other comprehensive income for the half-year, net of tax	-	-	-	-	-
Total comprehensive income for the half-year	-	-	-	(1,115,116)	(1,115,116)
Transactions with owners in their capacity as owners:					
Share based payments	-	-	150,954	-	150,954
Balance at 31 December 2019	51,662,533	(3,661,978)	1,668,106	(46,184,353)	3,484,308

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 half-year ended 31 December 2019

	Note	Consolidated 31 Dec 2019 $	Consolidated 31 Dec 2018 $
Cash flows from operating activities			
Net payments to suppliers and employees		(727,196)	(994,574)
Interest received		6,452	35,217
Reimbursement of costs from JV partner		-	838,624
Net cash used in operating activities		(720,744)	(120,733)
Cash flows from investing activities			
Payments for exploration and evaluation		(422,844)	(514,022)
Net cash used in investing activities		(422,844)	(514,022)
Cash flows from financing activities			
Share issue transaction costs		-	(8,469)
Net cash from/(used in) financing activities		-	(8,469)
Net increase/(decrease) in cash and cash equivalents		(1,143,588)	(643,224)
Cash and cash equivalents at the beginning of the financial half-year		2,039,163	5,335,855
Cash and cash equivalents at the end of the financial half-year		895,575	4,692,631

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

Argonaut Resources NL
Notes to the financial statements
31 December 2019

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2019 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2019 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted

The consolidated entity 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.

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

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

AASB 9 Financial Instruments
The consolidated entity has adopted AASB 9 from 1 July 2018. The standard introduced new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows which arise on specified dates and that are solely principal and interest. A debt investment shall be measured at fair value through other comprehensive income if it is held within a business model whose objective is to both hold assets in order to collect contractual cash flows which arise on specified dates that are solely principal and interest as well as selling the asset on the basis of its fair value. All other financial assets are classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading or contingent consideration recognised in a business combination) in other comprehensive income ('OCI'). Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch. For financial liabilities designated at fair value through profit or loss, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment is measured using a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. For receivables, a simplified approach to measuring expected credit losses using a lifetime expected loss allowance is available.

The adoption of this new Standard did not have any material impact to the current and prior period reporting.

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 consolidated entity has incurred net losses after tax of $1,115,116 (2018: $1,045,583) and net cash outflows from operating and investing activities of $1,143,588 (2018: $634,755) for the period ended 31 December 2019.

Note 1. Significant accounting policies (continued)

As at 31 December 2019, the Company has prepared a cash flow forecast which indicates that the Company does not have sufficient funds to meet its intended expenditure commitments and support its current level of corporate overheads and therefore needs to raise additional funds to continue as a going concern or reduce or defer expenditure.

The Directors are confident that fundraising and other initiatives will provide the consolidated entity with sufficient funding to support its planned level of expenditures, for at least twelve months from the date of issuance of this financial report, and therefore consider that is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the consolidated entity is not able to successfully complete the fundraising and other initiatives referred to above, significant uncertainty would exist as to whether the company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial statements. The financial statements do not include adjustments relating to the recoverability and classification of recorded assets amounts nor to the amounts and classification of liabilities that might be necessary should the company and the consolidated entity not continue as going concerns.

Note 2. Operating segments

Identification of reportable operating segments
The Chief Operating Decision Maker (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 of non-segmental revenues and expenses and are therefore not allocated to operating segments.

Operating segment information

Consolidated - 31 Dec 2019	Australia $	Zambia $	Total $
Assets			
Exploration assets	3,075,597	220,493	3,296,090
Unallocated assets:			
Cash and cash equivalents			895,575
Other assets			180,036
Total assets			4,374,371
Liabilities			
Unallocated liabilities:			
Current			887,393
Total liabilities			887,393

Note 2. Operating segments (continued)

Consolidated - 30 Jun 2019	Australia $	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

Note 3. Other income

	Consolidated	
	31 Dec 2019 $	**31 Dec 2018 $**
Interest	6,452	35,217
Reimbursement of JV costs previously expensed in profit and loss	-	838,624
Other income	6,452	873,841

Note 4. Non-current assets - Exploration and evaluation

	Consolidated	
	31 Dec 2019 $	**30 Jun 2019 $**
Exploration and evaluation assets	26,033,350	25,807,987
Less: Impairment	(22,737,260)	(22,737,260)
	3,296,090	3,070,727

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

Consolidated	Australia $	Mwombezhi Zambia $	Total $
Balance at 1 July 2019	2,965,175	105,552	3,070,727
Expenditure (net of accruals) during the half-year	191,087	114,941	306,028
Exploration expenditure expensed	(80,665)	-	(80,665)
Balance at 31 December 2019	3,076,597	220,493	3,296,090

The Directors had reviewed the current market conditions relating to commodity prices and exploration results and the carrying value as at 31 December 2019 represents the Directors' view of these assets, which are expected to be recovered.

Note 5. Equity - Issued capital

	Consolidated			
	31 Dec 2019 Shares	**30 Jun 2019 Shares**	**31 Dec 2019 $**	**30 Jun 2019 $**
Ordinary shares - fully paid	1,554,380,617	1,554,380,617	51,662,533	51,662,533

Shares under option
Unissued ordinary shares of Argonaut Resources NL under option as at 31 December 2019 are as follows:

Grant date	Expiry date	Exercise price	Number under option
07/12/2016	31/12/2021	$0.030	22,000,000
03/11/2017	31/12/2022	$0.030	28,000,000
			50,000,000

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.

Movements in ordinary share capital

Details	**Date**	**Shares**	**$**
Balance	1 July 2019	1,554,380,617	51,662,533
Balance	31 December 2019	1,554,380,617	51,662,533

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.

Treasury shares
Treasury shares relates to shares issued in connection with awards made to employees under the Company's Incentive Plan. Treasury shares is held by the Company on the award recipient's behalf until such time as the recipient repays the limited recourse loan attached to each award. Once repayment is made, treasury shares are formerly issued to the employee and presented as ordinary share capital.

Movements in Treasury stock	Grant date	Vest Date	Deemed issue price	Number of shares
Balance – 1 July 2019				-
Issue of ordinary shares – Tranche 1	26 Nov 2018	26 Nov 2020	$0.027683	12,000,000
Issue of ordinary shares – Tranche 2	26 Nov 2019	20 Nov 2020	$0.023069	12,000,000
Issue of ordinary shares – Tranche 3 *				16,000,000
Balance – 31 December 2019				40,000,000

Note 5. Equity - Issued capital (continued)

The issue of these shares was approved at the Annual General Meeting of Shareholders held on 13 November 2018. These shares are unvested and will vest on 20 November 2020 provided that the holder has been continuously employed by the Company and there have been no significant adverse environmental or health and safety matters at any project that is operated by the Company during the relevant vesting period. The other terms of the loan are as follows:

1. Five-year term
2. No interest

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

Note 6. Equity - Reserves

	Consolidated 31 Dec 2019 $	Consolidated 30 Jun 2019 $
Foreign currency reserve	(2,074,891)	(2,074,891)
Share based payments reserve	1,668,106	1,517,152
Transaction between shareholders reserve	(1,587,087)	(1,587,087)
	(1,993,872)	(2,144,826)

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.

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

Consolidated	Foreign currency reserve $	Share based payment reserve $	Transaction between shareholders reserve $	Total $
Balance at 1 July 2019	(2,074,891)	1,517,152	(1,587,087)	(2,144,826)
Foreign currency translation	-	-	-	-
Share based payments	-	150,954	-	150,954
Balance at 31 December 2019	(2,074,891)	1,668,106	(1,587,087)	(1,993,872)

Note 7. Equity - Dividends

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

Note 8. Net fair values

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 9. Events after the reporting period

An Exploration Program for Environmental Protection and Rehabilitation (E-PEPR) for exploration activities including gravity surveys and diamond drilling at Murdie has been submitted and was successfully approved in January 2020. This is a milestone toward gaining access to commence drilling and testing the defined IOCG anomalies.

Argonaut has prepared and subsequently submitted (February 2020) 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 submitted this application on receipt of authorisation of the E-PEPR.

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

Metallurgical studies from Nyungu deposit produced a saleable copper concentrate grading 25.6% copper at a recovery 87% during the period. This indicates flotation can achieve high recovery from both transitional zone copper minerals (88% recovery) and primary zone copper sulphides (96% recovery).

As set out in Note 1, since 31 December 2019 the Company has undertaken a number of initiatives to address future additional funding requirement. These fundraising and other initiatives remain ongoing.

No other matter or circumstance has arisen since 31 December 2019 that has significantly affected, or may significantly affect the Company's operations, the results of those operations, or the Company's state of affairs in future financial years.

Note 10. Earnings per share

	Consolidated	
	31 Dec 2019	**31 Dec 2018**
	$	**$**
Loss after income tax attributable to the owners of Argonaut Resources NL	(1,115,116)	(1,045,583)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	1,554,380,617	1,554,380,617
Weighted average number of ordinary shares used in calculating diluted earnings per share	1,554,380,617	1,554,380,617
	Cents	**Cents**
Basic earnings per share	(0.07)	(0.07)
Diluted earnings per share	(0.07)	(0.07)

At the reporting date, the Company has 50,000,000 (31 December 2018: 65,000,000) options issued and are in the money that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.

Directors' Declaration

In the directors' opinion:

- The attached financial statements and notes comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- The attached financial statements and notes give a true and fair view of the Company's financial position as at 31 December 2019 and of its performance for the financial half-year ended on that date; and
- Subject to the matters detailed in Note 1, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

Lindsay Owler
Managing Director

13 March 2020

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

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

Report on the Half-Year Financial Report

Conclusion

We have reviewed the accompanying half-year financial report of Argonaut Resources NL (the Company) and its subsidiaries (collectively the Group), which comprises the consolidate statement of financial position as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration.

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of the Group is not 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 31 December 2019 and of its consolidated financial performance for the half-year ended on that date; and

b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – 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.

Directors' Responsibility for the Half-Year Financial Report

The directors of the Company are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's consolidated financial position as at 31 December 2019 and its consolidated financial performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of the Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

Building a better working world

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
13 March 2020


Argonaut
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