Argonaut RESOURCES NL

ABN 97 008 084 848

Interim financial report

31 December 2020

Corporate directory

Argonaut Resources NL
ABN 97 008 084 848

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L J Owler
A W Bursill
M R Richmond

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

Website
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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 2020.

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 and uranium. 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 $864,572 (31 December 2019: $1,111,005).

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 Eastern Gawler Craton.

The Murdie project encompasses two largescale, regional gravity anomalies:

- the Murdie anomaly is a confirmed magnetite-bearing ironoxide coppergold (IOCG) system identified by WMC in 1981; and
- the West Lake Torrens cluster of anomalies that straddle the shoreline and lake islands.

Geophysical modelling of the gravity data has succeeded in defining target areas to a resolution suitable for drilling and has also identified substantial new gravity-only targets, which are similar to the 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 Donington Suite granite body that hosts both the Carrapateena and Oak Dam West IOCG deposits; and
- the Carrapateena deposit and Oak Dam West deposit and the Murdie targets are defined by 'non-magnetic' 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 Donington Suite granite is the most compelling copper exploration rationale in the country.

Ground Gravity Survey

Geophysical gravity crews mobilised to the Murdie area in October 2020 and commenced a detailed ground gravity survey over selected areas to improve the accuracy of drill-target modelling.

To date over 7,000 gravity stations have been surveyed including over the area of several confirmed drilling targets. A further 1,800 gravity stations will be surveyed in the coming weeks.

Argonaut is pleased with both the results of the ground gravity survey and the resolution of the data.

Targets

Argonaut previously geophysically modelled 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 2). Of these 54 anomalies, eight gravity-only anomalies were modelled by 2D modelling techniques.

This modelling is currently being repeated using the recently acquired high-resolution ground gravity data. Drilling will target specific "residual gravity anomalies". Residual anomalies are volumes of rock with a particularly high density, often within broader, regional anomalies.

Details of residual gravity anomalies at the West Lake Torrens cluster of anomalies, situated on the western shoreline near Carrapateena Wells were released after the period.

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 Donington Suite granite, the host rock of Carrapateena and Oak Dam West; 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.

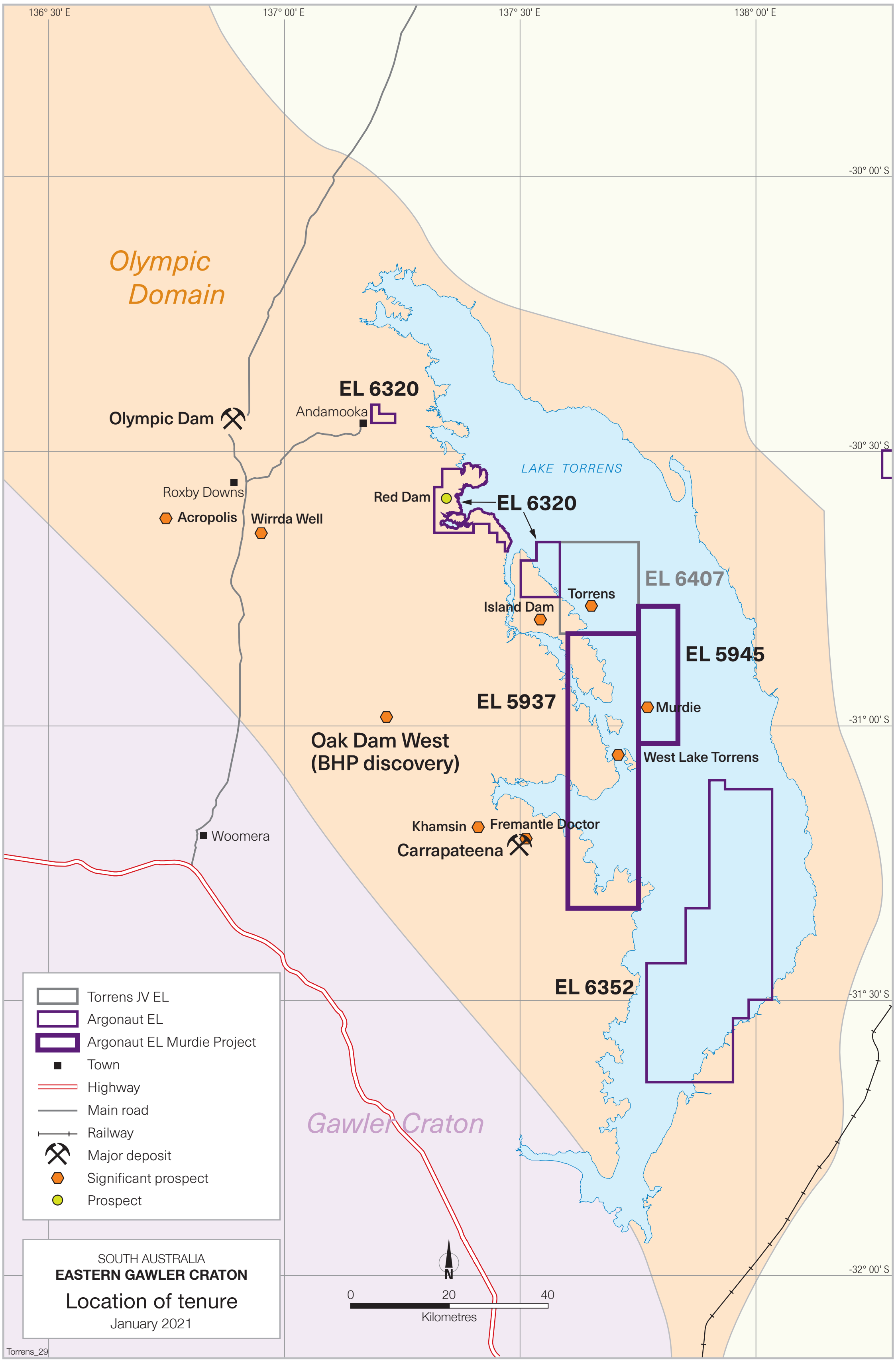

Figure 1 *Lake Torrens exploration licences.*

Accelerated Discovery Initiative

Funding in the amount of $320,000 was awarded to Argonaut through the ADI program, which forms part of the South Australian Government's Growth State Agenda. The ADI aims to accelerate mineral discovery through innovative exploration and research projects in regional and frontier terrains throughout South Australia.

ADI proposals were assessed and ranked against the merit criteria listed in the ADI Investment Guidelines by an independent expert review panel. Each proposal was scored on its ability to meet as many of the eligibility criteria as possible.

Lower Cost Drilling

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 summaries these conditions.

Many of the granite-hosted gravity targets at the Murdie project are located at the shoreline of the 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 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.

Drilling Contractor

Argonaut has executed a drilling contract for an initial 3,750m of diamond drilling. This first stage program is expected to involve four to five holes. Efforts are being focused on the West Lake Torrens cluster of anomalies.

The track-mounted Sandvik DE740 drilling rig is capable of drilling cored holes to 1,800m. Drill holes are expected to be between 500m and 1,000m in depth.

The contractor is currently sourcing specialist equipment required for drilling in an environmentally sensitive location. Mobilisation is expected to commence in the first week of March.

Permits

Authority under the Aboriginal Heritage Act

In accordance with section 23 of the Aboriginal Heritage Act (SA) Argonaut lodged (24 February 2020) an application for authorisation to undertake nearshore and offshore drilling within areas of exploration licences 5937 and 5945.

During the reporting period, on 29 December 2020, the South Australian Government granted the section 23 authorisation. The authorisation allows for exploration-phase drilling plus potential resource and reserve definition drilling. The approval covers the parts of exploration licences 5937 and 5945 that overlap with Lake Torrens or are onshore and within 500m of the Lake Torrens shoreline.

Appropriately, the authorisation requires Argonaut to:

- report regularly to representatives of certain Aboriginal groups;
- facilitate visits by Aboriginal representatives to the authorisation area to observe the results of rehabilitation measures;
- adhere to the Company's cultural heritage management plan, particularly chance find procedures and the cultural and legal induction process; and
- avoid a sand dune which is located on Andamooka Island outside the boundaries of EL5937 and EL5945.

This is the final permit required to access the nearshore and offshore domains for drilling IOCG anomalies.

Table 1 *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

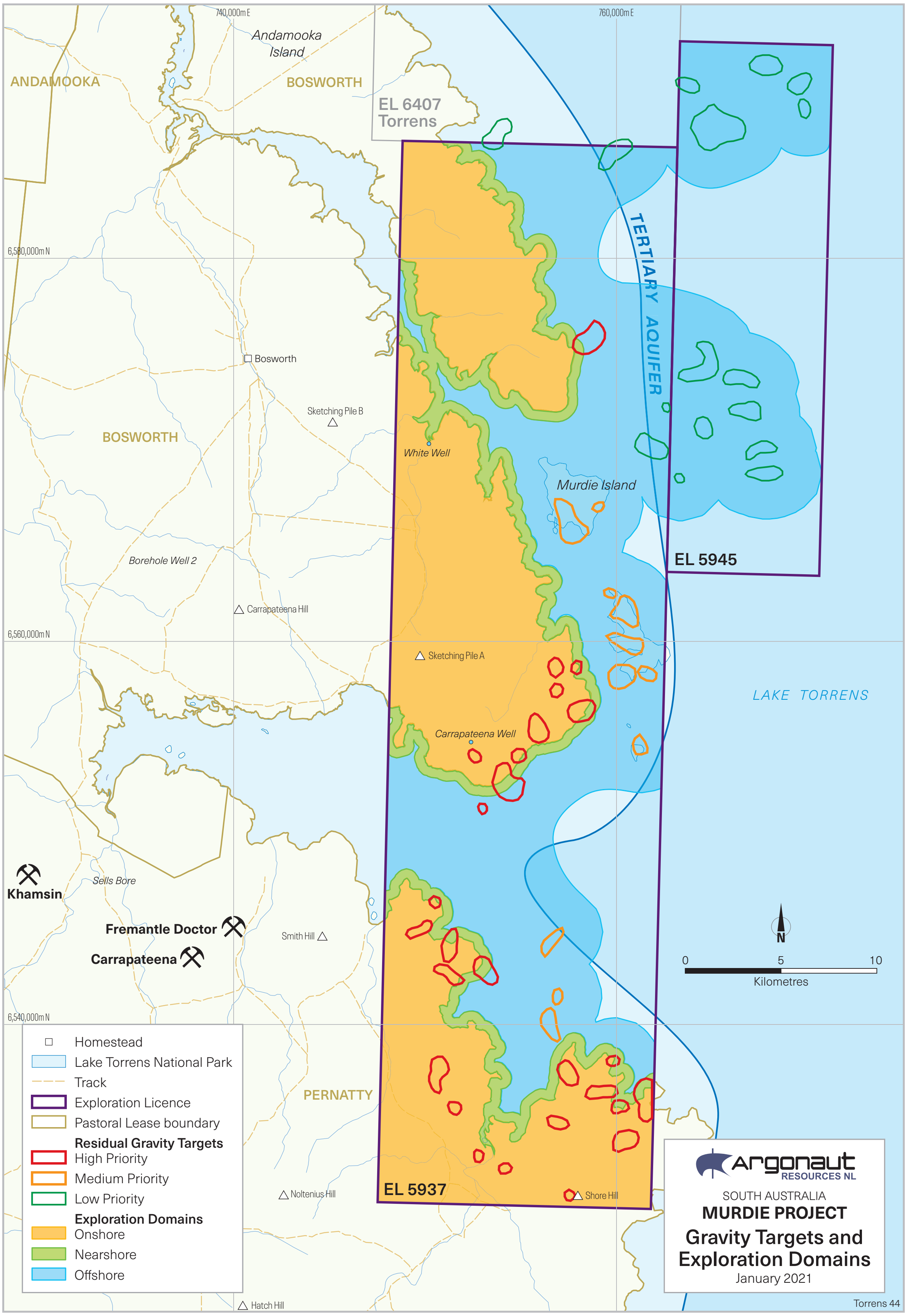

Figure 2 *Murdie project gravity targets and exploration domains.*

Operational Approval

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 was previously approved (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).

Native Title Access

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.

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.

Torrens JV Exploration

The Torrens Joint Venture partners have decided to recommence exploration activities at the Torrens Joint Venture project. During the reporting period, operational and heritage approvals were awarded to permit on-ground exploration activities to include:

a) Operational approvals were obtained from the Department for Energy and Mining that includes a revised Program for Environment Protection and Rehabilitation to reflect on-ground drilling practices and additional exploration activities, passive seismic.

b) In September 2020, the South Australian ERD Court granted native title authority to enter and undertake mining operations (exploration) within the area of EL6407. This approval was required as the exploration licence EL5614 expired and the subsequent licence EL6407 required authorisation.

Passive Seismic

A passive seismic survey was funded by the joint venture and results of this survey will assist in refining geological and geophysical models used for drill targeting.

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.

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 conducted a ground gravity survey in 2020 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.

Resource Estimation

Argonaut has engaged RPM to carry out a Resource estimation to JORC standards for the Nyungu copper-cobalt deposit. Argonaut will report on the outcome of this work once a final report has been completed. A Resource estimation would replace the Exploration Target estimation summarised below.

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.

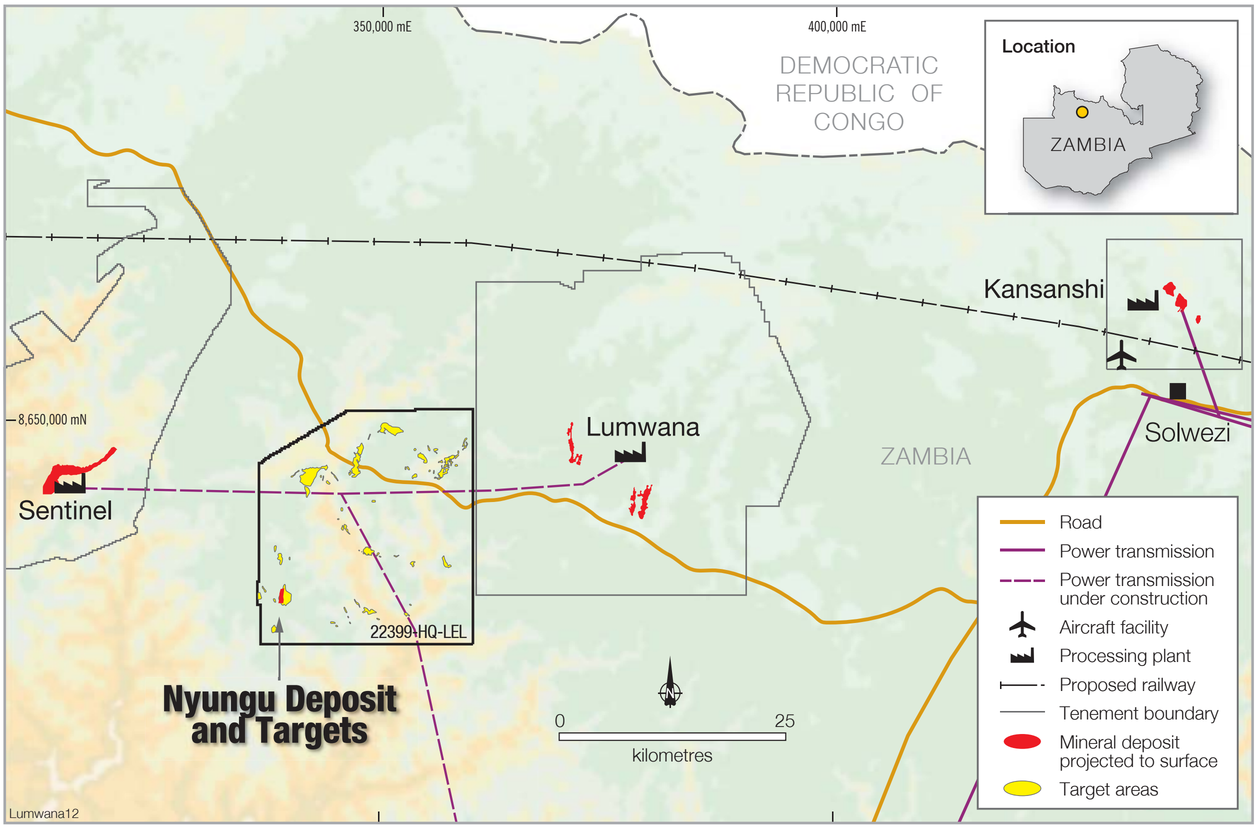

Figure 3 *Lumwana West licence showing the Nyungu copper-cobalt deposit plus nearby mines and infrastructure.*

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

Various oxidation and leaching tests plus Albion process testing were completed during February 2021. Solvent extraction and electro-winning (SX/EW) modelling will follow. 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.

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.

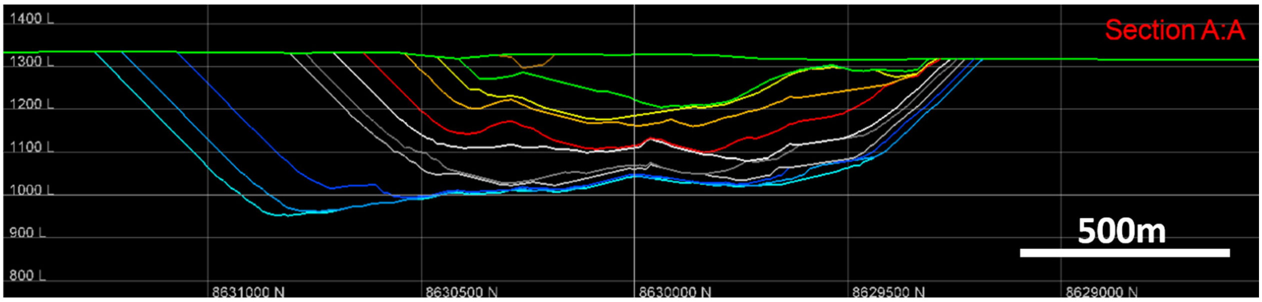

Figure 4 *Nyungu Central long-section, looking east. Preliminary pit optimisation open pit shells. White shell has a stripping ratio of 1.5 to 1 and reflects the optimisation at the copper price at the time of modelling. The light blue shell has a stripping ratio of 2.3 to 1 and is economic at 150% of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

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.

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 (Figure 6), typically with grades of 0.1%. Wide high-grade zones, such as 23m at 0.21% cobalt, have been intercepted.

Three cobalt domains have been defined using wireframes for estimation purposes (Figure 6). These cobalt domains sit within the envelope of copper mineralisation (Figures 5 and 6).

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 2021 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.

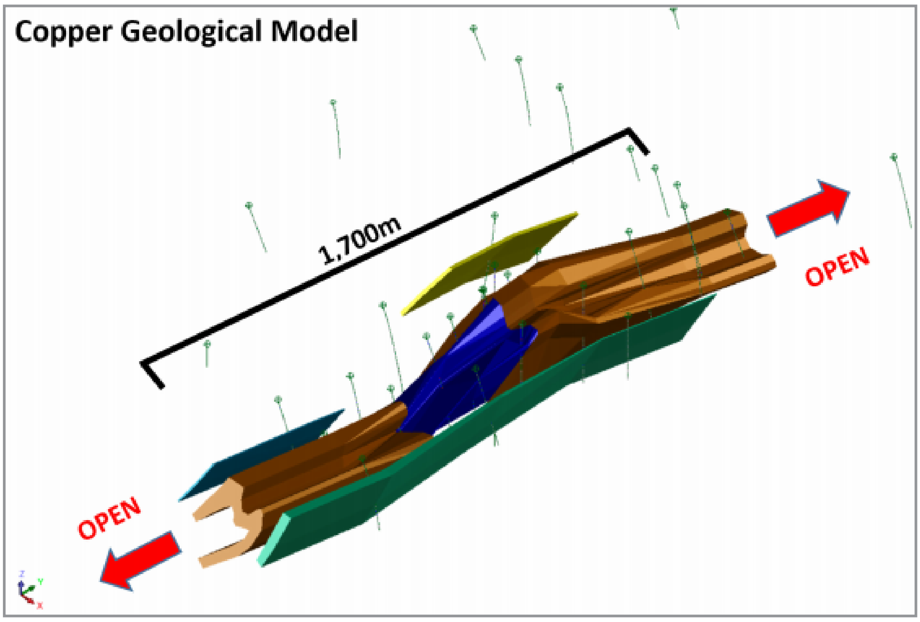

Figure 5 *Nyungu Central, copper wireframes. Oblique view.*

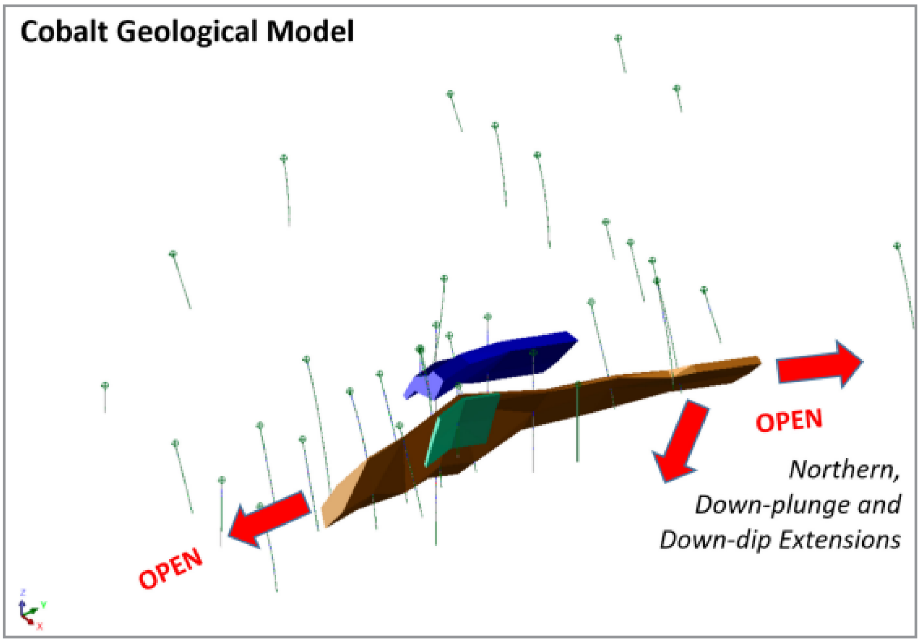

Figure 6 *Nyungu Central, cobalt wireframes. Oblique view.*

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.

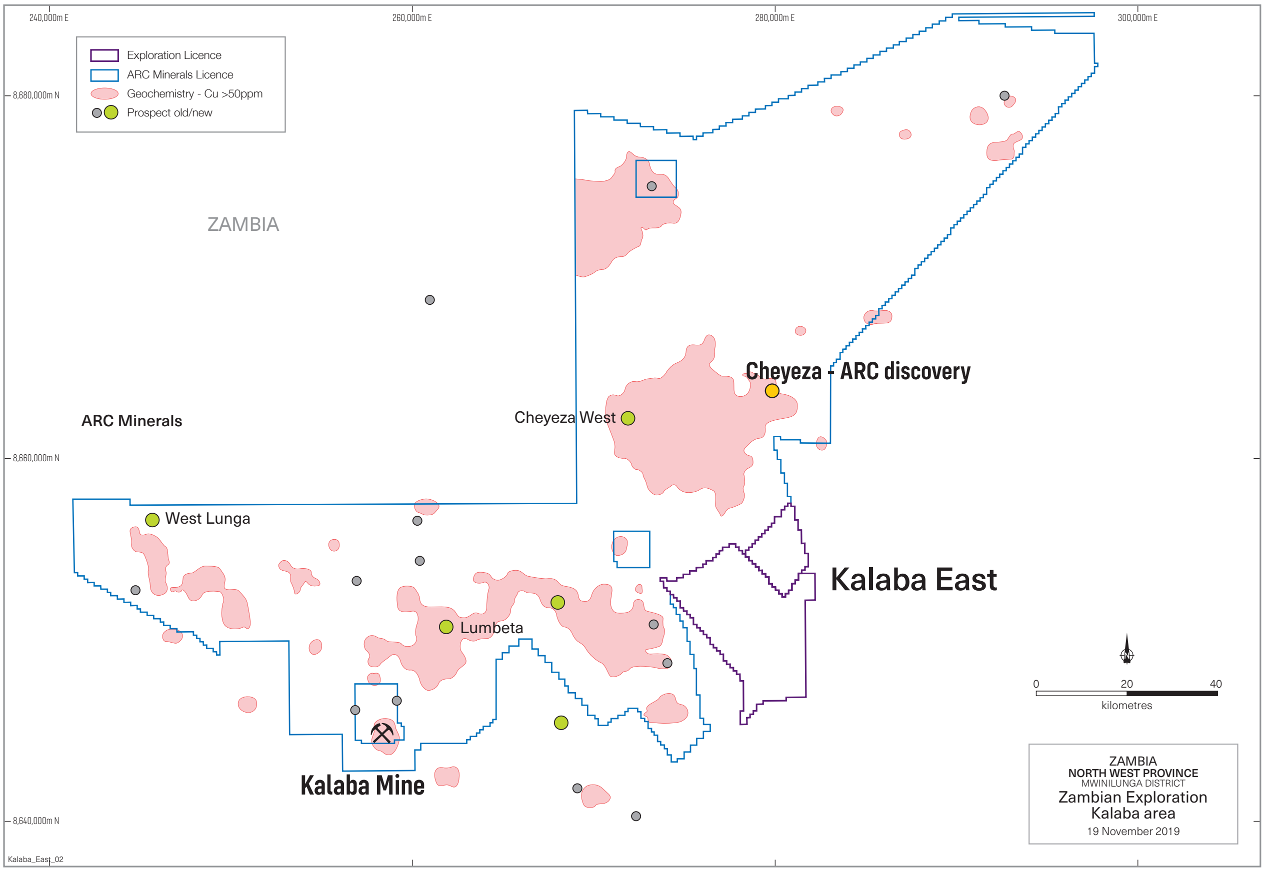

Figure 7 *Kalaba East project location, Zambia.*

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.

The Kalaba East project lies adjacent to ARC Minerals' recent Cheyeza East prospect (Figure 7) and Muswema North prospect discovery and west of the world-class copper mine Sentinel, operated by First Quantum Minerals. At Cheyeza East ARC Minerals intercepted 18m at 2.35% copper and 39m at 1.47% copper.

Argonaut plans to conduct a regional geochemical sampling program at Kalaba East.

Regional interpretations are underway and on-ground activities are expected to commence in 2021.

Kamapanda, Zambia

(Argonaut 90%)

The Kamapanda 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 and alluvial gold.

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring the licence. The large-scale exploration licence covers an area of 225 km^2 and extends to the Angolan border (Figure 8). The area is remote, with limited access and is largely underexplored.

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.

A program of regional stream sediment sampling is planned to outline both gold and copper potential.

Regional interpretations are underway and on-ground activities are proposed to commence in 2021.

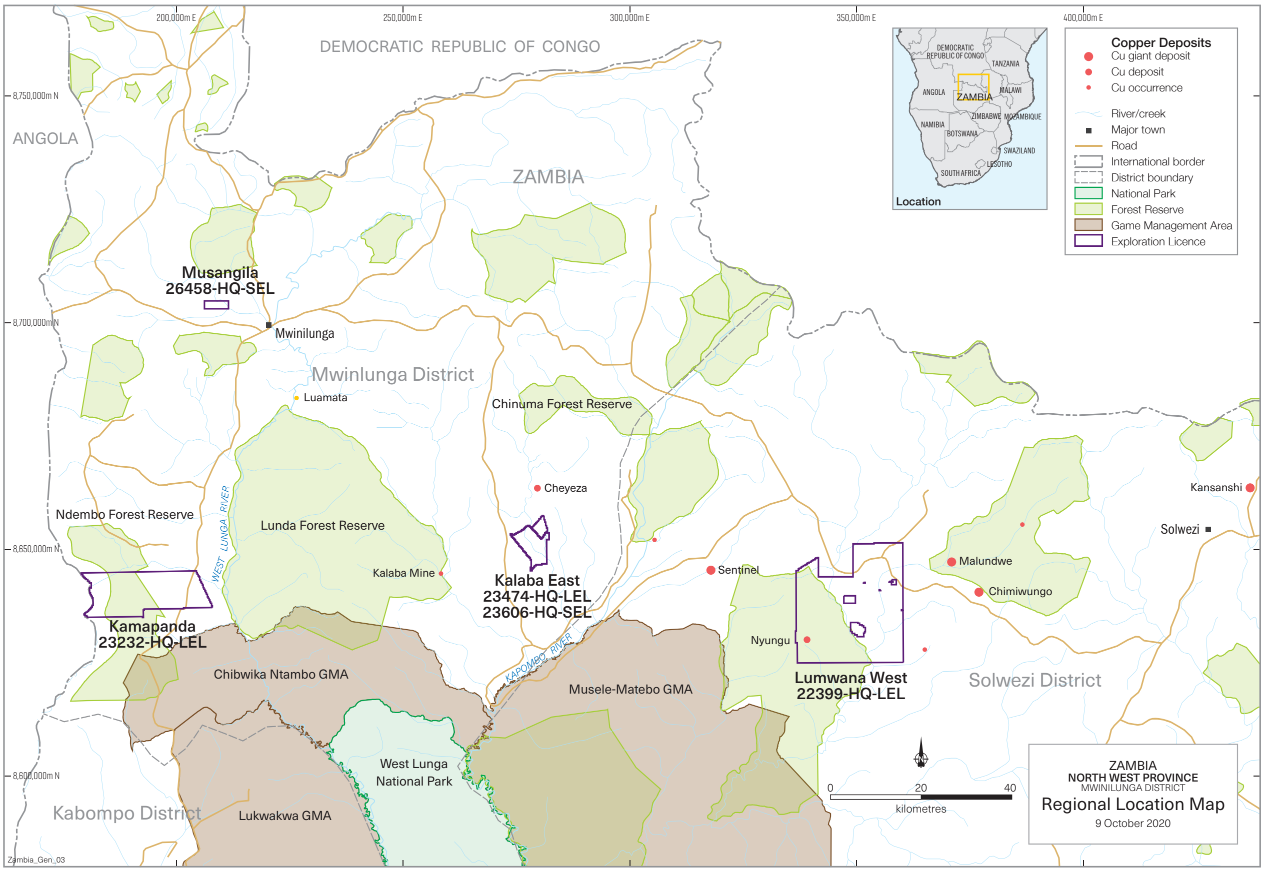

Figure 8 *Kamapanda project location, Zambia.*

Musangila, Zambia

(Argonaut 90%)

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring the Musangila project (Figure 8) and is currently awaiting operational approvals and consent from Zambian authorities to conduct reconnaissance exploration activities prior to undertaking a confirmatory geochemical sampling program and RC drilling.

Uranium Assets

South Australia and Northern Territory

(Argonaut 100%)

Argonaut has assembled a package of prospective, 100% held uranium projects in South Australia and the Northern Territory. Projects were chosen based on a systematic review of uranium deposit-styles and available projects. The review covered uranium opportunities available for application in South Australia or Northern Territory. The four projects selected by Argonaut were on open ground and were secured via application to the relevant department.

The projects secured by Argonaut are:

- Frome, SA – Beverley and Honeymoon-style sandstone-hosted, roll front targets covered by three contiguous licences:
  - EL6554, Frome Downs – 960km² – 100%;
  - EL6555, Curnamona – 947km² – 100%; and
  - ELA 2021/003, Erudina – 987km² – option to acquire 100%.
- Cummins, SA – sandstone-hosted roll front targets:
  - ELA 2020/124, Cummins – 953km² – option to acquire 100%.
- Mount Douglas, NT – unconformity-related uranium covered by one granted licence and one contiguous licence application:
  - EL31451, Mount Douglas – 474km² – 100%; and
  - ELA32038, Mount Douglas – 127km² – 100%.
- Ranger North-East, NT – Ranger-style unconformity related targets, Alligator Rivers Uranium Field:
  - ELA32446, Ranger North-East – 64km² – 100%.
- T-Bone, NT – South Alligator Valley Mineral Field – unconformity related targets near Coronation Hill deposit:
  - ELA32445, T-Bone – 230km² – 100%.

Argonaut is actively considering potential corporate structures to house and fund these new assets in a way that compliments the Company's existing focus on copper and gold.

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.

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.

Argonaut plans to capitalise on its Kroombit holding at a time of higher zinc prices. 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 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.

Gold Exploration

Argonaut completed a program of 37 RC drill holes for a total of 3,426m at the Amorphous gold deposit, Island gold prospect and Birties gold prospect. Final 2020 assay results have been received.

Amorphous Gold Deposit

Argonaut completed 10 RC drill holes at Amorphous for a total of 1,012m.

Drilling from the 2020 drilling program included:

- AMRC024: 5m at 2.04g/t gold from 37m
- AMRC023: 7m at 0.38g/t gold from 57m
- AMRC022: 6m at 0.33g/t gold from 22m
- AMRC025: 2m at 0.92g/t gold from 71m

These results were originally announced to the ASX on 17 September 2020 in an announcement titled "Higginsville Drilling Program".

Argonaut first drilled the Amorphous Gold Deposit in 2017. This drilling program significantly increased the potential for a commercial gold deposit at Amorphous by demonstrating improved continuity of gold grades along a strike length of 800m (Figure 9).

Drilling results previously generated by Argonaut at the Amorphous gold deposit included:

- AMRC005: 4m at 1.53g/t gold from 69m and 11m at 2.76g/t gold from 77m
  - » including 6m at 4.62g/t gold from 81m
  - » including 3m at 7.47g/t gold from 82m
- AMRC006: 6m at 2.37g/t gold from 44m
  - » including 3m at 4.38g/t gold from 45m
- AMRC008: 3m at 1.66g/t gold from 56m
- AMRC009: 2m at 1.28g/t gold from 22m
- AMRC015: 4m at 2.36g/t gold from 64m

Gold mineralisation at Amorphous is typically hosted in an altered shear-zone within an easterly dipping gabbroic unit. Gold grades within the mineralised shear-zone are variable.

A lower than expected dip on the mineralised shear-zone improved conceptual open-pit geometry. The gold mineralisation envelope dips to the east at approximately 60 degrees, rather than 80 degrees as previously interpreted, thus lowering the theoretical stripping ratio.

Previous exploration results were originally announced to the ASX on 21 November 2017 in an announcement titled "Higginsville Gold Drilling Significantly Increases Potential for Commercial Gold Deposit"

Island Gold Target

The Island gold prospect is located 9km south of the Higginsville mining camp (+2.5MOz) which sits between the St Ives (+15MOz) and Norseman (+10MOz) gold mining districts in Western Australia (Figure 10). The Island gold prospect is defined by a 1,200m by 400m gold geochemical anomaly and surface rock-chip samples. The anomaly sits over a major structural intersection that may have been a conduit for gold mineralising fluids.

Drilling Results

Argonaut completed 13 RC drill holes at the Island target for a total of 1,352m.

Assays of composite RC chip samples indicate that no significant gold mineralisation was intercepted.

Drilling Incomplete

Four planned drill holes across two gold geochemistry anomalies at the Island target were not drilling during the 2020 RC drilling program due to the surface conditions of Lake Cowan impeding rig access to the planned collars.

These two targets are prospective and warrant drill testing.

Birties Gold Prospect

The Birties prospect features a gold geochemistry anomaly that was generated in the early 2010s. The target is defined by a broad geochemical anomaly which is over 1km long and 1km wide.

Argonaut completed 14 RC drill holes at the Birties Gold Target for a total of 1,162m. Highlights of this drilling include: BIRC010: 2m at 0.25g/t gold from 23m.

This result was originally announced to the ASX on 17 September 2020 in an announcement titled "Higginsville Drilling Program".

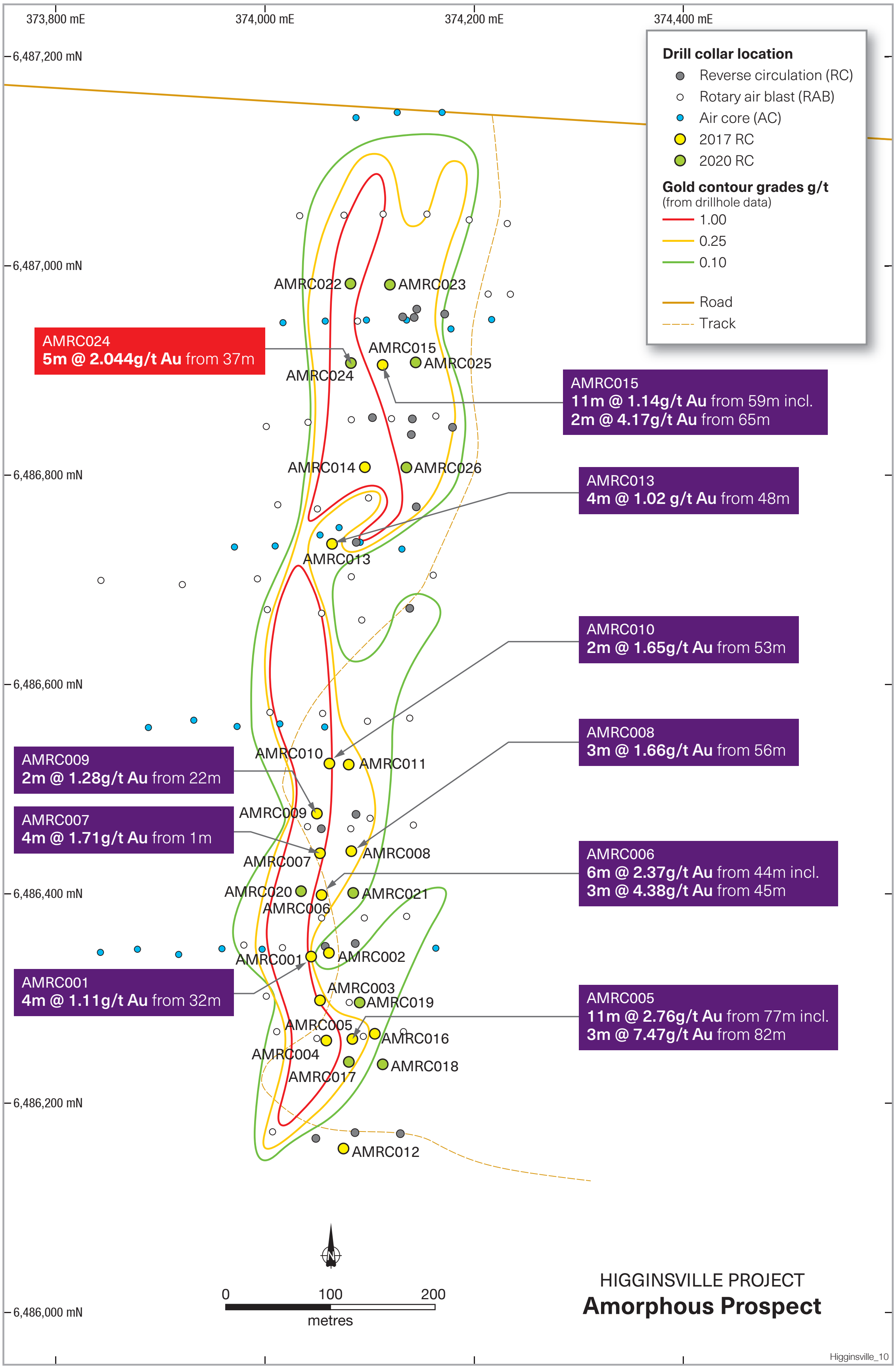

Figure 9 *Amorphous Prospect showing drill collars, 2017 and 2020 intercepts and gold contour grades.*

Nickel Exploration

During 2019, Argonaut investigated the nickel potential of the Higginsville Project. The Higginsville area mineralisation model is typical of Kambalda-style komatiitic nickel sulphide deposits, comprising Ni-Cu-PGE ores. Published mapping, interpretation of the aeromagnetics and review of existing drill logs shows that an ultramafic trend continues through the licence areas. Follow-up EM geophysical surveys and drilling over targets zone may be warranted.

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.

About Argonaut

Argonaut Resources NL is an Australian Securities Exchange listed exploration and development company focused on the Murdie copper project in South Australia, the Torrens copper project in joint venture with Aeris Resources Ltd, (adjacent to the Murdie project) and the Nyungu copper-cobalt project at Lumwana West in North-Western Zambia.

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 2020 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 this information in the form and context in which it appears.

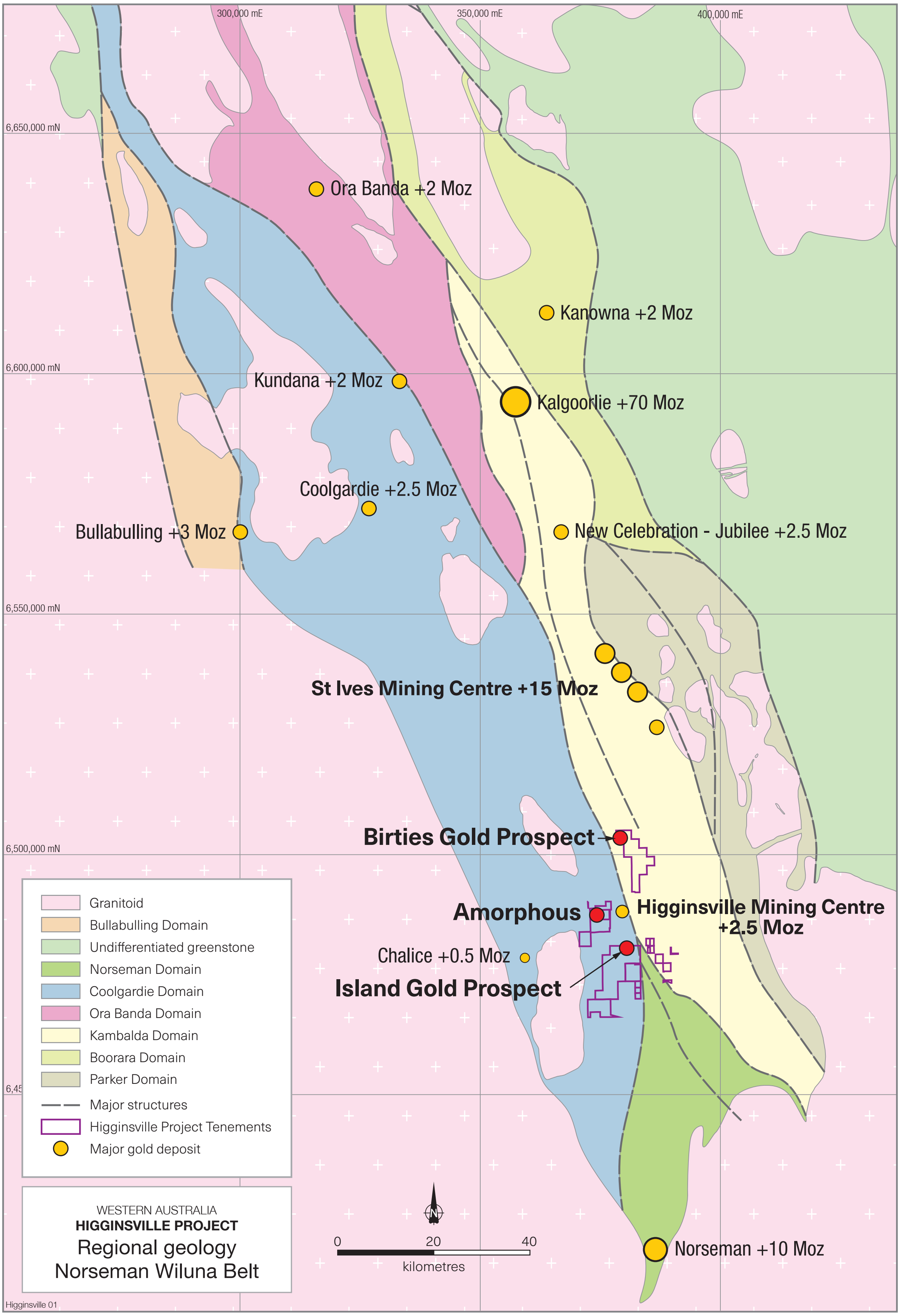

Figure 10 *Higginsville regional geology showing Argonaut exploration licences and major gold deposits.*

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.

No other matter or circumstance has arisen since 31 December 2020 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

Patrick Elliott
Chairman

15 March 2021

Auditor's Independence Declaration

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Building a better working world

Auditor's independence declaration to the directors of Argonaut Resources N.L.

As lead auditor for the review of the half-year financial report of Argonaut Resources N.L. for the half-year ended 31 December 2020, 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 N.L. and the entities it controlled during the financial period.

Ernst & Young

L A Carr
Partner
15 March 2021

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 half-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 6
100 Pirie Street
Adelaide SA 5000

Telephone: +61 8 8231 0381

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 15 March 2021.

Statement of profit or loss and other comprehensive income

For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Other revenue	3	51,223	6,452
Expenses			
Employee benefits expense		(456,539)	(434,965)
Office administration expenses		(81,326)	(107,542)
Depreciation and amortisation expense	4	(43,703)	(43,900)
Exploration costs expensed		(44,583)	(80,665)
Finance expense		(937)	-
Share based payments		(81,269)	(150,954)
Other expenses		(207,438)	(299,431)
Loss before income tax expense		(864,572)	(1,111,005)
Income tax expense		-	-
Loss after income tax expense for the half-year attributable to the owners of Argonaut Resources NL		(864,572)	(1,111,005)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	8	-	-
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Argonaut Resources NL		(864,572)	(1,111,005)
		Cents	**Cents**
Basic earnings / (loss) per share	12	(0.0003)	(0.0700)
Diluted earnings / (loss) per share	12	(0.0003)	(0.0700)

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

Statement of financial position

As at 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Assets			
Current assets			
Cash and cash equivalents		4,087,452	1,175,023
Trade and other receivables		74,050	51,570
Other		18,003	10,283
Total current assets		4,179,505	1,236,876
Non-current assets			
Property, plant and equipment		59,149	75,530
Exploration and evaluation	5	4,284,831	3,423,150
Right of Use assets		98,646	-
Total non-current assets		4,442,626	3,498,680
Total assets		8,622,131	4,735,556
Liabilities			
Current liabilities			
Trade and other payables		96,007	396,733
Employee benefits		402,892	413,277
Lease liability		47,670	-
Total current liabilities		546,569	810,010
Non-Current liabilities			
Lease liability		27,866	-
Total non-current liabilities		27,866	-
Total liabilities		574,435	810,010
Net assets		8,047,696	3,925,546
Equity			
Issued capital	7	57,685,244	52,791,932
Reserves	8	(1,901,427)	(1,994,837)
Accumulated losses		(47,736,121)	(46,871,549)
Total equity		8,047,696	3,925,546

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

Statement of changes in equity

For the half-year ended 31 December 2020

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	-	-	-	(1,111,005)	(1,111,005)
Other comprehensive income for the half-year, net of tax	-	(4,111)	-	-	(4,111)
Total comprehensive income for the half-year	-	(4,111)	-	(1,111,005)	(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	(3,663,420)	1,668,106	(46,180,242)	3,484,308

Consolidated	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Total equity $
Balance at 1 July 2020	52,791,932	(3,749,322)	1,754,485	(46,871,549)	3,925,546
Loss after income tax expense for the half-year	-	-	-	(864,572)	(864,572)
Other comprehensive income for the half-year, net of tax	-	(4,151)	-	-	(4,151)
Total comprehensive income for the half-year	-	(4,151)	-	(864,572)	3,056,823
Transactions with owners in their capacity as owners:					
Contributions of equity, net of Transaction costs (note 7	4,893,312	-	-	-	4,893,312
Share based payments	-	-	97,561	-	97,561
Balance at 31 December 2020	57,685,244	(3,753,473)	1,852,046	(47,736,121)	8,047,696

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

Statement of cash flows

For the half-year ended 31 December 2020

	Note	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,092,144)	(727,196)
Interest received		1,223	6,452
Net cash used in operating activities		(1,090,921)	(720,744)
Cash flows from investing activities			
Payments for exploration and evaluation		(906,264)	(422,844)
Net cash used in investing activities		(906,264)	(422,844)
Cash flows from financing activities			
Ordinary shares issued		5,204,000	-
Share issue transaction costs		(294,386)	-
Net cash from/(used in) financing activities		4,909,614	-
Net increase/(decrease) in cash and cash equivalents		(2,912,429)	(1,143,588)
Cash and cash equivalents at the beginning of the financial half-year		1,175,023	2,039,163
Cash and cash equivalents at the end of the financial half-year		4,087,452	895,575

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

Note 1. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2020 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 2020 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:

New standards, interpretations and amendments adopted by the Group

***AASB 16 Leases* –** the Group applied AASB 16 Leases as at 1 July 2019. The nature and effect of the changes as a result of adoption of this new accounting standard is described below. Several other amendments and interpretations apply for the first time in 2020, but do not have an impact on the consolidated financial statements of the Group.

AASB 16 Leases supersedes *IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet. There were no leases prior to June 2020 so no transition reporting is required.

The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. 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 $864,572 (2019: $1,111,005) and net cash outflows from operating and investing activities of $1,997,185 (2019: $1,143,588) for the period ended 31 December 2020.

Note 1. Significant accounting policies (continued)

As at 31 December 2020, Argonaut is preparing for a significant exploration program following capital raisings of $2.7m via a private placement in September 2020 and $2.5m through the Company's Share Purchase Plan (SPP) shortly after. The exploration drilling program has commenced in March 2021 and management's cash flow forecasts indicate that with prudent cash management there are sufficient funds to proceed with the exploration program. However, in the event of significant unbudgeted costs arising or significant additional works to be completed in the current exploration program, the consolidated entity may not have sufficient funds to meet its current level of corporate overheads and fund the entire exploration program.

Considering the current price of copper of around USD4.22 per pound (25 March 2019 – USD2.94 per pound) the Directors are confident in the event additional cash management activity is required, deferral of exploration activities above minimum committed levels, further capital raisings and/or other initiatives will provide the consolidated entity with sufficient funding, for at least twelve months from the date of issuance of this financial report, and therefore consider that it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the current exploration program exceeds budget and the consolidated entity is not able to successfully complete a fundraising, 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 Company not continue as going concerns.

Leases

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period-of-time in exchange for consideration. The Company entered into one lease during the financial year. This lease relates to the office premises In Adelaide South Australia, which commenced in July 2020.

Group as a lessee. The Group applies a single recognition and measurement approach for all leases. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the lease term. The term of the lease agreement is two years.

Lease liabilities. At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

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 2020	Australia $	Zambia $	Total $
Assets			
Exploration assets	3,871,085	413,746	4,284,831
Unallocated assets:			
Cash and cash equivalents			4,087,452
Other assets			176,202
Total assets			8,548,485
Liabilities			
Unallocated liabilities:			
Current			498,899
Total liabilities			498,899

Consolidated - 30 Jun 2020	Australia $	Zambia $	Total $
Assets			
Exploration assets	3,128,733	294,417	3,423,150
Unallocated assets:			
Cash and cash equivalents			1,175,023
Other assets			137,383
Total assets			4,735,556
Liabilities			
Unallocated liabilities:			
Current			810,010
Total liabilities			810,010

Note 3. Other revenue

	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Interest	1,223	6,452
Original Cash Boost – Australian Taxation Office	50,000	-
Other income	51,223	6,452

Note 4. Profit / (loss) items

	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Depreciation expense	17,743	43,900
Amortisation expense	25,960	-
	43,703	43,900
Director fees	115,000	105,000
Wages and salaries	428,402	282,500
Superannuation	32,102	26,837
Leave provisions	(120,837)	19,092
Sundry expenses	1,872	1,536
	456,539	434,965

Note 5. Non-current assets - Exploration and evaluation

	Consolidated 31 Dec 2020 $	Consolidated 30 Jun 2020 $
Exploration and evaluation assets	27,133,650	26,271,969
Less: Impairment	(22,848,819)	(22,848,819)
	4,284,831	3,423,150

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 2020	3,128,733	294,417	3,423,150
Expenditure (net of accruals) during the half-year	786,935	119,329	906,264
Exploration expenditure written off	(44,583)	-	(44,583)
Balance at 31 December 2020	3,871,085	413,746	4,284,831

The Directors had reviewed the current market conditions relating to commodity prices and exploration results and the carrying value as at 31 December 2020 represents the Directors' view of these assets, which are expected to be recovered.

Note 5. Right of use assets

	Consolidated 31 Dec 2020 $	30 Jun 2020 $
Corporate office – right of use	124,606	-
Less: accumulated depreciation	(25,960)	-
	98,646	-

Note 6. Lease liabilities

The Company leases floor space in a building for its corporate office. The lease is for 24 months with no determination to extend for any further periods.

Set out below is the carrying amount of the right of use asset recognised and movements during the period.

	Consolidated 31 Dec 2020 $	30 Jun 2020 $
Right of Use Asset		
As at 1 July 2020	-	-
Additions	124,606	-
Less Amortisation	(25,960)	-
As at 31 December 2020	98,646	-
Lease Liability		
As at 1 July 2020	-	-
Additions	74,599	-
Finance expense	937	-
	75,536	-
Lease liability - current	47,670	-
Lease liability – non current	27,866	-
	75,536	-

Note 7. Equity – issued capital

	Consolidated			
	2020 Shares	2019 Shares	2020 $	2019 $
Ordinary shares - fully paid	2,888,871,449	1,942,689,706	57,685,244	52,791,932

Note 7. Equity - Issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance	1 July 2018	1,554,380,617		51,662,533
Balance	30 June 2019	1,554,380,617		51,662,533
Issue of shares – placement	11 May 2020	388,309,089	0.0033	1,281,420
Share issue costs		-		(152,021)
Balance	30 June 2020	1,942,689,706		52,791,932
Issue of shares – placement	5 October 2020	491,636,371	0.0055	2,704,000
Issue of shares – share purchase plan	16 October 2020	454,545,372	0.0055	2,500,000
Share issue costs		-		(310,688)
Treasury shares now vested	20 November 2020	24,000,000		-
Balance 31 December 2020		2,888,871,449		57,685,244

Shares under option
Unissued ordinary shares of Argonaut Resources NL under option as at 31 December 2020 are as follows:

Grant date	Expiry date	Exercise price	Number under option
7 December 2016	31 December 2021	$0.030	22,000,000
3 November 2017	31 December 2022	$0.030	28,000,000
27 August 2020	30 April 2022	$0.010	19,750,000
27 August 2020	11 August 2025	$0.020	30,000,000
			99,750,000

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.

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

Note 7. Equity - Issued capital (continued)

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

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	Vested	Vest Date	Deemed issue price	Number of shares
Balance – 1 July 2020					-
Issue of ordinary shares – Tranche 1	26 Nov 2018	20 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 *	26 Nov 2019		20 Nov 2021		16,000,000
Balance – 31 December 2020					40,000,000

* under the terms of the Company's Incentive Plan the vesting date will be determined 12 months after the 2020 AGM

The issue of these shares was approved at the Annual General Meeting of Shareholders held on 13 November 2018. These shares are vested 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 8. Equity - Reserves

	Consolidated	
	31 Dec 2020	**30 Jun 2020**
	$	**$**
Foreign currency reserve	(2,166,386)	(2,162,235)
Share based payments reserve	1,852,046	1,754,485
Transaction between shareholders reserve	(1,587,087)	(1,587,087)
	(1,901,427)	(1,994,837)

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.

Note 8. Equity - Reserves (continued)

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 2020	(2,162,235)	1,754,485	(1,587,087)	(1,994,837)
Foreign currency translation	(4,151)	-	-	(4,151)
Share based payments	-	97,561	-	97,561
Balance at 31 December 2020	(2,166,386)	1,852,046	(1,587,087)	(1,901,427)

Note 9. Equity - Dividends

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

Note 10. 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 11. Events after the reporting period

No other matter or circumstance has arisen since 31 December 2020 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 12. Earnings per share

	Consolidated 31 Dec 2020 $	Consolidated 31 Dec 2019 $
Loss after income tax attributable to the owners of Argonaut Resources NL	(864,572)	(1,111,005)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	2,404,905,706	1,554,380,617
Weighted average number of ordinary shares used in calculating diluted earnings per share	2,404,905,706	1,554,380,617
	Cents	**Cents**
Basic earnings / (loss) per share	(0.0003)	(0.0700)
Diluted earnings / (loss) per share	(0.0003)	(0.0700)

At the reporting date, the Company has 99,750,000 (31 December 2019: 50,000,000) options issued and of those, 19,750,000 options 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 balance sheet date 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 2020 and of its performance for the financial half-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.

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

Patrick Elliot
Chairman

15 March 2021

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

Building a better working world

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Independent auditor's review report to the members of Argonaut Resources N.L.

Report on the half-year financial report

Conclusion

We have reviewed the accompanying half-year financial report of Argonaut Resources N.L. (the Company) and its subsidiaries (collectively the Group), which comprises the condensed statement of financial position as at 31 December 2020, the condensed statement profit or loss and other comprehensive income, condensed statement of changes in equity and condensed 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 2020 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 of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. Our conclusion 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 2020 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
15 March 2021


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RESOURCES NL