ABN 97 008 084 848

FINANCIAL REPORT

30 JUNE 2011

CONTENTS

	Page
Company Particulars	2
Directors' Report	4
Remuneration Report	14
Auditors' Independence Declaration	20
Corporate Governance Statement	21
Financial Report	28
Directors' Declaration	65
Independent Auditors Report	66

COMPANY PARTICULARS

The financial report covers Argonaut Resources NL consolidated entity consisting of Argonaut Resources NL and its subsidiaries. The financial report is presented in Australian dollars ($).

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

Argonaut Resources NL

Suite 4 Level 9

341 George Street

Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities is included in the review of operations and activities in the directors' report on pages 4 to 19, which is not part of this financial report. The financial report was authorised for issue by the directors on 30 September 2011. The company has the power to amend and reissue the financial report.

Through the use of the internet, we have ensured that our corporate reporting is timely, complete, and available globally at minimum cost to the company. All press releases, financial reports and other information are available at our Shareholders' Centre on our website: www.argonautresources.com

Directors	
Patrick J D Elliott	Independent Non-Executive Chairman
Geoffrey N Williams	Independent Non-Executive Director (ceased 1 April 2011)
Lindsay J Owler	Exploration Director
Andrew W Bursill	Director
Company Secretary	Andrew W Bursill
Head Office	Suite 4 Level 9 341 George Street Sydney NSW 2000 phone : +61 (2) 9299 9690 fax : +61 (2) 9299 9629 email : sydney@argonautresources.com

Exploration Office	House 073, Unit 19 , Rue Heng Boun Noy Ban Haisok, Chanthabury District Vientiane, Laos PDR phone : +856 21 222 887 fax : +856 21 243 775 email : laos@argonautresources.com
Share registry	Boardroom Limited Level 7, 207 Kent Street Sydney NSW 2000 phone : +61 (2) 9290 9600 fax : +61 (2) 9279 0664
Auditor	Ernst & Young 680 George Street Sydney NSW 2000
Solicitors	Watson Mangioni 50 Carrington Street Sydney NSW 2000
ASX Listing	Code : ARE
Website	www.argonautresources.com

DIRECTORS' REPORT

Your directors present their report on the consolidated entity (referred to hereafter as the Group) consisting of Argonaut Resources NL and the entities it controlled at the end of, or during, the year ended 30 June 2011.

Directors

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

PJD Elliott	Independent Non-executive Chairman
GN Williams	Independent Non-executive Director (ceased 1 April 2011)
LJ Owler	Exploration Director
AW Bursill	Director

The board of directors is currently actively looking for an Australian resident director to replace GN Williams.

Principal Activities

During the year the principal continuing activities of the Group were directed toward identifying resource opportunities capable of exploration to increase value with clear emphasis on projects capable of progress into production. Commodities of current interest include gold, copper, iron ore, silver and zinc. The Group has advanced exploration projects in Australia in South Australia, Queensland and overseas in Laos and just recently in Zambia.

There were no significant changes in the nature of the Group’s principal activities during the financial year.

Dividends

The directors recommend that no dividend be paid. No dividends have been declared or paid during the year.

Review of Operations

The operating revenues from ordinary activities increased to $490,716 (2010: $350,664) and revenues from other activities was $82,024 (2010: $2,350,144). The consolidated loss for the financial year was $3,823,956 (2010: $296,162 profit).

Significant Changes in State of Affairs

During the year ended 30 June 2011, there were no significant changes in the state of affairs of the Company.

Directors' Report (continued)

Exploration Report Summary

AUSTRALIA

EL3969, Alford (Argonaut 100%)

On 12 July 2011, Argonaut announced final results for the recent drilling programs at the company's 100% held Alford project (EL3969) on South Australia's Yorke Peninsula. The company completed eight diamond drill holes for a total of 1,978 metres and 76 aircore holes for a total of 5,136 metres.

Diamond drill holes ALDDH09 and ALDDH10 intercepted broad zones of copper mineralisation at the Netherleigh Park prospect. These results warrant follow-up basement drilling focussed on extending the known copper and silver mineralisation at Netherleigh Park.

Drill intercepts at Netherleigh Park were derived from copper mineralisation hosted in a formerly carbonaceous meta-siltstone unit. This unit has been strongly metasomatised in the area of known mineralisation and is adjacent to a meta-basalt unit and granite. Drilling in the period was successful in extending the known footprint of sulphide mineralisation at Netherleigh Park. Weak copper and lead mineralisation was intercepted at Lia Way. Other holes drilled as part of the diamond drilling program tested a coincident magnetic, gravity and conductivity anomaly East of Netherleigh Park and several geochemical anomalies defined by previous aircore drilling.

Alford diamond drilling highlights

Hole	From (m)	Interval (m)	Cu (%)	Ag (g/t)
ALDDH09	95	**122**	**0.63**	**18.4**
including	111	14	2.26	11.4
ALDDH10	88	**98**	**0.64**	**6.2**
including	88	54	0.86	6.1
ALDDH11	238	5	1.06	18.7

76 aircore holes were completed in the Alford East area, across six prospect areas, including at Netherleigh Park. A significant new copper-cobalt discovery, located 1,100 metres to the south-west of the Netherleigh Park prospect, has been intercected by aircore drilling at the Truck Paddock prospect. The zone of copper mineralisation is open along strike and down dip, and the discovery hole terminated in mineralisation. The mineralised zone is interpreted to strike north-east with a broad halo of low grade copper intercepts (including 84m at 0.12% copper from 12m in ALAC204). Low order gold and silver anomalism is also associated with the newly discover mineralisation with a peak of 8m at 0.68 g/t gold from 44m in ALAC197. First pass aircore drilling at Truck Paddock was at 80 metre drill hole spacing with160 metres between traverses. The area was identified as having prospective calc-silicate and skarn alteration and low order copper anomalism (8m at 0.12% Cu) on the basis of historic, widespaced shallow rotary air blast (RAB) drilling.

Directors' Report (continued)

Alford air-core drilling highlights

Hole	From (m)	Interval (m)	Cu (%)	Ag (g/t)
ALAC158	77	26	0.54	4.15
ALAC160	75	18	0.50	8.07
ALAC164	68	31	0.58	26.01
ALAC197	8	67	0.72	1.54
including	10	21	1.01	2.38
and	57	18	1.04	

Extensional aircore drilling to the north–east of the Netherleigh Park prospect intersected a broad halo of low grade copper intercepts (including 60m at 0.13% Cu from 12m in ALAC167). Geologically, mineralisation was hosted in a graphitic meta-sedimentary unit. The Netherleigh Park mineralisation is interpreted to plunge shallowly to the northeast and beyond aircore drilling range. All Alford intercepts are reported as apparent widths. Drilling completed to date is not sufficiently detailed to determine the true width of mineralised bodies.

Aircore drilling results reaffirm the prospectivity of the Alford East target area. Previous exploration involved wide-spaced RAB traverses. The company has interpreted that this drilling targeted weathered basement samples below Tertiary cover. Recent drilling by Argonaut has shown that even minor copper anomalism in shallow RAB drilling warrants follow up exploration to better define the potential.

Scoping metallurgical testwork is being conducted on oxide mineralisation from the Netherleigh Park and Truck Paddock prospects. The results from this preliminary metallurgical sampling will better define the extent of the potential resource base. Geological and structural interpretation is continuing and will generate additional targets within the Alford East area.

Petrological studies are also underway to aid with geological modelling and to provide an understanding of the nature of the mineralised systems at Alford. Plans are being formulated for further drilling, scheduled to commence in November/December 2011 following the crop harvest. Drilling is likely to consist of staged aircore drilling programs and deeper diamond drill testing. Further geophysical data acquisition, including detailed airborne heli-mag to assist with structural and geological target generation, is also being considered. Netherleigh Park and ruck Paddock prospects will be the primary exploration targets.

EL4296, Torrens (Argonaut 100%)

A comprehensive report on litigation related to the Torrens project in South Australia was included in Argonaut's March 2011 Quarterly Report. Since the release of information on 29 April 2011 the Full Court of the Supreme Court of South Australia has made known it will hear the appeal against the decision by the ERD Court that proposed exploration activities may not be undertaken on EL4296 on 10 October 2011.

Directors' Report (continued)

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRL) and relates to the Torrens Project, EL 4296. Argonaut currently holds 100% of EL 4296 and Straits is earning a 70% interest. The Torrens Joint Venture is exploring for iron-oxide copper-gold ("IOCG") systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton region (Stuart Shelf), within 50 kilometres of Oz Mineral's Carrapateena copper - gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

Blackwood Coal (Argonaut 38%)

Argonaut holds a 38% undiluted interest in Blackwood Coal Ltd. On 12 July 2011, Blackwood Coal announced it had completed a 15 hole drilling program at its 90% held East Wandoan project in Queensland. East Wandoan is a joint venture between Blackwood and Australia Pacific Coal Ltd.
Drill holes intersected multiple plies of coal at shallow depths. Each of the holes has been geophysically logged to determine cumulative coal thicknesses. Blackwood expects to drill a further six to eight holes in the area to generate sufficient data for a coal resource to be calculated to JORC standards. It is anticipated that the drilling will determine whether areas adjacent to the current target area are to be targeted for exploration in the 2012 drilling season. Blackwood is intending to conduct a six hole scout drilling program at its Galilee Project and a 12 to 15 hole drilling program at its Moorlands Projects in the coming 8 to 10 weeks. Recently Blackwood has applied for two additional tenements in the Galilee Basin where it has just commenced a six hole scout drilling program.

On 20 July 2011, Blackwood announced that it had acquired 100% of the shares in Scorpion Pty Ltd. Scorpion holds five EPCs in Queensland, one of which, the Amberely project, has been explored previously. The results of previous exploration are being compiled to examine the possibly of a resource being estimated from existing data.

Previously, Blackwood Coal Ltd released its maiden Resource estimation, calculated in accordance with the JORC code, for its Moorlands Project in Queensland with the delineation of 27.3million tonnes of coal in EPC 1738. Blackwood's statement was included in an announcement by Argonaut dated 16 February 2011. Blackwood is a private company and currently has six granted coal Exploration Permits (EPC 1955, EPC 1738, EPC 1979, EPC 1802, EPC 2127 and EPC 2237) withanother ten EPCs under sole application and three under competing application. Blackwood is exploring for and defining coal Resources in the Bowen, Surat and Galilee coal basins and expects to list on the ASX in Q3 2011.

Kroombit (Argonaut 100%)

On 21 July 2010, Argonaut announced the Kroombit zinc-copper project Scoping Study had confirmed the project's development potential. The study showed an IRR of 20%, an NPV of $15 million and cash flow before tax of $71 million under the current taxation system using the estimated Resource and Exploration Potential at a 0.3% copper cut off, uplifted grades and a Discount Rate of 12%.

Directors' Report (continued)

Other study highlights included:

- Combined zinc/copper ore production estimated at 1.5 million tpa
- Low cost mining scenario - Open cut operation with estimated low striping ratio of 1.3:1
- Conventional processing route with low technology risk
- High grade zinc concentrate of 54% Zn
- Capital cost estimated at $87 million
- Further expansion of the resource base required to underpin project economics

Scoping Study context: scoping or conceptual studies usually are not sufficiently accurate to carry out a meaningful assessment of the economic viability of any [mining] project. Rather, their role is to determine whether, and to what extent, further predevelopment efforts are warranted. Scoping Studies typically have an accuracy level of +/-30-40%.

At present the company has not decided to commence the work required to confirm the additional exploration potential and uplifted grades and as a result, at reporting date, an impairment assessment was undertaken and a loss of $3.4 million was recognised in the financial statements to reflect its fair value.

Musgrave Minerals (Argonaut 2.1%)

Musgrave Minerals Limited initial public offering closed fully subscribed with a maximum oversubscription of $5 million, raising $20 million before expenses. Argonaut vended four exploration licence applications into Musgrave Minerals and now holds a 2.1% interest in the company.Musgrave Minerals has a large footprint in the Musgrave Block - one of the least explored geological provinces in Australia - with tenements covering an area totalling 50,000km2, approximately 5% of the State of South Australia.

EL4358 and EL4153, Aroona (Argonaut 100%)

No field based work was undertaken on the Aroona project during the period.

LAOS

Xekong Area (Argonaut 65%)

On 18 July 2011, Argonaut announced that final results have been received from the reverse circulation (RC) drilling program that was conducted over the 2010/2011 dry season at the company's 65% held Xekong tenement in southern Laos. Drilling targeted gold anomalies in the Ban Bak area. The two principal targets were Ban Bak Central and Ban Klong. Geologically, the exploration program targeted replacement style gold mineralisation analogous in nature to mineralisation found at the Sepon gold mine in Laos and at the Carlin trend in Nevada, USA.

16 holes for a total of 1,217 metres were completed at the Ban Klong prospect. Drilling at Ban Klong has revealed that surface gold anomalism is principally caused by gold in the matrix of sulphide-bearing structural/hydrothermal breccias. Argonaut geologists have also identified gold bearing veins at Ban Klong that are epithermal in appearance.

Directors' Report (continued)

The company completed 27 reverse circulation holes for a total of 2,398 metres at Ban Bak Central. Gold mineralisation was intercepted near surface at Ban Bak Central and long anomalous intervals of gold were intercepted at depth, but the company is yet to intersect gold mineralisation at depth that would be capable of causing the extensive surface anomalism, as defined by soil, rock chip and trench sampling. Causative mineralisation may be spatially off-set at depth. Further testing to extend the known area of mineralisation is planned in the upcoming drilling program.

Xekong RC drilling highlights

Hole	From (m)	Interval (m)	Au (g/t)	Ag (g/t)
BBRC21	0	6	1.09	1.9
BBRC22	0	8	4.45	8.9
BBRC24	10	12	3.48	12.1
BBRC27	8	4	0.92	
BBRC30	20	6	3.45	
BBRC31	22	6	26.20	14.4
incl.	24	2	76.40	38.6
BBRC33	6	10	0.52	
and	38	4	1.58	
and	46	4	1.95	

Drilling to date is not sufficiently detailed for true widths to be determined. It should be noted that mineralisation intercepted at Ban Klong and Ban Bak Central is not in the form of tabular veins. A program of infill and follow-up drilling is warranted at Ban Klong. Infill drilling is required to better define the orientation of the high grade zones. A significant area of the Ban Klong surface anomaly remains untested. An RC rig and a diamond drilling rig have been secured to recommence drilling in November 2011, at the start of the upcoming dry season.

Century Area (Argonaut 70%)

In the period the following work was undertaken at the Century concession in Laos:
- Nam Hone exploration camp construction completed;
- due diligence work at Nam Hone prospect completed;
- consultant engaged to carry out environmental and social baseline studies of Century Concession area;
- deep soil auger program approximately 25% complete;
- geological mapping with rock-chip sampling around Nam Hone prospect continues;
- geophysical consultant engaged to carry out IP survey at Nam Hone prospect;
- refurbishment of 2km of tracks at the Khokhe prospect to facilitate geological programs completed;
- corner peg survey of Century Concession area carried out; and
- conducted site visit with WREA to carry out environmental inspection of work areas.

The Century tenement is subject to a Management and Shareholders Agreement with Aurum Resources Pty. Ltd. Under the terms of the agreement, Aurum has been appointed the manager of the Century Thrust Joint Venture Agreement and will have the right to earn a 51% beneficial interest in the Century concession. In order to acquire this interest, Aurum must spend US$6.5 million on exploration within five years. The five year period includes an initial one year assessment period. At the completion of this earn-in Argonaut Resource's interest in the Century concession will be 19%.

Directors' Report (continued)

Corporate

On 4 April 2011, the Directors of Argonaut advised with great sadness that, Geoff Williams, a Director of Argonaut since 1999, had passed away peacefully. Geoff made a significant contribution to the company during his time on the Board. His extensive experience and expertise will be missed by Argonaut and all who worked with him.

During the period, Argonaut directors devoted considerable resources to finding and securing prospective, new exploration and development projects to supplement the company's existing portfolio.

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 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 2004 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.

Matters Subsequent to Balance Date

On 28 July 2011, the group has entered into a farm in joint venture with Mwombezhi Resources Limited referred to as the Lumwana West Joint Venture ("LWJV") to explore and develop the tenements located in Zambia.

Likely Developments and Expected Results of Operations

The Group will continue identifying resource opportunities capable of exploration to increase value with clear emphasis on projects capable of progress into production. Commodities of current interest include gold, copper, iron ore, silver and zinc. Presently the Group conducts the exploration of two mining tenements in Laos together with one in Australia. Mining tenements in Laos are controlled by wholly owned subsidiaries and the remaining exploration mining tenements located in Australia are with joint venture partners.

Further information on likely developments in the operations of the consolidated entity and the expected results of the operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental Regulation

Presently no significant environmental regulations apply to the Group. The Group is in compliance with all relevant environmental regulations.

Earnings Per Share

	2011 cents	2010 cents
Basic earnings/(loss) per share	(1.75)	0.18
Diluted earnings/(loss) per share	(1.75)	0.18

Details of the calculation of basic and diluted earnings/ (loss) per share is shown in Note 24.

Information on Directors

PJD Elliott - Chairman
Age: 59

Responsibilities
Chairman, Remuneration Committee Chairman, Nomination Committee Chairman and Audit Committee member.

Experience and expertise
Pat has been an Independent non-executive Chairman of Argonaut Resources NL for 8 years.
Pat is an investment banker who has 39 years experience in financial management and resource investment and development.

Other current directorships
Pat currently holds a number of Non-Executive Chairmanships which include; Platsearch NL, Australia Oriental Minerals NL, Spectrum Network System, and has a number directorships which include Crossland Uranium Mines Limited and Global Geoscience Limited.

Former directorships in last 3 years
SAPEX Limited

L J Owler - Exploration Director
B.Sc, MAusIMM
Age: 39

Responsibilities
Exploration Director and Nomination Committee member.

Experience and expertise
Lindsay has been an exploration director of Argonaut Resources NL for 6 years.
Lindsay is a geologist and geophysicist with 18 years experience in mineral exploration and development.

Other current directorships
Nil

Former directorships in last 3 years
Nil

Directors' Report (continued)

A W Bursill - Director
B.Agr. Ec., CA.
Age: 40

Responsibilities
Chief Financial Officer, General Manager, Company Secretary and a member of the Audit committee.

Experience and expertise
Andrew is a chartered accountant with more than 12 years' experience as a Director and Company Secretary of numerous publicly listed entities. In addition to his appointment at Argonaut, Andrew is currently the Company Secretary of Australia Oriental Minerals NL, Aguia Resources Limited, Kibaran Nickel Limited, MOKO.mobi Limited and Site Group Limited and several other unlisted public and private companies.

Other current directorships
Australia Oriental Minerals NL and Orion Petroleum Limited

Former directorships in last 3 years
Site Group Limited

Meetings of Directors

The meetings of the Company's board of directors and each board committee held during the year ended 30 June 2011, and the number attended by each director were:

2011	Full Meetings of Directors		Audit Committee		Remuneration Committee		Nomination Committee	
	A	B	A	B	A	B	A	B
Meetings attended:								
Patrick Elliott	6	6	1	1	-	-	-	-
Geoff Williams*	5	5	1	1	-	-	-	-
Lindsay Owler	6	6	-	-	-	-	-	-
Andrew Bursill	6	6	1	1	-	-	-	-

*Ceased 1 April 2011

A = Number of meetings held during the time the director held office or was a member of the committee
B = Number of meetings attended

Insurance of Officers

During the financial year, the Company paid directors' and officers' liability insurance premium of $13,320 to insure the directors and Company Secretary of the consolidated entity. The insurance premium was for the period 31 July 2010 to 31 July 2011 (2010: $13,820).

Officers Indemnities

The Company's constitution provides for the Group, to the extent permitted by law, to indemnify every person who is or has been a director, secretary, executive officer or full time employee of the Company against any liability incurred by that person as an officer of the Company to a person other than the Company or related body corporate, unless the liability arises out of conduct that involved a lack of good faith or was contrary to the Company's express instructions.

The constitution also provides that the Company indemnifies every director, secretary, executive officer or full-time employee of the Company against any liability for cost and expenses incurred by that person in their capacity as a director, secretary, executive officer or full-time employee of the Company:

- In defending any proceedings, whether civil or criminal, in which the judgement is given in favour of, or results in the acquittal of the person; or

- In connection with any application made in relation to such proceeding, in which the Court grants relief to the person under the Corporations Law.

Proceedings on Behalf of the Company

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

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the *Corporations Act 2001*.

REMUNERATION REPORT (AUDITED)

The Remuneration Report is set out under the following main headings:

A. Principles used to determine the nature and amount of remuneration
B. Details of remuneration
C. Service agreements
D. Share-based compensation

The information provided in this Remuneration Report has been audited as required by section 308(3c) of the *Corporations Act 2001*.

A. Principles Used to Determine The Nature and Amount Of Remuneration (Audited)

The objective of the Remuneration Committee is to ensure reward for performance is competitive, appropriate and aligns with achievement of strategic objectives. No element of remuneration is determined in relation to the financial performance of the Company. As there is no link to financial performance there is no further discussion required by Section 300A and Part 2M of the Corporations Act 2001. The Board (through the Remuneration Committee) ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- transparency

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

Non-Executive Directors

Fees and payments to non-executive directors including the chairman reflect the demands which are made on, and the responsibilities of, the directors. Non-executive directors' fees and payments are reviewed annually by the Board.

The current non-executive directors’ fees are determined within an aggregate directors’ fee limit, which was approved by shareholders. The maximum current aggregate non-executive directors’ fee limit stands at $350,000. The current non-executive directors received $220,150.

Remuneration Report (continued)

Executive Pay

The executive pay and reward framework has three components:

- base pay and benefits
- long-term incentives through participation in share-based compensation, and
- other remuneration such as superannuation.

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

Base Pay

The base is structured as a total employment cost package which may be delivered as a combination of cash and salary sacrifice arrangements at the executives’ discretion. Base pay for senior executives is reviewed annually to ensure executive's pay is competitive with the external market. An executives’ pay is also reviewed on promotion.

There are no guaranteed base pay increases fixed in any senior executives' contracts.

Group performance and link to remuneration

Remuneration for directors is directly linked to performance of the group. The share based payments are issued to incentivise the future performance of the directors.

Benefits

Executives receive benefits including health insurance and car allowance.

B. Details of Remuneration (Audited)

Amount of Remuneration

Details of the remuneration of each director of Argonaut Resources NL who are considered to be the only key management personnel of the Group (as defined AASB 124 Related Party Disclosures), including their personally-related entities, are set out below.

Remuneration Report (continued)

DIRECTORS OF ARGONAUT RESOURCES NL

2011	Short term benefits		Post employment benefits			Share based benefits		
Name	Cash salary & Fees	Non-monetary benefits	Super-annuation	Long Service Payment	Retirement Payment	Shares & Options	Total	Performance Related
	$	$	$	$	$	$	$	%
PJD Elliott	85,000	-	-	-	-	43,200	128,200	34
GN Williams[(2)]	8,750	-	40,000	-	-	43,200	91,950	47
LJ Owler	225,000	33,497	-	3,340	-	72,000	333,837	22
AW Bursill[(1)]	40,000	-	-	-	-	43,200	83,200	52
Total	358,750	33,497	40,000	3,340	-	201,600	637,187	

[(1)] AW Bursill, Chief Financial Officer and Company Secretary is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretary services to Argonaut Resources NL. The contract between Argonaut Resources NL and Franks & Associates is based on normal commercial terms. During the year ended 30 June 2011, Franks & Associates were paid a total of $197,040 (2010: $119,250) in relation to the services.
[(2)] GN Williams ceased to be a director on 1 April 2011.

2010	Short term benefits		Post employment benefits			Share based benefits		
Name	Cash salary & Fees	Non-monetary benefits	Super-annuation	Long Service Payment	Retirement payment	Shares & Options	Total	Performance Related
	$	$	$	$	$	$	$	%
PJD Elliott	80,000	-	-	-	-	-	80,000	-
G A Ellis(3)	127,000	67,694	23,000	110,002	150,000	-	477,696	-
GN Williams	-	-	60,000	-	-	-	60,000	-
LJ Owler	200,000	53,615	-	3,340	-	-	256,955	-
AW Bursill(1)	6,292	-	-	-	-	-	6,292	-
Total	413,292	121,309	83,000	113,342	150,000	-	880,943	

[(3)] GA Ellis ceased to be a director on 31 December 2009.

Director remuneration is not at risk with respect to performance related conditions.

Key Management Personnel of the Group

There are no other specified executives. No other officers or directors received emoluments from the Group.

Remuneration Report (continued)

C. Service Agreements (Audited)

Remuneration and other terms of employment for the Exploration Director is formalised in a service agreement.
The service agreement is renewed on a quarterly basis each quarter unless it is terminated.

D. Share Based Compensation (Audited)

Options

The assessed fair value at grant date of the equity settled options granted to individuals is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration table. Fair values at grant date are independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and risk-free interest rate for the term of the option.

All options granted during the year ended 30 June 2011 vested immediately at the grant date.

Terms and conditions of each grant of option during the year

Directors	Number Of Options Granted	Dated Granted	Exercise Price	Expiry Date	Fair value per option at grant date	%Vested during the year
PJD Elliott	1,500,000	1/12/2010	0.30	31/12/2013	0.0288	100%
G Williams[(1)]	1,500,000	1/12/2010	0.30	31/12/2013	0.0288	100%
L Owler	2,500,000	1/12/2010	0.30	31/12/2013	0.0288	100%
A Bursill	1,500,000	1/12/2010	0.30	31/12/2013	0.0288	100%
Total	7,000,000					

[(1)] GN Williams ceased to be a director on 1 April 2011.

Value of options over ordinary shares granted, exercised and lapsed during the year

Directors	Value of option granted during the year	Value of option exercised during the year	Value of option lapsed during the year
PJD Elliott	43,200	-	-
G Williams	43,200	-	-
L Owler	72,000	-	-
A Bursill	43,200	-	-
Total	201,600	-	-

Remuneration Report (continued)

Share Holdings

The numbers of shares in the Company held during the financial year by each director of Argonaut resources NL and each of the specified executives of the consolidated entity, including personally-related entities, are set out below:

2011 Directors	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
PJ Elliott	-	-	160,000	160,000
GN Williams [1]	250,000	-	-	250,000
L J Owler	-	-	-	-
AW Bursill	-	-	1,033,600	1,033,600
Total	250,000	-	1,193,600	1,443,600

[1] GN Williams ceased to be a director on 1 April 2011.

2010 Directors	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
PJ Elliott	-	-	-	-
GA Ellis*	1,432,500	-	250,000	1,682,500
GN Williams	250,000	-	-	250,000
L J Owler	-	-	-	-
AW Bursill	-	-	-	-
Total	1,682,500	-	250,000	1,932,500

*For GA Ellis the balance held is the balance at the date of his retirement.

NON-AUDIT SERVICES

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or the Group are important. Details of the amounts paid or payable to the auditor - Ernst & Young for audit and non-audit services provided during the year are set out below.

The board of directors has considered the position and, in accordance with the advice received from the Audit Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

During the year the following fees were paid or payable for services provided by the auditors of the parent entity, its related practices and non-related audit firms:

	2011	2010
	$	$
Assurance Services		
1. Audit services		
Fees paid to Ernst & Young:		
Audit and review of financial reports under the *Corporations Act 2001*	78,700	81,922
Related practices of Ernst & Young Australian firm	8,119	8,870
Total Remuneration for Audit Services	86,819	90,792
2. Taxation services		
Fees paid to Ernst & Young Australian firm:		
Tax compliance services, including review of Company income tax returns	40,490	57,972
Total Remuneration for Taxation Services	40,490	57,972
TOTAL	127,309	148,764

Auditors' Independence Declaration

A copy of the auditors' independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 20.

Auditor

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

This report is made in accordance with a resolution of directors.

P J D Elliott
Chairman

30 September 2011

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

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

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

In relation to our audit of the financial report of Argonaut Resources NL for the financial year ended 30 June 2011, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M. Elliott

Michael Elliott
Partner
30 September 2011

CORPORATE GOVERNANCE STATEMENT

The board of directors are responsible for establishing the corporate governance framework of the Group having regard to the ASX Corporate Governance Council (CGC) published guidelines as well as its corporate governance principles and recommendations. The board guides and monitors the business and affairs of Argonaut Resources NL on behalf of the shareholders by whom they are elected and to whom they are accountable.

The functions of the Board include:

- review and approval of corporate strategies, the annual budget and financial plans;
- overseeing and monitoring organisational performance and the achievement of the Company's strategic goals and objectives;
- monitoring financial performance including approval of cash flow statements and annual and half-year financial reports and liaison with the Company's auditors;
- approving fees of non-executive directors;
- ensuring there are effective management processes in place and approving major corporate initiatives;
- enhancing and protecting the reputation of the organisation;
- ensuring the significant risks facing the Company and its controlled entities have been identified and appropriate and adequate control, monitoring and reporting mechanisms are in place;
- appointment, retention and termination of the Managing Director, Company Secretary and the Exploration Director;
- approving and monitoring major capital and exploration expenditure, capital management, and acquisitions and divestitures;
- reporting to shareholders; and
- approving decisions concerning the capital of the Company.

A description of the Company's main corporate governance practices is set out below. All these practices, unless otherwise stated, were in place for the entire year.

Corporate Governance Statement (continued)

The Board of Directors

The Board operates in accordance with the following broad principles. Further information about the directors is set out in the directors' report under the heading "Information on directors":

- the Board should be comprised of both executive and non-executive directors with at least half the board comprising independent non-executive directors, with the Chairman having a casting vote.

- in recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be an independent non-executive director.

- The Chairman of the Board is elected by the full Board and should meet regularly with the Managing Director.

- The Company is to maintain a mix of directors on the board from different backgrounds with complementary skills and experience.

The board of directors is currently actively looking for an Australian resident director to replace GN Williams.

In addition the Board seeks to ensure that the membership at any point in time represents an appropriate balance between directors with experience and knowledge of the Company and directors with an external or fresh perspective.

The skills, experience and expertise of each director has been disclosed in the Directors Report.

Board Committees

The Board has established a number of committees to assist in the execution of its duties and to allow detailed consideration of complex issues. Current committees of the Board are the nomination, remuneration and audit committees. The committee structure and membership is reviewed on an annual basis.

Each committee has its own written charter setting out its role and responsibilities, composition, structure, membership requirements and the manner in which the committee is to operate. All matters determined by committees are submitted to the full Board as recommendations for Board decisions.

Minutes of committee meetings are tabled at the subsequent Board meeting. Additional requirements for specific reporting by the committees to the Board are addressed in the charter of the individual committees.

The members appointed to each committee, the number of meetings held and the attendance at meetings by relevant members held has been disclosed in the Directors report.

Corporate Governance Statement (continued)

Remuneration Committee

The responsibilities of the remuneration committee include a review of and recommendation to the Board on:

- executive remuneration and incentive policies;
- the Company's recruitment retention and termination policies and procedures for senior management;
- superannuation arrangements; and
- the remuneration of executive directors.

The Groups remuneration policy has been disclosed in the Directors report.

Nomination Committee

The Nomination Committee supports and advises the Board on Board matters including policies, performance, composition and succession planning. This includes identifying, evaluating and recommending candidates to the Board and providing advice regarding candidates nominated by shareholders. The Nomination Committee also oversees the appointment of non-executive directors to the Boards of subsidiary companies.

Audit Committee

The Audit Committee assists the Board to discharge its corporate governance responsibilities in regard to the:

- Business relationship with, and the independence of the external auditor;
- Reliability and appropriateness of disclosure of the financial statements and external related financial communications; and
- Maintenance of an effective framework of business risk management, including compliance and internal controls.

Independent Professional Advice

Directors and Board Committees have the right, in connection with their duties and responsibilities, to seek independent professional advice at the Company's expense. Prior written approval of the Chairman is required, but this will not be unreasonably withheld.

Corporate Governance Statement (continued)

Performance Assessment

The Board undertakes annual self assessment of its collective performance and the performance of the Chairman. The Chairman undertakes an annual assessment of the performance of individual directors. The Directors' performance is measured against specific performance goals as set out by the Board annually.

External Auditors

The Company and audit committee policy is to appoint external auditors who clearly demonstrate quality and independence. The performance of the external auditor is reviewed annually and applications for tender of external audit services are requested as deemed appropriate, taking into consideration assessment of performance, existing value and tender costs. It is Ernst & Young policy and a *Corporation Act 2001* requirement to rotate audit engagement partners on listed companies at least every five years.

An analysis of fees paid to the external auditors, including a break-down of fees for non-audit services, is provided in the directors' report and in Note 16 to the financial statements. It is the policy of the external auditors to provide an annual declaration of their independence to the audit committee.

The external auditor is requested to attend the annual general meeting and be available to answer shareholder questions about the conduct of the audit and the preparation and content of the audit report.

Continuous Disclosure

The Company Secretary has been appointed as the person responsible for communications with the Australian Stock Exchange (ASX). This person is also responsible for ensuring compliance with the continuous disclosure requirements in the ASX listing rules and overseeing and co-ordinating information disclosure to the ASX. A written policy and procedures have been designed to ensure compliance with the ASX listing rules.

Director Shareholdings

The Company maintains a policy which requires that Directors, officers and employees of the Company not engage in any dealings in the shares of the Company without giving prior notice to the Company including details of the type and date of dealing, number of securities, parties and price.

Company policy prohibits Directors, officers and employees from dealing the Company's securities at any time during a closed period. Closed period means the period between:

- 1 January and the day of release Half Year Report to the ASX;
- 1 July and the day of release Full Year Report to the ASX; or
- Any other periods from time to time when the Company is considering matters which are subject to Listing Rule 3.1A as resolved by the Board of the Company.

Corporate Governance Statement (continued)

Ethical Standards

All directors and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Company. The Board reviews the Code of Conduct regularly and processes are in place to promote and communicate these policies.

Communication with Shareholders

Past announcements and other relevant information, is available on the Company's website. The Board encourages full participation of shareholders at the annual general meeting.

Risk Assessment and Management

Investment appraisal – the risks involved in a diversified resources exploration, development, production and the specific uncertainties for the Company are regularly monitored and reviewed by the Board. All proposals reviewed by the Board include a conscious consideration of the issues and risks of the proposal.

ASX Corporate Governance Council Best Practice Recommendations

As a listed Company on the Australian Stock Exchange Limited (ASX), the Company must report on its main corporate governance practices by reference to the best practice recommendations of the ASX Corporate Governance Council (the Council), 2nd Edition (Recommendations).

The following policies have been implemented by the Board:

- The functions of the board
- Board Charter
- Remuneration committee
- Nomination committee
- Audit committee
- Communication with shareholders
- Continuous Disclosure Policy
- Share Trading Policy

Corporate Governance Statement (continued)

- Code of Business Conduct
- Risk and assessment management
- Ethical standards

ASX CGC's Best Practice Recommendations		
Principle 1	**Lay Solid Foundations for Management and Oversight**	
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Comply
1.2	Formalise and disclose the process for evaluating the performance of senior executives.	Comply
1.3	Provide information indicated in the guide to reporting on Principle 1.	Comply
Principle 2	**Structure the Board to Add Value**	
2.1	A majority of the board should be independent directors	Mr Elliott is the only independent director on the Board. The size and scope of the Company's activities does not justify the cost of appointing another independent director at this stage of its development.
2.2	The chairperson should be an independent director	Comply
2.3	The role of the chairperson and chief executive officer should not be exercised by the same individual	Comply
2.4	The Board should establish a nomination committee	Comply
2.5	Disclose the process for evaluating the performance of the board, its committees and individual directors.	Comply
2.6	Provide the information indicated in Guide to reporting on Principle 2.	Comply
Principle 3	**Promote Ethical and Responsible Decision-Making**	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent) and any other key executives as to: The practices necessary to maintain confidence in the Company's integrity. The practise necessary to take into account the legal obligation and the reasonable expectations of shareholders. The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply
3.2	Disclose the policy concerning trading in Company securities by directors, officers and employees including setting close periods of trading and disclosing a summary of that policy.	Comply
3.3	Provide the information indicated in the guide to reporting on Principle 3.	Comply

Corporate Governance Statement (continued)

ASX CGC's Best Practice Recommendations		
Principle 4	**Safeguard Integrity In Financial Reporting**	
4.1	The Board should establish an audit committee	Comply
4.2	Structure the audit committee so that it consists of:	
	Only non-executive directors	Qualified compliance[1]
	A majority of independent directors	Comply
	An independent chairperson, who is not chairperson of the Board	Comply
	At least three members	Comply
4.3	The audit committee should have a formal charter	Comply
4.4	Provide the information indicated in Guide to reporting on Principle 4	Comply
Principle 5	**Make Timely and Balanced Disclosure**	
5.1	Establish written policies and procedures designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior management level for that compliance	Comply
5.2	Provide the information indicated in the guide to reporting on Principle 5	Comply
Principle 6	**Respect the Rights of Shareholders**	
6.1	Design and disclose a communication strategy to promote effective communication with shareholders and encourage effective participation at general meetings	Comply
6.2	Provide the information indicated in the guide to reporting on Principle 6	Comply
Principle 7	**Recognise and Manage Risk**	
7.1	Establish and disclose policies on risk oversight and management	Comply
7.2	The Board should disclose that it has required management to design and implement the risk management and internal control system to manage the material business and report on whether those risks are being managed effectively.	Comply
7.3	The chief executive officer (or equivalent) and the chief financial officer (or equivalent) should state to the Board in writing that; the statement given in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board and that the system is operating effectively in all material aspects in relation to financial reporting risks.	Comply
7.4	Provide the information indicated in guide to reporting on Principle 7	Comply
Principle 8	**Remunerate Fairly and Responsibility**	
8.1	The Board should establish a remuneration committee	Comply
8.2	Clearly distinguish the structure of non-executive directors remuneration from that of executives	Comply
8.3	Provide the information indicated in Guide to reporting on Principle 8	Comply

[1] The audit and risk committee did not consist of only the non-executive director for full financial year, however the overriding premise in determining the composition of the committee is that the committee consists of members with relevant experience and expertise. The Chairman of the audit and risk committee is required to be, and is, a non-executive independent director. The Chairman of the audit and risk committee holds a casting vote.

FINANCIAL REPORT
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Revenue			
Other revenue	2	572,740	2,700,808
Other income	2	272,600	-
Total revenue		845,340	2,700,808
Expenses			
Audit, accounting & legal fees		402,630	198,430
Depreciation		23,063	32,516
Employee and director benefits expense		400,442	715,681
Finance costs		194	13
Loss on sale of investments		-	7,894
Impairments		3,545,467	1,155,260
Office lease & maintenance costs		12,289	8,829
Office administration expense		191,302	185,635
Statutory expenses		80,573	54,986
Travel expenses		13,336	45,402
Total expenses		4,669,296	2,404,646
Profit/(Loss) before income tax		(3,823,956)	296,162
Income tax credit/(expense)	3	-	-
Profit/(Loss) after income tax		(3,823,956)	296,162
Other comprehensive income/(loss)			
Foreign currency translations	14	(1,311,162)	(231,938)
Available for sale asset reserve	14	-	336,644
Other comprehensive income/(loss)		(1,311,162)	104,706
Total comprehensive income/(loss) for the year		(5,135,118)	400,868
Profit/(loss) for the year is attributed to:			
Non-controlling interest		(31,822)	-
Owners of the parent		(3,792,134)	296,162
		(3,823,956)	296,162
Total comprehensive income/(loss) for the year is attributable to:			
Non-controlling interest		(31,822)	-
Owners of the parent		(5,103,296)	400,868
		(5,135,118)	400,868
		Cents	Cents
Basic earnings/(loss) per share	24	(1.75)	0.18
Diluted earnings/(loss) per share	24	(1.75)	0.18

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2011

	Notes	2011 $	2010 $
ASSETS			
Current Assets			
Cash and cash equivalents	4	8,599,032	7,941,761
Trade and other receivables	5	155,556	73,197
Total Current Assets		8,754,588	8,014,958
Non-Current Assets			
Available for sale financial assets	6	400,000	-
Property, plant and equipment	7	168,255	550,467
Investment property	7	489,951	-
Investment in associate	8	4,100,873	-
Exploration and evaluation assets	9	9,478,830	10,754,226
Total Non-Current Assets		14,637,909	11,304,693
Total Assets		23,392,497	19,319,651
LIABILITIES			
Current Liabilities			
Trade and other payables	10	392,100	392,378
Provisions	11	19,975	561
Total Current Liabilities		412,075	392,939
Non-Current Liabilities			
Provisions	12	51,912	48,572
Total Non-Current Liabilities		51,912	48,572
Total Liabilities		463,987	441,511
Net Assets		22,928,510	18,878,140
EQUITY			
Contributed equity	13	35,867,009	27,698,987
Reserves	14	(754,364)	(460,668)
Accumulated (losses)	14	(12,152,313)	(8,360,179)
Total Equity		22,960,332	18,878,140
Non controlling interest	14(e)	(31,822)	-
Total Equity		22,928,510	18,878,140

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

2011	Issued Capital	Accumulated Losses	Available for sale asset reserve	Foreign currency translation reserve	Share based payment reserves	Non-controlling interest	Total
	$	$	$	$	$	$	$
Balance at 1 July 2010	27,698,987	(8,360,179)	-	(460,668)	-	-	18,878,140
Loss for the year	-	(3,792,134)	-	-	-	(31,822)	(3,823,956)
Other comprehensive income/(loss)	-	-	-	(1,311,162)	-	-	(1,311,162)
Total comprehensive income/(loss) for the year	-	(3,792,134)	-	(1,311,162)	-	(31,822)	(5,135,118)
Share based payment	-	-	-	-	1,017,466	-	1,017,466
Rights Issue	6,489,387	-	-	-	-	-	6,489,387
Issue of shares - private placement	2,323,778	-	-	-	-	-	2,323,778
Share issue transaction costs	(645,143)	-	-	-	-	-	(645,143)
Balance at 30 June 2011	35,867,009	(12,152,313)	-	(1,771,830)	1,017,466	(31,822)	22,928,510

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

2010	Issued Capital	Accumulated Losses	Available for sale asset reserve	Foreign currency translation reserve	Share based payment reserves	Non-controlling interest	Total
	$	$	$	$	$	$	$
Balance at 1 July 2009	27,698,987	(8,704,974)	(336,644)	(228,730)	48,633	-	18,477,272
Profit for the year	-	296,162	-	-	-	-	296,162
Other comprehensive income/(loss)	-	-	336,644	(231,938)	-	-	104,706
Total comprehensive income/(loss) for the year	-	296,162	336,644	(231,938)	-	-	400,868
Movement in share based payment reserve to retained earnings	-	48,633	-	-	(48,633)	-	-
Rights issue	-	-	-	-	-	-	-
Issue of shares - private placement	-	-	-	-	-	-	-
Share issue transaction costs	-	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	-
Balance at 30 June 2010	27,698,987	(8,360,179)	-	(460,668)	-	-	18,878,140

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

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Notes	2011 $	2010 $
Cash flows from operating activities			
Payments to suppliers and employees (including GST)		(928,627)	(1,406,661)
Receipts from recovery of fraud related matters		22,000	2,253,004
Interest paid		-	(13)
Rental income		14,733	-
Interest received		421,365	369,648
Net cash from/(used in) operating activities	23	(470,529)	1,215,978
Cash flows from investing activities			
Proceeds from sale of investments		-	983,806
Payment for investment in associate		(4,100,873)	-
Payments for plant and equipment		(134,195)	(21,351)
Payments for exploration		(3,685,311)	(875,433)
Net cash from/(used in) investing activities		(7,920,379)	87,022
Cash flows from financing activities			
Share issues		8,813,175	-
Capital raising costs for rights issue		(645,153)	-
Funds advanced by Aurum for earn-in		910,806	-
Net cash (used in) financing activities		9,078,828	-
Net increase/(decrease) in cash and cash equivalents		687,920	1,303,000
Cash and cash equivalent at the beginning of the year		7,941,761	6,652,167
Effects of exchange rate changes on cash		(30,649)	(13,406)
Cash and cash equivalents at the end of the year	4	8,599,032	7,941,761

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

CONTENTS OF THE NOTES TO THE FINANCIAL STATEMENTS
30 JUNE 2011

Note	Contents	**Page**
1	Summary of Significant Accounting Policies	34
2	Revenue and Other Income	47
3	Income Tax Expense	47
4	Current Assets - Cash and Cash Equivalents	47
5	Current Assets - Trade and Other Receivables	48
6	Non-Current Assets - Other Financial Assets	48
7	Property, Plant and Equipment	49
8	Investment in Associates	50
9	Exploration and Evaluation Assets	50
10	Current Liabilities – Payables	50
11	Current Liabilities - Provisions	51
12	Non-Current Liabilities - Provisions	51
13	Contributed Equity	51
14	Reserves and Retained Profits	52
15	Financial Risk Management	53
16	Remuneration of Auditors	55
17	Financial Commitments	56
18	Key Management Personnel Disclosures	56
19	Share Based Payments	58
20	Segment Information	59
21	Related Party Information	60
22	Events Occurring After Reporting Date	61
23	Reconciliation of Profit after Income Tax to Net Cash Outflow from Operating Activities	62
24	Earnings Per Share	62
25	Commitments for Exploration Expenditure	63
26	Joint Venture Interests	63
27	Critical Accounting Estimates and Judgements	64
28	Parent Entity Information	64
29	Contingent Liabilities	64

Note 1: Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of Argonaut Resources NL and its subsidiaries ("Group" or "Consolidated Entity").

(a) Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the Corporations Act 2001.

Compliance with IFRSs
The financial report complies with Australian Accounting Standards and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

Historical Cost Convention
These financial statements have been prepared under the historical cost convention, except for the revaluation of available for sale financial assets which are measure at fair value through equity.

Critical Accounting Estimates
The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 27.

(b) Basis of Consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Argonaut Resources NL as at 30 June 2011 and the results of all subsidiaries for the year then ended. Argonaut Resources NL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests result in gains and losses for the Group that are recorded in the income statement. Purchases from minority interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Note 1: Summary of Significant Accounting Policies (continued)

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

(c) Segment Reporting

Identification of reportable segments

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

Types of product and service by segment

As of the date of this report and during the twelve months to 30 June 2011 the Group operates entirely in the industry of exploration of minerals in Australia and Laos. The operating segments are identified based on the size of the exploration tenements.

An operating segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment. The Group is managed primarily on its tenements which comprise mineral tenements in South Australia and Queensland in Australia and all other tenements are in Laos.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Group has determined that the reportable operating segments are based on geographical locations as this is the source of the Group's major assets.

Accounting policies adopted

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in Note 1 to the accounts and the annual financial statements of the Group.

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

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

Note 1: Summary of Significant Accounting Policies (continued)

(d) Foreign Currency Translation

(i) Functional and Presentation Currency
Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Argonaut Resources NL's functional and presentation currency.

(ii) Transactions and Balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

Translation differences on non-monetary financial assets such as equities classified as available-for-sale financial assets are included in the fair value reserve in equity.

(iii) Group Companies
The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Note 1: Summary of Significant Accounting Policies (continued)

(e) Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances and duties and taxes paid.

Disposal of Assets
Profit on disposal of assets is recognised when a group entity sells an asset to an external party.

Interest Revenue
Interest revenue is recognised on a time proportion basis using the effective interest method.

(f) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the national income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements.

However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects either accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

Note 1: Summary of Significant Accounting Policies (continued)

(g) Tax Consolidation

The Group has not elected to consolidate for tax purposes for the year ended 30 June 2011.

(h) Impairment of Assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.
For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

(i) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade and Other Receivables

Collectability of debtors is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment of receivables is established when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows.

(k) Investments and Other Financial Assets

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

(i) Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

Note 1: Summary of Significant Accounting Policies (continued)

(k) Investments and Other Financial Assets (continued)

(ii) Available for Sale Financial Assets

Available for sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the reporting date. Investments are designated as available for sale if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term.

(iii) Recognition and Derecognition

Regular purchases and sales of financial assets are recognised on trade date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit and loss. Financial assets carried at fair value through profit or losses are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

When securities classified as available for sale are sold, the accumulated fair value adjustments recognised in equity are included in the income statement as gains and losses from investments securities.

(iv) Subsequent Measurement

Available for sale financial assets and financial assets at fair value through profit and loss are subsequently carried at fair value.

(v) Impairment

The Group assesses at each balance date whether there is objective evidence that a financial asset is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in fair value of a security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in the income statement. Impairment losses recognised in the income statement on equity instruments classified as available for sale are not reversed through the income statement.

Note 1: Summary of Significant Accounting Policies (continued)

(l) Exploration and Evaluation Expenditure

Costs in regards to the initial acquisition of exploration tenements are capitalised. Exploration and evaluation expenditure is carried forward in the financial statements, in respect of areas of interest for which rights of tenure are current and where:

(i) such costs are expected to be recouped through successful development and exploitation of the area of interest; or

(ii) exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in relation to the area of interest are continuing.

Free Carry Interest
Joint Venture participants interest in the Laos exploration projects are free carried by the company through to the point at which the company makes a decision to mine. General overheads and administrative overheads are expensed as incurred.

(m) Property, Plant and Equipment

All plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

Depreciation on assets is calculated, on the straight line method to allocate their cost or re-valued amounts, net of their residual values, over their estimated useful lives, as follows:

Property	20 years
Office equipment, furniture and fittings	5 – 7 years
Motor Vehicles	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 1(h)).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the income statement.

Note 1: Summary of Significant Accounting Policies (continued)

(n) Trade Payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Employee Benefits

(i) Wages and Salaries, Annual Leave and Sick Leave

Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

(ii) Long Service Leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-Based Payments

Share-based compensation benefits are provided to employees via the Argonaut Resources NL Employee Option Plan. Information relating to these schemes is set out in Note 19.

The fair value of options granted under the Argonaut Resources NL Employee Option Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the employees become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

The fair value of the options granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non market vesting conditions are included in assumptions about the number of options that are expected to become exercisable.

Note 1: Summary of Significant Accounting Policies (continued)

(o) Employee Benefits (continued)

the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

(p) Contributed Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds

If the entity reacquires its own equity instruments, e.g. as the result of a share buy back, those instruments are deducted from equity and the associated shares are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(q) Dividends

A provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

(r) Earnings per Share

(i) Basic Earnings per Share

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

(ii) Diluted Earnings per Share

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

Note 1: Summary of Significant Accounting Policies (continued)

(s) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

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

(t) Application of new and revised Accounting Standards

The following new and revised Standards and Interpretations have been adopted in the current period and have affected the amounts reported in these financial statements. Details of other Standards and Interpretations adopted in these financial statements but that have had no effect on the amounts reported are set out in section (ii).

(i) Standards affecting presentation and disclosure

AASB7.44L Amendments to AASB 7 'Financial Instruments: Disclosure' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify the required level of disclosures about credit risk and collateral held and provide relief from disclosures previously required regarding renegotiated loans.
AASB5.44E Amendments to AASB 5 'Non-current Assets Held for Sale and Discontinued Operations'	Disclosures in these financial statements have been modified to reflect the clarification in AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project' that the disclosure requirements in Standards other than AASB 5 do not generally apply to noncurrent assets classified as held for sale and discontinued operations.
AASB101.139F Amendments to AASB 101 'Presentation of Financial Statements' (adopted in advance of effective date of 1 January 2011)	The amendments (part of AASB 2010-4 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') clarify that an entity may choose to present the required analysis of items of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements.

Note 1: Summary of Significant Accounting Policies (continued)

(t) Application of new and revised Accounting Standards (continued)

AASB107.56 Amendments to AASB 107 'Statement of Cash Flows'	The amendments (part of AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project') specify that only expenditures that result in a recognised asset in the statement of financial position can be classified as investing activities in the statement of cash flows. Consequently, cash flows in respect of development costs that do not meet the criteria in AASB 138 'Intangible Assets' for capitalisation as part of an internally generated intangible asset (and, therefore, are recognised in profit or loss as incurred) have been reclassified from investing to operating activities in the statement of cash flows.

Standards and interpretations affecting the reported results or financial position

There are no new and revised Standards and Interpretations adopted in these financial statements affecting the reporting results or financial position.

(ii) Standards and Interpretations adopted with no effect on financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

AASB 2009-5 'Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project'	Except for the amendments to AASB 5 and AASB 107 described earlier this section, the application of AASB 2009-5 has not had any material effect on amounts reported in the financial statements.
AASB 2009-8 'Amendments to Australian Accounting Standards – Group Cash-Settled Share based Payment Transactions'	The application of AASB 2009-8 makes amendments to AASB 2 'Share-based Payment' to clarify the scope of AASB 2, as well as the accounting for group cash-settled share-based payment transactions in the separate (or individual) financial statements of an entity receiving the goods or services when another group entity or shareholder has the obligation to settle the award.
AASB 2009-10 'Amendments to Australian Accounting Standards – Classification of Rights Issues'	The application of AASB 2009-10 makes amendments to AASB 132 'Financial Instruments: Presentation' to address the classification of certain rights issues denominated in a foreign currency as either an equity instrument or as a financial liability. To date, the Group has not entered into any arrangements that would fall within the scope of the amendments.

Note 1: Summary of Significant Accounting Policies (continued)

(t) Application of new and revised Accounting Standards (continued)

AASB 2010-3 ‘Amendments to Australian Accounting Standards arising from the Annual Improvements Project’	The application of AASB 2010-3 makes amendments to AASB 3(2008) ‘Business Combinations’ to clarify that the measurement choice regarding non-controlling interests at the date of acquisition is only available in respect of non-controlling interests that are present ownership interests and that entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other types of non controlling interests are measured at their acquisition-date fair value, unless another measurement basis is required by other Standards. In addition, the application of AASB 2010-3 makes amendments to AASB 3(2008) to give more guidance regarding the accounting for share-based payment awards held by the acquiree's employees. Specifically, the amendments specify that share - -based payment transactions of the acquiree that are not replaced should be measured in accordance with AASB 2 ‘Share-based Payment’ at the acquisition date (‘market-based measure’).
AASB 2010-4 ‘Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project’	Except for the amendments to AASB 7 and AASB 101 described earlier this section, the application of AASB 2010-4 has not had any material effect on amounts reported in the financial statements.
Interpretation 19 ‘Extinguishing Financial Liabilities with Equity Instruments’	This Interpretation provides guidance regarding the accounting for the extinguishment of a financial liability by the issue of equity instruments. In particular, the equity instruments issued under such arrangements will be measured at their fair value, and any difference between the carrying amount of the financial liability extinguished and the fair value of equity instruments issued will be recognised in profit or loss. To date, the Group has not entered into transactions of this nature.

Note 1: Summary of Significant Accounting Policies (continued)

(t) Application of new and revised Accounting Standards (continued)

(iii) Standards and Interpretations in issue not yet adopted

At the date of authorisation of the financial statements, the Standards and Interpretations listed below were in issue but not yet effective. The consolidated entity has not yet determined the potential impact of the amendments on the consolidated entity's financial report.

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
AASB 124 'Related Party Disclosures' (revised December 2009), AASB 2009-12 'Amendments to Australian Accounting Standards'	1 January 2011	30 June 2012
AASB 9 'Financial Instruments', AASB 2009-11 'Amendments to Australian Accounting Standards arising from AASB 9' and AASB 2010-7 'Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)'	1 January 2013	30 June 2014
AASB 2009-14 'Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
AASB 2010-5 'Amendments to Australian Accounting Standards' 1 January 2011 30 June 2012 AASB 2010-6 'Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets'	1 July 2011	30 June 2012
AASB 10 'Consolidated Financial Statements'	1 January 2012	30 June 2013
AASB 11 'Joint Arrangements'	1 January 2013	30 June 2014
AASB 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
AASB 13 'Fair Value Measurement'	1 January 2013	30 June 2014

Note 2 Revenue and Other Income

	2011 $	2010 $
Other revenue		
Interest received	490,716	350,664
Other revenue	65,477	-
Fraud settlement and recoveries	16,547	2,350,144
	572,740	2,700,808
Other income		
Gain on disposal of exploration assets	272,600	-
	272,600	-

Note 3 Income Tax Expense

		2011 $	2010 $
(a)	Numerical reconciliation of Income Tax Expense to prima facie tax payable		
	Profit/(Loss) before income tax expense	(3,823,956)	296,162
	Income tax calculated at Australian tax rate of 30% (2010: 30%)	(1,147,187)	88,848
	Tax effect of non-deductible items	60,480	648
	Deferred tax assets (recognised)/not recognised	(1,086,707)	(89,496)
	Income tax expense	-	-
(b)	Tax Losses		
	Unused tax losses for which no deferred tax asset has been recognised	26,500,082	19,239,209
	Potential tax benefit at 30%	7,950,025	5,771,762

These tax losses have not been brought to account. Refer Note 1 (f). All deferred tax liabilities have been recognised and a deferred tax asset has been recognised for carried forward losses to the extent it offsets the deferred tax liabilities. The net deferred tax balance at 30 June 2011 is nil (2010: nil).

Note 4 Current Assets – Cash and Cash Equivalents

	2011 $	2010 $
Cash at bank	4,851,532	441,761
Term Deposits	3,747,500	7,500,000
	8,599,032	7,941,761

- Cash at bank interest rates average 3.89% per annum (2010: 2.45%)
- Term Deposits interest rates average 5.60% per annum per annum (2010: 4.21%).

Note 4 Current Assets – Cash and Cash Equivalents (continued)

The Group's exposure to interest rate risks is discussed in Note 15. The maximum amount of credit risk at the reporting date is the carrying amount of each class of cash and cash equivalents mentioned above.

Note 5 Current Assets – Trade and Other Receivables

	2011 $	2010 $
GST receivables	47,408	19,155
Prepaid expenses	33,037	3,742
Other assets	75,111	50,300
Total	155,556	73,197

These receivables are non-interest bearing and unsecured with no fixed term of repayment.

Note 6 Non-Current Assets – Other Financial Assets

	2011 $	2010 $
Available for sale financial assets : listed securities	400,000	-
Balance	400,000	-

The securities represent 2.5m listed ordinary shares in Musgrave Minerals Limited which are held in escrow for a period of 12 months as per the requirements of the ASX Listing rules. The fair value of the listed equity investment is based on ASX quoted market prices.

Note 7 Property, Plant and Equipment and Investment Property

(a) Property, Plant and Equipment

	Building	Leasehold Improve-ments	Freehold Land	Plant	Office Equipment	Motor Vehicles	Total
2011	$	$	$	$	$	$	$
Op. net book amount 1/7/2010	489,951	20,921	11,332	6,736	8,838	12,689	550,467
Additions	-	-	1,801	-	52,486	79,908	134,195
Exchange differences	-	-	-	(3,393)	-	-	(3,393)
Transfers	(489,951)	-	-	-	-	-	(489,951)
Depreciation expense	-	(1,256)	-	(708)	(5,997)	(15,102)	(23,063)
Clsg. net book amount 30/6/2011	-	19,665	13,133	2,635	55,327	77,495	168,255
Cost	489,951	24,562	13,133	8,201	171,340	225,330	932,517
Exchange differences	-	-	-	(3,393)	-	-	(3,393)
Transfer to investment property	(489,951)	-	-	-	-	-	(489,951)
Accumulated depreciation	-	(4,897)	-	(2,173)	(116,013)	(147,835)	(270,918)
Net book amount at 30/6/2011	-	19,665	13,133	2,635	55,327	77,495	168,255
2010	$	$	$	$	$	$	$
Op. net book amount 1/7/2009	489,951	18,529	-	15,405	17,082	42,239	583,206
Additions	-	3,917	11,332	-	6,102	-	21,351
Exchange differences	-	-	-	(7,204)	(2,492)	(11,878)	(21,574)
Disposals	-	-	-	-	-	-	-
Depreciation expense	-	(1,525)	-	(1,465)	(11,854)	(17,672)	(32,516)
Clsg. net book amount 30/6/2010	489,951	20,921	11,332	6,736	8,838	12,689	550,467
Cost	489,951	24,562	11,332	13,177	109,785	148,854	797,661
Exchange differences	-	-	-	(4,976)	9,069	(3,433)	660
Accumulated depreciation	-	(3,641)	-	(1,465)	(110,016)	(132,732)	(247,854)
Net book amount at 30/6/2010	489,951	20,921	11,332	6,736	8,838	12,689	550,467

(b) Investment Property

	2011 $	2010 $
Opening balance as at 1 July	-	-
Transfer from building	489,951	-
Closing balance as at 30 June	489,951	-

After initial recognition, the Group applies the cost model to its investment property.

Note 8 Investment in Associates

	2011 $	2010 $
At 1 July	-	-
Addition	4,100,873	-
Balance	4,100,873	-

On 21 December 2010 the Group finalised its investment in Blackwood Coal Pty Limited (BWC). The investment was part of a capital raising by BWC via a convertible note issue. The investment by the Company represents 42% of the ordinary shares in BWC assuming conversion of all the convertible notes and options, which are convertible at any time. The notes are redeemable for cash at any time at the option of the company and are convertible into 1 ordinary share and 1 option in BWC. The notes are redeemable at face value.

BWC has net loss after tax of $1,535,277 for the year, total assets of $6,277,160 and total liabilities of $5,924,116 at the reporting date.

Note 9 Exploration and Evaluation Assets

	2011 $	2010 $
Exploration assets – 1 July	10,754,226	11,231,012
Expenditure incurred during the year	3,685,311	1,006,076
Disposal of exploration assets	(127,400)	-
Exchange differences	(1,287,840)	(327,602)
Impairments	(3,545,467)	(1,155,260)
Exploration assets – 30 June	9,478,830	10,754,226

During the year management performed an assessment of the recoverable amounts of the deferred exploration and evaluation balances. This resulted in an impairment charge of $3,545,467 being recognised as it was determined that these costs would not ultimately be recovered through successful development and exploitation or sale of the areas of interest.

Note 10 Current Liabilities – Payables

	2011 $	2010 $
Trade and other payables	392,100	333,777
Other payables	-	58,601
Total	392,100	392,378

Trade and other payables includes an advance from Aurum for earn-in. Refer to note 26.
Other payables relate to refundable deposits on Laos tenements.
Information about the Group's exposure to foreign exchange risk is provided in note 15.

Note 11 Current Liabilities – Provisions

	2011 $	2010 $
Employee benefits – annual leave	19,975	561
	19,975	561

Note 12   Non-Current Liabilities – Provisions

	2011 $	2010 $
Employee benefits – long service leave	51,912	48,572
	51,912	48,572

Note 13 Contributed Equity

(a) Share capital	2011 $	2010 $
Fully paid ordinary shares 253,376,470 (2010 : 165,244,720)	35,867,009	27,698,987

Details	Date	No of shares	Issue price	$
Balance	1/07/2009	165,244,720		27,698,987
Issue of shares - rights issue	31/12/2010	40,107,168	0.10	4,010,717
Issue of shares - private placement	31/12/2010	24,786,700	0.10	2,478,670
Issue of shares - rights issue	12/01/2011	23,237,882	0.10	2,323,788
Share issue transaction costs				(645,153)
Balance	30/06/2011	253,376,470		35,867,009

(c) Ordinary Shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

(d) Options

Information relating to options issued to employees and directors including details of options issued, exercised and lapsed during the financial year, and options outstanding at the end of the financial year are set out in Note 19.

Note 13 Contributed Equity (continued)

(e) Capital Risk Management

The Group's objectives when managing capital is to safeguard their ability to continue as a going concern, so that they can continue to meet planned and required exploration expenditure on tenements. The Group defines capital as the total shareholders' equity and monitors the capital structure on a regular basis. There were no changes in the Group's approach to capital management during the year.

Neither the parent nor any of its subsidiaries are subject to any externally imposed capital requirements.

Note 14 Reserves and Retained Profits

(a) Reserves

2011	Opening Balance $	Movement in share based payment reserve $	Currency translation difference during the year $	Revalution of investments during the year $	Closing Balance $
Share based payment	-	1,017,466	-	-	1,017,466
Foreign currency translation	(460,668)	-	(1,311,162)	-	(1,771,830)
Available for sale financial assets	-	-	-	-	-
	(460,668)	1,017,466	(1,311,162)	-	(754,364)

2010	Opening Balance $	Unlisted options Forfeited $	Currency translation difference during the year $	Revaluation of investments during the year $	Closing Balance $
Share based payment	48,633	(48,633)	-	-	-
Foreign currency translation	(228,730)	-	(231,938)	-	(460,668)
Available for sale financial assets	(336,644)	-	-	336,644	-
	(516,741)	(48,633)	(231,938)	336,644	(460,668)

(b) Accumulated losses	2011 $	2010 $
Opening Balance – 1 July	(8,360,179)	(8,704,974)
Net profit/(loss) for the year	(3,792,134)	296,162
Unlisted options forfeited	-	48,633
Closing Balance – 30 June	(12,152,313)	(8,360,179)

Note 14 Reserves and Retained Profits (continued)

(c) Movements in unlisted options

Date	Details	Number of options	Exercise price	$
1/07/2010	Opening balance	-		-
1/12/2010	Options granted to directors	7,000,000	0.30	201,600
30/06/2011	Closing balance	7,000,000		201,600

(d) Nature and Purpose of Reserves

(i) Share-Based Payments Reserve

The share based payments reserve is used to recognise the fair value of options issued to employees but not exercised and the fair value of the share based payment arrangement associated with the Aurum agreement as disclosed in note 19 (b).

(ii) Foreign Currency Translation Reserve

Exchange differences arising on translation of the foreign controlled entity are taken to the foreign currency translation reserve, as described in Note 1(d). The reserve is recognised in profit and loss when the net investment is disposed of.

(iii) Available for Sale Financial Assets Revaluation Reserve

Changes in the fair value and exchange differences arising on translation of investments, such as equities, classified as available for sale financial assets, are taken to the available for sale investments revaluation reserve as described in Note 1(k). Amounts are recognised in profit and loss when the associated assets are sold or impaired.

(e) Non-controlling interest

	2011 $	2010 $
Contributed equity	-	-
Accumulated losses	(31,822)	-
Total	(31,822)	-

Note 15 Financial Risk Management

The Group's activities expose it to a variety of financial risks; market risk (including currency risk and fair value interest rate risk), liquidity risk, and cash flow interest rate risk. The Group’s overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. Risk management is carried out by the Board of Directors.

(a) Market Risk

(i) Foreign Exchange Risk

Despite the international operations, the financial statements are not significantly affected by transactional currency exposures in currencies other than the functional currency given overseas operations are transacted in their functional currencies.

Note 15 Financial Risk Management (continued)

Given the size of the consolidated cash balances any effect on profit and equity arising from a 10% change in the Australian dollar (AUD) to the United States dollar (USD) is not significant.

(ii) Price Risk

The Group and parent entity were exposed to equity securities price risk through its investment holdings. These investments are quoted on the ASX and the shares are publicly traded.

(iii) Cash Flow and Fair Value Interest Rate Risk

- Cash at bank interest rates average 3.89% per annum (2010: 2.45%)
- Term Deposits interest rates average 5.60% per annum (2010: 4.21%).

Consolidated Entity Sensitivity

At the balance sheet date the Consolidated Entity had the following mix of financial assets and liabilities exposed to variable interest rate risk:

Financial Assets	Note	2011 $	2010 $
Cash and cash equivalents	4	8,599,032	7,941,761

The Consolidated Entity holds significant cash and short term deposit balances. For sensitivity analysis an increase / decrease of 100 basis points has been used.

	Post Tax Profit Higher / (Lower)	
	2011 $	2010 $
Consolidated		
Interest Rates plus 1.0%	85,990	79,418
Interest Rates less 1.0%	(85,990)	(79,418)
Company		
Interest Rates plus 1.0%	82,676	78,608
Interest Rates less 1.0%	(82,676)	(78,608)

(b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks, as well as credit exposures in respect of outstanding receivables and committed transactions. The maximum exposure to credit risk at reporting date is the carrying amount of the financial assets.

Note 15 Financial Risk Management (continued)

(c) Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through responsible cash management and monitoring of expenditure commitments. The group manages liquidity risk by monitoring cash flows and maintaining sufficient cash to fund operations. Surplus funds are generally only invested in short term deposits with Australian Banks. The Group does not have any borrowing facilities in place at reporting date.

Maturities of Financial Liabilities

The tables below analyse the Group's financial liabilities into maturity groupings based on the remaining period at reporting date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

At 30 June 2011	Less than 6 months $	6 – 12 months $	Between 1 & 2 years $	Between 2 & 5 years $	Total contractual cash flows $	Carrying Amount (assets) / liabilities $
Non-interest bearing	392,100	-	-	-	392,100	392,100

At 30 June 2010	Less than 6 months $	6 – 12 months $	Between 1 & 2 years $	Between 2 & 5 years $	Total contractual cash flows $	Carrying Amount (assets) / liabilities $
Non-interest bearing	392,378	-	-	-	392,378	392,378

Note 16 Remuneration of Auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2011 $	2010 $
Assurance Services		
1. Audit services		
Fees paid to Ernst & Young:		
Audit and review of financial reports under the *Corporations Act 2001*	78,700	81,922
Related practices of Ernst & Young Australian firm	8,119	8,870
Total Remuneration for Audit Services	86,819	90,792
2. Taxation services		
Fees paid to Ernst & Young Australian firm:		
Tax compliance services, including review of Company income tax returns	40,490	57,972
Total Remuneration for Taxation Services	40,490	57,972
TOTAL	127,309	148,764

Note 16 Remuneration of Auditors (continued)

It is the Group's policy to employ Ernst & Young on assignments additional to their statutory audit duties where Ernst & Young' expertise and experience with the Group are important. These assignments are principally tax advice and due diligence reporting on acquisitions, or where Ernst & Young is awarded assignments on a competitive basis. It is the Group's policy to seek competitive tenders for all major consulting projects.

Note 17 Financial Commitments

The parent entity had contractual obligation in relation to two property lease agreements:

- 4-5/174-176 Callide street, Biloela Qld 4715
- 131 Fishermans bay Road Port Broughton SA 5522

The commitment in 2010 related to the lease of a photocopier which was terminated during the year.

	2011 $	2010 $
Within one year	21,195	5,386
After one year but not more than five years	-	1,795
After more than five years	-	-
Total	21,195	7,181

Note 18 Key Management Personnel Disclosures

(a) Key Management Personnel Compensation

	2011 $	2010 $
Short-term employee benefits	392,247	534,601
Post employment benefits – super	40,000	83,000
Post employment benefits – long service provision	3,340	113,342
Retirement payment	-	150,000
Shares & options	201,600	-
Total	637,187	880,943

Detailed remuneration disclosures are provided in sections A – C of the remuneration report.

(b) Equity Instruments Disclosures Relating to Key Management Personnel

(i) Options provided as remuneration Refer to Note 19.

(ii) Option holdings

Note 18 Key Management Personnel Disclosures (continued)

The numbers of options in the company held during the financial year by each director of Argonaut Resources NL, including their personally related parties, are set out below.

2011 Directors	Balance at the start of the year	Granted during the year	Expired/lapsed during the year	Options voluntarily relinquished	Balance at the end of the year	Vested and exercisable during the year
	Number	Number	Number	Number	Number	Number
PJ Elliott	-	1,500,000	-	-	1,500,000	1,500,000
GN Williams*	-	1,500,000	-	-	1,500,000	1,500,000
L J Owler	-	2,500,000	-	-	2,500,000	2,500,000
AW Bursill	-	1,500,000	-	-	1,500,000	1,500,000
Total	-	7,000,000	-	-	7,000,000	7,000,000

* GN Williams ceased to be a director on 1 April 2011.

2010 Directors	Balance at the start of the year	Granted during the year	Expired during the year	Options voluntarily relinquished	Balance at the end of the year	Vested and exercisable during the year
	Number	Number	Number	Number	Number	Number
PJ Elliott	1,500,000	-	(1,000,000)	(500,000)	-	-
GA Ellis	3,000,000	-	(1,000,000)	(2,000,000)	-	-
GN Williams	1,000,000	-	(500,000)	(500,000)	-	-
L J Owler	2,500,000	-	(500,000)	(2,000,000)	-	-
AW Bursill	-	-	-	-	-	-
Total	8,000,000	-	(3,000,000)	(5,000,00)	-	-

(iii) Share Holdings

The numbers of shares in the company held during the financial year by each director of Argonaut Resources NL, including their personally related parties, are set out below. There were no shares granted during the reported period as compensation.

2011 Directors	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
PJ Elliott	-	-	160,000	160,000
GN Williams	250,000	-	-	250,000
L J Owler	-	-	-	-
AW Bursill	-	-	1,033,600	1,033,600
Total	250,000	-	1,193,600	1,443,600

Note 18 Key Management Personnel Disclosures (continued)

2010 Directors	Balance at the start of the year (number of shares)	Received during the year on exercise of options	Share purchases	Balance at the end of the year (number of shares)
PJ Elliott	-	-	-	-
GA Ellis	1,432,500	-	250,000	1,682,500
GN Williams	250,000	-	-	250,000
L J Owler	-	-	-	-
AW Bursill	-	-	-	-
Total	1,682,500	-	250,000	1,932,500

(c) Loans to Key Management Personnel

There are no loans outstanding from directors of Argonaut Resources NL (2010:nil).

(d) Other Transactions with Key Management Personnel

AW Bursill, Chief Financial Officer and Company Secretary is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretary services to Argonaut Resources NL. The contract between Argonaut Resources NL and Franks & Associates is based on normal commercial terms. During the year ended 30 June 2011, Franks & Associates were paid a total of $197,040 (2010: $119,250) in relation to the services.

Note 19 Share-Based Payments

(a) Option Plan

Options are granted under the plan for no consideration. When exercisable, each option is convertible into one ordinary share. Shares issued on exercise of options are to rank equally with all other shares on issue at the time of exercise of the options. The valuation model inputs used to determine the fair value of the options granted on 1 December 2010 are: share price at valuation date: $0.12, expected volatility: 75.22%, expected yield: nil and risk free interest rate: 4.8%.

2011 Date	Details	Expiry Date	Number of options	Exercise price
1/07/2010	Opening balance		-	
1/12/2010	Options granted to directors	31/12/2013	7,000,000	0.30
30/06/2011	Closing balance (exercisable at year end)		7,000,000	

2010 Date	Details	Expiry Date	Number of options	Exercise price
1/07/2009	Opening balance		8,000,000	
10/09/2009	Expired - Options granted on 10/09/04	10/09/2009	(2,500,000)	0.30
10/09/2009	Expired - Options granted on 10/09/04	10/09/2009	(500,000)	0.30
29/11/2009	Expired - Options granted on 30/11/07	29/11/2009	(5,000,000)*	1.00
30/06/2010	Closing Balance		-	

* On 15 September 2009, the Directors voluntarily relinquished all options that were granted to them during the year ended 30 June 2008.

Note 19 Share-Based Payments (continued)

(b) Share-Based Payment Transactions

Expenses of $201,600 (2010: nil) arising from performance related share-based payment transactions were recognised during the current financial year. An additional share based payment of $27,000 has been recognised in relation to 1,500,000 options with an exercise price of $0.20 and expiry date of 31 December 2011 issued to a supplier during the year. The valuation model inputs used to determine the fair value of the options granted are: share price at valuation date: $0.12, expected volatility: 75.22%, expected yield: nil and risk free interest rate: 4.8%.

Furthermore, during the period the Company has entered into an agreement whereby Aurum has been granted 1% of the share capital of Argonaut Overseas Investments Limited and a right to earn in the Century tenement which could potentially increase to a 72% share capital interest (ie 50% of the joint venture interest) if the earn in expenditure is met. This arrangement has been accounted for as a share based payment. The fair value of the goods and services received is determined based on the actual expenditure incurred by Aurum during the period. Exploration and evaluation assets and property, plant and equipment totalling $788,867 arising from the share based payment transaction were recognised during the year (2010: $nil).

The weighted average remaining contractual life of the options granted as share based payments outstanding at balance date is 2-5 years (2010:nil).

Note 20 Segment Information

Segment Result

The internal reports that are reviewed and used by the board of directors comprise only direct exploration expenditure. This information is used by the board of directors in assessing performance and in determining the allocation of resources and as such no segment result or segment revenues are separately disclosed.

Segment Assets

Segment Assets 30 June 2011	**Australia $**	**Laos $**	**Total $**
Segment operating assets	2,042,699	7,436,131	9,478,830
Intersegment reconciliation:			
Cash and cash equivalent			8,599,032
Trade and other current assets			155,556
Other non current assets			5,159,079
Total assets from continuing operations per the statement of financial position			23,392,497

Note 20 Segment Information (continued)

Segment Assets 30 June 2010	Australia $	Laos $	Total $
Segment operating assets	4,612,421	6,141,805	10,754,226
Intersegment reconciliation:			
Cash and cash equivalent			7,941,761
Trade and other current assets			73,197
Other non current assets			550,467
Total assets from continuing operations per the statement of financial position			19,319,651

Segment Liabilities

Total Liabilities of $463,987 (2010:$441,511) relate primarily to the Australian operations.

Note 21 Related Party Information

(a) Parent Entities
The parent entity of the Group is Argonaut Resources NL.

(b) Subsidiaries
Interests in subsidiaries are set out below:

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 1(b) and are accounted for at cost in the individual financial statements of Argonaut Resources NL:

		Equity Holding	
Name of Entity	**Place of Incorporation**	2011 %	2010 %
Directly Controlled Entities			
Kelaray Pty Limited*	Australia	100	100
Argonaut Resources Overseas Investments Limited **	British Virgin Islands	100	100
Argonaut Overseas Investments Limited **	British Virgin Islands	99	100
Argonaut Resources Laos Limited ***	Laos	70	70
Prospect Exploration & Mining Limited ***	British Virgin Islands	85.5	85.5
Xekong River Mining Limited ***	Laos	65	65
Sunrise International Resources Limited **	British Virgin Islands	100	-

* Small proprietary company not required to be audited
** Controlled entity not required to be audited under British Virgin Island requirements.
*** Controlled entity not required to be audited under Laos requirements.

Note 21 Related Party Information (continued)

All subsidiaries are held through ordinary shares.

(c) Key Management Personnel

Disclosures relating to key management personnel are set out in Note 18.

(d) Related Party Transactions

Included in trade and other payables is a loan of $121,939 made by Aurum Resources Pty Ltd in relation to its contribution to the Century joint venture. Refer to note 26.

AW Bursill, Chief Financial Officer and Company Secretary is also an associate of Franks & Associates Pty Ltd who provides accounting and company secretary services to Argonaut Resources NL. The contract between Argonaut Resources NL and Franks & Associates is based on normal commercial terms. During the year ended 30 June 2011, Franks & Associates were paid a total of $197,040 (2010: $119,250) in relation to the services.

Note 22 Events Occurring After Reporting Date

On 28 July 2011, the group has entered into a farm in joint venture with Mwombezhi Resources Limited referred to as the Lumwana West Joint Venture (“LWJV”) to explore and develop the tenements located in Zambia.

Apart from the above, no matters or circumstances have arisen since 30 June 2011 that have significantly affected or may significantly affect:

(a) the consolidated Company’s operations in future financial years; or

(b) the results of those operations in future financial years; or

(c) the consolidated Company’s state of affairs in future financial years.

Note 23 Reconciliation of Profit after Income Tax to Net Cash Outflow from Operating Activities

	2011 $	2010 $
Profit/(Loss) for the year	(3,823,956)	296,162
Depreciation expense	23,063	32,516
Exploration costs written off	3,545,467	1,155,260
Share based payments	201,600	-
Gain on sale of investments	(272,600)	7,894
Brokerage on sale of investments	-	4,944
Change in operating assets and liabilities		
Increase/(decrease) in operating creditors and provisions	(61,744)	(395,859)
(Increase)/decrease in other assets	(82,359)	115,061
Net cash (outflows)/inflows from operating activities	(470,529)	1,215,978

Note 24 Earnings per Share

	2011 Cents	2010 cents
Basic earnings/(loss) per share	(1.75)	0.18
Diluted earnings/(loss) per share	(1.75)	0.18

	Number 2011	Number 2010
Weighted average number of ordinary shares used as the denominator in calculating basic and diluted earnings per share	208,184,425	165,244,720
Adjustment for bonus element of rights issue	8,327,377	6,609,789
Total weighted average number of share used in earnings per share calculation	216,511,802	171,854,509

	2011 $	2010 $
Profit/(loss) attributable to the ordinary equity holders of the company used in calculating basic and diluted earnings per share	(3,792,134)	296,162

Note 25 Commitments for Exploration Expenditure

The Group has the following commitments relating to exploration expenditure of its joint ventures but no recognised as liabilities at the reporting date:

Within one year	2011 $	2010 $
Xekong	800,000	3,531,950
	800,000	3,531,950

Note 26 Joint Venture Interests

The Company is a participant in the following joint ventures as at 30 June 2011. The percentage interests of the respective partners under these joint ventures may vary depending on the monies expended by certain of the joint venturers. The Company has not recognised the assets and liabilities associated with the free carry investments. The Company's percentage interests in future output if all the venturers fulfil their obligations to the joint ventures are as follows:

Joint Venture	Location	Principal Activity	% Interest
ELA 243/09	Sandstone, S Aust	Gold	3.3* (carried)
EL 3782	Campfire Bore, S Aust	Gold	3.3* (carried)
EL 4153	Myrtle Springs	Zinc	100**
ELA 4358	Mt. Parry	Zinc	100**
Century	Laos	Gold	70***
Xekong	Laos	Gold	65

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

** These are subject to an earn in agreement with the Joint Venture Partner. As at 30 June 2011 the Joint Venture Partner has not completed the required expenditure and Argonaut Resources still holds 100% interest.

*** The Company has entered into an agreement whereby Aurum Resources Pty Limited has been granted 1% of the share capital of Argonaut overseas Investments Limited and a right to earn in the Century tenement which could potentially increase to a 72% share capital interest (ie 50% of the joint venture interest) if the earn in expenditure is met.

Note 27 Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Critical Accounting Estimates and Assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Exploration Assets

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful future development and commercial exploitation, or alternatively, sale of the respective areas of interest. The directors review the carrying amount for impairment annually and where it is concluded that it is unlikely to recover the expenditure through future exploration or sale, and then the relevant capitalised amount will be recognised in the profit and loss account as an expense.

Investments

Argonaut has determined that the long-term interests in its subsidiaries, in substance forms part of the net investment in the subsidiary. Settlement of these long term receivables is neither planned nor likely to occur in the foreseeable future and in effect is as permanent as equity.

Note 28 Parent Entity Information

Information relating to Argonaut Resources NL	2011 $	2010 $
Current assets	8,282,615	7,906,322
Total assets	21,197,581	18,763,256
Current liabilities	195,419	204,666
Total liabilities	247,331	253,238
Issued Capital	36,512,152	27,698,987
Capital issue costs	(645,153)	-
Accumulated losses	(15,145,338)	(9,188,969)
Share based payment reserve	228,600	-
Total Shareholders’ equity	20,950,261	18,510,018
Profit/(loss) of the parent entity	(5,956,369)	1,553,488
Total comprehensive income of the parent entity	(5,956,369)	1,553,488

Note 29 Contingent Liabilities

There were no contingent liabilities for the parent entity (2010: $0).

DIRECTORS DECLARATION

In accordance with a resolution of the directors of Argonaut Resources NL, I state that:

In the opinion of the directors:

(a) the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

(ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*;

(b) the financial statements and notes comply with International Financial Reporting Standards as disclosed in note 1; and

(c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

(d) this declaration has been made after receiving the declarations required to be made to the Directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2011.

On behalf of the board,

P J D Elliott
Chairman

30 September 2011

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

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

Independent audit report to the members of Argonaut Resources NL

Report on the financial report

We have audited the accompanying financial report of Argonaut Resources NL, which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal controls as the directors determine are necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1(a) the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report.

ERNST & YOUNG

Opinion

In our opinion:

a. the financial report of Argonaut Resources NL is in accordance with the *Corporations Act 2001*, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the *Corporations Regulations 2001*; and

b. the financial report also complies with *International Financial Reporting Standards* as disclosed in Note 1(a).

Report on the remuneration report

We have audited the Remuneration Report of the directors' report for the year ended 30 June 2011. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Argonaut Resources NL for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*

Ernst & Young

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney
30 September 2011