



ABN 97 008 084 848

ANNUAL REPORT 2021



Corporate directory

Argonaut Resources NL

ABN 97 008 084 848

Directors

P J D Elliott, Chair

L J Owler, Managing Director

A W Bursill, Non-executive Director

M R Richmond, Non-executive Director

M R Billing, Non-executive Director,

appointed 3 August 2021

Company Secretary

J E Morbey

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Share register

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Stock exchange listing

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

Website

www.argonautresources.com



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Photo courtesy of Department for Energy and Mining, SA.

Review of operations

Zambia

LUMWANA WEST

Commodities: Copper, cobalt

Argonaut interest: 90%

Operator: Argonaut

HIGHLIGHTS

For the period to 30 June 2021:

- A scoping economic study of the Nyungu copper-cobalt deposit recommenced during September 2020.
- Argonaut is generating metallurgical, Resource and mining data to assess various mineral processing scenarios.
- A saleable copper concentrate grading 25.6% copper at a recovery of 87% was produced in the laboratory.
- A program of oxidation testing, including roast/leach testwork and Albion Process™ Leach process testing has been conducted. Preliminary results indicate that key findings of the testwork identify that extraction results are superior.
- A program of leach testing on oxide and transitional material commenced.
- Subsequent to the period, Argonaut commenced a 2,800m of diamond drilling program which will be completed in approximately 12 weeks from the commencement date of July 2021.

- The drilling program is designed to:
 - » expand the scale of the Nyungu Central and Nyungu South deposits;
 - » to provide data for resource estimation; and
 - » provide sample for metallurgical testing purposes.
- Earthmoving contractors have constructed of an all-weather road for drilling rig access to the Nyungu copper-cobalt deposit.

The Lumwana West project is in the Central African Copperbelt, North-western Province, Zambia. The area is prospective for large tonnage, low to

medium grade copper/cobalt deposits and is located between two world-class copper operations, Barrick Gold's Lumwana mine and First Quantum Mineral's Sentinel mine in Zambia (Figure 1).

Argonaut, via its 90% held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper and cobalt intercepts at the Nyungu deposit. Argonaut is working on a series of scoping studies to better understand the economics for a potential mine. Table 1 summarises elements of a potential mining development at Lumwana West.

Table 1 Feasibility factors for a mine development at Lumwana West.

Jurisdiction	Zambia has a long and ongoing history of large-scale copper mining. Social and Governmental pressures favour the development of new mines.
Infrastructure	Lumwana West is located at major electricity and transport corridors (Figure 1).
Resource	The Nyungu copper-cobalt deposit has predictable geometry and scope for significant growth with continued drilling (Table 2).
Mining	Very low stripping ratio of 1.5 tonnes of waste rock for every 1 tonne of ore. Resource drilling to greater depths is warranted.
Processing	High copper recovery from flotation of copper ore minerals.
Economics	Preliminary economic assessment has commenced.

Zambia

RESOURCE DRILLING WITH EXPLORATION UPSIDE

Nyungu Central

The Nyungu Central deposit is open along-strike to the north and south (Figure 2). Argonaut plans to drill test these potential extensions to known mineralisation with a view to increasing tonnages for future Resource estimation.

Nyungu South

The Nyungu South deposit (Figure 4) sits in a location where a copper soil anomaly and an IP geophysical anomaly (i.e. a zone that may contain disseminated sulphide minerals) are coincident. The IP anomaly continues to the northwards from the soil anomaly over a significant area (Figure 4). This extension to the IP anomaly is untested and will be drilled by Argonaut in 2021.

RESOURCE DRILLING

Indicated JORC Resource

Existing drilling by Argonaut at Nyungu Central and Nyungu South (Figure 4) was conducted using a drill-traverse spacing of 200m. This drilling revealed excellent grade and geometry continuity between traverses at Nyungu Central but was too widely spaced to facilitate the conversion to JORC resource category. The drilling of infill traverses spaced approximately 100m apart is expected to allow Argonaut to estimate the tonnage and grades at Nyungu to JORC resource standards.

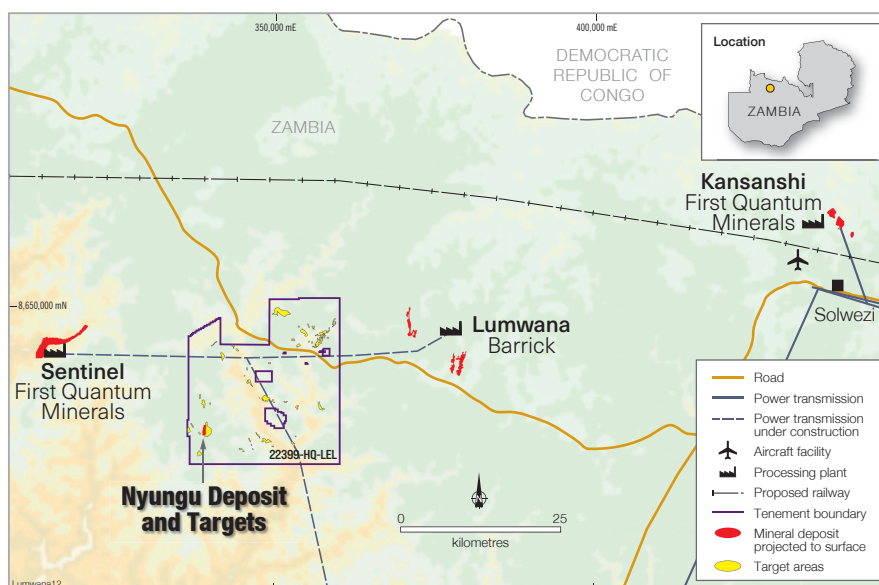


Figure 1 Lumwana West licence showing the Nyungu copper-cobalt deposit plus nearby mines and infrastructure.

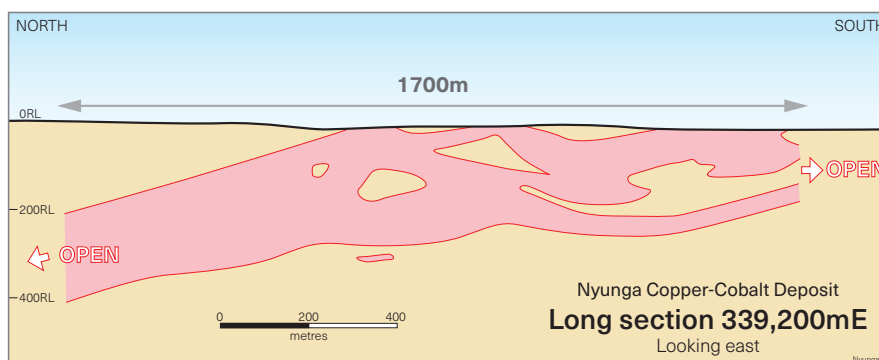


Figure 2 Nyungu Central long section showing copper mineralisation.

Zambia

Oxide-Zone Resource

The earlier drilling by Argonaut at Nyungu targeted fresh copper sulphide mineralisation at depth via angled drilling. No early drill holes targeted near-surface oxide mineralisation. This has left a gap in the Company's understanding of the oxide zone and affected its ability to complete metallurgical testwork on a potentially significant parcel of copper ore. The 2021 drilling program aims to address these matters by specifically targeting drilling in interpreted near-surface oxide zones (Figure 3).

Results from this program and metallurgical leach testwork that will follow will inform the economic study into the first five to ten years of production (Figure 6, Stage 1).

DRILLING PROGRAM

The exploration drilling program will initially involve a component of diamond drilling targeting the extensions to Nyungu Central and Nyungu South mentioned above.

The Resource drilling program will involve infill diamond drilling initially targeting near-surface oxide material. This drilling will also provide metallurgical sample for forthcoming testwork.

The 2021 drilling program is budgeted to cost A\$2,000,000 for a total of 2,800m of varying diameter drill core.

COPPER AND COBALT EXPLORATION TARGETS

Argonaut has previously estimated Exploration Targets for both copper and cobalt mineralisation at Nyungu using an independent consultancy. These estimations are shown below in Table 2.

Table 2 Nyungu March 2017 Exploration Target

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

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

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

[^] Cobalt Exploration Target announced to the ASX by Argonaut on 27 March 2017.

Both Exploration Targets are estimated to JORC standards.

The drilling program will be jointly managed by African Mining Consultants (AMC), Thomas Rogers and Argonaut Resources' staff based in Adelaide, Australia. Thomas Rogers jointly received the prestigious Thayer Lindsley Award in 2015 from the Prospectors & Developers Association of Canada (PDAC) for the discovery of the Kamoa Copper Deposit in the Democratic Republic of Congo (DRC).

EARTHWORKS

Upgrades to the drilling access track made in June and July 2021 included the installation of box culverts at major creek crossings and the sheeting of the track using laterite. These upgrades will improve access conditions in both the dry and wet seasons in the event Argonaut elects to continue drilling past the commencement of rains in November 2021.

METALLURGICAL TESTWORK

Argonaut has been testing the metallurgical properties of oxide, transitional zone and fresh (sulphide) ores for the past 18 months. This information is driving the development of process flowsheets and the preliminary economic assessment of various processing options.

The metallurgical testwork program is extensive. Argonaut has completed testing of the following properties: mineralogy, comminution, flotation and oxidation (including both roast/leach and Albion process). The Company is currently completing a suite of orientation leach tests on samples of oxide and transitional ores. Future tests will include large-scale leach tests and solvent extraction/electrowinning (SX/EW) tests.

Zambia

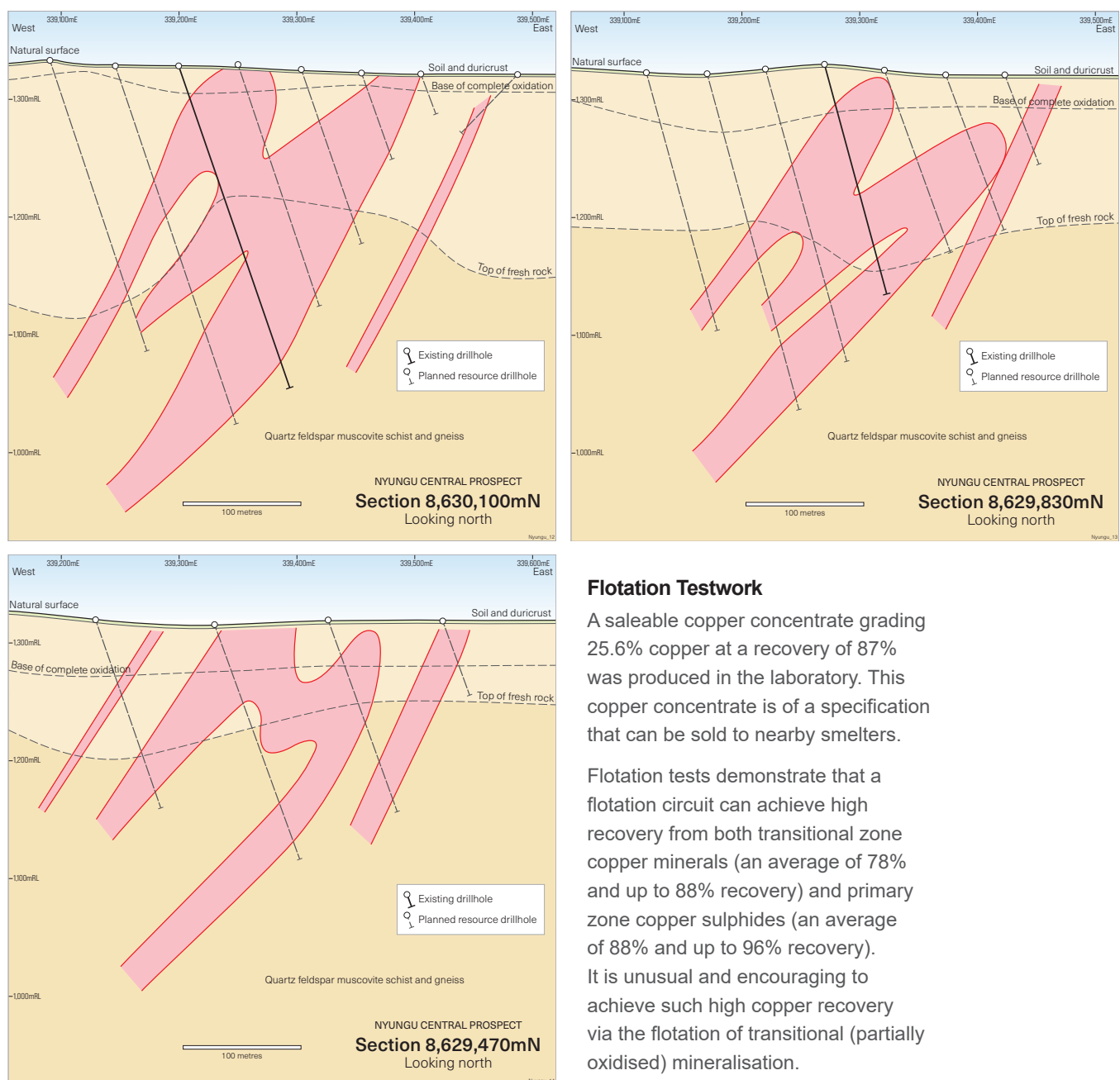


Figure 3: Nyungu Central cross sections showing existing and planned drill holes.

Flotation Testwork

A saleable copper concentrate grading 25.6% copper at a recovery of 87% was produced in the laboratory. This copper concentrate is of a specification that can be sold to nearby smelters.

Flotation tests demonstrate that a flotation circuit can achieve high recovery from both transitional zone copper minerals (an average of 78% and up to 88% recovery) and primary zone copper sulphides (an average of 88% and up to 96% recovery). It is unusual and encouraging to achieve such high copper recovery via the flotation of transitional (partially oxidised) mineralisation.

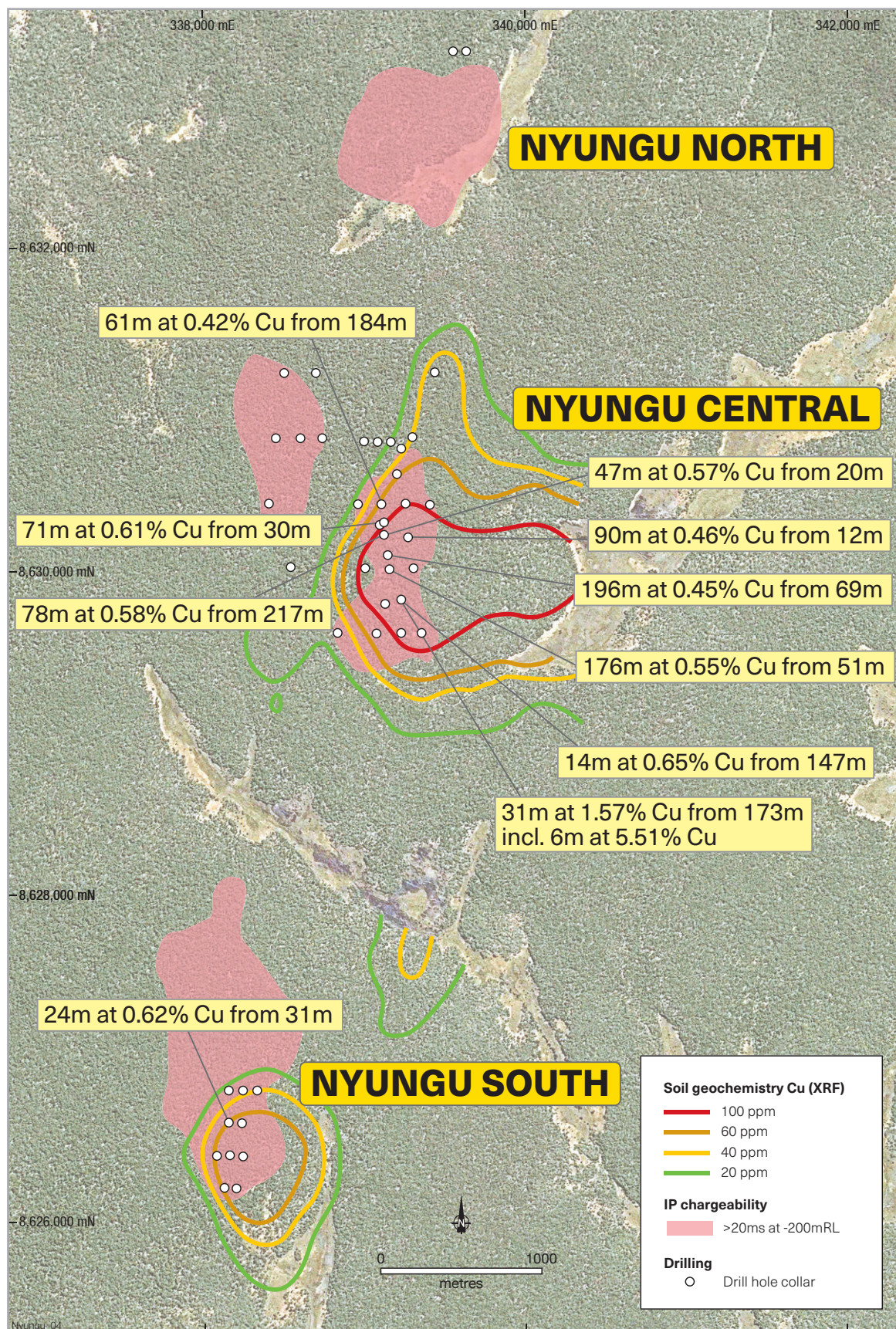


Figure 4 The Nyungu Central and Nyungu South deposits are defined by broad copper intercepts.

Zambia

Oxidation Testwork

A program of oxidation testing, including roast/leach testwork and Albion Process™ Leach process testing, was completed. Preliminary results indicate that key findings of the testwork identify that extraction results are superior under the acid Albion Process™ Leach conditions compared with the roasting work conducted.

Leach Testwork

A program of leach testing on oxide and transitional material commenced. This work will provide guidance with regards to heap leaching of ore-grade oxide and transitional ore and potentially dump leaching of lower-grade material.

Various solvent extraction and electro-winning (SX/EW) tests will follow. Results from metallurgical studies and the mining study will feed into the scoping economic study.

MINING STUDY

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

Modelling shows excellent deposit geometry via a very low stripping ratio (Figure 5).

- Stripping ratio of 1.5 to 1 for the optimum pit at a copper price of US\$7,151; and
- Stripping ratio of 2.3 to 1 for depths greater than 300m at US\$10,726, indicating the deposit has a low sensitivity to stripping ratio.

MINERAL PROCESSING

The conceptual mineral processing flowsheet for a two-stage operation are shown below (Figure 6). Stage one involves oxide and transitional zone ores. Stage two involves the fresh, predominantly chalcopyrite ore in the deeper primary zone. Two alternative processes are shown for the second stage. One involves the production of copper metal and cobalt hydroxide and the other involves the sale of copper concentrate to local smelters.

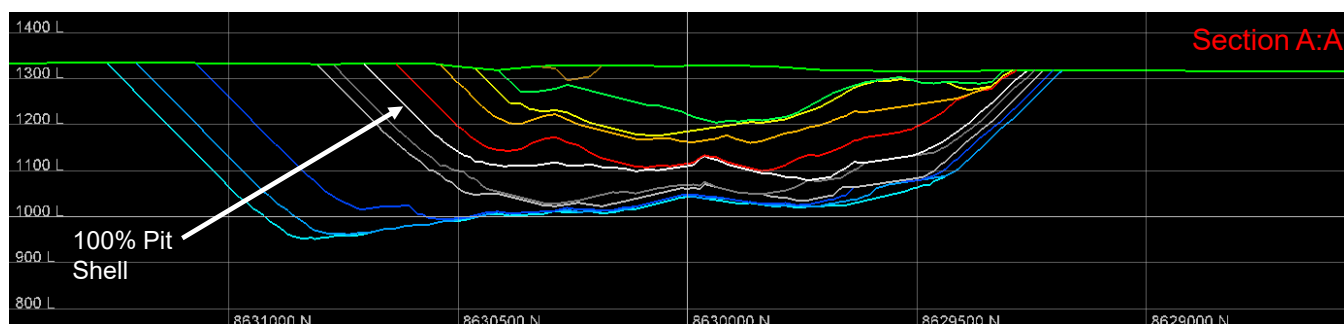


Figure 5 Nyungu Central long-section, looking east. Preliminary pit optimisation open pit shells. White shell has a stripping ratio of 1.5 to 1 and reflects the optimisation at US\$7,151. The light blue shell has a stripping ratio of 2.3 to 1 and is economic at 150% of that price.

Zambia

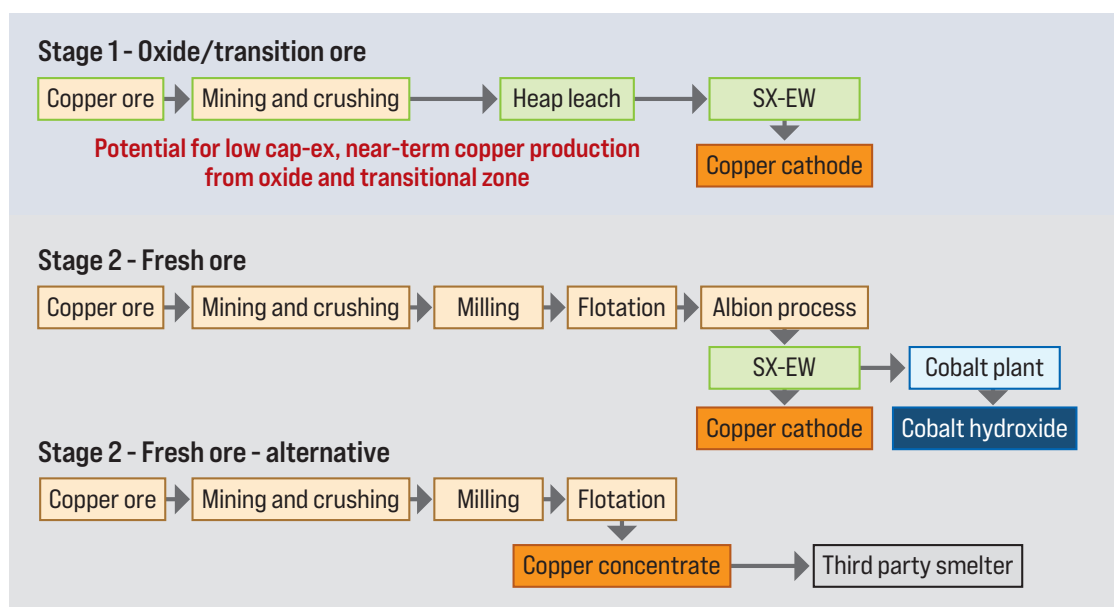


Figure 6 Conceptual mineral processing flowsheet for a two-stage operation at Nyungu.

COBALT PRODUCTION IMPEDIMENTS – WHY ZAMBIA?

Recent battery-related demand for cobalt has exposed the fragile nature of cobalt supply. Over 70% of the world's cobalt is sourced from the DRC, one of the world's riskiest and most opaquely administered mining jurisdictions.

There are two main reasons why the majority of the world's cobalt supply comes from the DRC: mineral endowment and favourable metallurgy.

Southern DRC and North-western Zambia (including the Zambian Copperbelt) cover the geological domain known as the Central African

Copperbelt. Deposits in both countries commonly contain cobalt.

Of the 190 countries assessed for 'ease of doing business' by the World Bank in 2019, Zambia ranked 85. DRC ranked near the bottom at 183. Zambia is a far safer and lower-risk jurisdiction that benefits from political stability, robust mining law and functioning courts.

Other countries with significant cobalt endowment include Australia (nickel-cobalt laterites) and Canada (polymetallic copper-nickel-cobalt). The main reason cobalt production

lags in these countries is metallurgy. The processing of cobalt in Australia and Canada is either metallurgically complex or prohibitively expensive (or both).

Zambia represents a blend of lower political risk, excellent mineral endowment and favourable metallurgy.

TENURE

The Lumwana West large-scale exploration licence was reissued in February 2018 for a maximum period of 10 years. The licence covers 506 square kilometres.

Zambia

Kamapanda

Commodities: Copper, Cobalt, Gold

Argonaut Interest: 90%

Operator: Argonaut

BACKGROUND

The Kamapanda project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 7). The large-scale exploration licence covers an area of 225 square kilometres and extends to the Angolan border. The area is remote, with limited access and is largely underexplored.

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

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring the licence and has now received operational approvals and consent from Zambian authorities to commence exploration activities.

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

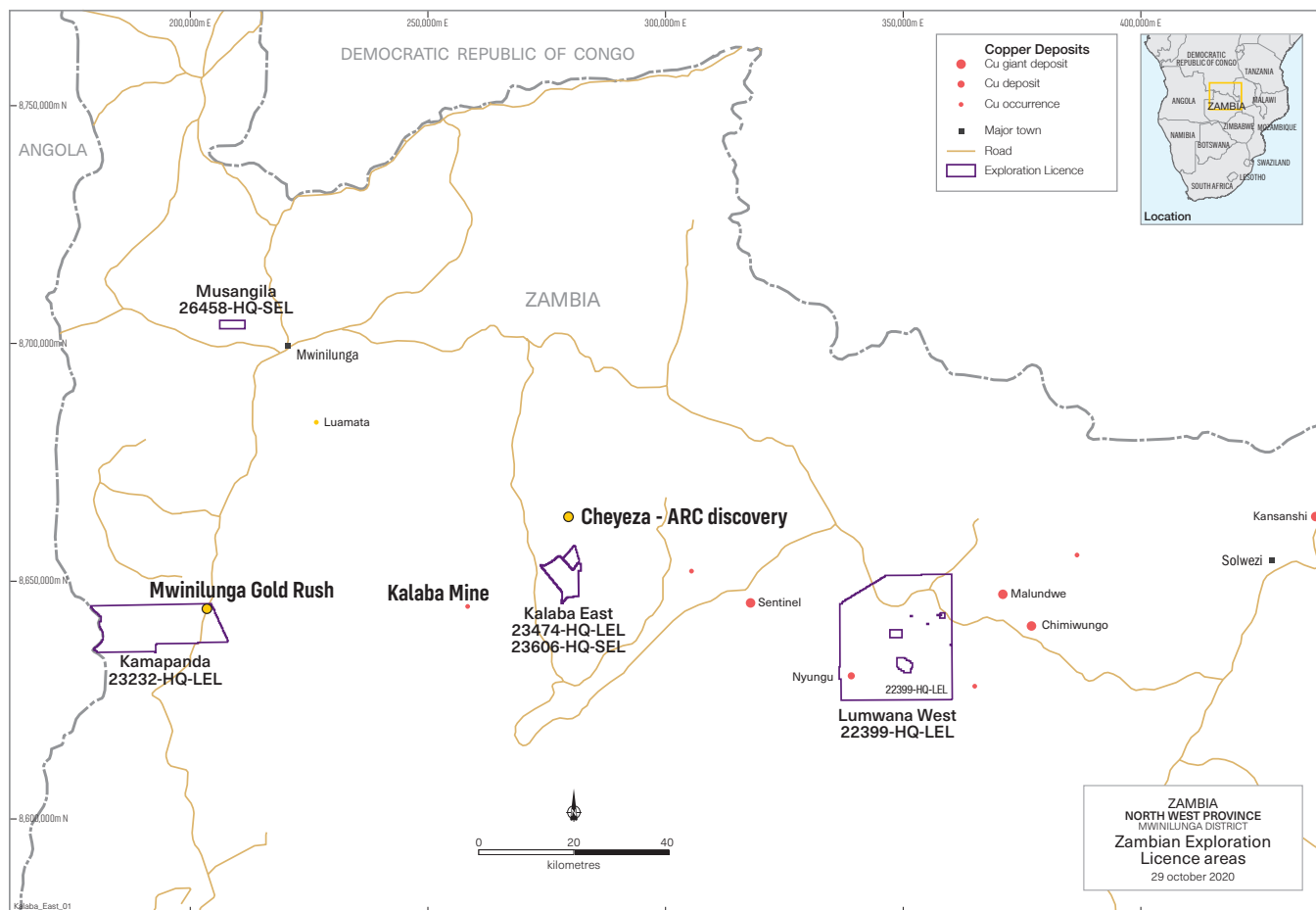


Figure 7 Zambia tenement locations.

Zambia

Kalaba East

Commodities: Copper, Cobalt

Argonaut Interest: 90%

Operator: Argonaut

BACKGROUND

The Kalaba East project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 7). The area is prospective for large tonnage, low to medium grade copper-cobalt deposits.

The Kalaba East project lies adjacent to ARC Minerals' recent Cheyeza East Prospect and Muswema North Prospect discovery and west of the world-class copper mine Sentinel, operated by First Quantum Minerals (Figure 8). At Cheyeza East, ARC Minerals intercepted 18m at 2.35% copper and 39m at 1.47% copper.

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring two contiguous licences and has now received operational approvals and consent from Zambian authorities to commence exploration activities.

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

Musangila

Commodities: Copper, Cobalt, Gold

Argonaut Interest: 90%

Operator: Argonaut

BACKGROUND

The Musangila project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 7). The area is prospective for large tonnage, low to medium grade copper-cobalt deposits and alluvial gold.

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

Argonaut via its 90% held subsidiary, Sunrise Exploration and Mining Limited has been successful in acquiring the licence and is waiting for operational approvals and consent from Zambian authorities to commence exploration activities.

Argonaut plans to conduct a geochemical sampling program followed by RC drilling.

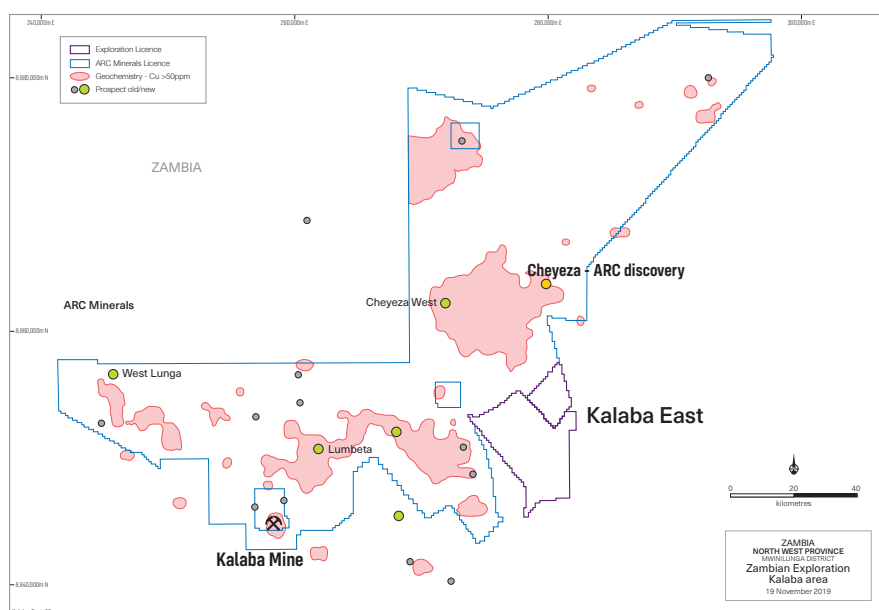


Figure 8 Kalaba East project adjacent to Arc Minerals geochemistry >50ppm copper.

Australia

Murdie, SA

Commodities: Copper, Gold

Argonaut Interest: 100%

Operator: Argonaut

HIGHLIGHTS

- The Murdie project is 100% held and operated by Argonaut and adjoins the Torrens Joint Venture project and sits within 10km of OZ Mineral's Carrapateena deposit and 45km of BHP's high-grade Oak Dam discovery.
- Geophysical modelling has defined numerous large and prospective iron oxide copper-gold (IOCG) drilling targets, which are predominantly 'gravity-only' anomalies in the style of Oak Dam and Carrapateena.
- Drilling is targeting IOCG mineralisation defined by large gravity anomalies within the Olympic Copper-Gold Province of South Australia.
- The South Australian Government awarded Argonaut a \$320,000 grant towards drilling of the IOCG targets.

Drilling Authorisation

- On 4 January 2021, the Company announced that the South Australian Government approved an application by Argonaut's 100% held subsidiary, Kelaray Pty Ltd, under the Aboriginal Heritage Act 1988 (AHA). This authorisation was the final approval required for the Murdie drilling program that commenced in 2021.

Gravity Survey

- Since October 2020, 7,900 gravity stations have been surveyed in the Murdie area including over several confirmed drilling targets.
- Geophysical modelling has defined features that warrant drill testing.

Judicial Review

- On 17 March 2021, the Barngarla Determination Aboriginal Corporation RNTBC filed an application in the South Australian Supreme Court for a review of the authorisation announced by Argonaut on 4 January 2021.
- On 19-20 July 2021, the South Australian Supreme Court part-heard an application for judicial review of the authorisation announced by Argonaut on 4 January 2021. The hearing was adjourned on the morning of Tuesday, 20 July 2021 due to the South Australian COVID lockdown.

Drilling Program

- Drilling commenced at the Murdie project on 22 March 2021.
- Two deep diamond drillholes were completed:
 - » WLTD001, total depth 924m; and
 - » WLTD002, total depth 853m.
- Both drillholes intercepted Iron-Oxide Copper-Gold (IOCG) type alteration comprising brecciation and moderate to strong hematite and potassic alteration, indicative of IOCG mineralisation in the Eastern Gawler Craton.
- Access to the third drillhole, WLTD003, – which targets the Trimmer anomaly was hampered by weather, the related wetness of the surface and subsurface of Lake Torrens, and the South Australia COVID lockdown. Consequently, the drilling program was temporarily suspended.

Argonaut Resources holds a 100% interest in two highly prospective exploration licences, EL5937 and EL5945 via its subsidiary, Kelaray Pty Ltd. The Murdie licences are situated along the western margin of Lake Torrens, in the highly prospective Eastern Gawler Craton of South Australia (Figure 9).

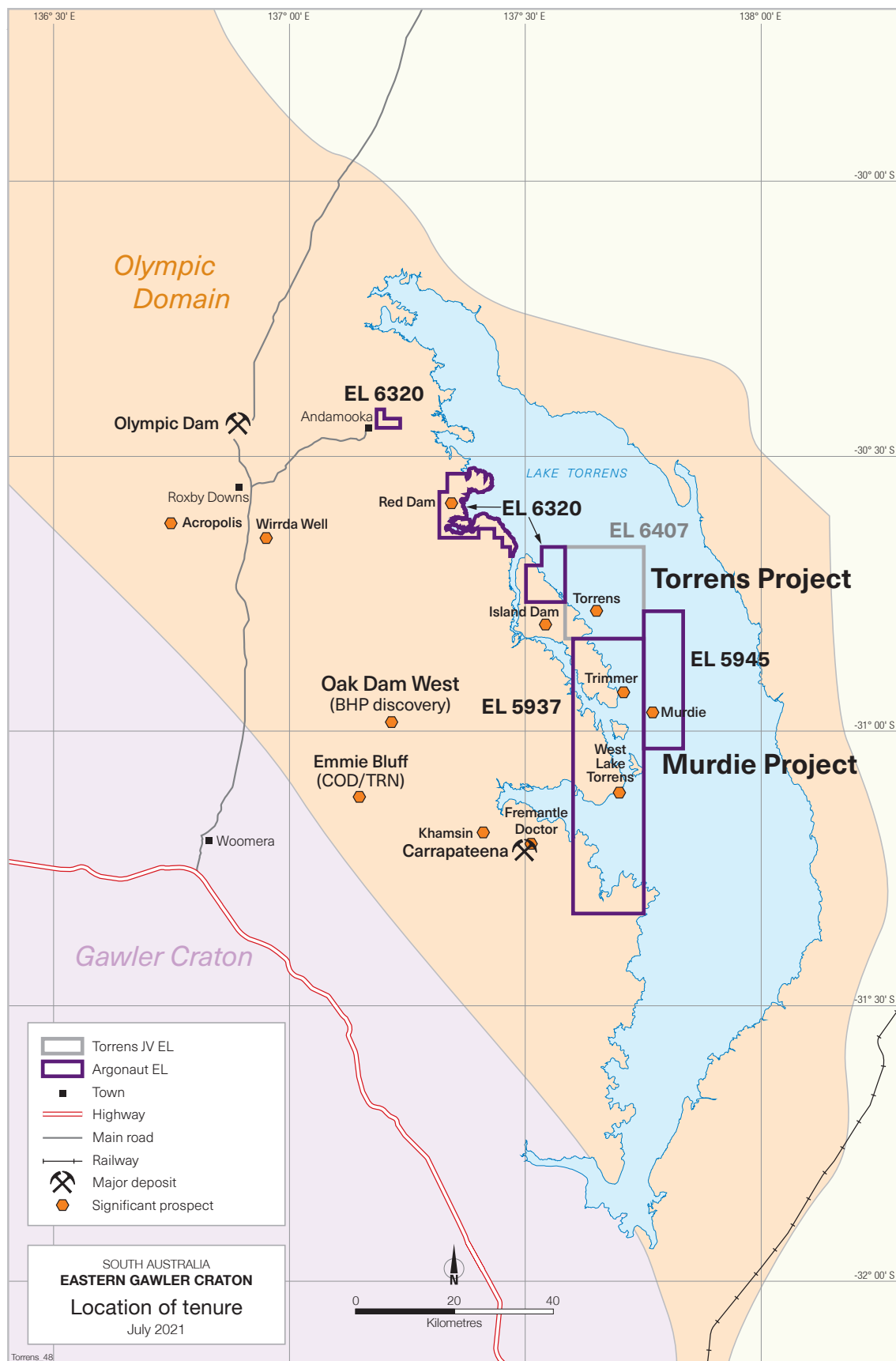


Figure 9 Lake Torrens exploration licences, Eastern Gawler Craton, South Australia.

Australia

DRILLING

WLTD001 and WLTD002 targeted residual gravity anomalies referred to on Figure 11 as Smith Dam 1 and Smith Dam 2 respectively. WLTD001 drill core has been cut and the samples have been submitted for assay, results pending.

WLTD001

- The first drill hole, WLTD001, intercepted an IOCG alteration system which confirms the prospectivity of the West Lake Torrens gravity anomaly (Photo 1).
- The intensity of alteration indicates that WLTD001 is 300 to 1,000 m from possible copper mineralisation.
- WLTD001 intercepted basement at 730m and was drilled to a depth of 924m.

WLTD002

- Drilling of the second drill hole, WLTD002, intercepted further IOCG alteration including breccia zones with moderate to strong hematite and potassic alteration (Photo 2).
- WLTD002 intercepted basement at 645m and was drilled to a depth of 853m.

WLTD003

- Argonaut relocated drilling equipment and protective matting from the West Lake Torrens target area to the southern end of Andamooka Island to drill test the 'bullseye' Trimmer anomaly (Figure 9).
- Access to the WLTD003 collar site was hampered by weather, related wetness of the surface and subsurface of Lake Torrens, and the South Australia COVID lockdown.
- Consequently, the drilling program was temporarily suspended.

DRILLING TARGETS

The Murdie exploration licences covers two largescale, regional gravity anomalies – West Lake Torrens and Murdie (Figure 9). These anomalies represent locations with significant volumes of high-density rock that could contain economic IOCG deposits. Efforts have been focused on the West Lake Torrens anomaly and the newly defined Trimmer anomaly which is located northwest of the Murdie anomaly, near the south-eastern corner of Andamooka Island.

GRAVITY ANOMALIES

A volume of high-density rock causes a measurably higher gravitational pull at surface and this manifests as a gravity anomaly. Therefore, mineral explorers can use gravity surveys as a means to define gravity anomalies and potentially discover dense orebodies. IOCG orebodies contain high concentrations of iron and copper minerals making them particularly dense.

CONFIRMATION OF IOCG GEOLOGY

The presence of further IOCG alteration in the basement rocks of the West Lake Torrens gravity anomaly continues to provide encouragement to the Argonaut team. The 2021 Murdie drilling program has confirmed the presence of the critical prerequisites to the discovery of an IOCG deposit:

- the same brecciated, hematite alteration system as Olympic Dam, Carrapateena and Oak Dam;
- preservation, rather than erosion, of the IOCG system; and
- intersection at approximately the correct level within the system.

Basement rocks intercepted in drill hole WLTD002 feature breccia zones with moderate to strong hematite and potassic alteration. These observations are supported by portable XRF analysis.

Australia

Table 3 Summary of Murdie drillholes

DRILL HOLE	EASTING*	NORTHING*	DIP	AZIMUTH	TOTAL DEPTH
WLTD001	757,090mE	6,554,800mN	-90 degrees	N/A	924m
WLTD002	754,770mE	6,551,950mN	-90 degrees	N/A	853m
WLTD003	759,030mE	6,575,830mN	-90 degrees	N/A	N/A

* GDA94, MGA Zone 53

Brecciation is the breaking of rock into fragments that are then re-cemented by a matrix, in this case an iron-rich matrix (evident in drill core, Photo 1 and Photo 2). This process is generally considered to be a prerequisite to IOCG mineralisation.

The system appears not to have been subject to destructive, paleo-erosion. The upper, prospective portion of the IOCG system appears to have been preserved.

Drill holes WLTD001 and WLTD002 intercepted IOCG alteration at approximately the level within a system that possible economic IOCG mineralisation would be expected to occur. The intensity of alteration indicates that the first drill hole, WLTD001, was 300m to 1,000m from possible copper mineralisation.

The host rock of the system is interpreted to be units of the Wallaroo Group. No significant copper mineralisation is visible in WLTD002 drill core although chalcopyrite was noted in the lower part of the cover geology.

The density of this hematite-altered rock intercepted in both drill holes accounts for the residual gravity anomalies.



Photo 1 WLTD001, 897m to 899m, Murdie Project: IOCG-style hematite alteration and brecciation.



Photo 2 WLTD002, 770.5m to 772.7m, Murdie Project: IOCG-style hematite alteration and brecciation.

Australia

WEST LAKE TORRENS BOUGUER ANOMALY

The West Lake Torrens anomaly is a regional gravity anomaly (Figure 10). This type of anomaly is typically displayed as a “bouguer” gravity anomaly. The peak of the West Lake Torrens bouguer anomaly is 7 milligals above background levels.

Argonaut has identified seven excellent drilling targets at the West Lake Torrens anomaly. Drilling targets located near the shoreline of Lake Torrens are shown on Figures 10 and 11 as Smith Dam 1 to 4. Offshore targets are labelled Crystal Dam 1 to 3.

Argonaut has drilled Smith Dam 1 and Smith Dam 2 first. Other targets will be prioritised on the basis of analytical results, further consideration of geophysical models and access requirements.

TRIMMER BOUGUER ANOMALY

The Trimmer anomaly is a bullseye (single point) gravity target that sits between the south-eastern corner of Andamooka Island and the Murdie gravity anomaly (Figure 9). The gravity anomaly is nearby to an intense, linear magnetic anomaly which is coincident with a regional fault, but the Trimmer anomaly itself does not have a discernible magnetic anomaly.

Argonaut laid ground protection matting to access WLTD003 collar site from the shoreline of Lake Torrens, similar to the accessway which was successful for WLTD002 (Photo 3), however access to the collar site was hampered by:

- several rain events which have affected access tracks to southern Andamooka Island,
- related wetness of the surface and subsurface of Lake Torrens, and
- impaired availability of earthmoving equipment and mechanics due to the South Australia COVID lockdown.

Argonaut is currently reviewing access arrangements.

RESIDUAL GRAVITY TARGETS

Initial 2021 drilling by Argonaut at the Murdie project has targeted “residual” gravity anomalies within the wider West Lake Torrens anomaly (Figures 10 and 11). The residual gravity targets shown in Figure 10 are 0.85 to 1.15 milligals above the regional gravity anomaly.

HIGHLY COMPELLING TARGETS

Many of the targets at the Murdie project have two important and sought-after qualities:

- they are within or at the margin of the same Donington Suite granite body that hosts both the Oak Dam and Carrapateena IOCG deposits; and
- the Oak Dam deposit and Argonaut’s targets are defined by ‘gravity only’ geophysical anomalies.

Gravity-only anomalies do not have a significant associated magnetic anomaly and can be indicative of IOCG deposits that have been entirely altered from magnetite-dominant, low-grade systems to high-grade, hematite-dominant IOCG systems.

Large, gravity-only anomalies within Donington Suite granite are the most compelling copper exploration targets in the country.

GROUND GRAVITY SURVEY

Geophysical crews have completed a detailed ground gravity survey over selected areas to improve the accuracy of drill-target modelling. In total 7,900 gravity stations have been surveyed including over the area of several confirmed drilling targets (Figure 10). Argonaut is pleased with both the results of the survey and the resolution of the data.

Australia

ACCELERATED DISCOVERY INITIATIVE

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

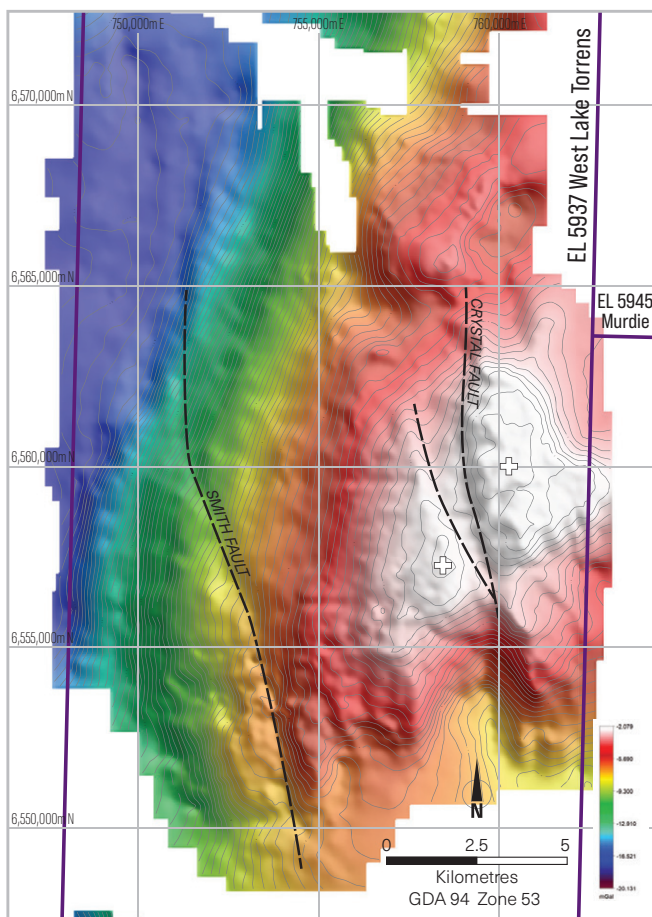


Figure 10 West Lake Torrens bouguer (regional) gravity anomaly.

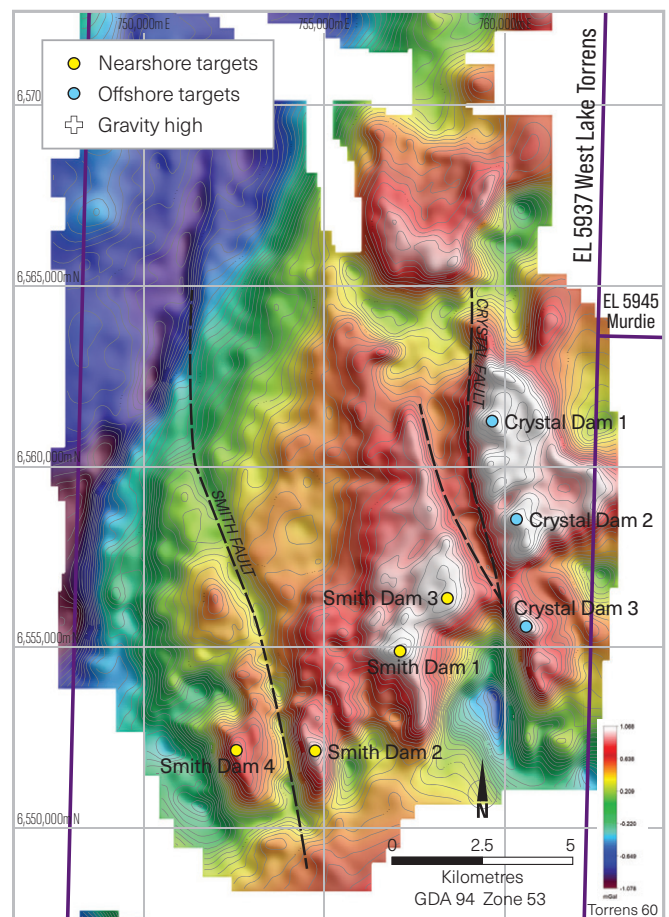


Figure 11 West Lake Torrens residual gravity anomalies and drilling targets.

Australia

AUTHORISATIONS

Authority under the Aboriginal Heritage Act

On 24 February 2020, Kelaray lodged an application under section 23 of the Aboriginal Heritage Act 1988 for areas of exploration licences 5937 and 5945.

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

Judicial Review Application

On 16 March 2021, the Barngarla Determination Aboriginal Corporation RNTBC (BDAC) filed an application in the South Australian Supreme Court for a review of the authorisation announced to the ASX by Argonaut on 4 January 2021.

On 19-20 July 2021, the South Australian Supreme Court part-heard this application. The hearing was adjourned on the morning of Tuesday, 20 July 2021.

The Company notes that there are no registered Barngarla heritage sites at Lake Torrens.

Exploration works being undertaken at the Murdie project have been duly authorised. The Company is confident that the State's authorisation process was robust.

Operational Approval

The 'Exploration Program for Environment Protection and Rehabilitation' for ongoing exploration activities including ground gravity surveys and diamond drilling at exploration licences 5937 and 5945 was approved under the South Australian Mining Act in January 2020.

The approval allows for up to 200 deep diamond drill holes into a string of large and prospective IOCG anomalies from nearshore and offshore locations on the salt crust of Lake Torrens.

Native Title Access

In 2018, the South Australian ERD Court granted native title authority to enter and undertake mining operations (exploration) within the area of EL5937 and EL5945.



Photo 3 Drilling at WLTD002, Murdie project (Photo courtesy of SA Dept for Energy and Mines).

Australia

Torrens, SA

Commodities: Copper, Gold

Argonaut Interest: 30%

Operator: Straits Exploration (Australia) Pty Ltd

HIGHLIGHTS

- The Torrens Joint Venture partners agreed to recommence on-ground exploration activities. In December, a passive seismic survey was conducted to assist in refining drill targeting.
- An updated Program for Environment Protection and Rehabilitation (PEPR) to undertake deep diamond drilling on the surface of Lake Torrens was approved by the State Government.
- Native Title authority was re-granted for the Torrens licence following the grant of a subsequent exploration licence.

The Torrens Joint Venture project is located within the globally recognised IOCG metallogenic province, at the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 40 kilometres of BHP's Oak Dam West copper discovery, 50 kilometres of OZ Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP's Olympic Dam mine (Figure 9).

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

RECOMMENCEMENT OF TORRENS JV EXPLORATION

The Torrens Joint Venture partners decided to recommence exploration activities at the Torrens Joint Venture project.

During the reporting period, operational and heritage approvals were awarded to permit on-ground exploration activities to include:

- a) Operational approvals were obtained from the Department for Energy and Mining that includes a revised PEPR to reflect on-ground drilling practices and additional exploration activities, passive seismic.
- b) In September 2020, the South Australian ERD Court granted native title authority to enter and undertake mining operations (exploration) within the area of EL 6407. This approval was required as the exploration licence EL 5614 expired and the subsequent licence EL 6407 required authorisation.

PASSIVE SEISMIC

A low-cost passive seismic survey was conducted to assist in refining geological and geophysical models used for drill targeting.

GENERAL COMMENTS

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

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

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

Major, diversified miners and mid-cap copper miners are specifically seeking to increase copper production due to forecast copper supply shortages. There was an underinvestment in copper exploration between 2012 and 2017, consequentially there are relatively few copper deposits available to acquire. Copper discoveries are necessary and copper deposits are in-demand.

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

Australia

TORRENS PROJECT

The Torrens Joint Venture project is located within the globally recognised Olympic Domain, at the eastern margin of South Australia's Gawler Craton, within 40 kilometres of BHP Group's Oak Dam copper discovery, 50 kilometres of OZ Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP's Olympic Dam mine. BHP's recent discovery at Oak Dam has confirmed the validity of the Torrens target and the copper endowment of the Eastern Gawler Craton.

TORRENS ANOMALY

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

Drilling at Torrens to date has confirmed the existence of a major IOCG mineralising system beneath several hundred metres of sedimentary cover. Further drilling is required to intercept the modelled copper-gold mineralisation. In the event of a discovery, the Torrens anomaly has the scale to host a world-class copper-gold deposit.

TORRENS JOINT VENTURE

The Torrens Joint Venture is between Argonaut Resources NL (30%) and Aeris Resources Limited (ASX: AIS) (70%) and relates to the Torrens Joint Venture project, EL6407. Aeris' subsidiary, Straits Exploration (Australia) Pty Ltd, is the manager of the project.

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

The Torrens project was impaired at 30 June 2021. Substantive expenditure on further exploration and evaluation of mineral deposits within the related tenement package is currently budgeted and planned. However there is evidence available to suggest that the carrying value will not be recovered in full, and the carrying value of the tenement has been impaired to its estimated recoverable amount of \$1,070,000.

Geophysics

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

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

Gravity Targets

Argonaut has defined 28 gravity targets from modelling of gravity and magnetic data. These targets each display the properties of large IOCG deposits. The targets have been categorised into four groups, which are detailed in Table 4 (Figure 12).

Table 4 Categorised gravity anomalies identified at Torrens. See Figure 12 for locations.

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

Australia

Red Dam, SA

Commodities: Copper, Gold

Argonaut Interest: 100%

Operator: Argonaut

HIGHLIGHTS

- Argonaut has increased landholding in the Eastern Gawler Craton by the grant of exploration licence EL6320.
- EL6320 comprises the Red Dam IOCG target.

Argonaut was granted exploration licence EL6320 in February 2019 which is located adjacent to the Torrens project (Figure 9). The licence area is in three parts, covering a total 198 square kilometres and encompasses the Red Dam IOCG target, previously identified by WMC and since owned by BHP.

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

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

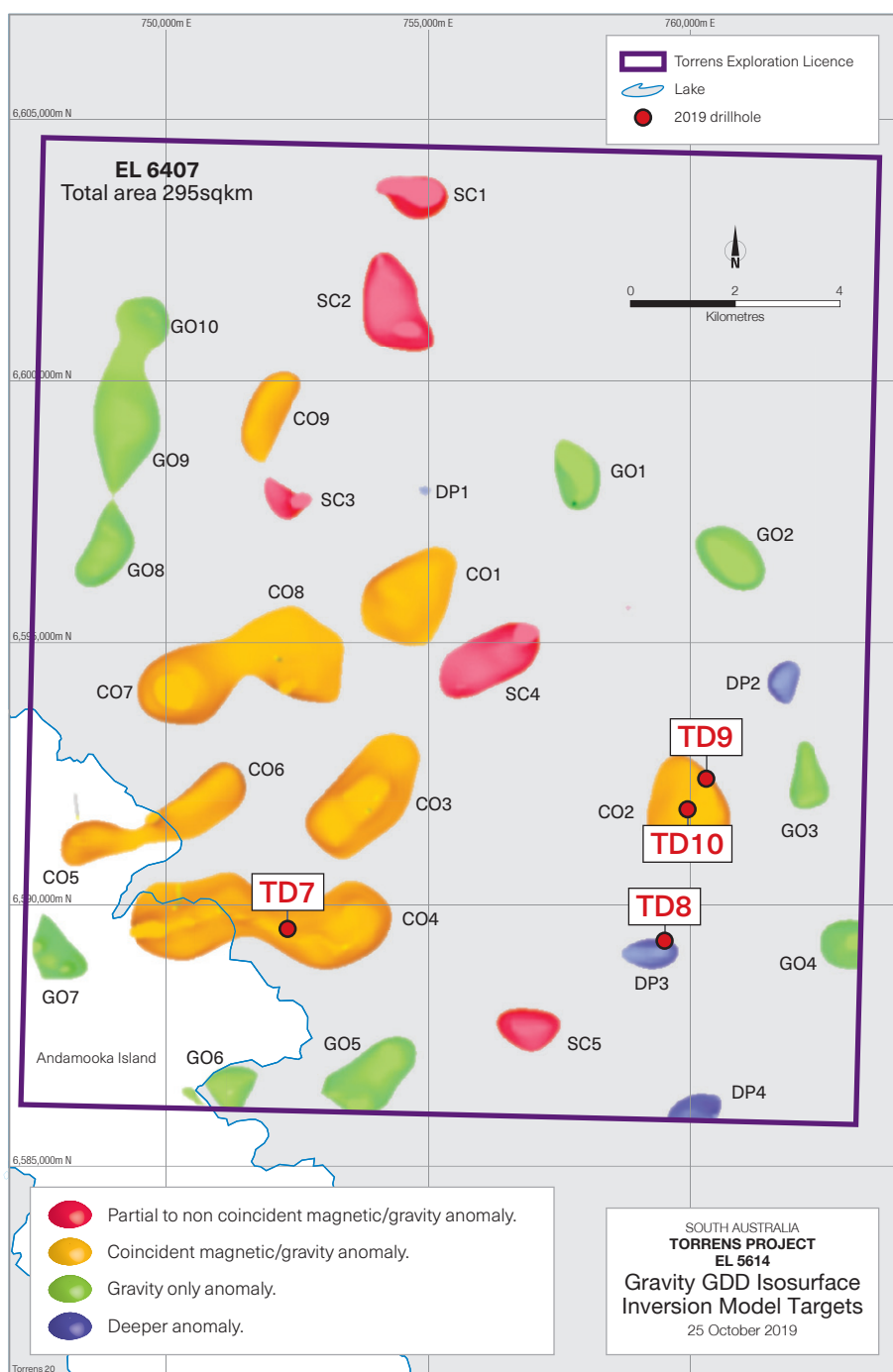


Figure 12 Gravity inversion model targets by category.

Australia

Uranium Assets, SA and NT

Commodities: Uranium

Argonaut Interest: 100%

Operator: Argonaut

HIGHLIGHTS

- Argonaut has assembled a package of prospective, 100% held uranium projects in South Australia and the Northern Territory.
- The Frome project is nearby to the Honeymoon, Four Mile and Beverley uranium mines and is immediately adjacent to the Goulds Dam uranium deposit.
- The Mount Douglas exploration licence contains hard rock uranium targets near the base of the Kombolgie sandstone in the Northern Territory.

In South Australia, the Frome project involves three highly prospective exploration licences in the Frome Embayment area of South Australia which is arguably the most prospective region in Australia for sandstone-hosted uranium deposits. The area hosts the Beverley deposit and the Four Mile in the northwest and the Honeymoon, Goulds Dam and Oban deposits in the southeast (Figure 13).

The recently acquired landholding of 2,894 square kilometres covers:

- a network of sandstone palaeochannels containing groundwater that drains from uranium-bearing granite source rocks;
- existing drilling with downhole gamma logs that defines 12 line-kilometres of redox fronts within thick sandstone units; and
- two walk-up, high priority drilling targets plus at least size early-stage drilling targets.

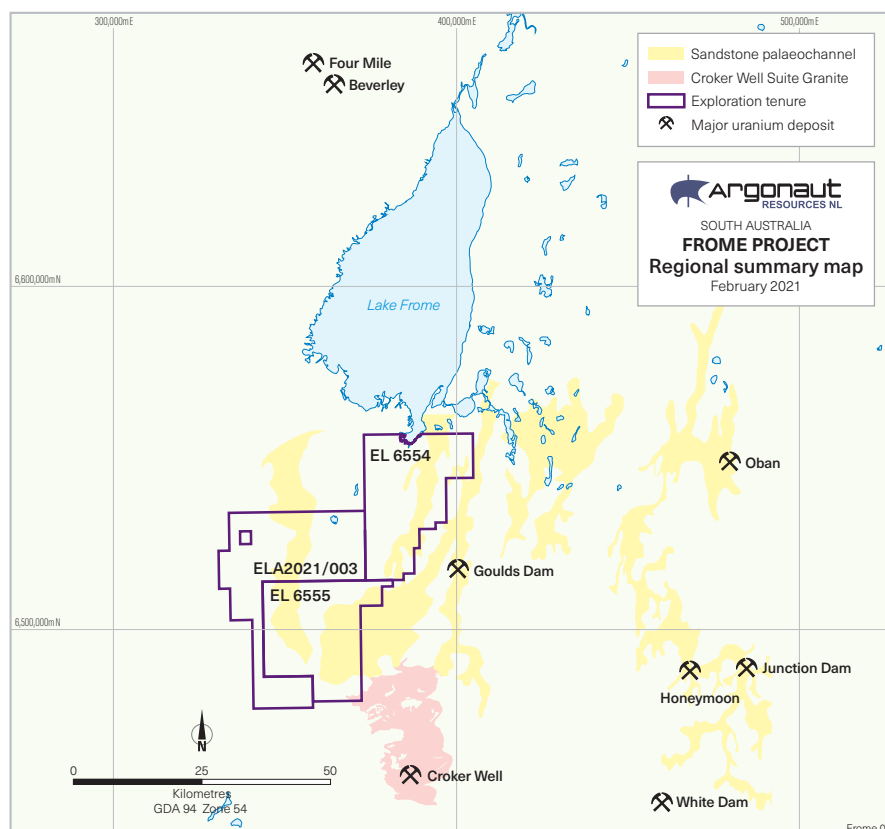


Figure 13 Frome project tenement locations and major uranium deposits.

TENURE

Argonaut holds a 100% interest in two large exploration licences - both greater than 950 square kilometres and a third exploration licence via an option, sale and milestone agreement. This agreement provides for the acquisition by Argonaut of a 100% interest of a third similarly large exploration licence, currently in the application stage. Frome project exploration licences are described in detail below.

Frome project exploration licences:

- EL6554, Frome Downs – 960km² (100%);
- EL6555, Curnamona – 947km² (100%); and
- ELA 2021/003, Erudina – 987km² (option to acquire 100%).

Australia

PROSPECTIVITY

These licences cover sandstone-bearing palaeochannels that contain groundwater that drains from uranium-bearing granite. Previous drilling of these palaeochannels confirms the presence of excellent sandstone aquifers at or near the base of the channels. These sandstone aquifers are 4m to 20m thick (typically 10–12m) and contain the necessary permeable coarse sands.

These basal sandstones have been shown to contain both oxidised, uranium-bearing zones and reduced zones. Work by Argonaut has confirmed 12 kilometres of redox front within palaeochannels along which high priority exploration is necessary.

Argonaut is applying the “two fluids” model for uranium roll front deposits (Figure 14) which involves oxidised, uranium bearing groundwater (Fluid 1) flowing along the permeable sandstone units until it encounters reducing groundwaters which have leaked upwards through faults from

deeper, hydrocarbon-bearing aquifers (Fluid 2). The interface of these fluids creates a redox front that can trap and concentrate uranium.

GEOLOGY

As stated above, uranium accumulation as a consequence of the two fluids model requires three principal elements: uranium rich source rocks, a permeable sandstone aquifer to carry the oxidised, uranium bearing groundwater, and the introduction of a reductant up faults from a lower, hydrocarbon-bearing aquifer.

At the Frome project area, we see the following geological units:

1. The Eyre Formation (Honeymoon and Goulds Dam deposits) and Namba Formation (Beverley deposit) palaeochannels. These units are contained in the Callabonna Sub-basin of the Lake Eyre Basin.
2. The underlying Arrowie Basin, which includes the hydrocarbon-bearing Wilkawillina Limestone unit.
3. The Crocker Well Suite granite (Figure 13) which is an excellent uranium source rock and displays a strong radiometric anomaly where it outcrops.
4. Faults that cut both the Arrowie basin sediments and the overlying Eyre or Namba formations.

EXPLORATION

Argonaut has compiled and interpreted all existing data. The data is encouraging in that it points towards numerous opportunities for the discovery of sandstone-hosted uranium. Work will proceed in several phases:

1. Palaeochannel and fault interpretation via existing aeromagnetic and airborne EM data.
2. Acquisition and interpretation of new, detailed airborne EM data.
3. Drilling of high priority targets (Figure 15)
4. Drilling of regional, early-stage targets (Figure 15).

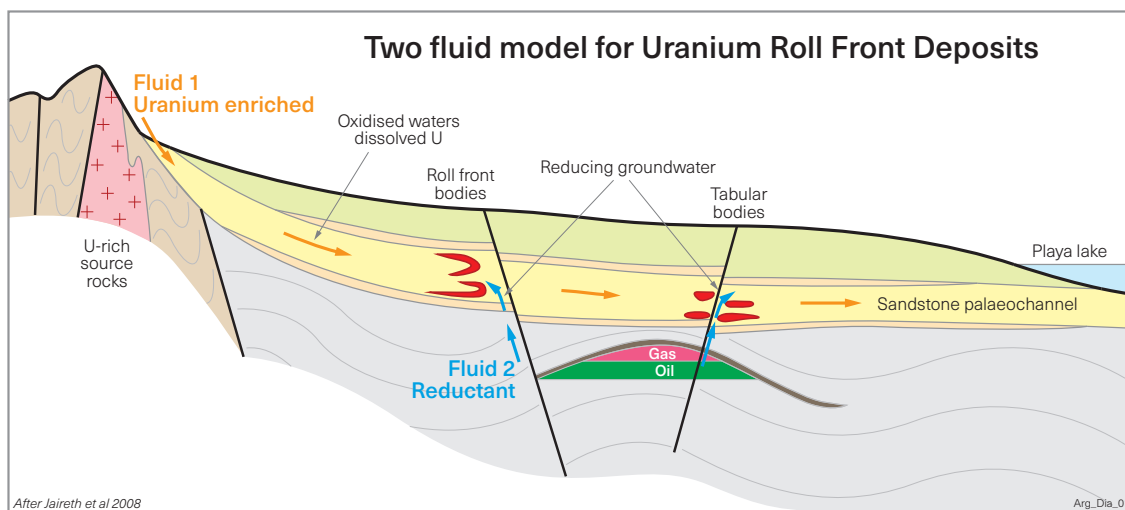


Figure 14 Diagram showing two fluid model. Uranium is carried in oxidised groundwaters and reduced by hydrocarbons and/or H_2S released from the underlying hydrocarbons. Both roll-front and tabular ore bodies can result from the process. After Jaireth et al 2008.

Australia

Argonaut is currently commencing the permitting process required for drilling.

Argonaut acquired the Mount Douglas exploration licence in the Northern Territory. This licence contains hard rock uranium targets near the base of the Kombolgie sandstone.

The uranium projects secured by Argonaut are (also see Summary of Mining Tenements):

- Frome Embayment, SA – Beverley and Honeymoon-style sandstone-hosted, roll front targets:
 - » Frome Downs – 960km²; and
 - » Curnamona – 947km².
- Cummins, SA –sandstone-hosted, roll front targets:
 - » Cummins – 952km².
- Alligator Rivers Uranium Field, NT – Ranger-style unconformity related targets:
 - » Ranger North-East – 64km².
- South Alligator Valley Mineral Field – unconformity related targets near Coronation Hill deposit:
 - » T-Bone – 230km².

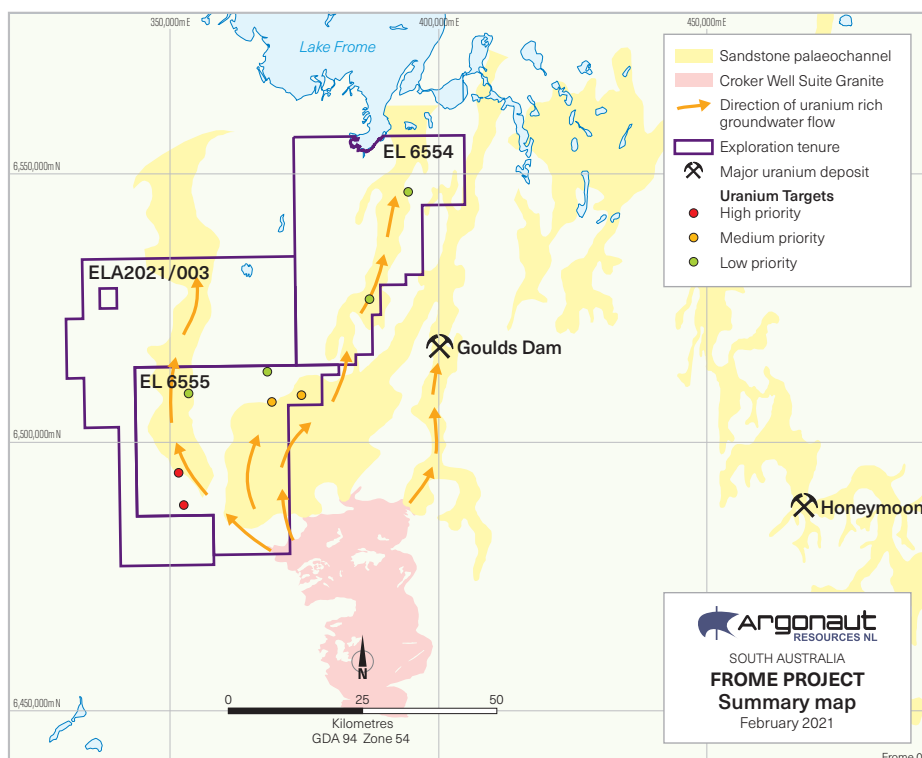


Figure 15 Frome Project licences with Eyre Formation sandstone palaeochannels – which have been shown to host uranium deposits – and the Crocker Well Suite granite which is a uranium-bearing source rock from which oxidised groundwater can flow through the palaeochannels until it encounters a reducing environment where it can form concentrated deposits.

- Mount Douglas, NT - Argonaut has acquired the Mount Douglas exploration licence that contains hard rock uranium targets near the base of the Kombolgie sandstone.
 - » Mt Douglas – 467km²; and
 - » Mt Douglas ELA – 127km².

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

Australia

Higginsville, WA

Commodities: Gold, Copper

Argonaut Interest: earning 80%

Operator: Argonaut

HIGHLIGHTS

- Argonaut completed a program of 37 RC drill holes for a total of 3,426m at the Amorphous gold deposit, Island gold prospect and Birties gold prospect.
- The best intercept was from the Amorphous gold deposit which returned 5m at 2.04g/t gold from 37m in drillhole AMRC024.
- Argonaut holds a 51% interest in a package of tenements around Higginsville and can earn up to 80% under an earn-in joint venture.

LOCATION

The tenements that make-up the Higginsville project are in Western Australia's Eastern Goldfields (Figure 16). Geologically, the package sits within the Norseman-Wiluna Belt, a belt of ancient rocks endowed with gold and nickel that sits within the broader Yilgarn Craton.

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

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

The package of tenements at Higginsville is held by Loded Dog Prospecting Pty Ltd. Argonaut and Loded Dog Prospecting are parties to an earn-in joint venture agreement which grants Argonaut the right to earn up to 80% of the tenements in two phases. Argonaut has completed the first earn-in phase and earned a 51% interest in the company that holds the Higginsville tenement package.

GOLD EXPLORATION

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

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

ISLAND GOLD TARGET

Setting

- The Island gold prospect is located 9 kilometres south of the Higginsville mining camp (+2.5 MOz) which sits between the St Ives (+15 MOz) and Norseman (+10 MOz) gold mining districts in Western Australia (Figure 16).
- The Island gold prospect is defined by a 1,200 metre by 400 metre gold geochemical anomaly and surface rock-chip samples (Figure 18). The anomaly sits over a major structural intersection that may have been a conduit for gold mineralising fluids.
- The Island gold target has been independently confirmed by SensOre Ltd using its proprietary mineral exploration AI.
- The Island prospect benefits from not having been previously drilled. Island gold prospect sits outside of neighbouring tenements which were comprehensively drilled in the 1990s.

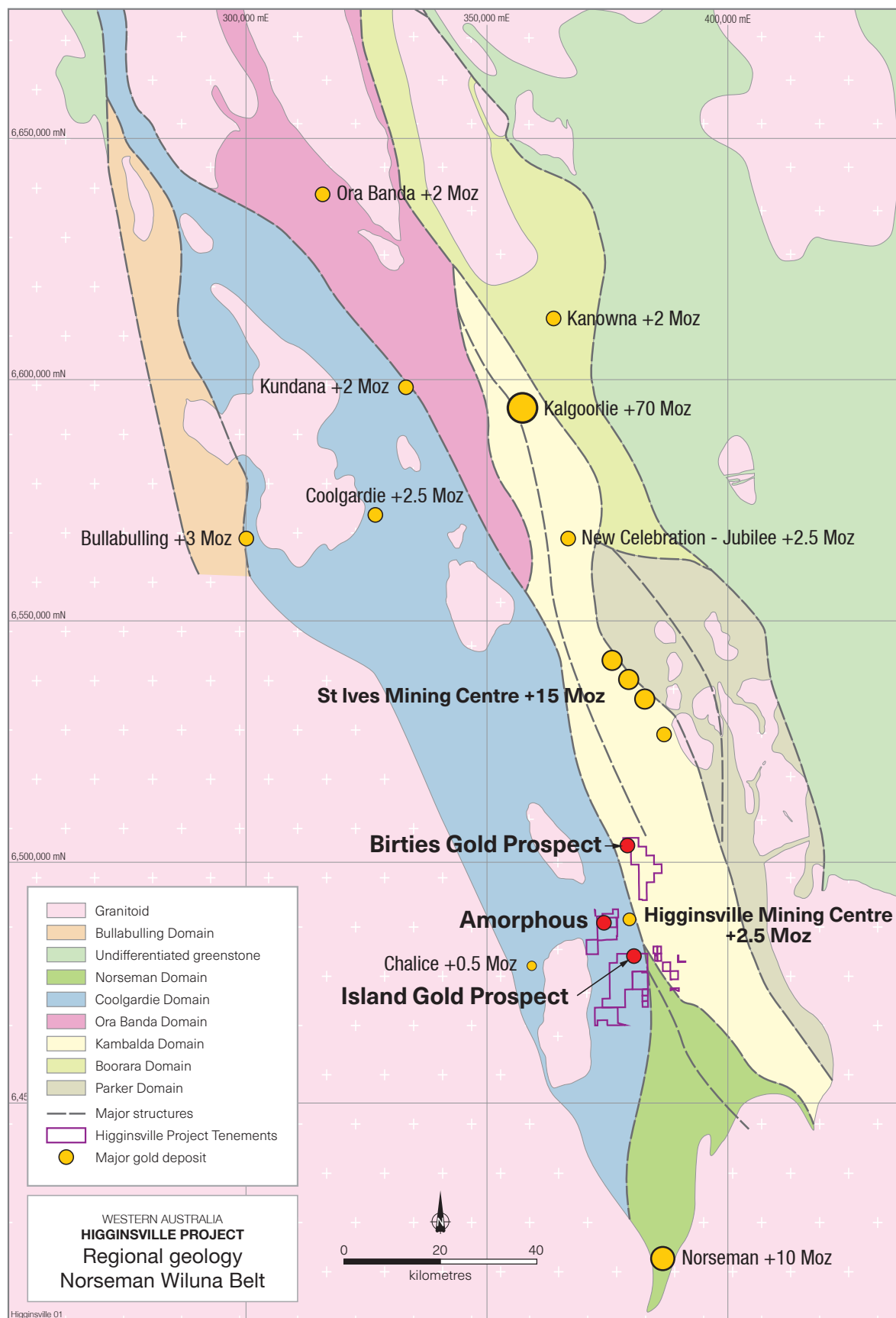


Figure 16 Higgsville regional geology showing Argonaut exploration licences and major gold deposits.

Australia

Island Target Confirmed by Exploration AI

SensOre Ltd is an Australian minerals-targeting company with a proprietary artificial intelligence, machine learning system. SensOre has applied its AI system to Argonaut's Higginsville tenements and identified the Island gold prospect as a target with attractive properties in terms of:

- gold endowment probabilities;
- gold grade probabilities;
- depth to deposit probabilities; and
- a low exploration maturity ranking.

Geochemistry Anomaly

The Island gold prospect is defined by:

- a 1,200 metre by 400 metre >10ppb gold geochemical anomaly from auger drilling samples; and
- surface rock-chip samples from depleted, surface outcrop up to 0.34g/t gold.

Structurally Controlled

The anomaly sits directly over a major north-westerly orientated fault which terminates the north-south trending greenstone package that hosts the primary Higginsville gold deposits such as Trident, Poseiden South, Fairplay and Corona.

These Higginsville deposits sit on a north-south mineralisation trend that aligns with the Island prospect to the south.

Drilling Results

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

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

Drilling Incomplete

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

These two targets are prospective and warrant drill testing.

BIRTIES GOLD PROSPECT:

- The 2020 drilling campaign at the Birties gold prospect has been completed and assays received.
- The Birties prospect features a gold geochemistry anomaly that was generated by a previous explorer in the early 2010s.
- The target is defined by a broad geochemical anomaly which is over 1 kilometre long and 1 kilometre wide.
- Peripheral, shallow drilling of between 6 metres and 40 metres depth from the 1990s returned anomalous results but appears to have missed the target.
- Argonaut drilled 14 RC drill holes to test the peak gold anomaly at the Birties prospect.

Setting

- The Birties gold prospect is located 15 kilometres north of the Higginsville Mining Camp (+2.5MOz) and 32 kilometres south the St Ives (+15MOz) mining district in Western Australia (Figure 16).
- The drill target is defined by a broad gold anomaly, which is over 1 kilometre in diameter and is open to the south.
- The anomaly features a 500 metre by 100 metre, +20ppb gold peak.
- The peak of the anomaly had not previously been drill-tested. Nearby, shallow drilling returned anomalous results consistent with the shape of the peak anomaly.
- The targeted mineralisation is structurally emplaced, gabbro-hosted gold, in a similar style to the Trident deposit at Higginsville.

Geochemistry Anomaly

The Birties prospect is defined by:

- a +1,000 metre by +1,000 metre >9ppb gold geochemical anomaly from auger drilling samples; with
- a 500 metre by 100 metre undrilled peak anomaly of +20ppb gold.

The broader gold anomaly is open to the south.

Australia

Drilling Results

Argonaut completed 14 RC drill holes at the Birties gold target for a total of 1,162m. Highlights of this drilling include:

- BIRC010: 2m at 0.25g/t gold from 23m.

AMORPHOUS GOLD DEPOSIT

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

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

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

Highlights of 2017 RC drilling at Amorphous are provided in Table 5.

Table 5 Amorphous gold deposit – gold drill intercepts.

Hole	From (m)	Interval (m)	Au (g/t)
AMRC005	69	4	1.53
plus	77	11	2.76
including	81	6	4.62
and	82	3	7.47
AMRC006	44	6	2.37
including	45	3	4.38
AMRC008	56	3	1.66
AMRC009	22	2	1.28
AMRC015	64	4	2.36

Drilling Results

Argonaut completed 10 RC drill holes at the Amorphous Gold Target for a total of 1,012m targeting the northerly strike-extension of the extent of the Amorphous deposit in an effort to significantly increase the potential tonnage.

Drilling results from the 2020 drilling program included:

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

NICKEL EXPLORATION

During 2019, Argonaut investigated the nickel potential of the Higginsville project. The Higginsville area mineralisation model is typical of Kambalda-style komatiitic nickel sulphide deposits, comprising Ni-Cu-PGE ores. Published mapping, interpretation of the aeromagnetics and review of existing drill logs shows that an ultramafic trend continues through the licence areas.

Some of these ultramafics are concealed by Lake Cowan and represent an obvious target for future testing.

Follow-up EM geophysical surveys and drilling over targets zone may be warranted.

AGREEMENT TERMS

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

- Argonaut earned a 51% interest in the tenement package by completing \$500,000 in exploration expenditure within two years of commencement; and
- Argonaut may earn a further 29% interest, for a total of 80%, for completing an additional \$1,500,000 in exploration expenditure within a further three years.

Australia

Kroombit, QLD

Commodities: Zinc, Copper

Argonaut Interest: 100%

Operator: Argonaut

- Reimbursement of tenement acquisition expenses totalling \$250,000 was paid by Argonaut progressively under the agreement.
- An issue of ordinary fully paid Argonaut shares valued at \$50,000 was issued on execution of the definitive earn-in agreement.

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

The Higginsville project carrying value was impaired at 30 June 2021 because substantive expenditure on further exploration for and evaluation of mineral deposits within the related tenement package is not budgeted, and the period for which Argonaut has the right to explore certain smaller licences in that package will expire in the near future. There is subjectivity in assessing fair value of early-stage exploration assets. In these circumstances, the recoverable amount of the asset has been impaired to \$nil.

BACKGROUND

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

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

- a Zinc Resource of 5.2 million tonnes at 1.9% zinc and 0.15% copper using a cut-off of 1.0% zinc, for 98,800 tonnes of zinc and 7,800 tonnes of copper; and
- a Copper Resource of 0.9 million tonnes at 1.0% copper at a cut-off of 0.5% copper for 9,000 tonnes of copper.
- On 21 July 2010, Argonaut announced that metallurgical testing had succeeded in producing a particularly high grade zinc concentrate of 54%.

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

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

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

Aroona, SA

Commodity: Zinc

Argonaut Interest: 100%

Operator: Perilya Ltd

EL5336, Aroona, is subject to a joint venture agreement with Perilya Limited. As at year end, the joint operation partner has completed the required expenditure under the earn-in but the transfer of interest is yet to be affected and Argonaut still holds 100% interest.

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

COMPETENT PERSONS STATEMENT

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full-time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, details of which are disclosed in this Annual Report at page 37. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

The information regarding Resource definition and Exploration Potential for the Kroombit deposit is extracted from a report entitled 'Maiden resource estimate announced for Queensland zinc-copper project'. This report was released on 11 June 2009 and is available to view on www.asx.com.au. The company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcement and, in the case of estimates of Mineral Resources or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

Mineral resources statement

as at 30 June 2021

Argonaut conducted a review of its mineral resources for the 12-month period to 30 June 2021. The review concluded there had been no change to the Company's mineral resource holding during the Period.

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

KROOMBIT ZINC-COPPER DEPOSIT, CENTRAL QUEENSLAND, AUSTRALIA

ML5631 and MDL2002

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

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

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

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

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

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

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

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2021.

DIRECTORS

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

P J D Elliott

L J Oowler

A W Bursill

M R Richmond

On 3 August 2021, the Company announced the appointment of Mr Michael (Mick) Billing as a non-executive director.

PRINCIPAL ACTIVITIES

Argonaut Resources NL is a mineral exploration and development company with operations in Zambia and Australia. The consolidated entity's prime commodity focus is copper, and to a lesser extent gold and uranium. In addition, the consolidated entity holds a 100% interest in a zinc-copper resource in Queensland, Australia. There has been no significant change in the activities of the company during the year.

During the year the principal activities of the consolidated entity were the identification and development of mineral resource opportunities with an emphasis on projects that were amenable to value-adding via exploration and rapid development into production.

DIVIDENDS

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

REVIEW OF OPERATIONS

The loss for the group after providing for income tax amounted to \$5,771,764 (30 June 2020: \$1,802,312).

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

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

MATTERS SUBSEQUENT TO THE END OF THE FINANCIAL YEAR

Other than where stated in Note 25 to the Financial Statements, there were at the date of this report, no matters or circumstances which have arisen since 30 June 2021 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

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

ENVIRONMENTAL REGULATION

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

Information on directors

P J D Elliott

NON-EXECUTIVE DIRECTOR AND
CHAIRMAN

B.Com, MBA

Experience and expertise

Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 10 years.

Mr Elliott is an investment banker who has over 40 years experience in financial management and resource investment and development.

Other current directorships

Cap-XX Limited, Tamboran Resources Limited, Kirrama Resources Limited and Rockfire Resources PLC.

Former directorships (last 3 years)

Pioneer Limited – retired
30 November 2020.

Interests in shares

26,200,733

Interests in options

18,000,000

L J Owler

CHIEF EXECUTIVE OFFICER

B.Sc, MAusIMM

Experience and expertise

Mr Owler is Argonaut Resources NL's Chief Executive Officer and was appointed onto the Board as Executive Director on 1 June 2005. Mr Owler is a Geologist and Geophysicist with 25 years' experience in mineral exploration and development. Mr Owler holds a Bachelor of Science and is a Member of the Australasian Institute of Mining and Metallurgy.

Other current directorships

None

Former directorships (last 3 years)

None

Interests in shares

1,400,000

Interest in Treasury shares

24,000,000

Interests in options

26,000,000

M R Billing

NON-EXECUTIVE DIRECTOR

B.Bus, MAICD

Experience and expertise

Mr Billing was appointed a non-executive director of Argonaut Resources NL on 3 August 2021. Mr Billing has over 40 years of mining and agri-business experience and a background in finance, recently specialising in assisting in the establishment and management of junior companies. His career includes experience in company secretarial, senior commercial, and CFO roles including lengthy periods with Bougainville Copper Ltd and WMC Resources Ltd. He has worked extensively with junior resource companies over the past 20 years.

Other current directorships

Former directorships (last 3 years)

Southern Gold Limited – resigned
30 November 2018, Thor Mining PLC –
resigned 3 September 2021.

Interests in shares

Nil

Interests in options

Nil

Information on directors

A W Bursill

NON-EXECUTIVE DIRECTOR

COMPANY SECRETARY – RESIGNED
20 DECEMBER 2019

B.Agr. Ec., CA., FGIA

Experience and expertise

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

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

Other current directorships

None

Former directorships (last 3 years)

NVOI Limited – resigned
18 October 2019.

Interests in shares

3,049,438

Interests in options

18,000,000

M R Richmond

NON-EXECUTIVE DIRECTOR

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

Experience and expertise

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

Other current directorships

Strike Resources Ltd.

Former directorships (last 3 years)

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

Interests in shares

15,999,999

Interests in options

18,000,000

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

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

COMPANY SECRETARY

J E Morbey

COMPANY SECRETARY

B.Com CA

Experience and expertise

Joanna Morbey is a member of Chartered Accountants, Australia and New Zealand and has over 35 years experience in accounting and company secretarial duties in the investment banking, property development and the mineral exploration industries.

MEETINGS OF DIRECTORS

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2021, and the number of meetings attended by each director were:

Full board meetings	Attended	Held
PJ D Elliott	3	3
L J Owler	3	3
A W Bursill	3	3
M R Richmond	3	3

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

Remuneration report (audited)

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

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

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

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

PRINCIPLES USED TO DETERMINE THE NATURE AND AMOUNT OF REMUNERATION

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered.

The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency.

The board has not established a remuneration committee as the role of the committee is undertaken by the full board, which currently comprises of five members. In the absence of a formal committee, the Board undertakes the role of reviewing the level and composition of remuneration for directors and senior executives.

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

Non-executive director's remuneration

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

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

Executive remuneration

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

The executive remuneration and reward framework has three components:

- Base pay and non-monetary benefits
- Share-based payments
- Other remuneration such as superannuation and long service leave.

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

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

Consolidated entity performance and link to remuneration

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

Voting and comments made at the company's 30 June 2020 Annual General Meeting ('AGM')

The company received in excess of 75% of 'for' votes in relation to its remuneration report for the year ended 30 June 2020. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Remuneration report (audited) continued

DETAILS OF REMUNERATION**Amounts of remuneration**

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

The key management personnel of the group consisted of the following:

- P J D Elliott, non-executive Director and Chairman
- L J Owler, Managing Director
- A W Bursill, non-executive Director
- M R Richmond, non-executive Director
- J E Morbey, Company Secretary

Note: MR Billing was appointed a non-executive director on 3 August 2021.

No remuneration has been paid to Mr Billing to date.

2021	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary	Consulting fees	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors							
P J D Elliott	85,000	-	-	-	-	8,453	93,453
A W Bursill	40,000	-	-	-	-	8,453	48,453
M R Richmond	77,625	-	-	7,375	-	8,453	93,453
Executive Directors							
L J Owler	393,750	-	-	37,406	5,858	108,216	545,230
Company Secretary							
J E Morbey	-	49,500	-	-	-	-	49,500
	596,375	49,500	-	44,781	5,858	133,575	830,089

As disclosed in the notice of meeting to shareholders dated 9 July 2020, the Directors agreed to assist the Company to preserve cash reserves by deferring director's fees during the period 1 January to 30 June 2020. These amounts were subsequently paid in the second half of calendar 2020.

2020	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
	Salary	Consulting fees	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	\$	\$	\$	\$	\$	\$	\$
Non-executive Directors							
P J D Elliott	85,000	-	-	-	-	-	85,000
A W Bursill	40,000	-	-	-	-	-	40,000
M R Richmond	77,625	-	-	7,375	-	-	85,000
Executive Directors							
L J Owler	306,250	-	-	29,094	82,923	232,469	650,736
Company Secretary							
J E Morbey	-	23,000	-	-	-	-	23,000
	508,875	23,000	-	36,469	82,923	232,469	883,736

Directors' report continued

Remuneration report (audited) continued

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

Name	Fixed remuneration		At risk - STI		At risk - LTI	
	2021	2020	2021	2020	2021	2020
Non-executive Directors						
PJ D Elliott	91%	100%	-	-	9%	-
A W Bursill	83%	100%	-	-	17%	-
M R Richmond	91%	100%	-	-	9%	-
Executive Directors						
L J Owler	81%	69%	-	-	19%	31%

SERVICE AGREEMENTS

Remuneration and other terms of employment for the Chief Executive Officer, L Owler, is formalised in a service agreement. L Owler salary is currently at \$350,000 p.a. plus superannuation. 3 month termination notice by either party, and the Company reserves the right to pay a sum of money equivalent to 3 months' pay in lieu of working out the notice period or part thereof. In March 2020, L Owler decided to half his salary for the last three months of the year ended 30 June 2020 due to the economic downturn. During the year ended 30 June 2021 the Board confirmed that this salary sacrifice should be repaid.

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

SHARE-BASED COMPENSATION

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 (2020: nil).

Options

Other than as set out below there were no options over ordinary shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2021 (2020: nil)

Issue of options to directors

At the General Meeting of shareholders held on 11 August 2020 it was resolved to issue the following unlisted options to the non-executive Directors of the Company:

- P J D Elliott – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025
- A W Bursill – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025
- M R Richmond – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025

Issue of options to other key management personnel

Nil. (2020: nil)

Remuneration report (audited) continued

ADDITIONAL INFORMATION

The earnings of the group for the five years to 30 June 2021 are summarised below:

	2017 \$	2018 \$	2019 \$	2020 \$	2021 \$
Profit/(loss) after income tax	(2,070,049)	(2,590,452)	(2,032,251)	(1,802,312)	(5,771,764)

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

	2017	2018	2019	2020	2021
Share price at financial year end (\$)	0.007	0.021	0.005	0.008	0.006
Basic loss per share (cents per share)	(0.288)	(0.210)	(0.131)	(0.111)	(0.216)

ADDITIONAL DISCLOSURES RELATING TO KEY MANAGEMENT PERSONNEL

Shareholding

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/other	Balance at the end of the year
Ordinary shares					
P J D Elliott	21,735,726	-	4,465,007	-	26,200,733
L J Owler*	1,400,000	-	-	-	1,400,000
A W Bursill	3,049,438	-	-	-	3,049,438
M R Richmond	10,545,454	-	5,454,545	-	15,999,999
J E Morbey	3,000,000	-	909,068	-	3,909,068
	39,730,618	-	10,828,620	-	50,559,238

* Following the 2019 Annual General Meeting, on 20 November 2019, LJ Owler was issued 24,000,000 Loan Funded Shares (Treasury shares). See the note below outlining Treasury shares.

Option holding

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

	Balance at the start of the year	Granted as part of remuneration	Exercised	Expired/forfeited/other	Balance at the end of the year
Options over ordinary shares					
P J D Elliott	8,000,000	10,000,000	-	-	18,000,000
L J Owler	26,000,000	-	-	-	26,000,000
A W Bursill	8,000,000	10,000,000	-	-	18,000,000
M R Richmond	8,000,000	10,000,000	-	-	18,000,000
	50,000,000	30,000,000	-	-	80,000,000

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

Directors' report continued

Remuneration report (audited) continued

Treasury shares (Loan funded shares)

As approved by the shareholders at the 2018 AGM, under the Employee Incentive Plan (EIP) up to 40,000,000 Loan Funded Shares are available to Mr Owler in 3 annual tranches. The Loan Funded Shares will be funded by the Loan pursuant to the terms of the EIP. They are fully paid ordinary shares of the Company. After the 2019 AGM the first two tranches of the Loan Funded Shares were issued to L Owler as set out in the table below:

Grant date	Vesting date	Fair value	Shares available
2018 AGM	12 months after the 2018 AGM	\$0.01533	12,000,000
2019 AGM	12 months after the 2019 AGM	\$0.01470	12,000,000
2020 AGM	12 months after the 2020 AGM	\$0.01415	16,000,000
Loan funded shares available to L Owler			40,000,000

SHARES UNDER OPTION

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

Unlisted options

Grant date	Vesting date	Expiry date	Exercise price	Number under option
07/12/2016	07/12/2016	31/12/2021	\$0.030	22,000,000
03/12/2017	03/12/2017	31/12/2022	\$0.030	28,000,000
14/08/2020*	14/08/2020*	11/08/2025	\$0.020	30,000,000
				80,000,000

* At the General Meeting of shareholders held on 11 August 2020 it was resolved to issue the following unlisted options to the non-executive Directors of the Company:

- P J D Elliott – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025
- A W Bursill – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025
- M R Richmond – 10,000,000 unlisted options, exercise price \$0.02, expiry date 11 August 2025

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

Shares issued on the exercise of options

There were no ordinary shares of Argonaut Resources NL issued on the exercise of options during the year ended 30 June 2021 and up to the date of this report. (2020: nil)

This concludes the remuneration report, which has been audited.

THE IMPACT OF COVID

During the financial year there were no significant hold ups because of the restriction on the movements between states. Argonaut received the \$50,000 from the Federal Government under the Cash Flow Boost Scheme as a result of being a group employer.

CORPORATE GOVERNANCE STATEMENT

The Company has outlined the Argonaut Resources NL corporate governance policies on the company website. <http://www.argonautresources.com>. The 2021 Corporate Governance Statement is also available on the company website and was lodged with this Annual Report on the ASX on 29 September 2021.

INDEMNITY AND INSURANCE OF OFFICERS

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

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

INDEMNITY AND INSURANCE OF AUDITOR

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

PROCEEDINGS ON BEHALF OF THE COMPANY

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

NON-AUDIT SERVICES

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 20 to the financial statements.

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

The directors are of the opinion that the services as disclosed in note 20 to the financial statements do not compromise the external auditor's independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and

Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

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

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

AUDITOR'S INDEPENDENCE DECLARATION

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

AUDITOR

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

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

On behalf of the directors



P J D Elliott
Chairman

29 September 2021

Auditor's independence declaration



Ernst & Young
121 King William Street
Adelaide SA 5000 Australia
GPO Box 1271 Adelaide SA 5001

Tel: +61 8 8417 1600
Fax: +61 8 8417 1775
ey.com/au

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

As lead auditor for the audit of the financial report of Argonaut Resources N.L. for the financial year ended 30 June 2021, I declare to the best of my knowledge and belief, there have been:

- a) No contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) No contraventions of any applicable code of professional conduct in relation to the audit.

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

A stylized, handwritten signature of 'Ernst & Young' in black ink.

Ernst & Young

A stylized, handwritten signature of 'L A Carr' in black ink.

L A Carr
Partner
29 September 2021

A member firm of Ernst & Young Global Limited
Liability limited by a scheme approved under Professional Standards Legislation

Financial report

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GENERAL INFORMATION

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

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

Level 6

100 Pirie Street

Adelaide SA 5000

Telephone Number: +61 8 8231 0381

Website: www.argonautresources.com

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

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2021.

Corporate Governance Statement

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

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2021

		Consolidated	
	Note	2021 \$	2020 \$
Income			
Other income	4	50,000	60,000
Interest revenue calculated using the effective interest method		6,580	7,804
Expenses			
Employee benefits expense		(957,316)	(818,724)
Office administration expense		(263,339)	(162,238)
Depreciation and amortisation expense	5	(75,248)	(19,934)
Bad debts written off		-	(2,524)
Finance expense	14	(2,276)	-
Impairment of exploration and evaluation asset	10	(1,809,979)	(111,549)
Share based payments	28	(133,575)	(232,469)
Exploration costs expensed		(31,800)	(24,938)
Foreign exchange		34,474	-
Other expenses	5	(2,589,285)	(497,740)
Loss before income tax expense		(5,771,764)	(1,802,312)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Argonaut Resources NL		(5,771,764)	(1,802,312)
Other comprehensive income			
<i>Items that may be reclassified subsequently to profit or loss</i>			
Recycle of the foreign currency translation reserve		2,162,235	-
Foreign currency translation		-	(87,344)
Other comprehensive income for the year, net of tax		(3,609,529)	(87,344)
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(3,609,529)	(1,889,656)
		Cents	Cents
Basic earnings per share	27	(0.216)	(0.111)
Diluted earnings per share	27	(0.216)	(0.111)

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

Statement of financial position

As at 30 June 2021

Consolidated			
	Note	2021 \$	2020 \$
ASSETS			
Current assets			
Cash and cash equivalents	7	5,347,638	1,175,023
Trade and other receivables	8	249,975	51,570
Other	9	8,277	10,283
Total current assets		5,605,890	1,236,876
Non-current assets			
Property, plant and equipment		58,119	75,530
Exploration and evaluation	10	6,044,704	3,423,150
Right of use assets	11	67,495	-
Total non-current assets		6,170,308	3,498,680
Total assets		11,776,198	4,735,556
LIABILITIES			
Current liabilities			
Trade and other payables	12	1,275,394	396,733
Employee benefits	13	90,407	128,961
Lease liability	14	76,875	-
Total current liabilities		1,442,676	525,694
Non-current liabilities			
Employee benefits	13	249,340	284,316
Total non-current liabilities		249,340	284,316
Total liabilities		1,692,016	810,010
Net assets		10,084,182	3,925,546
EQUITY			
Issued capital	15	62,386,957	52,791,932
Reserves	16	1,927,625	(1,994,837)
Accumulated losses		(54,230,400)	(46,871,549)
Total equity		10,084,182	3,925,546

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

Statement of changes in equity

For the year ended 30 June 2021

	Consolidated				
	Contributed equity \$	Other reserves \$	Share based payments reserve \$	Accumulated losses \$	Total equity \$
Balance at 1 July 2019	51,662,533	(3,661,978)	1,517,152	(45,069,237)	4,448,470
Loss after income tax expense for the year	-	-	-	(1,802,312)	(1,802,312)
Other comprehensive income for the year, net of tax	-	(87,344)	-	-	(87,344)
Total comprehensive income for the year	-	(87,344)	-	(1,802,312)	(1,889,656)
<i>Transactions with owners in their capacity as owners:</i>					
Contributions of equity, net of transaction costs (note 15)	1,129,399	-	-	-	1,129,399
Share-based payments (note 16)	-	-	237,333	-	237,333
Balance at 30 June 2020	52,791,932	(3,749,322)	1,754,485	(46,871,549)	3,925,546
Balance at 1 July 2020	52,791,932	(3,749,322)	1,754,485	(46,871,549)	3,925,546
Loss after income tax expense for the year	-	-	-	(5,771,764)	(5,771,764)
Recycle foreign currency reserve	-	2,162,235	-	-	2,162,235
Total comprehensive income for the year	-	2,162,235	-	(5,771,764)	(3,609,529)
<i>Transactions with owners in their capacity as owners:</i>					
Clearance of transactions between shareholders reserve	-	1,587,087	-	(1,587,087)	-
Contributions of equity, net of transaction costs (note 15)	9,595,025	-	-	-	9,595,025
Share-based payments (note 16)	-	-	173,140	-	173,140
Balance at 30 June 2021	62,386,957	-	1,927,625	(54,230,400)	10,084,182

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

Statement of cash flows

For the year ended 30 June 2021

		Consolidated	
	Note	2021 \$	2020 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,914,249)	(1,517,323)
Payments for exploration and evaluation		(31,800)	(24,938)
		(1,946,049)	(1,542,261)
Interest received		6,580	7,804
Other income and grants received		50,000	60,000
Net cash used in operating activities	26	(1,889,469)	(1,474,457)
Cash flows from investing activities			
Payments for exploration and evaluation		(3,532,941)	(523,947)
Net cash used in investing activities		(3,532,941)	(523,947)
Cash flows from financing activities			
Payment of lease liability		(50,000)	-
Proceeds from issue of shares	15	10,404,000	1,281,420
Payment for share issue costs	15	(758,975)	(147,156)
Net cash from financing activities		9,595,025	1,134,264
Net increase / (decrease) in cash and cash reserves		4,172,615	(864,140)
Cash and cash equivalents at the beginning of the financial year		1,175,023	2,039,163
Cash and cash equivalents at the end of the financial year		5,347,638	1,175,023

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

Notes to the financial statements

For the year ended 30 June 2021

Note 1. Significant accounting policies

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

New or amended Accounting Standards and Interpretations adopted

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

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

The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of \$5,771,764 (2020: \$1,802,312) and net cash outflows from operating and investing activities of \$5,422,410 (2020: \$1,998,404) for the period ended 30 June 2021.

As at 30 June 2021, Argonaut is midway through a significant exploration program at the Murdie asset and subsequent to year end commenced an exploration program in Zambia. Management's cash flow forecasts indicate that with prudent cash management there are sufficient funds to proceed with both exploration programs. However, in the event of significant unbudgeted costs arising or significant additional works to be completed in the current exploration programs, the consolidated entity may not have sufficient funds to meet its current level of corporate overheads and fund the entire exploration program. The Directors are confident that they will continue to be able to raise equity as required to continue as a going concern and maintain the planned level of exploration activity. However, the company has the ability to scale back planned exploration activity, including the remaining exploration activity on the five hole program at the Murdie Project and the drilling underway in Zambia, in the event sufficient funds are not raised to fund the entire Argonaut exploration program as planned and additional cash management activity is required.

The Directors consider deferral of exploration activities above minimum committed levels, further capital raisings and/or other initiatives will provide the consolidated entity with sufficient funding, for at least twelve months from the date of issuance of this financial report, and therefore consider that it is appropriate to prepare the financial statements on the going concern basis.

However, in the event that the current exploration programs exceeds budget and the consolidated entity is not able to successfully complete a fundraising, significant uncertainty would exist as to whether the Company and consolidated entity will continue as going concerns and therefore whether they will realise their assets and extinguish their liabilities in the normal course of business at the amounts stated in the financial statements.

The financial statements do not include adjustments relating to the recoverability and classification of recorded assets amounts nor to the amounts and classification of liabilities that might be necessary should the Company and the consolidated entity not continue as going concerns.

Basis of preparation

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

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the initial recognition of financial instruments at fair value.

Critical accounting estimates

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

Note 1. Significant accounting policies (continued)

Parent entity information

In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 22.

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Argonaut Resources NL ('company' or 'parent entity') as at 30 June 2021 and the results of all subsidiaries for the year then ended. Argonaut Resources NL and its subsidiaries together are referred to in these financial statements as the 'Group'.

The financial statements of subsidiaries are prepared for the same reporting period as the parent company using consistent accounting policies.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group and cease to be consolidated from the date on which control is transferred out of the Group.

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

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

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

Operating segments

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

Foreign currency translation

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

Foreign currency transactions

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

Foreign operations

The group currently has one main foreign operation, Zambia. The functional currency of this foreign operation is Australian Dollars, which is also the parent entity's functional and presentational currency.

The assets and liabilities of foreign operations, where the functional currency is not the same as the parent entity, are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

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

Note 1. Significant accounting policies (continued)

Interest

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

Revenue recognition

The group recognises revenue as follows:

Other revenue

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

Income tax

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

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

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

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

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

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

The Group is a tax consolidated group at balance date.

Current and non-current classification

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

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

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

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

Note 1. Significant accounting policies (continued)

Cash and cash equivalents

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

Trade and other receivables

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Joint operations

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

Investment and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on whether payments are solely payments of principle and interest and the underlying business model that the asset is held for. The group does not currently own equity investments.

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

Impairment of financial assets

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

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

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

Note 1. Significant accounting policies (continued)

Exploration and evaluation assets

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

Lease

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period-of-time in exchange for consideration. The Company entered into one lease during the financial year. This lease relates to the office premises at 100 Pirie Street, Adelaide, which commenced in July 2020.

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

Right-of-use assets. The Group recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated amortisation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are amortised on a straight-line basis over the lease term. The term of the lease agreement is two years, with an option to extend by three years. As there is uncertainty that the option period is likely to be exercised, the right-of-use asset has been amortised over the current two years period.

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

Impairment of non-financial assets

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

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

Trade and other payables

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

Note 1. Significant accounting policies (continued)

Employee benefits

Short-term employee benefits

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

Other long-term employee benefits

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

Defined contribution superannuation expense

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

Share-based payments

Equity-settled share-based compensation benefits are provided to employees.

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

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

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Treasury Shares

Treasury stock relates to stock issued in connection with awards made to employees under the Group's EIP. Treasury stock is held by the Group on the award recipient's behalf until such time as the recipient repays the limited recourse loan attached to each award. Once repayment is made, treasury stock is formerly issued to the employee and presented as ordinary share capital. Refer to note 15 for further details.

Fair value measurement

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

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

Issued capital

Ordinary shares are classified as equity.

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

Earnings per share

Basic earnings per share

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

Diluted earnings per share

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

Government Grants

The Cash Flow Boost was introduced to assist business effected by the Covid-19 pandemic. The Company was entitled to receive the Cash Flow Boost from the Australian Taxation Office as a result of being an employer. This amount is a grant and therefore is non assessable for income tax and non-refundable to the Australian Taxation Office. The amount received as cash is included as other income in the Statement of Profit or Loss and other comprehensive income. There are no conditions attached to the government assistance.

Goods and Services Tax ('GST') and other similar taxes

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

Note 1. Significant accounting policies (continued)

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

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

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

New Accounting Standards and Interpretations not yet mandatory or early adopted

The Group has applied, for the first time, certain standards and amendments which are effective for the first time in their annual reporting period commencing 1 July 2020. Other than AASB 16 Leases outlined below, there are no new standards, interpretations or amendments to existing standards that are effective for the first time that have a material impact in current or future reporting periods and on foreseeable future transactions.

AASB 16 Leases – The Group applied AASB 16 Leases for the year ended 30 June 2021. The only lease that the company has commenced on 1 July 2020 relating to the group's head office in Adelaide. No adjustments needed to be made to prior periods to reflect the adoption of AASB 16.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2021 reporting periods and have not been early adopted by the Group. The Group has assessed that none of these are relevant to the Group.

Standards not yet effective - There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on the foreseeable future transactions. None of these are expected to have a material effect on the financial statements.

Note 2. Critical accounting judgements, estimates and assumptions

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

Covid pandemic

The group has been affected by the Covid-19 pandemic in a number of areas. The border lockdowns delayed the timing of the drill programs at Higginsville in Western Australia. The company has received financial benefit through the receipt of the Cash Flow Bonus from the Australian Government.

Share-based payment transactions

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

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

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

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

Exploration and evaluation costs

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

Note 3. Operating segments

Identification of reportable operating segments

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

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

Segment assets

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

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

Corporate Office Activities

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

Operating segment information

	Australia \$	Zambia \$	Total \$
Consolidated - 2021			
Assets			
Exploration assets	5,257,541	787,163	6,044,704
<i>Unallocated assets:</i>			
Cash and cash equivalents			5,347,638
Other assets			383,866
Total current assets			<u>11,776,198</u>
Liabilities			
<i>Unallocated liabilities:</i>			
Current			1,442,676
Total liabilities			<u>1,692,016</u>

Notes to the financial statements continued

Note 3. Operating segments (continued)

Operating segment information

	Australia \$	Zambia \$	Total \$
Consolidated - 2020			
Assets			
Exploration assets	3,128,733	294,417	3,423,150
<i>Unallocated assets:</i>			
Cash and cash equivalents			1,175,023
Other assets			137,383
Total assets			<u>4,735,556</u>
Liabilities			
<i>Unallocated liabilities:</i>			
Current			525,694
Total liabilities			<u>810,010</u>

Note 4. Other income

	Consolidated	
	2021	2020
	\$	\$
Cash Flow Boost – Government grants	50,000	50,000
Recovery of exploration costs previously expensed in profit and loss	-	10,000
	<u>50,000</u>	<u>60,000</u>

Notes to the financial statements continued

Note 5. Expenses

	Consolidated	
	2021	2020
	\$	\$
Loss before income tax includes the following specific expenses:		
<i>Depreciation</i>		
Motor vehicles	16,628	16,587
Office equipment	1,509	3,347
	<u>18,137</u>	<u>19,934</u>
Amortisation of right of use asset	57,111	-
Total depreciation and amortisation	<u>75,248</u>	<u>19,934</u>
<i>Other expenses include:</i>		
Audit, accounting and legal fees	230,655	279,593
Office lease and maintenance	91,922	101,537
Statutory expenses	100,141	55,428
Travelling	4,332	61,182
Liquidation of foreign subsidiaries	2,162,235	-
Total other expenses	<u>2,589,285</u>	<u>497,740</u>
<i>Share-based payments</i>		
Share-based payments – treasury shares amortised	<u>133,575</u>	<u>232,469</u>
<i>Employee benefit expense includes:</i>		
Superannuation expense	<u>63,467</u>	<u>49,566</u>

Note 6. Income tax expense

	Consolidated	
	2021	2020
	\$	\$
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>		
Loss before income tax expense	<u>(5,771,764)</u>	<u>(1,802,312)</u>
Tax at the statutory tax rate of 30%	<u>(1,731,529)</u>	<u>(495,636)</u>
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	40,072	63,929
Non-deductible expenditure	1,208	35,483
Non-assessable receipts	(15,000)	-
Non-deductible translation loss	648,671	-
Adjustment in respect of prior years	<u>(611,585)</u>	<u>(243,769)</u>
	<u>(1,668,163)</u>	<u>(639,993)</u>
Current year temporary differences not recognised	<u>1,668,163</u>	<u>639,993</u>
Income tax expense	<u>-</u>	<u>-</u>

Note 6. Income tax expense (continued)

	Consolidated	
	2021	2020
	\$	\$
<i>Tax losses not recognised</i>		
Unused tax losses for which no deferred tax asset has been recognised	49,435,195	41,730,274
Potential tax benefit @ 30%	14,830,558	12,519,082

Unused income tax revenue losses carried forward to later years are \$49,435,195 (2020: \$41,730,274) resulting in potential tax benefits of \$14,830,558 (2020: \$12,519,082). The potential tax benefit for tax revenue losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Unused carry forward capital losses of \$11,807,010 (30 June 2020 - \$11,807,010) also remain unrecognised.

As Argonaut does not meet the criteria to qualify as a base rate entity in the current year, the general corporate rate of tax has been applied to both to the prior year and current year unused tax losses, as that best represents the potential future tax benefit.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2021	2020
	\$	\$
Cash at bank	5,347,638	1,175,023

Exposure to interest rate risks is disclosed in the financial risk management Note 18.

Note 8. Current assets - trade and other receivables

	Consolidated	
	2021	2020
	\$	\$
Other receivables	39,593	-
GST and VAT receivables	210,382	51,570
	249,975	51,570

Note 9. Other assets

	Consolidated	
	2021	2020
	\$	\$
Prepayments	8,277	10,283
	8,277	10,283

Note 10. Non-current assets - exploration and evaluation

	Consolidated	
	2021	2020
	\$	\$
Exploration and evaluation assets - at cost	30,703,503	26,271,969
Less: Impairment	(24,658,799)	(22,848,819)
	<u>6,044,704</u>	<u>3,423,150</u>

Reconciliations

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

Consolidated	Australia	Zambia	Total
	\$	\$	\$
Balance at 30 June 2019	2,879,480	191,247	3,070,727
Reclassifying the Zambian assets	85,695	(85,695)	-
Foreign exchange revaluation of Zambian assets	-	(85,108)	(85,108)
Impairment of assets claimed in the profit and loss	(111,549)	-	(111,549)
Expenditure during the year	275,107	273,973	549,080
Balance at 30 June 2020	3,128,733	294,417	3,423,150
Impairment of assets claimed in the profit and loss	(1,809,979)	-	(1,809,979)
Expenditure during the year	3,938,787	492,746	4,431,533
Balance as at 30 June 2021	<u>5,257,541</u>	<u>787,163</u>	<u>6,044,704</u>

Notes to the financial statements continued

The carrying value as at 30 June 2021 represents the Directors' view of the recoverable value of these assets. The recoverability of the carrying amount is dependent on successful development and commercial exploitation (or alternatively, through sale of the respective interest).

Higginsville

The Higginsville project carrying value was impaired at 30 June 2021 because substantive expenditure on further exploration for and evaluation of mineral deposits within the related tenement package is not budgeted, and the period for which Argonaut has the right to explore certain smaller licences in that package will expire in the near future. There is subjectivity in assessing fair value of early-stage exploration assets. In these circumstances, the recoverable amount of the asset has been impaired to \$nil.

Torrens

The Torrens project was impaired at 30 June 2021. Substantive expenditure on further exploration and evaluation of mineral deposits within the related tenement package is currently budgeted and planned. However there is evidence available to suggest that the carrying value will not be recovered in full, and the carrying value of the tenement has been impaired to its estimated recoverable amount of \$1,070,000.

Note 11. Right of use assets

	Consolidated	
	2021	2020
	\$	\$
Corporate office – right of use	124,606	-
Less: accumulated depreciation	(57,111)	-
	<u>67,495</u>	<u>-</u>

Note 12. Current liabilities - trade and other payables

	Consolidated	
	2021	2020
	\$	\$
Trade payables	913,787	159,200
Other payables	361,607	237,533
	<u>1,275,394</u>	<u>396,733</u>

Refer to note 18 for further information on financial instruments.

Note 13. Liabilities - employee benefits

	Consolidated	
	2021	2020
	\$	\$
Current Liability - Annual leave	90,407	128,961
Non-Current Liability - Long service leave	249,340	284,316
	<u>339,747</u>	<u>413,277</u>

Notes to the financial statements continued

Amounts not expected to be settled within the next 12 months

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

	Consolidated	
	2021	2020
	\$	\$
Employee benefits obligation expected to be settled after 12 months	<u>249,340</u>	<u>284,316</u>

Note 14. Right of Use Assets and Lease Liabilities

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

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

	Consolidated	
	2021	2020
	\$	\$
Right of Use Assets		
As at 1 July 2020	-	-
Additions	124,606	-
Less Amortisation	(57,111)	-
As at 30 June 2021	<u>67,495</u>	<u>-</u>
Lease Liability		
As at 1 July 2020	-	-
Additions	74,599	-
Finance expense	2,276	-
	<u>76,875</u>	<u>-</u>
Lease liability - current	<u>76,875</u>	<u>-</u>

Note 15. Equity - issued capital

	Consolidated 2021 Shares	Consolidated 2020 Shares	Consolidated 2021 \$	Consolidated 2020 \$
Ordinary shares - fully paid	3,582,204,782	1,942,689,706	62,386,957	52,791,932

Movements in ordinary share capital

Details	Date	Shares	Issue Price	\$
Balance	1-Jul-19	1,554,380,617		51,612,533
Issue of shares – placement ¹	11-May-20	388,309,089	0.0033	1,281,420
Share issue costs		-		(152,021)
Balance	30-Jun-20	1,942,689,706		52,741,932
Issue of shares – placement ²	5-Oct-20	491,636,371	0.0055	2,704,000
Issue of shares – placement ³	16-Oct-20	454,545,372	0.0055	2,500,000
Issue of shares – placement ⁴	22-Jun-21	693,333,333	0.0075	5,200,000
Share issue costs		-		(758,975)
Balance	30-Jun-21	3,582,204,782		62,386,957

1. On 11 May 2020, the Company issued 388,309,089 fully paid ordinary shares to sophisticated and professional investors in a private placement for \$0.0033 per shares, raising a total of \$1,281,420 before costs.

2. On 5 October 2020, the Company issued 491,636,371 fully paid ordinary shares to sophisticated and professional investors in a private placement for \$0.0055 per shares, raising a total of \$2,704,000 before costs.

3. On 16 October 2020, the Company issued 454,545,372 fully paid ordinary shares under a Share Purchase Scheme dated 23 September 2020 at a price of \$0.0055 per shares, raising a total of \$2,500,000 before costs.

4. On 22 June 2021, the Company issued 693,333,333 fully paid ordinary shares to sophisticated and professional investors in a private placement for \$0.0075 per shares, raising a total of \$5,200,000 before costs.

Ordinary shares

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

Notes to the financial statements continued

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

Treasury shares

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

<u>Movements in Treasury stock</u>	Grant date	Vest Date	Deemed issue price	Number of shares
Balance – 1 July 2019				-
Issue of ordinary shares – Tranche 1	26 Nov 2018	26 Nov 2020	\$0.027683	12,000,000
Issue of ordinary shares – Tranche 2	26 Nov 2019	26 Nov 2020	\$0.023069	12,000,000
Issue of ordinary shares – Tranche 3 *				16,000,000
Balance – 30 June 2021				<u>40,000,000</u>

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

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

1. Five-year term
2. No interest

Capital risk management

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

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

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

Note 16. Equity - reserves

	Consolidated	
	2021	2020
	\$	\$
Foreign currency reserve	-	(2,162,235)
Share-based payments reserve	1,927,625	1,754,485
Transaction between shareholders reserve	-	(1,587,087)
	<u>1,927,625</u>	<u>(1,994,837)</u>

Foreign currency reserve

After review by management following the disposal of the assets in Canada, it was decided to recycle the Foreign Currency Transaction Reserve through the Profit and Loss Statement.

Note 16. Equity - reserves (continued)

Share-based payments reserve

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

Transaction between shareholders reserve

The reserve was set-up in the year ended 30 June 2013 as consideration for the acquisition of the remaining 20% non-controlling interest in Lumwana West Resources Ltd through Arctic Scene Limited. After review by management the balance of this reserve was cleared to retained earnings.

Movements in reserves

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

Consolidated	Foreign currency reserve \$	Share based payment reserve \$	Transaction between shareholders reserve \$	Total \$
Balance at 30 June 2019	(2,074,891)	1,517,152	(1,587,087)	(2,144,826)
Share-based payments	-	237,333	-	237,333
Foreign currency translation	(87,344)	-	-	(87,344)
Balance at 30 June 2020	(2,162,235)	1,754,485	(1,587,087)	(1,994,837)
Recycle foreign currency reserve	2,162,235	-	-	2,162,235
Clearance of transactions between shareholders reserve	-	-	1,587,087	1,587,087
Share-based payments	-	173,140	-	173,140
Balance at 30 June 2021	-	1,927,625	-	1,927,625

Note 17. Equity - dividends

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

Note 18. Financial instruments

Financial risk management objectives

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

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

Market risk

Foreign currency risk

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

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

Note 18. Financial instruments (continued)

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

Interest rate risk

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

Credit risk

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

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

Liquidity risk

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

Remaining contractual maturities

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

	Weighted average interest rate %	1 year or less \$	Between 1 and 2 years \$	Between 2 and 5 years \$	Over 5 years \$	Remaining contractual maturities \$
Consolidated - 2021						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	913,787	-	-	-	913,787
Other payables	-	361,607	-	-	-	361,607
Lease liabilities		76,875				76,875
Total non-derivatives		1,352,269	-	-	-	1,352,269
Consolidated - 2020						
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	159,200	-	-	-	159,200
Other payables	-	237,533	-	-	-	237,533
Total non-derivatives		396,733	-	-	-	396,733

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

Note 18. Financial instruments (continued)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments approximates their fair value due to their short-term nature.

Note 19. Key management personnel disclosures

Directors

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

P J D Elliott – appointed 30 June 2003
 L J Owler – appointed 1 June 2005
 A W Bursill – appointed 16 April 2010
 M R Richmond – appointed 14 March 2012
 MR Billing - appointed 3 August 2021

Compensation

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

	Consolidated	
	2021	2020
	\$	\$
Short-term employee benefits	645,875	531,875
Post-employment benefits	44,781	36,469
Long-term benefits	5,858	82,923
Share-based payments	133,575	232,469
	<u>830,089</u>	<u>883,736</u>

Note 20. Remuneration of auditors

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

	Consolidated	
	2021	2020
	\$	\$
<i>Audit services - Ernst & Young</i>		
Audit or review of the financial statements	47,000	46,500
<i>Other services - Ernst & Young</i>		
Preparation of Company Tax returns	6,600	16,772
	<u>53,600</u>	<u>63,272</u>

Note 21. Related party transactions

Parent entity

Argonaut Resources NL is the parent entity.

Subsidiaries

Interests in subsidiaries are set out in note 23.

Notes to the financial statements continued

Note 21. Related party transactions (continued)

Joint operations

Interests in joint operations are set out in note 24.

Transactions with related parties

There are no transactions with related parties.

Key management personnel

Disclosures relating to key management personnel are set out in note 19 and the remuneration report included in the directors' report.

Loans to/from related parties

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

Note 22. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2021 \$	2020 \$
Loss after income tax	(3,609,529)	(1,889,656)
Total comprehensive income / (loss)	(3,609,529)	(1,889,656)

Statement of financial position

	Parent	
	2021 \$	2020 \$
Total current assets	5,525,314	1,176,913
Total assets	11,568,314	4,679,476
Total current liabilities	1,442,676	753,930
Total liabilities	1,484,132	753,930
Equity		
Issued capital	62,386,957	52,791,932
Reserves	1,927,625	1,754,485
Accumulated losses	(54,230,400)	(50,620,871)
Total equity	10,084,182	3,925,546

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries

The parent entity had no guarantees in relation to the debts of its subsidiaries as at 30 June 2021 and 30 June 2020.

Contingent liabilities

The parent entity had no contingent liabilities as at 30 June 2021 and 30 June 2020.

Note 22. Parent entity information (continued)

Capital commitments - Property, plant and equipment

The parent entity had no capital commitments for property, plant and equipment at 30 June 2021 and 30 June 2020.

Significant accounting policies

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

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

Note 23. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
Kelaray Pty Limited	Australia	100.00%	100.00%
Trachre Pty Limited	Australia	100.00%	100.00%
Orpheus Minerals Limited	Australia	100.00%	n/a
Argonaut Resources Overseas Investments Limited	British Virgin Islands	100.00%	100.00%
Sunrise International Investments Limited	British Virgin Islands	100.00%	100.00%
Arctic Scene Ltd	Hong Kong	100.00%	100.00%
Lumwana West Resources Limited	Zambia	100.00%	100.00%
Mwombezhi Resources Limited	Zambia	90.00%	90.00%
Sunrise Exploration and Mining Limited	Zambia	99.90%	99.90%
Sunrise Canada Inc *	Canada	100.00%	100.00%

* The Company has commenced the de-registration of Sunrise Canada Inc as the Company no longer owns assets in Canada.

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

Note 24. Interests in joint operations

Information relating to joint operations are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest	
		2021 %	2020 %
EL 5732 - Sandstone	South Australia - Gold	3.30%	3.30%
EL 5998 - Campfire Bore	South Australia - Gold	3.30%	3.30%
EL 6199 - Myrtle Springs	South Australia - Zinc	100.00%	100.00%
22399-HQ-LPL Lumwana West	Zambia - Copper	90.00%	90.00%
Higginsville	Western Australia - Gold	50.00%	50.00%
EL 6407 - Torrens	South Australia - Copper / Gold	30.00%	30.00%

Note 25. Events after the reporting period

No matter or circumstance has arisen since 30 June 2021 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 26. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax expense for the year	(5,771,764)	(1,802,312)
Adjustments for:		
Depreciation and amortisation	75,248	19,934
Share-based payments	133,575	232,469
Recycle of foreign currency translation reserve	2,162,235	-
Rent paid	-	-
Impairment of exploration and evaluation asset	1,809,979	111,549
Change in operating assets and liabilities:		
Increase in trade and other receivables	(196,399)	23,421
Increase/(decrease) in trade and other payables	(102,343)	(59,518)
Net cash used in operating activities	<u>(1,889,469)</u>	<u>(1,474,457)</u>

Note 27. Earnings per share

	Consolidated	
	2021	2020
	\$	\$
Loss after income tax attributable to the owners of Argonaut Resources NL	<u>(5,771,764)</u>	<u>(1,802,312)</u>
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	<u>2,662,918,130</u>	<u>1,644,596,861</u>
Weighted average number of ordinary shares used in calculating diluted earnings per share	<u>2,662,918,130</u>	<u>1,644,596,861</u>
	Cents	Cents
Basic earnings per share	(0.216)	(0.111)
Diluted earnings per share	(0.216)	(0.111)

There are approximately 80 million (2020: 50 million) share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Note 28. Share based payments

A share option plan was established by the consolidated entity and was approved by shareholders at a general meeting, whereby the consolidated entity may grant options over ordinary shares in the parent entity to employees, key management personnel and suppliers of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the board. All options vested on the grant date. During the financial year ended 30 June 2021, 30 million options (2020: nil) were issued to Directors at the August 2020 general meeting of shareholders.

Notes to the financial statements continued

Note 28. Share based payments (continued)

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

2021

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	31/12/2021	\$0.030	22,000,000	-	-	-	22,000,000
03/11/2017	31/12/2022	\$0.030	28,000,000	-	-	-	28,000,000
			<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000,000</u>
Weighted average exercise price			\$0.028	\$0.000	\$0.000	\$0.020	\$0.030

2020

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
14/12/2016	31/12/2021	\$0.030	22,000,000	-	-	-	22,000,000
03/11/2017	31/12/2022	\$0.030	28,000,000	-	-	-	28,000,000
			<u>50,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000,000</u>
Weighted average exercise price			\$0.028	\$0.000	\$0.000	\$0.020	\$0.030

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 3.1 years (2020: 2.1 years)

Treasury shares (Loan Funded Shares)

As approved by the shareholders at the 2018 AGM, under the EIP up to 40,000,000 Loan Funded Shares are available to Mr Owler in 3 annual tranches. The Loan Funded Shares will be funded by the Loan pursuant to the terms of the EIP. They are fully paid ordinary shares of the Company. As at the date of this report the first two tranches of shares have been issued supported by a limited recourse loan. The remaining tranche will be issued following the 2020 AGM.

Grant date	Vesting date	Fair Value (cents)	Shares available
2018 AGM	12 months after the 2018 AGM	A - 1.533	12,000,000
2019 AGM	12 months after the 2019 AGM	B - 1.470	12,000,000
2020 AGM	12 months after the 2020 AGM	C - 1.415	16,000,000
		<u>4.418</u>	<u>40,000,000</u>

Fair value of the treasury shares was calculated under the Black-Scholes method using the following:

Reference	(A)	(B)	(C)
Fair value – in cents	1.533	1.470	1.415
Stock price [AUD] at issue date	1.700	1.700	1.700
Issue date	13/11/2018	13/11/2018	13/11/2018
Vesting date	13/11/2019	13/11/2020	13/11/2021
Term (in years) for the loan	5	5	5
Risk-free rate	2.295%	2.295%	2.295%
Volatility	90.00%	90.00%	90.00%
Expected dividend yield	0.00%	0.00%	0.00%

Directors' declaration

In the directors' opinion:

- the attached financial statements and notes comply with the *Corporations Act 2001*, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2021 and of its performance for the financial year ended on that date; and
- Subject to the matters discussed in Note 1, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the directors



P J D Elliott
Chairman

29 September 2021

Independent auditor's report

to the members of Argonaut Resources NL



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

Report on the audit of the financial report

Opinion

We have audited the financial report of Argonaut Resources N.L. (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2021, the consolidated statement of profit or loss and comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2021 and of its consolidated financial performance for the year ended on that date; and
- b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

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

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

Material Uncertainty Related to Going Concern

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Carrying value of exploration & evaluation assets

Why significant	How our audit addressed the key audit matter
As disclosed in Note 10 of the financial report, as at 30 June 2021 the Group held deferred exploration and evaluation expenditure of \$6.0m (\$3.4m at 30 June 2020). The carrying value of exploration and evaluation expenditure is assessed for impairment by the Group when facts and circumstances indicate that the exploration and evaluation expenditure may exceed its recoverable amount. The determination as to whether there are any indicators to require deferred exploration and evaluation expenditure to be assessed for impairment, involves a number of judgments, including assessing the intention of the Group to carry out significant exploration and evaluation activity in the near future, and, whether there is sufficient information available to conclude that the area of interest is not commercially viable. During the year the Group determined that there were indicators of impairment for the Lake Torrens JV and the Higginsville tenements which have subsequently been impaired. Due to the size of the deferred exploration and evaluation expenditure asset relative to the Group's total assets and the judgment involved in assessing whether indicators of impairment exist at 30 June 2021, this was a key audit matter. Refer to Note 1 Significant accounting policies to the financial report for accounting policies in relation to exploration and evaluation assets and Note 10 Non-current Assets – Exploration and Evaluation for the amounts held on the Statement of financial position by the Group as at 30 June 2021 and related disclosure.	We evaluated the Group's assessment as to whether there were any indicators of impairment to the carrying value of exploration and evaluation assets to be tested for impairment. In performing our audit procedures, we: ▶ Considered the Group's right to explore in the relevant exploration area, which included obtaining and assessing relevant documentation such as license agreements. ▶ Considered the results of exploration and evaluation activities carried out in the relevant licensed area to date. ▶ Considered whether any other data or information exists which indicates that the carrying amount of the deferred exploration and evaluation expenditure asset is unlikely to be recovered in full, from successful development or by sale. ▶ Considered the Group's intention to carry out significant exploration and evaluation activity in the relevant exploration area in the near future. ▶ Assessed the exploration and evaluation impairment expense recognised in the period and reviewed the impairment indicators in respect of those permits. ▶ Assessed the adequacy of disclosures included in the financial report.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2021 annual report, but does not include the financial report and our auditor's report thereon.

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

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

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



Responsibilities of the directors for the financial report

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

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

Auditor's responsibilities for the audit of the financial report

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

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

- ▶ Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- ▶ Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.



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

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

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

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

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 35 to 39 of the directors' report for the year ended 30 June 2021.

In our opinion, the Remuneration Report of Argonaut Resources N.L. for the year ended 30 June 2021, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

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

A handwritten signature in black ink that reads 'Ernst & Young'.

Ernst & Young

A handwritten signature in black ink that reads 'L A Carr'.

L A Carr
Partner
Adelaide
29 September 2021

Shareholder information

ISSUED CAPITAL

The Company has 3,606,204,782 fully paid shares on issue.

OPTIONS ON ISSUE

The Company has on issue 99,750,000 options.

There are no listed options.

ASX LISTING

Listed on the Australian Securities Exchange

ASX Code: ARE

ABN: 97 008 084 848

VOTING RIGHTS

There are no restrictions on voting rights. On a show of hands every member present or by proxy shall have one vote and upon a poll each share shall have one vote.

Option holders have no voting rights until the options are exercised

The shareholder information set out below was applicable as at 25 September 2021.

DISTRIBUTION OF EQUITABLE SECURITIES

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

Range	Ordinary shares			Unlisted options		
	Holders	Total units	% of total shares issued	Exercise price \$0.03, expiry 31/12/2021	Exercise price \$0.02, expiry 11/08/2025	Exercise price \$0.03, expiry 31/12/2022
1 to 1,000	172	48,413	0.00%	-	-	-
1,001 to 5,000	66	179,151	0.00%	-	-	-
5,001 to 10,000	40	311,431	0.01%	-	-	-
10,001 to 100,000	1,197	71,895,734	1.99%	-	-	-
100,001 and over	2,040	3,533,770,053	97.99%	4	3	4
	3,515	3,606,204,782	100.00%	4	3	4

UNMARKETABLE PARCELS OF ORDINARY SHARES

Minimum \$500 parcel – \$0.008 per security

Minimum parcel size – 62,500

Number of holders – 941

Shareholder information continued

EQUITY SECURITY HOLDERS

Twenty largest quoted equity security holders

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

	Balance as at 25-09-2021	%
MR DOMINIC VIRGARA	111,666,666	3.097%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	92,635,681	2.569%
MS SARAH JANE LOUISE FRANKS	69,228,572	1.920%
BARON NOMINEES PTY LTD	64,186,758	1.780%
CITICORP NOMINEES PTY LIMITED	57,000,216	1.581%
MR ALAN VICTOR DOUBELL	55,000,000	1.525%
MR SIMON SALIBA	48,000,000	1.331%
1215 CAPITAL PTY LTD	46,871,110	1.300%
MR PAUL JOHN PHEBY	46,666,666	1.294%
CLELAND PROJECTS PTY LTD	43,729,772	1.213%
MR ADAM JAMES LIENERT	41,194,737	1.142%
BLUESTAR MANAGEMENT PTY LTD	40,600,000	1.126%
MR ANDREW LENOX HEWITT	35,000,000	0.971%
REDCLIFF PTY LTD	33,000,000	0.915%
BNP PARIBAS NOMINEES PTY LTD	30,597,555	0.848%
TALEX INVESTMENTS PTY LTD	30,000,000	0.832%
SIZZ PTY LTD	29,000,000	0.804%
MR SETAYESH BEHIN-AIN	28,896,845	0.801%
JETOSEA PTY LTD	28,656,003	0.795%
CS THIRD NOMINEES PTY LIMITED	28,500,000	0.790%
Total securities of top 20 holdings	960,430,581	26.633%
Total of securities	3,606,204,782	

UNQUOTED EQUITY SECURITIES

Holders	Balance as at 27 September 2021	%
Lindsay Owler	26,000,000	26.07%
BJ Retail Pty Limited	18,000,000	18.05%
Patrick JD Elliott	18,000,000	18.05%
Malcolm Richmond	10,000,000	10.03%
Veritas Securities Limited	7,500,000	7.52%
CG Nominees (Australia) Pty Limited	7,250,000	7.27%
Taycol Nominees Pty Ltd	5,000,000	5.01%
Richmond Superannuation Fund	4,000,000	4.00%
Bond Street Custodians Limited	4,000,000	4.00%
Total unquoted equity securities	99,750,000	100.00%

Unquoted equity securities	Number on issue	Numbers of holders
Unlisted options exercise price \$0.03, Expiry date 31/12/2021	22,000,000	4
Unlisted options exercise price \$0.03, Expiry date 31/12/2022	28,000,000	4
Unlisted options exercise price \$0.01, Expiry date 30/04/2022	19,750,000	3
Unlisted options exercise price \$0.02, Expiry date 11/08/2025	30,000,000	3
	99,750,000	

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

Name	Class	Number held
LINDSAY OWLER	Unlisted options exercise price \$0.03, Expiry date 31/12/2021	10,000,000
LINDSAY OWLER	Unlisted options exercise price \$0.03, Expiry date 31/12/2022	16,000,000

SUBSTANTIAL HOLDERS

There are no substantial holders of the ordinary shares in the company.

Tenement schedule

as at 30 June 2021

TABLE 1 - SUMMARY OF MINING TENEMENTS

SOUTH AUSTRALIAN MINERAL EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
EL 6569	18/10/2020	17/10/2022	104	Campfire Bore / Sandstone	Coombedown Resources Pty Ltd	10%1
EL 6199	04/06/2018	03/06/2023	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 6407	18/08/2019	17/08/2022	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 59373	30/03/2017	29/03/2021	794	West Lake Torrens	Kelaray Pty Ltd	100%
EL 59453	20/04/2017	19/04/2021	221	Murdie	Kelaray Pty Ltd	100%
EL 63203	28/02/2019	27/02/2021	198	Andamooka Station	Kelaray Pty Ltd	100%
EL 6554	07/12/2020	06/12/2022	960	Frome Downs	Trachre Pty Ltd	100%
EL 6555	07/12/2020	06/12/2022	947	Curnamona	Trachre Pty Ltd	100%
SOUTH AUSTRALIAN MINERAL EXPLORATION LICENCE APPLICATIONS						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
ELA 2020/00124 ²	28/08/2020	-	952	Cummins	Groundwater Science Pty Ltd	Option to acquire 100%
ELA 2021/00003 ²	29/01/2021	-	987	Erudina	Groundwater Science Pty Ltd	Option to acquire 100%
QUEENSLAND MINING LEASE						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%
QUEENSLAND MINERAL DEVELOPMENT LICENCE						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
MDL 20023	03/08/2016	02/08/2021	0.64	Kroombit	Kelaray Pty Ltd	100%
ZAMBIAN LARGE SCALE EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
22399-HQ-LEL	29/12/2017	28/12/2021	521	North Western Province	Mwombezhi Resources Ltd	90%
23232-HQ-LEL	10/04/2019	09/04/2023	226	North Western Province	Sunrise Exploration and Mining Limited	90%
23474-HQ-LEL	18/12/2018	17/12/2022	41.58	North Western Province	Sunrise Exploration and Mining Limited	90%
ZAMBIAN SMALL SCALE EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
23606-HQ-SEL	18/12/2018	17/12/2022	9.4	North Western Province	Sunrise Exploration and Mining Limited	90%
26458-HQ-SEL	10/06/2020	09/06/2024	9.72	North Western Province	Sunrise Exploration and Mining Limited	90%

Tenement schedule continued

WESTERN AUSTRALIAN MINERAL EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
E15/14842, 3	18/07/2016	17/07/2021	12	Nawock Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
P63/20712, 3	24/04/2017	23/04/2021	1.37	Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
P63/20722, 3	24/04/2017	23/04/2021	1.27	Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
P63/20732, 3	24/04/2017	23/04/2021	1.54	Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
E15/15092, 3	03/05/2017	02/05/2022	3	Eundynie	Loded Dog Prospecting Pty Ltd	51%
E 15/15102, 3	08/05/2017	07/05/2022	3	Eundynie	Loded Dog Prospecting Pty Ltd	51%
E 63/17732, 3	08/05/2017	07/05/2022	21	Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
E15/15232, 3	08/05/2017	07/05/2022	42	Higginsville	Loded Dog Prospecting Pty Ltd	51%
E 15/15402, 3	17/05/2017	16/05/2022	9	Higginsville	Loded Dog Prospecting Pty Ltd	51%
P15/60292, 3	04/07/2017	03/07/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	51%
P15/60302, 3	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	51%
P15/60312, 3	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	51%
P15/60322, 3	25/05/2017	24/05/2021	1.2	Higginsville	Loded Dog Prospecting Pty Ltd	51%
E15/14892	14/08/2017	13/08/2022	52	Higginsville	Loded Dog Prospecting Pty Ltd	51%
P63/20772	26/10/2017	25/10/2021	0.7	Hayes Hill	Loded Dog Prospecting Pty Ltd	51%
E15/15882	01/12/2017	30/11/2022	61	Higginsville	Loded Dog Prospecting Pty Ltd	51%

NORTHERN TERRITORY MINERAL EXPLORATION LICENCES						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
EL 31451	08/09/2017	07/09/2023	466.9	Mount Douglas	Trachre Pty Ltd	100%

NORTHERN TERRITORY MINERAL EXPLORATION LICENCE APPLICATIONS						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
ELA 32445	25/06/2020	-	230.24	T-Bone	Trachre Pty Ltd	100%
ELA 32446	25/06/2020	-	63.71	Ranger NE	Trachre Pty Ltd	100%
ELA 32038	22/11/2018	-	127.49	Mount Douglas	Trachre Pty Ltd	100%

TABLE 2 - SUMMARY OF MINING TENEMENTS ACQUIRED IN QUARTER

No tenements were acquired in the June 2021 Quarter.

TABLE 3 - SUMMARY OF MINING TENEMENTS SURRENDERED IN QUARTER

Tenements surrendered in the June 2021 Quarter.

South Australian Mineral Exploration Licences						
Tenement	Granted	Expiry	Area (km ²)	Locality	Licensee	Interest
EL 6352	24/06/2019	23/06/2021	993	Lake Torrens Area	Kelaray Pty Ltd	100%

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

² Under option agreement.

³ Undergoing renewal.

