Argonaut Resources NL

ABN 97 008 084 848

Annual Financial Report - 30 June 2022

Directors	P J D Elliott - Chairman L J Owler – Managing Director A W Bursill – Non-Executive Director M R Richmond – Non-Executive Director – retired 2 February 2022 M R Billing – Non-Executive Director - appointed 3 August 2021
Company secretary	J E Morbey
Registered office	Level 6 100 Pirie Street Adelaide SA 5000 Telephone: +61 8 8231 0381 Facsimile: +61 8 8359 2214
Share register	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Telephone: 1300 737 760 (within Australia) Telephone: +61 2 9290 9600 (outside Australia) Web: www.boardroomlimited.com.au Shareholder access: www.investorserve.com.au
Auditor	Ernst & Young 121 King William Street Adelaide SA 5000
Stock exchange listing	Argonaut Resources NL shares are listed on the Australian Securities Exchange (ASX code: ARE)
Website	www.argonautresources.com

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2022.

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

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

On 2 February 2022 the Company announced the retirement of Mr Malcolm Richmond as a non-executive director.
MR Billing was appointed a non-executive director on 3 August 2021.

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 lithium, and to a lesser extent gold. 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 $9,840,941 (30 June 2021: $3,734,170).

Zambia

Lumwana West

Commodities: Copper, Cobalt *Operator: Argonaut*

Argonaut is seeking the re-instatement of 22399-HQ-LEL, Lumwana West

- The Company became aware that Large-scale Exploration Licence 22399-HQ-LEL, Lumwana West, was not renewed by the Zambian Government on 28 December 2021 as expected. This licence area contains the Nyungu deposit.
- The Company is continuing to work cooperatively with the relevant Zambian authorities to achieve the reinstatement of exploration licence 22399-HQ-LEL, Lumwana West.
- Argonaut has assisted appropriately with investigations into shortcomings and illegalities in the Governmental processes that led to the purported licence cancellation.
- On 27 April 2022, the Minister of Mines and Mineral Development wrote to the Company's Zambian lawyers to advise that the Company's appeal of 3 January 2022 was currently under "active consideration".
- On 28 June 2022, the Office of the Attorney General within the Zambian Ministry of Justice wrote to Argonaut's lawyers to advise that instructions in relation to the Company's appeal had been sought.
- At the time of the purported cancellation, the Company's 90% held subsidiary, Mwombezhi Resources Ltd, was operating in full compliance with all licence conditions and other regulatory requirements.
- Argonaut's objective of completing a feasibility study into a two-phase copper/cobalt mine and processing facility at Lumwana West complements the Zambian Government's stated objective of greatly increasing copper production.
- Argonaut is ready to continue a fast-tracked feasibility study in the event the Lumwana West licence is reinstated.

Purported cancellation of exploration licence 22399-HQ-LEL

Argonaut became aware that Large-scale Exploration Licence 22399-HQ-LEL, Lumwana West, was not renewed by the Zambian Government on 28 December 2021 as expected. This licence area contains the Nyungu deposit.

At the time of the purported cancellation, the Company's 90% held subsidiary, Mwombezhi Resources Ltd, was operating in full compliance with all licence conditions and other regulatory requirements.

Argonaut's Zambian lawyers have identified substantive procedural errors in both the non-renewal of 22399-HQ-LEL and the hurried and potentially corrupt grant of a new licence over the Lumwana West area to a recently registered company with no apparent financial or technical capacity.

Argonaut had a history of raising and investing significant amounts of money in the rigorous technical investigation of the Lumwana West licence area, particularly the Nyungu deposit. The Company had commenced the fast-tracking of a feasibility study into a commercial mining operation at the site via a team of internationally known experts. It would appear to be against the national interests of Zambia to stop this process.

Zambian acts against allegations of corruption

In February 2022, the relevant Zambian Government authorities commenced investigations into the purported cancellation of exploration licence 22399-HQ-LEL, Lumwana West.

The moratorium of the Mining Cadastre Department, initially for a one month period, was extended to provide additional time for an audit of existing mineral licences, a review of departmental processes and reorientation training for staff.
Argonaut welcomes the Minister's timely and decisive action to restore confidence in Zambia's mining cadastre system.

Recovery action by Argonaut

The Company has been working closely with Zambian Government representatives to provide information as required by the Ministry of Mines and Mineral Development to assist its investigations in relation to 22399-HQ-LEL Lumwana West. Included in this information is evidence of procedural errors by Government officers in relation to the non-renewal of 22399-HQ-LEL, Lumwana West and the grant of a new licence over the Lumwana West area.

On 27 April 2022 the Minister of Mines and Mineral Development wrote to the Company's Zambian lawyers to advise that the Company's appeal of 3 January 2022 was currently under "active consideration".

On 28 June 2022, the Office of the Attorney General within the Zambian Ministry of Justice wrote to Argonaut's lawyers to advise that instructions in relation to the Company's appeal had been sought.

The Zambian President, Hakainde Hichilema, has made anti-corruption and the rule of law pillars of his presidency. Actions such as the establishment of a fast-track court, the revitalisation of the anti-corruption commission and the recent moratorium on mining licences are positive steps in this direction.

The Company and its lawyers met with the Minister of Mines during April specifically to put forward the particulars of the Company's complaints regarding procedural errors by the Mining Cadastre Department in relation to Lumwana West. Argonaut is pleased and encouraged by the Minister's attention to the details of our matter.

Argonaut is ready to continue a fast-tracked feasibility study in the event the Lumwana West licence is reinstated.

Kamapanda

Commodities: Copper, Cobalt, Gold
Argonaut Interest: 90%
Operator: Argonaut

The Kamapanda project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 1). 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 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.

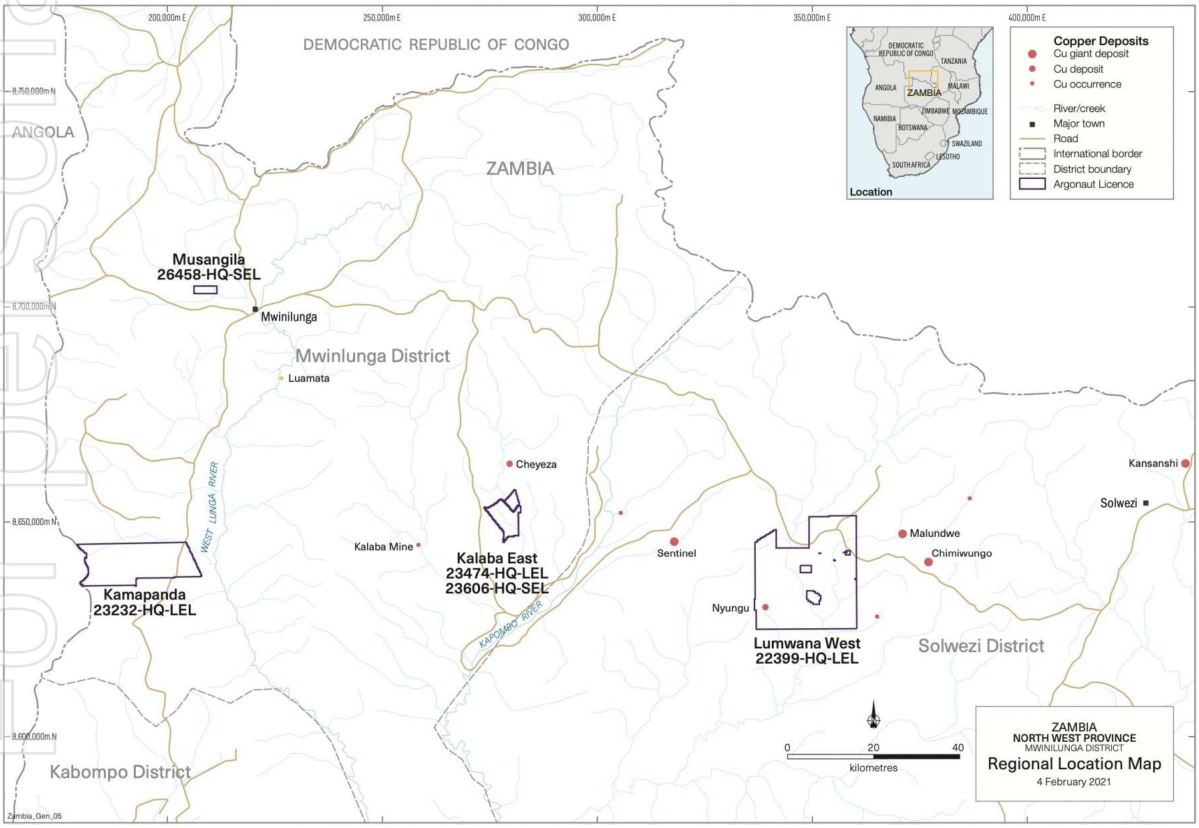

Figure 1. Zambia tenement locations

Kalaba East

Commodities: Copper, Cobalt
Argonaut Interest: 90%
Operator: Argonaut

The Kalaba East project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 1). 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 2). 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 received operational approvals and consent from Zambian authorities to commence exploration activities.

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

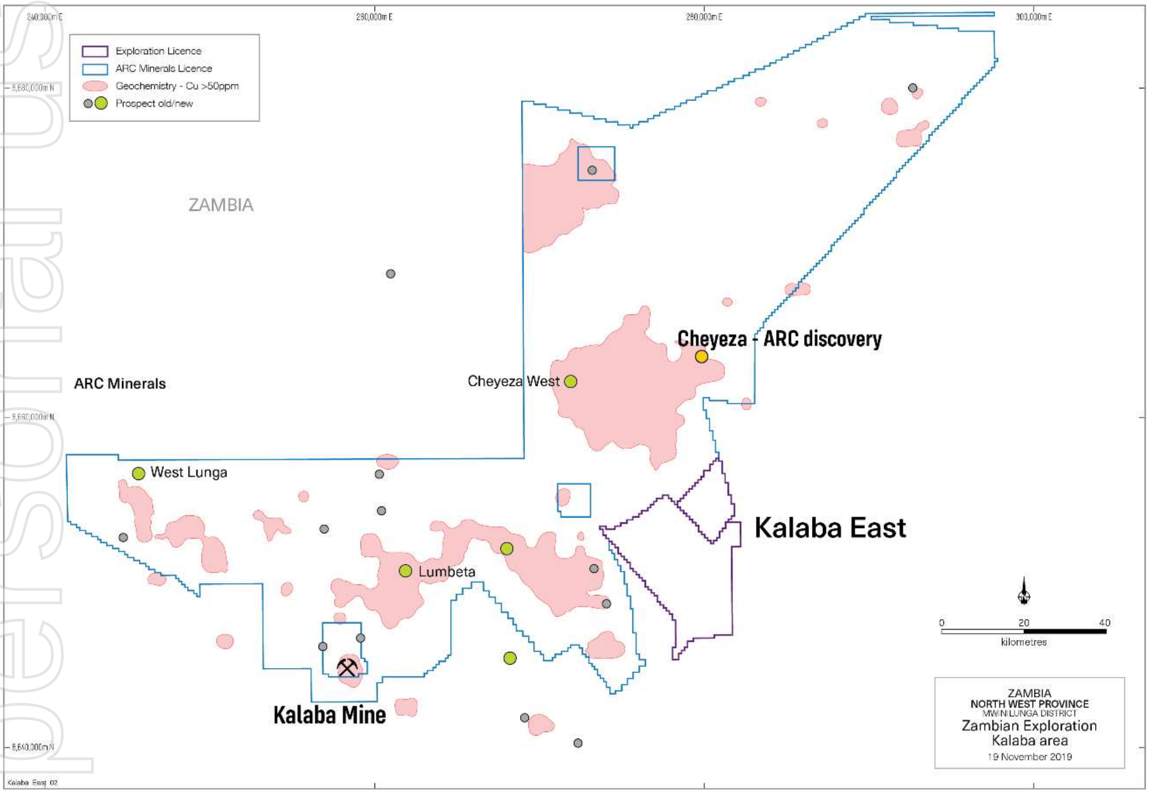

Figure 2. Kalaba East project adjacent to Arc Minerals geochemistry >50ppm copper

Musangila

Commodities: Copper, Cobalt, Gold
Argonaut Interest: 90%
Operator: Argonaut

The Musangila project is located in the Central African Copperbelt, North-western Province, Zambia (Figure 1). 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.

Australia

Higginsville, *WA*

Commodities: Gold, Lithium, Nickel *Argonaut Interest: 80%* *Operator: Argonaut*

Highlights

- Field mapping and sampling by Argonaut has defined an extensive swarm of lithium-caesium-tantalum pegmatite dykes (LCT Pegmatites).
- The prospectivity of these LCT pegmatites, known as the Darson Pegmatite Swarm, is confirmed by Caesium and Rubidium assays (see Table 1).
- Initial mapping has delineated five pegmatites up to 90m in thickness, located at the margin of the Pioneer Granite.
- This is a prime geological setting for the discovery of a lithium deposit and is located within four kilometres of the Dome North lithium pegmatite deposits (see Figures 3-6) and 12 kilometres of the Sinclair Caesium Mine (see Figure 3).
- Regionally, the Darson Pegmatite Swarm is located near the centre of a cluster of lithium Resources including: Bald Hill (Alliance), Mount Marion (Mineral Resources) and Buldania (Liontown) (see Figure 3).
- Argonaut plans to:
  - complete soil sampling, rock chip sampling and mapping to define possible extensions to the known pegmatites plus potential new pegmatites;
  - seek approvals for an RC drilling campaign targeting lithium;
  - proceed to drill the lithium targets following receipt of approvals.

Lithium Exploration

Field mapping and sampling by Argonaut during the reporting period, has defined an extensive swarm of lithium-caesium-tantalum pegmatite dykes (*LCT Pegmatites*) within E15/1489. The prospectivity of these LCT pegmatites, known as the Darson Pegmatite Swarm, is confirmed by Caesium and Rubidium assays (see Table 1). E15/1489 is located adjacent to the Higginsville gold mine (see Figures 3 and 5).

Numerous Surrounding Lithium Deposits

The Darson Pegmatite Swarm is well located amongst numerous significant lithium Resources in the Eastern Goldfields region of the southern Yilgarn Craton, Western Australia. The area features the Bald Hill lithium tantalum mine, the Mount Marion lithium mine and the Buldania lithium project, as well the nearby Dome North lithium Resource[1].
The Darson prospect is adjacent to a sealed highway and rail line and benefits from being in the Tier-1 mining jurisdiction of Western Australia.

[1] https://wcsecure.weblink.com.au/pdf/ESS/02529464.pdf

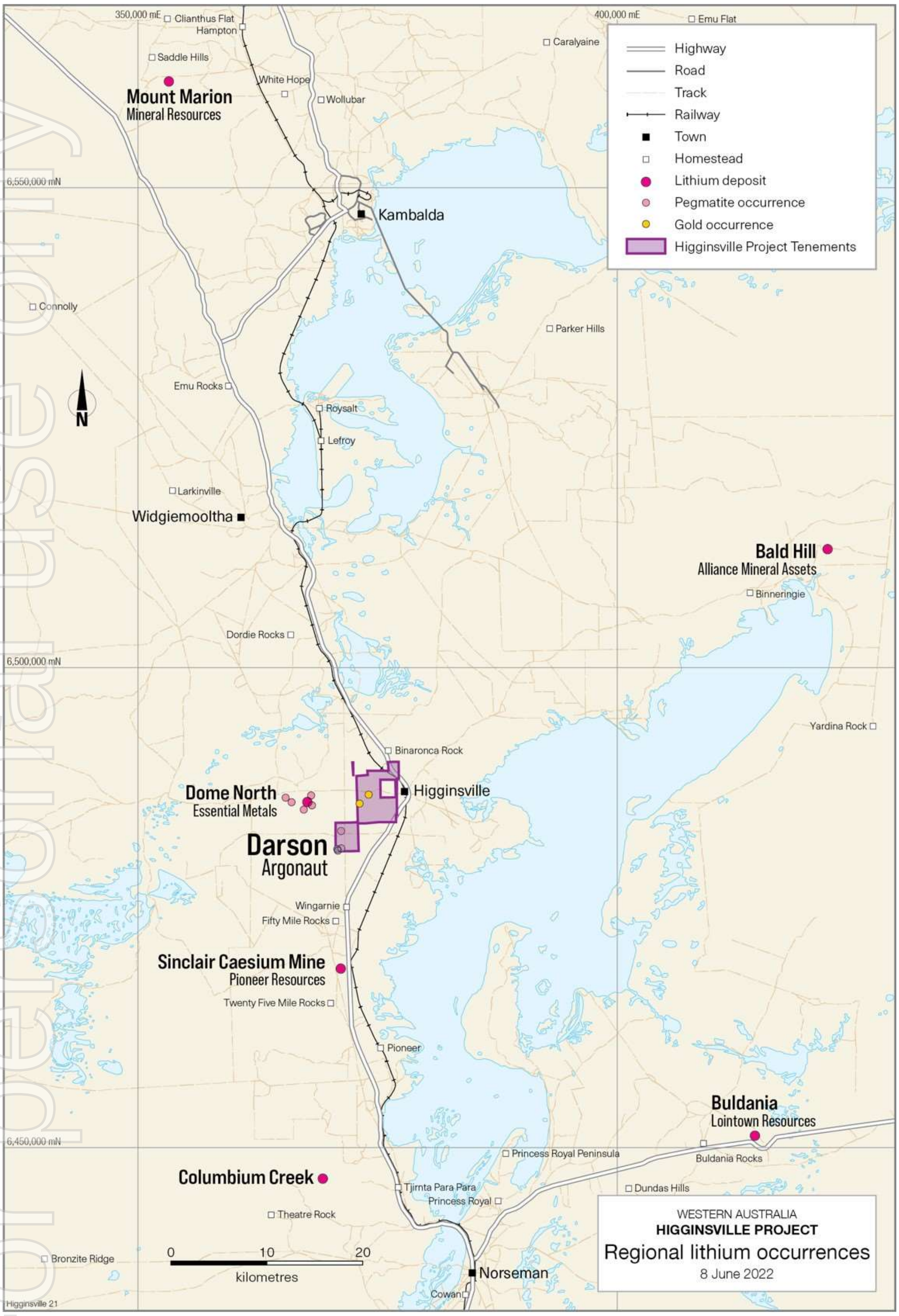

Figure 3: Regional lithium pegmatite deposits in the area of the Darson Pegmatite Swarm, Higginsville, WA.

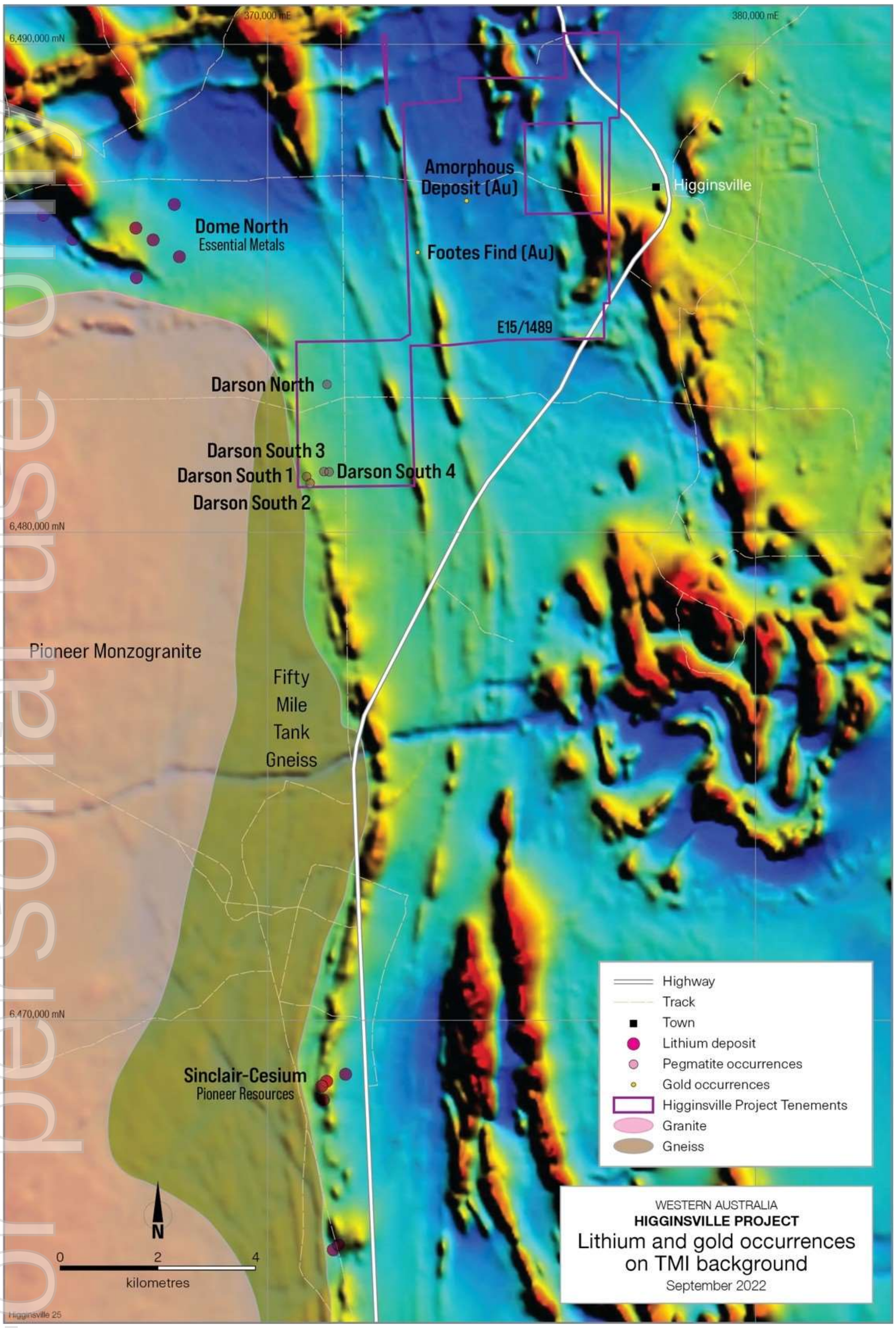

Figure 4: Magnetic TMI image highlighting the Pioneer Granite dome and contact zone with surrounding lithologies, Higginsville, WA.

Darson Pegmatite Swarm

Five LCT Pegmatites up to 90m wide

Fieldwork undertaken by Argonaut during 2022 has defined an extensive swarm of LCT Pegmatites which are located near the margin of the Pioneer Granite. The Pioneer Granite caused the emplacement of LCT Pegmatites at the Dome North lithium deposit (Figure 5 and Figure 6) and at Sinclair, which was previously mined for Caesium (Figure 3).

The Darson pegmatites were mapped from outcrops which were located via traversing on foot. Five pegmatites were mapped, and these are identified as Darson North and Darson South 1 to 4 (Figure 5 and Figure 6). The pegmatites trend (strike) approximately north-south, and initial outcrop mapping indicates thicknesses of up to 90m.

Outcrops of the Darson South pegmatite dykes are obscured to the north by sediments of an east-west oriented creek. Therefore, strike lengths of the pegmatites are currently uncertain and require further investigation.

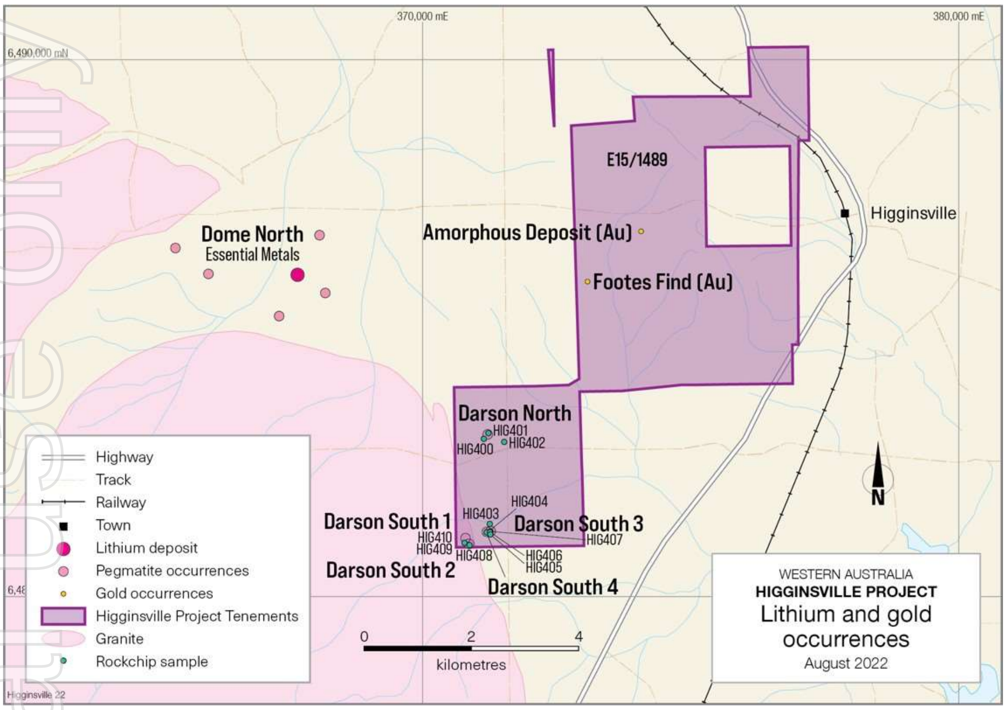

Figure 5: The Darson Pegmatite Swarm is located radially outwards from the Pioneer Granite, four kilometres from, and in the same geological setting as, Essential Metals' Dome North lithium Resource.

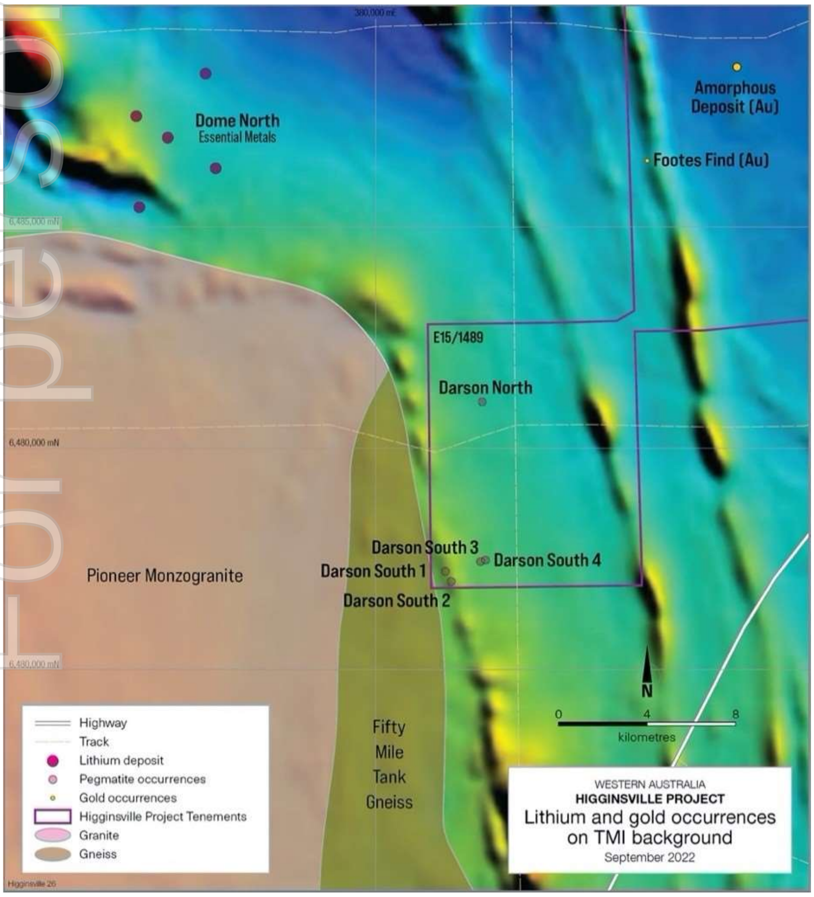

Figure 6: Magnetic TMI image, the Darson Pegmatite Swarm is located radially outwards from the Pioneer Granite, four kilometres from, and in the same geological setting as, Essential Metals' Dome North lithium Resource.

Exploration Results

Highly Fertile, Zoned LCT Pegmatites

Rock-chip samples of outcropping pegmatites plus surrounding quartz veins and country rocks have been taken. Although no significant lithium results were returned, the indicator elements showed very encouraging, high-order results (see Table 1).

It is common for LCT Pegmatites in this area of WA to be zoned, with the lithium minerals being in the central zone. The zones are broadly defined as: barren, fertile and LCT Pegmatite. These zones can be established using indicator elements and various ratios of elements.

All samples taken of the Darson South pegmatites are "fertile" according to K/Rb vs Cs ratios[2].
These pathfinder results warrant traverses of angled RC (reverse circulation percussion) drill holes to test for lithium mineralisation within these fertile outer zones.

Table 1: Indicator geochemistry of outcropping, potentially lithium-bearing LCT Pegmatites at the Darson Pegmatite Swarm, near Higginsville, WA. Analysis of outcrop sampling returned Caesium and Rubidium levels that indicate these pegmatites are fertile[3], hence may be proximal to lithium zones. These wide pegmatites are excellent drilling targets.

Sample	Pegmatite ID	Outcrop Description	Caesium (ppm)	Rubidium (ppm)
HIG403	Darson South 4	Quartz, plagioclase, feldspar, mica granitic pegmatite	23.23	515.08
HIG404	Darson South 4	Quartz, feldspar pegmatitic granite	59.48	806.68
HIG405	Darson South 4	Quartz, feldspar pegmatitic granite	52.6	796.29
HIG406	Darson South 4	Quartz, feldspar pegmatitic granite	36.28	826.85
HIG407	Darson South 3	Quartz, feldspar pegmatitic granite	90.81	1911.53
HIG409	Darson South 1	Quartz, feldspar, biotite pegmatitic granite	47.26	981.56
HIG410	Darson South 1	Quartz, feldspar, biotite pegmatitic granite	77.59	1399.99
			<20 Barren	*<500 Barren*
			>20 and <100 Fertile	*>500 and <3000 Fertile*
			>100 LCT Pegmatite	*>3000 LCT Pegmatite*

Planned Exploration Program

Further Definition of Pegmatites

Follow-up, low impact fieldwork commenced in late September 2022. This work will involve:

- systematic outcrop sampling of known pegmatites to better define LCT Pegmatite zonation;
- systematic traversing of the Darson prospect area to identify, map and sample additional pegmatite outcrops and extensions to known outcrops;
- soil sampling using field-based, handheld XRF analysis of samples to define Caesium and Rubidium anomalism in soils above buried LCT Pegmatites.

Contingent auger drilling through transported creek sediments may be desirable depending on results of the fieldwork described above.

Reverse Circulation Drilling

Planned drilling involves east-west traverses of angled RC drill holes across known LCT Pegmatites targeting areas of high geochemical fertility.
Access to the area is via the Chalice Mine access road from the Coolgardie-Esperance Highway, then via a pipeline track to within 300m of the anticipated drill site.
Argonaut is preparing to seek the relevant approvals for drilling at the Darson prospect.

Amorphous Gold Deposit

The Amorphous gold deposit and the Footes Find gold prospect are located on E15/1489, to the northeast of the Darson Pegmatite Swarm (Figure 5). Argonaut first drilled the Amorphous gold deposit in 2017. Drilling has significantly increased the potential for a commercial gold deposit at Amorphous by demonstrating improved continuity of gold grades along a strike length of 800m.

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[2] Breaks, F.W., Selway, J.B., & Tindle, A.G., 2003. Fertile peraluminous granites and related rare element mineralization in pegmatites, Superior province, northwest and northeast Ontario: Operation Treasure Hunt. Ontario Geological Survey, Open File Report 6099.
[3] https://www.appliedgeochemists.org/sites/default/files/documents/Explore%20issues/EXPLORE190-MArch2021.pdf

Drilling results previously generated by Argonaut at the Amorphous Gold Deposit include:

Drill Hole	Interval (m)	Grade (g/t gold)	From (m)
AMRC005	4	1.53	69
and	**11**	**2.76**	77
including	**6**	**4.62**	81
including	**3**	**7.47**	82
AMRC006	**6**	**2.37**	44
including	**3**	**4.38**	45
AMRC008	3	1.66	56
AMRC009	2	1.28	22
AMRC015	4	2.36	64
AMRC024	**5**	**2.04**	37

Gold mineralisation at Amorphous is typically hosted in an altered shear-zone within an easterly dipping gabbroic unit. Previous exploration results were originally announced to the ASX on 21 November 2017 in an announcement titled "Higginsville Gold Drilling Significantly Increases Potential for Commercial Gold Deposit".

New Joint Venture Agreement

Between February 2022 and May 2022, Argonaut and its joint venture partner at Higginsville, Loded Dog Prospecting Pty Ltd, were in dispute in relation to the parties' respective interests in four exploration licences under an old joint venture agreement dated February 2017.

The dispute was resolved via a Settlement Agreement between the parties and the subsequent execution of a new JVA titled "Eastern Goldfields New Joint Venture and Royalty Agreement" which relates to exploration licence E15/1489. The JVA is pursuant to the terms of the Settlement Agreement. As part of the settlement, Argonaut agreed to relinquish its claim to three lower prospectivity exploration licences E15/1523, E15/1588 and E16/1773 in order to focus on the more prospective E15/1489 licence area. The principal terms of the new JVA are:

- Argonaut paid Loded Dog a sum of $75,000 and issued 12,820,513 fully paid ordinary Argonaut shares ($50,000 at 0.39c/share), at which time the new joint venture became effective.
- Percentage shares in E15/1489 is now: Argonaut 80%, and Loded Dog 20%.
- Argonaut will sole fund joint venture activities through until completion of a bankable feasibility study and a decision to mine is made.

Murdie, SA

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

Highlights

- Subsequent to the reporting period, the Aboriginal Heritage Act authorisation to drill at Murdie was set aside by the South Australian Supreme Court. Counsel for Argonaut's subsidiary, Kelaray Pty Ltd, has considered the judgement and the Company elected to filed an appeal against the decision.
- Argonaut has partnered with SensOre Limited, a mineral exploration artificial intelligence (AI) and machine learning leader to generate copper-gold probability targets at the Murdie project using SensOre's proprietary AI and machine learning.
- Initial copper-gold probability mapping by SensOre was completed during the reporting period. This exercise generated a major new copper-gold target within the Murdie licences that is subject to further consideration by the Argonaut team.

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 7).

Drilling Authorisation

- On 4 January 2021, the Company announced that the South Australian Government approved an application by Kelaray under the SA Aboriginal Heritage Act 1988. This authorisation was the final approval required for the Murdie drilling program that commenced in 2021.

Judicial Review

- On 16 March 2021, the Barngarla Determination Aboriginal Corporation RNTBC filed an application in the South Australian Supreme Court for a review of the authorisation.
- 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.
- Subsequent to the reporting period, on 25 August 2022, the Murdie section 23 authorisation was set aside by the South Australian Supreme Court.
- Argonaut notes that the majority of the application as pressed by members of the Barngarla Determination Aboriginal Corporation was dismissed and that the review succeeded only on a very limited basis.
- Counsel for Kelaray is considering the judgement and will advise the Company on the merits of an appeal.

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.

Targeting

It is appropriate for Argonaut to review its targeting priorities following the 2021 drilling program. Targeting to date has been by geophysical modelling of ground gravity survey data. Argonaut has partnered with SenseOre, a mineral exploration artificial intelligence (*AI*) and machine learning leader to generate a prioritisation of the various IOCG gravity targets at the Murdie project.

Exploration

Argonaut's drilling authorisations for the Murdie project contained two main options for accessing drill sites on Lake Torrens – access via protective matting and via helicopter. Argonaut has held discussions with relevant contractors regarding the continuation of drilling using both techniques, pending section 23 authorisation being reinstated.

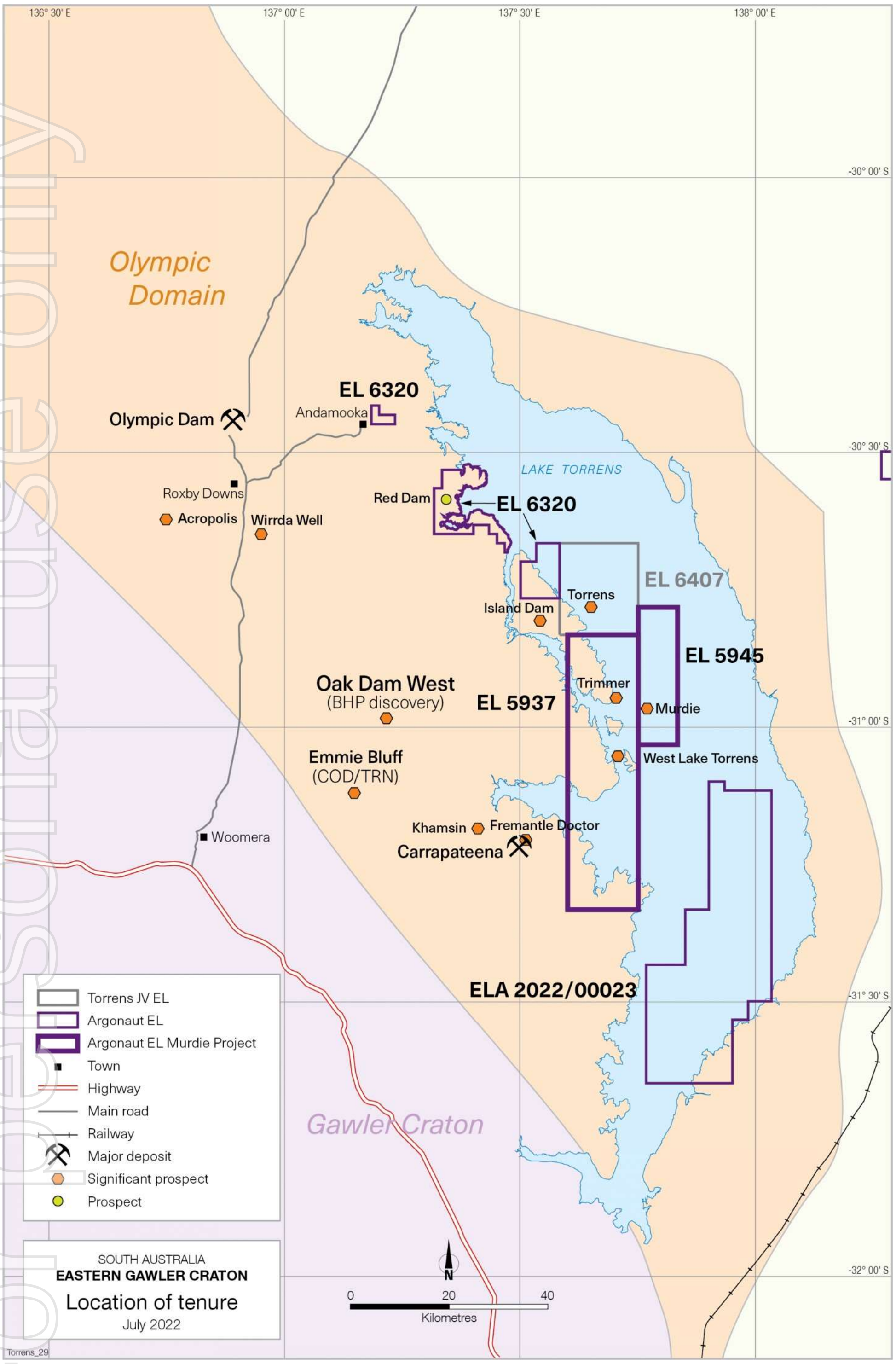


Figure 7. Lake Torrens exploration licences, Eastern Gawler Craton, South Australia

WLTD001

- The first drill hole, WLTD001, intercepted an IOCG alteration system which confirms the prospectivity of the West Lake Torrens gravity anomaly.
- 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.
- 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 7).
- 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.

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.
Brecciation is the breaking of rock into fragments that are then re-cemented by a matrix, this case an iron-rich matrix (evident in drill core). 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.

West Lake Torrens Bouguer Anomaly

The West Lake Torrens anomaly is a regional gravity anomaly (Figure 7). 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 8 and 9 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 7). 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 has 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 has been hampered in recent weeks 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. Future access is subject to the reinstatement of the authorisation.

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 8 and 9). The residual gravity targets shown in Figure 9 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.

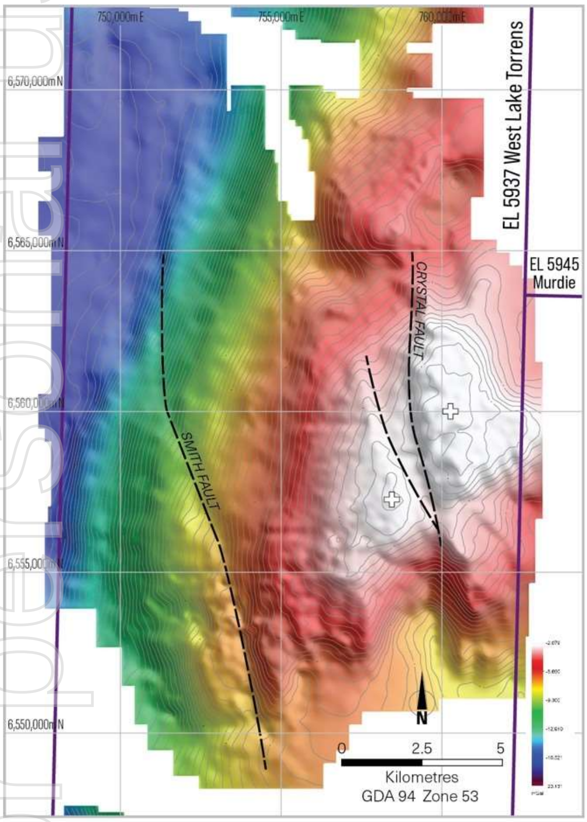
Gravity-only anomalies do not have a significant associated magnetic anomaly and can be indicative of IOCG deposits that have been entirely altered from magnetite-dominant, low-grade systems to *high-grade, hematite-dominant IOCG systems*. Large, gravity-only anomalies within Donington Suite granite are the most compelling copper exploration targets in the country.

Ground Gravity Survey

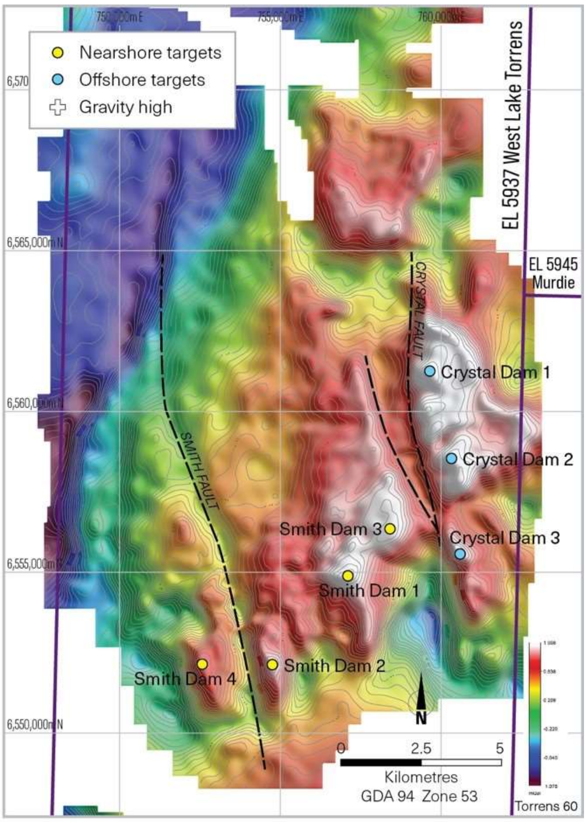
Geophysical crews have completed a detailed ground gravity survey over selected areas to improve the accuracy of drill-target modelling. In total 7,900 gravity stations have been surveyed including over the area of several confirmed drilling targets (Figure 9). Argonaut is pleased with both the results of the survey and the resolution of the data.

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.



WEST LAKE TORRENS
Bouguer gravity anomaly
Figure 8: West Lake Torrens bouguer (regional) gravity anomaly.



WEST LAKE TORRENS
Residual gravity anomalies and drilling targets
Figure 9: West Lake Torrens residual gravity anomalies and drilling targets.

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 allowed for exploration-phase drilling plus potential resource and reserve definition drilling. The approval covered the parts of exploration licences 5937 and 5945 that overlap with Lake Torrens or are onshore and within 500m of the Lake Torrens shoreline.

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.

Subsequent to the period, on 25 August 2022, the Murdie section 23 authorisation for exploration works at the Murdie project was set aside by the South Australian Supreme Court.

Counsel for Kelaray considered the judgement and Kelaray subsequently filed an appeal against the decision.

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

Torrens, SA

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

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.

Work Program

The Torrens Joint Venture is currently reviewing appropriate remote sensing techniques to assist with refining of geophysical drill targets.

A magnetotelluric survey to identify deep, crustal structures feeding potential mineralisation and an ambient noise tomography survey to improve the resolution of gravity modelling are both under consideration.

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.

Red Dam, SA

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

Argonaut holds exploration licence EL6320 located adjacent to the Torrens Project (Figure 7). The 198 square kilometre licence area is in three parts and encompasses the Red Dam IOCG target, previously identified by WMC.

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

Argonaut has assessed the relevant, historical drill core and conducted a ground gravity survey in 2020 to improve resolution for geophysical modelling and target generation.

Uranium Assets, SA and NT

Commodities: Uranium *Argonaut Interest: 67%* *Operator: Argonaut*

Highlights

- Argonaut has acquired a substantial package of prospective uranium exploration licences in South Australia and the Northern Territory (Figure 10). Argonaut holds these assets via a 67% held, unlisted public company called Orpheus Minerals Ltd (Orpheus), reducing to 26.93% when Orpheus completes IPO.
- 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.

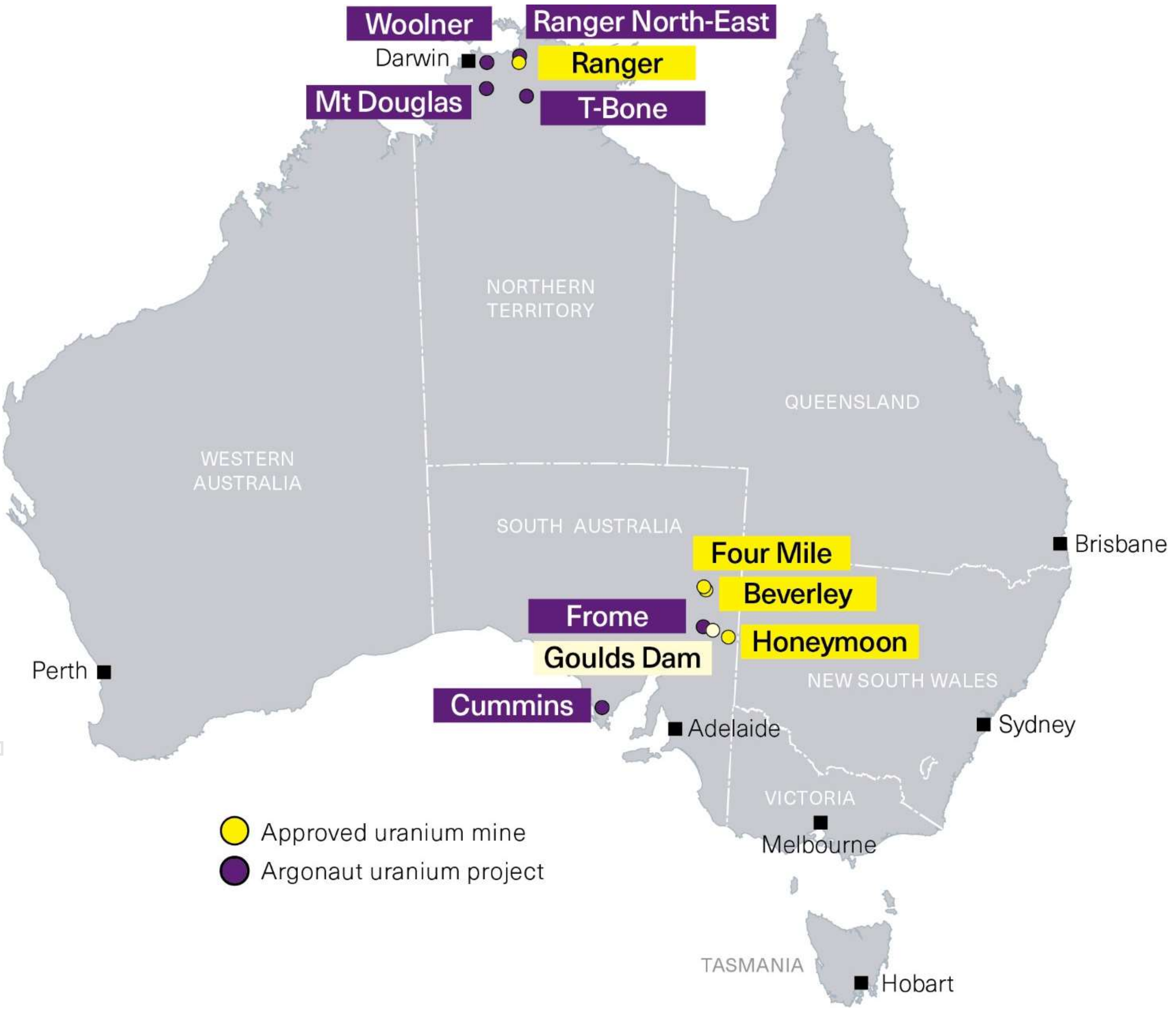


Figure 10. Location map of Orpheus Minerals' uranium assets.

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 11).

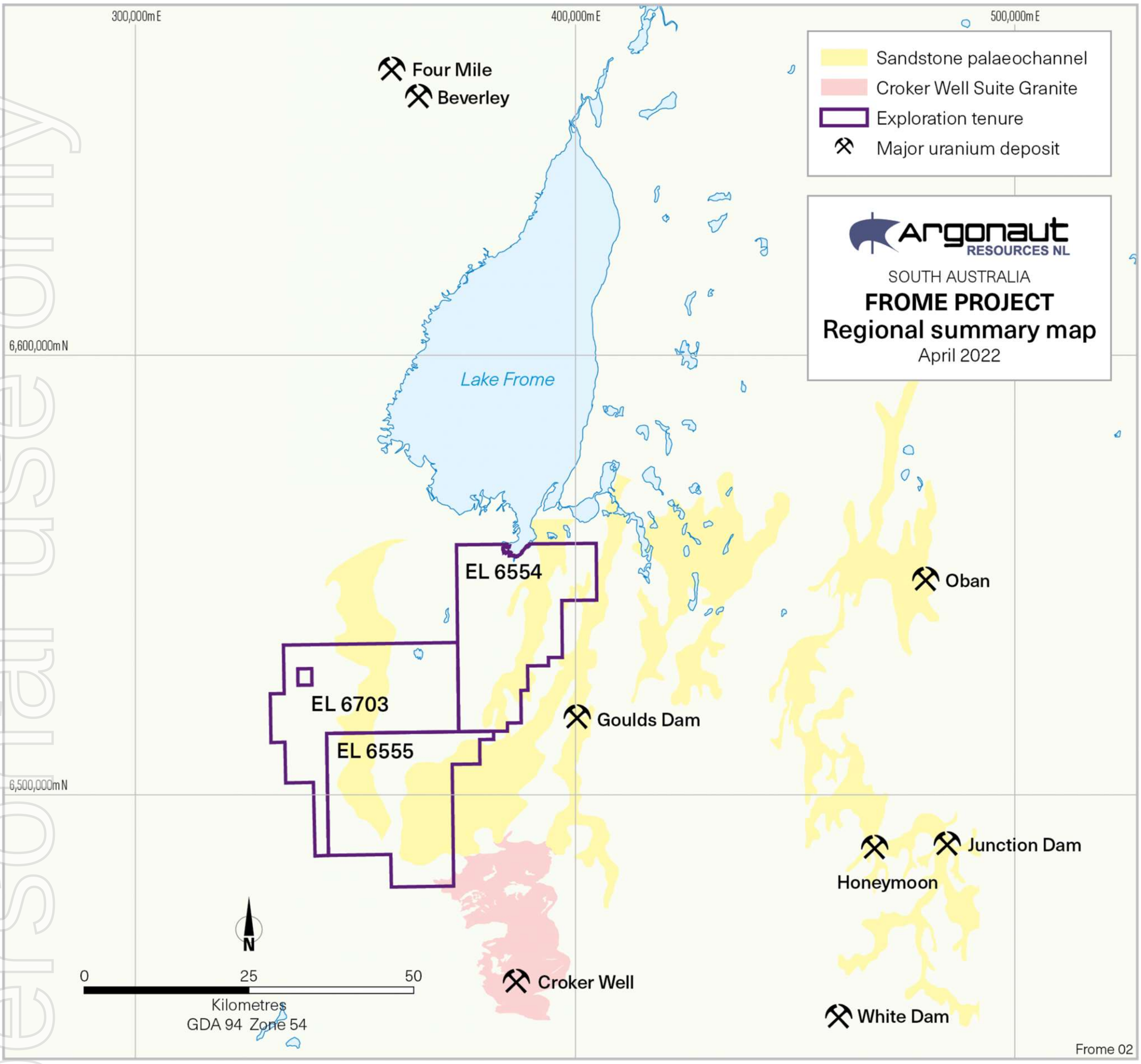


Figure 11. Frome project tenement locations and major uranium deposits

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 6 early-stage drilling targets.

Tenure

Argonaut holds 67% interest (reducing to 26.93% when Orpheus completes IPO), in two large exploration licences - both approximately 950 square kilometres and a third exploration licence via an option, sale and milestone agreement. This agreement provides for the acquisition by Orpheus of a 100% interest of a third similarly large exploration licence, recently granted. Frome project exploration licences are described in detail below.
Frome project exploration licences:

- EL6554, Frome Downs – 960km^2 (100%);
- EL6555, Curnamona – 947km^2 (100%); and
- EL 6703, Erudina – 987km^2 (Orpheus, option to acquire 100%).

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 12) 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.

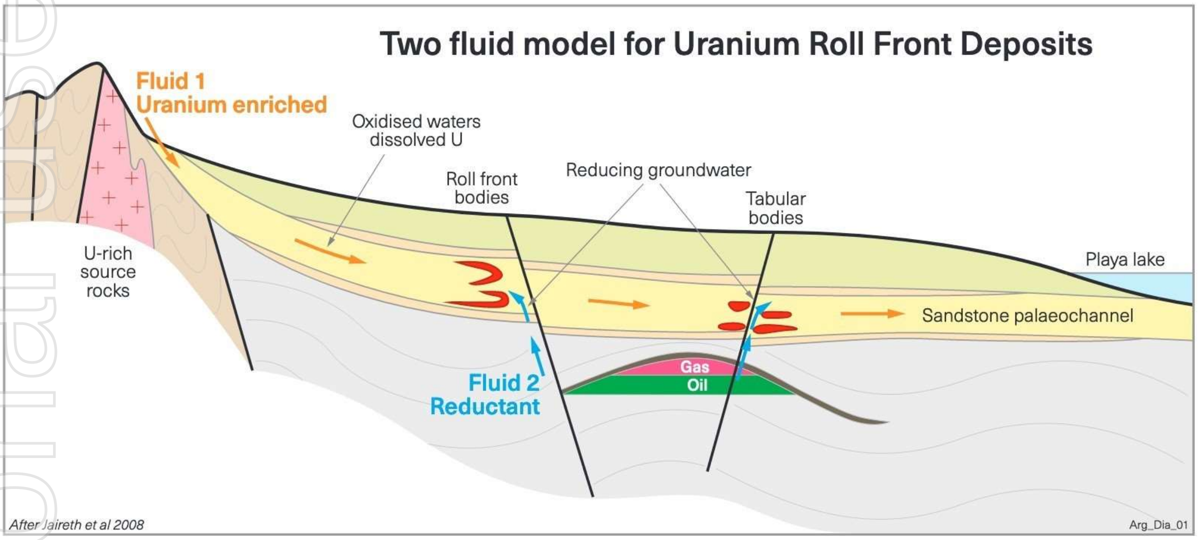


Figure 12. Diagram showing two fluid model. Uranium is carried in oxidised groundwaters and reduced by hydrocarbons and/or H²S released from the underlying hydrocarbons. Both roll–front and tabular ore bodies can result from the process. After Jaireth et al 2008.

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 13)
4. Drilling of regional, early-stage targets (Figure 13).

Argonaut has commenced the permitting process required for drilling.

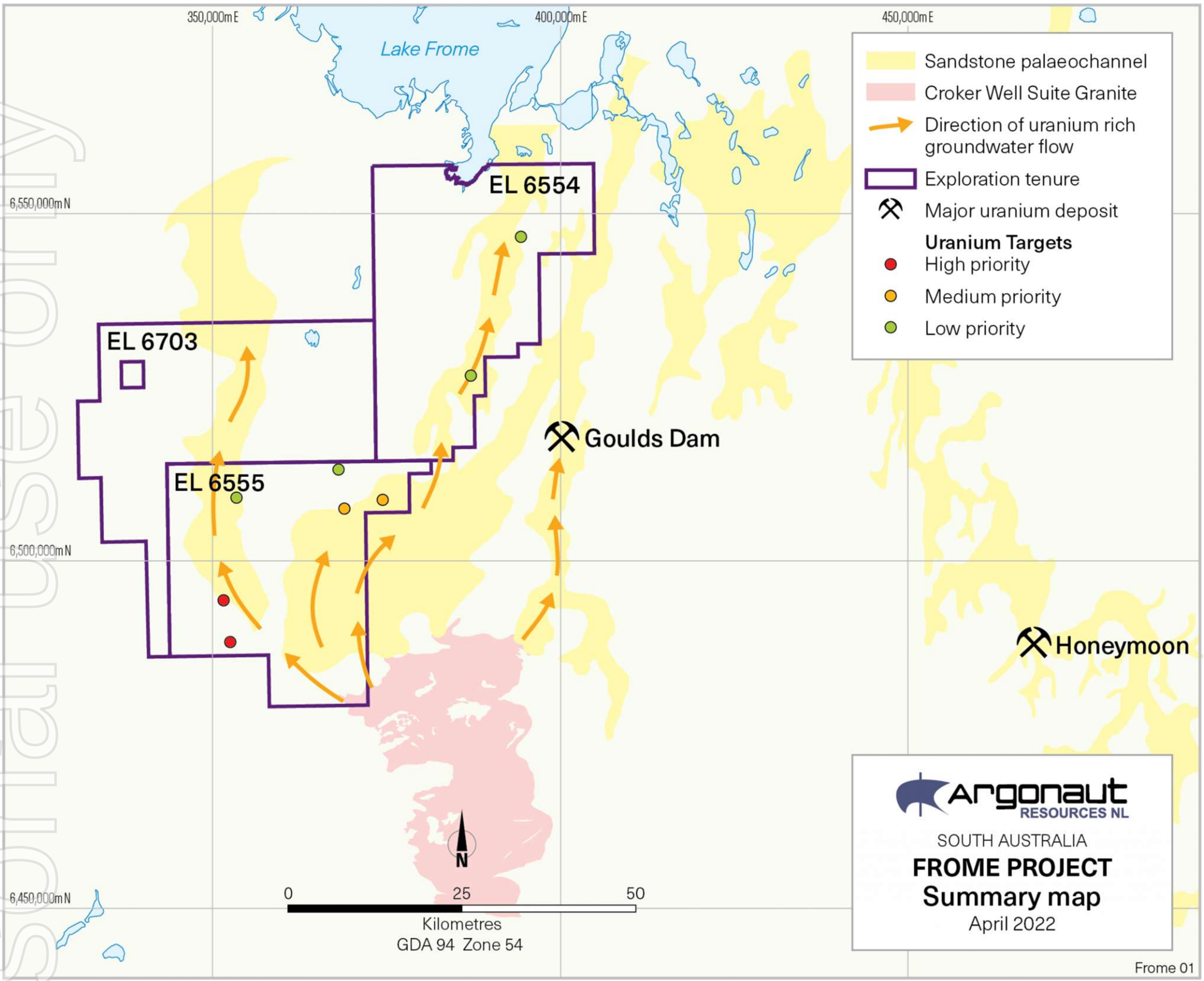


Figure 13. Frome Project licences with Eyre Formation sandstone palaeochannels – which have been shown to host uranium deposits – and the Crocker Well Suite granite which is a uranium-bearing source rock from which oxidised groundwater can flow through the palaeochannels until it encounters a reducing environment where it can form concentrated deposits.

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:

- Frome Embayment, SA – Beverley and Honeymoon-style sandstone-hosted, roll front targets:
  - Frome Downs – 960km^2;
  - Curnamona – 947km^2; and
  - Erudina – 987 km^2.

- Cummins, SA –sandstone-hosted, roll front targets:
  - Cummins – 952km^2.

- 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 – 230km^2.

- 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 – 467km^2;
  - Mt Douglas ELA – 127km^2; and
  - Mt Douglas ELA – 103km^2.

- Woolner, NT – unconformity-related and structurally controlled uranium covered by two licence applications.
  - Woolner – 473km^2; and
  - Marrakai – 458km^2.

Orpheus Minerals Limited

Argonaut has decided that specialised uranium exploration work and the funding of these works is better undertaken through a separate listed entity.

Argonaut is planning for Orpheus to list on the Australian Securities Exchange when prevailing market conditions are suitable. Orpheus undertook a seed capital raising to unrelated parties of $370,000 to fund its activities. Prospectus preparations are well advanced.

The Argonaut board is considering:

- an entitlement offer of Orpheus shares to Argonaut shareholders as part of the IPO process; and
- a potential in-specie distribution of Orpheus shares to Argonaut shareholders (subject to statutory escrow provisions).

Details of Orpheus exploration assets have been outlined in ASX releases dated 9 September 2021 and 20 September 2021.

Kroombit, QLD

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

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.

MDL2002 has been renewed by the Queensland Government Department of Resources for a further five years to 31 August 2026.

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

The Aroona project is prospective for zinc-silicate (willemite) mineralisation in the locally endowed carbonate units of the Wilkawillina Limestone, adjacent to the Aroona fault which hosts numerous willemite occurrences along trend, including Aroona, Aroona II and Reliance deposits.

Field work to date has been regional in scope and includes mapping, airborne geophysics and minor rock chip sampling targeting the NW Aroona prospect, showing potential hematite alteration identified from Landsat/Aster imagery. No drilling has been conducted.

Argonaut holds a 100% interest in EL 6199.

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 the this Annual Report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on this information in the form and context in which it appears.

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.

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

On 22 August 2022 the directors called a general meeting of shareholders for 30 September 2022 to seek shareholders approval for the disposal of the majority of Argonaut's uranium exploration assets via an IPO of the Company's 67% held subsidiary Orpheus Minerals Limited. At the general meeting the resolution was carried.

On 24 August 2022 the directors announced a one for two non-renounceable entitlement offer of new ordinary shares as at issue price of $A0.001 per new share to raise up to $1,809,513. On 20 September 2022 the company announced that the entitlement offer was fully subscribed. On 26 September 1,809,512,648 new shares were allotted.

On 24 August 2022 the directors announced that the South Australian Supreme Court had set aside an Aboriginal Heritage Act authorisation granted to Argonaut's subsidiary, Kelaray Pty Ltd, on 29 December 2020 by then Premier, Steven Marshall, for exploration works at the Murdie project in South Australia.

Argonaut noted that the majority of the application as pressed by members of the Barngarla Determination Aboriginal Corporation was dismissed and that the review succeeded only on a very limited basis.

Argonaut further noted that the judgement has the potential to disrupt several major South Australian construction projects with similar authorisations including the new Women's and Children's Hospital project. Initial interpretation of the judgement suggests that new development authorisations granted by the South Australian Government can accommodate the issue identified by the Court.

The Company will contact the Government as a matter of urgency to ascertain its position with regards to the reissue of the Murdie authorisation.

On 27 September 2022 the Company announced that it was lodging an appeal against the judgement.

Other than where stated in Note 26 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

Name:	P J D Elliott
Title:	Non-executive director and chairman
Qualifications:	B.Com, MBA
Experience and expertise:	Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 10 years. Mr Elliott is an investment banker who has over 40 years experience in financial management and resource investment and development.
Other current directorships:	Cap-XX Limited, Tamboran Resources Limited, Kirrama Resources Limited and Rockfire Resources PLC
Former directorships (last 3 years):	ioneer Limited – retired 30 November 2020
Interests in shares:	26,200,733
Interests in options:	14,000,000

Name:	L J Owler
Title:	Chief Executive Officer
Qualifications:	B.Sc, MAusIMM
Experience and expertise:	Mr Owler is Argonaut Resources NL's Chief Executive Officer and was appointed onto the Board as Executive Director on 1 June 2005. Mr Owler is a Geologist and Geophysicist with over 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:	16,000,000

Name:	M R Billing
Title:	Non-executive director
Qualifications:	B.Bus, MAICD
Experience and expertise:	Mr Billing was appointed a non-executive director of Argonaut Resources NL on 3rd August 2021. Mr Billing has over 40 years of mining and agri-business experience and a background in finance, specialising in recent year 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:	Golden Metal Resources plc (unlisted company)
Former directorships (last 3 years):	Southern Gold Limited – resigned 30 November 2018, Thor Mining PLC – resigned 3 September 2021
Interests in shares:	6,000,000
Interests in options:	10,000,000

Name:	A W Bursill
Title:	Non-executive director
Qualifications:	B.Agr. Ec., CA., FGIA
Experience and expertise:	Mr. Andrew Bursill holds a Bachelor of Agricultural Economics from the University of Sydney, is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse) and is a Fellow of the Governance Institute in Australia. Since commencing his career as an outsourced Company Secretary and CFO in 1998, Mr. Bursill has been CFO, Company Secretary and/or Director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution.
Other current directorships:	-
Former directorships (last 3 years):	NVOI Limited – resigned 18 October 2019
Interests in shares:	3,049,438
Interests in options:	14,000,000

Name:	M R Richmond – retired 2 February 2022
Title:	Non-executive director
Qualifications:	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) New South Wales
Experience and expertise:	Professor Richmond is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries. He was a fellow of the Australian Academy of Technological Sciences & Engineering and the Australian Institute of Mining and Metallurgy. Professor Richmond spent 30 years with the Rio Tinto and CRA Groups including the position of managing director of research and development and vice president strategy and acquisitions. Immediately prior to his retirement he held the position of managing director of development at Hamersley Iron Pty Limited. Professor Richmond served as a visiting professor at the University of Western Australia until January 2012, teaching in the MBA programme.
Other current directorships:	Strike Resources Ltd
Former directorships (last 3 years):	Water Resources Group Ltd, Cuervo Resources Inc (listed on CSE) and Advanced Braking Technology Ltd.
Interests in shares:	15,999,999
Interests in options:	14,000,000

'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

Name:	J E Morbey
Title:	Company Secretary
Qualifications:	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 2022, and the number of meetings attended by each director were:

Full Board Meetings	Attended	Held
PJ D Elliott	4	4
L J Owler	4	4
A W Bursill	4	4
M R Billing	4	4
M R Richmond	1	1

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

Remuneration report (audited)

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

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

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- Competitiveness and reasonableness
- Acceptability to shareholders
- Transparency

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

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

Non-executive 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 2021 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 2021. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

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

- 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 – retired 2 February 2022
- M R Billing, non-executive Director
- J E Morbey, Company Secretary

Note: M R Richmond retired on 2 February 2022.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2022	Salary/ Director fees $	Consulting Fees $	Annual leave $	Super annuation $	Long Service leave $	Equity settled $	Total $
Non-Executive Directors:							
P J D Elliott [1]	85,000	-	-	-	-	-	85,000
A W Bursill [1]	40,000	-	-	-	-	-	40,000
M R Billing [1]	77,916	-	-	-	-	64,000	141,916
M R Richmond [2]	58,219	-	-	7,375	-	-	65,594
Executive Directors:							
L J Owler [3]	350,000	-	20,296	35,000	20,236	28,093	453,625
Company Secretary:							
J E Morbey [4]	-	47,000	-	-	-	-	47,000
	611,135	47,000	20,296	42,375	20,236	92,093	833,135

1. June Quarter fees have been accrued
2. M R Richmond retired 2 February 2022
3. L J Owler June 2022 salary has been accrued
4. J E Morbey May and June fees have been accrued

As announced in the June 2022 Quarterly Report, dated 29 July 2022, the Company announced that directors' fees including all non-essential expenditure would be deferred to preserve cash reserves for the period 1 April 2022 to 30 June 2022. These Director fees have been accrued as at 30 June 2022 and will continue to be accrued until the Directors are confident that the Company has attained sufficient funding.
There have been no non-monetary benefits to key management personnel other than share based payments. (2021: nil)

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2021 *	Salary $	Consulting Fees $	Annual leave $	Super-annuation $	Long service leave $	Equity-Settled * $	Total $
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	50,000	135,000
A W Bursill	40,000	-	-	-	-	50,000	90,000
M R Richmond	77,625	-	-	7,375	-	50,000	135,000
Executive Directors:							
L J Owler	393,750	-	24,334	37,406	5,858	108,216	569,564
Company Secretary:							
J E Morbey	-	49,500	-	-	-	-	49,500
	596,375	49,500	24,334	44,781	5,858	258,216	979,064

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

* Subsequent to the issue of the FY21 Remuneration Report, it was identified that the share based payments ought to have been amortised over a shorter period in respect of Elliott, Bursill and Richmond's SBP. The original disclosure incorrectly amortised the deferred SBP expense over the exercise period. Amounts shown in the table above have been restated and therefore have changed from the FY21 Remuneration Report.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2022	2021	2022	2021	2022	2021
Non-Executive Directors:						
PJ D Elliott	100%	63%	-	-	-	37%
A W Bursill	100%	44%	-	-	-	56%
M R Billing	55%	n/a	-	n/a	45%	n/a
M R Richmond [1]	100%	63%	-	-	-	37%
Executive Directors:						
L J Owler	93%	81%	-	-	7%	19%

1. M R Richmond retired 2 February 2022

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 2022 (2021: 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 2022 (2021: nil)

<u>Issue of options to directors</u>:

2022: At the Annual General Meeting of shareholders held on 30 November 2021 it was resolved to issue unlisted options to Mr M R Billing, a non-executive director as follows:

10,000,000 unlisted options, exercise price $0.02, expiry date 30 November 2026

As disclosed in the Notice of Annual General Meeting dated 18 October 2021 the options to be issued to Mr Billing have been valued using the Black and Scholes option model using the following assumptions:
Valuation date: 7 October 2021
Market price of shares: $0.007
Exercise price: $0.20
Length of time from issue: 5 years
Risk free interest rate (5-year treasury bond): 0.80%
Volatility: 100%
Indicative value of the option: $0.0064 per option

2021: 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

<u>Issue of options to Other Key Management Personnel</u>: nil. (2021: nil)

Additional information
The earnings of the group for the five years to 30 June 2022 are summarised below:

	2018 $	2019 $	2020 $	2021 $	2022 $
Profit/(loss) after income tax	(2,590,452)	(2,032,251)	(1,802,312)	(3,734,170)	(9,840,941)

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

	2018	2019	2020	2021	2022
Share price at financial year end ($)	0.021	0.005	0.008	0.006	0.002
Basic loss per share (cents per share)	(0.210)	(0.131)	(0.111)	(0.140)	(0.270)

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	26,200,733	-	-	-	26,200,733
L J Owler [1]	1,400,000	-	-	-	1,400,000
A W Bursill	3,049,438	-	-	-	3,049,438
M R Billing [2]	-	-	6,000,000		6,000,000
M R Richmond [3]	15,999,999	-	-	-	15,999,999
J E Morbey	3,909,068	-	-	-	3,909,068
	50,559,238	-	6,000,000	-	56,559,238

1. 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.
2. M R Billing was appointed a non-executive director on 3 August 2021
3. M R Richmond retired on 2 February 2022

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	18,000,000	-	-	(4,000,000)	14,000,000
L J Owler	26,000,000	-	-	(10,000,000)	16,000,000
A W Bursill	18,000,000	-	-	(4,000,000)	14,000,000
M R Billing [1]	-	10,000,000	-	-	10,000,000
M R Richmond [2]	18,000,000	-	-	(18,000,000)	-
	80,000,000	10,000,000	-	(36,000,000)	54,000,000

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

1. M R Billing was appointed a non-executive director on 3 August 2021
2. M R Richmond retired on 2 February 2022

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

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%

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
03/12/2017	03/12/2017	31/12/2022	$0.030	28,000,000
14/08/2020 [1]	14/08/2020 *	11/08/2025	$0.020	30,000,000
30/11/2021 [2]	30/11/2021	30/11/2026	$0.020	10,000,000
				68,000,000

1. 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

2. At the Annual General Meeting of shareholders on 30 November 2021 it was resolved to issue unlisted options to Mr M R Billing, a non-executive director - 10,000,000 unlisted options, exercise price $0.02, expiry date 30 November 2026

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 2022 and up to the date of this report. (2021: 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.

Corporate Governance Statement

The Company has outlined the Argonaut Resources NL corporate governance policies on the company website. http://www.argonautresources.com . The 2022 Corporate Governance Statement is also available on the company website and was lodged with this Annual Report on the ASX on 30 September 2022.

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 21 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 21 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed and approved to ensure that they do not impact the integrity and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants issued by the Accounting Professional and Ethical Standards Board, including reviewing or auditing the auditor's own work, acting in a management or decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risks and rewards.

Officers of the company who are former partners of Ernst & Young

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

Auditor's independence declaration

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

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

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

On behalf of the directors.

P J D Elliott
Chairman

30 September 2022

Building a better working world

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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 2022, 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;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

L A Carr
Partner
30 September 2022

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 30 September 2022.

Corporate Governance Statement

The Company's Corporate Governance Statement can be found on the company's website:

http://www.argonautresources.com

Argonaut Resources NL
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2022

	Note	Consolidated 2022 $	2021 * $
Income			
Other income	4	3,500	50,000
Interest revenue calculated using the effective interest method		1,841	6,580
Expenses			
Employee benefits expense		(1,127,861)	(957,316)
Office administration expense		(291,911)	(263,339)
Depreciation and amortisation expense	5	(63,295)	(75,248)
Finance expense		(1,019)	(2,276)
Impairment of exploration and evaluation asset	10	(7,199,527)	(1,809,979)
Share based payments	28	(92,259)	(258,216)
Exploration costs expensed		(84,054)	(31,800)
Foreign exchange		(115,452)	34,474
Other expenses	5	(870,904)	(2,589,285)
Loss before income tax expense		(9,840,941)	(5,896,405)
Income tax expense	6	-	-
Loss after income tax expense for the year attributable to the owners of Argonaut Resources NL		(9,840,941)	(5,896,405)
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
Recycle of the foreign currency translation reserve		-	2,162,235
Other comprehensive loss for the year, net of tax		(9,840,941)	(3,734,170)
Loss is attributable to:			
- Owners of Argonaut Resources NL		(9,740,890)	(3,734,170)
- Non-controlling interests		(100,051)	-
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(9,840,941)	(3,734,170)

		Cents	Cents
Basic earnings per share	27	(0.270)	(0.140)
Diluted earnings per share	27	(0.270)	(0.140)

*restated prior year comparatives – refer note 1 to the accounts

Argonaut Resources NL
Statement of financial position
As at 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 * $
Assets			
Current assets			
Cash and cash equivalents	7	482,742	5,347,638
Trade and other receivables	8	149,864	249,975
Other	9	9,013	8,277
Total current assets		641,619	5,605,890
Non-current assets			
Property, plant and equipment		41,389	58,119
Exploration and evaluation	10	2,031,859	6,044,704
Right of Use assets	11	-	67,495
Total non-current assets		2,073,248	6,170,308
Total assets		2,714,867	11,776,198
Liabilities			
Current liabilities			
Trade and other payables	12	1,491,362	1,275,394
Employee benefits	13	401,319	90,407
Lease liability	15	-	76,875
Total current liabilities		1,892,681	1,442,676
Non-Current liabilities			
Employee benefits	13	6,170	249,340
Total non-current liabilities		6,170	249,340
Total Liabilities		1,898,851	1,692,016
Net assets		816,016	10,084,182
Equity			
Issued capital	16	62,397,779	62,347,522
Reserves	17	2,244,219	2,091,701
Accumulated losses		(64,095,931)	(54,355,041)
Total equity		546,067	10,084,182
Non-controlling interest		269,949	-
Total equity		816,016	10,084,182

*restated prior year comparatives – refer note 1 to the accounts

Argonaut Resources NL
Statement of changes in equity
For the year ended 30 June 2022

Consolidated	Contributed equity $	Other reserves $	Share based payments Reserve * $	Accumulated Losses * $	Total equity * $
Balance at 1 July 2020	52,791,932	(3,749,322)	1,754,485	(46,871,549)	3,925,546
Loss after income tax expense for the year	-	-	-	(3,734,170)	(3,734,170)
Recycle foreign currency reserve	-	2,162,235	-	(2,162,235)	-
Total comprehensive income for the year	-	2,162,235	-	(5,896,405)	(3,609,529)
Transactions with owners in their capacity as owners:					
Clearance of transactions between shareholders reserve	-	1,587,087	-	(1,587,087)	-
Contributions of equity, net of transaction costs (note15)	9,555,590	-	39,435	-	9,595,025
Share-based payments (note 16)	-	-	297,781	-	297,781
Balance at 30 June 2021	62,347,522	-	2,091,701	(54,355,041)	10,084,182

* restated prior year comparatives – refer note 1 to the accounts

Consolidated	Contributed equity $	Share based Payments Reserve $	Accumulated Losses $	Total $	Non-Controlling interest $	Total equity $
Balance at 1 July 2021	62,347,522	2,091,701	(54,355,041)	10,084,182	-	10,084,182
Loss after income tax expense for the year	-	-	(9,740,890)	(9,740,890)		(9,740,890)
Loss attributable to non- controlling interest	-	-	-		(100,051)	(100,051)
Total comprehensive income for the year			(9,740,890)	(9,740,890)		(9,740,890)
Transactions with owners in their capacity as owners:						
Non-controlling interests	-	-	-		370,000	370,000
Contributions of equity, net of transaction costs (note15)	50,257	-	-	50,257	-	50,257
Share-based payments (note 16)	-	152,518	-	152,518	-	152,518
Balance at 30 June 2022	62,397,779	2,244,219	(64,095,932)	546,067	269,949	816,016

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

Argonaut Resources NL
Statement of cash flows
For the year ended 30 June 2022

	Note	Consolidated 2022 $	Consolidated 2021 $
Cash flows from operating activities			
Payments to suppliers and employees		(1,686,861)	(1,914,249)
Payments for exploration and evaluation		(67,213)	(31,800)
		(1,754,074)	(1,946,049)
Interest received		1,841	6,580
Other income and grants received		3,500	50,000
Net cash used in operating activities	26	(1,748,733)	(1,889,469)
Cash flows from investing activities			
Payments for exploration and evaluation		(3,781,768)	(3,532,941)
Payment for office equipment		(4,395)	-
Receipt of government grant for exploration		300,000	-
Net cash used in investing activities		(3,486,163)	(3,532,941)
Cash flows from financing activities			
Payments of lease liability		-	(50,000)
Cash receipts from shares issued into subsidiary		370,000	-
Proceeds from issue of shares		-	10,404,000
Payment for share issue costs		-	(758,975)
Net cash used in financing activities		370,000	(9,595,025)
Net increase / (decrease) in cash and cash reserves		(4,864,896)	4,172,615
Cash and cash equivalents at the beginning of the financial year		5,347,638	1,175,023
Cash and cash equivalents at the end of the financial year		482,742	5,347,638

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

Note 1. Significant accounting policies

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

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

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

Preparation of the financial report on a going concern basis

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 $9,840,941 (2021: $5,896,405) and net cash outflows from operating and investing activities of $5,234,896 (2021: $5,422,410) for the period ended 30 June 2022.

On 24 August 2022 Argonaut announced a one for two non-renounceable rights issue to raise up to $1,809,513. In that announcement it was disclosed that the proceeds of the rights issue will be used to fund the exploration of potentially lithium-bearing pegmatites at the Company's Higginsville project in Western Australia, expenses related to the recovery of the Lumwana West exploration licence in Zambia (refer Note 10), general working capital and costs associated with the capital raise. On 20 September 2022 the Company announced that the non-renounceable rights issue was fully funded.

Further exploration in Zambia and in the Murdie project is currently halted awaiting determination of various legal and appellant activities (refer Note 10). The directors will need to consider further capital raises or sale of assets to support further investment in these two projects, or, in other tenements held by the Group.

The Directors consider deferral of exploration activities above minimum committed levels and / or, further capital raisings 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 further capital raisings, 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.

Note 1. Significant accounting policies (continued)

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.

From time to time comparative balances are restated to better align with current year classification or for compliance with the Group’s accounting policies.

Comparatives have been restated to adjust for the share based payments that should have been written off fully in the year that the options vested and not written off over the term of the option period. As a result of these adjustments the loss in the Statement of Profit and Loss and other comprehensive income was understated by $124,641 (Notes 5 and 29) and in the Statement of Financial Position the movements between Issued Capital and Reserves were understated by $39,435 (Note 17).

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 23.

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 2022 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.

Note 1. Significant accounting policies (continued)

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

Foreign operations
The assets and liabilities of foreign operations are translated into Australian dollars using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Australian dollars using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

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

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.

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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

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. The lease terminates on 30 June 2022 with no determination to extend for any further periods.

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.

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 2021 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.

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2022 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.

From time to time comparative balances are restated to better align with current year classification or for compliance with the Group's accounting policies.

Comparatives have been restated to adjust for the share based payments that should have been written off fully in the year that the options vested and not written off over the term of the option period. As a result of these adjustments the Statement of Profit and Loss and other comprehensive income statement for the year ended 30 June 2021 was understated by $124,541 (Notes 5 and 29) and in the Statement of Financial Position as at 30 June 2021 the movements between Issued Capital and Reserves were understated by $39,435 (Note 17).

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.

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

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.

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.

Note 3. Operating segments (continued)

Operating segment information

Consolidated - 2022	Australia $	Zambia $	Total $
Assets			
Exploration assets	1,663,056	368,803	2,031,859
Unallocated assets:			
Cash and cash equivalents			481,922
Other assets			201,086
Total assets			2,714,867
Liabilities			
Unallocated liabilities:			
Current			1,892,681
Non-current liabilities			6,170
Total liabilities			1,898,851

Operating segment information

Consolidated - 2021	Australia $	Zambia $	Total $
Assets			
Exploration assets	5,257,541	787,163	6,044,704
Unallocated assets:			
Cash and cash equivalents			5,347,638
Other assets			383,866
Total assets			11,776,198
Liabilities			
Unallocated liabilities:			
Current			1,442,676
Non-current liabilities			249,340
Total liabilities			1,692,016

Note 4. Other income

	Consolidated	
	2022 $	**2021 $**
Federal Government grants – Cash Flow Boost	-	50,000
Recoverable costs	3,500	-
	3,500	50,000

Note 5. Expenses

	Consolidated 2022 $	2021 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Motor vehicles	16,628	16,628
Office equipment	4,496	1,509
	21,124	18,137
Amortisation of right of use asset	42,171	57,111
Total depreciation and amortisation	63,295	75,248
Other expenses include:		
Audit, accounting and legal fees	672,841	230,655
Office lease and maintenance	3,075	91,922
Statutory expenses	84,986	100,141
Travelling and accommodation expenses	110,002	4,332
Liquidation of foreign subsidiaries	-	2,162,235
Total other expenses	870,904	2,589,285
Share-based payments		
Share-based payments	92,259	133,575
Share-based payments – prior year adjustments	-	124,641
	92,259	258,216
Employee benefit expense includes:		
Superannuation expense	71,627	63,467

Note 6. Income tax expense

	Consolidated 2022 $	2021 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(9,840,941)	(5,771,764)
Tax at the statutory tax rate of 25% (2021: 30%)	(2,460,235)	(1,731,529)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Adjustment in respect of prior years	-	(611,585)
Share-based payments	23,065	40,072
Non-deductible expenditure	413	1,208
Non-assessable receipts	-	(15,000)
Assessable government grant received	75,000	-
Non-deductible translation loss	-	648,671
Movements in temporary differences with no deferred tax recognised	965,045	-
	(1,396,713)	(1,668,163)
Current year temporary differences not recognised	1,396,713	1,668,163
Income tax expense	-	-

Note 6. Income tax expense (continued)

	Consolidated	
	2022 $	2021 $
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	54,982,112	49,435,195
Potential tax benefit @ 25% (2021:30%)	13,745,528	14,830,558

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

Unused income tax losses carried forward to later years are $54,982,112 (2021: $49,435,195) resulting in potential tax benefits of $13,745,528 (2021: $14,830,558). The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed. Unused carry forward capital losses of $12,887,757 (2021: $11,807,010) also remain unrecognised.

As Argonaut meets the criteria to qualify as a base rate entity in the current year and accordingly the base rate of 25% has been applied to unused tax losses in the current year as this best represents the future tax benefit. In the prior period, Argonaut did not meet the criteria to qualify as a base rate entity and the general corporate rate of tax was applied to unused tax losses in the prior period.

Note 7. Current assets - cash and cash equivalents

	Consolidated	
	2022 $	2021 $
Cash at bank*	482,742	5,347,638

* included in the current year balance is an amount of $10,738 held in a Zambian bank account that has currently restricted access.

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

Note 8. Current assets - trade and other receivables

	Consolidated	
	2022 $	2021 $
Other receivables	135,459	39,593
GST and VAT receivables	14,405	210,382
	149,864	249,975

Note 9. Other assets

	Consolidated	
	2022 $	2021 $
Prepayments	9,013	8,277
	9,013	8,277

Note 10. Non-current assets - exploration and evaluation

	Consolidated 2022 $	2021 $
Exploration and evaluation assets - at cost	34,190,185	30,703,503
Government Grant	(300,000)	-
Less: Impairment	(31,858,326)	(24,658,799)
	2,031,859	6,044,704

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 1 July 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 at 30 June 2021	5,257,541	787,163	6,044,704
Impairment of assets claimed in the profit and loss	(4,353,529)	(2,845,998)	(7,199,527)
Expenditure during the year	1,059,044	2,427,638	3,486,682
Government Grant received	(300,000)	-	(300,000)
Balance as at 30 June 2022	1,663,056	368,803	2,031,859

The carrying value as at 30 June 2022 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).

Lumwana West (2022)

On 24 January 2022, the Company advised that it had become aware that Large-scale Exploration Licence 22399-HQ-LEL, Lumwana West, was not renewed by the Zambian Government on 28 December 2021 as expected. This licence area contains the Nyungu deposit. This is the area where $2,664,644 had been spent within the last twelve months on drilling on the Nyungu deposit.

At the time of the purported cancellation, the Company's 90% held subsidiary, Mwombezhi Resources Ltd, was operating in full compliance with all licence conditions and other regulatory requirements. However, Argonaut's Zambian lawyers have discovered that key compliance documents provided by the Company to its Zambian shareholders for filing were not submitted as required and this appears to have led to the cancellation of the licence.

As the license was not renewed as at 30 June 2022, it is considered a trigger for impairment under AASB 6 as a company should have the right to tenure to continue to carry the exploration and evaluation expenditure to date on the balance sheet date. The Company is disputing the nature of the non-renewal of the license with relevant authorities in Zambia. The license has been impaired to nil. Should the licence be reinstated in line with the Company's requests, the impairment of the license can be reversed.

An impairment of $2,845,998 has been made on this project and the remaining carrying amount of $368,804 relates to another tenement.

Murdie (2022)

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 due to the South Australian COVID lockdown. The remaining submissions were filed during July and August 2021. The Company notes that there are no registered Barngarla heritage sites at Lake Torrens. Exploration works undertaken at the Murdie project are duly authorised.

On 24 August 2022 the South Australian Supreme Court set aside the Aboriginal Heritage Act authorisation granted to Argonaut's subsidiary, Kelaray Pty Ltd, on 29 December 2020. The Directors have appealed this determination and will reapply for the authorisation. The Directors have decided to fully impair the expenditure incurred on the Murdie project. Should the authorization be reinstated or granted again the impairment of the asset will be reversed.

A full impairment of $3,866,064 has been made on this project.

West Lake Torrens (2022)

The above decision also relates to the West Lake Torrens Project. The Directors believe that it is important to fully impair those project costs until such time as there is certainty with access to the tenement. This impairment was $487,467.

Higginsville (impaired in 2021)

The Higginsville project 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.

Torrens (impaired in 2021)

The Torrens project was impaired to $1,070,000 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 2022 $	2021 $
Corporate office – right of use	124,606	124,606
Less: accumulated depreciation	(124,606)	(57,111)
	-	67,495

Note 12. Current liabilities - trade and other payables

	Consolidated 2022 $	2021 $
Trade payables	796,569	913,787
Other payables and accruals	694,793	361,607
	1,491,362	1,275,394

Refer to note 19 for further information on financial instruments.

Note 13. Liabilities - employee benefits

	Consolidated 2022 $	2021 $
Current Liability - Annual leave	130,971	90,407
Current Liability – Long service leave	270,348	-
Current Liability – employee benefits	401,319	90,407
Non-Current Liability - Long service leave	6,170	249,340

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

Note 14. Right of Use Assets and Lease Liabilities

The Company leases floor space in a building for its corporate office. There is currently no signed lease on the premises.

Note 15. Equity - issued capital

	Consolidated 2022 Shares	2021 Shares	2022 $	2021 $
Ordinary shares - fully paid	3,595,025,295	3,582,204,782	62,397,780	62,386,957

Movements in ordinary share capital

Details	Date	Shares	Issue Price	$
Balance – 1 July 2020	30 June 2020	1,942,689,706		52,741,932
Issue of shares – placement [1]	5 October 2020	491,636,371	0.0055	2,704,000
Issue of shares – placement [2]	16 October 2020	454,545,372	0.0055	2,500,000
Issue of shares – placement [3]	22 June 2021	693,333,333	0.0075	5,200,000
Share issue costs		-		(798,410)
Balance	30 June 2021	3,582,204,782		62,347,522
Issue of shares – placement [4]	14 June 2022	12,820,513	0.0039	50,000
Share issue costs - adjustments				257
Balance	30 June 2022	3,595,025,295		62,397,779

1. 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.
2. 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.
3. 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.
4. On 14 June 2022, the Company issued 12,820,513 fully paid ordinary shares to Loded Dog Prospecting Pty Ltd as part of a settlement dispute and the establishment of a new joint venture agreement. (refer to the ASX announcement on 14 June 2022 – Swarm of lithium-caesium-tantalum pegmatites to be explored at Higginsville).

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

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

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

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 2022 $	Consolidated 2021* $
Share-based payments reserve – 1 July	2,091,701	1,754,485
Movements during the year	152,518	173,140
Prior year adjustments – equity account	-	39,435
Prior year adjustments – revenue account	-	124,641
	2,244,219	2,091,701

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
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 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
Share-based payments – prior year adjustments *	-	164,076	-	164,076
Balance at 30 June 2021	-	2,091,701	-	2,091,701
Share-based payments	-	152,518	-	152,518
Balance at 30 June 2022	-	2,244,219	-	2,244,219

*restated prior year balances – refer Note 1

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.

Note 18. Financial instruments (continued)

Market risk

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

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

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

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

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.

Note 18. Financial instruments (continued)

Consolidated - 2022	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	796,569	-	-	-	796,569
Other payables	-	694,793	-	-	-	694,793
Total non-derivatives		1,491,362	-			1,491,362

Consolidated - 2021	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	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

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

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

Note 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, resigned 2 February 2022
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 2022 $	**2021* $**
Short-term employee benefits	678,431	670,209
Post-employment benefits	42,375	44,781
Long-term benefits	20,236	5,858
Share-based payments	92,093	258,216
	833,135	979,064

***restated prior year comparatives – refer note 1 to the accounts**

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 2022 $	Consolidated 2021 $
Audit services - Ernst & Young		
Audit or review of the financial statements of the parent entity and Group	58,500	47,000
Audit or review of the subsidiary’s financial statements*	76,500	–
Other Assurance Services - Ernst & Young		
Independent Limited Assurance Report**	50,000	-
Other Services - Ernst & Young		
Tax compliance	16,600	6,600
Grant application services	25,000	-
	226,600	53,600

* The fee for the audit of the subsidiary financial statements comprises the audit of Orpheus Minerals Limited for the financial year ending 30 June 2022 and 30 June 2021, and half year reviews for the periods ended 31 December 2020 and 31 December 2021, respectively, which has been accrued in the year ending 30 June 2022.
** Fees relating to the IPO services for Orpheus Minerals Limited.

Note 21. Related party transactions

Parent entity
Argonaut Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 23.

Joint operations
Interests in joint operations are set out in note 23.

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	
	2022	**2021***
	$	**$**
Loss after income tax	(9,840,941)	(3,609,529)
Total comprehensive income / (loss)	(9,840,941)	(3,609,529)

Statement of financial position

	Parent	
	2022	**2021***
	$	**$**
Total current assets	641,619	5,525,314
Total assets	2,714,867	11,568,314
Total current liabilities	1,892,681	1,442,676
Total liabilities	1,898,851	1,484,132
Equity		
Issued capital	62,397,779	62,347,522
Share-based payments reserve	2,244,219	2,091,701
Accumulated losses	(64,095,931)	(54,355,041)
Non-controlling interest	269,949	-
Total equity	816,016	10,084,182

*restated prior year comparatives – refer note 1 to the accounts

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 2022 and 30 June 2021.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2022 and 30 June 2021.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at 30 June 2022 and 30 June 2021.

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 2022 %	2021 %
Kelaray Pty Limited	Australia	100.00%	100.00%
Trachre Pty Limited	Australia	100.00%	100.00%
Orpheus Minerals Limited	Australia	67.67%	100.00%
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%

* 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 2022 %	2021 %
EL 5732 - Sandstone	South Australia - Gold	3.30%	3.30%
EL 5998 - Campfire Bore	South Australia - Gold	3.30%	3.30%
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

On 22 August 2022 the directors called a general meeting of shareholders for 30 September 2022 to seek shareholders approval for the disposal of the majority of Argonaut's uranium exploration assets via an IPO of the Company's 67% held subsidiary Orpheus Minerals Limited. At the general meeting the resolution was carried.

On 24 August 2022 the directors announced a one for two non-renounceable entitlement offer of new ordinary shares as at issue price of $A0.001 per new share to raise up to $1,809,513. On 20 September 2022 the company announced that the entitlement offer was fully subscribed.

On 24 August 2022 the directors announced that the South Australian Supreme Court had set aside an Aboriginal Heritage Act authorisation granted to Argonaut's subsidiary, Kelaray Pty Ltd, on 29 December 2020 by then Premier, Steven Marshall, for exploration works at the Murdie project in South Australia.

Argonaut noted that the majority of the application as pressed by members of the Barngarla Determination Aboriginal Corporation was dismissed and that the review succeeded only on a very limited basis.

Argonaut further noted that the judgement has the potential to disrupt several major South Australian construction projects with similar authorisations including the new Women's and Children's Hospital project. Initial interpretation of the judgement suggests that new development authorisations granted by the South Australian Government can accommodate the issue identified by the Court.

The Company will contact the Government as a matter of urgency to ascertain its position with regards to the reissue of the Murdie authorisation.

On 27 September 2022 the Company announced that it was lodging an appeal to this decision.

No matter or circumstance has arisen since 30 June 2022 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	
	2022	2021*
	$	$
Loss after income tax expense for the year	(9,840,941)	(5,896,405)
Adjustments for:		
Depreciation and amortisation	63,295	75,248
Share-based payments *	92,259	258,217
Recycle of foreign currency translation reserve	-	2,162,235
Impairment of exploration and evaluation asset	7,199,527	1,809,979
Change in operating assets and liabilities:		
Increase in trade and other receivables	240,697	(196,399)
Increase/(decrease) in trade and other payables	496,430	(102,343)
Net cash used in operating activities	(1,748,733)	(1,889,468)

*restated prior year comparatives – refer note 1 to the accounts

Note 27. Earnings per share

	Consolidated 2022 $	Consolidated 2021 * $
Loss after income tax attributable to the owners of Argonaut Resources NL	(9,840,941)	(3,734,170)

* restated prior year comparatives – refer note 1 to the accounts

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	3,606,801,902	2,662,918,130
Weighted average number of ordinary shares used in calculating diluted earnings per share	3,606,801,902	2,662,918,130

	Cents	Cents
Basic earnings per share	(0.270)	(0.140)
Diluted earnings per share	(0.270)	(0.140)

There are approximately 68 million (2021: 80 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 2022, 10 million options (2021: 30 million issued to PE Elliott, AD Bursill and MR Richmond) were issued to MR Billing authorised at the 2021 annual general meeting of shareholders.

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
11/08/2020	11/08/2025	$0.020	-	30,000,000	-	-	30,000,000
			50,000,000	30,000,000	-	-	80,000,000
Weighted average exercise price			$0.028	$0.020	$0.000	$0.000	$0.030

2022

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
11/08/2020	11/08/2025	$0.020	30,000,000	-	-	-	30,000,000
30/11/2021[1]	30/11/2026	$0.020	-	10,000,000	-	-	10,000,000
			80,000,000	10,000,000	-	(22,000,000)	68,000,000

Note 28. Share based payments (continued)

Weighted average exercise price	$0.028	$0.020	$0.000	$0.030	$0.024

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 2.8 years (2021: 3.1 years)

1. **Unlisted options issued during the year:**

10,000,000 unlisted options, exercise price $0.02, expiry date 30 November 2026

As disclosed in the Notice of Annual General Meeting dated 18 October 2021 the options to be issued to Mr Billing have been valued using the Black and Scholes option model using the following assumptions:
Valuation date: 7 October 2021
Market price of shares: $0.007
Exercise price: $0.20
Length of time from issue: 5 years
Risk free interest rate (5-year treasury bond): 0.80%
Volatility: 100%
Indicative value of the option: $0.0064 per option

<u>Treasury shares (Loan Funded Shares)</u>
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 all the tranches of shares have been issued supported by a limited recourse loan.

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
		4.418	40,000,000

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%

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 2022 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

30 September 2022

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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 2022, the consolidated statement of profit or loss and other 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 2022 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 of the financial report, which describes the principal conditions that raise doubt about the Group's ability to continue as a going concern. These events or conditions indicate 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

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audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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

Carrying value of exploration and evaluation assets

Why significant	How our audit addressed the key audit matter
As at 30 June 2022 the Group held exploration and evaluation assets of $2.0m ($6.0m at 30 June 2022) as disclosed in Note 10, which represents 75% of the total assets of the Group. Exploration and evaluation assets are initially recognised at cost and any additional expenditure is capitalised to the exploration and evaluation asset in accordance with the Group's accounting policy as disclosed in Note 1. At each reporting date the Directors assess the Group's exploration and evaluation assets for indicators of impairment. The decision as to whether there are indicators that require the Group's exploration and evaluation assets to be assessed for impairment in accordance with Australian Accounting Standards involved significant judgments, including whether the rights to tenure for the areas of interest are current; the Group's ability and intention to continue to evaluate and develop the area of interest, and whether the results of the Group's exploration and evaluation work to date are sufficiently progressed for a decision to be made as to the commercial viability or otherwise of the area of interest. The Group determined that there were indicators of impairment for the Lumwana West and Murdie tenements, leading to impairment of these tenements in the year ended 30 June 2022. A significant impairment was recorded for the period as disclosed in Note 10. We consider this a Key Audit Matter due to the value of the exploration and evaluation asset relative to the Group's total assets and the significant judgment involved in assessing whether indicators of impairment exist at 30 June 2022.	Our procedures to address the Group's assessment of impairment indicators for exploration and evaluation assets included: ▸ Assessing the Group's right to explore in the relevant exploration area, which included obtaining relevant documentation such as license agreements. ▸ Considering the results of exploration and evaluation activities carried out in the relevant license areas to date. ▸ Assessing the Group's intention to carry out significant exploration and evaluation activity in the relevant areas of interest, which included an assessment of the Group's cash-flow forecasts and discussions with management as to the intentions and strategy of the Group. ▸ Agreeing a sample of costs capitalised for the period to supporting documentation and considering whether these costs met the requirements of Australian Accounting Standards and the Group's accounting policy. ▸ Considering whether any other data or information exists which indicates that the carrying amount of the exploration and evaluation asset is unlikely to be recovered in full, from successful development or by sale. ▸ Assessing events occurring after balance sheet date and if they are considered adjusting events as at 30 June 2022 under the requirements of Australian Accounting Standards. ▸ Assessing the exploration and evaluation impairment expense recognised in the period and reviewing the impairment indicators in respect of those permits. ▸ Assessing the adequacy of disclosures included in the Notes to the financial report.

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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 2022 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 26 to 32 of the directors' report for the year ended 30 June 2022.

Building a better working world

In our opinion, the Remuneration Report of Argonaut Resources N.L. for the year ended 30 June 2022, 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.

Ernst & Young

Ernst & Young

L A Carr

L A Carr
Partner
Adelaide
30 September 2022

Issued capital

The Company has 5,428,537,943 fully paid shares on issue.

Options on issue

The Company has on issue 68,000,000 options.

There are no listed options.

ASX listing

Listed on the Australian Securities Exchange
ASX Code: ARE
ABN: 97 008 084 848

Address

Level 6, 100 Pirie Street, Adelaide, SA 5000
Telephone number: +61 8 8231 0381

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 27 September 2021.

Distribution of equitable securities

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

	Ordinary shares			Unlisted options		
Range	Holders	Total Units	% of Total shares issued	Exercise price $0.02, Expiry 30/11/2026	Exercise price $0.02, Expiry 11/08/2025	Exercise price $0.03, Expiry 31/12/2022
1 to 1,000	161	43,728	0.00%	-	-	-
1,001 to 5,000	54	138,351	0.00%	-	-	-
5,001 to 10,000	29	233,315	0.00%	-	-	-
10,001 to 100,000	989	59,078,109	1.10%	-	-	-
100,001 and over	2,187	5,369,044,440	98.9%	1	3	4
	3,420	5,428,537,943		1	3	4

Unmarketable parcels of ordinary shares

Minimum $500 parcel - $0.001 per security
Minimum parcel size – 500,000 Ordinary shares
Number of holders – 2,275

Equity security holders

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

Top 20 Holdings as at 26 September 2022

	Balance as at 26-09-2022	%
MR DAVID JAMES FRANKS & MR WALTER GEORGE FRANKS <DELPHINI SUPER FUND A/C>	170,000,002	3.132%
MR DOMINIC VIRGARA	167,499,996	3.086%
REDCLIFF PTY LTD <MCGHEE SUPER FUND A/C>	130,000,000	2.395%
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	98,739,449	1.819%
CITICORP NOMINEES PTY LIMITED	91,752,645	1.690%
MR SIMON SALIBA	85,000,000	1.566%
ALLOWSIDE PTY LTD	75,692,727	1.394%
MARGADH STOC PTY LTD	75,000,000	1.382%
MR ALAN VICTOR DOUBELL	70,500,000	1.299%
BARON NOMINEES PTY LTD	65,686,758	1.210%
EQUITY TRUSTEES LIMITED <LOWELL RESOURCES FUND A/C>	52,500,000	0.967%
MR RHODERIC CHARLES WHYTE	50,204,500	0.925%
MORSEC NOMINEES PTY LTD <ACCUMULATION ACCOUNT>	48,023,074	0.885%
MR SETAYESH BEHIN-AIN	47,379,276	0.873%
MR PAUL JOHN PHEBY	46,666,666	0.860%
GREGORY DENISE PTY LTD <GREGORY DENISE SUPER A/C>	46,452,964	0.856%
POAL PTY LTD <BARAIN SUPER FUND A/C>	45,333,333	0.835%
VIRPEZ DEVELOPMENTS PTY LTD	37,500,000	0.691%
GOLDRUSH FUND PTY LTD <GOLDRUSH A/C>	35,250,000	0.649%
MR ANDREW LENOX HEWITT	35,000,000	0.645%
Total Securities of Top 20 Holdings	1,474,181,390	27.156%
Total of Securities	**5,428,537,943**	

Unquoted equity securities	Number on issue	Numbers of holders
Unlisted options exercise price $0.03, Expiry date 31/12/2022	28,000,000	4
Unlisted options exercise price $0.02, Expiry date 30/11/2026	10,000,000	1
Unlisted options exercise price $0.02, Expiry date 11/08/2025	30,000,000	3
	68,000,000	

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