ABN 97 008 084 848

ANNUAL REPORT

30 JUNE 2012

Argonaut Resources NL
Corporate directory
30 June 2012

Directors	P J D Elliott L J Owler A W Bursill M R Richmond
Company secretary	A W Bursill
Registered office	Suite 4 Level 9 341 George Street Sydney NSW 2000
Principal place of business	Suite 4 Level 9 341 George Street Sydney NSW 2000
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000
Auditor	Ernst & Young 680 George Street Sydney NSW 2000
Solicitors	Addisons Lawyers Level 12 60 Carrington Street Sydney NSW 2000
Bankers	National Australia Bank Level 36 100 Miller Street North Sydney NSW 2060
Stock exchange listing	Argonaut Resources NL shares are listed on the Australian Securities Exchange (ASX code: ARE)
Website address	www.argonautresources.com

Zambia

16121-HQ_LPL, Lumwana West (Argonaut earning up to 85%)

The Mwombezhi Dome is located in the western extension of the Lufilian Arc which is host to the Central African Copperbelt. The Mwombezhi Dome is comprised of two northeast-southwest trending basement inliers, and is one of several domes in an area of the Copperbelt known as the 'Domes Region'.

The Domes Region is host to the new generation of Zambian Copperbelt mines including Barrick's Lumwana Mine on the eastern lobe of the Mwombezhi Dome plus First Quantum's Kansanshi Mine and Trident Deposits.

The Lumwana West licence area covers numerous prospects, as defined by regional soil geochemistry. The Nyungu prospect was selected by Argonaut as the first area for intensive investigation.

The primary target at Lumwana West is shear-hosted copper mineralisation associated with cobalt and gold. 2011 drilling tested Induced Polarisation (IP) chargeability anomalies associated with a demagnetised, north-south shear-zone. The Nyungu shear-zone is offset by faulting in several places and extends over a strike length of approximately 13 kilometres.

2011 RC and Diamond core Drilling Program

Mineralisation intercepted by drilling completed in 2011 covers a strike length of more than 1,200 metres, in the Central Nyungu area.

Highlights of 2011 drilling at Central Nyungu include:

- **176m at 0.55% copper** and 0.04% cobalt from 51m
    - including **33m at 1.04% copper** and 0.1% cobalt from 166m in drill hole NYU11RD010
- **31m at 1.57% copper** and 0.02% cobalt from 173m
    - including **17m at 2.44% copper** and 0.03% cobalt from 174m
    - and **6m at 5.51% copper** and 0.7% cobalt and 0.3g/t gold from 174m in drill hole NYU11RD021
- **90m at 0.46% copper** and 0.7% cobalt from 12m in drill hole NYU11RD022
- **59m at 0.49% copper** and 0.02% cobalt from 8m
    - including 47m at 0.57% copper and 0.02% cobalt from 20m in drill hole NYU11RD023

The company is satisfied that intercepts cited are representative of the mineralised body.

2012 IP geophysics

Between May and July 2012 the company acquired 62.6 line kilometres of IP geophysics over the Nyungu shear-zone. The IP survey generated a major new chargeability anomaly at Nyungu South. In addition, the survey further defined the known chargeability anomaly and mineralisation at Nyungu Central and generated drilling targets at Nyungu North and Nyungu Far North.

IP Chargeability targets are largely coincident with the Nyungu shear-zone as defined by airborne magnetics.

2012 Soil Geochemistry

1,195 B horizon soil samples were collected over the Nyungu shear-zone between June and July 2012. The program generated high order anomalies at Nyungu South and Nyungu Central and several lower order anomalies in the northern Nyungu area. Soil potentially prone to hydromorphic effects was not sampled.

The soil samples were analysed by handheld XRF. A proportion of the samples collected will be analysed by conventional assay techniques to confirm and calibrate the XRF values.

2012 RC and Diamond Core Drilling Program

The company has contracted two drilling rigs to undertake a program comprising approximately 6,500m of combined RC and diamond core drilling. This program will commence in early August 2012 and will be completed prior to the wet season in November 2012.

Drill samples will be progressively monitored in the field by handheld XRF as well as being submitted for assay.

2012 Regional Exploration Program

Argonaut is continuing to assess exploration targets at Lumwana, Kavipopo and ZNS prospects on the Lumwana West permit. A geophysics crew has been secured to undertake additional IP surveys.

Lumwana West Joint Venture

The Lumwana West Joint Venture involves large scale prospecting licence 16121-HQ-LPL. The grant of 16121-HQ-LPL was approved by the Mines Advisory Committee, a majority independent committee in July 2011. The licence was registered in the Zambian ‘Flexicadastre’ system in the same month.

Under the terms of the Joint Venture, Argonaut’s 80% held subsidiary, Lumwana West Resources Ltd (LWR), can earn up to 85% of Mwombezhi Resources Ltd (MRL), the holder of 16121-HQ-LPL, over three phases of exploration.

To earn an initial 51%, LWR paid a US$300,000 signing fee, and must spend US$1.8 million on exploration prior to 31 December 2012. The company expects to reach this expenditure target in the next 6 to 8 weeks. Argonaut must then pay US$600,000 to the original MRL shareholders on the allotment of new MRL shares.

To earn a further 24% for a total of 75%, LWR must spend an additional US$2.4 million on exploration and make a final cash payment of US$1.1 million to the original MRL shareholders.

LWR can take a further 10% interest in the licence for a total of 85% by completing a Feasibility Study.

Laos

Xekong Area (Argonaut 65%)

Program of 84 holes for 5,195m was completed. The field crew demobilised from Xekong on 11 June 2012.

The program targeted gold mineralisation discovered at Ban Klong by Argonaut in 2011. Exploration is targeting replacement style gold mineralisation analogous in nature to mineralisation found at the Sepon gold mine in Laos and at the Carlin trend in Nevada, USA.

Highlights of exploration conducted include:

- BBRC44: **20m at 7.10g/t gold from 6m**
    - including **8m at 15.81g/t gold from 6m**
- BBRC60: **12m at 3.23g/t gold** from surface
- BBRC112: **14m at 1.99g/t gold from 2m**
    - including: 6m at 4.18g/t gold from 2m
- BBRC114: **22m at 2.63g/t gold from 16m**
    - including: **16m at 3.49g/t gold from 16m**
- BBRC116: 12m at 1.38g/t gold from 6m
    - including: 4m at 3.38g/t gold from 14m
- BBRC118: **20m at 1.54g/t gold from 0m**
    - including: 8m at 2.37g/t gold from 0m
- BBRC123: 20m at 1.18g/t gold from 0m
- BBRC126: **56m at 1.08% Pb, 1.20% Zn and 6.8g/t silver from 28m**

Argonaut is also continuing to develop drill targets at Phu Tuang, Ban Don and Ban Bak South-west. During the 2011/2012 field season, Argonaut field personnel will collect over 2,800 soil samples, construct 16 kilometres of access track and clear unexploded ordinance from all access tracks and drill pads.

Century Area (Argonaut 70%)

Exploration activities have focused on the Nam Hone prospect area, within the south west quadrant of the Century tenement, and have included detailed geological mapping and rock-chip sampling, a 200m x 50m auger sampling geochemical program, an Induced Polarization (IP) geophysical survey and a 2,000m diamond drilling program.

The 2,000m metre drilling program returned several zones of anomalous gold in the area of IP highs but failed to return significant intercepts.

Field work is ongoing to complete coverage over the entire 6km by 2km Nam Hone anomaly. Interpretation and modelling of data generated over the core of the prospect area has highlighted encouraging targets for drill testing.

Century Joint Venture
The Century tenement is subject to a Management and Shareholders Agreement with Aurum Resources Pty. Ltd.

Under the terms of the agreement, Aurum has been appointed the manager of the Century Thrust Joint Venture Agreement and will have the right to earn a 51% beneficial interest in the Century concession.

In order to acquire this interest, Aurum must spend US$6.5 million on exploration within five years. The five year period includes an initial one year assessment period. At the completion of this earn-in Argonaut Resource's interest in the Century concession will be 19%.

Century is located approximately 70km north-west of the capital city Vientiane on the highly prospective Loei-Luang Prabang fold belt, a prominent, regionally mineralised belt, which stretches from Thailand in the south, to Laos in the north.

Australia

EL4296, Torrens (Argonaut 100%)

The Torrens Joint Venture
The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRL) and relates to the Torrens Project, EL 4296. Argonaut agreed to the transfer of a 70% interest in EL 4296 to Straits in accordance with the earn-in provisions defined in the Torrens Joint Venture Agreement.

The Torrens Joint Venture is exploring for iron-oxide copper-gold ('IOCG') systems in the highly prospective Stuart Shelf region of South Australia. The Torrens Project is located near the eastern margin of South Australia's Gawler Craton (Stuart Shelf), within 50 kilometres of Oz Mineral's Carrapateena copper - gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

Litigation
There are two streams of litigation related to Torrens currently in progress. The first relates to an application to the Environment, Resources and Development Court of South Australia by the Torrens Joint Venture under section 63M of the Mining Act 1971 South Australia and the second to an approval under section 23 of the Aboriginal Heritage Act 1988 in South Australia.

Litigation under the Mining Act 1971 (SA)
Primary litigation involves Native Title authority under the Mining Act and centres around an appeal to the Full Court of the Supreme Court of South Australia ('the Full Court') lodged by the Torrens Joint Venture with a view to overturning a decision of the Environment, Resources and Development Court of South Australia, made on 14 January 2011.

The Native Title related appeal by the Torrens Joint Venture was heard by the Full Court in October and December 2011. The outcome of this appeal is expected to be delivered in August 2012. The joint venture partners stand well placed to receive a positive outcome from the Full Court appeal which, if realised, may in turn help inform the outcome of future heritage considerations.

Litigation under the Aboriginal Heritage Act 1988 (SA)
Approval given by the Minister for Aboriginal Affairs and Reconciliation on 7 July 2010 pursuant to section 23 of the Aboriginal Heritage Act 1988, (SA) ('AHA') in relation to EL 4296 was overturned on 22 December 2011 following an appeal to the Full Court. The decision was overturned on the basis the Minister for Aboriginal Heritage had failed to afford traditional owners procedural fairness.

The State of South Australia lodged an application with the High Court of Australia for leave to appeal the Full Court decision of 22 December 2011.

On 11 May 2012, the High Court of Australia rejected the application by the State of South Australia.

The Torrens Joint Venture originally sought the section 23 approval following the lodgement of an Aboriginal heritage site card over an unprecedented area of over 6,300 square kilometres.

The section 23 approval by the Minister was one of three significant Ministerial approvals gained from the South Australian Government by the Torrens Joint Venture for the purpose of drilling.

The Torrens Joint Venturers remain open to a mediated settlement with regard to land access for the purposes of proposed drilling activities on Andamooka Island and Lake Torrens.

Cuesta Coal Ltd

Argonaut announced that Cuesta Coal Ltd had successfully closed its IPO having received firm bids and applications in excess of $24 million. The company is listed on the Australian Securities Exchange on 4 May 2012.

As part of the IPO process, Argonaut sold $4 million ($ 3.8 million net of costs) of its Cuesta share-holding. Argonaut retains16.7 million Cuesta shares and 26.6 million options.

The board of Argonaut Resources NL congratulates the Cuesta team on the completion of the IPO and wishes the company every success in expanding the existing resource base.

EL3969, Alford (Argonaut 100%)

No field work was undertaken at the Alford tenement during the year.

Argonaut is focused on two exploration targets in the Alford East area; these are Netherleigh Park and Truck Paddock.

Netherleigh Park
Copper-silver drill intercepts at Netherleigh Park are derived from copper mineralisation hosted in a formerly carbonaceous meta-siltstone unit.

This unit has been strongly metasomatised in the area of known mineralisation and is adjacent to a meta-basalt unit and granite.

Truck Paddock
In 2011 Argonaut made a significant new copper-cobalt discovery at Truck Paddock, 1,100 metres to the south-west of the Netherleigh Park prospect.

The zone of copper mineralisation is open along strike and down dip, and the discovery hole terminated in mineralisation.

Musgrave Minerals (Argonaut 2.1%)

Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, vended four mineral Exploration Licence Applications in the Musgrave Block into Musgrave Minerals Ltd. Argonaut holds 2.1% of the ordinary shares in Musgrave Minerals.

Musgrave Minerals has a large footprint in the Musgrave Block - one of the least explored geological provinces in Australia - with tenements covering an area totalling 50,000km2, approximately 5% of the State of South Australia.

Kroombit (Argonaut 100%)

No field based work was undertaken on the Kroombit project during the year.

EL4358 and EL4153, Aroona (Argonaut 100%)

No field based work was undertaken on the Aroona project during the year. These tenements are subject to a joint venture agreement with Perilya Limited.

Information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2012.

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 Richmond (appointed 14 March 2012)

Principal activities
The principal activities of the consolidated entity were directed toward mineral exploration with projects in South Australia, Queensland, Laos and Zambia. The projects are in the advanced exploration and feasibility stages. The consolidated entity is exploring for gold and copper at its Alford and Torrens projects in South Australia, zinc-copper at Mt Kroombit in Central Queensland, gold in Laos and copper at the flagship Lumwana West Project in Zambia.

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

Review of operations
The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to $1,808,140 (30 June 2011: loss of $3,792,133).

A review of operations report is presented before the directors report.

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

Matters subsequent to the end of the financial year
On 24 September 2012, the company announced it has signed a binding Heads of Agreement with Nsansala Resources Ltd to purchase Nsansala's 20% interest in Lumwana West Resources Ltd.The conclusion of this sale will give the company a clear pathway under the Lumwana West Joint Venture to earn up to 85% of Mwombezhi Resources Ltd, the company which holds Large Scale Prospecting Licence 16121-HQ-LPL in North Western Zambia.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

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

Environmental regulation
The consolidated entity is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Information on directors

Name:	P J D Elliott
Title:	Non-executive director and Chairman
Age:	60
Qualifications:	B.Com, MBA
Experience and expertise:	Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 9 years. Mr Elliott is an investment banker who has over 30 years experience in financial management and resource investment and development.
Other current directorships:	Global Geoscience Limited, Platsearch NL and Cap-XX Limited.
Former directorships (in the last 3 years):	MIL Resources Limited, Acuvax Limited, Crossland Uranium Mines Limited and Australia Oriental Minerals NL
Special responsibilities:	Member of audit committee
Interests in shares:	160,000
Interests in options:	1,500,000

Name:	L J Owler
Title:	Exploration director
Age:	40
Qualifications:	B.Sc, MAusIMM
Experience and expertise:	Exploration Director of Argonaut Resources NL since 27 March 2005. Mr Owler is geologist and geophysicist with 18 years' experience in mineral exploration and development. Mr Owler holds a Bachelor of Science and is Member of the Australasian Institute of Mining and Metallurgy.
Other current directorships:	None
Former directorships (in the last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,000,000
Interests in options:	2,500,000

Name:	A W Bursill
Title:	Director, company secretary and CFO
Age:	41
Qualifications:	B.Agr. Ec., CA.
Experience and expertise:	Mr Bursill is a chartered accountant with more than 14 years' experience as a director and company secretary of numerous publicly listed entities. In addition to his appointment at Argonaut, Mr Bursill is currently the director of Australia Oriental Minerals NL and company secretary of Aguia Resources Limited, Kibaran Resources Limited, MOKO.mobi Limited, Site Group International Limited, Eagle Nickel Limited and Elk Petroleum Limited and several other unlisted public and private companies.
Other current directorships:	None
Former directorships (in the last 3 years):	Petrel Energy Limited (formerly Orion Petroleum Limited)
Special responsibilities:	Member of audit committee
Interests in shares:	2,041,198
Interests in options:	1,500,000

Name:	M R Richmond
Title:	Non-executive director
Qualifications:	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) New South Wales
Experience and expertise:	Mr Richmond is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries both in Australia and internationally. Mr Richmond is a fellow of the Australian Academy of Technological Sciences & Engineering and the Australian Institute of Mining and Metallurgy and a member of the Strategic Planning Institute (US). Mr 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 Development of Hamersley Iron Pty Limited, deputy chairman of the Australian Minerals Industry Research Council, vice president of the WA Chamber of Minerals and Energy, non-executive director of Amdel Limited and non- executive director of Hismelt Corporation (Australia's single largest research project). His special interests include corporate strategy and the development of markets for internationally traded minerals and metals, particularly in Asia.
Other current directorships:	Chairman of Strike Resources Ltd, non-executive director of Advanced Braking Technology Ltd and director of Cuervo Resources Ltd, a Canadian exploration company.
Former directorships (in the last 3 years):	Structural Monitoring Systems Plc
Special responsibilities:	Member of audit committee
Interests in shares:	None
Interests in options:	None

'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
A W Bursill

Meetings of directors
The number of meetings of the company's Board of Directors held during the year ended 30 June 2012, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
PJ D Elliott	2	2
L J Owler	2	2
A W Bursill	2	2
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.

The remuneration report is set out under the following main headings:
A Principles used to determine the nature and amount of remuneration
B Details of remuneration
C Service agreements
D Share-based compensation
E Additional information

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

In accordance with best practice corporate governance, the structure of non-executive direcotrs and executive remunerations are separate.

Non-executive directors 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 four components:
- base pay and non-monetary benefits
- short-term performance incentives
- 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 section E of the remuneration report for details of the last five years earnings and total shareholders return. No options were issued in the current year.

Voting and comments made at the company's 30 June 2011 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 2011. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

B Details of remuneration

Amounts of remuneration
Details of the remuneration of the directors, other key management personnel (defined as those who have the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity) and specified executives of Argonaut Resources NL are set out in the following tables.

The key management personnel of the consolidated entity consisted of the following directors of Argonaut Resources NL:

- P J D Elliott
- L J Owler
- A W Bursill
- M R Richmond (appointed 14 March 2012)

2012	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	-	85,000
A W Bursill	40,000	-	-	-	-	-	40,000
M R Richmond*	25,436	-	-	-	-	-	25,436
Executive Directors:							
L J Owler	250,000	-	39,698	-	12,539	-	302,237
	400,436	-	39,698	-	12,539	-	452,673

A Bursill is also the company secretary of the Company and a principal of Franks & Associates Pty Ltd who provides accounting and company secretary services to the Company. The contract between the Company and Franks and Associates Pty Ltd is based on normal commercial terms. During the year ended 30 June 2012, Franks and Associates Pty Ltd were paid a total of $193,498 (2011:$197,040).

Non monetary benefits include health insurance, accommodation and car allowances.

2011	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
Name	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	43,200	128,200
G N Williams*	8,750	-	-	40,000	-	43,200	91,950
A W Bursill	40,000	-	-	-	-	43,200	83,200
Executive Directors:							
L J Owler	225,000		33,497	-	3,340	72,000	333,837
	358,750	-	33,497	40,000	3,340	201,600	637,187

* G N Williams ceased to be a director 1 April 2011

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2012	2011	2012	2011	2012	2011
Non-Executive Directors:						
PJ D Elliott	100%	66%	- %	- %	- %	34%
A W Bursill	100%	48%	- %	- %	- %	52%
G N Williams*	- %	53%	- %	- %	- %	47%
Executive Directors:						
L J Owler	100%	78%	- %	- %	- %	22%

* G N Williams ceased to be a director 1 April 2011

C Service agreements

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

D Share-based compensation

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 2012.

Options
The terms and conditions of each grant of options affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Vesting date and exercisable date	Expiry date	Exercise price	Fair value per option at grant date
01/12/2010	01/12/2010	31/12/2013	$0.30	$0.028

Options granted carry no dividend or voting rights.

There were no options granted to or exercised by directors and other key management personnel as part of compensation during the year ended 30 June 2012.

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2012 are summarised below:

	2008 $	2009 $	2010 $	2011 $	2012 $
Profit/(loss) after income tax	1,526,694	(1,299,340)	296,162	(3,792,133)	1,808,140

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

	2008	2009	2010	2011	2012
Share price at financial year end ($A)	0.20	0.06	0.07	0.07	0.05
Basic earnings per share (cents per share)	0.98	(0.79)	0.18	(1.75)	0.71

This concludes the remuneration report, which has been audited.

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

Grant date	Expiry date	Exercise price	Number under option
01/12/2010	31/12/2013	$0.30	7,000,000

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

Shares issued on the exercise of options
There were no shares of Argonaut Resources NL issued on the exercise of options during the year ended 30 June 2012.

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 insurance premium paid for the year was $17,644.

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 29 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 29 to the financial statements do not compromise the external auditor's independence 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.

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 on the following page.

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

26 September 2012

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

In relation to our audit of the financial report of Argonaut Resources NL for the financial year ended 30 June 2012, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.

Ernst & Young

Ernst & Young

M Elliott

Michael Elliott
Partner
26 September 2012

CORPORATE GOVERNANCE STATEMENT

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

The functions of the Board include:

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

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

The Board of Directors

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

- the Board should be comprised of both executive and non-executive directors with at least half the Board comprising independent non-executive directors, with the Chairman having a casting vote.
- in recognition of the importance of independent views and the Board's role in supervising the activities of management the Chairman should be an independent Non-Executive director.
- The Chairman of the Board is elected by the full Board and should meet regularly with the Managing Director.

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

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

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

Diversity policy

Due to the Company's size and nature of operations, there are no women in senior executive positions at the present time. The board remains conscious of the requirement to establish reasonable and measurable objectives for achieving gender diversity and identifying key measurable diversity performance objectives for the Board, CEO and senior management.

Remuneration Committee

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

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

The remuneration policy has been disclosed in the Directors report.

Audit Committee

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

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

Independent Professional Advice

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

Performance Assessment

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

External Auditors

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

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

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

Continuous Disclosure

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

Securities trading policy

Under the company's Guidelines for Dealing in Securities Policy, directors, officers and employees of the company should not trade in the company's securities when he or she is in possession of price sensitive information that is not generally available to the market.

Directors and senior management are likely to be in possession of unpublished price sensitive information concerning the company by virtue of their position within the company. Therefore those persons are restricted from dealing in the company's securities in the thirty day period immediately preceding the release of price sensitive information to the ASX (Non-Trading Period).

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

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

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

As required by the ASX Listing Rules, the company notifies the ASX of any transaction conducted by directors in the securities of the company within five days of the transaction taking place.

The Securities Trading Policy has been issued to ASX.

Ethical Standards

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

Communication with Shareholders

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

Risk Assessment and Management

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

In addition, directors, officers and employees can only deal in the company's securities after having first obtained clearance from the company, and must notify the company secretary when a trade has occurred.

CEO and CFO certification

The chief executive officer and chief financial officer have given a written declaration to the Board required by section 295A of the Corporations Act 2001 that in their view:

- the company's financial report is founded on a sound system of risk management and internal compliance and control which implements the financial policies adopted by the Board;
- the company's risk management and internal compliance and control system is operating effectively in all material respects;
- the company's financial statements and notes thereto comply with the accounting standards; and
- the company's financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date.

ASX CGC's Best Practice Recommendations		
Principle 1	**Lay Solid Foundations for Management and Oversight**	
1.1	Formalise and disclose the functions reserved to the Board and those delegated to management.	Comply
1.2	Formalise and disclose the process for evaluating the performance of senior executives.	Comply
1.3	Provide information indicated in the guide to reporting on Principle 1.	Comply
Principle 2	**Structure the Board to Add Value**	
2.1	A majority of the Board should be independent directors	Mr Elliott and Mr Richmond are independent directors on the Board. The size and scope of the Company's activities does not justify the cost of appointing further independent directors at this stage of its development.
2.2	The chairperson should be an independent director	Comply
2.3	The role of the chairperson and chief executive officer should not be exercised by the same individual	Comply
2.4	The Board should establish a nomination committee	Due to the Company's size and nature of operations, the Company has not established a nomination committee.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	Comply
2.6	Provide the information indicated in Guide to reporting on Principle 2.	Comply
Principle 3	**Promote Ethical and Responsible Decision-Making**	
3.1	Establish a code of conduct to guide the directors, the chief executive officer (or equivalent) and any other key executives as to: The practices necessary to maintain confidence in the Company's integrity. The practise necessary to take into account the legal obligation and the reasonable expectations of shareholders. The responsibility and accountability of individuals for reporting and investigating reports of unethical practices.	Comply
3.2	Establish a policy concerning diversity and disclose the policy or a summary of that policy including requirements to establish measurable objectives for achieving gender diversity.	Due to the Company's size and nature of operations, the Company has not implemented a diversity policy.
3.3	Provide the information indicated in the guide to reporting on Principle 3.	Due to the Company's size and nature of operations, there are no women in senior executive positions at the present time.

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

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

Argonaut Resources NL
Financial report
30 June 2012

Contents

General information

The financial report covers Argonaut Resources NL as a consolidated entity consisting of Argonaut Resources NL and the entities it controlled. The financial report is presented in Australian dollars, which is Argonaut Resources NL's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

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:

Suite 4 Level 9
341 George Street
Sydney NSW 2000

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 26 September 2012.

Argonaut Resources NL
Statement of comprehensive income
For the year ended 30 June 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Revenue	4	368,757	572,740
Other income	5	4,701,169	272,600
Expenses			
Employee benefits expense		(169,372)	(400,442)
Office administration expense		(206,747)	(191,496)
Depreciation and amortisation expense	6	(19,626)	(23,062)
Impairment of exploration and evaluation assets		(69,966)	(3,545,467)
Loss on derivative financial instrument	13	(2,083,091)	-
Other expenses	6	(741,780)	(508,828)
Profit/(loss) before income tax expense		1,779,344	(3,823,955)
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year		1,779,344	(3,823,955)
Other comprehensive income			
Foreign currency translation		150,285	(1,311,162)
Loss on the revaluation of financial assets, net of tax		(2,127,834)	-
Other comprehensive income for the year, net of tax		(1,977,549)	(1,311,162)
Total comprehensive income for the year		(198,205)	(5,135,117)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(28,796)	(31,822)
Owners of Argonaut Resources NL	24	1,808,140	(3,792,133)
		1,779,344	(3,823,955)
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(28,796)	(31,822)
Owners of Argonaut Resources NL		(169,409)	(5,103,295)
		(198,205)	(5,135,117)
		Cents	**Cents**
Basic earnings per share	38	0.71	(1.75)
Diluted earnings per share	38	0.71	(1.75)

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

Argonaut Resources NL
Statement of financial position
As at 30 June 2012

	Note	Consolidated 2012 $	2011 $
Assets			
Current assets			
Cash and cash equivalents	8	5,968,019	8,599,032
Trade and other receivables	9	151,863	122,519
Other	10	36,955	33,037
Total current assets		6,156,837	8,754,588
Non-current assets			
Investments accounted for using the equity method	11	-	4,100,873
Financial assets at fair value	12	1,485,222	400,000
Derivative financial isntruments	13	555,895	-
Investment properties	14	479,744	489,951
Property, plant and equipment	15	230,104	168,255
Intangibles	16	693,029	-
Exploration and evaluation	17	12,797,631	8,689,964
Exploration and evaluation - earn in	18	2,947,268	788,866
Total non-current assets		19,188,893	14,637,909
Total assets		25,345,730	23,392,497
Liabilities			
Current liabilities			
Trade and other payables	19	684,348	392,100
Employee benefits	20	30,828	19,975
Total current liabilities		715,176	412,075
Non-current liabilities			
Employee benefits	21	64,442	51,912
Total non-current liabilities		64,442	51,912
Total liabilities		779,618	463,987
Net assets		24,566,112	22,928,510
Equity			
Issued capital	22	35,867,009	35,867,009
Reserves	23	(3,520,779)	(1,543,230)
Accumulated losses	24	(10,344,173)	(12,152,313)
Equity attributable to the owners of Argonaut Resources NL		22,002,057	22,171,466
Non-controlling interest	25	2,564,055	757,044
Total equity		24,566,112	22,928,510

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

Argonaut Resources NL
Statement of changes in equity
For the year ended 30 June 2012

	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Consolidated						
Balance at 1 July 2010	27,698,987	(460,668)	-	(8,360,180)	-	18,878,139
Loss after income tax expense for the year			-	(3,792,133)	(31,822)	(3,823,955)
Other comprehensive income for the year, net of tax	-	(1,311,162)	-	-	-	(1,311,162)
Total comprehensive income for the year	-	(1,311,162)	-	(3,792,133)	(31,822)	(5,135,117)
Transactions with owners in their capacity as owners:						
Share-based payments			228,600	-	788,866	1,017,466
Rights issue	6,489,387		-	-	-	6,489,387
Issue of shares	2,323,778		-	-	-	2,323,778
Transactions costs	(645,143)		-	-	-	(645,143)
Balance at 30 June 2011	35,867,009	(1,771,830)	228,600	(12,152,313)	757,044	22,928,510

	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Consolidated						
Balance at 1 July 2011	35,867,009	(1,771,830)	228,600	(12,152,313)	757,044	22,928,510
Profit/(loss) after income tax expense for the year			-	1,808,140	(28,796)	1,779,344
Other comprehensive income for the year, net of tax	-	(1,977,549)	-	-	-	(1,977,549)
Total comprehensive income for the year	-	(1,977,549)	-	1,808,140	(28,796)	(198,205)
Transactions with owners in their capacity as owners:						
Share-based payments			-	-	1,835,807	1,835,807
Balance at 30 June 2012	35,867,009	(3,749,379)	228,600	(10,344,173)	2,564,055	24,566,112

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 2012

	Note	Consolidated 2012 $	Consolidated 2011 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(1,155,459)	(928,627)
Interest received		322,673	421,365
Receipts from recovery of fraud related matters		-	22,000
Rental income		32,922	14,733
Net cash used in operating activities	37	(799,864)	(470,529)
Cash flows from investing activities			
Payments for investments		(850,000)	(4,100,873)
Payments for property, plant and equipment	15	(154,910)	(134,195)
Payments for intangibles	16	(135,281)	-
Payments for exploration and evaluation	17	(6,214,639)	(3,685,311)
Proceeds from sale of investment, net of disposal costs		3,800,000	-
Net cash used in investing activities		(3,554,830)	(7,920,379)
Cash flows from financing activities			
Proceeds from issue of shares	22	-	8,813,175
Share issue transaction costs		-	(645,153)
Funds advanced by Aurum for earn-in		1,722,582	910,806
Net cash from financing activities		1,722,582	9,078,828
Net increase/(decrease) in cash and cash equivalents		(2,632,112)	687,920
Cash and cash equivalents at the beginning of the financial year		8,599,032	7,941,761
Effects of exchange rate changes on cash		1,099	(30,649)
Cash and cash equivalents at the end of the financial year	8	5,968,019	8,599,032

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, revised or amending Accounting Standards and Interpretations adopted
The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted, with the exception of AASB 9 'Financial instruments' adopted from 1 January 2012, as set out below.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed in the relevant accounting policy. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity.

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

AASB 2010-4 Amendments to Australian Accounting Standards arising from the Annual Improvements Project
The consolidated entity has applied AASB 2010-4 amendments from 1 July 2011. The amendments made numerous non-urgent but necessary amendments to a range of Australian Accounting Standards and Interpretations. The amendments provided clarification of disclosures in AASB 7 'Financial Instruments: Disclosures', in particular emphasis of the interaction between quantitative and qualitative disclosures and the nature and extent of risks associated with financial instruments; clarified that an entity can present an analysis of other comprehensive income for each component of equity, either in the statement of changes in equity or in the notes in accordance with AASB 101 'Presentation of Financial Instruments'; and provided guidance on the disclosure of significant events and transactions in AASB 134 'Interim Financial Reporting'.

AASB 2010-5 Amendments to Australian Accounting Standards
The consolidated entity has applied AASB 2010-5 amendments from 1 July 2011. The amendments made numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of International Financial Reporting Standards by the International Accounting Standards Board.

AASB 124 Related Party Disclosures (December 2009)
The revised AASB 124 Related Party Disclosures (December 2009) simplifies the definition of a related party, clarifying its intended meaning and eliminating inconsistencies from the definition, including:
(a) The definition now identifies a subsidiary and an associate with the same investor as related parties of each other
(b) Entities significantly influenced by one person and entities significantly influenced by a close member of the family of that person are no longer related parties of each other
(c) The definition now identifies that, whenever a person or entity has both joint control over a second entity and joint control or significant influence over a third party, the second and third entities are related to each other
A partial exemption is also provided from the disclosure requirements for government-related entities. Entities that are related by virtue of being controlled by the same government can provide reduced related party disclosures.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
The consolidated entity has applied AASB 2010-6 amendments from 1 July 2011. These amendments add and amended disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. Additional disclosures are now required when (i) an asset is transferred but is not derecognised; and (ii) when assets are derecognised but the consolidated entity has a continuing exposure to the asset after the sale.

AASB 1054 Australian Additional Disclosures
The consolidated entity has applied AASB 1054 from 1 July 2011. The standard sets out the Australian-specific disclosures as a result of Phase I of the Trans-Tasman Convergence Project, which are in addition to International Financial Reporting Standards, for entities that have adopted Australian Accounting Standards.

Note 1. Significant accounting policies (continued)

AASB 2011-9 Amendments to Australian Accounting Standards – Presentation of Items of Other Comprehensive Income
The consolidated entity has applied AASB 2011-9 amendments from 1 January 2012. The amendments require grouping together of items within other comprehensive income on the basis of whether they will eventually be 'recycled' to the profit or loss (reclassification adjustments). The change provides clarity about the nature of items presented as other comprehensive income and the related tax presentation.

Annual Improvements to IFRSs 2009–2011 Cycle
This standard sets out amendments to International Financial Reporting
Standards (IFRSs) and the related bases for conclusions and guidance made during the International Accounting Standards Board's Annual Improvements process. These amendments have not yet been adopted by the AASB.

The following items are addressed by this standard:

IFRS 1 First-time Adoption of International Financial Reporting Standards
• Repeated application of IFRS 1
• Borrowing costs

IAS 1 Presentation of Financial Statements
• Clarification of the requirements for comparative information

IAS 16 Property, Plant and Equipment
• Classification of servicing equipment

IAS 32 Financial Instruments: Presentation
• Tax effect of distribution to holders of equity instruments

IAS 34 Interim Financial Reporting
• Interim financial reporting and segment information for total assets and liabilities

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-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 revaluation of financial assets at fair value and derivative financial instruments.

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 consolidated entity'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.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 33.

Note 1. Significant accounting policies (continued)

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 2012 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 'consolidated entity'.

Subsidiaries are all those entities over which the consolidated entity has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The effects of potential exercisable voting rights are considered when assessing whether control exists. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity 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 consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. Refer to the 'business combinations' accounting policy for further details. 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.

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of comprehensive income and statement of financial position of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance.

Where the consolidated entity 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 consolidated entity 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 report is presented in Australian dollars, which is Argonaut Resources NL's functional and presentation currency.

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

Foreign operations
The 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 approximates the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in the foreign currency reserve in equity.

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

Note 1. Significant accounting policies (continued)

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

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.

Rent
Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

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 changes in deferred tax assets and liabilities attributable to temporary differences and 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 apply 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 investments in subsidiaries, associates or interests in 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 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 entity's which intend to settle simultaneously.

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
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Other receivables are recognised at amortised cost, less any provision for impairment.

Note 1. Significant accounting policies (continued)

Associates
Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associates. Dividends received or receivable from associates reduce the carrying amount of the investment.

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Investments and other financial assets
Investments and other financial assets are measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. The fair values of quoted investments are based on current bid prices. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arms length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models.

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

The consolidated entity early adopted AASB 9 'Financial instruments' after interests in convertible notes were converted to equity instruments during the year. The policy is applied retrospectively from 1 January 2012 (no restatement of comparatives was recessary), and contains two primary measurement categories for financial assets: amortised cost and fair value. A financial asset would be measured at amortised cost if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows that are sole payments of principal and interest on the principal outstanding. All other financial assets would be measured at fair value. An exception applies to certain investments in equity financial instruments held at the date of initial application which have been elected to be designated as fair value through other comprehensive income with no recycling of realised gains and losses into the income statement and no impairment recognition. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch.

Held-to-maturity investments
Held-to-maturity investments includes non-derivative financial assets with fixed or determinable payments and fixed maturities where the consolidated entity has the positive intention and ability to hold the financial asset to maturity. This category excludes financial assets that are held for an undefined period. Held-to-maturity investments are carried at amortised cost using the effective interest rate method adjusted for any principal repayments. Gains and losses are recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
Other than for financial instruments designated as fair value through other comprehensive income, changes in fair value in recognised in profit or loss. The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

Note 1. Significant accounting policies (continued)

Investment properties
Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently measured at depreciated cost less any accumulated impairment losses.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected.

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on date of change of use.

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Buildings	20-40 years
Plant and equipment	5-7 years
Motor vehicles	5 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

Leasehold improvements and plant and equipment under lease are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Intangibles
Intangible assets are initially recognised at cost. Intangible assets are subsequently remeasured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangibles are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period.

Note 1. Significant accounting policies (continued)

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

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

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

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.

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

Impairment of non-financial assets
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 to sell and value-in-use. 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 do not have independent 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 consolidated entity 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.

Employee benefits

Wages and salaries, annual leave and sick leave
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in current liabilities in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Non-accumulating sick leave is expensed to profit or loss when incurred.

Long service leave
The liability for long service leave is recognised in current and non-current liabilities, depending on the unconditional right to defer settlement of the liability for at least 12 months after the reporting date. The liability is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Note 1. Significant accounting policies (continued)

Share-based payments
Equity-settled share-based compensation benefits are provided to employees and directors via the employee option plan.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services.

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 consolidated entity 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.

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.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity 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.

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.

Note 1. Significant accounting policies (continued)

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

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.

Note 1. Significant accounting policies (continued)

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.

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
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2012. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 July 2011. These amendments add and amend disclosure requirements in AASB 7 about transfer of financial assets, including the nature of the financial assets involved and the risks associated with them. The adoption of these amendments from 1 January 2012 will increase the disclosure requirements on the consolidated entity when an asset is transferred but is not derecognised and new disclosure required when assets are derecognised but the consolidated entity continues to have a continuing exposure to the asset after the sale or transfer.

AASB 2010-8 Amendments to Australian Accounting Standards- Deferred Tax: Recovery of Underlying Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2012 and a practical approach for the measurement of deferred tax relating to investment properties measured at fair value, property, plant and equipment and intangible assets measured using the revaluation model. The measurement of deferred tax for these specified assets is based on the presumption that the carrying amount of the underlying asset will be recovered entirely through sale, unless the entity has clear evidence that economic benefits of the underlying asset will be consumed during its economic life. The consolidated entity is yet to quantify the tax effect of adopting these amendments from 1 July 2012.

Note 1. Significant accounting policies (continued)

AASB 10 Consolidated Financial Statements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity will not only have to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes. The adoption of this standard from 1 July 2013 may have an impact where the consolidated entity has a holding of less than 50% in an entity, has de facto control, and is not currently consolidating that entity.

AASB 11 Joint Arrangements
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. The standard defines which entities qualify as joint ventures and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets will use equity accounting. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities will account for the assets, liabilities, revenues and expenses separately, using proportionate consolidation. The adoption of this standard from 1 July 2013 will not have a material impact on the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities
This standard is applicable to annual reporting periods beginning on or after 1 January 2013. It contains the entire disclosure requirement associated with other entities, being subsidiaries, associates and joint ventures. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation – Special Purpose Entities'. The adoption of this standard from 1 July 2013 will significantly increase the amount of disclosures required to be given by the consolidated entity such as significant judgements and assumptions made in determining whether it has a controlling or non-controlling interest in another entity and the type of non-controlling interest and the nature and risks involved.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and it provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach would be used to measure assets whereas liabilities would be based on transfer value. As the standard does not introduce any new requirements for the use of fair value, its impact on adoption by the consolidated entity from 1 July 2013 should be minimal, although there will be increased disclosures where fair value is used.

AASB 127 Separate Financial Statements (Revised)
AASB 128 Investments in Associates and Joint Ventures (Reissued)
These standards are applicable to annual reporting periods beginning on or after 1 January 2013. They have been modified to remove specific guidance that is now contained in AASB 10, AASB 11 and AASB 12. The adoption of these revised standards from 1 July 2013 will not have a material impact on the consolidated entity.

Note 1. Significant accounting policies (continued)

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
These amendments are applicable to annual reporting periods beginning on or after 1 July 2013, with early adoption not permitted. They amend AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). The adoption of these amendments from 1 July 2013 will remove the duplication of information relating to individual KMP in the notes to the financial statements and the directors report. As the aggregate disclosures are still required by AASB 124 and during the transitional period the requirements may be included in the Corporations Act or other legislation, it is expected that the amendments will not have a material impact on the consolidated entity.

Note 2. Critical accounting judgements, estimates and assumptions

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

Share-based payment transactions
The consolidated entity 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 next annual reporting period but may impact profit or loss and equity.

Impairment of non-current assets
The consolidated entity assesses impairment of non-current assets at each reporting date by evaluating conditions specific to the consolidated entity 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 to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

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

Exploration and evaluation expenditure
The application of the consolidated entity's accounting policy for exploration and evaluation expenditure requires judgement in determining whether it is likely that future economic benefits are likely either from future exploitation or sale or where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. The deferral policy also requires management to make certain estimates and assumptions about future events or circumstances, in particular whether an economically viable extraction operation can be established. Estimates and assumptions may change if new information becomes available. If, after expenditure is capitalised, information becomes available suggesting that the recovery of expenditures is unlikely, the amount capitalised is written off in the statement of comprehensive income in the period when the new information becomes available.

There are currently unresolved legal matters pertaining to the Lake Torrens and Mwombezhi tenements. The expenditures associated with these tenements continue to be deferred at 30 June 2012 as management are confident that these matters will be resolved in Argonaut’s favour. If this is not the case, then this may result in impairments being recognised in relation to these assets in future periods.

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 at least a monthly basis.

Types of products and services
The principal products and services of the consolidated entity are exploration operations. Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar to the type of product and service. The consolidated entity has determined that the reportable operating segments are based on geographical locations as these are the sources of the consolidated entity major assets.

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

2012	Australia $	Laos $	Zambia $	Intersegment eliminations/ unallocated $	Consolidated $
Assets					
Segment assets	2,785,180	11,443,220	2,209,528	-	16,437,928
Unallocated assets:					
Cash and cash equivalents					5,968,019
Other assets					2,939,783
Total assets					25,345,730
Liabilities					
Unallocated liabilities:					
Current					715,176
Non current					64,442
Total liabilities					779,618

2011	Australia $	Laos $	Intersegment eliminations/ unallocated $	Consolidated $
Assets				
Segment assets	2,042,699	7,436,131	-	9,478,830
Unallocated assets:				
Cash and cash equivalents				8,599,032
Other assets				5,314,635
Total assets				23,392,497
Liabilities				
Unallocated liabilities:				
Current				412,075
Non current				51,912
Total liabilities				463,987

Note 4. Revenue

	Consolidated	
	2012	**2011**
	$	**$**
Other revenue		
Interest	335,835	490,716
Fraud settlement and recoveries	-	16,547
Other revenue	32,922	65,477
Revenue	368,757	572,740

Note 5. Other income

	Consolidated 2012 $	Consolidated 2011 $
Gain on loss of associate - Cuesta Coal	4,701,169	-
Net gain on disposal of tenements	-	272,600
Other income	4,701,169	272,600

The fair value gain on other financial assets relate to the fair value gain arising from the listing of Cuesta Coal Limited.

Note 6. Expenses

	Consolidated 2012 $	Consolidated 2011 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	19,626	23,063
Other expenses include:		
Audit, accounting and legal fees	283,823	402,630
Professional fees- farm-in joint venture with Mwombezhi Resources	219,928	-
Office lease and maintenance	10,636	12,289
Statutory expenses	70,719	80,573
Travelling	67,276	13,336
Tenement expenses	89,398	-
Total other expenses	741,780	508,828

Note 7. Income tax expense

	Consolidated 2012 $	Consolidated 2011 $
Income tax expense		
Current tax	107,492	(1,768,980)
Deferred tax	543,220	682,273
Tax losses (used) / unused	(650,712)	1,086,707
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	1,779,344	(3,823,955)
Tax at the statutory tax rate of 30%	533,803	(1,147,187)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	116,909	60,480
	650,712	(1,086,707)
Tax losses (used) / unused	(650,712)	1,086,707
Income tax expense	-	-
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	25,346,695	26,500,082
Potential tax benefit @ 30%	7,604,009	7,950,025

	Consolidated 2012 $	Consolidated 2011 $
Deferred tax assets/(liabilities)		
Deferred tax assets/(liabilities) comprises temporary differences attributable to:		
Carry forward tax losses	957,816	414,596
Provisions and accruals	44,832	219,013
Interest receivable	(24,727)	(20,778)
Prepayments	(3,210)	(22)
Exploration and evaluation	(974,711)	(612,809)
Net deferred tax	-	-

Note 8. Current assets - cash and cash equivalents

	Consolidated 2012 $	Consolidated 2011 $
Cash at bank	3,047,147	4,851,532
Cash on deposit	2,920,872	3,747,500
	5,968,019	8,599,032

Exposure to interest rate risks is disclosed in the financial risk management note below.

Note 9. Current assets - trade and other receivables

	Consolidated 2012 $	Consolidated 2011 $
Other receivables	69,440	53,259
Interest receivable	82,423	69,260
	151,863	122,519

Impairment of receivables
Receivables are not impaired and not past due. Due to their short-term nature, their carrying value approximates their fair value.

Note 10. Current assets - other

	Consolidated 2012 $	Consolidated 2011 $
Prepayments	36,955	33,037

Note 11. Non-current assets - investments accounted for using the equity method

	Consolidated 2012 $	Consolidated 2011 $
Investment in Cuesta Coal Limited	-	4,100,873

The investment relates to convertible notes in Cuesta Coal Limited (formerly Blackwood Coal Pty Limited). A further investment of $850,000 was made during the year. On 27 April 2012, the notes converted to 26.6m ordinary shares and 26.6 options bringing the total number of shares to 30m and of which 13.3m shares were subsequently disposed of. Given significant influence was no longer deemed exercisable, the investment was reclassified to financial assets at fair value.

Note 12. Non-current assets - financial assets at fair value

	Consolidated	
	2012	2011
	$	$
Quoted equity securities	1,485,222	400,000

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out

Opening fair value	400,000	-
Additions	7,013,056	400,000
Disposals	(3,800,000)	-
Revaluation decrements	(2,127,834)	-
Closing fair value	1,485,222	400,000

Refer to note 27 for further information on financial instruments.

Quoted securities represent 16.7m shares in Cuesta Coal Limited and 2.5m shares in Musgrave Minerals Limited.

Following the conversion of convertible notes into ordinary shares and options, the consolidated entity early adopted AASB 9 'Financial instruments' and elected to designate fair value of investments in equity instruments through 'other comprehensive income' based on ASX quoted market prices. The gain on revaluation arising from the ASX listing of Cuesta Coal Limited was recognised in the income statement.

Note 13. Non-current assets - derivative financial isntruments

	Consolidated	
	2012	2011
	$	$
Derivative financial instruments	555,895	-

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out

Opening fair value	-	-
Additions	2,638,986	-
Revaluation decrements	(2,083,091)	-
Closing fair value	555,895	-

Unquoted options relate to 26.6m options in Cuesta Coal Limited exercisable at 25 cents expiring 31 December 2015. Options are measured at fair value at each reporting date with changes recognised in profit or loss.

The options were valued using the Black Scholes option pricing model with the following key inputs:
- Grant date 27 April 2012
- Expected volatility 70%
- Risk-free interest rate 2.40%

Note 14. Non-current assets - investment properties

	Consolidated	
	2012	2011
	$	$
Investment property - at cost	489,951	489,951
Less: Accumulated depreciation	(10,207)	-
	479,744	489,951

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

	Consolidated	
	2012	2011
	$	$
Opening written down value	489,951	-
Additions	-	489,951
Depreciation expense	(10,207)	-
Closing written down value	479,744	489,951

Note 15. Non-current assets - property, plant and equipment

	Consolidated	
	2012	2011
	$	$
Land - at cost	13,133	13,133
	13,133	13,133
Leasehold improvements - at cost	24,562	24,562
Less: Accumulated depreciation	(6,806)	(4,897)
	17,756	19,665
Plant and equipment - at cost	224,661	176,148
Less: Accumulated depreciation	(165,726)	(118,186)
	58,935	57,962
Motor vehicles - at cost	331,727	225,330
Less: Accumulated depreciation	(191,447)	(147,835)
	140,280	77,495
	230,104	168,255

Note 15. Non-current assets - property, plant and equipment (continued)

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

	Land and buildings $	Leasehold improvements $	Land $	Plant and equipment $	Motor vehicles $	Total $
Consolidated						
Balance at 1 July 2010	489,951	20,921	11,332	15,574	12,689	550,467
Additions	-	-	1,801	52,486	79,908	134,195
Exchange differences	-	-	-	(3,393)	-	(3,393)
Transfers in/(out)	(489,951)	-	-	-	-	(489,951)
Depreciation expense	-	(1,256)	-	(6,705)	(15,102)	(23,063)
Balance at 30 June 2011	-	19,665	13,133	57,962	77,495	168,255
Additions	-	-	-	48,513	106,397	154,910
Exchange differences	-	-	-	1,067	3,178	4,245
Depreciation expense	-	(1,909)	-	(48,607)	(46,790)	(97,306)
Balance at 30 June 2012	-	17,756	13,133	58,935	140,280	230,104

Note 16. Non-current assets - intangibles

	Consolidated 2012 $	Consolidated 2011 $
Intangible assets - at cost	693,029	-

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

	Exploration licence $	Total $
Consolidated		
Balance at 1 July 2010	-	-
Balance at 30 June 2011	-	-
Additions	135,281	135,281
Transfers in/(out)	557,748	557,748
Balance at 30 June 2012	693,029	693,029

The intangible asset relates to title held by Keleray Pty Ltd ("Kelaray"), a subsidiary of the company, to an exploration licence on which exploration and evaluation activities cannot currently be undertaken due to Native Title and Cultural Heritage legal disputes. The carrying value of the intangible asset is considered to be recoverable given there is an option value associated with Keleray's right to the tenement. The amount was transferred from exploration asset.

Note 17. Non-current assets - exploration and evaluation

	Consolidated 2012 $	Consolidated 2011 $
Exploration and evaluation assets - at cost	16,413,064	12,235,431
Less: Impairment	(3,615,433)	(3,545,467)
	12,797,631	8,689,964

Reconciliations

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

	Exploration & evaluation $	Total $
Consolidated		
Balance at 1 July 2010	10,754,226	10,754,226
Expenditure during the year	2,896,445	2,896,445
Disposals	(127,400)	(127,400)
Exchange differences	(1,287,840)	(1,287,840)
Impairment of assets	(3,545,467)	(3,545,467)
Balance at 30 June 2011	8,689,964	8,689,964
Expenditure during the year	6,214,639	6,214,639
Exchange differences	679,144	679,144
Impairment of assets	(69,966)	(69,966)
Transfers in/(out)	(2,716,150)	(2,716,150)
Balance at 30 June 2012	12,797,631	12,797,631

The amount transferred to intangible asset was $557,748 and to exploration and evaluation- earn in was $2,158,402.

Note 18. Non-current assets - exploration and evaluation - earn in

	Consolidated 2012 $	Consolidated 2011 $
Exploration and evaluation - earn-in	2,947,268	788,866

Expenditure incurred by Aurum Resources Pty Ltd ("Aurum") and accrued amounts in relation to their earn in into Century is separately reported in this account. A non-controlling interest is recognised within equity to effectively reflect Aurum's compensation for services received determined based on earn in expendiutre incurred.

Note 19. Current liabilities - trade and other payables

	Consolidated 2012 $	Consolidated 2011 $
Trade payables	262,689	114,811
Advance from Aurum	8,714	121,939
Other payables	412,945	155,350
	684,348	392,100

Refer to note 27 for further information on financial instruments.

Refer to share -based payment note 39 for information on Aurum.

Note 20. Current liabilities - employee benefits

	Consolidated 2012 $	Consolidated 2011 $
Annual leave	30,828	19,975

Note 21. Non-current liabilities - employee benefits

	Consolidated 2012 $	Consolidated 2011 $
Long service leave	64,442	51,912

Note 22. Equity - issued capital

	Consolidated 2012 Shares	Consolidated 2011 Shares	Consolidated 2012 $	Consolidated 2011 $
Ordinary shares - fully paid	253,376,470	253,376,470	35,867,009	35,867,009

Movements in ordinary share capital

Details	Date	No of shares	Issue price	$
Balance	1 July 2010	165,244,720		27,698,987
Rights issue	31 December 2010	40,107,168	$0.10	4,010,717
Private placement	31 December 2010	24,786,700	$0.10	2,478,670
Rights issue	12 January 2011	23,237,882	$0.10	2,323,788
Transaction costs				(645,153)
Balance	30 June 2011	253,376,470		35,867,009
Balance	30 June 2012	253,376,470		35,867,009

Note 22. Equity - issued capital (continued)

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.

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.

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

Capital risk management
The consolidated entity'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.

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

Note 23. Equity - reserves

	Consolidated 2012 $	**Consolidated 2011 $**
Foreign currency reserve	(1,621,545)	(1,771,830)
Share-based payments reserve	228,600	228,600
Revaluation reserve	(2,127,834)	-
	(3,520,779)	(1,543,230)

	Revaluation reserve $	Foreign currency reserve $	Share based payment reserve $	Total $
Consolidated				
Balance at 1 July 2010	-	(460,668)	-	(460,668)
Foreign currency translation	-	(1,311,162)	-	(1,311,162)
Share-based payments	-	-	228,600	228,600
Balance at 30 June 2011	-	(1,771,830)	228,600	(1,543,230)
Revaluation - gross	(2,127,834)	-	-	(2,127,834)
Foreign currency translation	-	150,285	-	150,285
Balance at 30 June 2012	(2,127,834)	(1,621,545)	228,600	(3,520,779)

Note 23. Equity - reserves (continued)

Revaluation reserve
The reserve is used to recognise increments and decrements in the fair value of listed equity investments held by the consolidated entity.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from translation of the financial statements of foreign operations to Australian dollars. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Share-based payments reserves
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration.

Note 24. Equity - accumulated losses

	Consolidated	
	2012	2011
	$	$
Accumulated losses at the beginning of the financial year	(12,152,313)	(8,360,180)
Profit/(loss) after income tax expense for the year	1,808,140	(3,792,133)
Accumulated losses at the end of the financial year	(10,344,173)	(12,152,313)

Note 25. Equity - non-controlling interest

	Consolidated	
	2012	2011
	$	$
Aurum earn in	2,624,673	788,866
Accumulated losses	(60,618)	(31,822)
	2,564,055	757,044

Note 26. Equity - dividends

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

Note 27. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, equity price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity'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 consolidated entity. Given the size and nautre of operations, the consolidated entity does not use derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures.

The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate and ageing analysis for credit risk.

Note 27. Financial instruments (continued)

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and are 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.

Price risk
The consolidated entity is exposed to price risk arising from investments in equity securities. All equity investments held by the company are publicly traded on the ASX and derivatives are valued using an option pricing model. The price risk for these instruments is material in terms of the possible impact on other comprehensive income with respect to equity investments or on profit and loss with respect to derivatives and as such a sensitivity analysis is completed below.

At the reporting date, the fair value of listed equity securities and derivative financial instruments were $1,485,222 and $555,895 respectively.

The consolidated entity's exposure to share and option price movement is set out below:

	Average price increase			Average price decrease		
Consolidated - 2012	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Equity investments	20%	-	297,044	20%	-	(297,044)
Derivative financial instruments	20%	-	-	20%	(183,445)	-
		-	297,044		(183,445)	(297,044)

Interest rate risk
As at the reporting date, the consolidated entity had the following cash and bank deposits exposed to variable rate interest:

	2012		2011	
	Weighted average interest rate %	**Balance $**	**Weighted average interest rate %**	**Balance $**
Consolidated				
Cash and cash equivalents deposits	4.03	5,968,019	4.74	8,599,032
Net exposure to cash flow interest rate risk		5,968,019		8,599,032

An analysis by remaining contractual maturities is shown in 'liquidity and interest rate risk management' below.

Note 27. Financial instruments (continued)

	Basis points increase			Basis points decrease		
Consolidated - 2012	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash and cash equivalents	50	29,840	-	50	(29,840)	-

	Basis points increase			Basis points decrease		
Consolidated - 2011	**Basis points change**	**Effect on profit before tax**	**Effect on equity**	**Basis points change**	**Effect on profit before tax**	**Effect on equity**
Cash and cash equivalents	100	85,990	-	100	(85,990)	-

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. 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 consolidated entity does not hold any collateral.

Liquidity risk

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

The consolidated entity 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 consolidated entity'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.

Consolidated - 2012	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	262,689	-	-	-	262,689
Other payables	412,945	-	-	-	412,945
Total non-derivatives	675,634	-	-	-	675,634

Note 27. Financial instruments (continued)

Consolidated - 2011	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	236,750	-	-	-	236,750
Other payables	155,350	-	-	-	155,350
Total non-derivatives	392,100	-	-	-	392,100

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

Fair value of financial instruments
The following tables detail the consolidated entity's fair values of financial instruments categorised by the following levels:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices)
Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Consolidated - 2012	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity shares	1,485,222	-	-	1,485,222
Options	-	555,895	-	555,895
Total assets	1,485,222	555,895	-	2,041,117

Consolidated - 2011	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity shares	400,000	-	-	400,000
Total assets	400,000	-	-	400,000

There were no transfers between levels during the financial year.

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value. The carrying amounts of trade receivables and trade payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial instruments.

Note 28. Key management personnel disclosures

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

P J D Elliott
L J Owler
A W Bursill
M R Richmond (appointed 14 March 2012)

Note 28. Key management personnel disclosures (continued)

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

	Consolidated 2012 $	Consolidated 2011 $
Short-term employee benefits	440,134	392,247
Post-employment benefits	12,539	43,340
Share-based payments	-	201,600
	452,673	637,187

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

2012	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	160,000	-	-	-	160,000
L J Owler	-	-	1,000,000	-	1,000,000
A W Bursill	1,033,600	-	1,007,598	-	2,041,198
	1,193,600	-	2,007,598	-	3,201,198

M R Richmond does not hold any shares.
* Additions are on-market purchases

2011	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	-	-	160,000	-	160,000
G N Williams *	250,000	-	-	-	250,000
A W Bursill	-	-	1,033,600	-	1,033,600
	250,000	-	1,193,600	-	1,443,600

* G N Williams ceased to be a director on 1 April 2011

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

2012	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
P J D Elliott	1,500,000	-	-	-	1,500,000
L J Owler	2,500,000	-	-	-	2,500,000
A W Bursill	1,500,000	-	-	-	1,500,000
	5,500,000	-	-	-	5,500,000

Note 28. Key management personnel disclosures (continued)

2012	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
P J D Elliott	1,500,000	-	1,500,000
L J Owler	2,500,000	-	2,500,000
A W Bursill	1,500,000	-	1,500,000
	5,500,000	-	5,500,000

M R Richmond does not hold any options.

2011	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
P J D Elliott	-	1,500,000	-	-	1,500,000
G N Williams *	-	1,500,000	-	-	1,500,000
L J Owler	-	2,500,000	-	-	2,500,000
A W Bursill	-	1,500,000	-	-	1,500,000
	-	7,000,000	-	-	7,000,000

* G N Williams ceased to be a director on 1 April 2011

2011	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
P J D Elliott	1,500,000	-	1,500,000
G N Williams *	1,500,000	-	1,500,000
L J Owler	2,500,000	-	2,500,000
A W Bursill	1,500,000	-	1,500,000
	7,000,000	-	7,000,000

* G N Williams ceased to be a director on 1 April 2011

Related party transactions
Related party transactions are set out in note 32.

Note 29. 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, and its network firms:

	Consolidated	
	2012 $	2011 $
Audit services - Ernst & Young		
Audit or review of the financial statements	55,000	78,700
Other services - Ernst & Young		
Preparation of the tax return and tax related services	18,000	40,490
Other assurance services	15,000	-
	33,000	40,490
	88,000	119,190
Audit services - network firms		
Audit or review of the financial statements	7,970	8,119

Note 30. Contingent liabilities

There were no contingent liabilities as at year end (2011: nil).

Note 31. Commitments

	Consolidated	
	2012 $	2011 $
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	5,834	21,195

Operating lease commitments includes contracted amounts for two properties in Biloela, Queensland and Port Broughton, South Australia, under non-cancellable operating leases expiring within 12 months with options to extend. On renewal, the terms of the leases are renegotiated. The Port Broughton lease expired during the year and was not renewed.

Note 32. Related party transactions

Parent entity
Argonaut Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 34.

Joint ventures
Interests in joint ventures are set out in note 35.

Key management personnel
Disclosures relating to key management personnel are set out in note 28 and the remuneration report in the directors' report.

Transactions with related parties
The following transactions occurred with related parties:

	Consolidated	
	2012	**2011**
	$	**$**
Payment for goods and services:		
Payment for accounting, administration and company secretarial services to Franks & Associates Pty Ltd of which the director, A W Bursill, is a principal	193,498	197,040

Receivable from and payable to related parties
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	Consolidated	
	2012	**2011**
	$	**$**
Current borrowings:		
Contributions from Aurum to the Century joint venture	8,174	121,939

The Company has an agreement whereby Aurum has been granted 1% of the share capital of Argonaut Overseas Investments Limited and a right to earn in the Century tenement which could potentially increase to a 72% share capital interest (ie 50% of the joint venture interest) if the earn in expenditure is met. This arrangement is accounted for as a share based payment. The fair value of the goods and services received is determined based on the actual expenditure incurred by Aurum during the period. Exploration and evaluation assets and property, plant and equipment increased by $2,158,402 arising from the share based payment transaction recognised during the year.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 33. Parent entity information

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

Statement of comprehensive income

	Parent	
	2012	**2011**
	$	**$**
Profit/(loss) after income tax	2,223,806	(5,956,369)
Total comprehensive income	95,972	(5,956,369)

Statement of financial position

	Parent	
	2012	**2011**
	$	**$**
Total current assets	6,056,100	8,282,615
Total assets	21,272,181	21,197,581
Total current liabilities	161,496	195,419
Total liabilities	225,938	247,310
Equity		
Issued capital	35,867,009	35,867,009
Share-based payments reserve	228,600	228,600
Revaluation reserve	(2,127,834)	-
Accumulated losses	(12,921,532)	(15,145,338)
Total equity	21,046,243	20,950,271

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 2012 and 30 June 2011.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2012 and 30 June 2011.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 1, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 34. 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 of entity	Country of incorporation	Equity holding 2012 %	Equity holding 2011 %
Kelaray Pty Limited	Australia	100.00	100.00
Argonaut Resources Overseas Investments Limited	British Virgin Islands	100.00	100.00
Argonaut Overseas Investments Limited	British Virgin Islands	99.00	100.00
Argonaut Resources Laos Limited	Lao	70.00	70.00
Prospect Exploration & Mining Limited	British Virgin Islands	85.50	85.50
Xekong River Mining Limited	Lao	65.00	65.00
Sunrise International Resources Limited	British Virgin Islands	100.00	-
Arctic Scene Ltd	Hong Kong	80.00	-
Yellow Bridge Limited	Hong Kong	100.00	-
Lumwana West Resources Limited	Zambia	80.00	-
Argonaut (CCSS) Pty Ltd	Australia	100.00	-

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

Note 35. Interests in joint ventures

The company is a participant in the following joint ventures as at the year end. The percentage interests of the respective partners under these joint ventures may vary depending on the monies expended by certain of the joint venturers. The company has not recognised the assets and liabilities associated with the free carry investments.

		Consolidated Percentage interest	
		2012	**2011**
Joint venture	**Principal activities**	**%**	**%**
ELA 243/09 - Sandstone, SA *	Gold	3.30	3.30
EL 3782 - Campfire Bore, SA *	Gold	3.30	3.30
EL 4153 Myrtle Springs, SA **	Zinc	100.00	100.00
ELA 4358 - Mt Parry, SA **	Zinc	100.00	100.00
Century, Laos - Aurum earn in ***	Gold	69.00	70.00
Xekong, Laos	Gold	65.00	65.00
Lumwana West, Zambia *****	Copper	80.00	-

* Kelaray Pty Ltd, asubsidiary of the consolidated entity, holds a 33% interest in Coombedown Resources Pty Ltd.

** These are subject to an earn in agreement with the joint venture partner. As at year end, the joint venture partner has not completed the required expenditure and Argonaut Resources still holds 100% interest.

*** The company has entered into an agreement whereby Aurum Resources Pty Limited has been granted 1% of the share capital of Argonaut overseas Investments Limited and a right to earn in the Century tenement which could potentially increase to a 72% share capital interest (ie 51% of the joint venture interest) if the earn in expenditure is met.

**** Lumwana West Resources Ltd ("Lumwana West"), a subsidiary of the consolidated group, has entered into a farm in joint venture with Mwombezhi Resources Ltd. Under the terms of the joint venture Lumwana West can earn up to 85% in the project.

Note 36. Events after the reporting period

On 24 September 2012, the company announced it has signed a binding Heads of Agreement with Nsansala Resources Ltd to purchase Nsansala's 20% interest in Lumwana West Resources Ltd.The conclusion of this sale will give the company a clear pathway under the Lumwana West Joint Venture to earn up to 85% of Mwombezhi Resources Ltd, the company which holds Large Scale Prospecting Licence 16121-HQ-LPL in North Western Zambia.

No other matter or circumstance has arisen since 30 June 2012 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 37. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2012 $	2011 $
Profit/(loss) after income tax expense for the year	1,779,344	(3,823,955)
Adjustments for:		
Depreciation and amortisation	19,626	23,063
Impairment of non-current assets	69,966	3,545,467
Net gain on disposal of non-current assets	-	(272,600)
Share-based payments	-	201,600
Gain on loss of investment in associate	(4,701,169)	-
Loss on derivative financial instrument	2,083,091	-
Change in operating assets and liabilities:		
Increase in trade and other receivables	(10,704)	(82,359)
Decrease in trade and other payables	(40,018)	(61,745)
Net cash used in operating activities	(799,864)	(470,529)

Note 38. Earnings per share

	Consolidated	
	2012 $	2011 $
Profit/(loss) after income tax	1,779,344	(3,823,955)
Non-controlling interest	28,796	31,822
Profit/(loss) after income tax attributable to the owners of Argonaut Resources NL	1,808,140	(3,792,133)
	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	253,376,470	216,511,802
Weighted average number of ordinary shares used in calculating diluted earnings per share	253,376,470	216,511,802
	Cents	Cents
Basic earnings per share	0.71	(1.75)
Diluted earnings per share	0.71	(1.75)

Note 39. Share-based payments

The consolidated entity has an agreement whereby Aurum has been granted 1% of the share capital of Argonaut Overseas Investments Limited ("AOI") and a right to earn in an additional 71% interest in AOI by spending $6.5 million on exploration and evaluation activity with respect to the Century tenement in Laos. This arrangement is accounted for as a share based payment. The fair value of the goods and services received is determined based on the actual expenditure incurred by Aurum during the period and details of amounts recognised in equity are disclosed in note 25. As this arrangement results in the issue of shares in a subsidiary of the company, the transaction is being accounted for with an increase to non-controlling interest within equity.

A share option plan has been established by the consolidated entity and 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.

Set out below are summaries of options granted under the plan:

2012

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
01/12/10	31/12/13	$0.30	7,000,000	-	-	-	7,000,000
19/01/11	31/12/11	$0.20	1,500,000	-	-	(1,500,000)	-
			8,500,000	-	-	(1,500,000)	7,000,000

Included at year end are G N Williams 1,500,000 options still valid after he ceased to be a director. The 1,500,000 supplier options with an exercise price of $0.20 expired during the year.

2011

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
01/12/10	31/12/13	$0.30	-	7,000,000	-	-	7,000,000
19/01/11	31/12/11	$0.20	-	1,500,000	-	-	1,500,000
			-	8,500,000	-	-	8,500,000

Set out below are the options exercisable at the end of the financial year:

Grant date	Expiry date	**2012** Number	**2011** Number
01/12/10	31/12/13	7,000,000	8,500,000
Total exercisable		7,000,000	8,500,000

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 1.15 years (2011: 2.15 years).

The average exercise price of options outstanding as at the end of the financial year was $0.30 (2011:$0.28).

Argonaut Resources NL
Directors' declaration

In the directors' opinion:

- the attached financial statements and notes thereto 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 thereto 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 thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the financial year ended on that date; and

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

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) of the Corporations Act 2001.

On behalf of the directors

P J D Elliott
Chairman

26 September 2012

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Independent auditor's report to the members of Argonaut Resources NL

Report on the financial report

We have audited the accompanying financial report of Argonaut Resources NL, which comprises the consolidated statement of financial position as at 30 June 2012, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2012 and of its performance for the year ended on that date; and

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

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

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2012. The directors of the company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the Remuneration Report of Argonaut Resources NL for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney
26 September 2012

Shareholder Information

The shareholder information set out below was applicable as at 5 October 2012.

A. Distribution of Equity Securities

Analysis of numbers of equity security holders by size of holding:

Holdings Ranges	Number of Shareholders	Total Ordinary Shares	%
1-1,000	1,630	455,620	0.18
1,001-5,000	624	1,718,141	0.68
5,001-10,000	355	2,828,303	1.12
10,001-100,000	887	33,749,126	13.32
100,001-9,999,999,999	349	214,625,280	84.71
Totals	**3,845**	**253,376,470**	**100.000**

	Options (1)
1-1,000	0
1,001-5,000	0
5,001-10,000	0
10,001-100,000	0
100,001-9,999,999,999	4
Totals	**4**

Number	Expiry	Exercise Price	Number under option
(1)	31 December 2013	$0.30	7,000,000

There were 2,381 holders of less than a marketable parcel of ordinary shares.

B. Equity Security Holders

(i) Twenty Largest Quoted Equity Security Holders

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

Rank	Name	Number Held	Percentage of issued shares
1	GLENEDEN NOMINEES PTY LTD	13,315,160	5.26%
2	CLELAND PROJECTS PTY LTD	8,377,515	3.31%
3	CRESCENT NOMINEES LIMITED	7,047,245	2.78%
4	MR ANDREI MAZOURENKO & MRS ELENA MAZOURENKO	3,750,000	1.48%
5	MS ZHENGHUA WANG	3,109,563	1.23%
6	RIVERLINK INVESTMENTS PTY LTD	2,800,000	1.11%
6	GOLDSKY ENTERPRISES PTY LTD	2,800,000	1.11%
7	UNAVAL NOMINEES PTY LTD	2,750,000	1.09%
8	MS LAY KEE TAY	2,731,694	1.08%
9	PACIFIC GOLD RESOURCES LIMITED 23RD FLOOR	2,609,484	1.03%
10	AVONLANE HOLDINGS PTY LTD	2,588,851	1.02%
11	MR XIANG GAO	2,582,000	1.02%
12	DYNASTY METALS AUSTRALIA LTD	2,546,099	1.00%
13	BESTFIELD COMPANY	2,488,248	0.98%
14	MR KING SIANG TIONG	2,385,567	0.94%
15	GLENEDEN NOMINEES PTY LTD	2,320,000	0.92%
16	MR RHODERIC CHARLES WHYTE	2,243,000	0.89%
17	MRS CUI JIAO ZOU	2,175,001	0.86%
18	JETOSEA PTY LTD	2,102,868	0.83%
19	MR JONATHAN CLIVE MANIFOLD	2,050,000	0.81%
20	BJ RETAIL PTY LTD	2,041,198	0.81%
	Total 20 holders total	**74,813,493**	**29.53%**

(ii) Quoted restricted equity security holders

The names of the security holders holding more than 20% of an unlisted class of security are listed below:

Holder Name	$0.30 Unlisted Options expiring 31 December 2013
AMICUS GROUP LIMITED	2,500,000
BJ RETAIL PTY LTD <JAMSI A/C>	1,500,000
MR PATRICK ELLIOTT	1,500,000
ELIZABETH ANNE WILLIAMS	1,500,000
Total	**7,000,000**

C. Substantial shareholders

Substantial shareholders further to forms lodged by shareholders in the Company are set out below:

Name	Number held	Percentage
Cuesta Coal Limited	16,734,667	8.73%

D. Voting Rights

The voting rights attaching to each class of equity securities are set out below:

(a) Ordinary shares

Subject to any rights or restrictions for the time being attached to any class of shares, at a meeting of shareholders each shareholders entitled to vote may vote in person or by proxy or attorney or, being a corporation, by representative duly authorised under the Corporations Law, and had one vote on a show of hands and one vote per fully paid share on a poll.

(b) Options

No voting rights

E. Listing Rule 3.13.1 and 14.3

Further to Listing Rule 3.13.1 and Listing Rule 14.3, the Annual General Meeting of Argonaut Resources NL is scheduled for 28 November 2012.

F. Listing Rule 4.10.13

Argonaut Resources NL securities are quoted on the following exchanges:

ASX under the code ARE.

G. Listing Rule 4.10.15

Tenement Information

South Australian Mineral Exploration Licences						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
EL 3782	21/05/2012	20/05/2012**	36	Campfire Bore	Coombedown Resources Pty Ltd	10%*
EL 3969	05/11/2007	04/11/2012	477	Alford	Kelaray Pty Ltd	100%
EL 4153	03/06/2008	03/06/2013	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 4296	18/08/2009	17/08/2013	295	Lake Torrens	Kelaray Pty Ltd	100%
EL 4358	04/11/2009	03/11/2012	127	Mt Parry	Kelaray Pty Ltd	100%
EL 4577	18/10/2010	17/10/2013	140	Sandstone	Coombedown Resources Pty Ltd	10%*

Queensland Mineral Exploration Permit						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
EPM 15705	28/09/2006	27/09/2016	313	Kroombit Creek	Kelaray Pty Ltd	100%

Queensland Mining Lease						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
ML 5631	16/05/1974	31/05/2026	0.32	Kroombit	Kelaray Pty Ltd	100%

Laotian Exploration Licences						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
174/MIH.DGM	08/10/2004	21/02/2013	226	Sangthong	Argonaut Resources Laos Co Ltd	70%
184/MIH.DGM	08/10/2004	21/02/2013	500	Kaleum	Xekong River Mining Co Ltd	65%

Zambian Large Scale Prospecting Licences						
Tenement	**Applied**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
16121-HQ-LPL	21/07/2011	20/07/2013	599.30	North Western province	Mwombezhi Resources Ltd	0%

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

Argonaut
RESOURCES NL