Argonaut
RESOURCES NL
ABN 97 008 084 848

ANNUAL REPORT
30 JUNE 2013

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 Street Limited
Level 12
680 George Street
Sydney NSW 2000

Auditor

Ernst & Young
680 George Street
Sydnet NSW 2000

Solicitors

Addisons Lawyers
Level 12
60 Carrington Street
Sydney NSW 2000

Bankers

National Australia Bank
Level 36
100 Miller Street
North Sydney 2060

Stock exchange listing

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

Website

www.argonautresources.com

Review of operations

Summary

Since recognising the potential of the Lumwana West project in 2011, the board of Argonaut Resources NL has meaningfully refined its decision making abilities and governance processes. Argonaut is a prudent mining company which makes sensible decisions to maximise its limited funds for the long-term benefit of its shareholders.

The consolidated entity has consciously focused exploration efforts and funds into the Lumwana West copper project in Zambia. The board believes this project has the scope to deliver major value to shareholders through continued discovery and development of copper deposits.

The Central African Copperbelt has an international scale copper endowment and a long history of propelling small mining companies into mid-cap and major producers. Zambia has a mature copper mining industry, regulators and bureaucrats who are experienced in all phases of the mining cycle, robust mining law and a stable, democratic government.

To date the consolidated entity has spent in excess of $5 million on exploration at Lumwana West which includes US$300,000 on restructuring the ownership rights under the Lumwana West joint venture agreement.

The company has identified five attractive areas on the Lumwana West licence. The first area, Nyungu, has proven the project's prospectivity by delivering a robust Exploration Target of 130 – 180Mt at 0.45 to 0.65% copper from the first 48 drill holes drilled by Argonaut in the licence area. Argonaut geologists have every reason to believe the remaining four targets can generate similar or better results in the short to medium-term.

The Argonaut board also recognises the importance of the Torrens iron oxide copper-gold project in South Australia. The management is working persistently to overcome access impediments at Torrens and was buoyed on 5 November 2012 by a resounding victory in the Full Court of South Australia when a previous decision disallowing exploration in the Torrens area was overturned.

Like Lumwana West, the potential for an international scale copper discovery at Torrens is significant. The recommencement of drilling at Torrens will be a truly exciting time for the company and the board is mindful of the potential for major commercial developments at both Lumwana West and Torrens.

In the period, the board has consciously shifted focus away from its gold assets in Laos and minimised its Laotian exposure by the closing its Vientiane office.

ZAMBIA

16121-HQ-LPL, Lumwana West
(Argonaut earning 90%)

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 as well as First Quantum's Kansanshi Mine and Sentinel Project.

The consolidated entity's interest in the project is governed by the Lumwana West joint venture agreement. During the period the consolidated entity was assigned a 51% interest in Mwombezhi Resources Ltd, the Zambian registered joint venture vehicle. The Lumwana West joint venture and the consolidated entity's rights and obligation are described below.

Nyungu Deposit Exploration Target

On 9 April 2013, the consolidated entity announced that RungePincockMinarco Limited (RPM) had been contracted to carry out an estimate of the Exploration Target for the Nyungu Copper-Cobalt (Cu-Co) deposit. The mineralisation is disseminated copper-cobalt sulphide mineralisation hosted in basement schists associated with intense folding and shearing.

RPM estimated the Nyungu Exploration Target has the potential to host between 130 to 180Mt at a grade range of 0.45 to 0.65% copper. The Exploration Target estimate complies with recommendations in the Australasian Code for Reporting of Mineral Resources and Ore Reserves (2012) by the Joint Ore Reserves Committee (JORC). The potential quantity and grade is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

RPM concluded: "The Nyungu deposits represent two continuous, well-defined zones of copper-cobalt mineralisation. The broad mineralised zones of economic interest range between structurally complex, folded geometry at Nyungu Central; to relatively simple, east-dipping geometry at Nyungu South. The mineralisation boundaries are well-defined at both deposits. Drilling has confirmed the presence of mineralisation over a strike length of 1,700m at Nyungu Central and 1,000m at Nyungu South.

The deposits display good geological and mineralisation continuity from information provided, however due to the predominantly wide section spaced drilling, both geological and grade continuity is assumed rather than verified".

Nyungu Central Drilling

The consolidated entity, via its 51% owned Zambian subsidiary, Mwombezhi Resources Ltd, drilled nine RC/diamond holes for a total of 2,100m at Nyungu Central in the period. The holes succeeded in determining the orientation of northerly extensions to the mineralisation and in outlining the geometry of mineralisation via follow-up infill holes.

Results received during the period from drilling at Nyungu Central include:

- NYRD030: 22m at 0.51% Cu from 143m
- NYRD031: 32m at 0.48% copper from 26m and 78m at 0.59% copper from 217m including 22m at 0.13% cobalt from 237m
- NYRD038: 31m at 0.53% copper and 0.12% cobalt from 258m including 7m at 0.27% cobalt
- NYRD046: 196m at 0.45% copper from 69m (no cut-off grade applied) including 38m at 1.0% copper and 0.11% cobalt from 183m
- NYRD045: 71m at 0.61% copper from 30m plus 35m at 0.54% copper from 126m plus 65m at 0.49% copper from 221m.

A cut-off grade of 0.1% Cu has been applied to the intercepts shown above unless otherwise stated.

Nyungu South Drilling

Mwombezhi Resources drilled 10 holes at the Nyungu South target for a total of 1,728m across four 400m broadly spaced traverses.

Results received during the period from drilling at Nyungu Central include:

- NYRD040: 29m at 0.53% copper from 27m

A cut-off grade of 0.1% Cu has been applied to the intercept above.

Kavipopo Exploration Target

On 9 April 2013, the consolidated entity announced it had undertaken an in-house Exploration Target estimation for the Kavipopo prospect, also located at the Lumwana West licence on the western lobe of the Mwombezhi Dome in Zambia.

The Kavipopo Exploration Target is 70 to 500Mt. The potential quantity is conceptual in nature. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource.

The Kavipopo Exploration Target is hosted in basement biotite-kyanite schists similar to the host schist at Nyungu. These schists are adjacent to the unconformably overlying Lower Roan sedimentary units. Mineralisation is assumed to be copper (+/- cobalt, nickel, gold and uranium) associated with basement shearing or thrusting.

In 2012, the consolidated entity completed an IP chargeability survey over the Kavipopo target. This survey covered an area with a surface geochemistry anomaly and potassium-uranium radiometric anomaly and succeeded in defining a strong IP chargeability anomaly with a strike length of 1,900m, open to the north and east. The chargeability anomaly dips steeply to the north.

The consolidated entity had not completed a drilling program at Kavipopo at the time the estimation was undertaken, however six historical drill holes were drilled by past explorers. Of these six drill holes, the two which penetrated the chargeability anomaly returned significant intercepts.

Regional Exploration

On 29 April 2013, the consolidated entity announced details of a regional exploration program, currently nearing completion, at Lumwana West. The company considered and ranked the regional targets and prioritised the four best areas.

Induced Polarisation (IP) Geophysics

The consolidated entity is undertaking a major IP geophysics program in three phases over the regional targets. The first phase covered the highest priority regional targets as defined by surface geochemistry and airborne radiometric. Subsequent phases are seeking to define extensions to the subsurface anomalies.

Surface Geochemistry

The consolidated entity is undertaking a soil sampling program concurrent with the IP geophysics program, with soil samples being progressively analysed by handheld XRF. The Company plans to collect 1,380 soil samples in areas that are not subject to hydromorphic effects. The collection of soil samples will be completed in August 2013. Analysis of soil samples is progressing.

Reverse Circulation (RC) Drilling

Preliminary data, compiled prior to the completion of the regional exploration program discussed above, indicate that a significant drilling program of regional targets will be warranted.

The company has established the availability of a suitable drilling rig for the program. The Board is currently in negotiations with several parties in respect of funding for this and future exploration programs at Lumwana West.

The emerging tenor of the regional targets is such that the Board remains confident that suitable financing will be finalised.

Increased Ownership Rights

On 17 June 2013, the consolidated entity announced that its 100% owned subsidiary, Lumwana West Resources Ltd (LWR), had agreed to purchase an additional 3.5% effective interest in the Lumwana West Project for US$150,000. This lifted the consolidated entity's ultimate earnable interest in the project to 88.5%.

In exchange for the payment of US$150,000, the parties to the Lumwana West Joint Venture Agreement agreed to vary LWR's second and third phase earn-in rights by 3.5% each, being a 78.5% interest on the second earn-in and an ultimate 88.5% interest. The additional project equity will be as new shares in the joint venture vehicle, Mwombezhi Resources Ltd.

Subsequent to the period, the consolidated entity further improved its rights under the Lumwana West joint venture by executing a deed further varying the joint venture agreement. These revised terms give LWR the right to take a 90% shareholding in Mwombezhi Resources Ltd at the conclusion of phase two under the joint venture.

In addition to an increased ultimate interest in the project, the consolidated entity benefits by holding a 90% interest prior to and during a feasibility study. The consideration for these enhanced rights was a further payment of US$150,000.

It is worth noting the consolidated entity has now improved its project ownership rights under the Lumwana West joint venture from 68% to 90% via the buy-out of a third-party in the previous year and the execution of the two deeds of variation described above.

These assertive moves towards simplified commercial terms and vastly improved ownership rights are a clear indication of the directors' view on the results to date and significance of the project.

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 in July 2011. The licence was registered in the Zambian 'Flexicadastre' system in the same month.

Under the newly varied terms of the joint venture, the consolidated entity's 100% held subsidiary, Lumwana West Resources Ltd, can earn up to 90% of Mwombezhi Resources Ltd which holds 16121HQ-LPL.

The Joint Venture is in two phases.

- In earning an initial 51%, LWR paid a US$300,000 signing fee and funded US$1.8 million in exploration works prior to 31 December 2012. The consolidated entity paid US$600,000 to the initial shareholders on the first allotment of shares.
- To earn a further 39%, for a total of 90%, LWR must spend an additional US$2.4 million on exploration and make a final cash payment of US$1.1 million to the initial shareholders prior to 31 December 2014.

General

As noted by the consolidated entity in an announcement dated 30 March 2012, an action was initiated by Mwombezhi Resources Ltd in the High Court of Zamia as a precautionary measure to counter concerns raised by Equinox Zambia Ltd (EZL) in relation to an historical application for a retention licence over an area covered by 16121-HQ-LPL. The Argonaut Resources NL board confirms that a satisfactory resolution of this matter will be forthcoming.

AUSTRALIA

Torrens, South Australia
(Argonaut 30%)

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Straits Resources Limited (ASX: SRQ) and relates to the Torrens Project, EL 4296.

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

The consolidated entity previously announced that the Full Court of the Supreme Court of South Australia had overturned the decision of 14 January 2011 by the Environment, Resource and Development Court of South Australia that Mining Operations (exploration) may not be conducted on EL4296.

The Torrens Joint Venture is considering the merits and timing of an ERD Court retrial under the Mining Act. It is important to note that in overturning the original decision, the Full Court provided considerable guidance for the purpose of an ERD Court retrial.

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

Alford, South Australia
(Argonaut 100%)

The Alford Project on South Australia's Yorke Peninsular lies 20km north-east of Wallaroo, within the Olympic Domain near the south-eastern margin of the Gawler Craton. The tenement is prospective for iron oxide copper-gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside.

Alford Joint Venture

On 9 November 2012, the consolidated entity announced it has signed a farm-in joint venture letter agreement with Sandfire Resources Ltd in relation to the consolidated entity's 100% owned Alford project. The joint venture will focus on copper (+/- silver, cobalt, gold) exploration targets on the 477km^2 Alford tenement.

Under the terms of the letter agreement, Sandfire may earn a 49% interest in the Alford tenement by sole funding $4,000,000 of exploration within three years (the first earn-in period). Sandfire completed a minimum 2,000m of drilling within 12 months of the date of the Letter Agreement.

Having met the minimum commitment during the first earn-in period, Sandfire then has the right to form a Joint Venture with Kelaray Pty Ltd, a wholly owned subsidiary of Argonaut Resources NL, to jointly explore the tenement or to proceed to earn an additional 26% interest in the project by spending a further $4,000,000 on exploration within an additional three years (the second earn-in period).

Sandfire identified and prioritised areas of interest during the course of the technical due diligence conducted in mid-2012 over EL3969.

Alford Exploration

Following the execution of the farm-in joint venture letter agreement, an air core drilling program of approximately 17,000m was completed by Sandfire on a nominal grid spacing of 200m x 180m.

A program of diamond drilling was also undertaken by Sandfire to follow up on the anomalous geochemistry defined by the extensive air core program. Diamond drilling targeted geochemically anomalous areas associated with IP chargeability geophysical highs. Four holes for approximately 1,300m were completed. Three holes were completed along the Alford East trend and one hole at the Glenrae prospect.

Ongoing interpretation of drilling results by Sandfire indicates a large, anomalous copper and gold mineralised system with IOCG associations. Diamond drilling results for one hole are pending.

Further work is planned by Sandfire once the crops are harvested in December 2013. This work will include further geophysical surveys, including IP and gravity with follow up air core and diamond drilling.

Musgrave Minerals
(Argonaut 2.1%)

The consolidated entity's wholly owned subsidiary, Kelaray Pty Ltd, vended four mineral Exploration Licence Applications in the Musgrave Block into Musgrave Minerals Ltd. The consolidated entity 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 50,000km^2, approximately 5% of South Australia.

Musgrave Minerals is also earning up to 75% interest in the Menninnie Dam silver-zinc-lead project in South Australia. The Project covers a contiguous area of 2,471km^2 in the Southern Gawler Craton. The project hosts an inferred mineral resource of 7.7Mt at 27g/t silver, 3.1% zinc and 2.6% lead.

Kroombit
(Argonaut 100%)

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

Aroona
(Argonaut 100%)

EL4358 and EL4153, Aroona, are subject to a joint venture agreement with Perilya Limited. No field work was completed on the property during the period although brief reconnaissance work was completed by Perilya on EL4153 to evaluate access to the Aroona NW prospect area. The target is defined by a strong hematite colour anomaly and coincident multispectral ferric iron anomaly. However, access to the area has been hindered recently however due to heavy rains in 2010-2011 which washed out several roadways. Field follow-up on the target including XRF soil surveying and rock chip sampling is planned for next financial year.

LAOS

Xekong

On 15 May 2013, the consolidated entity announced that its 65% held subsidiary, Xekong River Mining Co Ltd, had withdrawn its application to the Lao Government to extend the Xekong Mineral Exploration and Reconnaissance Agreement in Southern Laos.

The Argonaut board is of the view that obtainable renewal terms were not aligned with the project's stage of development.

Xekong River Mining Co Ltd closed its office and wound-up on 30 June 2013.

Century

(Argonaut 70%)

During the period, the consolidated entity's Joint Venture partner, Aurum, continued programs of geological and geochemical sampling at Nam Hone and Khokhe prospects at the Century concession in Laos.

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 the consolidated entity's interest in the Century concession will be 19%.

Century is located approximately 70km northwest 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.

OUTLOOK

Despite challenging share and commodity market conditions, the consolidated entity announced the most significant exploration achievement in its recent history. Our drilling has led to the estimation of an Exploration Target of 130 to 180Mt at 0.45 to 0.65% copper less than two years from the commencement of the Lumwana West project. This recent work has conclusively confirmed the board's initial expectations regarding the area's potential.

The consolidated entity can reasonably expect continued exploration success at Lumwana West with preliminary results from the 2013 regional exploration program exceeding the board's expectations. Details will be announced when the program is completed, all results received and analysed.

The board confirmed the status of Lumwana West as the consolidated entity's flagship project and management actively negotiated to increase its rights to direct project equity.

In implementing these exploration and corporate strategies, the board aims to expand on the consolidated entity's exploration success in Zambia and progress the copper deposits on the Lumwana West licence to a stage that warrants an investment in a feasibility study. A subsequent increase in the inherent resource base and project de-risking can be expected to result in a major increase in the consolidated entity's enterprise value and market capitalisation.

Sections of information contained in this report that relate to Exploration Results were compiled or supervised by Mr Lindsay Owler BSc, MAusIMM who is a Member of the Australasian Institute of Mining and Metallurgy and is a full time employee of Argonaut Resources NL. Mr Owler holds shares and options in Argonaut Resources NL, as described on page 10 of this report. Mr Owler has sufficient experience which is relevant to the style of mineral deposits under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the "Australasian Code for Reporting of Mineral Resources and Ore Reserves". Mr Owler consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

Directors' report

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the year ended 30 June 2013.

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

Principal activities

Argonaut Resources NL is a mineral exploration and development company with operations in Zambia, Australia and Laos. The consolidated entity's prime commodity focus is copper, and to a lesser extent gold. In addition, the consolidated entity holds a 100% interest in a zinc-copper Resource in Queensland, Australia.

During the year, the principal activities of the consolidated entity were expanding on and defining the extent of copper-cobalt mineralisation at the Nyungu Deposit on the Group's Lumwana West project in Zambia. In this regard, the consolidated entity released a maiden estimate of the Exploration Potential at the Nyungu Deposit.

The consolidated entity also undertook regional exploration at the Lumwana West licence to define drill targets capable of hosting significant tonnages of copper mineralisation. This exploration work is ongoing.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax and non-controlling interest amounted to $11,276,733 (30 June 2012: profit of $1,808,140).

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

No matter or circumstance has arisen since 30 June 2013 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

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

Environmental regulation

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

Information on directors

P J D Elliott

NON-EXECUTIVE DIRECTOR AND CHAIRMAN

B.Com, MBA

Experience and expertise

Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 10 years. Mr Elliott is an investment banker who has over 40 years experience in financial management and resource investment and development.

Other current directorships

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 AO Energy Limited (formerly Australia Oriental Minerals NL)

Special responsibilities

Member of remuneration committee

Interest in shares and options

Interests in shares:	160,000
Interests in options:	3,000,000

L J Owler

EXPLORATION DIRECTOR

B.Sc, MAusIMM

Experience and expertise

Exploration Director of Argonaut Resources NL since 27 March 2005. Mr Owler is geologist and geophysicist with 19 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

Interest in shares and options

Interests in shares:	1,000,000
Interests in options:	5,000,000

A W Bursill

DIRECTOR, COMPANY SECRETARY AND CFO

B.Agr. Ec., CA.

Experience and expertise

Mr Bursill is a chartered accountant with more than 15 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 company secretary of Aguia Resources Limited, MOKO.mobi Limited, Site Group International Limited, Eagle Nickel Limited, Elk Petroleum Limited, Novogen Limited, Gladiator Resources 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) and AO Energy Limited (formerly Australia Oriental Minerals NL)

Special responsibilities

Member of remuneration committee

Interest in shares and options

Interests in shares:	2,041,198
Interests in options:	3,000,000

M R Richmond

NON-EXECUTIVE DIRECTOR

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. Mr Richmond is a fellow of the Australian Academy of Technological Sciences & Engineering and the Australian Institute of Mining and Metallurgy. 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 of development at Hamersley Iron Pty Limited. Mr Richmond is a visiting professor at the University of Western Australia teaching in the MBA programme and has special interests in corporate strategy.

Other current directorships

Chairman of Strike Resources Ltd

Former directorships (in the last 3 years)

Structural Monitoring Systems Plc, Cuervo Resources Inc, Advanced Braking Technology Ltd.

Special responsibilities

Member of remuneration committee

Interest in shares and options

Interests in shares: None

Interests in options: 1,500,000

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

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

Company secretary

A W Bursill

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2013, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
PJ D Elliott	6	6
L J Owler	6	6
A W Bursill	6	6
M R Richmond	6	6

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

There were no meetings of the remuneration committee during the year although the members of the remuneration committee do have discussions on remuneration matters. Any matters are resolved by way of circular resolution.

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 directors 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.

Voting and comments made at the company's 30 June 2012 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 2012. 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 key management personnel of consolidated entity 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

2013	Short-term benefits			Post-employment payments	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	46,110	131,110
A W Bursill	40,000	-	-	-	-	46,110	86,110
M R Richmond	85,000	-	-	-	-	46,110	131,110
Executive Directors:							
L J Owler	250,000	-	28,619	10,109	4,167	76,850	369,745
	460,000	-	28,619	10,109	4,167	215,180	718,075

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 2013, Franks and Associates Pty Ltd were paid a total of $141,072 (2012: $193,498).

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

2012	Short-term benefits			Post-employment payments	Long-term benefits	Share-based payments	
Name	Cash salary and fees	Bonus	Non-monetary	Superannuation	Long service leave	Equity-settled	Total
	$	$	$	$	$	$	$
Non-Executive Directors:							
P J D Elliott	85,000	-	-	-	-	-	85,000
A W Bursill	40,000	-	-	-	-	-	40,000
M R Richmond	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

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2013	2012	2013	2012	2013	2012
Non-Executive Directors:						
PJ D Elliott	65%	100%	- %	- %	35%	- %
A W Bursill	46%	100%	- %	- %	54%	- %
M R Richmond	65%	100%	- %	- %	35%	- %
Executive Directors:						
L J Owler	79%	100%	- %	- %	21%	- %

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 2013.

Options

The terms and conditions of each grant of options over ordinary shares 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
06/12/2012	06/12/2012	31/12/2015	$0.10	$0.031

Options granted carry no dividend or voting rights.

The number of options over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Number of options granted during the year		Number of options vested during the year	
Name	2013	2012	2013	2012
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	-
M R Richmond	1,500,000	-	1,500,000	-

Values of options over ordinary shares granted, exercised and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2013 are set out below:

	Value of options granted during the year	Value of options exercised during the year	Value of options lapsed during the year	Remuneration consisting of options for the year
Name	$	$	$	%
P J D Elliott	46,110	-	-	-
L J Owler	76,850	-	-	-
A W Bursill	46,110	-	-	-
M R Richmond	46,110	-	-	-

E Additional information

The earnings of the consolidated entity for the five years to 30 June 2013 are summarised below:

	2009	2010	2011	2012	2013
	$	$	$	$	$
Profit/(loss) after income tax	(1,299,340)	296,162	(3,792,133)	1,808,140	(11,401,172)

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

	2009	2010	2011	2012	2013
Share price at financial year end ($A)	0.06	0.07	0.07	0.05	0.03
Basic earnings per share (cents per share)	(0.79)	0.18	(1.75)	0.71	(4.33)

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
06/12/2012	31/12/2015	$0.10	7,000,000
			14,000,000

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 2013 and up to the date of this report.

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 $16,137.

Indemnity and insurance of auditor

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

Proceedings on behalf of the company

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

Non-audit services

Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 30 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 30 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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

16 September 2013

Auditor's Independence Declaration

Building a better working world

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

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

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 2013, 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
20 September 2013

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 as follows. 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 breakdown of fees for nonaudit 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 2013 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	Disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to the company's size and nature of operations, the company has not implemented a diversity policy.
3.4	Disclose in each annual report the proportion of women employees in the whole organisation, women in senior executives positions and women on the Board.	Due to the company's size and nature of operations, there are no women in senior executive positions at the present time.
3.5	Provide the information indicated in the guide to reporting on Principle 3.	

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.

Financial report

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 20 September 2013.

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2013

	Note	Consolidated 2013 $	2012 $
Revenue	4	146,263	368,757
Other income	5	-	4,701,169
Expenses			
Employee benefits expense		(262,236)	(169,372)
Office administration expense		(228,950)	(206,747)
Depreciation and amortisation expense	6	(35,000)	(19,626)
Impairment of intangibles	6	(837,413)	-
Impairment of exploration and evaluation assets	6	(8,995,003)	(69,966)
Loss on derivative financial instrument		(338,364)	(2,083,091)
Share based payments		(215,180)	-
Other expenses	6	(635,289)	(741,780)
Profit/(loss) before income tax expense		(11,401,172)	1,779,344
Income tax expense	7	-	-
Profit/(loss) after income tax expense for the year		(11,401,172)	1,779,344
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Foreign currency translation		160,910	28,354
Loss on the revaluation of financial assets, net of tax		(450,581)	(2,127,834)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation		547,022	121,931
Other comprehensive income for the year, net of tax		257,351	(1,977,549)
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(11,143,821)	(198,205)
Profit/(loss) for the year is attributable to:			
Non-controlling interest		(124,439)	(28,796)
Owners of Argonaut Resources NL	25	(11,276,733)	1,808,140
		(11,401,172)	1,779,344
Total comprehensive income for the year is attributable to:			
Non-controlling interest		(124,439)	(28,796)
Owners of Argonaut Resources NL		(11,019,382)	(169,409)
		(11,143,821)	(198,205)
		Cents	**Cents**
Basic earnings per share	39	(4.33)	0.71
Diluted earnings per share	39	(4.33)	0.71

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

Statement of financial position

As at 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Assets			
Current assets			
Cash and cash equivalents	8	1,347,705	5,968,019
Trade and other receivables	9	33,640	151,863
Other	10	39,033	36,955
		1,420,378	6,156,837
Non-current assets classified as held for sale	11	467,495	-
Total current assets		1,887,873	6,156,837
Non-current assets			
Financial assets at fair value	12	1,034,641	1,485,222
Derivative financial instruments	13	217,531	555,895
Investment properties	14	-	479,744
Property, plant and equipment	15	144,259	230,104
Intangibles	16	50,000	693,029
Exploration and evaluation	17	7,415,768	12,797,631
Exploration and evaluation - earn in	18	5,187,999	2,947,268
Total non-current assets		14,050,198	19,188,893
Total assets		15,938,071	25,345,730
Liabilities			
Current liabilities			
Trade and other payables	19	613,384	684,348
Employee benefits	20	59,444	30,828
Total current liabilities		672,828	715,176
Non-current liabilities			
Employee benefits	21	68,609	64,442
Contingent consideration	22	100,000	-
Total non-current liabilities		168,609	64,442
Total liabilities		841,437	779,618
Net assets		15,096,634	24,566,112
Equity			
Issued capital	23	37,069,509	35,867,009
Reserves	24	(4,468,035)	(3,520,779)
Accumulated losses	25	(21,620,906)	(10,344,173)
Equity attributable to the owners of Argonaut Resources NL		10,980,568	22,002,057
Non-controlling interest	26	4,116,066	2,564,055
Total equity		15,096,634	24,566,112

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

Statement of changes in equity

For the year ended 30 June 2013

	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:						
Aurum earn-in	-	-	-	-	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

	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Consolidated						
Balance at 1 July 2012	35,867,009	(3,749,379)	228,600	(10,344,173)	2,564,055	24,566,112
Loss after income tax expense for the year	-	-	-	(11,276,733)	(124,439)	(11,401,172)
Other comprehensive income for the year, net of tax	-	257,351	-	-	-	257,351
Total comprehensive income for the year	-	257,351	-	(11,276,733)	(124,439)	(11,143,821)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 23)	1,202,500	-	-	-	-	1,202,500
Share-based payments (note 40)	-	-	215,180	-	-	215,180
Aurum earn-in	-	-	-	-	1,676,663	1,676,663
Acquisition of remaining interest in subsidiary	-	(1,587,087)	167,300	-	(213)	(1,420,000)
Balance at 30 June 2013	37,069,509	(5,079,115)	611,080	(21,620,906)	4,116,066	15,096,634

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

Statement of cash flows

For the year ended 30 June 2013

	Note	Consolidated 2013 $	Consolidated 2012 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(862,243)	(1,155,459)
Interest received		190,052	322,673
Rental income		27,820	32,922
Net cash used in operating activities	38	(644,371)	(799,864)
Cash flows from investing activities			
Payments for investments		-	(850,000)
Payments for property, plant and equipment	15	(2,099)	(154,910)
Payments for intangibles	16	(194,384)	(135,281)
Payments for exploration and evaluation	17	(1,838,193)	(4,056,237)
Payments for exploration and evaluation - earn in		(2,240,731)	(2,158,402)
Proceeds from sale of investment, net of disposal costs		-	3,800,000
Net cash used in investing activities		(4,275,407)	(3,554,830)
Cash flows from financing activities			
Cash paid for Arctic Scene NCI acquisition		(250,000)	-
Funds advanced by Aurum for earn-in		548,918	1,722,582
Net cash from financing activities		298,918	1,722,582
Net decrease in cash and cash equivalents		(4,620,860)	(2,632,112)
Cash and cash equivalents at the beginning of the financial year		5,968,019	8,599,032
Effects of exchange rate changes on cash		546	1,099
Cash and cash equivalents at the end of the financial year	8	1,347,705	5,968,019

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 amended 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 below. 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 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 July 2012. The amendments requires 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. The amendments also introduced the term 'Statement of profit or loss and other comprehensive income' clarifying that there are two discrete sections, the profit or loss section (or separate statement of profit or loss) and other comprehensive income section.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The consolidated entity has applied AASB 1012-2 from 1 January 2013, which enhanced the disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') to provide information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position.

AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle
The consolidated entity has applied AASB 2012-5 from 1 January 2013. The amendments affect five Australian Accounting Standards as follows: Confirmation that repeat application of AASB 1 (IFRS 1) 'First-time Adoption of Australian Accounting Standards' is permitted; Clarification of borrowing cost exemption in AASB 1; Clarification of the comparative information requirements when an entity provides an optional third column or is required to present a third statement of financial position in accordance with AASB 101 'Presentation of Financial Statements'; Clarification that servicing of equipment is covered by AASB 116 'Property, Plant and Equipment', if such equipment is used for more than one period; clarification that the tax effect of distributions to holders of equity instruments and equity transaction costs in AASB 132 'Financial Instruments: Presentation' should be accounted for in accordance with AASB 112 ‘Income Taxes’; and clarification of the financial reporting requirements in AASB 134 Interim Financial Reporting' and the disclosure requirements of segment assets and liabilities.

AASB 2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039
The consolidated entity has applied AASB 2011-9 amendments from 1 January 2013. The amendments remove reference in AASB 1048 following the withdrawal of Interpretation 1039 'Substantive Enactment of Major Tax Bills in Australia'.

Note 1. Significant accounting policies (continued)

Going concern
The financial report has been prepared on a going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business. The consolidated entity has incurred net losses after tax of $11,401,172 (2012: profit after tax of $1,779,344) and net cash outflows from operating and investing activities of $4,620,860 (2012: $2,632,112) for the year ended 30 June 2013. For the reasons described below, conditions exist that indicate there is a material uncertainty as to the consolidated entity's ability to continue as a going concern.

The directors have prepared cash flow forecasts which indicate that the current cash resources will not be sufficient to fund planned exploration expenditure, other principal activities and working capital requirements without the sale of non-core assets and/or capital raising. The consolidated entity will be required to realise through the sale of non-core assets by 31 December to fund its current operations through to 30 September 2014. The consolidated entity is reviewing various capital raising opportunities to meet its capital requirements.

Based on the cash flow forecasts and achieving all or some funding, the directors are confident that the consolidated entity will be able to continue as a going concern. The directors are confident in the consolidated entity's ability to fund its activities as mentioned above.

Should the consolidated entity be unable to raise capital or realise the sale of non-core assets, there is a material uncertainty whether the consolidated entity will be able to continue as a going concern and therefore, whether it will be able to realise its assets and discharge its liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts, or to the amounts and classification of liabilities that might be necessary should the consolidated entity not continue as a going concern.

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 for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Note 1. Significant accounting policies (continued)

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 34.

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 2013 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 profit or loss and other comprehensive income, statement of financial position and statement of changes in equity 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.

Note 1. Significant accounting policies (continued)

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 approximate the rate at the date of the transaction, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity.

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

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.

Note 1. Significant accounting policies (continued)

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, 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.

Argonaut Resources NL (the 'head entity') and its wholly-owned Australian controlled entities have formed an income tax consolidated group under the tax consolidation regime. The head entity and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. The tax consolidated group has applied the 'separate taxpayer within group' approach in determining the appropriate amount of taxes to allocate to members of the tax consolidated group.

In addition to its own current and deferred tax amounts, the head entity also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the tax consolidated group. The tax funding arrangement ensures that the intercompany charge equals the current tax liability or benefit of each tax consolidated group member, resulting in neither a contribution by the head entity to the subsidiaries nor a distribution by the subsidiaries to the head entity.

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)

Non-current assets or disposal groups classified as held for sale
Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable.

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on 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 arm's 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. 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.

Note 1. Significant accounting policies (continued)

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.

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 remeasured annually at fair value, based on similar assets, location and market conditions. Movements in fair value are recognised directly to profit or loss.

Investment properties are derecognised when disposed of or when there is no future economic benefit expected due to withdrawal from use.

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 if there is no reasonable certainty of obtaining ownership.

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 and cash-settled share-based compensation benefits are provided to employees.

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

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the 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.

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

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

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

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

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

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 2013. 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 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.

Note 1. Significant accounting policies (continued)

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.

AASB 119 Employee Benefits (September 2011) and AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)
This revised standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The amendments make changes to the accounting for defined benefit plans and the definition of short-term employee benefits, from 'due to' to 'expected to' be settled within 12 months. The later will require annual leave that is not expected to be wholly settled within 12 months to be discounted allowing for expected salary levels in the future period when the leave is expected to be taken. The adoption of the revised standard from 1 July 2013 is expected to reduce the reported annual leave liability of the consolidated entity.

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 2014 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.

AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2013. The disclosure requirements of AASB 7 'Financial Instruments: Disclosures' (and consequential amendments to AASB 132 'Financial Instruments: Presentation') have been enhanced to provide users of financial statements with information about netting arrangements, including rights of set-off related to an entity's financial instruments and the effects of such rights on its statement of financial position. The adoption of the amendments from 1 July 2013 will increase the disclosures by 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 (refer to the respective notes) 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-financial assets other than goodwill and other indefinite life intangible assets
The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the 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.

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

Note 3. Operating segments

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

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

Note 3. Operating segments (continued)

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.

Operating segment information

Consolidated - 2013	Australia $	Laos $	Zambia $	Intersegment eliminations/ unallocated $	Total $
Assets					
Segment assets	1,496,835	6,062,063	5,094,869	-	12,653,767
Unallocated assets:					
Cash and cash equivalents					1,347,705
Other assets					1,936,599
Total assets					15,938,071
Liabilities					
Unallocated liabilities:					
Current					672,828
Non current					168,609
Total liabilities					841,437

Note 3. Operating segments (continued)

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

Note 4. Revenue

	Consolidated 2013 $	Consolidated 2012 $
Interest	118,443	335,835
Other revenue	27,820	32,922
Revenue	146,263	368,757

Note 5. Other income

	Consolidated 2013 $	Consolidated 2012 $
Gain on loss of associate - Cuesta Coal	-	4,701,169

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

Note 6. Expenses

	Consolidated 2013 $	Consolidated 2012 $
Profit/(loss) before income tax includes the following specific expenses:		
Depreciation		
Property, plant and equipment	35,000	19,626
Impairment		
Intangibles - note 16	837,413	-
Exploration and evaluation assets - note 17	8,995,003	-
Total impairment	9,832,416	-
Other expenses include:		
Audit, accounting and legal fees	366,115	283,823
Professional fees- farm-in joint venture with Mwombezhi Resources	-	219,928
Office lease and maintenance	25,618	10,636
Statutory expenses	74,754	70,719
Travelling	118,802	67,276
Tenement expenses	-	89,398
Increase in deferred consideration	50,000	-
Total other expenses	635,289	741,780

Note 7. Income tax expense

	Consolidated 2013 $	Consolidated 2012 $
Income tax expense		
Current tax	(452,698)	107,492
Deferred tax	(44,463)	543,220
Tax losses (used) / unused	497,161	(650,712)
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit/(loss) before income tax expense	(11,401,172)	1,779,344
Tax at the statutory tax rate of 30%	(3,420,352)	533,803
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	2,923,190	116,909
	(497,162)	650,712
Tax losses (used) / unused	497,162	(650,712)
Income tax expense	-	-

Note 7. Income tax expense (continued)

Tax losses not recognised

Unused income tax losses carried forward to later years are $32,656,593 (2012: $30,682,599) resulting in potential tax benefits of $9,796,978 (2012: $9,204,780) The potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

	Consolidated	
	2013	2012
	$	$
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carry forward tax losses	913,353	957,816
Provisions and accruals	57,548	44,832
Interest receivable	-	(24,727)
Prepayments	-	(3,210)
Exploration and evaluation	(970,901)	(974,711)
Total deferred tax assets not recognised	-	-

There are $164,107 (2012: $36,579) in aggregate taxable temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which deferred tax liabilities have not been recognised.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2013	2012
	$	$
Cash at bank	347,705	3,047,147
Cash on deposit	1,000,000	2,920,872
	1,347,705	5,968,019

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

Note 9. Current assets - trade and other receivables

	Consolidated	
	2013	2012
	$	$
Other receivables	22,828	69,440
Interest receivable	10,812	82,423
	33,640	151,863

Note 10. Current assets - other

	Consolidated 2013 $	2012 $
Prepayments	39,033	36,955

Note 11. Current assets - non-current assets classified as held for sale

	Consolidated 2013 $	2012 $
Investment properties	467,495	-

The investment property has been reclassified as held for sale within current assets given plans to dispose of it within the next 12 months.

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

	Consolidated 2013 $	2012 $
Quoted equity securities	1,034,641	1,485,222
Reconciliation		
Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out		
Opening fair value	1,485,222	400,000
Additions	-	7,013,056
Disposals	-	(3,800,000)
Revaluation decrements	(450,581)	(2,127,834)
Closing fair value	1,034,641	1,485,222

Refer to note 28 for further information on financial instruments.

Quoted securities represent 16.7m shares in Cuesta Coal Limited and 2.5m shares in Musgrave Minerals Limited. The company holds 16.7 million shares in Cuesta Coal Limited of which 13.9 million are subject to a 24 month escrow.

Following the conversion of convertible notes into ordinary shares and options in April 2012, 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 instruments

	Consolidated 2013 $	Consolidated 2012 $
Derivative financial instruments	217,531	555,895

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

	2013 $	2012 $
Opening fair value	555,895	-
Additions	-	2,638,986
Revaluation decrements	(338,364)	(2,083,091)
Closing fair value	217,531	555,895

Unquoted options relate to 26.6m options issued by Cuesta Coal Limited in April 2012, exercisable at 25 cents and expiring 31 December 2015, subject to a 24 month escrow. 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 73%
- Risk-free interest rate 2.76%

Note 14. Non-current assets - investment properties

	Consolidated 2013 $	Consolidated 2012 $
Investment property - at cost	-	489,951
Less: Accumulated depreciation	-	(10,207)
	-	479,744
	-	479,744

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

	2013 $	2012 $
Opening fair value	479,744	489,951
Classified as held for sale (note 11)	(467,495)	-
Depreciation expense	(12,249)	(10,207)
Closing fair value	-	479,744

At the year end, the investment property has been reclassified as held for sale within current assets given plans to dispose of it within the next 12 months.

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

	Consolidated 2013 $	Consolidated 2012 $
Land - at cost	13,133	13,133
	13,133	13,133
Leasehold improvements - at cost	24,562	24,562
Less: Accumulated depreciation	(12,857)	(6,806)
	11,705	17,756
Plant and equipment - at cost	102,395	224,661
Less: Accumulated depreciation	(91,621)	(165,726)
	10,774	58,935
Motor vehicles - at cost	261,961	331,727
Less: Accumulated depreciation	(153,314)	(191,447)
	108,647	140,280
	144,259	230,104

Reconciliations

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

	Leasehold improvements $	Land $	Plant and equipment $	Motor vehicles $	Total $
Consolidated					
Balance at 1 July 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
Additions	-	-	2,099	-	2,099
Disposals	-	-	(9,837)	-	(9,837)
Exchange differences	-	-	(2,589)	16,909	14,320
Depreciation expense	(6,051)	-	(37,834)	(48,542)	(92,427)
Balance at 30 June 2013	11,705	13,133	10,774	108,647	144,259

Note 16. Non-current assets - intangibles

	Consolidated 2013 $	Consolidated 2012 $
Intangible assets - at cost	887,413	693,029
Less: Impairment	(837,413)	-
	50,000	693,029
	50,000	693,029

Note 16. Non-current assets - intangibles (continued)

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 2011	-	-
Additions	135,281	135,281
Transfers in/(out)	557,748	557,748
Balance at 30 June 2012	693,029	693,029
Additions	194,384	194,384
Impairment of assets	(837,413)	(837,413)
Balance at 30 June 2013	50,000	50,000

The intangible asset relates to title held by Kelaray 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. Given the delays in resolving the legal disputes, an impairment has been recognised to bring the carrying value of the intangible asset to the recoverable value associated with Keleray's right to the tenement.

Note 17. Non-current assets - exploration and evaluation

	Consolidated	
	2013 $	**2012 $**
Exploration and evaluation assets - at cost	20,026,204	16,413,064
Less: Impairment	(12,610,436)	(3,615,433)
	7,415,768	12,797,631
	7,415,768	12,797,631

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

	Australia $	Century Laos $	Xekong Laos $	Mwombezhi Zambia $	Total $
Consolidated					
Balance at 1 July 2011	1,928,141	4,099,020	2,662,803	-	8,689,964
Expenditure during the year	579,670	2,258,398	1,846,187	2,209,528	6,893,783
Impairment of assets	(69,966)	-	-	-	(69,966)
Transfers in/(out)	(557,748)	(2,158,402)	-	-	(2,716,150)
Balance at 30 June 2012	1,880,097	4,199,016	4,508,990	2,209,528	12,797,631
Expenditure during the year	131,280	-	596,519	2,885,341	3,613,140
Impairment of assets	(564,542)	(3,324,952)	(5,105,509)	-	(8,995,003)
Balance at 30 June 2013	1,446,835	874,064	-	5,094,869	7,415,768

Note 17. Non-current assets - exploration and evaluation (continued)

At the interim date, exploration expenditure with regards to South Australian tenements at Mt Parry, Campfire Bore, Sandstone and Myrtle Springs were impaired. Further impairments were made to bring the Kroombit tenements and the company's interest in Century project in Laos respectively to their fair values at the year end.

Furthermore, as disclosed in the interim report, advancement of the Xekong project in Laos was subject to licence renewal and funding from potential joint venture partners willing to meet licence renewal requirements. Given these events did not happen, the Xekong area tenements were fully impaired at year end.

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

	Consolidated	
	2013	2012
	$	$
Exploration and evaluation - earn-in partner	5,187,999	2,947,268

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	
	2013	2012
	$	$
Trade payables	103,941	262,689
Advance from Aurum	3,234	8,714
Trade and other payables - payable by earn-in partner	376,189	-
Other payables	130,020	412,945
	613,384	684,348

Refer to note 28 for further information on financial instruments.

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

Note 20. Current liabilities - employee benefits

	Consolidated	
	2013	2012
	$	$
Annual leave	59,444	30,828

Note 21. Non-current liabilities - employee benefits

	Consolidated 2013 $	Consolidated 2012 $
Long service leave	68,609	64,442

Note 22. Non-current liabilities - contingent consideration

	Consolidated 2013 $	Consolidated 2012 $
Contingent consideration	100,000	-

In the event the estimation of a resource located within the area of 16121-HQ-LPL containing at least 1,000,000 tonnes of in-ground copper metal ("the Resource"), a milestone payment of $2 million in cash or shares in Argonaut Resources NL may be payable as additional consideration.The Resource must be estimated to JORC standards with an average grade of at least 0.5% copper, using a cut-off grade of 0.2%. Based on current available estimates, a maximum fair value of $100,000 has been recognised as contingent consideration in relation to the purchase of Nsansala Resources Limited's 20% interest in Lumwana West Resources Ltd.

Note 23. Equity - issued capital

	Consolidated 2013 Shares	Consolidated 2012 Shares	Consolidated 2013 $	Consolidated 2012 $
Ordinary shares - fully paid	274,876,470	253,376,470	37,069,509	35,867,009

Movements in ordinary share capital

Details	**Date**	**No of shares**	**Issue price**	**$**
Balance	1 July 2011	253,376,470		35,867,009
Balance	30 June 2012	253,376,470		35,867,009
Issue of shares	6 December 2012	1,500,000	$0.06	82,500
Issue of shares	11 December 2012	20,000,000	$0.06	1,120,000
Balance	30 June 2013	274,876,470		37,069,509

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

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

Note 23. Equity - issued capital (continued)

Shares issued during the year
The issue of shares on 6 December 2012 relates to non- cash consideration for advisory services and on 11 December 2012 relates to consideration for the purchase of Nsansala Resources Limited's 20% interest in Lumwana West Resources Ltd through Arctic Scene Limited.

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 24. Equity - reserves

	Consolidated 2013 $	Consolidated 2012 $
Foreign currency reserve	(913,613)	(1,621,545)
Share-based payments reserve	611,080	228,600
Revaluation reserve	(2,578,415)	(2,127,834)
Transaction between shareholders reserve	(1,587,087)	-
	(4,468,035)	(3,520,779)

	Foreign currency reserve $	Share based payment reserve $	Revaluation reserve $	Transaction between shareholders reserve $	Total $
Consolidated					
Balance at 1 July 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	(1,621,545)	228,600	(2,127,834)	-	(3,520,779)
Revaluation - gross	-	-	(450,581)	-	(450,581)
Foreign currency translation	707,932	-	-	-	707,932
Share-based payments *	-	215,180	-	-	215,180
Acquisition of remaining interest in subsidiary **	-	167,300	-	(1,587,087)	(1,419,787)
Balance at 30 June 2013	(913,613)	611,080	(2,578,415)	(1,587,087)	(4,468,035)

* Options issued to directors of $215,180.

** Consideration for acquisition of remaining 20% non-controlling interest in Lumwana West Resources Ltd through Arctic Scene Limited, satisfied by a combination of cash payment of $250,000, issuance of shares of $1,120,000, share options of $167,300 and deferred consideration fair valued at $50,000 at acquisition date.

Note 24. Equity - reserves (continued)

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

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

Note 25. Equity - accumulated losses

	Consolidated 2013 $	Consolidated 2012 $
Accumulated losses at the beginning of the financial year	(10,344,173)	(12,152,313)
Profit/(loss) after income tax expense for the year	(11,276,733)	1,808,140
Accumulated losses at the end of the financial year	(21,620,906)	(10,344,173)

Note 26. Equity - non-controlling interest

	Consolidated 2013 $	Consolidated 2012 $
Aurum earn in	4,301,335	2,624,673
Accumulated losses	(185,269)	(60,618)
	4,116,066	2,564,055

Note 27. Equity - dividends

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

Note 28. 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 nature 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 28. 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 $1,034,641 and $217,531 respectively.

	Average price increase			Average price decrease		
Consolidated - 2013	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Equity investments	20%	-	206,928	20%	-	(206,928)
Derivative financial	20%	-	-	20%	(43,506)	-
		-	206,928		(43,506)	(206,928)

	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	20%	-	-	20%	(183,445)	-
		-	297,044		(183,445)	(297,044)

Interest rate risk

Note 28. Financial instruments (continued)

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

	2013		2012	
	Weighted average interest rate %	Balance $	Weighted average interest rate %	Balance $
Consolidated				
Cash and cash equivalents deposits	2.60	1,347,705	4.03	5,968,019
Net exposure to cash flow interest rate risk		1,347,705		5,968,019

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

	Basis points increase			Basis points decrease		
Consolidated - 2013	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	6,738	-	50	(6,738)	-

	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)	-

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
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. 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.

Note 28. Financial instruments (continued)

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 - 2013	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	460,972	-	-	-	460,972
Other payables	149,178	-	-	-	149,178
Total non-derivatives	610,150	-	-	-	610,150

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

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 - 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity shares	1,034,641	-	-	1,034,641
Options	-	217,531	-	217,531
Total assets	1,034,641	217,531	-	1,252,172

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

There were no transfers between levels during the financial year.

Note 28. Financial instruments (continued)

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 29. 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

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

	Consolidated	
	2013	**2012**
	$	**$**
Short-term employee benefits	488,619	440,134
Post-employment benefits	10,109	-
Long-term benefits	4,167	12,539
Share-based payments	215,180	-
	718,075	452,673

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:

2013	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	2,041,198	-	-	-	2,041,198
	3,201,198	-	-	-	3,201,198

M R Richmond does not hold any shares.

Note 29. Key management personnel disclosures (continued)

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

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:

2013	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	-	-	3,000,000
L J Owler	2,500,000	2,500,000	-	-	5,000,000
A W Bursill	1,500,000	1,500,000	-	-	3,000,000
M R Richmond	-	1,500,000	-	-	1,500,000
	5,500,000	7,000,000	-	-	12,500,000

2013	Vested and exercisable	Vested and unexercisable	Vested at the end of the year
Options over ordinary shares			
P J D Elliott	3,000,000	-	3,000,000
L J Owler	5,000,000	-	5,000,000
A W Bursill	3,000,000	-	3,000,000
M R Richmond	1,500,000	-	1,500,000
	12,500,000	-	12,500,000

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

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

Note 29. Key management personnel disclosures (continued)

Related party transactions
Related party transactions are set out in note 33.

Note 30. 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	
	2013	**2012**
	$	**$**
Audit services - Ernst & Young		
Audit or review of the financial statements	55,100	55,000
Other services - Ernst & Young		
Preparation of the tax return and tax related services	6,000	18,000
Other assurance services	-	15,000
	6,000	33,000
	61,100	88,000
Audit services - network firms		
Audit or review of the financial statements	15,000	7,970

Note 31. Contingent liabilities

There were no contingent liabilities as at year end (2012: nil).

Note 32. Commitments

	Consolidated	
	2013	**2012**
	$	**$**
Lease commitments - operating		
Committed at the reporting date but not recognised as liabilities, payable:		
Within one year	-	5,834

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. The Biloela lease expired during the year whereas the Port Broughton lease expired during the prior year. Both leases were not renewed.

Note 33. Related party transactions

Parent entity
Argonaut Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 35.

Joint ventures
Interests in joint ventures are set out in note 36.

Key management personnel
Disclosures relating to key management personnel are set out in note 29 and the remuneration report in the directors' report.

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

	Consolidated	
	2013	**2012**
	$	**$**
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	141,072	193,498

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	
	2013	**2012**
	$	**$**
Current borrowings:		
Contributions from Aurum to the Century joint venture	3,234	8,174

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. The increase in exploration and evaluation assets and property, plant and equipment arises from 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 34. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2013	2012
	$	$
Profit/(loss) after income tax	(6,403,637)	2,223,806
Total comprehensive income	(6,854,218)	95,972

Statement of financial position

	Parent	
	2013	2012
	$	$
Total current assets	1,392,537	6,056,100
Total assets	16,202,900	21,272,181
Total current liabilities	257,286	161,496
Total liabilities	425,895	225,938
Equity		
Issued capital	37,069,509	35,867,009
Share-based payments reserve	611,080	228,600
Revaluation reserve	(2,578,415)	(2,127,834)
Accumulated losses	(19,325,169)	(12,921,532)
Total equity	15,777,005	21,046,243

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 2013 and 30 June 2012.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2013 and 30 June 2012.

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 35. 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 2013 %	Equity holding 2012 %
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	99.00
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	100.00
Arctic Scene Ltd	Hong Kong	100.00	80.00
Yellow Bridge Limited	Hong Kong	100.00	100.00
Lumwana West Resources Limited	Zambia	100.00	80.00
Argonaut (CCSS) Pty Ltd	Australia	100.00	100.00

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

In December 2012, the consolidated entity acquired the remaining 20% interest in Lumwana West Resources Ltd through Arctic Scene Limited.

Note 36. 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	
		2013	2012
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	69.00
Xekong, Laos	Gold	-	65.00
Lumwana West, Zambia ****	Copper	51.00	-

* 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 90% in the project (2012: 85%). In October 2012, 51% shareholding in Mwombezhi Resources Ltd was alloted to the Lumwana West upon completion of the initial earn-in by spending U$1.8 million on exploration and by paying the original shareholders of Mwombezhi Resources Ltd a milestone payment of U$600,000.

Note 37. Events after the reporting period

No matter or circumstance has arisen since 30 June 2013 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 38. Reconciliation of profit/(loss) after income tax to net cash used in operating activities

	Consolidated	
	2013	2012
	$	$
Profit/(loss) after income tax expense for the year	(11,401,172)	1,779,344
Adjustments for:		
Depreciation and amortisation	35,000	19,626
Impairment of non-current assets	8,995,003	69,966
Impairment of intangibles	837,413	-
Share-based payments	215,180	-
Gain on loss of investment in associate	-	(4,701,169)
Loss on derivative financial instrument	338,364	2,083,091
Other	82,500	-
Contingent consideration fair valued through profit or loss	50,000	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	116,146	(10,704)
Increase/(decrease) in trade and other payables	87,195	(40,018)
Net cash used in operating activities	(644,371)	(799,864)

Note 39. Earnings per share

	Consolidated	
	2013	2012
	$	$
Profit/(loss) after income tax	(11,401,172)	1,779,344
Non-controlling interest	124,439	28,796
Profit/(loss) after income tax attributable to the owners of Argonaut Resources NL	(11,276,733)	1,808,140
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	260,375,100	253,376,470
Weighted average number of ordinary shares used in calculating diluted earnings per share	260,375,100	253,376,470
	Cents	**Cents**
Basic earnings per share	(4.33)	0.71
Diluted earnings per share	(4.33)	0.71

There are 14 million share options excluded from the calculation of diluted earnings per share that could potentially dilute basic earnings per share in the future because they are anti-dilutive for the current period presented.

Note 40. 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. 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 is 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:

2013

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
06/12/12	31/12/15	$0.10	-	7,000,000	-	-	7,000,000
			7,000,000	7,000,000	-	-	14,000,000

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

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

Grant date	Expiry date	2013 Number	2012 Number
01/12/10	31/12/13	7,000,000	7,000,000
06/12/12	31/12/15	7,000,000	-
Total exercisable		14,000,000	7,000,000

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 1.50 years (2012: 1.15 years).

The average exercise price of options outstanding as at the end of the financial year was $0.20 (2012:$0.28).

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
06/12/12	31/12/15	$0.07	$0.10	84.00%	0.00%	2.69%	$0.031

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 2013 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)(a) of the Corporations Act 2001.

On behalf of the directors

P J D Elliott

Chairman

20 September 2013

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

Building a better working world

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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 2013, 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 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

In conducting our audit we have complied with the independence requirements of the *Corporations Act 2001*. We have given to the directors of the company a written Auditor's Independence Declaration, a copy of which is included in the directors' report. We confirm that the Auditor's Independence Declaration would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

a. the financial report of Argonaut Resources 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 2013 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 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without qualifying our opinion, we draw attention to Note 1 in the financial report which describes the principal conditions that raise doubt about the entity's ability to continue as a going concern. As a result of these matters, there is significant uncertainty whether the consolidated entity will continue as a going concern, and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial report. The financial report does not include any adjustments relating to the recoverability and classification of recorded asset amounts or to the amounts and classification of liabilities that might be necessary should the company not continue as a going concern.

Report on the remuneration report

We have audited the Remuneration Report included in the directors' report for the year ended 30 June 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

M. Elliott

Michael Elliott
Partner
Sydney
20 September 2013

Shareholder information

The shareholder information set out below was applicable as at 24 September 2013.

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	1,610	446,988	43.12%
1,001-5,000	604	1,660,001	16.18%
5,001-10,000	331	2,636,711	8.86%
10,001-100,000	849	32,165,210	22.74%
100,001 and Over	340	237,967,560	9.11%
Totals	**3,734**	**274,876,470**	**100.00**

	Options (1)	Options (2)	Options (3)
1-1,000	-	-	-
1,001-5,000	-	-	-
5,001-10,000	-	-	-
10,001-100,000	-	-	-
100,001 – Above	4	4	1
Totals	**4**	**4**	**1**

Number	Expiry	Exercise Price	Number under option
(1)	31 December 2013	$0.30	7,000,000
(2)	31 December 2015	$0.10	7,000,000
(3)	11 December 2015	$0.15	10,000,000

There were 2,898 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	BDO ZAMBIA TRUST COMPANY UNLIMITED	20,000,000	7.28%
2	GLENEDEN NOMINEES PTY LTD	13,315,160	4.84%
3	CLELAND PROJECTS PTY LTD	9,377,515	3.41%
4	CRESCENT NOMINEES LIMITED	7,047,245	2.56%
5	MR ANDREI MAZOURENKO & MRS ELENA MAZOURENKO	3,750,000	1.36%
6	MS ZHENGHUA WANG	3,109,563	1.13%
6	CHATENOIS PTY LTD	3,000,001	1.09%
7	CITICORP NOMINEES PTY LIMITED	2,931,851	1.07%
8	GOLDSKY ENTERPRISES PTY LTD	2,800,000	1.02%
9	RIVERLINK INVESTMENTS PTY LTD	2,800,000	1.02%
10	UNAVAL NOMINEES PTY LTD	2,750,000	1.00%
11	PACIFIC GOLD RESOURCES LIMITED 23RD FLOOR	2,609,484	0.95%
12	AVONLANE HOLDINGS PTY LTD	2,588,851	0.94%
13	MR XIANG GAO	2,582,000	0.94%
14	MS LAY KEE TAY	2,546,694	0.93%
15	DYNASTY METALS AUSTRALIA LTD	2,546,099	0.93%
16	MR MARTIN GREEN	2,500,000	0.91%
17	BESTFIELD COMPANY	2,488,248	0.91%
18	MR JONATHAN CLIVE MANIFOLD	2,443,674	0.89%
19	MR KING SIANG TIONG	2,385,567	0.87%
20	GLENEDEN NOMINEES PTY LTD	2,320,000	0.84%
	Total 20 holders total	**95,891,952**	**34.89%**
	Balance of register	**178,984,518**	**65.11%**
	Total holders	**274,876,470**	**100.00%**

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	$0.10 Unlisted Options expiring 31 December 2015	$0.15 Unlisted Options expiring 11 December 2015
AMICUS GROUP LIMITED	2,500,000	2,500,000	-
BJ RETAIL PTY LTD <JAMSI A/C>	1,500,000	1,500,000	-
MR PATRICK ELLIOTT	1,500,000	1,500,000	-
ELIZABETH ANNE WILLIAMS	1,500,000	1,500,000	-
NSANSALA RESOURCES LIMITED	-	-	10,000,000
Total	**7,000,000**	**7,000,000**	**10,000,000**

C. Substantial shareholders

There were no substantial shareholders notices lodged by shareholders in the Company since the 2012 Annual Report.

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 20 November 2013.

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 Km²**	**Locality**	**Licensee**	**Interest**
EL 5183	21/05/2012	20/05/2014	36	Campfire Bore	Coombedown Resources Pty Ltd	10%[1]
EL 5212	05/11/2012	04/11/2015	477	Alford	Kelaray Pty Ltd	100%
EL 4153[2]	03/06/2008	03/06/2013	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 4296[2]	18/08/2009	17/08/2013	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 4358	04/11/2009	03/11/2014	127	Mt Parry	Kelaray Pty Ltd	100%
EL 4577	18/10/2010	17/10/2013	134	Sandstone	Coombedown Resources Pty Ltd	10%[1]

Queensland Mineral Exploration Permit						
Tenement	**Granted**	**Expiry**	**Area Km²**	**Locality**	**Licensee**	**Interest**
EPM 15705[3]	28/09/2006	27/09/2016	125	Kroombit Creek	Kelaray Pty Ltd	100%
EPM 18071[4]	29/11/2011	28/11/2014	113	Malakoff Creek	Kelaray Pty Ltd	100%

Queensland Mining Lease						
Tenement	**Granted**	**Expiry**	**Area Km²**	**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 Km²**	**Locality**	**Licensee**	**Interest**
174/MIH.DGM[2]	08/10/2004	21/02/2013	226	Sangthong	Argonaut Resources Laos Co Ltd	70%
184/MIH.DGM[5]	08/10/2004	21/02/2013	500	Kaleum	Xekong River Mining Co Ltd	65%

Zambian Large Scale Prospecting Licences						
Tenement	**Applied**	**Expiry**	**Area Km²**	**Locality**	**Licensee**	**Interest**
16121-HQ-LPL	21/07/2011	20/07/2015	588	North Western province	Mwombezhi Resources Ltd	51%

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

2 Renewal application

3 Partial Relinquishment in progress

4 Surrender in progress

5 Renewal withdrawn

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