Argonaut Resources NL

ABN 97 008 084 848

Annual Report - 30 June 2016

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
Share register	Link Market Services Limited Level 12 680 George Street Sydney NSW 2000
Auditor	Ernst & Young 200 George Street Sydney NSW 2000
Solicitors	Addisons Lawyers Level 12 60 Carrington Street Sydney NSW 2000
Bankers	National Australia Bank Level 36 100 Miller Street North Sydney NSW 2060
Stock exchange listing	Argonaut Resources NL shares are listed on the Australian Securities Exchange (ASX code: ARE)
Website	www.argonautresources.com

Dear Shareholders,

During the year we have carefully added to our exploration portfolio following the disappointing drilling results from our Lumwana West property in Zambia. The recent relatively depressed mineral exploration sector has provided opportunities to become involved in properties with sound prospectivity at modest up front entry cost. Our overriding intent is to use our combination of geological and commercial skills and experience to achieve exploration success. This necessitates participating in numbers of exploration programs as it is a high risk/high reward endeavour.

In particular, we have acquired the Crescent Lake and Greenbush Lake lithium properties in Ontario, Canada. Our approach is to let the drill bit do the talking and we have concluded an initial drilling program at Crescent Lake with very encouraging results. In our entry into lithium exploration we are very mindful of having assets that have a very good chance of “breaking out of the peloton”. To this end we have evaluated numerous possible lithium prospects and rejected participation. We concluded that for the vast majority of these, the exploration prospectivity was limited and/or the entry terms too onerous. We will maintain this discipline in any new lithium assets we evaluate.

The lithium exploration interest has been driven by exceptional price increases since mid-2015, especially for lithium carbonate product. Lithium-ion battery demand created acceleration in demand ahead of the upstream supply capacity expansion. There will no doubt be an increase in the mine supply of lithium products in the near future. However, there is a strong chance that this may not be rapid enough to prevent further price increases in the next year or two. Against this backdrop, it is to be expected that any lithium exploration result that shows high enough grade to be a low cost supply will attract investor support. For open cut spodumene prospects, such as ours, we assess the hurdle is likely to be thick intercepts greater than 1.3% Li_20.

For Torrens (30% Joint Venture interest) we are finally, after nearly 9 years of legal wrangling on Native Title matters, on the cusp of getting the necessary permissions to be able to resume exploration drilling. The most significant access battle has been conflicting Native Title claims. Our adversaries for Torrens access had their claim struck out from the register following a Federal Court judgement in August. We now have a pathway to resolve the necessary approvals under the South Australian Mining Act and Aboriginal Heritage Act. We have agreed the pathway with our Joint Venture partners, Aeris Resources Limited (previously named Straits Resources Limited).

Our Joint Venture must still secure access approvals but the greatly reduced standing of our adversaries makes this process relatively straight forward i.e. the same as any other South Australian mineral explorer.

It is timely to remind shareholders about why we have spent so much time and money in pursuing the exploration access to Torrens.

The Torrens anomaly is one of the largest and most geologically prospective Iron Oxide Copper-Gold (IOCG) exploration targets in the world. The Torrens anomaly is enormous. Specifically, it is estimated that the volume of subsurface rock with both the density and magnetic susceptibility of IOCG ore totals approximately 13 billion tonnes – potentially larger than Olympic Dam. The limited historical drilling by WMC and modern (2007/8) drilling by the Torrens Joint Venture has confirmed that the targeted geophysical anomalies are associated with IOCG alteration systems.

We are keenly looking forward to letting the drill bit get back to work on this massive and exciting iron-oxide-copper-gold target (IOCG).

Although Lumwana West drilling results last year were disappointing and failed to meet our Joint Venture partner’s (Antofagasta) criteria we are looking at options to pursue further follow up of the Nyungu mineralisation where we established an Exploration Target of between 130Mt and 180Mt at a grade range of 0.45% to 0.65% copper (Estimated by independent technical consultancy RungePincockMinarco in accordance with the 2012 JORC Code). There are many additional targets in and around Nyungu that offer potential for additional mineralization.

Our progress has been against a backdrop of the usual market volatility.

Although the S&P/ASX Metals and Mining Index ended about 13% higher than one year ago, this was after it had fallen by 30% by January 2016. These movements were driven primarily by swings in metal prices and overall market sentiment. We note that there has been a sound improvement in sentiment since the January 2016 low as market liquidity and capital raising activity has picked up. There are plenty of signs that we have seen the worst and a resources up-turn has commenced.

Metals demand generally continues to grow modestly as Global Real GDP growth rates remain subdued and, in particular, China’s metals demand growth has eased. Many metals markets appear to be at or close to demand/supply equilibrium and reported stocks tending to be reducing. This augurs well for prices looking forward as long as the demand side continues even modest growth.

In this regards, most Central Banks around the world continue to run very accommodative monetary policies as they continue to argue that deflation is a serious economic threat and inflation is generally contained around 1 -2% in major developed economies. The US Federal Reserve is a potential exception where some increase in interest rates is being telegraphed. Overall, interest rates remain extremely low (or negative) by any historical comparison. However, these monetary policies have done little to stimulate real economic growth (and possibly the reverse) as the main beneficiaries of Zero (or Negative) Interest Rate Policies have been Governments who predominantly continue to run large deficits which are primarily driven by consumption and entitlement spending rather than investment. It seems almost impossible to see through to: what happens next? There does seem a good possibility of strong demand and prices for gold (and other hard assets) as an investment preference by many investors as they seek a shelter from negative interest rates.

Despite these uncertainties many commodity prices are likely to strengthen as prices have been below the cash costs of higher cost producers which sets the scene for the inevitable supply cuts. Certainly, for copper there is very limited supply expansion at current prices around US$2.15/lb. This augurs well for a sustained upswing in copper prices over the next couple of years.

We are looking to position ourselves for this upswing. Fortuitously, Torrens is now able to move ahead and we are confident that Tier-1 copper exploration targets like Torrens can now access the necessary capital. In addition, we continue to evaluate large scale copper opportunities (IOCG and porphyry style targets) in Zambia and other financeable jurisdictions.

We look forward to our exploration work gaining substantial momentum over the coming year. With the support of shareholders who participated in our capital raisings we are now preparing to let the drill bit do the talking.

Finally, I would like to acknowledge the continued dedication and hard work of our executive team Managing Director, Lindsay Owler and Chief Geologist, Tim Birt. They remain enthusiastic as they focus on applying their exceptional management and technical skills to our exploration activities.

I thank you for your continued support of our Company and look forward to reporting on our progress.

Pat Elliott
Chairman

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'group') consisting of Argonaut Resources NL (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 30 June 2016.

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 Canada, Zambia and Australia. The consolidated entity's prime commodity focus is lithium and 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 the identification and development of mineral resource opportunities with an emphasis on projects that were amenable to value-adding via exploration and rapid development into production.

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

Review of operations
The loss for the group after providing for income tax amounted to $7,810,060 (30 June 2015: $6,750,798).

A review of operations report is presented below.

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

Matters subsequent to the end of the financial year
No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

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

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

Information on directors

Name:	P J D Elliott
Title:	Non-executive director and chairman
Qualifications:	B.Com, MBA
Experience and expertise:	Mr Elliott has been an Independent non-executive chairman of Argonaut Resources NL for over 10 years. Mr Elliott is an investment banker who has over 40 years' experience in financial management and resource investment and development.
Other current directorships:	Cap-XX Limited, Global Geoscience Limited and Variscan Mines Limited
Former directorships (last 3 years):	Cuesta Coal Limited
Special responsibilities:	Member of remuneration committee
Interests in shares:	196,082
Interests in options:	10,666

Name:	L J Owler
Title:	Exploration director
Qualifications:	B.Sc, MAusIMM
Experience and expertise:	Argonaut Resources NL's Exploration Director since 27 March 2005 and was appointed onto the Board as Executive Director on 1 June 2005. Mr Owler is a 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 (last 3 years):	None
Special responsibilities:	None
Interests in shares:	1,400,000
Interests in options:	66,666

Name:	A W Bursill
Title:	Director, company secretary and CFO
Qualifications:	B.Agr. Ec., CA.
Experience and expertise:	Mr. Andrew Bursill holds a Bachelor of Agricultural Economics from the University of Sydney and is a Chartered Accountant, qualifying with PricewaterhouseCoopers (formerly Price Waterhouse). Since commencing his career as an outsourced CFO and Company Secretary in 1998, Mr. Bursill has been CFO, Company Secretary and/or Director for numerous ASX listed, unlisted public and private companies, in a range of industries covering mineral exploration, oil and gas exploration, biotechnology, technology, medical devices, retail, venture capital and wine manufacture and distribution. In addition to his role at Argonaut Resources NL, Mr Bursill is currently a Director of the following listed company: ShareRoot Limited
Other current directorships:	ShareRoot Limited
Former directorships (last 3 years):	None
Special responsibilities:	Member of remuneration committee
Interests in shares:	3,049,438
Interests in options:	136,080

Name:	M R Richmond
Title:	Non-executive director
Qualifications:	BSc Hons (Metallurgy) and B. Comm. Merit (Econs) New South Wales
Experience and expertise:	Professor Richmond is a qualified metallurgist and economist with extensive senior executive and board experience in the resource and technology industries. He is a fellow of the Australian Academy of Technological Sciences & Engineering and the Australian Institute of Mining and Metallurgy. Professor Richmond spent 30 years with the Rio Tinto and CRA Groups including the position of managing director of research and development and vice president strategy and acquisitions. Immediately prior to his retirement he held the position of managing director of development at Hamersley Iron Pty Limited. Professor Richmond served as a visiting professor at the University of Western Australia until January 2012, teaching in the MBA programme.
Other current directorships:	Strike Resources Ltd
Former directorships (last 3 years):	Water Resources Group Ltd, Cuervo Resources Inc (listed on CSE) and Advanced Braking Technology Ltd.
Special responsibilities:	Member of remuneration committee
Interests in shares:	None
Interests in options:	None

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

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

Company secretary
A W Bursill

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

	Full Board	
	Attended	Held
PJ D Elliott	9	9
L J Owler	9	9
A W Bursill	9	9
M R Richmond	8	9

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.

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

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

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

The 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 director and executive director remuneration is 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 three components:
- base pay and non-monetary benefits
- share-based payments
- other remuneration such as superannuation and long service leave

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

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

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

Voting and comments made at the company's 30 June 2015 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 2015. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

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

The key management personnel of the group consisted of the following directors of Argonaut Resources NL:
- P J D Elliott
- L J Owler
- A W Bursill
- M R Richmond

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
P J D Elliott	65,398	-	-	-	-	-	65,398
A W Bursill	37,500	-	-	-	-	-	37,500
M R Richmond	65,398	-	-	-	-	-	65,398
Executive Directors:							
L J Owler	231,250	-	-	21,969	4,308	-	257,527
	399,546	-	-	21,969	4,308	-	425,823

As reported in the 2015 Annual Report, as part of the company's cost cutting initiatives the Board agreed to reduce non-executive director fees of P Elliott and M Richmond from $85,000 p.a. to $65,000 p.a and L Owler agreed to a 10% salary reduction. This was subsequently restored to its original level following the increased level of activities.

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. Franks and Associates Pty Ltd were paid a total of $148,065 (2015: $155,148).

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Long service leave $	Equity-settled $	Total $
Non-Executive Directors:							
P J D Elliott	80,000	-	-	-	-	-	80,000
A W Bursill	40,000	-	-	-	-	-	40,000
M R Richmond	80,000	-	-	-	-	-	80,000
Executive Directors:							
L J Owler	243,750	-	-	22,922	(3,527)	-	263,145
	443,750	-	-	22,922	(3,527)	-	463,145

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2016	2015	2016	2015	2016	2015
Non-Executive Directors:						
PJ D Elliott	100%	100%	-	-	-	-
A W Bursill	100%	100%	-	-	-	-
M R Richmond	100%	100%	-	-	-	-
Executive Directors:						
L J Owler	100%	100%	-	-	-	-

Service agreements

Remuneration and other terms of employment for the exploration director, L Owler, is yet to be formalised in a service agreement. L Owler salary is currently at $250,000 p.a. plus superannuation, noting that the actual amount paid during the year ended 30 June 2016 was less than this amount as a result of the temporary 10% salary reduction as reported in the 2015 Annual Report.

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

Share-based compensation

Issue of shares

There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2016.

Options

Details of options over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Grant date	Number of options lapsed
P Elliott	6/12/2012	1,500,000
M Richmon	6/12/2012	1,500,000
A Bursill	6/12/2012	1,500,000
L Owler	6/12/2012	2,500,000

Additional information

The earnings of the group for the five years to 30 June 2016 are summarised below:

	2012 $	2013 $	2014 $	2015 $	2016 $
Profit/(loss) after income tax	1,808,140	(11,401,172)	(7,779,724)	(6,586,287)	(7,810,060)

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

	2012	2013	2014	2015	2016
Share price at financial year end ($)	0.050	0.030	0.020	0.006	0.012
Basic earnings / (loss) per share (cents per share)	0.710	(4.330)	(0.725)	(1.484)	(1.592)

Additional disclosures relating to key management personnel

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

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
P J D Elliott	192,001	-	4,081	-	196,082
L J Owler	1,200,000	-	200,000	-	1,400,000
A W Bursill	3,049,438	-	-	-	3,049,438
	4,441,439	-	204,081	-	4,645,520

M R Richmond does not hold any interest in shares of the company.

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

	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
Options over ordinary shares					
P J D Elliott	1,510,666	-	-	(1,500,000)	10,666
L J Owler	2,566,666	-	-	(2,500,000)	66,666
A W Bursill	1,636,080	-	-	(1,500,000)	136,080
M R Richmond	1,500,000	-	-	(1,500,000)	-
	7,213,412	-	-	(7,000,000)	213,412

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
14/03/2014 *	31/03/2017	$0.060	17,179,779
17/04/2014 *	31/03/2017	$0.060	5,726,593
05/05/2014 *	31/03/2017	$0.060	14,181,918
07/07/2014 *	31/03/2017	$0.060	916,667
10/06/2016 **	30/06/2018	$0.020	15,000,000
			53,004,957

* Listed options granted under rights issued
** Unlisted options

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

Shares issued on the exercise of options
There were no ordinary shares of Argonaut Resources NL issued on the exercise of options during the year ended 30 June 2016 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 contract of insurance prohibits disclosure of the nature of liability and the amount of premium.

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

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

Non-audit services
Details of the amounts paid or payable to the auditor for non-audit services provided during the financial year by the auditor are outlined in note 22 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 22 to the financial statements do not compromise the external auditor's independence requirements of the Corporations Act 2001 for the following reasons:

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

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

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

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

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

On behalf of the directors

P J D Elliott
Chairman

30 September 2016

Review of Operations

Canada

Crescent Lake, Ontario

Commodity: Lithium

Argonaut Interest: Acquiring 100% plus 100%

Operator: Argonaut

Highlights

- Results from a six-hole program of drilling at the Falcon Lake West deposit feature potentially economic intercepts through thick, spodumene-bearing pegmatites.
- Highlights from 2016 drilling include:
  - 24.4m at 1.48% Li_2O from 10.9m; including
    - 9.0m at 1.95% Li_2O from 20.4m in drill hole FLDD006.
  - 21.7m at 1.09% Li_2O from 48.0m; including
    - 7.9m at 1.31% Li_2O from 49.8m in drill hole FLDD001.
- Adjacent 23m and 10m thick pegmatites at Falcon Lake West deposit.
- 3 to 4 stacked pegmatites over 670m at the Tebish occurrence.
- The deposits are hard rock pegmatite deposits containing spodumene mineralisation.
- The areas surrounding these known deposits are yet to be systematically explored.
- There is excellent potential to define deposit extensions and additional deposits.
- The deposits are well located close to the North American rail network and a major port.

On 4 March 2016, Argonaut released details of the acquisition of the Crescent Lake Lithium Project to the ASX.

Previous Exploration

The areas were drilled in the 1950s, during a Canadian lithium exploration boom, and then again in 2010-11. Neither drilling program was extensive. Drilling data from the 1950s was reported prior to modern JORC and NI43-101 standards being established. This late 1950s diamond core drilling was undertaken by British Canadian Lithium Mining Corporation. The 2010-11 era drilling at Falcon Lake and Zigzag is reported to NI43-101 standards.

All previous drilling has focused on surface or near-surface lithium bearing pegmatites.

Falcon Lake

There are four known pegmatite occurrences in the Falcon Lake area, with the Falcon Lake West deposit being the main focus of previous exploration programs. The Falcon Lake West deposit comprises two south-easterly dipping pegmatite deposits with approximate true widths of 23m and 10m.

There is little evidence in the historical database of systematic exploration for strike extensions to the Falcon Lake West deposit. An independent technical report dated 2011 recommends a program of exploration for ‘blind extensions… where the landscape is dominated by thick overburden (cover) and outcrop is sparse’.

Zigzag

There are three main lithium pegmatite occurrences in the Zigzag area: Tebishogeshik (*Tebish*), Dempster L28 and Dempster East. Lithium bearing pegmatites were first discovered in the area east of Zigzag Lake in 1955.

The Tebish occurrence is a stack of 3-4 pegmatites which have been intercepted by wide-spaced drilling over a strike length of 670m. The system strikes east-northeast and dips approximately 40 degrees to the south. Given the broad drill spacing and structural continuity, lithium grades within the pegmatite stack are poorly understood. Additional drilling is required to determine the orientation and extent of high grade spodumene mineralisation within the lenses.

There is significant exploration potential for strike extensions.

Deposit Geology

The Crescent Lake lithium deposits are hard rock, 'complex-type/spodumene sub-type' pegmatite deposits. The pegmatites also feature elevated tantalum and are geologically comparable to the lithium tantalum pegmatites being mined at Tanco in Manitoba, Canada and Greenbushes in Western Australia.

The known deposits outcrop/subcrop and are potentially suitable for open-cut mining.

Exploration Potential

Argonaut considers the claim areas under option to have strong potential for the discovery of additional deposits. The areas surrounding outcropping spodumene pegmatites are yet to be systematically explored by surface sampling. Volcanic and sedimentary cover is interpreted to obscure certain areas surrounding the known occurrences.

Significant opportunity exists to define:

- additional mineralised pegmatites;
- stacked pegmatites associated with known occurrences;
- strike extensions to known pegmatites; and
- down-dip extensions to the existing drill intercepts.

The project benefits from its location in a geological province hosting several lithium mines and deposits, a high quality database of previous work and access to experienced local geological contractors.

Crescent Lake Drilling

In July 2016, Argonaut completed a six-hole program of diamond core drilling at the Falcon Lake West deposit. The program targeted two pegmatite units, one of which outcrops boldly. The Falcon Lake West deposit is one of four identified target areas featuring spodumene-bearing pegmatites in the eastern portion of the Crescent Lake project area.

Highlights of the 2016 drilling program include:

- 24.4m at 1.48% Li_2O from 10.9m; including
  - 9.0m at 1.95% Li_2O from 20.4m in drill hole FLDD006.
- 11m at 1.05% Li_2O from 40.2m; including
  - 6m at 1.26% Li_2O from 43.8m in drill hole FLDD0002.
- 21.7m at 1.09% Li_2O from 48.0m; including
  - 7.9m at 1.31% Li_2O from 49.8m in drill hole FLDD001.

This program confirmed that grades and thicknesses in the Falcon Lake area are potentially economic.

Regional Lithium Deposits

Many internationally significant and geologically comparable hard rock lithium deposits occur in Ontario, Quebec and Manitoba Provinces, Canada. Lithium deposits are frequently hosted on or near the margins of geological sub-domains within the Archean age Superior Province.

Tanco**:** is an underground lithium, caesium and tantalum mine located in Manitoba Province, 500km west of Crescent Lake. The Tanco orebody is hosted by a complex-type lithium pegmatite.

Separation Rapids: is a complex-type lithium pegmatite deposit located 440km west of Crescent Lake within the same geological sub-province.

Georgia Lake**:** spodumene pegmatite deposit located 60km south of the Crescent Lake Project.

Seymour Lake**:** is a lithium-beryllium-tantalum pegmatite deposit located approximately 10km west of the Crescent Lake Project.

Location and Infrastructure
The Crescent Lake Lithium Project is located 250km north-northwest of Thunder Bay in Ontario, Canada.

The project is accessible by road from Thunder Bay via Armstrong Station. A class-one railway line runs within 20km of the project area, and Armstrong (railway) Station is located 75km to the south-west. The rail network interconnects with the US.

The Port of Thunder Bay is a major facility that ships grain, coal, liquids and general cargo via the Great Lakes to the Atlantic Ocean.

Electricity substations and gas pipelines are located between Lake Superior and Lake Nipigon, 50-60km south of the project area.

Mineral Claims
On 8 June 2016, Argonaut announced it has increased its lithium holding by securing claims over the remainder of the Crescent Lake/Seymour Lake pegmatite swarm.

These new claims, held 100% by Argonaut, cover the under-explored area between clusters of known spodumene-bearing pegmatites. The Falcon Lake Far West spodumene pegmatite occurrence is located within the new claims.

The new claims cover an area of 54km^2. Argonaut now holds or has an option to acquire approximately 80km^2 of the Crescent Lake/Seymour Lake pegmatite swarm.

Greenbush Lake, Ontario

Commodity: Lithium

Argonaut Interest: 100%

Operator: Argonaut

Highlights
- Argonaut purchased the Greenbush Lake Lithium Pegmatite Project.
- The project has confirmed high grades from existing rock chip samples. These include 2.46% Li_2O, 1.96% Li_2O and 15m (50 feet) at 1.25% Li_2O.
- The geological setting makes the area highly prospective for the definition of further lithium-bearing pegmatites.

The Greenbush Lake Lithium Pegmatite Project is in Ontario, Canada, and features a large, outcropping spodumene pegmatite with grades of up to 2.46% Li_2O within an area confirmed as having the requisite geological components for lithium pegmatite emplacement.

The known lithium pegmatite occurrence is 15m wide by 30m in exposed strike length. The actual strike length of the known pegmatite has not yet been determined as the exposure continues under thin sedimentary cover to the north and under lake waters to the south. The pegmatite has not been drilled.

There is excellent potential to define:

- strike extensions to the known mineralised pegmatite;
- related stacked pegmatites; and
- additional lithium bearing pegmatites.

The property has not been explored by modern, systematic means.

The exposed pegmatite is known as the *East Pashkokogan Lake occurrence* and was originally discovered by the Ontario Department of Mines during a regional mapping program in the 1960s. Further investigations were conducted by the department in the early 2000s and this work confirmed that the area has the geological elements required for emplacement of lithium pegmatites.

Previous Exploration

Three phases of exploration have been undertaken in the area of the lithium occurrence.

1. The Ontario Department of Mines discovered the pegmatite around 1965 and took a chip sample across the full width (50 feet) of the outcrop. Analysis of the chip sample returned 1.25% Li_2O.
2. Placer Development Ltd explored the area for tantalum in 1980. A magnetic survey attempting to define the extent of the pegmatite was unsuccessful, however an assay of the outcrop returned 2.46% Li_2O.
3. Canadian Orebodies Inc. undertook an exploration program in 2009. Which included a rock-chip sampling program.

Location

The Greenbush Lake Project is located approximately 150km north-west of Argonaut's Crescent Lake Lithium Project and sits between East Pashkokogan Lake and Greenbush Lake. The project is held via three mineral claims. The project area is accessible via boat in summer and by snowmobile during the winter.

Regional Geology

Lithium bearing pegmatites of the Superior Province generally occur along boundaries of geological sub-provinces. Fertile granites near sub-provincial boundaries are the source of the lithium and rare element pegmatites. The Greenbush Lake Project features these necessary elements.

Purchase Agreement

Argonaut purchased a 100% interest in three mineral claims from Canadian Orebodies Inc (*COB*) for CAD100,000. The claims are subject to a 2% net smelter royalty payable to COB.

Australia

Torrens, SA

Commodities: Copper, Gold

Argonaut Interest: 30%

Operator: Argonaut

Highlights

- A claim by the group that has prevented access to the Torrens anomaly was refused.
- Applications for native title over Lake Torrens by two other groups were also dismissed.
- An application for authorisation to drill the Torrens anomaly will now be made in the absence of registered native title claims or granted native title rights.
- The Torrens anomaly is confirmed to be the geophysical response to a very large iron oxide copper-gold (IOCG) system in the area of the Olympic Dam and Carrapateena mineral deposits.
- On 30 and 31 August appeals were filed by all three of the claimant groups.
- The lodgement of appeals does not act as a stay of proceedings or - unless any appeal ultimately succeeds – reinstate native title claims.
- Appeals to the Full Federal Court typically take 12 to 30 months to decide.

"Whilst Argonaut has for years sought a pathway through the legal quagmire at Lake Torrens, it has never advocated the denial of rights to parties with long-held connection to the area. The emotional investment by aboriginal witnesses is substantial and Argonaut empathises with those concerned", Lindsay Owler

The Torrens Anomaly

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

Drilling of the Torrens anomaly by Western Mining Corporation in the late 1970s and by the Torrens Joint Venture in 2007 and 2008 confirmed the existence of a major iron oxide copper-gold mineralising system beneath several hundred metres of sedimentary cover.

More drilling is required to vector-in on the modelled copper-gold mineralisation. In the event of a discovery, Torrens has the potential to host a world-class copper-gold deposit.

The Lake Torrens Overlap Proceeding

The Lake Torrens Overlap Proceeding was initiated by the Federal Court to determine which of three native title claimant groups is entitled to hold native title rights and which claimed rights can be granted.

The aboriginal claimant groups involved in the proceeding were the Adnyamathanha people, the Barngarla people and the Kokatha people. All three groups have held multiple native title claims over Lake Torrens since the introduction of the Native Title Act in 1993. All three groups hold granted native title rights in areas adjoining the lake.

The trial involved two main parts: lay-evidence, given both ‘on-country’ and in the courtroom by senior aboriginal representatives of each group; and expert evidence, given by anthropologists, archaeologists and an historian.

Argonaut’s wholly owned subsidiary and tenement holder over the Torrens anomaly, Kelaray Pty Ltd, was an active respondent in the proceeding.

The overlap proceeding came after a long period where competing native title claims and intra-group conflict made access negotiations impossible.

Judgement Implications

Certain members of the Kokatha group fought against access to the Torrens anomaly on the basis that exploration works were incompatible with mythological beliefs held in regard to Lake Torrens and Andamooka Island.

Justice Mansfield commented that:

> *“There is no evidence of Kokatha occupation of any areas to the east of [the] western boundary of Lake Torrens at the time of first European contact, or indeed … until well into the 20th century, probably about the 1980s.”*

As a result of this judgement, the Kokatha people - particularly the individuals referred above - will have significant difficulty in establishing standing to grant or withhold native title authority in the area of the Torrens anomaly.

Confrontational litigation in the early stages of a mineral development project is not conducive to a long-term working relationship and Argonaut is grateful for the opportunity to restart access negotiations on the basis established by this judgement.

Aboriginal Heritage Act Amendment

In March 2016, both houses of the South Australian Government passed the Aboriginal Heritage (Miscellaneous) Amendment Bill. This bill removed from the Aboriginal Heritage Act a controversial provision regarding compulsory delegation of Ministerial decision making power.

Further, transitional provisions make void any pre-existing applications for delegation.

This legislative amendment removes an unintended veto mechanism that was used by certain individuals in SA to frustrate access to development sites, including the Torrens licence.

The Way Forward

The Torrens Joint Venture can now make an application for exploration approval in the absence of both registered native title claims and granted native title rights. This change significantly simplifies the approval process, particularly in light of the Joint Venture’s previously approved environmental and operations proposals.

In addition, the Joint Venture must re-establish certain previously held government approvals.

The Torrens Joint Venture

The Torrens Joint Venture is between Argonaut Resources NL and Aeris Resources Limited (ASX: AIS, previously Straits Resources Ltd) and relates to the Torrens Project, EL5614.

The Torrens Joint Venture is exploring for iron oxide-copper-gold 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 Minerals' Carrapateena copper-gold deposit and 75 kilometres from BHP Billiton's Olympic Dam mine.

In its role as manager of the joint venture, Argonaut's wholly owned subsidiary, Kelaray Pty Ltd, is working to secure access to the tenement for the purpose of a planned seven-hole drilling program targeting areas which have been geophysically modelled as having the physical properties of large iron oxide-copper-gold deposits.

Lake Blanche, SA

Commodity: Lithium

Argonaut Interest: 100%

Operator: Argonaut

Highlights

- The lake is prospective for lithium brines due to its distinctive geological and hydrological qualities.
- The lake is also prospective for potash mineralisation.
- The licences cover an area of 2,000km^2 and Lake Blanche itself has a surface area of 1,700km^2.
- The size of the lake suggests it could represent an internationally important lithium source in the event economic concentrations of lithium are found in its brines.

The Lake Blanche exploration licence areas have the potential to host lithium brines and potash. Lake Blanche is a closed to restricted basin covering an area of 1,700 km^2. It has a broad catchment that includes the Mt Babbage and Mt Painter Inliers which are recorded as containing elevated rare elements including lithium and tantalum.

Economic concentrations of lithium in brine generally occur in circumstances where ground waters percolate through neighbouring lithium bearing rocks into a closed, continental basin that has not been subject to marine flooding throughout its geological history. Lake Blanche appears to fit these requirements.

An arc of lakes, including Lake Blanche, to the north of the Flinders Ranges has been independently defined as prospective by Geoscience Australia in a 2013 report titled 'A Review of Australian Salt Lakes and Assessment of their Potential for Strategic Resources'. Argonaut, having assessed the potential of each lake on merit, determined that Lake Blanche has the best potential for economic lithium grades.

In the event economic concentrations of lithium are contained in Lake Blanche's brines, the lake has the potential to be an internationally significant source.

No previous lithium brine exploration has been recorded in the Lake Blanche area although historic brine exploration has been undertaken at Lake Frome, to the southeast.

Kroombit, QLD

Commodities: Zinc, Copper

Argonaut Interest: 100%

Operator: Argonaut

An application for a Mineral Development Licence over the area required to develop the Kroombit zinc-copper deposit was granted by the Queensland Government. No field based work was undertaken during the period.

Background
Argonaut holds a 100% interest in the Kroombit zinc-copper deposit in Central Queensland via its interest in ML5631 and EPM15705. Mining on ML5631 is subject to a 2% net smelter royalty, payable to Aeris Resources Ltd.

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

- a Zinc Resource of 5.2 million tonnes at 1.9% zinc and 0.15% copper using a cut-off of 1.0% Zn, for 98,800 tonnes of zinc and 7,800 tonnes of copper; and
- a Copper Resource of 0.9 million tonnes at 1.0% copper at a cut-off of 0.5% Cu for 9,000 tonnes of copper.

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

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

Alford, SA

Commodities: Copper, Gold
Argonaut Interest: 100%
Operator: Sandfire Resources NL

The Alford Project on South Australia's Yorke Peninsula lies 20km north-east of Wallaroo within the geological province known as the Olympic Domain. The tenement is prospective for iron oxide copper-gold mineralisation as found at Prominent Hill, Olympic Dam and Hillside.

Alford Farm-in Joint Venture
Argonaut previously announced it had signed a farm-in joint venture letter agreement with Sandfire Resources NL (ASX: SFR) for the exploration of the Company's 100% owned exploration licence 5212, Alford, on the Yorke Peninsula in South Australia.

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).

Sandfire has now met the minimum expenditure commitment for the First Earn-in and the companies have agreed to extend the period of the farm-in by two years.

Sandfire then has the right to either form a joint venture with Argonaut's subsidiary, Kelaray Pty Ltd, 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).

Aroona, SA

Commodity: Zinc
Argonaut Interest: 100%
Operator: Perilya Ltd

EL5220 and EL5336, Aroona, are subject to a joint venture agreement with Perilya Limited. No field based work was undertaken at Aroona during the period.

Zambia

Lumwana West

Commodities: Copper, Cobalt
Argonaut Interest: 65%
Operator: Argonaut

Highlights

- Antofagasta advised it has exercised its first option to acquire a 25% interest in the Lumwana West project. The interest holdings in the project are now Argonaut 65%, Antofagasta 25% and the initial shareholders 10%.
- Antofagasta also advised it has terminated the second option with the effect being it will not proceed to sole fund the second phase.
- Approved second phase works will be funded pro rata by Argonaut and Antofagasta.
- Argonaut remains the operator of the project.

The Lumwana West project is located in the Central African Copperbelt, North-Western Province, Zambia. The area is prospective for large tonnage, low to medium grade copper deposits. There are several major mines nearby to Lumwana West that are hosted in similar geological settings.

Argonaut, via its majority held subsidiary, Mwombezhi Resources Ltd, has been successful in intercepting broad copper intercepts at the Nyungu deposit and has defined a series of large, prospective targets that have now undergone first-pass drill testing.

Overlying Agreement

During the period, Argonaut received two notices from a subsidiary of Antofagasta plc (*Antofagasta*) in relation to the overlying option agreement between the companies for the exploration and development of the Lumwana West project in Zambia (the *Overlying Agreement*).

Antofagasta advised Argonaut that it has exercised its first option to acquire a 25% interest in the Lumwana West project. The interest holdings in the project is now as follows: Argonaut 65%, Antofagasta 25% and the initial shareholders 10%.

The second notice states that Antofagasta has terminated the second option under the Overlying Agreement with the effect being it will not proceed to sole fund the second phase. Approved second phase works will be funded pro rata by Argonaut and Antofagasta. Argonaut remains the operator of the project.

Argonaut is continuing to assess its options in relation to the Lumwana West project and these include further definition of the Nyungu copper deposit and exploration of targets defined by the Company within the tenement area which are yet to be explored.

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Auditor's Independence Declaration to the Directors of Argonaut Resources N.L.

As lead auditor for the audit of Argonaut Resources N.L. for the financial year ended 30 June 2016, I declare to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
30 September 2016

Corporate governance statement

The Corporate Governance Statement is available on the Company's website at http://www.argonautresources.com

General information

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

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

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 notes to the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 30 September 2016.

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue from continuing operations	4	12,413	34,831
Expenses			
Employee benefits expense		(461,476)	(424,000)
Office administration expense		(97,771)	(127,046)
Depreciation and amortisation expense	5	(1,282)	(1,713)
Impairment of exploration and evaluation asset	12	(3,691,968)	(5,089,792)
Gain/(loss) on derivative financial instrument	11	-	(219,318)
Impairment of financial assets	17	(3,120,097)	-
Reversal of deferred consideration	15	150,000	-
Other expenses	5	(599,879)	(759,249)
Loss before income tax expense from continuing operations		(7,810,060)	(6,586,287)
Income tax expense	6	-	-
Loss after income tax expense from continuing operations		(7,810,060)	(6,586,287)
Loss after income tax expense from discontinued operations	7	-	(164,511)
Loss after income tax expense for the year attributable to the owners of Argonaut Resources NL		(7,810,060)	(6,750,798)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Revaluation of financial assets, net of tax	17	3,120,097	(489,621)
Derecognition of foreign currency translation	17	-	(612,709)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation	17	(354,175)	168,762
Revaluation of financial assets, net of tax	17	(253,530)	-
Other comprehensive income for the year, net of tax		2,512,392	(933,568)
Total comprehensive income for the year attributable to the owners of Argonaut Resources NL		(5,297,668)	(7,684,366)
Total comprehensive income for the year is attributable to:			
Continuing operations		(5,297,668)	(7,519,855)
Discontinued operations		-	(164,511)
		(5,297,668)	(7,684,366)

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

	Note	Consolidated 2016 $	Consolidated 2015 $
		Cents	**Cents**
Earnings per share for loss from continuing operations attributable to the owners of Argonaut Resources NL			
Basic earnings per share	30	(1.592)	(1.521)
Diluted earnings per share	30	(1.592)	(1.521)
Earnings per share for loss from discontinued operations attributable to the owners of Argonaut Resources NL			
Basic earnings per share	30	-	(0.037)
Diluted earnings per share	30	-	(0.037)
Earnings per share for loss attributable to the owners of Argonaut Resources NL			
Basic earnings per share	30	(1.592)	(1.521)
Diluted earnings per share	30	(1.592)	(1.521)

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

	Note	Consolidated 2016 $	Consolidated 2015 $
Assets			
Current assets			
Cash and cash equivalents	8	1,315,631	835,000
Trade and other receivables	9	81,105	103,595
Other		15,395	20,430
Total current assets		1,412,131	959,025
Non-current assets			
Financial assets at fair value	10	415,856	669,387
Property, plant and equipment		15,026	16,308
Intangibles		50,000	50,000
Exploration and evaluation	12	464,741	3,657,308
Total non-current assets		945,623	4,393,003
Total assets		2,357,754	5,352,028
Liabilities			
Current liabilities			
Trade and other payables	13	409,384	183,703
Employee benefits	14	169,422	174,419
Total current liabilities		578,806	358,122
Non-current liabilities			
Contingent consideration	15	-	150,000
Total non-current liabilities		-	150,000
Total liabilities		578,806	508,122
Net assets		1,778,948	4,843,906
Equity			
Issued capital	16	42,788,284	40,611,465
Reserves	17	(2,632,851)	(5,201,134)
Accumulated losses		(38,376,485)	(30,566,425)
Total equity		1,778,948	4,843,906

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

Consolidated	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2014	40,587,351	(4,875,346)	611,080	(23,815,414)	(995,077)	11,512,594
Loss after income tax expense for the year	-	-	-	(6,750,798)	-	(6,750,798)
Other comprehensive income for the year, net of tax	-	(933,568)	-	-	-	(933,568)
Total comprehensive income for the year	-	(933,568)	-	(6,750,798)	-	(7,684,366)
Transactions with owners in their capacity as owners:						
Contribution of equity	60,500	(3,300)	-	-	-	57,200
Transaction costs	(36,386)	-	-	-	-	(36,386)
Aurum earn-in	-	-	-	-	994,864	994,864
Derecognition of non-controlling interest	-	-	-	(213)	213	-
Balance at 30 June 2015	40,611,465	(5,812,214)	611,080	(30,566,425)	-	4,843,906

Consolidated	Contributed equity $	Other reserves $	Share based payments reserve $	Accumulated losses $	Non-controlling interest $	Total equity $
Balance at 1 July 2015	40,611,465	(5,812,214)	611,080	(30,566,425)	-	4,843,906
Loss after income tax expense for the year	-	-	-	(7,810,060)	-	(7,810,060)
Other comprehensive income for the year, net of tax	-	2,512,392	-	-	-	2,512,392
Total comprehensive income for the year	-	2,512,392	-	(7,810,060)	-	(5,297,668)
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs (note 16)	2,176,819	-	-	-	-	2,176,819
Share-based payments (note 31)	-	-	55,891	-	-	55,891
Balance at 30 June 2016	42,788,284	(3,299,822)	666,971	(38,376,485)	-	1,778,948

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

	Note	Consolidated 2016 $	2015 $
Cash flows from operating activities			
Payments to suppliers and employees (inclusive of GST)		(960,105)	(1,146,432)
Interest received		13,274	33,970
Net cash used in operating activities	29	(946,831)	(1,112,462)
Cash flows from investing activities			
Payments for exploration and evaluation		(805,247)	(166,782)
Proceeds from sale of investment		-	150,880
Net cash used in investing activities		(805,247)	(15,902)
Cash flows from financing activities			
Proceeds from issue of shares	16	2,440,183	60,500
Payment for share issue costs		(207,474)	(39,686)
Net cash from financing activities		2,232,709	20,814
Net increase/(decrease) in cash and cash equivalents		480,631	(1,107,550)
Cash and cash equivalents at the beginning of the financial year		835,000	1,942,550
Cash and cash equivalents at the end of the financial year	8	1,315,631	835,000

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

Note 1. Significant accounting policies

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

New, revised or amending Accounting Standards and Interpretations adopted
The group 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.

The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the group.

The following Accounting Standards and Interpretations are the most relevant to the group.

AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
The Standard contains three main parts and makes amendments to a number of Standards and Interpretations.
Part A of AASB 2013-9 makes consequential amendments arising from the issuance of AASB CF 2013-1.
Part B makes amendments to particular Australian Accounting Standards to delete references to AASB 1031 and also makes minor editorial amendments to various other standards.
Part C makes amendments to a number of Australian Accounting Standards, including incorporating Chapter 6 Hedge Accounting into AASB 9 Financial Instruments.

AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality
The Standard completes the AASB's project to remove Australian guidance on materiality from Australian Accounting Standards.

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 $7,596,349 (2015: $6,750,798) and net cash outflows from operating and investing activities of $1,752,078 (2015: $1,128,364) for the year ended 30 June 2016. 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 to fund its current operations through to 30 September 2017. 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 based on past success in raising capital (2016: $2,232,709).

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.

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 group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the group only. Supplementary information about the parent entity is disclosed in note 25.

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 2016 and the results of all subsidiaries for the year then ended. Argonaut Resources NL and its subsidiaries together are referred to in these financial statements as the 'group'.

The group re-assessed whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year and included in the statement of comprehensive income from the date the group gains control until the date the group ceases to control the subsidiary.

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

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the group 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.

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

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

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:
- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

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

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

Note 1. Significant accounting policies (continued)

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

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

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

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

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

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.

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

Available-for-sale financial assets
Available-for-sale financial assets are non-derivative financial assets, principally equity securities, that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Impairment of financial assets
The group 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.

Available-for-sale financial assets are considered impaired when there has been a significant or prolonged decline in value below initial cost. Subsequent increments in value are recognised in other comprehensive income through the available-for-sale reserve.

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

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

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

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

Employee benefits

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

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

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 group receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 1. Significant accounting policies (continued)

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

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

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

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

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 1. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

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

Earnings per share

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

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

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
The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They have been issued but are not yet effective and are available for early adoption at 30 June 2016, but have not been applied in preparing this financial report. No accounting impact is expected as a result of these new accounting statements and interpretations.

AASB 9 Financial Instruments
AASB 9 (December 2014) is a new standard which replaces AASB 139. This new version supersedes AASB 9 issued in December 2009 (as amended) and AASB 9 (issued in December 2010) and includes a model for classification and measurement, a single, forward-looking ‘expected loss’ impairment model and a substantially-reformed approach to hedge accounting.

AASB 9 is effective for annual periods beginning on or after 1 January 2018. However, the Standard is available for early adoption. The own credit changes can be early adopted in isolation without otherwise changing the accounting for financial instruments.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
AASB 2014-3 amends AASB 11 Joint Arrangements to provide guidance on the accounting for acquisitions of interests in joint operations in which the activity constitutes a business.

This Standard also makes an editorial correction to AASB 11.

Note 1. Significant accounting policies (continued)

AASB 2015-1 Amendments to Australian Accounting Standards – Annual Improvements to Australian Accounting Standards 2012–2014 Cycle
The subjects of the principal amendments to the Standards are set out below:

AASB 5 Non-current Assets Held for Sale and Discontinued Operations:
- Changes in methods of disposal – where an entity reclassifies an asset (or disposal group) directly from being held for distribution to being held for sale (or visa versa), an entity shall not follow the guidance in paragraphs 27–29 to account for this change.

AASB 7 Financial Instruments: Disclosures:
- Applicability of the amendments to AASB 7 to condensed interim financial statements - clarify that the additional disclosure required by the amendments to AASB 7 Disclosure–Offsetting Financial Assets and Financial Liabilities is not specifically required for all interim periods. However, the additional disclosure is required to be given in condensed interim financial statements that are prepared in accordance with AASB 134 Interim Financial Reporting when its inclusion would be required by the requirements of AASB 134.

AASB 119 Employee Benefits:
- Discount rate: regional market issue - clarifies that the high quality corporate bonds used to estimate the discount rate for post-employment benefit obligations should be denominated in the same currency as the liability. Further it clarifies that the depth of the market for high quality corporate bonds should be assessed at the currency level.

AASB 134 Interim Financial Reporting:
- Disclosure of information ‘elsewhere in the interim financial report’ - amends AASB 134 to clarify the meaning of disclosure of information ‘elsewhere in the interim financial report’ and to require the inclusion of a cross-reference from the interim financial statements to the location of this information.

AASB 2015-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 101
The Standard makes amendments to AASB 101 Presentation of Financial Statements arising from the IASB’s Disclosure Initiative project. The amendments are designed to further encourage companies to apply professional judgment in determining what information to disclose in the financial statements. The amendments also clarify that companies should use professional judgment in determining where and in what order information is presented in the financial disclosures.

AASB 16 Leases
The key features of AASB 16 are as follows:

Lessee accounting

- Lessees are required to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value.
- A lessee measures right-of-use assets similarly to other non-financial assets and lease liabilities similarly to other financial liabilities.
- Assets and liabilities arising from a lease are initially measured on a present value basis. The measurement includes non-cancellable lease payments (including inflation-linked payments), and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease.
- AASB 16 contains disclosure requirements for lessees.

AASB 16 supersedes:
(a) AASB 117 Leases
(b) Interpretation 4 Determining whether an Arrangement contains a Lease
(c) SIC-15 Operating Leases—Incentives
(d) SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease

The new standard will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, AASB 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as AASB 16.

Note 1. Significant accounting policies (continued)

IFRS 2 (Amendments) Classification and Measurement of Share-based Payment Transactions [Amendments to IFRS 2]
This standard amends to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments provide requirements on the accounting for:

- The effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments
- Share-based payment transactions with a net settlement feature for withholding tax obligations
- A modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

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

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

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

Note 3. Operating segments

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

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

Note 3. Operating segments (continued)

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 - 2016	Australia $	Canada $	Zambia $	Total $
Assets				
Exploration assets	84,083	430,659	-	514,742
Unallocated assets:				
Cash and cash equivalents				1,315,631
Other assets				527,381
Total assets				2,357,754
Liabilities				
Unallocated liabilities:				
Current				578,806
Total liabilities				578,806

Consolidated - 2015	Australia $	Laos $	Zambia $	Total $
Assets				
Exploration assets	1,494,020	-	2,163,288	3,657,308
Unallocated assets:				
Cash and cash equivalents				835,000
Other assets				859,720
Total assets				5,352,028
Liabilities				
Unallocated liabilities:				
Current				358,122
Non current				150,000
Total liabilities				508,122

Note 4. Revenue

	Consolidated	
	2016 **$**	**2015** **$**
From continuing operations		
Interest	12,413	34,831

Note 5. Expenses

	Consolidated 2016 $	Consolidated 2015 $
Loss before income tax from continuing operations includes the following specific expenses:		
Depreciation		
Property, plant and equipment	1,282	1,713
Impairment		
Exploration and evaluation assets - note 12	3,691,968	5,089,792
Other expenses include:		
Audit, accounting and legal fees	203,074	311,100
Office lease and maintenance	38,502	32,342
Statutory expenses	40,795	47,100
Travelling	24,679	37,711
Tenement expenses *	292,829	306,876
Loss on sale of equity securities	-	24,120
Total other expenses	599,879	759,249

* Tenement expenses includes principally administration and legal expenses incurred to defend the Torrens title.

Note 6. Income tax expense

	Consolidated 2016 $	Consolidated 2015 $
Income tax expense		
Current tax	(396,360)	(560,000)
Deferred tax	(795,176)	56,794
Tax losses (used) / unrecognised	1,191,536	503,206
Aggregate income tax expense	-	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense from continuing operations	(7,810,060)	(6,586,287)
Loss before income tax expense from discontinued operations	-	(164,511)
	(7,810,060)	(6,750,798)
Tax at the statutory tax rate of 30%	(2,343,018)	(2,025,239)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Non-deductible items	1,151,482	1,522,033
	(1,191,536)	(503,206)
Tax losses (used) / unrecognised	1,191,536	503,206
Income tax expense	-	-

Note 6. Income tax expense (continued)

Unused income tax losses carried forward to later years are $37,705,095 (2015: $33,733,310) resulting in potential tax benefits of $11,311,529 (2015: $10,119,993) 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	
	2016 $	2015 $
Deferred tax assets not recognised		
Deferred tax assets not recognised comprises temporary differences attributable to:		
Carry forward tax losses	490,110	394,540
Provisions and accruals	57,887	69,546
Interest receivable	-	258
Exploration and evaluation	(547,997)	(464,344)
Total deferred tax assets not recognised	-	-

The above potential tax benefit for deductible temporary differences has not been recognised in the statement of financial position as the recovery of this benefit is uncertain.

Note 7. Discontinued operations

Description
The company had an agreement whereby Aurum Resources Pty Ltd ("Aurum") had a right to earn in the Century tenement. The agreement which was signed with the Lao Government expired in February 2013. Although an application for the second renewal of the agreement was lodged in November 2012, the company does not intend to continue to pursue its renewal. Aurum has taken control of Argonaut Resources Laos Limited which holds the Century tenement project and is responsible to settle all remaining liabilities. On that basis, on 1 July 2014, the group has de-recognised the assets and liabilities of Argonaut Resources Laos Limited and Aurum's non controlling interest in the project.

Financial performance information

	Consolidated	
	2016 $	2015 $
Loss on disposal before income tax	-	(164,511)
Income tax expense	-	-
Loss on disposal after income tax expense	-	(164,511)
Loss after income tax expense from discontinued operations	-	(164,511)

Note 7. Discontinued operations (continued)

Carrying amounts of assets and liabilities disposed

	Consolidated 2016 $	Consolidated 2015 $
Trade and other receivables	-	8
Property, plant and equipment	-	69,811
Total assets	-	69,819
Trade and other payables	-	287,462
Total liabilities	-	287,462
Net liabilities	-	(217,643)

Details of the disposal

	Consolidated 2016 $	Consolidated 2015 $
Carrying amount of net liabilities disposed	-	217,643
Derecognition of foreign currency reserve	-	612,709
Derecognition of non-controlling interest	-	(994,863)
Loss on disposal before income tax	-	(164,511)
Loss on disposal after income tax	-	(164,511)

Note 8. Current assets - cash and cash equivalents

	Consolidated 2016 $	Consolidated 2015 $
Cash at bank	1,315,631	335,000
Cash on deposit	-	500,000
	1,315,631	835,000

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

Note 9. Current assets - trade and other receivables

	Consolidated 2016 $	Consolidated 2015 $
Other receivables	81,105	103,595

Note 10. Non-current assets - financial assets at fair value

	Consolidated 2016 $	2015 $
Quoted equity securities	415,856	669,387

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

	2016 $	2015 $
Opening fair value	669,387	1,334,008
Disposals	-	(175,000)
Revaluation decrements	(253,531)	(489,621)
Closing fair value	415,856	669,387

Refer to note 20 for further information on fair value measurement.

Quoted securities represent 16.7m shares in Cuesta Coal Limited.

In 2015, the investment in Musgrave Minerals Limited was sold for $150,880, resulting in a loss on disposal of $24,120.

Note 11. Non-current assets - derivative financial instruments

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

	Consolidated 2016 $	2015 $
Opening fair value	-	219,318
Revaluation decrements	-	(219,318)
Closing fair value	-	-

Refer to note 20 for further information on fair value measurement.

The derivative financial instruments are unquoted options which relate to 26.6m options issued by Cuesta Coal Limited in April 2012, exercisable at 25 cents and expiring 31 December 2015. Options are measured at fair value at each reporting date with changes recognised in profit or loss. The options were valued at nil in 2015.

The Black-Scholes option valuation methodology has been used on the assumption that the options would be exercised at 25 cents on or before 31 December 2015. The inputs applied to the valuation model were: share price of 5 cents, volatility of 47.75%, interest free rate of 2.68% and a discount rate of 20%.

Note 12. Non-current assets - exploration and evaluation

	Consolidated 2016 $	2015 $
Exploration and evaluation assets - at cost	22,480,731	22,231,600
Less: Impairment	(22,015,990)	(18,574,292)
	464,741	3,657,308

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

Consolidated	Australia $	Canada $	Mwombezhi Zambia $	Total $
Balance at 1 July 2014	1,492,118	-	7,094,428	8,586,546
Expenditure during the year	8,082	-	152,472	160,554
Impairment of assets	(6,180)	-	(5,083,612)	(5,089,792)
Balance at 30 June 2015	1,494,020	-	2,163,288	3,657,308
Expenditure during the year	142,543	430,659	280,373	853,575
Exchange differences	-	-	(354,174)	(354,174)
Impairment of assets	(1,602,481)	-	(2,089,487)	(3,691,968)
Balance at 30 June 2016	34,082	430,659	-	464,741

During the year, a subsidiary of Antofagasta plc (Antofagasta) had decided to terminate the phase two of an option agreement (Overlying Agreement) to farm in the Lumwana West project (Mwombezhi Zambia) due to discouraging drilling results. As a result of this termination and the discouraging drilling results, the company had recognised a full impairment on the Lumwana West project.

In addition to the above, the Directors had reviewed the current market conditions relating to commodity prices and accordingly had impaired certain licences in Australia on the basis the company is unlikely to recover the exploration costs incurred on these licences within the foreseeable future. The remaining carrying value as at 30 June 2016 represents the Directors' view of these assets, which are expected to be recovered.

Note 13. Current liabilities - trade and other payables

	Consolidated 2016 $	2015 $
Trade payables	263,876	99,131
Other payables	145,508	84,572
	409,384	183,703

Refer to note 19 for further information on financial instruments.

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

Note 14. Current liabilities - employee benefits

	Consolidated	
	2016	**2015**
	$	**$**
Annual leave	95,866	105,171
Long service leave	73,556	69,248
	169,422	174,419

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

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2016	**2015**
	$	**$**
Employee benefits obligation expected to be settled after 12 months	73,566	69,248

Note 15. Non-current liabilities - contingent consideration

	Consolidated	
	2016	**2015**
	$	**$**
Contingent consideration	-	150,000

As part of the agreement to purchase the remaining 20% non-controlling interest in Arctic Scene Ltd from Nsansala Resources Ltd, a portion of the consideration was determined to be contingent, based on reaching set tonnage and grade levels. A milestone payment of $2 million in cash or shares in Argonaut Resources NL may be payable as additional consideration when 1 million tonne of in-ground copper is located and 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%.

The company has previously determined the fair value of this liability by applying a probability factor determined based on the drilling information to the potential $2 million future cash outflow. An increase in the probability of meeting the target will result in an increase in the liability. The initial fair value of the contingent consideration at the agreement date was $50,000. On the basis of encouraging initial drillings, the fair value was increased to $150,000 at 30 June 2014.

During the period a subsidiary of Antofagasta plc (Antofagasta) had decided to terminate the phase two of the Overlying Agreement to farm in the Lumwana West project due to discouraging drilling results. As a result of this, the Directors are of the view that the company at this stage is highly unlikely to meet the set tonnage and grade level under the agreement within the foreseeable future. The Directors therefore determined that the fair value of the liability at 30 June 2016 is nil and reversed the liability of $150,000 to the profit or loss.

Note 16. Equity - issued capital

	Consolidated			
	2016 Shares	2015 Shares	2016 $	2015 $
Ordinary shares - fully paid	654,340,318	443,791,701	42,788,284	40,611,465

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	441,041,701		40,587,351
Issue of shares - placement	7 July 2014	2,750,000	$0.020	60,500
Share issue costs - relating to prior year share issued		-	-	(36,386)
Balance	30 June 2015	443,791,701		40,611,465
Issue of shares - placement	30 March 2016	110,900,000	$0.012	1,330,800
Issue of shares - rights issue	20 April 2016	92,448,617	$0.012	1,109,383
Issue of shares - share based payment	10 June 2016	7,200,000	$0.012	86,400
Share issue costs		-	-	(349,764)
Balance	30 June 2016	654,340,318		42,788,284

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.

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

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

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

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

Note 17. Equity - reserves

	Consolidated	
	2016 $	2015 $
Foreign currency reserve	(1,810,633)	(1,456,458)
Share-based payments reserve	666,971	611,080
Revaluation reserve	97,898	(2,768,669)
Transaction between shareholders reserve	(1,587,087)	(1,587,087)
	(2,632,851)	(5,201,134)

Note 17. Equity - reserves (continued)

Revaluation surplus reserve
The reserve is used to recognise increments and decrements in the fair value of equity instruments.

Foreign currency reserve
The reserve is used to recognise exchange differences arising from the 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.

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

Consolidated	Other reserve $	Foreign currency reserve $	Share based payment reserve $	Revaluation reserve $	Transaction between shareholders reserve $	Total $
Balance at 1 July 2014	3,300	(1,012,511)	611,080	(2,279,048)	(1,587,087)	(4,264,266)
Revaluation - gross	-	-	-	(489,621)	-	(489,621)
Foreign currency translation	-	168,762	-	-	-	168,762
Reclassified to profit or loss **	-	(612,709)	-	-	-	(612,709)
Equity issued *	(3,300)	-	-	-	-	(3,300)
Balance at 30 June 2015	-	(1,456,458)	611,080	(2,768,669)	(1,587,087)	(5,201,134)
Revaluation - gross	-	-	-	(253,530)	-	(253,530)
Foreign currency translation	-	(354,175)	-	-	-	(354,175)
Share-based payments	-	-	55,891	-	-	55,891
Impairment transferred to profit or loss	-	-	-	3,120,097	-	3,120,097
Balance at 30 June 2016	-	(1,810,633)	666,971	97,898	(1,587,087)	(2,632,851)

* Placement money received in advance, shares issued 7 July 2014.
** Reclassified to profit or loss on derecognition of Aurum earn-in.

Note 18. Equity - dividends

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

Note 19. Financial instruments

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

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the group and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the group's operating units. Finance reports to the Board on a monthly basis.

Note 19. Financial instruments (continued)

Market risk

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

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

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

Equity price risk
The group is exposed to price risk arising from investments in equity securities. All equity investments held by the company are publicly traded on the ASX. The price risk for these instruments is material in terms of the possible impact on other comprehensive income with respect to equity investments and as such a sensitivity analysis is completed below. Given the group considers its derivative instruments to have nil value, there is no exposure to price risk.

For 2016, as the fair value of the equity investments was based on bidder's statement, of which the share price was fixed, no sensitivity has been provided.

	Average price increase			Average price decrease		
Consolidated - 2015	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Equity investments	25%	-	167,347	25%	-	(167,347)

Interest rate risk
Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's exposure to the risk of changes in market interest rates relates primarily to the group's cash at bank held on deposits. Due to the size and length of the term deposit at year end, a sensitivity analysis was not performed as sensitivity is not considered to be material.

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

Liquidity risk
Vigilant liquidity risk management requires the group 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 group manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Note 19. Financial instruments (continued)

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

Consolidated - 2016	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	263,876	-	-	-	263,876
Other payables	-	145,508	-	-	-	145,508
Total non-derivatives		409,384	-	-	-	409,384

Consolidated - 2015	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables	-	99,131	-	-	-	99,131
Other payables	-	84,572	-	-	-	84,572
Total non-derivatives		183,703	-	-	-	183,703

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

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Fair value measurement

Fair value hierarchy
The following tables detail the group's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity shares	-	415,856	-	415,856
Total assets	-	415,856	-	415,856

Note 20. Fair value measurement (continued)

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Equity shares	669,387	-	-	669,387
Total assets	669,387	-	-	669,387
Liabilities				
Contingent consideration	-	-	150,000	150,000
Total liabilities	-	-	150,000	150,000

The company's investment in Cuesta Coal shares has been transferred from level 1 to level 2 to reflect the inactive market at 30 June 2016 (as the shares were subject to trading halt since 10 June 2016 and was only re-listed on 6 July 2016). The trading halt was due to Cuesta Coal shares being subject to a takeover bid and therefore the fair value is based on this takeover bid at $0.02485 per share, which in management's view, best represents the fair value of the shares at 30 June 2016.

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

Note 21. 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 group is set out below:

	Consolidated 2016 $	Consolidated 2015 $
Short-term employee benefits	399,546	443,750
Post-employment benefits	21,969	22,922
Long-term benefits	4,308	(3,527)
	425,823	463,145

Note 22. Remuneration of auditors

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

	Consolidated 2016 $	Consolidated 2015 $
Audit services - Ernst & Young		
Audit or review of the financial statements	40,000	67,650
Other services - Ernst & Young		
Preparation of the tax return and tax related services	6,400	6,500
	46,400	74,150

Note 23. Contingent liabilities

There were no contingent liabilities as at year end (2015: nil).

Note 24. Related party transactions

Parent entity
Argonaut Resources NL is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Joint operations
Interests in joint operations are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report included in the directors' report.

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

	Consolidated 2016 $	Consolidated 2015 $
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	148,065	176,863

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

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 Century joint operation with Aurum was discontinued. Refer to further details on discontinued operations in note 7.

Note 24. Related party transactions (continued)

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

Note 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016	**2015**
	$	**$**
Loss after income tax	(11,327,385)	(10,291,251)
Total comprehensive income	(11,327,385)	(10,291,251)

Statement of financial position

	Parent	
	2016	**2015**
	$	**$**
Total current assets	1,700,615	822,088
Total assets	2,084,811	8,261,597
Total current liabilities	484,348	97,521
Total liabilities	557,904	506,512
Equity		
Issued capital	42,788,284	40,611,465
Share-based payments reserve	666,971	611,080
Revaluation reserve	97,898	(2,768,669)
Accumulated losses	(42,026,246)	(30,698,791)
Total equity	1,526,907	7,755,085

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 2016 and 30 June 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 30 June 2016 and 30 June 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at 30 June 2016 and 30 June 2015.

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

Note 26. Interests in subsidiaries

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

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	2015 %
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%
Prospect Exploration & Mining Limited	British Virgin Islands	85.50%	85.50%
Sunrise International Resources Limited	British Virgin Islands	100.00%	100.00%
Arctic Scene Ltd	Hong Kong	100.00%	100.00%
Yellow Bridge Limited	Hong Kong	100.00%	100.00%
Lumwana West Resources Limited	Zambia	100.00%	100.00%
Sunrise Canada Inc *	Canada	100.00%	-

* The company was incorporated during the year for the purpose of exploitation of the Lithium Project in Canada.

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

Note 27. Interests in joint operations

Information relating to joint operations that are material to the group are set out below:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	2015 %
EL 4577 - Sandstone *	South Australia - Gold	3.30%	3.30%
EL 5183 - Campfire Bore *	South Australia - Gold	3.30%	3.30%
EL 5336 - Myrtle Springs **	South Australia - Zinc	100.00%	100.00%
EL 5220 - Mt Parry **	South Australia - Zinc	100.00%	100.00%
16121-HQ-LPL Lumwana West ***	Zambia - Copper	90.00%	90.00%

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

** These are subject to an earn in agreement with the joint operation partner. As at year end, the joint operation partner has completed the required expenditure but the transfer of interest is yet to be effected and Argonaut Resources still holds 100% interest.

Note 27. Interests in joint operations (continued)

*** Lumwana West Resources Ltd ("Lumwana West"), a subsidiary of the consolidated group, has entered into a farm in joint arrangement with Mwombezhi Resources Ltd. Under the terms of the joint arrangement Lumwana West can earn up to 90% in the copper project. 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.

In April 2014, the company signed an agreement with a wholly owned subsidiary of Antofagasta PLC ("Antofagasta") for the exploration and funding of the Lumwana West project. Under this agreement, Antofagasta can earn up 70% project interest by spending US$18.9 million on exploration plus the amount required to complete a feasibility study to international standards. In the event the project is moved forward and Argonaut decides not to fund its pro-rata share of the project, it will be either carried into production or be bought-out at the value of its interest.

In May 2014, the group has completed the second earn-in of the underlying Lumwana West agreement to increase project ownership from 51% to 90%. The group has met the second phase expenditure target of US$2.4 million and made a payment of US$1.1 million to the project vendors.

Note 28. Events after the reporting period

No matter or circumstance has arisen since 30 June 2016 that has significantly affected, or may significantly affect the group's operations, the results of those operations, or the group's state of affairs in future financial years.

Note 29. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated	
	2016 $	2015 $
Loss after income tax expense for the year	(7,810,060)	(6,750,798)
Adjustments for:		
Depreciation and amortisation	1,282	1,713
Impairment of non-current assets	3,691,968	5,089,792
Net loss on disposal of non-current assets	-	24,120
(Gain) / Loss on derivative financial instrument	-	219,318
Loss from discontinued operations	-	164,511
Impairment of financial assets	3,120,097	-
Reversal of deferred consideration	(150,000)	-
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	27,527	(77,597)
Increase in trade and other payables	172,355	216,479
Net cash used in operating activities	(946,831)	(1,112,462)

Note 30. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Earnings per share for loss from continuing operations		
Loss after income tax	(7,810,060)	(6,586,287)
Non-controlling interest	-	(164,511)
Loss after income tax attributable to the owners of Argonaut Resources NL	(7,810,060)	(6,750,798)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	490,570,937	443,738,961
Weighted average number of ordinary shares used in calculating diluted earnings per share	490,570,937	443,738,961
	Cents	**Cents**
Basic earnings per share	(1.592)	(1.521)
Diluted earnings per share	(1.592)	(1.521)

	Consolidated 2016 $	Consolidated 2015 $
Earnings per share for loss from discontinued operations		
Loss after income tax attributable to the owners of Argonaut Resources NL	-	(164,511)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	-	443,738,961
Weighted average number of ordinary shares used in calculating diluted earnings per share	-	443,738,961
	Cents	**Cents**
Basic earnings per share	-	(0.037)
Diluted earnings per share	-	(0.037)

Note 30. Earnings per share (continued)

	Consolidated 2016 $	Consolidated 2015 $
Earnings per share for loss		
Loss after income tax attributable to the owners of Argonaut Resources NL	(7,810,060)	(6,750,798)

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	490,570,937	443,738,961
Weighted average number of ordinary shares used in calculating diluted earnings per share	490,570,937	443,738,961

	Cents	Cents
Basic earnings per share	(1.592)	(1.521)
Diluted earnings per share	(1.592)	(1.521)

There are approximately 53 million share options (listed and unlisted) 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 31. Share-based payments

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 unlisted options granted under the plan:

2016

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
06/12/2012	31/12/2015	$0.100	7,000,000	-	-	(7,000,000)	-
10/06/2016	30/06/2019	$0.020	-	15,000,000	-	-	15,000,000
			7,000,000	15,000,000	-	(7,000,000)	15,000,000

2015

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
06/12/2012	31/12/2015	$0.100	7,000,000	-	-	-	7,000,000
			7,000,000	-	-	-	7,000,000

Note 31. Share-based payments (continued)

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

Grant date	Expiry date	2016 Number	2015 Number
06/12/2012	31/12/2015	-	7,000,000
10/06/2016	30/06/2019	15,000,000	-
		15,000,000	7,000,000

The weighted average remaining contractual life of options outstanding as at the end of the financial year was 3.0 years (2015: 0.5 years).

The average exercise price of options outstanding as at the end of the financial year was $0.02 (2015: $0.10).

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
10/06/2016	30/06/2016	$0.016	$0.020	42.70%	-	2.00%	$0.004

The option above has been granted to the company's adviser in relation to capital raising exercise carried during the year. The above costs have been recognised as an equity transaction costs.

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- the attached financial statements and notes comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 1 to the financial statements;
- the attached financial statements and notes give a true and fair view of the group's financial position as at 30 June 2016 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

30 September 2016

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Building a better working world

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 2016, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

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

Auditor's responsibility

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

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

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

Independence

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

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Opinion

In our opinion:

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

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

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

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

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 2016. 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 2016, complies with section 300A of the *Corporations Act 2001*.

Ernst & Young

Ernst & Young

Ryan Fisk
Partner
Sydney
30 September 2016

The shareholder information set out below was applicable as at 23 September 2016.

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

	Number of holders of ordinary shares	Number of holders of $0.06 quoted options	Number of holders of $0.0200 unquoted options
1 to 1,000	1,511	168	-
1,001 to 5,000	530	109	-
5,001 to 10,000	297	33	-
10,001 to 100,000	886	69	-
100,001 and over	654	46	1
	3,878	425	1
Holding less than a marketable parcel	2,851	394	-

Equity security holders

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

	Ordinary shares	
	Number held	% of total shares issued
CITICORP NOMINEES PTY LIMITED	65,719,676	10.04
TATTERSFIELD SECURITIES LIMITED	26,026,402	3.98
BDO ZAMBIA TRUST COMPANY UNLIMITED	22,036,000	3.37
CLELAND PROJECTS PTY LTD	16,144,167	2.47
GLENEDEN NOMINEES PTY LTD	13,315,160	2.03
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	12,493,991	1.91
MR ANDREI MAZOURENKO & MRS ELENA MAZOURENKO	9,276,430	1.42
MR JEFFERY JAMOO	8,000,000	1.22
MR REID EVANS	7,270,353	1.11
KAZARU PTY LTD	7,200,000	1.10
MS SARAH JANE LOUISE FRANKS	7,017,967	1.07
GRANBOROUGH PTY LTD	7,000,000	1.07
MR ANDREI MAZOURENKO & MRS ELENA MAZOURENKO	6,217,699	0.95
MR MARTIN GREEN	6,000,000	0.92
MR XIANG GAO	5,691,563	0.87
MR ANDREW MISTARZ	5,023,218	0.77
BONTOWN PTY LTD	5,000,000	0.76
MR NON HUYNH NGUYEN	4,598,738	0.70
MR KHANH TRAN	4,500,000	0.69
MR VU QUANG MINH DANG & MRS THI KIM DAU NGUYEN	4,357,641	0.67
	242,889,005	37.12

	Ordinary shares Number held	Options over ordinary shares % of total options issued
HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	5,989,804	15.76
MR ANDREW JOHN PEARSON	3,000,000	7.89
J&T ANOGIANAKIS PTY LTD	2,225,000	5.85
MR ANDREW ROUSIANOS	1,500,000	3.95
CLELAND PROJECTS PTY LTD	1,487,849	3.91
MARTIN GREEN	1,250,000	3.29
DAVID REECE SYLVESTER	1,250,000	3.29
MR JOHN ANOGIANAKIS	1,080,000	2.84
CITICORP NOMINEES PTY LIMITED	1,041,888	2.74
MRS NAOMI NOMIKI TRIKILIS GRIGORIOU	1,000,000	2.63
MRS MARIA RONTZIOKOS & MR FOTIOS RONTZIOKOS	1,000,000	2.63
MR BOBI PETKOVSKI	982,821	2.59
CLELAND PROJECTS PTY LTD	927,778	2.44
JETOSEA PTY LTD	900,000	2.37
MS SARAH JANE LOUISE FRANKS	889,928	2.34
BDO ZAMBIA TRUST COMPANY UNLIMITED	866,667	2.28
MRS PO CHU WONG	750,000	1.97
MR CHUONG HOANG VU	650,000	1.71
MR DOMINIC VIRGARA	633,333	1.67
MR SAVERIO VIRGARA	628,000	1.65
	28,053,068	73.80

Unquoted equity securities

$0.0200 UNLISTED OPTIONS EXPIRY 30 JUNE 2019	10,000,000

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

Name	Class	Number held
TAYCOL NOMINEES PTY LTD	$0.0200 UNLISTED OPTIONS EXPIRY 30 06.2019	10,000,000

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares Number held
ANTOFAGASTA INVESTMENT COMPANY LIMITED	54,899,991

*** based on the shares on issue at 23 September 2016, the holding would represent 8.39%% of the Company rather than the percentage disclosed on the historic Form 604**

Voting rights
Voting rights are as set out below:

Ordinary shares
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.

Options
All quoted options do not carry any voting rights.

Listing Rule 3.13.1 and 14.3
The Annual General Meeting is scheduled to be held on 20 November 2015.

Table 1 - Summary of mining tenements

South Australian Mineral Exploration Licences						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
EL 5183	21/05/2012	20/05/2017	33	Campfire Bore	Coombedown Resources Pty Ltd	10%[1]
EL 5212	05/11/2012	04/11/2017	481	Alford	Kelaray Pty Ltd	100%
EL 5336	04/06/2013	03/06/2018	27	Myrtle Springs	Kelaray Pty Ltd	100%
EL 5614	18/08/2014	17/08/2019	295	Lake Torrens	Kelaray Pty Ltd	30%
EL 5220	04/11/2014	03/11/2016	27	Mt Parry	Kelaray Pty Ltd	100%
EL 5732	18/10/2015	17/10/2017	104	Sandstone	Coombedown Resources Pty Ltd	10%[1]
EL 5798	02/06/2016	01/06/2018	997	Lake Blanche area	Kelaray Pty Ltd	100%
EL 5796	02/06/2016	01/06/2018	997	Petermorra Creek area	Kelaray Pty Ltd	100%

Queensland Mineral Exploration Permit						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
EPM 15705	28/09/2006	27/09/2016	63	Kroombit Creek	Kelaray Pty Ltd	100%

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

Queensland Mineral Development Licence Application						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
MDL 2002			0.64	Kroombit	Kelaray Pty Ltd	100%

Zambian Large Scale Prospecting Licences						
Tenement	**Applied**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
16121-HQ-LPL	21/07/2011	20/07/2017	575	North Western Province	Mwombezhi Resources Ltd	65%

Ontario Unpatented Mining Claims						
Tenement	**Granted**	**Expiry**	**Area Km^2**	**Locality**	**Licensee**	**Interest**
4244211[2]	27/10/2008	27/10/2016	1.94	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244212[2]	27/10/2008	27/10/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4244213[2]	27/10/2008	27/10/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%

4252421[2]	09/12/2009	09/12/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213186[2]	24/09/2009	24/09/2016	2.56	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4213187[2]	24/09/2009	24/09/2016	2.24	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4229526[2]	24/09/2009	24/09/2016	1.93	Crescent Lake - Zigzag	Canadian Orebodies Inc.	100%
4252441[2]	09/12/2009	09/12/2016	1.33	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4252442[2]	09/12/2009	09/12/2016	0.64	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250593[2,3]	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250594[2,3]	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%
4250595[2,3]	17/07/2009	17/07/2016	2.56	Crescent Lake - Falcon Lake	Canadian Orebodies Inc.	100%

Table 2 - Summary of mining tenements acquired in Period

South Australian Mineral Exploration Licence Applications						
Tenement	**Granted**	**Expiry**	**Area Km²**	**Locality**	**Licensee**	**Interest**
ELA 2016/0045			893	Lake Callabonna	Kelaray Pty Ltd	100%

Ontario Unpatented Mining Claims						
Tenement	**Granted**	**Expiry**	**Area Km²**	**Locality**	**Licensee**	**Interest**
4276304[2]	22/03/2016	22/03/2018	2.53	Greenbush Lake	Canadian Orebodies Inc.	100%
4276305[2]	22/03/2016	22/03/2018	2.39	Greenbush Lake	Canadian Orebodies Inc.	100%
4276306[2]	22/03/2016	22/03/2018	2.56	Greenbush Lake	Canadian Orebodies Inc.	100%
4282315	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282316	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282317	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282318	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282319	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282320	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%

4282321	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282322	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282323	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282324	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282325	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282326	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282327	01/04/2016	01/04/2018	2.4	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282328	01/04/2016	01/04/2018	2.55	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282329	01/04/2016	01/04/2018	2.53	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282330	01/04/2016	01/04/2018	2.42	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282331	01/04/2016	01/04/2018	1.47	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282332	01/04/2016	01/04/2018	2.3	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282333	01/04/2016	01/04/2018	2.51	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282334	01/04/2016	01/04/2018	2.59	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282335	01/04/2016	01/04/2018	2.52	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4282336	01/04/2016	01/04/2018	2.49	Crescent Lake - North Jackfish	Sunrise Canada Inc.	100%
4279256	15/04/2016	15/04/2018	2.53	Superb Lake	Sunrise Canada Inc.	100%
4279257	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279258	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279259	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279260	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279261	15/04/2016	15/04/2018	2.57	Superb Lake	Sunrise Canada Inc.	100%
4279262	15/04/2016	15/04/2018	2.56	Superb Lake	Sunrise Canada Inc.	100%
4279263	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279264	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%
4279265	15/04/2016	15/04/2018	2.55	Superb Lake	Sunrise Canada Inc.	100%

[1] Kelaray holds a 33% interest in Coombedown Resources Pty. Ltd.
[2] Under option agreement
[3] Renewal pending

Table 3 - Summary of mining tenements surrendered in Period

No tenements were surrendered in the June 2016 Period.