



# **ARGONAUT RESOURCES NL**

**A.B.N. 97 008 084 848**

**HALF-YEAR  
FINANCIAL STATEMENTS  
FOR SIX MONTHS ENDED 31 DECEMBER 2009**

## C O R P O R A T E   D I R E C T O R Y

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<b>DIRECTORS</b>	Mr Patrick J D Elliott - Independent Non Executive Chairman Mr Geoff N Williams - Independent Non Executive Director Mr Lindsay J Owler - Exploration Director
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<b>COMPANY SECRETARY</b>	Mr Andrew Bursill
<b>SOLICITORS</b>	Watson Mangioni 50 Carrington Street Sydney NSW 2000
<b>AUDITOR</b>	Ernst & Young Ernst & Young Centre 680 George Street Sydney NSW 2000
<b>SHARE REGISTRY</b>	Registries Limited Level 7, 207 Kent Street Sydney NSW 2000
<b>ASX CODE</b>	ARE
<b>INTERNET WEBSITE</b>	<a href="http://www.argonautresources.com">www.argonautresources.com</a>

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Your Directors present their report together with the financial report of Argonaut Resources NL (the "Company") and the entities it controlled (the "Group") during the half-year ended 31 December 2009 and the auditor's report thereon.

### **Directors**

The following persons were Directors of the Company during the whole of the half-year and up to date of this report:

Mr Patrick J D Elliott	- Independent Non Executive Chairman
Mr Geoff N Williams	- Independent Non Executive Director
Mr Lindsay J Owler	- Exploration Director
Mr Graeme Ellis	- Managing Director (Retired 31 December 2009)

### **Review of Operations**

The Group profit for the six months to 31 December 2009, after providing for income tax, was \$1,691,805 (2008 : loss of \$622,011).

### **Principal Activities**

During the half-year the principal activities of the consolidated entity were directed toward indentifying resource opportunities capable of exploration to increase value with clear emphasis on projects capable of early development into production.

### **Exploration Activities**

#### **Australia**

#### **Kroombit, Central Queensland**

During the period, Argonaut commissioned Intech Engineers to undertake a Scoping Study into the economics of a commercial mining operation at Kroombit.

To facilitate this Scoping Study, the company has also commissioned Optimet Laboratories to study the metallurgical properties of copper sulphide mineralisation found at Kroombit. Initial tests indicate a high amenability to conventional flotation methods.

The company also conducted investigations into 17 mineral occurrences within EPM 15705 and EPM 15734 in order to better prioritise the numerous regional targets for follow-up exploration work.

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**Torrens, Stuart Shelf, South Australia**

Argonaut is exploring for iron-oxide copper-gold systems in the highly prospective Stuart Shelf region of South Australia via the Torrens Joint Venture between Argonaut and Straits Resources Limited (ASX: SRL).

The Joint Venture is in negotiations with numerous stakeholders including the State Government and Native Title claimants to resolve access issues and recommence drilling operations. A Section 23 application in accordance with South Australian Governments Aboriginal Heritage Act 1988 has been lodged with the Aboriginal Affairs and Reconciliation Division of the Department of Premier and Cabinet.

Straits Resources Limited has the right to earn a 70% interest in the project, pursuant to the terms of the Joint Venture, by spending \$7 million on exploration. Argonaut currently holds 100%.

**Laos**

During the period, Argonaut entered final negotiations for the extension of its two majority held Mineral Reconnaissance and Exploration Agreements in Laos ('MREAS').

The company applied to extend the MREAs for the three years to October 2012.

On 2 March 2010, the company announced that the MREAs and related Foreign Investment Licences has been extended as per the application.

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

**Auditor's Independence Declaration**

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Signed in accordance with a resolution of the directors:



Patrick J D Elliott  
*Chairman*

Sydney, New South Wales  
8 March 2010

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

In relation to our review of the financial report of Argonaut Resources NL for the half-year ended 31 December 2009, to the best of my knowledge and belief, there have been no contraventions of the auditor independence requirements of the *Corporations Act 2001* or any applicable code of professional conduct.



Ernst & Young



Michael Elliott  
Partner  
Sydney

8 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
For the half-year ended 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
<b>Revenue</b>	3	154,457	339,025
<b>Other income</b>	4	2,366,818	-
<b>Expenses</b>			
Accounting, audit and legal fees	5	67,990	442,125
Office administration expenses		105,291	45,221
Office lease and maintenance costs		4,487	9,895
Travel expenses		36,233	21,251
Statutory fees		39,091	33,783
Finance costs		13	4,040
Depreciation expense		23,778	18,994
Directors and employee benefits	6	544,693	385,727
Loss on sale of investments		7,894	-
<b>Total expenses</b>		829,470	961,036
<b>Profit/(Loss) before income tax</b>		1,691,805	(622,011)
Income tax credit/(expense)		-	-
<b>Profit/(Loss) after income tax</b>		1,691,805	(622,011)
<b>Net Profit/(Loss) for the period</b>		<b>1,691,805</b>	<b>(622,011)</b>
<b>Other comprehensive income</b>			
Foreign currency translation		(485,239)	2,027,686
Available for sale investment revaluation		336,644	(653,847)
Other comprehensive income/(loss)		(148,595)	1,373,839
<b>Total comprehensive income for the period</b>		<b>1,543,210</b>	<b>751,828</b>
<b>Earnings per share for profit/(loss) attributable to the Ordinary Equity Holders of the Parent:</b>			
Basic profit/ (loss) per share (cents per share)		1.02	(0.38)
Diluted profit/ (loss) per share (cents per share)		1.02	(0.38)

The accompanying notes form part of these financial statements.



CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
As at 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 30 June 2009 \$
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		8,543,754	6,652,167
Other current assets		51,072	188,258
<b>Total Current Assets</b>		<b>8,594,826</b>	<b>6,840,425</b>
<b>NON CURRENT ASSETS</b>			
Available for sale financial assets	7	-	660,000
Property, plant and equipment		578,034	583,206
Exploration and evaluation assets		11,112,860	11,231,012
<b>Total Non Current Assets</b>		<b>11,690,894</b>	<b>12,474,218</b>
<b>TOTAL ASSETS</b>		<b>20,285,720</b>	<b>19,314,643</b>
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Payables		213,665	661,223
Provisions		4,671	1,884
<b>Total current liabilities</b>		<b>218,336</b>	<b>663,107</b>
<b>NON-CURRENT LIABILITIES</b>			
Provisions		46,902	174,264
<b>Total Non- Current liabilities</b>		<b>46,902</b>	<b>174,264</b>
<b>TOTAL LIABILITIES</b>		<b>265,238</b>	<b>837,371</b>
<b>NET ASSETS</b>		<b>20,020,482</b>	<b>18,477,272</b>
<b>EQUITY</b>			
Contributed equity	8	27,698,987	27,698,987
Reserves		(1,458,531)	(1,261,303)
Accumulated losses		(6,219,974)	(7,960,412)
<b>TOTAL EQUITY</b>		<b>20,020,482</b>	<b>18,477,272</b>

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
For the half-year ended 31 December 2009

CONSOLIDATED For the half year ended 31 December 2009	Issued capital	Accumulated losses	Available for sale asset reserve	Foreign currency translation reserve	Share based payments reserve	Total equity
	\$	\$	\$	\$	\$	\$
<b>Balance at 1 July 2009</b>	27,698,987	(7,960,412)	(336,644)	(973,292)	48,633	18,477,272
Profit for the period	-	1,691,805	-	-	-	1,691,805
Other comprehensive income/loss for the half year	-	-	336,644	(485,239)	-	(148,595)
Total comprehensive income/(loss) for the half-year	-	1,691,805	336,644	(485,239)	-	1,543,210
Movement of share based payments reserve to retained earnings	-	48,633	-	-	(48,633)	-
<b>Balance at 31 December 2009</b>	<b>27,698,987</b>	<b>(6,219,974)</b>	<b>-</b>	<b>(1,458,531)</b>	<b>-</b>	<b>20,020,482</b>
<b>CONSOLIDATED For the half year ended 31 December 2008</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Balance at 1 July 2008</b>	27,698,987	(6,381,237)	197,203	(1,690,956)	48,633	19,872,630
Profit for the period	-	(622,011)	-	-	-	(622,011)
Other comprehensive income/loss for the half year	-	-	(653,847)	2,027,686	-	1,373,839
Total comprehensive income/(loss) for the half-year	-	(622,011)	(653,847)	2,027,686	-	751,828
Prior period adjustments	-	(279,835)	-	-	-	(279,835)
<b>Balance at 31 December 2008</b>	<b>27,698,987</b>	<b>(7,283,083)</b>	<b>(456,644)</b>	<b>336,730</b>	<b>48,633</b>	<b>20,344,623</b>

The accompanying notes form part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

For the half-year ended 31 December 2009

	Note	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
<b>Cash flows from operating activities</b>			
Payment to suppliers and employees (including GST)		(966,645)	(1,014,612)
Interest received		173,896	297,438
Interest paid		(13)	(4,040)
Fraud recovery	4	2,236,454	-
<b>Net cash from / (used in) operating activities</b>		<b>1,443,692</b>	<b>(721,214)</b>
<b>Cash flows from investing activities</b>			
Payments for exploration		(694,752)	(2,648,949)
Proceeds from sale of investment	7	988,750	-
Transaction fees for sale of investment	7	(4,944)	-
Payments for plant and equipment		(8,294)	(496,975)
<b>Net cash from / (used in) investing activities</b>		<b>280,760</b>	<b>(3,145,924)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		-	(6,810)
<b>Net cash from / (used in) financing activities</b>		<b>-</b>	<b>(6,810)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>1,724,452</b>	<b>(3,873,948)</b>
Net foreign exchange differences		167,135	-
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>6,652,167</b>	<b>12,352,643</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>8,543,754</b>	<b>8,478,695</b>

The accompanying notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009

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## 1. BASIS OF PREPARATION

This general purpose financial report for the half-year ended 31 December 2009 has been prepared in accordance with AASB 134 Interim Financial Reporting and the *Corporations Act 2001*.

This half-year financial report does not include all the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It is recommended that the half-year financial report be read in conjunction with the annual report for the year ended 30 June 2009 and considered together with any public announcements made by Argonaut Resources NL during the half-year ended 31 December 2009 in accordance with the continuous disclosure obligations of the ASX listing rules.

The half-year financial report has been prepared in accordance with the historical cost convention, except for certain assets, which are at fair value. For the purposes of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

Apart from the changes in the accounting policies noted below, the accounting policies and methods of computation are the same as those adopted in the most recent annual financial report.

The financial report is presented in Australian Dollars.

### **Accounting Standards not Previously Applied**

The Company has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply to the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis that they represent a significant change in information from that previously made available.

#### *Presentation of Financial Statements*

AASB 101 *Presentation of Financial Statements* prescribes the contents and structure of the financial statements.

The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in a reconciliation of each component of equity and included in the new statement of comprehensive income. The statement of comprehensive income presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Group has elected to present one statement.

Other financial statements are renamed in accordance with the Standard.

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009

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## 1. BASIS OF PREPARATION (continued)

### *Operating Segments*

AASB 8 *Operating Segments* replaced AASB 114 *Segment Reporting* upon its effective date. The Group concluded that the operating segments determined in accordance with AASB 8 are the same as the segments previously identified under AASB 114. AASB 8 disclosures are shown in note 2, including the related revised comparative information.

As a result of the adoption of the revised AASB 8 *Operating Segments*, certain cash generating units have been redefined having regard to the requirements in AASB 136 *Impairment of Assets*.

The Group has not elected to early adopt any other new standards or amendments that are issued but not yet effective.

## 2. OPERATING SEGMENTS

### **Segment Information**

#### **Identification of reportable segments**

The Group has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing performance and determining the allocation of resources.

#### **Types of product and service by segment**

As of the date of this report and during the six months to 31 December 2009 the Group operates entirely in the industry of exploration of minerals in Australia and Laos. The operating segments are identified based on the size of the exploration tenements.

An operating segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environment. The Group is managed primarily on its tenements which comprise mineral tenements in South Australia and Queensland in Australia and all other tenements are in Laos.

Reportable segments disclosed are based on aggregating operating segments where the segments are considered to have similar economic characteristics and are also similar with respect to the type of product and service. The Group has determined that the reportable operating segments are based on geographical locations as this is the source of the Group's major assets.

#### *Accounting policies adopted*

Unless stated otherwise, all amounts reported to the board of directors as the chief decision maker with respect to operating segments are determined in accordance with accounting policies that are consistent to those adopted in Note 1 to the accounts and the annual financial statements of the Group.

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009

## 2. OPERATING SEGMENTS (continued)

### Basis of accounting for purposes of reporting by operating segments

#### *Segment 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.

#### *Comparative information*

This is the first reporting period in which AASB 8 Operating Segments has been adopted. Comparative information has been restated to conform to the requirements of the Standard.

The following represents profit and loss for reportable segments for the half-years ended 31 December 2009 and 31 December 2008 and asset information for the periods ended 31 December 2009 and 30 June 2009.

### Segment Result

The internal reports that are reviewed and used by the board of directors comprise only direct exploration expenditure. This information is used by the board of directors in assessing performance and in determining the allocation of resources and as such no segment result or segment revenues are separately disclosed.

### Segment Assets

Segment Assets 31 December 2009	Australia \$	Laos \$	Total \$
Segment operating assets	5,093,809	6,019,051	11,112,860
Intersegment eliminations:			
Cash and cash equivalent			8,543,754
Trade and other current assets			51,072
Property, plant and equipment			578,034
Total assets from continuing operations per the statement of financial position			<u>20,285,720</u>

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009

**2. OPERATING SEGMENTS (continued)**

**Segment Assets**

Segment Assets 30 June 2009	Australia \$	Laos \$	Total \$
Segment operating assets	4,463,291	6,767,721	11,231,012
Intersegment eliminations:			
Cash and cash equivalent			6,652,167
Trade and other current assets			188,258
Available for sale financial asset			660,000
Property, plant and equipment			583,206
Total assets from continuing operations per the statement of financial position			19,314,643

The following represents the total cash spent for each reportable segment for the half-years ended 31 December 2009 and 31 December 2008.

**Segment Cash Spend**

	Australia \$	Laos \$	Total \$
<b>Cash spend - 31 December 2009</b>	408,247	286,505	694,752
<b>Cash spend - 31 December 2008</b>	2,309,150	339,799	2,648,949

**3. REVENUE**

	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
Interest received	154,457	339,025

**4. OTHER INCOME**

	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
Other income *	2,366,818	-

\* Other income relates to fraud recovery including fraud related expenses. This amount includes both actual cash recoveries made during the half-year, and the release of expense provisions made in prior periods.

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009

5. ACCOUNTING, AUDIT AND LEGAL FEES	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
Fraud Investigation : Forensic	-	162,796
Fraud Investigation : Legal fees	-	196,284
Accounting, audit and legal fees	67,990	83,045
<b>Total</b>	<b>67,990</b>	<b>442,125</b>

6. DIRECTORS AND EMPLOYEE BENEFITS	Consolidated 31 Dec 2009 \$	Consolidated 31 Dec 2008 \$
Wages, salaries and directors fees	394,693	385,727
Retirement payment to managing director	150,000	-
<b>Total</b>	<b>544,693</b>	<b>385,727</b>

7. AVAILABLE FOR SALE FINANCIAL ASSETS	Consolidated 31 Dec 2009 \$	Consolidated 30 June 2009 \$
Investment in listed securities*	-	660,000
<b>Total</b>	<b>-</b>	<b>660,000</b>

\* As at 30 June 2009, the parent entity held 4,000,000 shares in Hillgrove Resources Limited. The market value of these shares at 30 June 2009 was \$660,000 or \$0.165 cents per share. The fair value adjustment of \$336,644 has been booked directly against reserves to reflect the change in value. On 17 July 2009, the Company announced that it had sold the remaining 4,000,000 shares. The net proceeds received were \$983,806.

8. CONTRIBUTED EQUITY	Consolidated 31 Dec 2009 Shares	Consolidated 30 June 2009 Shares	Consolidated 31 Dec 2009 \$	Consolidated 30 June 2009 \$
Equity issued	165,244,720	165,244,720	27,698,987	27,698,987



NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009 (continued)

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**9. SHARE BASED PAYMENTS**

There were no options on issue at balance date.

Options	Consolidated 31 Dec 2009 Options	Consolidated 30 June 2009 Options	Consolidated 31 Dec 2009 \$	Consolidated 30 June 2009 \$
Opening Balance	8,500,000	8,500,000	48,633	48,633
Unlisted Options expired	(3,500,000)	-	(48,633)	-
Unlisted Options relinquished *	(5,000,000)	-	-	-
Closing Balance	-	8,500,000	-	48,633

\* 5,000,000 unlisted options to acquire ordinary shares in the Company have been voluntarily relinquished by the Director's. The options were voluntarily relinquished for no consideration. The Company presently has no options on issue.

**10. CONTINGENT LIABILITIES**

The Group had contingent liabilities at 31 December 2009 in respect of :

**Native Title**

Tenements in which the Company has an interest are covered by one or more Native Title claims or are within aboriginal lands. The estimated contingent liability with respect to Native Title claims is not expected to exceed \$100,000. No material losses are anticipated in respect of this contingent liability.

**Deferred Laos Acquisition Costs**

On completion of a bankable feasibility study relating to Century or Xekong tenements and the issue of a mining licence for either tenement on terms acceptable to the Company, the Company is required to pay within 5 days US\$450,000 (Century) or US\$700,000 (Xekong) respectively in deferred acquisition costs.

There are no other material contingent liabilities relating to the Company and/or the Group.

NOTES TO THE FINANCIAL STATEMENTS  
For the half-year ended 31 December 2009 (continued)

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**11. EVENTS AFTER THE BALANCE SHEET DATE**

The Group received notification that the Government of the People's Democratic Republic of Lao has extended the period of the Group's two Mineral Reconnaissance and Exploration Agreements by a period of three years, commencing 22 February 2010.

No other matters or circumstances have arisen since 31 December 2009 that have significantly affected or may significantly affect:

1. The consolidated Company's operations in future financial years; or
2. The results of those operations in future financial years; or
3. The consolidated Company's state of affairs in future financial years.

D I R E C T O R S '   D E C L A R A T I O N  
For the half-year ended 31 December 2009

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The Directors of the company declare that:

In the opinion of the directors:

- a) The financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including :
  - (i) giving a true and fair view of the financial position of the consolidated group as at 31 December 2009 and its performance for the half-year ended on that date; and
  - (ii) complying with Accounting Standards AASB 134 Interim Financial Reporting and the *Corporations Regulations 2001*
  
- b) There are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to be "Patrick J D Elliott", written in a cursive style.

Patrick J D Elliott  
*Chairman*

Sydney, New South Wales  
8 March 2010

To the members of Argonaut Resources NL

## Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Argonaut Resources NL, which comprises the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the half-year end or from time to time during the half-year.

### Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argonaut Resources NL and the entities it controlled during the half-year, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Independence

In conducting our review, 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.

## Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Argonaut Resources NL is not in accordance with the *Corporations Act 2001*, including:

- i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and
- ii) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Ernst & Young



Michael Elliott  
Partner  
Sydney  
8 March 2010

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