

ARGENT MINERALS LIMITED
and its controlled entities

A.B.N. 89 124 780 276

**INTERIM FINANCIAL REPORT
FOR THE HALF-YEAR ENDED
31 DECEMBER 2018**

Corporate Information

DIRECTORS

Peter Wall – Non-Executive Chairman

Emmanuel Correia – Non-Executive Director

Peter Michael – Non-Executive Director

Tim Hronsky – Non-Executive Director

CEO

David Busch

COMPANY SECRETARY

Vinodkumar Manikandan

Emmanuel Correia

PRINCIPAL PLACE OF BUSINESS AND REGISTERED OFFICE

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ABN: 89 124 780 276

ASX CODES:

ARD (ordinary shares)

ARDO (options)

ARDOA (options)

SOLICITORS

Perth – Steinepreis Paganin

Sydney – DLA Piper

AUDITORS

KPMG

Level 16, Riparian Plaza

71 Eagle Street

Brisbane QLD 4000

SHARE REGISTRY

Computershare

Level 4, 60 Carrington Street

Sydney, NSW 2000

Australia

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Argent Minerals Limited and its controlled entities

Highlights

Argent Minerals Limited ('Argent' or the 'Company') has concluded the first half of the 2019 financial year with significant advancement of the Kempfield multi-metallic and Pine Ridge Gold Mine projects.

Highlights of this period include:

EXPLORATION

Kempfield

- High grade gold-focussed strategy
 - Complements major metallurgical breakthroughs achieved in 2018 for the primary material.
 - Advances Kempfield toward production in proven large-scale mining region.
 - Potential early revenue from small-scale gold production.
- Gold-drilling programme – approval granted for 37 holes
- Initial 7 diamond holes prioritising:
 - *Gold-copper footwall domain* where historical drilling yielded several high grade gold intersections including **10.2 m @ 1.5 g/t Au from 28 m** (AKDD197), in the southwest region of the deposit where other drilling has yielded numerous high-grade gold intersections, including the spectacular AKDD181 results highlights: **1 m @ 1,065 g/t Au and 143 g/t Ag from 97 m**, and **1.8 m @ 1.21% Cu, 2.99 g/t Au and 50 g/t Ag from 136.8 m**.
 - *Potential feeder zone* including historic Kempfield Copper Mine where Government records reported very high historical assays ranging from **23 to 27% Cu**.

Pine Ridge Gold Mine

- Drilling programme announced
 - Four diamond holes to test for depth and strike extensions to known high-grade gold mineralisation.
- Historical intersections include:
 - **21 m @ 5.6 g/t Au from 50 m (PR010)**
incl. **1.0 m @ 62.9 g/t Au from 59 m**;
 - **10 m @ 4.1 g/t Au from 51 m (PR009)**
incl. **1.0 m @ 20.6 g/t Au from 52 m**;
 - **10 m @ 3.7 g/t Au from 71 m (PR012)**
incl. **1.0 m @ 11.2 g/t Au from 76 m**;
- Major event for Pine Ridge Gold Mine Project
 - Significant exploration upside identified – mineralisation potentially over a much larger area.
 - Strong similarities to the 2.1 Moz McPhillamys gold deposit 50 kilometres to the north, and to other examples at Ballarat and Bendigo in Victoria.

CORPORATE

- \$627,994 before costs raised through Entitlements Issue
- AusIndustry R&D claim findings and Internal Independent Review
- Cash position \$1.2 million

Argent Minerals Limited and its controlled entities

Operations Review

Exploration

KEMPFIELD PROJECT

HIGH GRADE GOLD-FOCUSED STRATEGY

At the Company's AGM presentation to investors on 28 November 2018 Argent issued its strategy to focus on high-grade gold exploration within and to the immediate south of the Kempfield multi-metallic project.

This announcement followed several key developments during the year that have enabled Argent to pursue this strategy, and in the opinion of the board and management, is also well-timed to take advantage of any renewed interest in the global precious metals markets, while the Company aggressively pursues the path to production revenue.

The gold-focused exploration strategy is complemented by key achievements during 2018. Significant breakthroughs in metallurgy have enabled a major revision to the Company's JORC-compliant Resource and Exploration Target for its Kempfield project. These achievements have advanced the project in a region that has a track record of hosting some of the largest metallic mines in Australia, including Newcrest's Cadia Ridgeway gold mine.

In addition to advancing Kempfield toward production, Argent's new high-grade gold-focused strategy provides potential for early revenue from small scale gold production.

KEMPFIELD GOLD DRILLING PROGRAMME – APPROVAL GRANTED

During the year Argent prepared a drilling programme for Kempfield, and submitted this to the relevant authorities for approval. On 21 January 2019 the Company announced that it had received the regulator's approval to drill.

Out of the 37 new holes approved by NSW Planning & Environment, Resources & Geoscience, Argent is currently planning to complete an initial programme of 7 holes (1,200 m) in two main areas of the higher-grade western portion of the Kempfield deposit. The holes are prioritised as:

■ Gold-copper footwall domain

Three diamond holes (approximately 800 metres) are planned to test the gold-copper footwall domain (6 June 2018 – Significant Kempfield Exploration Target Revision) in the southwest area of the deposit where historical drilling yielded several high grade gold intersections in an approximately north-south trend including hole AKDD197, which yielded **10.2 m @ 1.5 g/t Au from 28 m**.

Other drilling in the southwest part of the deposit has yielded numerous high-grade gold intersections, including the spectacular AKDD181 results highlights: **1 m @ 1,065 g/t Au and 143 g/t Ag from 97 m**, and **1.8 m @ 1.21% Cu, 2.99 g/t Au and 50 g/t Ag from 136.8 m**.

■ Potential feeder zone

Four diamond holes are planned to test the feeder zone area, to the west of the main Kempfield Ag-Pb-Zn deposit, to test for the gold-copper rich feeder zone, including the recently confirmed Kempfield Copper Mine where Government records reported very high historical assays ranging from **23 to 27% Cu**.

PINE RIDGE GOLD MINE DRILLING PROGRAMME

On 21 January 2019 Argent announced further details and progress for the Pine Ridge Gold Mine drilling programme, summarised as follows:

Extensions of known gold mineralisation

Four diamond holes are planned (800 metres) to initially evaluate the Pine Ridge gold mine. The purpose of this initial drilling is to test for potential of depth extensions to the high-grade mineralisation identified by historical drilling within Trunkay-Kings Plain Gold Belt).

High historical intersection grades

Highlights of historical high-grade gold intersections reported by Argent for the Pine Ridge Gold Mine include:

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Operations Review

- **21 m @ 5.6 g/t Au from 50 m (PR010)**
incl. 1.0 m @ 62.9 g/t Au from 59 m;
- **10 m @ 4.1 g/t Au from 51 m (PR009)**
incl. 1.0 m @ 20.6 g/t Au from 52 m;
- **10 m @ 3.7 g/t Au from 71 m (PR012)**
incl. 1.0 m @ 11.2 g/t Au from 76 m;
- **18 m @ 2.4 g/t Au from 68 m (PR023)**
incl. 1.0 m @ 5.3 g/t Au from 77 m.

Progress update

On 6 March 2019 the Company announced that all the necessary land access agreements are now in place for the Pine Ridge Gold Mine drilling programme, leaving only two remaining regulatory approvals to be granted to allow commencement of drill pad construction at the Pine Ridge Gold Mine, and the subsequent drilling programme. These are the drilling programme for Pine Ridge, and Ministerial Consent under Section 30 of the Mining Act (1992), which the Company expects to be relatively straightforward.

The execution of the agreements with private landholders and the NSW Department of Industry Crown Land & Water Division (**Crown Lands**), all of which Argent has been pursuing since December 2017, represents a significant advance for the Pine Ridge Gold Mine drilling programme.

The broad scope of the Crown Lands agreement also provides the Company with access to all Crown Lands within the main Kempfield project area, and additional highly prospective surrounding areas.

In addition to its significance for Pine Ridge, this is an important development for the Kempfield project, allowing the Company drilling access for the first time on key Crown Lands areas where significant deposit expansion potential has been identified by the Company.

MAJOR EVENT FOR THE PINE RIDGE GOLD MINE

Major exploration upside

On 16 October 2018 Argent released a significant exploration update for the 2016 acquisition of the historic Pine Ridge Gold Mine and tenement area, which is located only 19 kilometres to the south of the Kempfield project.

The acquisition of the Pine Ridge Gold Mine, together with the subsequent exploration and evaluation work conducted on it by Argent, has advanced the project to become a key component of the Company's strategy to develop higher-grade gold satellites within trucking distance of the central multi-metallic Kempfield project.

Argent reviewed the historical Pine Ridge Gold Mine deposit data and conducted reconnaissance exploration over an area of approximately 1.3 square kilometres surrounding the historic mine footprint. The review identified a previously unrecognised distribution of gold mineralisation in iron-rich volcanics covering a much wider area than gold-hosting quartz veins.

The Pine Ridge Gold Mine area shows strong similarities to the 2.1 Moz McPhillamys gold deposit 50 kilometres to the north, and to other examples at Ballarat and Bendigo in Victoria.

The new findings from the reconnaissance exploration have recognised substantial exploration upside at the Pine Ridge Gold Mine and within the greater area surrounding Argent's Kempfield project. Previous exploration at Kempfield has encountered high-grade gold mineralisation, including the spectacular **1,065 g/t Au** intersected during volcanic-hosted massive sulphide (VHMS) drilling. This is believed to be an orogenic gold overprint related to the regional gold system, forming later than the VHMS system.

Impact on Kempfield economics

The newly identified Pine Ridge exploration upside has the potential to provide a significant boost to the economics of the Kempfield project. Argent has been working diligently to advance the profitability of the Kempfield project with improvements to the metallurgical processing and increasing mineral recovery. These improvements are focused on separating out mineral extraction streams and will enhance precious metal recovery from Kempfield and/or in satellite sources such as the Pine Ridge Gold Mine.

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Operations Review

CORPORATE

CASH MANAGEMENT

Entitlements Issue Prospectus

On 25 October 2018 the Company released a Prospectus for an Entitlements Issue.

A total of \$627,994 before costs was raised by the Entitlements Issue, of which \$505,827 (80.6%) was contributed by the top 20 shareholders (Top 20), Directors and senior management of Argent.

As at the close of trading on 31 December 2018 the Top 20 held 41.92% of the Company, up from 38.3% on 3 September 2018 as announced in the 2018 Annual Report to Shareholders.

Independent review of AusIndustry R&D claim findings

On 8 January 2019 the Company announced that it would seek an independent internal review in relation to negative findings issued by AusIndustry for the Company's 2015/16 and 2016/17 financial years (**R&D Claims**), for which the Company may ultimately be required to repay up to \$1,402,997 plus potential penalties and interest.

The law provides the Company with full rights to a multi-stage review and dispute resolution process, including the right to seek an independent internal review by another state branch of AusIndustry (**Independent Review**), together with rights of appeal to both the Administrative Appeals Tribunal and thereafter the Federal Court.

The Independent Review is underway as at the date of this report.

The Company remains of the view that the R&D claims were made in compliance with the applicable legislation and intends to pursue its rights under the law commencing with an Independent Review as provided for under Division 5 of the IR&D Act - which AusIndustry invited Argent to request, and the Company has applied for.

Argent has engaged the services of a leading accountancy and advisory firm to assist with the AusIndustry review process, the same firm that has been advising the Company and assisting with its preparation of R&D Tax Incentive claims since December 2013.

Value-add focus and non-core project divestment

Meanwhile the board and management of Argent intend to focus the Company's efforts on generating significant additional value through the high-grade gold-focused exploration strategy.

The Company is in the process of reviewing its other projects to identify non-core projects for divestment. This will allow the Company to focus its available resources on prioritised exploration targets.

Cash position

Argent's cash position as at 31 December 2018 was \$1,226,824.

PROJECT PORTFOLIO REVIEW

The Company is in the process of reviewing its other projects to identify non-core projects for divestment, as it also continues to evaluate other potential opportunities that may support the Company's strategy.

This will allow the Company to focus its available resources on prioritised exploration targets.

COMPETENT PERSON STATEMENTS

Previously Released Information

This ASX announcement contains information extracted from the following reports which are available for viewing on the Company's website <http://www.argentminerals.com.au>:

- 22 & 24 December 2015 Significant intersections of Copper and High Grade Gold at Kempfield¹
- 24 October 2016 High grade Au Identified in Trunkey-Kings Plain Gold Belt¹
- 6 June 2018 Significant Kempfield Exploration Target Revision²
- 10 October 2018 Annual Report to Shareholders – Mineral Resources and Ore Reserves Statement².

Argent Minerals Limited and its controlled entities

Operations Review

- 16 October 2018 Major Event for Pine Ridge Gold Mine Acquisition¹
- 25 October 2018 Prospectus
- 28 November 2018 AGM Presentation to Investors
- 8 January 2019 Argent to Seek Independent Review of AusIndustry Findings
- 21 January 2019 Argent Gold Strategy Exploration Update
- 6 March 2019 Pine Ridge Gold Mine Drilling – All Access Agreements Signed

Competent Person:

1. Clifton Todd McGilvray
2. Arnold van der Heyden

The Company confirms it is not aware of any new information or data that materially affects the information included in the original market announcements, and, in the case of estimates of Mineral Resources or Ore Reserves or historical mineralisation estimates, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcement.

The Company also confirms that it is not in possession of any new information or data relating to the historical mineralisation estimates that materially impacts on the reliability of the estimates or the Company's ability to verify the historical mineralisation estimates as mineral resources or ore reserves in accordance with Appendix 5A (JORC Code 2012).

Argent Minerals Limited and its controlled entities

Directors Report

The Directors are pleased to submit their report on Argent Minerals Limited ("Argent" or "the Company") and its consolidated entities ("the Group") for the half-year ended 31 December 2018.

DIRECTORS

The names of the directors who held office during or since the end of half- year are:

Peter Wall LLB BComm MAppFin FFin

Non-Executive Chairman

Appointed 23 April 2018.

Mr Wall is a corporate lawyer and has been a Partner at Steinepreis Paganin (Perth based corporate law firm) since July 2005. Mr Wall graduated from the University of Western Australia in 1998 with a Bachelor of Laws and Bachelor of Commerce (Finance). He has also completed a Masters of Applied Finance and Investment with FINSIA.

Mr Wall has a wide range of experience in all forms of commercial and corporate law, with a particular focus on resources (hard rock and oil/gas), technology companies, equity capital markets and mergers and acquisitions. He also has significant experience in dealing in cross border transactions.

During the past three years he has also served on the board of the following listed companies:

| Company | Date of Appointment | Date of Resignation |
|------------------------------------|---------------------|---------------------|
| Minbos Resources Limited | February 2014 | Not Applicable |
| MMJ PhytoTech Limited | August 2014 | Not Applicable |
| MyFizig Ltd | May 2015 | Not Applicable |
| Transcendence Technologies Limited | October 2015 | Not Applicable |
| Sky & Space Global Ltd | October 2015 | Not Applicable |
| Pursuit Minerals Limited | January 2016 | Not Applicable |
| Bronson Group Limited | June 2017 | Not Applicable |
| Activistic Ltd | June 2015 | February 2018 |
| Zyber Holdings Limited | January 2015 | January 2018 |
| Ookami Limited | October 2015 | January 2018 |
| Zinc of Ireland NL | April 2015 | July 2016 |
| TV2U International Limited | February 2012 | February 2016 |

EMMANUEL CORREIA BBus, CA

Non-Executive Director and Joint Company Secretary

Appointed 6 December 2017.

Mr Emmanuel Correia has over 25 years' public company and corporate finance experience in Australia, North America and the United Kingdom and is a founding director of Peloton Capital and Peloton Advisory.

Mr Correia is an experienced public company director/officer and, prior to establishing Peloton Capital in 2011, he was a founder and major shareholder of Cardrona Capital which specialised in providing advisory services to the small/mid cap market in Australia. Cardrona was acquired by a UK backed private advisory firm seeking advisory capabilities in Australia.

Mr Correia has also held various senior positions with Deloitte and other boutique corporate finance houses. Mr Correia's key areas of expertise include IPOs, secondary capital raisings, corporate strategy, structuring, mergers and acquisitions and corporate governance.

Mr Correia is currently a non-executive director of Canyon Resources Limited and Orminex Limited. Mr Correia is also the Company Secretary of Bluglass Limited.

Argent Minerals Limited and its controlled entities

Directors Report

During the past three years he served on the board of the following listed company:

| Company | Date of Appointment | Date of Resignation |
|--------------------------|---------------------|---------------------|
| Canyon Resources Limited | July 2016 | Not Applicable |
| Orminex Limited | April 2018 | Not Applicable |

PETER MICHAEL

Non-Executive Director

Appointed 16 September 2015.

Peter has over 20 years' experience in the property sector encompassing the arrangement and execution of commercial and residential property transactions, land development, construction and joint venture operations utilising an extensive network of contacts throughout Australia.

Peter is currently the Executive Director of a private age care business, a private property development business and privately-owned Real Estate Agency. Peter is also the Managing Director of a private investment firm, based in Subiaco, specialising in developing resource exploration companies. He is also a director of a not for profit group who specialise in delivering exercise programs for people with diabetes in WA and Vanuatu.

TIM HRONSKY B.Eng (Geology) Mausimm, MSEG

Non-Executive Director

Appointed 6 December 2017.

Mr Tim Hronsky is a geologist with over 25 years of international experience in the mining and exploration industry. Tim has a strong focus on precious metals, base metals and nickel exploration. He is highly experienced in exploration targeting for precious metals, and spent 15 years with Placer Dome Inc, one of the largest gold companies in the world at that time.

Tim has extensive global consulting experience in the mining industry, providing clients with unique and value-adding solutions. He specialises in the fields of business improvement and strategy and sustainable development and has a demonstrated track record in establishing new businesses and creating value in the early phases of exploration and in Junior company development.

Tim has strong conceptual and analytical skills and has been able to integrate geological, exploration and operational information to create unique technical and commercial solutions.

During the past three years he served on the board of the following listed company:

| Company | Date of Appointment | Date of Resignation |
|--------------------------|---------------------|---------------------|
| St George Mining Limited | November 2009 | January 2019 |

VINOD MANIKANDAN

Joint Company Secretary

Appointed 4 November 2015.

Vinod Manikandan graduated with a Bachelor of Commerce degree from Mahatma Gandhi University and also attained a Graduate Certificate of Professional Accounting from Deakin University. He has completed his post graduate studies in Applied Corporate Governance and is a member of CPA Australia. For the past four years, Vinod has provided financial reporting, accounting and company secretarial services to a range of public listed companies in Australia.

Argent Minerals Limited and its controlled entities

Directors Report

SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, Argent received an advice from AusIndustry in relation to its review of the R&D claims made by the Company for the 2015/16 and 2016/17 financial years (R&D Claims).

AusIndustry issued negative findings for the R&D Claims, for which the Company may ultimately be required to repay up to \$1,402,997 plus penalties and interest.

The law provides the Company with full rights to a multi-stage review and dispute resolution process, including the right to seek an independent internal review by another state branch of AusIndustry (Independent Review), together with rights of appeal to both the Administrative Appeals Tribunal and thereafter the Federal Court.

The Company remains of the view that the R&D claims were made in compliance with the applicable legislation and is pursuing its rights under the law commencing with an Independent Review as provided for under Division 5 of the *Industry Research and Development Act 1986* ("IR&D Act").

Argent has engaged the services of a leading accountancy and advisory firm to assist with the AusIndustry review process.

Subsequent to the negative finding issued by the AusIndustry, Argent has also informed the Australian Taxation office ('ATO') by providing a preliminary voluntary disclosure on its R&D claims. The Company has requested the ATO to defer any repayments on the R&D claims until the independent review is undertaken under Division 5 of the IR&D Act. In the event that the Group is unsuccessful to defer any repayment on the R&D claims, the Directors intend to negotiate a repayment plan with the ATO.

A tax provision for \$1,402,997 plus \$110,778 of potential interest charges is recognised in the interim financial statements. In the event Argent does not successfully resolve the AusIndustry review of the R&D claims, the Group may be required to pay penalties if imposed by the ATO. No provision has been recorded for penalty charges as the Directors are of the view that this is a contingent liability.

Except for the above, no other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

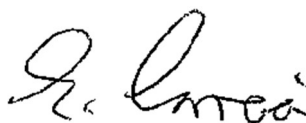
LEAD AUDITOR'S INDEPENDENCE DECLARATION

A copy of the Lead Auditor's Independence Declaration on page 9 as required under Section 307C of the Corporations Act 2001 is attached to and forms part of the Directors' Report for the half-year ended 31 December 2018.

This report has been signed in accordance with a resolution of the directors and is dated 7 March 2019.



Peter Wall
Chairman



Emmanuel Correia
Director



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To the Directors of Argent Minerals Limited

I declare that, to the best of my knowledge and belief, in relation to the review of Argent Minerals Limited for the half-year ended 31 December 2018 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii. no contraventions of any applicable code of professional conduct in relation to the review.

KPMG
BRISBANE
7 March 2019

Adam Twemlow
Partner

Argent Minerals Limited and its controlled entities
Condensed Consolidated Interim Statement of Profit or Loss and
Other Comprehensive Income
for the half-year ended 31 December 2018

| | Note | 31 December 2018 \$ | 31 December 2017 \$ |
|--|------|---------------------------|---------------------------|
| CONTINUING OPERATIONS | | | |
| Research & Development claim – (expense)/income | 7 | (1,402,997) | 693,748 |
| NSW co-operative drilling grant | | - | 141,966 |
| Administration and Consultants' expenses | | (60,000) | (79,735) |
| Depreciation | | (23,368) | (24,435) |
| Employee and director expenses | | (163,090) | (142,296) |
| Exploration and evaluation expenses | | (421,430) | (974,790) |
| Legal expenses | | (9,046) | (37,390) |
| Other expenses from ordinary activities | | (321,669) | (316,995) |
| Operating loss before financing income | | (2,401,600) | (739,927) |
| Interest income | | 8,684 | 10,162 |
| Interest expense | 7 | (110,778) | - |
| Net finance income | | (102,094) | 10,162 |
| Loss before tax | | (2,503,694) | (729,765) |
| Income tax expense | | - | - |
| Loss for the period | | (2,503,694) | (729,765) |
| Other comprehensive income for the period | | - | - |
| Total comprehensive loss for the period | | (2,503,694) | (729,765) |
| EARNINGS PER SHARE | | | |
| Basic and diluted loss per share (cents per share) | | (0.53) | (0.17) |

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

Argent Minerals Limited and its controlled entities
Condensed Consolidated Interim Statement of Financial Position
as at 31 December 2018

| | Note | 31 December 2018 \$ | 30 June 2018 \$ |
|---------------------------------------|------|---------------------------|-----------------------|
| CURRENT ASSETS | | | |
| Cash and cash equivalents | | 1,226,824 | 1,649,466 |
| Other assets | | 31,390 | 23,265 |
| TOTAL CURRENT ASSETS | | 1,258,214 | 1,672,731 |
| NON CURRENT ASSETS | | | |
| Other financial assets- deposits | | 93,100 | 83,100 |
| Property, plant and equipment | | 375,003 | 398,371 |
| TOTAL NON CURRENT ASSETS | | 468,103 | 481,471 |
| TOTAL ASSETS | | 1,726,317 | 2,154,202 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | | 63,043 | 125,787 |
| Employee entitlements | | 60,404 | 91,326 |
| Provision for repayment of R&D claims | 7 | 1,513,775 | - |
| TOTAL CURRENT LIABILITIES | | 1,637,222 | 217,113 |
| NON CURRENT LIABILITIES | | | |
| Employee entitlements | | 42,843 | - |
| TOTAL NON CURRENT LIABILITIES | | 42,843 | - |
| TOTAL LIABILITIES | | 1,680,065 | 217,113 |
| NET ASSETS | | 46,252 | 1,937,089 |
| EQUITY | | | |
| Issued capital | 4 | 29,859,911 | 29,274,380 |
| Reserves | 4 | 220,855 | 193,529 |
| Accumulated losses | | (30,034,514) | (27,530,820) |
| TOTAL EQUITY | | 46,252 | 1,937,089 |

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

Argent Minerals Limited and its controlled entities
Condensed Consolidated Interim Statement of Cash Flows
for the half-year ended 31 December 2018

| | Note | 31 December 2018 \$ | 31 December 2017 \$ |
|--|------|---------------------------|---------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Expenditure on mining interests | | (438,679) | (973,067) |
| Payments to suppliers and employees | | (568,412) | (513,061) |
| Interest received | | 8,684 | 10,162 |
| Receipt of R&D tax incentive | | - | 693,748 |
| Receipt of NSW government cooperative drilling program grant | | - | 141,966 |
| Net cash used in operating activities | | (998,407) | (640,252) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Security deposit | | (10,000) | 11,900 |
| Purchase of plant and equipment | | - | (14,480) |
| Net cash used in investing activities | | (10,000) | (2,580) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Issue of shares | 4 | 627,994 | 1,200,000 |
| Capital raising costs | 4 | (42,229) | (84,147) |
| Net cash from financing activities | | 585,765 | 1,115,853 |
| Net increase in cash and cash equivalents | | (422,642) | 473,021 |
| Cash and cash equivalents at the beginning of the financial year | | 1,649,466 | 2,029,005 |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD | | 1,226,824 | 2,502,026 |

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

Argent Minerals Limited and its controlled entities
Condensed Consolidated Interim Statement of Changes in Equity
for the half-year ended 31 December 2018

| | SHARE CAPITAL \$ | ACCUMULATED LOSSES \$ | RESERVES \$ | Total Equity \$ |
|---|------------------------|-----------------------------|----------------|-----------------------|
| Balance as at 1 July 2018 | 29,274,380 | (27,530,820) | 193,529 | 1,937,089 |
| Loss for the half-year | - | (2,503,694) | - | (2,503,694) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | (2,503,694) | - | (2,503,694) |
| Transactions with owners recorded directly in equity | | | | |
| Shares issued during the period | 627,994 | - | - | 627,994 |
| Share based payments | - | - | 27,326 | 27,326 |
| Share issue expenses | (42,463) | - | - | (42,463) |
| Balance at 31 December 2018 | 29,859,911 | (30,034,514) | 220,855 | 46,252 |
| Balance as at 1 July 2017 | 28,090,527 | (25,830,094) | 143,636 | 2,404,069 |
| Loss for the half-year | - | (729,765) | - | (729,765) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the period | - | (729,765) | - | (729,765) |
| Transactions with owners recorded directly in equity | | | | |
| Shares issued during the period | 1,200,000 | - | - | 1,200,000 |
| Share based payments | 38,000 | - | 44,480 | 82,480 |
| Share issue expenses | (84,147) | - | - | (84,147) |
| Transfer of expired options | - | 11,604 | (11,604) | - |
| Balance at 31 December 2017 | 29,244,380 | (26,548,255) | 176,512 | 2,872,637 |

The above condensed consolidated statement of changed in equity should be read in conjunction with the accompanying notes.

Argent Minerals Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2018

1. REPORTING ENTITY

Argent Minerals Limited (the 'Company') is a company domiciled in Australia. The condensed interim financial statements of the Company as at and for the half-year ended 31 December 2018 comprise the Company and its subsidiaries (together referred to as the 'Group'). The Group is primarily engaged in mineral exploration in Australia.

The Consolidated annual financial statements of the Group as at and for the year ended 30 June 2018 are available upon request from the Company's registered office at Level 2, 66 Hunter Street, Sydney, NSW, 2000 or at www.argentminerals.com.au.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements are general purpose financial statements prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134 Interim Financial Reporting.

The condensed consolidated interim financial report is intended to provide users with an update on the latest annual financial statements of Argent Minerals Limited. It is recommended that this interim financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2018, together with any public announcements made during the half-year.

These condensed consolidated interim financial statements were approved by the Board of Directors on 7 March 2019.

Going Concern

The consolidated interim financial statements have been prepared on a going concern basis, which contemplates the realisation of assets and settlement of liabilities in the ordinary course of business.

The Group recorded a loss attributable to equity holders of the Company of \$2,503,694 for the half year ended 31 December 2018 and has accumulated losses of \$30,034,514 at 31 December 2018. The Group has cash and cash equivalents of \$1,226,824 at 31 December 2018 and used \$998,407 of cash in operations, including payments for exploration and evaluation, for the half year ended 31 December 2018. The Group has been issued negative findings subsequent to undergoing a review by AusIndustry in relation to R&D claims totaling \$1,402,997. The Company remains of the view that the R&D claims were made in compliance with the applicable legislation and is pursuing its rights under the law commencing with an Independent Review as provided for under Division 5 of the IR&D Act.

The group has also informed the Australian Taxation office ('ATO') by providing a preliminary voluntary disclosure for Research & Development claims made for the 2016 and 2017 financial years. The Company has requested the ATO to defer any repayments on the R&D claims until the independent review is undertaken under Division 5 of the IR&D Act. As at 31 December 2018, the Group has recognised a provision of \$1,402,997 plus potential interest charges of \$110,778 in relation to these claims. In the event that the Group is unsuccessful in relation to the review, the Directors intend on negotiating a repayment plan with the ATO. Additional funding will also be required to meet the Group's projected cash outflows for a period of 12 months from the date of the directors' declaration.

The Directors have prepared cash flow projections that support the ability of the Group to continue as a going concern. These cash flow projections assume the Group obtains sufficient additional funding from shareholders or other parties and either successfully resolve the AusIndustry review of the R&D claims or negotiate a repayment plan with the ATO. If such funding is not achieved, the Group plans to reduce expenditure significantly.

These conditions give rise to a material uncertainty that may cast significant doubt upon the Group's ability to continue as a going concern. The ongoing operations of the Group is dependent upon the Group raising additional funding from shareholders or other parties and the Group reducing expenditure in-line with available funding.

In the event the Group does not obtain additional funding and reduce expenditure in-line with available funding and either successfully resolve the AusIndustry review of the R&D claims or negotiate a repayment plan with the ATO, it may not be able to continue its operations as a going concern and therefore may not be able to realise its

Argent Minerals Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2018

2. BASIS OF PREPARATION (Cont.)

assets and extinguish its liabilities in the ordinary course of operations and at the amounts stated in the interim financial report.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied in these interim financial statements are the same as those applied in the Group's consolidated financial statements as at and for the year ended 30 June 2018.

The changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as at and for the year ending 30 June 2019.

The Group has initially adopted AASB 15 Revenue from Contracts with Customers and AASB 9 Financial Instruments from 1 July 2018. The adoption of these standards did not have a material effect on the Group's financial statements.

4. ISSUED CAPITAL

(a) Issued and paid up capital

| | 31 December 2018 | 31 December 2017 |
|--|-------------------|-------------------|
| | \$ | \$ |
| At the beginning of the reporting period | 29,274,380 | 28,090,527 |
| Shares issued for cash on 28 November 2018 @ \$0.05 | 273 | - |
| Shares and attaching options issued for cash on 28 November 2018 @ \$0.015 | 43,000 | - |
| Shares and attaching options issued for cash on 20 November 2018 @ \$0.015 | 584,721 | - |
| Shares issued for services on 10 November 2017 @ \$0.03 | - | 38,000 |
| Shares and attaching options issued for cash on 20 December 2017 @ \$0.03 | - | 1,200,000 |
| Share issue costs | (42,463) | (84,147) |
| Balance at 31 December | 29,859,911 | 29,244,380 |

(b) Movement in ordinary shares

| | Number | Number |
|---|--------------------|--------------------|
| At the beginning of the reporting period | 463,959,479 | 421,414,516 |
| Shares issued during the reporting period | 41,853,553 | 41,240,616 |
| Balance at 31 December | 505,813,032 | 462,655,132 |

Argent Minerals Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2018

4. ISSUED CAPITAL (Cont.)

Fully paid ordinary shares carry one vote per share and carry the right to dividends.

(c) Reserves

| | 31 December 2018 | 31 December 2017 |
|--|-------------------------|-------------------------|
| | \$ | \$ |
| At the beginning of the reporting period | 193,529 | 143,636 |
| Employee Share Options at \$0.03 | 8,099 | - |
| Employee Share Options at \$0.06 | 1,428 | 27,181 |
| Employee Share Options at \$0.10 | 17,799 | 17,299 |
| Expiry of Options | - | (11,604) |
| Balance at 31 December | 220,855 | 176,512 |

5. SHARE BASED PAYMENTS

The Company has an Executive Option Plan to provide eligible persons, being employees or directors, or individuals whom the Plan Committee determine to be employees for the purposes of the Plan, with the opportunity to acquire options over unissued ordinary shares in the Company. The number of options granted or offered under the Plan will not exceed 10% of the Company's issued share capital and the exercise price of options will be the greater of the market value of the Company's shares as at the date of grant of the option or such amount as the Plan Committee determines. Options have no voting or dividend rights. The vesting conditions of options issued under the plan are based on a minimum service periods being achieved. There are no other vesting conditions attached to options issued under the plan.

In the event that the employment or office of the option holder is terminated, any options which have not reached their exercise period will lapse and any options which have reached their exercise period may be exercised within two months of the date of termination of employment. Any options not exercised within this two month period will lapse.

Argent Minerals Limited and its controlled entities
Notes to the Condensed Consolidated Interim Financial Statements
for the half-year ended 31 December 2018

5. SHARE BASED PAYMENTS (Cont.)

The terms and conditions of the options granted and on issue during the half-year were as follows:

| Grant date | Expiry date | Vesting date | Exercise price | Fair value of options granted | Granted/ on issue during the period Number | Exercise d/cancell ed during the period Number | Balance at end of the period Number |
|-----------------|-------------------|------------------|----------------|-------------------------------|---|---|--|
| 9 October 2018 | 30 September 2021 | 31 December 2018 | \$0.10 | \$5,600 | 1,000,000 | - | 1,000,000 |
| 9 October 2018 | 30 September 2021 | 30 June 2019 | \$0.03 | \$5,600 | 1,000,000 | - | 1,000,000 |
| 9 October 2018 | 30 September 2021 | 30 June 2020 | \$0.03 | \$5,600 | 1,000,000 | - | 1,000,000 |
| 9 October 2018 | 30 September 2021 | 30 June 2019 | \$0.06 | \$3,200 | 1,000,000 | - | 1,000,000 |
| 9 October 2018 | 30 September 2021 | 30 June 2020 | \$0.06 | \$3,200 | 1,000,000 | - | 1,000,000 |
| 9 October 2018 | 30 September 2021 | 30 June 2020 | \$0.10 | \$3,800 | 2,000,000 | - | 2,000,000 |
| 2 November 2016 | 30 September 2021 | 2 November 2016 | \$0.03 | \$41,982 | 2,000,000 | - | 2,000,000 |
| 2 November 2016 | 30 September 2021 | 31 December 2017 | \$0.06 | \$37,417 | 2,000,000 | - | 2,000,000 |
| 2 November 2016 | 30 September 2021 | 31 December 2018 | \$0.10 | \$50,397 | 3,000,000 | - | 3,000,000 |
| 24 October 2016 | 30 September 2021 | 24 October 2016 | \$0.03 | \$30,154 | 1,500,000 | - | 1,500,000 |
| 24 October 2016 | 30 September 2021 | 31 December 2017 | \$0.06 | \$26,826 | 1,500,000 | - | 1,500,000 |
| 24 October 2016 | 30 September 2021 | 31 December 2018 | \$0.10 | \$24,052 | 1,500,000 | - | 1,500,000 |
| | | | | <u>\$237,828</u> | <u>18,500,000</u> | <u>-</u> | <u>18,500,000</u> |

On 9 October 2018, the Company issued 1,000,000 3 cent unlisted options to its employee under the Executive Option Plan. The options vested immediately and expire on 30 September 2021.

On 9 October 2018, the Company issued 1,000,000 3 cent unlisted options to its employee under the Executive Option Plan. The options vest on 30 June 2019 and expire on 30 September 2021.

On 9 October 2018, the Company issued 1,000,000 3 cent unlisted options to its employee under the Executive Option Plan. The options vest on 30 June 2020 and expire on 30 September 2021.

On 9 October 2018, the Company issued 1,000,000 6 cent unlisted options to its employee under the Executive Option Plan. The options vest on 30 June 2019 and expire on 30 September 2021.

On 9 October 2018, the Company issued 1,000,000 6 cent unlisted options to its employee under the Executive Option Plan. The options vest on 30 June 2020 and expire on 30 September 2021.

On 9 October 2018, the Company issued 2,000,000 10 cent unlisted options to its employee under the Executive Option Plan. The options vest on 30 June 2020 and expire on 30 September 2021.

Fair value of options

The fair value of options granted is measured at grant date and recognised as an expense over the period during which the key management become unconditionally entitled to the options. The fair value of the options granted is measured using an option valuation methodology, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest.

Argent Minerals Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2018

5. SHARE BASED PAYMENTS (Cont.)

The fair value of options granted on 9 October 2018 was \$27,000. The Black-Scholes formula model inputs were the Company's share price of \$0.016 at the grant date, the volatility factor of 76.82% based on historic share price performance, a risk free interest rate of 2.11% based on government bonds, and a dividend yield of 0%.

The fair value of options granted on 30 November 2016 was \$14,832. The Black-Scholes formula model inputs were the Company's share price of \$0.021 at the grant date, the volatility factor of 111.53% based on historic share price performance, a risk free interest rate of 2.16% based on government bonds, and a dividend yield of 0%.

The fair value of options granted on 2 November 2016 was \$129,796. The Black-Scholes formula model inputs were the Company's share price of \$0.027 at the grant date, the volatility factor of 110% based on historic share price performance, a risk free interest rate of 1.87% based on government bonds, and a dividend yield of 0%.

The fair value of options granted on 24 October 2016 was \$81,032. The Black-Scholes formula model inputs were the Company's share price of \$0.026 at the grant date, the volatility factor of 110% based on historic share price performance, a risk free interest rate of 1.84% based on government bonds, and a dividend yield of 0%.

During the half-year, share based payment expense of \$27,326 in relation to options issued was recorded in the profit and loss (2017: \$44,480).

6. RELATED PARTIES

Key management personnel and director transactions

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or joint control over the financial or operating policies of those entities.

These entities transacted with the Group during the half-year as follows:

- During the half-year, Peter Wall had a beneficial interest in an entity, Steinepreis Paganin Lawyers & Consultants, which provided legal consulting services on ordinary commercial terms. Fees paid to Steinepreis Paganin Lawyers & Consultants amounted to \$26,669 (2017 - nil). There was \$3,418 outstanding at 31 December 2018 (2017 – nil).

7. SUBSEQUENT EVENTS

Subsequent to the end of the reporting period, Argent received an advice from AusIndustry in relation to its review of the R&D claims made by the Company for the 2015/16 and 2016/17 financial years (R&D Claims).

AusIndustry issued negative findings for the R&D Claims, for which the Company may ultimately be required to repay up to \$1,402,997 plus penalties and interest.

The law provides the Company with full rights to a multi-stage review and dispute resolution process, including the right to seek an independent internal review by another state branch of AusIndustry (Independent Review), together with rights of appeal to both the Administrative Appeals Tribunal and thereafter the Federal Court.

The Company remains of the view that the R&D claims were made in compliance with the applicable legislation and is pursuing its rights under the law commencing with an Independent Review as provided for under Division 5 of the *Industry Research and Development Act 1986* ("IR&D Act").

Argent has engaged the services of a leading accountancy and advisory firm to assist with the AusIndustry review process.

Argent Minerals Limited and its controlled entities

Notes to the Condensed Consolidated Interim Financial Statements

for the half-year ended 31 December 2018

7. SUBSEQUENT EVENTS (Cont.)

Subsequent to the negative finding issued by the AusIndustry, Argent has also informed the Australian Taxation office ('ATO') by providing a preliminary voluntary disclosure on its R&D claims. The Company has requested the ATO to defer any repayments on the R&D claims until the independent review is undertaken under Division 5 of the IR&D Act. In the event that the Group is unsuccessful to defer any repayment on the R&D claims, the Directors intend to negotiate a repayment plan with the ATO.

A tax provision for \$1,402,997 plus \$110,778 of potential interest charges is recognised in the interim financial statements. In the event Argent does not successfully resolve the AusIndustry review of the R&D claims, the Group may be required to pay penalties if imposed by the ATO. No provision has been recorded for penalty charges as the Directors are of the view that this is a contingent liability.

Except for the above, no other matters or circumstances have arisen since the end of the reporting period, which significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future financial years.

8. ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements have not changed since the last annual reporting date, except for note 5 Share Based Payments and note 10 Contingent Liability.

Future Rehabilitation

The Group measures the cost of future rehabilitation in relation to its tenements based on probable cost estimations at the date upon which tenements are altered from their original date. Fair values are determined using local data available. No material rehabilitation provision is considered necessary at 31 December 2018.

9. OPERATING SEGMENTS

The Group operates in predominantly one business and geographical segment, being mineral exploration in Australia.

10. CONTINGENT LIABILITY

The Group is currently undergoing an independent review by AusIndustry in relation to the R&D Claims it made for the 2016 and 2017 financials years totalling \$1,402,997. Subsequent to the end of the reporting period, AusIndustry issued a negative finding for the R&D Claims, for which the Company may ultimately be required to pay up to \$1,402,997 plus penalties and interest. A provision of \$1,402,997 plus \$110,778 of potential interest charges is recognised in the interim financial statements.

As at the date of this report, the claims are still under an independent review by AusIndustry and a finding has yet to be issued. The Directors are of the view that the claims are in compliance with the applicable legislation. In the event the independent review is unsuccessful, the Group may be required to pay potential penalties between \$76,000 to \$380,000 if imposed by the ATO. No liability has been recorded in relation to any potential penalties.

Argent Minerals Limited and its controlled entities Directors' Declaration

In the opinion of the Directors of Argent Minerals Limited ('the Company'):

- (a) the financial statements and notes set out on pages 10 to 19 are in accordance with the Corporations Act 2001 including:
 - (i) giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Regulations 2001; and
- (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.

This report has been signed in accordance with a resolution of the directors and is dated 7 March 2019:



Peter Wall
Chairman



Emmanuel Correia
Director



Independent Auditor's Review Report

To the members of Argent Minerals Limited

Report on the Interim Financial Report

Conclusion

We have reviewed the accompanying *Interim Financial Report* of Argent Minerals Limited (the Company) and its controlled entities (collectively referred to as the Group).

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Interim Financial Report of Argent Minerals Limited is not in accordance with the *Corporations Act 2001*, including:

- giving a true and fair view of the *Group's* financial position as at 31 December 2018 and of its performance for the half-year ended on that date; and
- complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*.

The *Interim Financial Report* comprises:

- Condensed consolidated interim statement of financial position as at 31 December 2018
- Condensed consolidated interim statement of profit or loss and other comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the half-year ended on that date
- Notes 1 to 10 comprising a summary of significant accounting policies and other explanatory information
- The Directors' Declaration.

The *Group* comprises Argent Minerals Limited the Company and the entities it controlled at the half year's end or from time to time during the half-year.

Material uncertainty related to going concern – emphasis of matter

We draw attention to Note 2 Going Concern in the interim financial report. The conditions disclosed in Note 2, indicates a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, whether it will realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the interim financial report. Our opinion is not modified in respect of this matter.

Responsibilities of the Directors for the Interim Financial Report

The Directors of the Group are responsible for:

- the preparation of the Interim Financial Report that gives a true and fair view in accordance with *Australian Accounting Standards* and the *Corporations Act 2001*; and
- for such internal control as the Directors determine is necessary to enable the preparation of the Interim Financial Report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility for the review of the Interim Financial Report

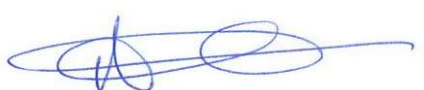
Our responsibility is to express a conclusion on the Interim Financial Report based on our review. We conducted our review in accordance with *Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with *Australian Accounting Standard AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Argent Minerals Limited, *ASRE 2410* requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of an Interim Period 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.

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



KPMG
BRISBANE
7 March 2019



Adam Twemlow
Partner