

**ARGENT MINERALS LIMITED**  
and its controlled entities

**A.B.N. 89 124 780 276**

**INTERIM FINANCIAL REPORT  
FOR THE HALF-YEAR ENDED  
31 DECEMBER 2016**

# Corporate Information

## **DIRECTORS**

Stephen G. Gemell – Non-Executive Chairman

David P. Busch – Managing Director

Peter J. Nightingale – Non-Executive Director

Peter B. W. Michael – Non-Executive Director

## **COMPANY SECRETARY**

Vinodkumar Manikandan

## **PRINCIPAL OFFICE**

Suite 6, Level 6, 50 Clarence Street

Sydney NSW 2000

Australia

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## **REGISTERED OFFICE**

Level 2, 66 Hunter Street

Sydney NSW 2000

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W: [www.argentminerals.com.au](http://www.argentminerals.com.au)

**ABN:** 89 124 780 276

## **ASX CODES:**

ARD (ordinary shares)

ARDO (options)

## **SOLICITORS**

Sydney – Jones Day

Perth – Steinepreis Paganin

## **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 2017 financial year with significant advancement of the Kempfield and West Wyalong projects. Highlights of this period include:

### **EXPLORATION**

#### **KEMPFIELD**

- Diamond drilling results in major breakthrough at Kempfield:
  - Major breakthrough – VHMS host horizons identified at the Kempfield deposit, leading to efficient drill targeting of high grade precious and base metals.
  - Significant potential mineralised extensions identified.
  - Massive sulphide intersections in proximity known intrusive confirm Kempfield North as high-ranking target area.
  - Proven continuity of mineralisation along strike and at depth in Kempfield North.
- Kempfield drilling campaign commenced for additional 8 diamond holes targeting silver, gold, lead and zinc.

#### **WEST WYALONG**

- A 6 hole, 2,300 metre diamond drilling program to be conducted to test the Theia and Narragudgil geophysical targets.
- Expenditure will result in Argent increasing its interest in the West Wyalong project to 70%.

#### **PINE RIDGE GOLD MINE**

- Maiden exploration results for the Pine Ridge gold mine – 100% Argent ownership acquired through low cost tenement application process.

### **CORPORATE**

- Oversubscribed private placement to sophisticated investors, raising \$1.755 million before costs.
- Highly contested NSW Government Cooperative Drilling grants awarded to Argent for drill testing the West Wyalong project (\$200,000) and the Loch Lilly project (\$150,000).
- \$709,249 received from the Federal Government R&D Tax Incentive Scheme.

# Argent Minerals Limited and its controlled entities

## Operations Review

### EXPLORATION

#### KEMPFIELD

During the period, a strategically designed 11 hole diamond drilling program produced 3,167 metres of drill core containing vast amounts of information about Kempfield that is significant to understanding the deposit for further exploration success. The data contained vast amount of information that aided a major breakthrough in Kempfield exploration. The litho-stratigraphy was defined at the Kempfield deposit and four key host horizons were identified.

To follow up the findings of the above exploration results, an eight hole drilling program was commenced in November 2016, targeting silver, gold, lead and zinc. The planned 1,600 metre drilling program was completed at a total of 1,833 metres.

#### Major breakthroughs achieved in Kempfield exploration

Detailed physical analyses have been completed on the drill core to record host rock types, thicknesses and angles, and where visible, mineralisation. The drill core information was then assessed together with assays as they became available following standard QA/QC. Whole rock assays were performed on more than 50% of the drill core to yield a further significant level of detail – at a minimum, a 33 element suite for each metre of core sampled.

In addition to the obvious pursuit of silver, gold, zinc, lead and copper mineral grades, authentic volcanic-hosted massive sulphide (VHMS) exploration that employs the latest techniques requires the remaining 28 or more elements to be assessed in detail to discover and quantify their associations with the target minerals and the inter-relationships that are unique for the deposit being explored.

To assess and interpret the complexities of this detailed information in the context of hundreds of millions of years of multiple geological processes, and ultimately be able to reconstruct the intricacies of the current form of the deposit for highly efficient drill targeting, requires specialised VHMS knowledge and experience.

These processes were performed on the drill core, and will continue, with the results to date representing a significant milestone in the exploration of the Kempfield VHMS system.

The significant advances have taken the understanding of the Kempfield deposit to a new, far more detailed, higher level than that afforded by the minimal information made available by historical RC drilling.

The key results of the program reported in the 10 October 2016 announcement are summarised as follows:

#### Major breakthrough - lithology and host horizons identified

Vital to the exploration of VHMS systems is the identification of the specific host rock horizons or geological features that control mineralisation, and their arrangement.

The litho-stratigraphy has now been defined at the Kempfield deposit and four key host horizons have been identified. Horizons A, B, C and D have been identified within stratigraphy that dips approximately 70° to 80° to the west and youngs to the east.

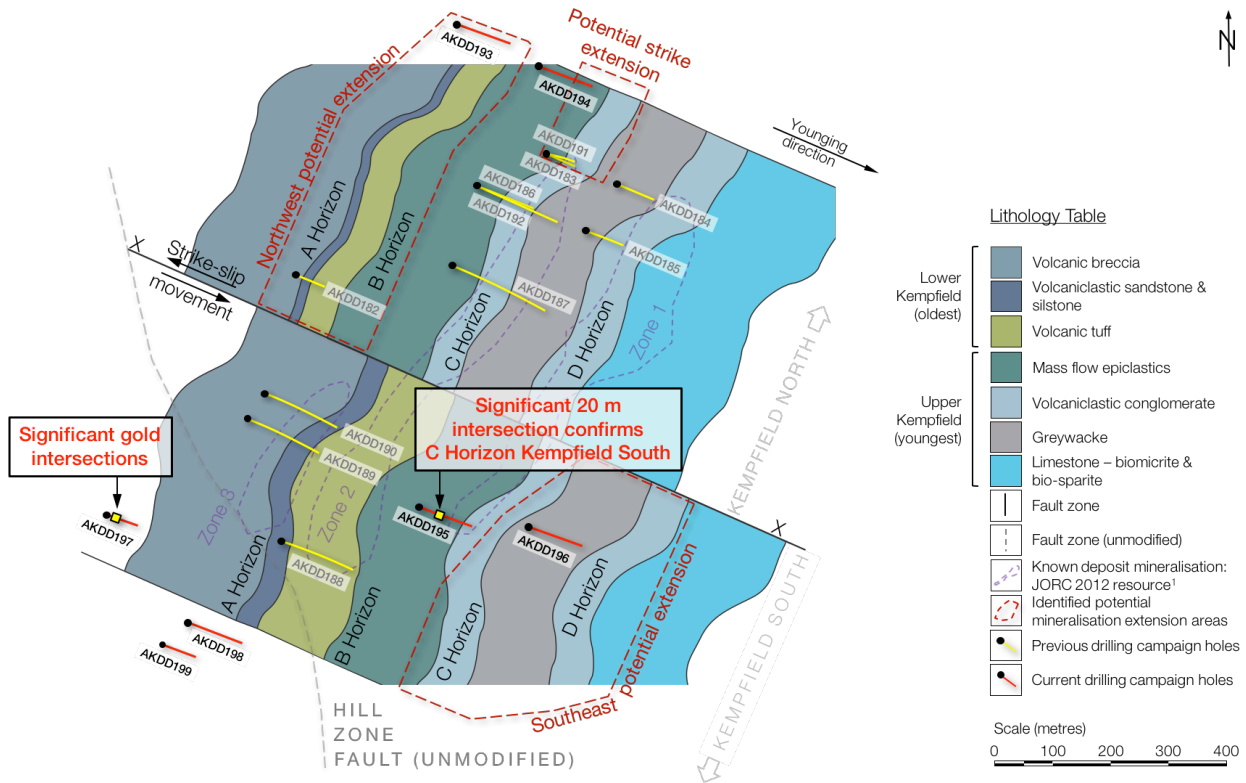
The identification of the lithology and host horizons represents a major breakthrough for the project, leading to highly efficient drill targeting of high grade precious and base metals at Kempfield.

# Argent Minerals Limited and its controlled entities

## Operations Review

Figure 1 provides a simplified geological plan view illustrating the dominant lithology and identified VHMS host horizons projected to surface, together with outlines of the three mineralisation zones of the known deposit and the drill program holes.

**Figure 1 – Simplified plan view of Kempfield lithology, the identified VHMS host horizons, and diamond drillhole locations.**



### Potential mineralised extensions identified for drill targeting

An immediate result of this new level of detail was the identification of potentially significant areas of additional mineralisation (each labelled as 'Potential Extension' in Figure 1).

The discovery and delineation of the host horizons and the identification of the potential mineralised extensions represent significant advances at Kempfield. The mineralisation extension potential is especially significant when considered together with the recent depth extensions to northern portions of the deposit, which were confirmed to be at least twice that afforded by historical shallow drilling.

### High grade gold trend

The diamond drill core assessment confirmed two main types of gold occurrences at Kempfield:

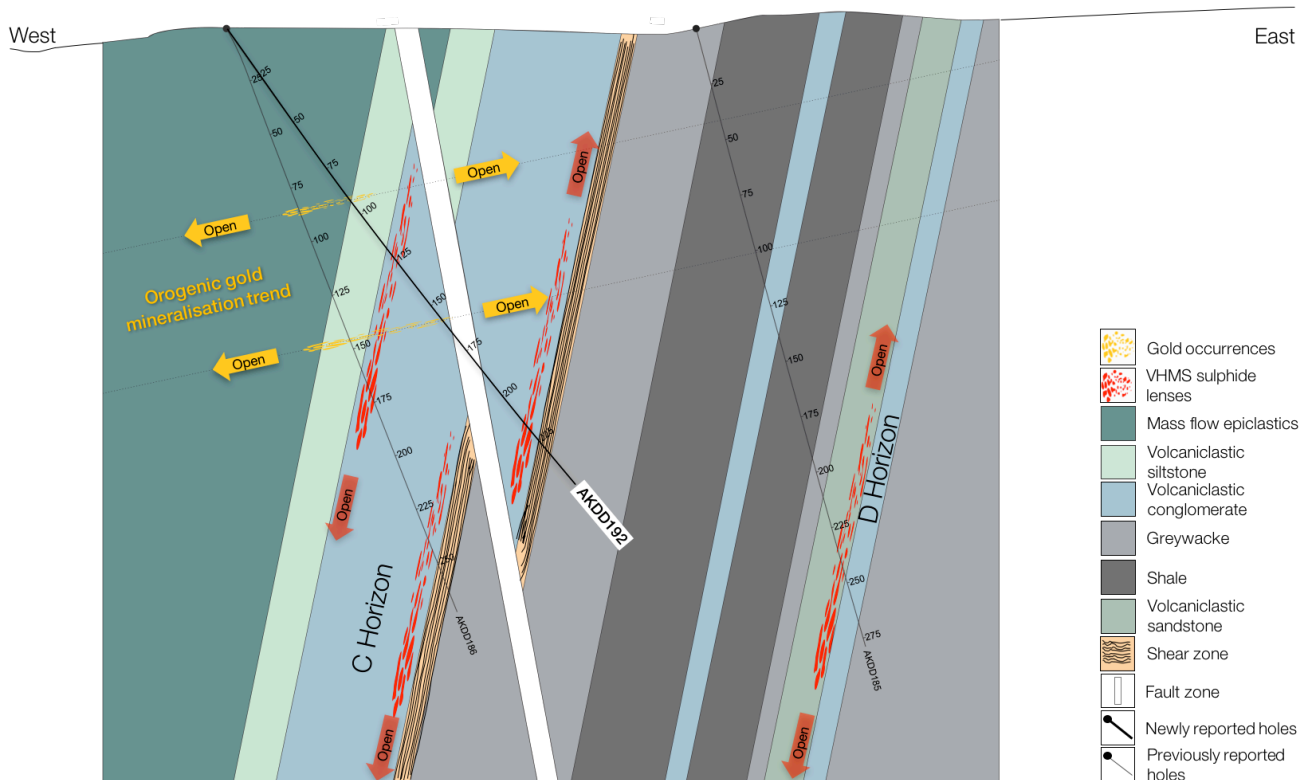
- VHMS related gold – generally in the range of 0.5 to 1.5 g/t Au, widespread, and associated with the original VHMS silver and base metal mineralisation event; and
- Orogenic gold overprint related to the Trunkey-Kings Plain gold system – that occurred as a later stage event. Gold occurrences of highly variable grades to as high as 1.0 m @ 1,065 g/t Au from 97 m (AKDD181) have been identified as being related to the Trunkey-Kings Plain orogenic gold system.

# Argent Minerals Limited and its controlled entities

## Operations Review

Diamond drill core analyses and modeling has identified that these occur within a variable trend that generally dips 25° to the west. The interference of the existing VHMS system and the overprinted gold system holds potential for further occurrences of structural upgrading to achieve high gold grades.

**Figure 2 – An example illustration of the orogenic overprint gold trend and the significant new level of detail for VHMS lenses and the lithology identified by the diamond drill core analysis.**



### Massive sulphides intersected

Small intervals of massive sulphide mineralisation intersected by hole AKDD191 are a very positive discovery for the northern area of Kempfield. It shows that sulphide mineralisation is increasing in quality, and grade, with depth and there is a high potential for further depth extensions. The coincidence of a rhyolite intrusive and increasing grades with depth strongly indicates there was a growth fault at this location controlling the distribution of sulphide mineralisation.

The next round of Kempfield drilling will include further testing in the region of the rhyolite intrusive in Kempfield North.

### Proven continuity of mineralisation along strike and at depth in Kempfield North

The diamond drilling confirmed continuity of mineralisation at depth and along strike in Kempfield North.

Figure 2 illustrates how drillhole AKDD192 confirmed continuity of the VHMS mineralisation lenses intersected by the steeper-angled hole AKDD186.

Mineralisation remains open at depth and along strike.

### Significant potential for hosted mineralised lenses identified in the untested southern area

Two key findings were discovered in the analysis of diamond hole AKDD188 in Kempfield South:

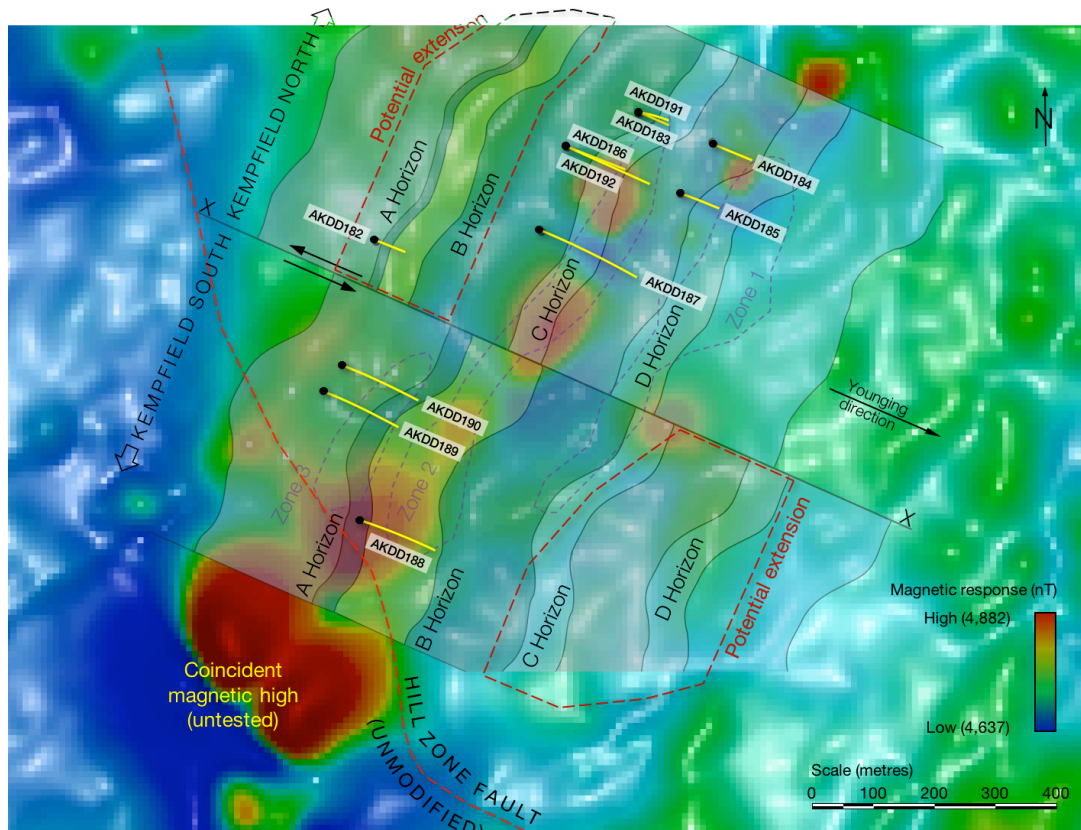
# Argent Minerals Limited and its controlled entities

## Operations Review

- the transition from felsic to mafic volcanics is conformable and has resulted in a re-interpretation of the nature of the host rocks. Previous interpretations defined the mafic volcanic package as a basal or older sequence that was faulted against the Kempfield host package that was unlikely to host mineralisation. AKDD188 shows the conformable transition from felsic volcanics to mafic volcanics downhole. ***The mafic volcanic package was present during mineralisation of the Kempfield deposit and now holds potential for hosting mineralised lenses;*** and
- a notable gold occurrence in the upper portion of the mafic volcanic tuff in AKDD188 is a positive indicator of B Horizon extending further south (1.0 m @ 0.8 g/t Au from 238.0 m).

The first key finding above is a potentially significant outcome for Kempfield exploration. Historically assumed to be closed to mineralisation, the untested area to the south of the Hill Zone Fault (Figure 3) is scheduled for drill testing as a priority.

**Figure 3 – Simplified Kempfield lithology and drillholes with magnetic survey background (plan view).**



### Potential high temperature zone and primary/secondary feeder sources identified

Diamond drill core analyses show that a potential high temperature zone exists immediately to the south of the known Kempfield deposit. This is important for defining the deposit and assists with predicting potential locations of the higher grade portions for drill testing. The pyrite-pyrrhotite-chalcopyrite mineralisation intersected by hole AKDD182 indicates a higher temperature metal assemblage which occurs in the felsic volcanic breccia sequence.

Litho-stratigraphic assessments from diamond drill core have identified the possibility that the majority of hydrothermal fluids emanated from the south via large growth and propagation faults, with additional secondary growth centres at Kempfield North and Quarries Zone.

Upon review of results and correlation with available geophysical data it has become apparent that pyrrhotite mineralisation in AKDD182 is broadly consistent with an elevated magnetic signature (Figure 3).



# Argent Minerals Limited and its controlled entities

## Operations Review

### Kempfield drill program targeting silver, gold, lead and zinc

The eight hole follow up drill program included holes to test the magnetic high signature and was designed to target silver, gold, lead and zinc.

Figure 4 is a plan view of the drillhole collar locations on an aerial photograph of the Kempfield site.

**Figure 4 – Plan view of the Kempfield drillhole collar locations.**



### Potential mineralisation extensions

The first four holes were designed to test key stratigraphic positions that may host strata-bound mineralisation and potentially extend mineralisation into areas identified to the northwest (holes AKDD193 and AKDD194), and southeast of the main deposit (AKDD195 and AKDD196). This drilling was aimed at defining the bounds of the known mineralisation for future potential resource delineation drilling and resource estimation.

### Southern IP/magnetic anomalies

The three drillholes in the south of the Kempfield Project area (AKDD197, AKDD198 and AKDD199) have been positioned to intersect key geophysical anomalies that had not been previously drill-tested. Drillhole AKDD197 was designed to intersect a strong IP anomaly overlapping a strong magnetic anomaly that AKDD198 and AKDD199 were designed to test. The coincident magnetic and IP anomalies imply the potential presence of concentrated sulphides. These two positions will also provide valuable stratigraphic information on the genetic history of the Kempfield deposit.

### Quarries Zone

The Quarries Zone has been identified as having the appearance of

a satellite VHMS feeder area to the main Kempfield deposit. Previous drilling indicated that mineralisation may extend from Kempfield North to the Quarries Zone and that mineralisation at the Quarries Zone is better developed than expected, and remains open at depth from 80 metres.

A single drillhole (AKDD200) was designed to target a depth extension of 150 metres to guide future resource delineation drilling. The Quarries Zone is rich in silver and has moderate grades of zinc and lead.

# Argent Minerals Limited and its controlled entities

## Operations Review

### WEST WYALONG

#### Advancing Argent ownership toward 70%

Under the terms of the West Wyalong project joint venture agreement with Golden Cross Operations Pty Ltd (JVA), Argent is able to increase its current 51% interest by investing a further \$372,500 in JVA exploration expenditure by 30 June 2017, including \$200,000 of in-ground expenditure.

Since these amounts are referenced to 2 December 2015, subsequent qualifying expenditures such as the March 2016 IP survey and related work is deductible, leaving a decreased balance of expenditures required to achieve the 70% interest.

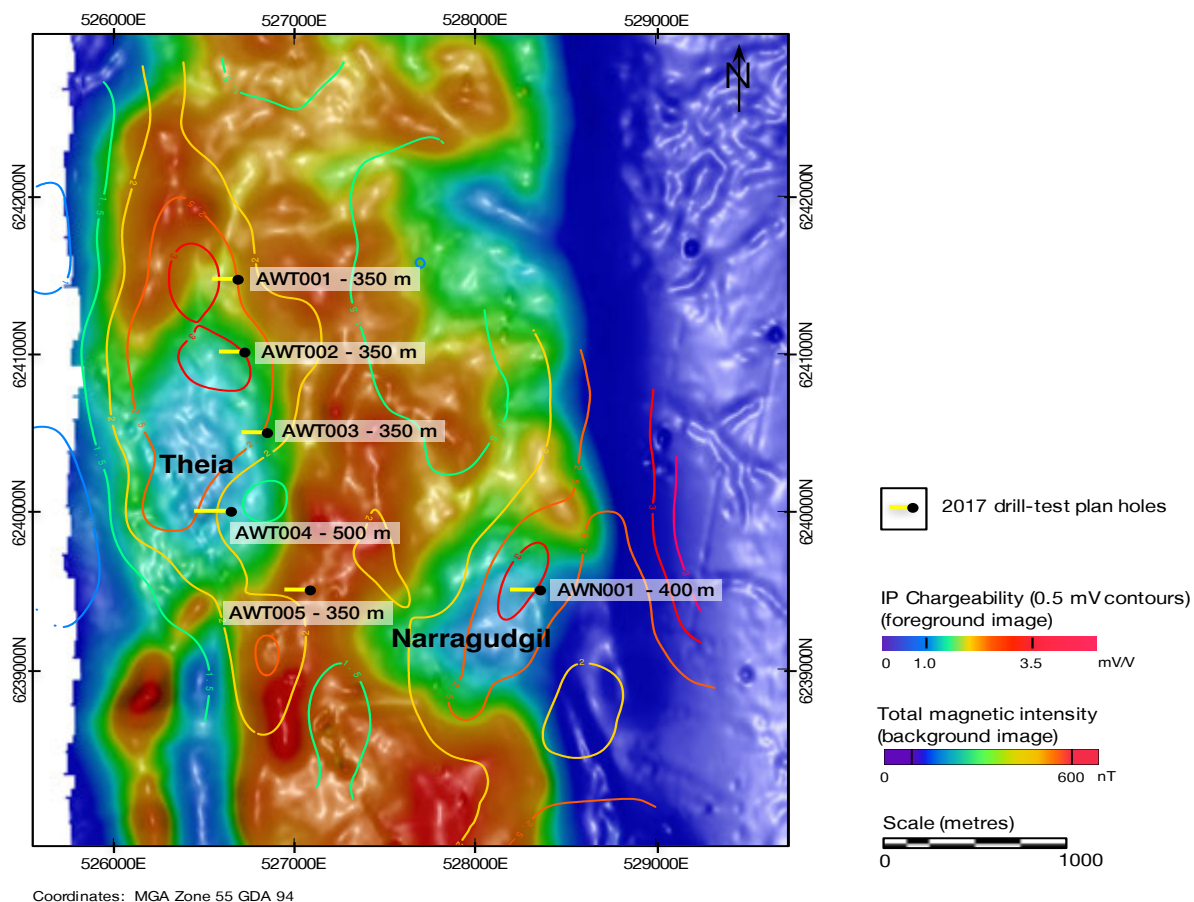
#### About the drill program

The six hole diamond drill program has been designed for a total of 2,300 metres with the deepest hole to reach 500 metres depth. Drilling was commenced in early March 2017 and no assay results have been received yet.

The plan has been developed to drill key positions on the Theia and Narragudgil targets to test for the occurrence of a copper-gold porphyry system and associated epithermal gold mineralisation that is based on Argent's conceptual model of the area.

Figure 5 is a plan view illustrating the position of the hole collars, the planned hole traces and depths over the combined high resolution geophysics and induced polarisation (IP) survey results, as announced on 13 May 2016 – West Wyalong IP survey reveals additional gold target.

**Figure 5 – Plan view illustrating the key positions of the drillhole collars and traces in relation to the coincident magnetic low and IP chargeability high anomalies.**





# Argent Minerals Limited and its controlled entities

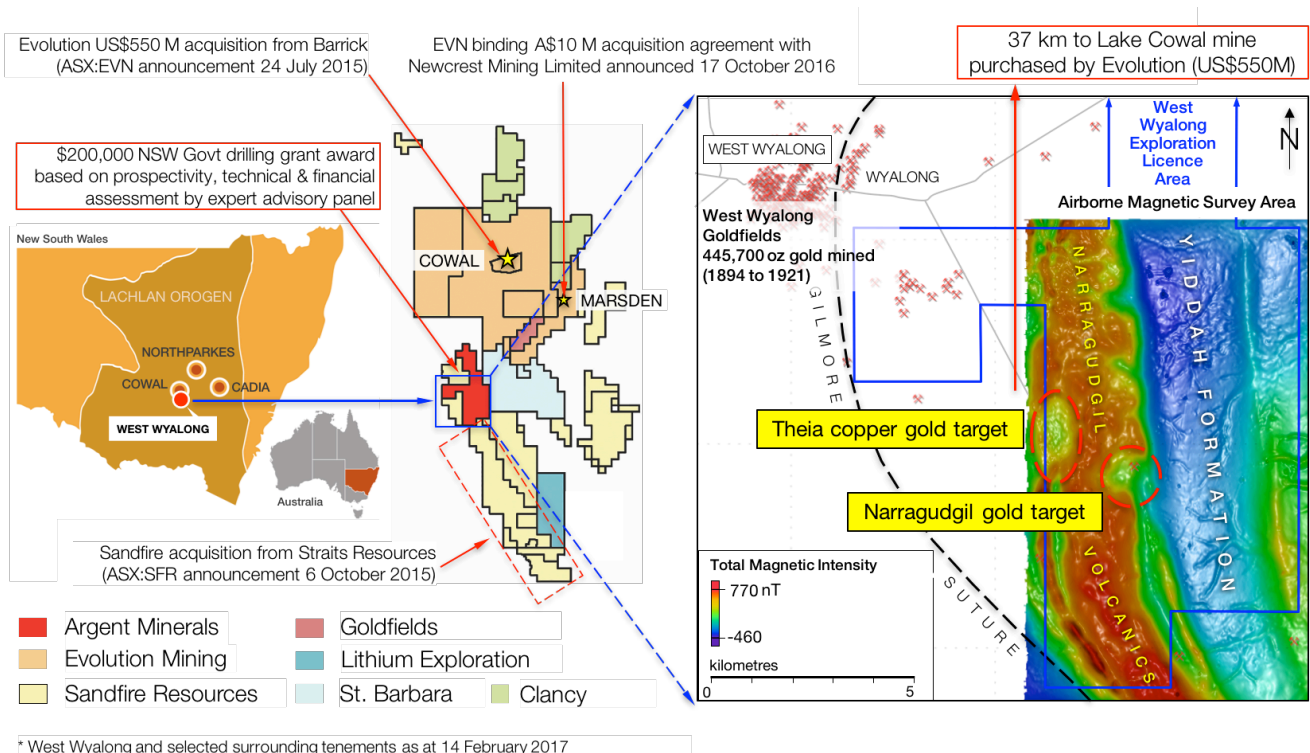
## Operations Review

### About the strategic location of the West Wyalong gold targets

Located only 7 kilometres from the West Wyalong gold fields that produced 445,700 ounces of gold between 1894 and 1921, the West Wyalong project is situated in the Macquarie Arc of the Lachlan Orogen, which hosts world-class porphyry copper-gold mines such as Newcrest's Cadia and China Molybdenum's Northparkes, and 37 kilometres to the north of West Wyalong - the Lake Cowal gold mine (Cowal).

Cowal was acquired by Evolution Mining Limited (Evolution) in July 2015 for US\$550 million. Considered by Evolution to be "one of Australia's most attractive gold assets", the December 2015 Cowal Mineral Resource has been estimated at more than 5 million ounces of contained gold, including an Ore Reserve estimate of more than 2.8 million ounces of gold.

**Figure 6 - The strategic location of the West Wyalong copper-gold and gold targets.**



### PINE RIDGE GOLD MINE

#### High grade Au identified in the Trunkey-Kings plain gold belt

On 24 October 2016 Argent released exploration results for the historic Pine Ridge gold mine.

The main focus of the JORC 2012 compliant assessment of historical exploration results was a 27 reverse circulation (RC) holes program drilled under the management of Goldrim to an average depth of 75 metres for a total length of 2,206 metres. One of the RC holes was concluded with a 40 metre diamond drill for metallurgical testwork purposes.

The drill program yielded consistent elevated to bonanza type gold grades with the highest individual assay (before averaging with repeat assays) being 1.0 m @ 71.4 g/t Au from 59 m in hole PR010.

Argent is the first company to secure an exploration licence (EL8213), which covers an area of 51.26 km<sup>2</sup> over the Pine Ridge gold mine area since its release from a 15 year lockup under a 3rd party Assessment Lease Application (ALA). From 9 February 1998 to 27 May 2013, the area covered by ALA13 was excluded by regulation from exploration licence areas. This prevented any legal exploration of the Pine Ridge gold mine area during the lockup period by any party, including by the ALA13 applicant.

# Argent Minerals Limited and its controlled entities

## Operations Review

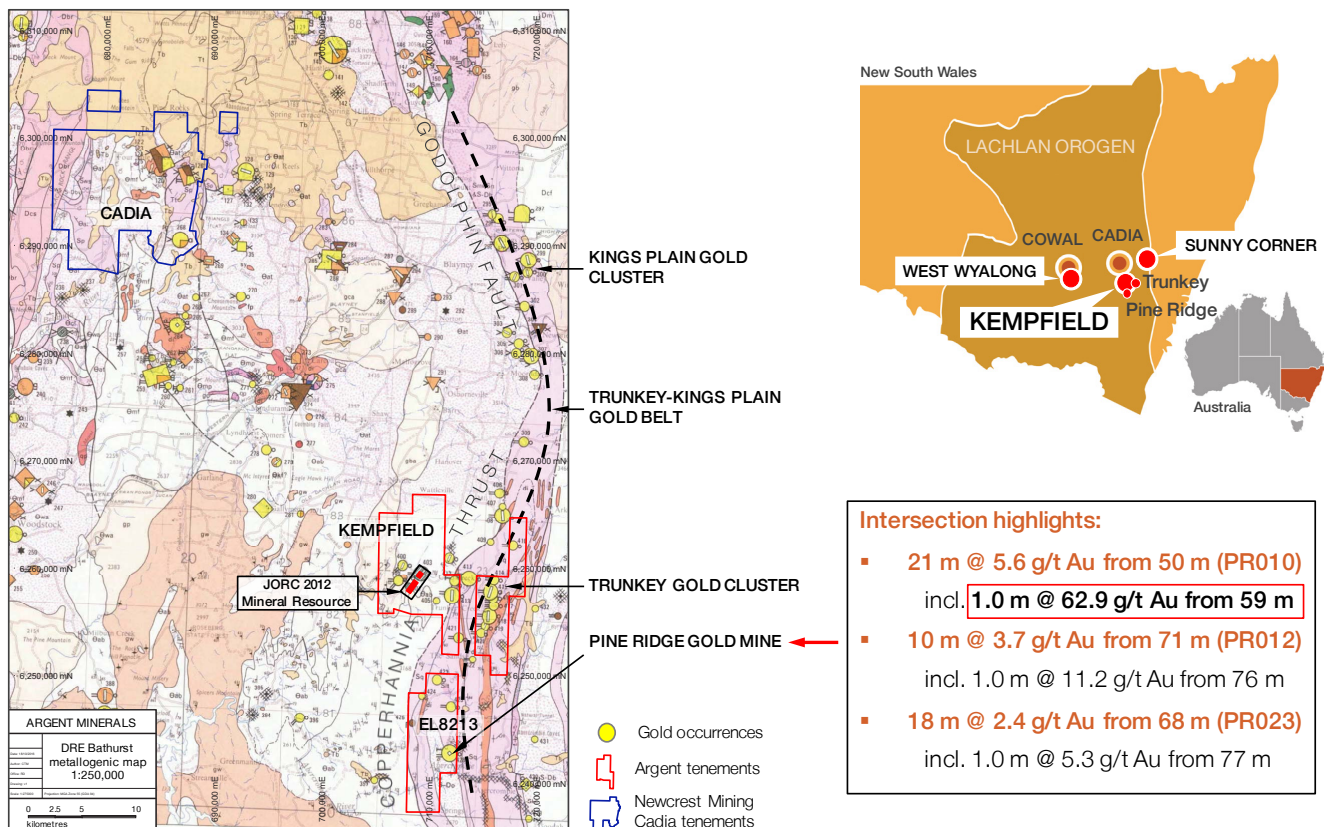
Until Argent's 24 October 2016 announcement, the most recent information on the Pine Ridge gold mine was published in April 1998, when Goldrim Mining Australia Limited (Goldrim) submitted the 7th Annual Report and the Final Report for EL3756 to the NSW Department of Industry, Division of Resources & Energy (DRE).

Argent has secured 100% tenure and the legal right to explore the area via EL8213, and has reviewed the available database. The information released in this announcement result from a systematic assessment of potential satellite feedstocks located within trucking distance of the Company's flagship volcanic-hosted massive sulphide (VHMS) project at Kempfield, NSW.

### About the Trunkey-Kings Plain gold belt

Situated within the Trunkey-Kings Plain gold belt, the Pine Ridge gold mine is located approximately 17 km south-southeast of Kempfield, and the Trunkey goldfields are located approximately 7 km east of Kempfield.

**Figure 7 – Map illustrating location of Pine Ridge gold mine and Trunkey goldfields in relation to Argent's Kempfield tenements and the geological setting, and intersection highlights of the 24 October 2016 announcement.**



### LOCH LILLY PROJECT

Subsequent to the half-year, Argent has entered into a joint venture agreement to earn up to 90% interest in the Loch Lilly project, with exploration licenses and applications covering a significant area of the Loch Lilly – Kars Belt of over 1,400km<sup>2</sup>.

Argent will earn its first 51% interest in the Loch Lilly Joint Venture by drill-testing the Eaglehawk and Netley targets by 22 December 2017; the direct drilling costs of which are 75% co-funded by the NSW Government to a maximum of \$150,000. The drill program is scheduled to commence in approximately late May 2017, subject to access agreements and regulatory approvals and weather.

# Argent Minerals Limited and its controlled entities

## Operations Review

### CORPORATE

#### **Oversubscribed capital raising to expedite drilling**

During the half-year, Argent completed an oversubscribed private placement to sophisticated investors, raising up to approximately \$1.755 million before costs to advance its projects in the precious and base metals sectors; featuring gold, silver, lead and zinc. The placement was completed in two tranches.

On 6 July 2016, the Company closed Tranche 1 of the placement raising \$542,888, resulting in the issue of 18,096,283 fully paid ordinary shares at \$0.03.

On 17 August 2016, the Company closed Tranche 2 of the placement raising \$1,212,112, resulting in the issue of 40,403,717 fully paid ordinary shares at \$0.03.

In addition, 2 attaching listed options (ASX: ARDO) were issued for every share acquired under Tranche 1 Tranche 2 Share Placement offer. A total of 117,000,000 listed options were issued, with each option to be exercised at 10.0 cents at any time on or before 5pm (AEST) on 27 June 2019 to acquire 1 fully paid ordinary share in the Company.

#### **NSW Government funding awards**

During the half-year, the Company was awarded \$200,000 of NSW Government funding for the West Wyalong project. The award represents the largest amount available for any individual project out of the NSW Cooperative Drilling 'Round 2' funding pool total of \$2 million.

The heavily contested funding award was granted to the Company following the evaluation by an independent expert panel of the West Wyalong project's prospectivity and technical basis, as well as the soundness of the Company's financial management.

Under the Funding Deed executed by the NSW Government and Argent, NSW Cooperative drilling will refund 50% of the direct per-metre drilling costs on the drilling contractor's invoice up to a maximum of \$200,000 within 30 business days of the Company producing the reports required by the Funding Deed.

Whilst the latest date for completion is 22 December 2017, Argent will be focused on completing the drilling well before 30 June 2017 in order to advance its interest in the West Wyalong project from 51% to 70%.

In addition, 75% of the direct per-metre drilling costs, up to a maximum of \$150,000 to drill test the Eaglehawk and Netley targets at the Loch Lilly project will be co-funded by the NSW Government Cooperative Drilling Program.

#### **\$709,249 from R&D rebate**

A \$709,249 R&D rebate was received by the Company in relation to a range of technical development activities associated with advancing the Kempfield and West Wyalong projects.

# Argent Minerals Limited and its controlled entities

## Operations Review

### 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>:

- 13 May 2016 West Wyalong IP survey reveals additional gold target<sup>1</sup>
- 28 June 2016 Heavily Oversubscribed Capital Raising to Expedite Drilling
- 10 October 2016 Diamond Drilling results in major breakthrough at Kempfield<sup>1</sup>
- 23 October 2016 Capital Raising Completed, Options Listed – ASX code ARDO
- 24 October 2016 High grade Au identified in Trunkey-Kings Plain gold belt<sup>1</sup>
- 26 October 2016 \$200K NSW Govt Funding Award to Drill-Test West Wyalong Gold
- 29 November 2016 Kempfield Drilling Commences, Targeting Ag, Au, Pb and Zn
- 5 December 2016 \$709,248 Funds Received – Research and Development Claim
- 14 February 2017 Approved West Wyalong Copper-Gold Target Drill-Test Plan<sup>1</sup>
- 20 February 2017 20 Metre Intersection Confirms New Kempfield Southeast Zone<sup>1</sup>
- 20 February 2017 Argent Secures Strategic Stake in Mt. Read Equivalent Belt<sup>1</sup>

Competent Person:

1. Mr. Clifton Todd McGilvray

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, 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.

# 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 2016.

### DIRECTORS

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

Directors	Title	Date of Appointment
David Busch	Managing Director	10 April 2012
Stephen Gemell	Non- Executive Chairman	7 July 2010
Peter Nightingale	Non- Executive Director	16 September 2015
Peter Michael	Non- Executive Director	16 September 2015

### RESULTS OF OPERATIONS

A summary of the results for the half-year are set out below:

	2016
	\$
Loss from operations	(532,384)

During the six month period the exploration and evaluation expenditure was \$772,226. In accordance with the Company's accounting policy these costs were expensed. Administration costs were \$478,766, resulting in a total loss before income tax for the six months of \$532,384.

# Argent Minerals Limited and its controlled entities

## Directors Report

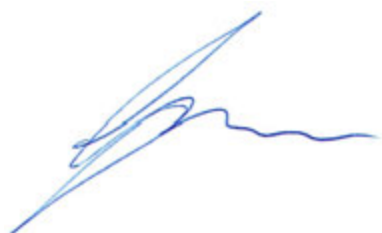
### SUBSEQUENT EVENTS

No 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 14 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 2016.

Signed in accordance with a resolution of the Directors.



Stephen Gemell  
Chairman



David Busch  
Managing Director

SYDNEY  
6 March 2017





**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 for the half-year ended 31 December 2016, 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  
6 March 2017

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 2016**

	Note	31 December 2016 \$	31 December 2015 \$
<b>CONTINUING OPERATIONS</b>			
Other income		718,608	321,689
Administration expenses		(478,766)	(414,703)
Exploration and evaluation expenditure		(772,226)	(614,266)
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAX</b>		<b>(532,384)</b>	<b>(707,280)</b>
Income tax benefit/(expense)		-	-
<b>LOSS FROM CONTINUING OPERATIONS AFTER INCOME TAX</b>		<b>(532,384)</b>	<b>(707,280)</b>
<b>Other comprehensive income</b>			
Items that will not be classified subsequently to Profit or (Loss)		-	-
Items that may be classified subsequently to Profit or (Loss)		-	-
<b>TOTAL OTHER COMPREHENSIVE INCOME</b>		<b>-</b>	<b>-</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD</b>		<b>(532,384)</b>	<b>(707,280)</b>
<b>EARNINGS PER SHARE</b>			
Basic and diluted loss per share (cents per share)		<b>(0.15)</b>	<b>(0.61)</b>

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 2016**

	Note	31 December 2016 \$	30 June 2016 \$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		1,657,947	648,759
Trade and other receivables		12,080	-
Other assets		18,507	17,902
<b>TOTAL CURRENT ASSETS</b>		<b>1,688,534</b>	<b>666,661</b>
<b>NON CURRENT ASSETS</b>			
Other financial assets- deposits		74,000	67,000
Property, plant and equipment		389,363	408,438
<b>TOTAL NON CURRENT ASSETS</b>		<b>463,363</b>	<b>475,438</b>
<b>TOTAL ASSETS</b>		<b>2,151,897</b>	<b>1,142,099</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		247,198	96,106
Employee entitlements		64,144	52,057
Advance monies received from share placement		-	360,520
<b>TOTAL CURRENT LIABILITIES</b>		<b>311,342</b>	<b>508,683</b>
<b>TOTAL LIABILITIES</b>		<b>311,342</b>	<b>508,683</b>
<b>NET ASSETS</b>		<b>1,840,555</b>	<b>633,416</b>
<b>EQUITY</b>			
Issued capital	4	25,987,158	24,343,436
Reserves	4	95,801	61,796
Accumulated losses		(24,242,404)	(23,771,816)
<b>TOTAL EQUITY</b>		<b>1,840,555</b>	<b>633,416</b>

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 2016**

	Note	31 December 2016 \$	31 December 2015 \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Expenditure on mining interests		(542,497)	(598,801)
Payments to suppliers and employees		(410,625)	(520,599)
Interest received		9,359	4,375
Receipt of R&D tax incentive		709,249	269,326
Receipt of NSW government cooperative drilling program grant		-	47,988
<b>Net cash used in operating activities</b>		<b>(234,514)</b>	<b>(797,711)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Security deposit		(7,000)	-
Purchase of plant and equipment		-	(5,290)
<b>Net cash used in investing activities</b>		<b>(7,000)</b>	<b>(5,290)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Issue of shares	4	1,394,480	1,171,921
Capital raising costs	4	(143,778)	(66,934)
<b>Net cash from financing activities</b>		<b>1,250,702</b>	<b>1,104,987</b>
<b>Net increase in cash and cash equivalents</b>		<b>1,009,188</b>	<b>301,986</b>
Cash and cash equivalents at the beginning of the financial year		<b>648,759</b>	<b>611,678</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD</b>		<b>1,657,947</b>	<b>913,664</b>

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 2016**

	SHARE CAPITAL \$	ACCUMULATED LOSSES \$	RESERVES \$	Total Equity \$
<b>Balance as at 1 July 2016</b>	<b>24,343,436</b>	<b>(23,771,816)</b>	<b>61,796</b>	<b>633,416</b>
Loss for the half-year	-	(532,384)	-	(532,384)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(532,384)</b>	<b>-</b>	<b>(532,384)</b>
<b>Transactions with owners recorded directly in equity</b>				
Shares issued during the period	1,787,500	-	-	1,787,500
Share based payments	-	-	95,801	95,801
Share issue expenses	(143,778)	-	-	(143,778)
Transfer of expired options	-	61,796	(61,796)	-
<b>Balance at 31 December 2016</b>	<b>25,987,158</b>	<b>(24,242,404)</b>	<b>95,801</b>	<b>1,840,555</b>
<b>Balance as at 1 July 2015</b>	<b>22,405,146</b>	<b>(22,065,832)</b>	<b>550,048</b>	<b>889,362</b>
Loss for the half-year	-	(707,280)	-	(707,280)
Other comprehensive income	-	-	-	-
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(707,280)</b>	<b>-</b>	<b>(707,280)</b>
<b>Transactions with owners recorded directly in equity</b>				
Shares issued during the period	1,197,421	-	-	648,125
Share based payments - performance rights	-	-	20,985	20,985
Share issue expenses	(71,935)	-	-	(71,935)
<b>Balance at 31 December 2015</b>	<b>23,530,632</b>	<b>(22,773,112)</b>	<b>571,033</b>	<b>1,328,553</b>

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 2016**

#### **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 2016 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 2016 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](http://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 2016, together with any public announcements made during the half-year.

These condensed consolidated interim financial statements were approved by the Board of Directors on 6 March 2017.

#### **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 incurred a loss of \$532,384 for the half-year ended 31 December 2016 and has accumulated losses of \$24,242,404 at 31 December 2016. The Group has cash on hand of \$1,657,947 at 31 December 2016 and used net cash of \$234,514 in operations including expenditure on exploration and evaluation activities for the half-year ended 31 December 2016.

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/or the Group reducing expenditure in-line with available funding.

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. If such funding is not achieved, the Group plans to reduce expenditure significantly.

In the event the Group does not obtain additional funding and/or reduce expenditure in-line with available funding, it may not be able to continue its operations as a going concern and therefore may not be able to realise its 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 same accounting policies and methods of computations have been followed in this interim financial report as were applied in the most recent annual financial statements. Argent Minerals Limited has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year. The new and revised standards did not have any material impact on the financial report for the half-year ended 31 December 2016.

**Argent Minerals Limited and its controlled entities**  
**Notes to the Condensed Consolidated Interim Financial Statements**  
**for the half-year ended 31 December 2016**

**4. ISSUED CAPITAL**

(a) Issued and paid up capital	31 December 2016	31 December 2015
	\$	\$
At the beginning of the reporting period	24,343,436	22,405,146
Shares issued for cash on 6 July 2016 @ \$0.03	542,888	-
Shares issued for cash on 17 August 2016 @ \$0.03	1,212,112	-
Shares issued for services on 24 October 2016 at \$0.025	32,500	-
Shares Issued for cash on 18 August 2015 at \$0.022	-	400,000
Shares Issued for cash on 19 October 2015 at \$0.022	-	771,921
Shares issued for services on 6 November 2015 at \$0.025	-	20,000
Shares issued for services on 18 November 2015 at \$0.021	-	5,500
Share issue costs	(143,778)	(71,935)
<b>Balance at 31 December</b>	<b>25,987,158</b>	<b>23,530,632</b>

**(b) Movement in ordinary shares**

	Number	Number
At the beginning of the reporting period	300,302,689	201,450,066
Shares issued during the reporting period	59,800,000	54,306,927
<b>Balance at 31 December</b>	<b>360,102,689</b>	<b>255,756,993</b>

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

(c) Reserves	\$	\$
At the beginning of the reporting period	61,796	550,048
Tranche 1 - Employee Share Options at \$0.03	80,020	-
Tranche 2 - Employee Share Options at \$0.06	9,963	-
Tranche 3 - Employee Share Options at \$0.10	5,818	-
Tranche 1 - Performance Rights	-	12,591
Tranche 2 - Performance Rights	-	8,394
Expiry of Options	(61,796)	-
<b>Balance at 31 December</b>	<b>95,801</b>	<b>571,033</b>

# Argent Minerals Limited and its controlled entities

## Notes to the Condensed Consolidated Interim Financial Statements

### for the half-year ended 31 December 2016

#### 5. SHARE BASED PAYMENTS

The Company has an executive option plan that entitles eligible employees including the key management personnel to be granted options in the Company.

The terms and conditions of the grants made during the half-year ended 31 December 2016 were as follows:

Grant date	Expiry date	Vesting date	Exercise price	Fair value of options granted	Granted during the period Number	Balance at end of the period Number
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
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
30 November 2016	30 September 2021	30 November 2016	\$0.03	\$7,884	500,000	500,000
30 November 2016	30 September 2021	31 December 2017	\$0.06	\$6,948	500,000	500,000
				\$225,660	12,500,000	12,500,000

There were no options issued during the half-year ended 31 December 2015.

#### 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.

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%.

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 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%.

During the half-year, share based payment expense of \$95,801 was recorded in the profit and loss (2015: \$20,985).



# **Argent Minerals Limited and its controlled entities**

## **Notes to the Condensed Consolidated Interim Financial Statements**

### **for the half-year ended 31 December 2016**

#### **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, Mining Services Trust an entity where Peter Nightingale held a controlling interest, provided administration services to the Group, including accounting, bookkeeping, corporate secretarial, administrative staff, services and supplies. Fees paid to Mining Services Trust during the half-year ended 31 December 2016 amounted to \$60,000 (31 December 2015 - \$16,666). At 31 December 2016 and 2015 there were no fees outstanding.
- During 31 December 2015, Gemell Mining Engineers, an entity where Stephen Gemell held a controlling interest provided engineering consulting services to the Group. No fees were paid to Gemell Mining Engineers during the half-year ended 31 December 2016 (31 December 2015 - \$6,557). At 31 December 2016 and 2015 there were no fees outstanding.

#### **7. SUBSEQUENT EVENTS**

No 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.

##### **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 rehabilitation provision is considered necessary at 31 December 2016.

#### **9. OPERATING SEGMENTS**

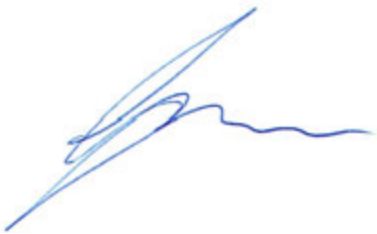
The Group operates in predominantly one business and geographical segment, being mineral exploration in Australia.

## **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 15 to 22 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 2016 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.

Signed in accordance with a resolution of the Directors.



Stephen Gemell  
Chairman



David Busch  
Managing Director

SYDNEY  
6 March 2017



## **Independent Auditor's Review Report to the Members of Argent Minerals Limited**

We have reviewed the accompanying interim financial report of Argent Minerals Limited ('the Company'), which comprises the condensed consolidated interim statement of financial position as at 31 December 2016, the 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 9 comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

### ***Directors' Responsibility for the Interim Financial Report***

The directors of the Company 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***

Our responsibility is to express an opinion on the interim financial report based on our review. We conducted our review in accordance with the 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 2016 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 Act 2001*. As auditor of Argent Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements of the audit of the annual financial report.

A review of an interim 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*.



## Independent Auditor's Review Report to the Members of Argent Minerals Limited

### **Conclusion**

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:

- a) giving a true and fair view of the Group's financial position as at 31 December 2016 and of its performance for the half-year ended on that date; and
- b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

### **Material uncertainty regarding continuation as a going concern**

Without modifying our conclusion, we draw attention to Note 2 'Going Concern' in the interim financial report. The conditions disclosed in Note 2, including the need to raise additional funding from shareholders or other parties and/or the Group reducing expenditure in-line with available funding, indicates the existence of a material uncertainty which may cast significant doubt about the Group's ability to 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 interim financial report.

KPMG  
BRISBANE  
6 March 2017

Adam Twemlow  
Partner