



# Argonaut Resources NL

ACN 008 084 848

## Offer Document

### Entitlement Offer

Non-renounceable pro-rata entitlement offer of 1 New Share for every 2 Existing Shares at A\$0.001 per New Share to raise up to approximately A\$1,809,513 (before costs).

The Entitlement Offer opens at 9.00am (Sydney time) on Thursday, 1 September 2022 and closes at 5.00pm (Sydney time) on Monday, 19 September 2022 (unless extended).

This Offer Booklet is an important document and requires your immediate attention. It should be read in its entirety and before you decide whether to participate in the Entitlement Offer. If you have any questions about any part of the Offer Booklet you should consult your professional adviser.

This Offer Booklet may not be released to US wire services or distributed in the United States.

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## **IMPORTANT INFORMATION**

The Offer is being made in Australia and New Zealand (and certain existing shareholders who are institutional or professional investors in any other jurisdictions as determined by Argonaut) in accordance with section 708AA of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84, which allow entitlement offers to be made to investors without a prospectus. Neither ASIC nor ASX, nor any of their officers or employees takes responsibility for this Offer or the merits of the investment to which this Offer relates.

This Offer Booklet does not contain all of the information which an investor may require to make an informed investment decision, nor does it contain all the information which would be required to be disclosed in a prospectus, product disclosure statement or other disclosure document under the Corporations Act. The information in this Offer Booklet does not constitute financial product advice and does not take into account your investment objectives, financial situation or particular needs.

This Offer Booklet should be read in its entirety before you decide to participate in the Offer. This Offer Booklet is not a prospectus, product disclosure statement or other disclosure document under the Corporations Act and has not been lodged with ASIC. As this offer is not being made under a prospectus, investment statement or product disclosure statement, it is important for Eligible Shareholders to read carefully and understand this Offer Booklet and the information about the Company and the Offer that is made publicly available.

In particular, please refer to the materials in this Offer Booklet, the Company's annual reports and other ASX announcements made available at [www.argonautresources.com](http://www.argonautresources.com) (including the Company's 2021 annual report which was released to ASX on 29 September 2021), and other ASX announcements which may be made by the Company after publication of this Offer Booklet.

### **Foreign Jurisdictions**

This Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares, or otherwise permit an offering of the New Shares to existing shareholders in any jurisdiction outside of Australia and New Zealand. This Offer Booklet and accompanying Entitlement and Acceptance Form may not be distributed outside Australia and New Zealand except as may be permitted under section 1.12 and section 6 of this Offer Booklet or as otherwise set out in this Offer Booklet.

#### ***New Zealand***

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013. This Offer Booklet is not a product disclosure statement under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement under New Zealand law is required to contain.

#### ***Hong Kong***

**WARNING:** This Offer Booklet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this Offer Booklet may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong

(except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Offer Booklet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Offer Booklet, you should obtain independent professional advice.

### **Singapore**

This document and any other materials relating to the Offer have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the Offer may not be issued, circulated or distributed, nor may any shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to person in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (SFA), or as otherwise pursuant to, and in accordance with any conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are an existing holder of Shares in the Company. In the event that you are not an existing holder of Shares in the Company, please return the document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire the shares. As such investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### **United States**

The New Shares have not been, and will not be, registered under the *US Securities Act of 1933* and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

### **Future performance and forward-looking statements**

This Offer Booklet may contain certain *forward looking statements*. The words *anticipate, believe, expect, project, forecast, estimate, likely, intend, should, could, may, target, plan, consider, foresee, aim, will* and other similar expressions are intended to identify forward looking statements. Indications of, and guidance on, future activities, financial position and performance of the Company and Shares are also forward looking statements. Such forward looking statements are based on an assessment of present economic and operating conditions and a number of assumptions regarding future events and actions that, as at the date of this Offer Booklet are expected to take place and are provided as a general guide only. The Company cannot and does not give any assurance that the activities, results, performance or achievements expressed or implied by such statements will actually occur. Any such activity, result, performance or achievement involves known and unknown risks, uncertainties and other factors, many of which are outside the control of the Company and which are based on change without notice, and could cause such activities, results, performances or achievements to differ materially from those expressed or anticipated in such statements. Shareholders are cautioned not to place undue reliance on these forward looking statements.

## **No Investment advice**

This Offer Booklet is not financial product or investment advice nor a recommendation to acquire New Shares and has been prepared without taking into account the objectives, financial situation or needs of individuals. Before making an investment decision prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek legal, taxation and financial advice appropriate to their jurisdiction and circumstances.

The Company is not licensed to provide financial product advice in respect of New Shares or any other financial products. No cooling off period applies to the acquisition of the New Shares.

## **Risks**

An investment in New Shares is subject to investment and other known and unknown risks, uncertainties and assumptions, many of which are beyond the control of the Company and the Board, including the risks described in section 5 of this Offer Booklet, which could cause actual results, performance or achievements to differ materially from future results, performance or achievements expressed or implied by any forward looking statements in this Offer Booklet. Neither the Company, its officers, employees, agents, associates and advisers, nor any other person warrants or guarantees the future performance of the New Shares or any particular rate of return or the performance of the Company, nor does it guarantee the repayment of capital from the Company or any particular taxation treatment. In considering an investment in New Shares, investors should have regard to (among other things) the risks and disclaimers outlined in this Offer Booklet.

## **Past performance**

Past performance information given in this Offer Booklet is provided for illustrative purposes only and should not be relied on as (and is not) an indication of future performance. The historical information in this Offer Booklet is, or is based on, information that has been released to the market. For further information, please see past announcements released to ASX.

## **No representations**

This Offer Booklet has been prepared by the Company. No person is authorised to give information or to make any representation in connection with this Offer Booklet which is not contained in the Offer Booklet. Any information or representation not so contained may not be relied upon.

## **New Shares quoted on a deferred settlement basis**

New Shares will be quoted on a deferred settlement from market open on Tuesday, September 2022 and issued on or about Monday, 26 September 2022. It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in New Shares. The Company recommends that Shareholders should only sell up to the amount of New Shares applied for under their Entitlement and not trade any Additional New Shares applied for under the Top Up Offer as there is no assurance as to the level of allocations under the Top Up Offer. Shareholders who sell New Shares before they receive confirmation of their allotment will do so at their own risk.

This Offer Booklet is dated Wednesday, 24 August 2022.

## KEY DETAILS OF THE OFFER

Key Offer Terms	
Issue Price	A\$0.001 per New Share
Entitlement	1 New Share for every 2 Existing Shares held on the Record Date
Top Up Offer	Eligible Shareholders, who apply for their full Entitlement, may apply for Additional New Shares, provided that the issue of those Additional New Shares will not result in a breach of the ASX Listing Rules or any applicable law.
Maximum number of New Shares to be issued under the Entitlement Offer (if fully subscribed)	1,809,512,648 New Shares
Maximum gross proceeds to be raised under the Entitlement Offer (excluding expenses) (if fully subscribed)	Up to A\$1,809,513
Maximum number of Shares on issue following the Entitlement Offer (if fully subscribed)	5,428,537,943 Shares

The following are key indicative dates relating to the Entitlement Offer:

Event	Time
Announcement of the Offer Lodgement of Appendix 3B, Offer Booklet and Cleansing Notice	Before commencement of trading on Wednesday, 24 August 2022
Trading on an ex basis	Friday, 26 August 2022
Record Date for Offer and determining entitlements to participate in Entitlement Offer	7.00pm (Sydney time) on Monday, 29 August 2022
Offer opening at 9.00am (Sydney time)	Thursday, 1 September 2022
Offer Booklet and Entitlement and Acceptance Forms dispatched to Eligible Shareholders and dispatch announced to ASX	Thursday, 1 September 2022
Offer closes at 5.00pm (Sydney time)	Monday, 19 September 2022
Shares quoted on a Deferred settlement basis	Tuesday, 20 September 2022
Announcement of results of Offer	Thursday, 22 September 2022
Issue date of Offer Shares	Monday, 26 September 2022
Quotation of Offer Shares	Tuesday, 27 September 2022

The above dates are indicative only and may be subject to change. Subject to the Corporations Act, the ASX Listing Rules and other applicable laws, the Directors reserve the right:

- (a) to vary the dates of the Entitlement Offer; or

- (b) not to proceed with the whole or part of the Entitlement Offer at any time prior to issue of the New Shares.

In the event the Directors decide not to proceed with the whole or part of the Entitlement Offer, Application Monies (without interest) will be returned in full to Applicants. An extension of the Closing Date for the Entitlement Offer will delay the anticipated date for issue of the Offer Shares. The commencement of quotation of New Shares is subject to confirmation from ASX.

Eligible Shareholders wishing to participate in the Entitlement Offer are encouraged to submit their Entitlement and Acceptance Form and make payment of the appropriate Application Monies as soon as possible after the Entitlement Offer opens.

You cannot, in most circumstances, withdraw an Application once it has been accepted. No cooling-off rights apply to the Entitlement Offer.



## CHAIRMAN'S LETTER

### Dear Shareholders

On behalf of the directors of Argonaut Resources NL ACN 008 084 848 (**Argonaut** or **Company**), I am pleased to invite you to participate in a non-renounceable entitlement offer to subscribe for new fully paid ordinary shares in Argonaut (**New Shares**).

Your entitlement will be calculated as being 1 New Share for every 2 Existing Shares held in Argonaut on the Record Date at an Issue Price of A\$0.001 per New Share (**Entitlement Offer**) to raise up to approximately A\$1,809,513 (before costs).

The proceeds of the Entitlement Offer will be used to fund the exploration of potentially lithium-bearing pegmatites at the Company's Higginsville project located within Western Australia's lithium corridor, expenses related to the recovery of the Lumwana West licence in Zambia, general working capital, and to cover costs associated with this Entitlement Offer.

New Shares issued under the Entitlement Offer will rank equally in all respects with existing Shares. The Record Date for determining eligibility to participate in the Entitlement Offer is 7.00pm (Sydney time) on Monday, 29 August 2022.

### Non-tradable rights

Entitlements are non-renounceable and will not be tradeable on ASX or otherwise transferrable. Eligible Shareholders who do not take up their Entitlement will not receive any value in respect of those Entitlements.

### Low-doc offer

The Entitlement Offer is to be made under section 708AA of the Corporations Act and the Offer Document has been lodged with the ASX. A copy of this document can be accessed on the ASX website or the Company's website and is anticipated to be despatched to Eligible Shareholders (with personalised Entitlement and Acceptance Forms) on or before Thursday, 1 September 2022.

### Additional New Shares

Eligible Shareholders who accept their Entitlement in full will have the opportunity to apply for Additional New Shares in excess of their Entitlement (subject to scale back in accordance with the Director's allocation policy) under a Top Up Offer. Please refer to section 1.56 of this Offer Booklet for further details.

### How to apply

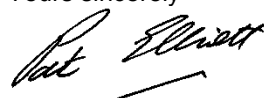
Accompanying this Offer Booklet is your personalised Entitlement and Acceptance Form which contains details of your Entitlement. The closing date for the receipt of Entitlement and Acceptance Forms and Application Money is 5.00pm (Sydney time) on Monday, 19 September 2022. To participate in the Entitlement Offer please ensure that, before this time, you have paid your Application Money by BPAY®, cheque or money order in accordance with the instructions set out in the enclosed Entitlement and Acceptance Form and Required Actions section of this Offer Booklet.

If you do not wish to take up any of your Entitlement, you do not have to take any action.

You should read this Offer Booklet carefully and in its entirety as it contains the full details on the Entitlement Offer (including a summary of some of the key risks associated with an investment in the Company). Additionally, you can call our Share Registry for further information on Telephone: 1300 737 760 (within Australia) Telephone: +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday.

On behalf of the Board, I thank you for your continued support as a shareholder and I encourage you to consider this investment opportunity.

Yours sincerely



Patrick JD Elliott  
Chairman

## ENTITLEMENT OFFER

### 1 DETAILS OF THE ENTITLEMENT OFFER

#### 1.1 The Entitlement Offer

The Entitlement Offer is non-renounceable. This means that Shareholders who do not take up their Entitlements by 5.00pm (Sydney time) on the Closing Date of Monday, 19 September 2022 will not receive any payment or value for those Entitlements and their proportionate equity interest in the Company will be diluted.

Each Eligible Shareholder is entitled to subscribe for 1 New Share for every 2 Existing Shares held on the Record Date.

The number of New Shares to which you are entitled is shown on the accompanying personalised Entitlement and Acceptance Form. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

New Shares issued under the Entitlement Offer will be fully paid and rank equally with Existing Shares on issue. If you take no action you will not be allocated any New Shares and your Entitlement will lapse.

#### 1.2 Eligibility

To qualify for the Entitlement Offer under this Offer Booklet, a Shareholder must:

- (a) be registered as a Shareholder at 7.00pm (Sydney time) on the Record Date of Monday, 29 August 2022; and
- (b) either:
  - (i) have an address in Australia or New Zealand; or
  - (ii) be eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing, registration or qualification and to whom the Company decides to extend the Entitlement Offer in its sole and absolute discretion,

(each such person being, an **Eligible Shareholder**).

#### 1.3 Purpose of the Entitlement Offer and Use of Funds

The purpose of this Offer is to:

- (a) to raise capital for the Company to fund the exploration of potentially lithium-bearing pegmatites at the Company's Higginsville projects in Western Australia, covering expenses related to the recovery of the Lumwana West exploration licence in Zambia, general working capital and pay the costs associated with conducting the Entitlement Offer; and
- (b) recognise Shareholders' ongoing support of the Company and provide the opportunity for Eligible Shareholders to participate in an entitlement offer.

The proceeds of the Entitlement Offer, together with the Company's existing cash reserves are intended to be used to pay the costs associated with conducting the Entitlement Offer, and

provide working capital to fund the continued operation, exploration and assessment of the Company's projects (please visit [www.argonautresources.com](http://www.argonautresources.com) for project information).

The total funds available to the Company will depend on the extent to which Eligible Shareholders participate in the Entitlement Offer and subscribe for New Shares.

<b>Proposed use of available funds (assuming maximum raised)</b>	
Lithium exploration including soil sampling, mapping, plus contingent auger and RC drilling at Higginsville, WA	A\$800,000
Recovery of Lumwana West licence, Zambia	A\$400,000
Working capital	A\$599,513
Cost of issue	A\$10,000
<b>Total</b>	<b>A\$1,809,513</b>

The above table is a statement of the Board's current intentions as at the date of this Offer Booklet. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending upon a number of factors, the Company's operational and development activities, the identification of new opportunities, and market and general economic conditions. In light of this, the Board reserves the right to alter the way that the funds are applied.

As the Entitlement Offer is not underwritten, to the extent that the funds available are not sufficient to satisfy the proposed allocation above, the allocation of funds would be scaled back. In that case, the Directors will determine the most appropriate level of expenditure by category and project area.

#### **1.4 Minimum subscription**

There is no minimum subscription in respect of the Entitlement Offer.

#### **1.5 Top Up Offer**

Eligible Shareholders who take up their Entitlement in full are also able to participate in a further offer of Additional New Shares, being the New Shares that have been initially offered to Eligible Shareholders under the Entitlement Offer and have not been taken up by them (**Top Up Offer**).

The Top Up Offer has the same Closing Date as the Entitlement Offer. The Issue Price of Additional New Shares under the Top Up Offer is the same as the Issue Price, which is A\$0.001 per Additional New Share.

Please note that New Shares in excess of Entitlements will only be allocated to Eligible Shareholders based on the allocation policy described below. There is no guarantee that any Application for Additional New Shares under the Top Up Offer will be successful and the Directors reserve the right to issue any Shortfall by way of the Top Up Offer.

#### **1.6 Allocation Policy**

The Company's allocation policy is that each Eligible Shareholder who has fully taken up their Entitlement and subscribes for Additional New Shares under the Top Up Offer will be allocated that number of Additional New Shares that the Eligible Shareholder applies for, subject to the following:

- (a) if there is an over subscription for Additional New Shares under the Top Up Offer, in which case, the Company will scale back applications for Additional New Shares so that Eligible Shareholders will receive Additional New Shares on a pro-rata basis according to an Eligible Shareholder's underlying shareholding at the Record Date (with any fractions of Additional New Shares arising from the application of this scale back being rounded down to the nearest whole Additional New Share); and
- (b) no Additional New Shares will be issued to an Eligible Shareholder to the extent that the Directors consider (acting reasonably) that the issue of Additional New Shares would be likely to result in a breach of the Company's constitution, the ASX Listing Rules, the Corporations Act or other laws (including where it would result in the relevant Shareholder (or any of its associates) having voting power in the Company in excess of 20% of the total issued share capital of the Company).

Eligible Shareholders that apply for Additional New Shares may be allocated a lesser number of Additional New Shares than applied for, or may be allocated no Additional New Shares at all, in which case the difference between the Application Money received, and the number of Additional New Shares allocated to you multiplied by the Issue Price will be refunded following allotment. No interest will be paid on any Application Money received and returned.

Top Up applications may be scaled back at the discretion of the Board. When contemplating a possible scale back of Top Up applications, the Board will consider the number and length of time over which a shareholder has held shares in the Company.

Listing Rule 10.11 parties in relation to the Company are not entitled to participate in the Top Up Offer.

#### **1.7 Residual Shortfall Shares**

To the extent that there remains any shortfall of New Shares not taken up by Eligible Shareholders including after the application of the Top Up Offer (**Residual Shortfall**), the Directors of the Company reserve the right to issue all or any of the New Shares comprising the Residual Shortfall (**Residual Shortfall Shares**) at their discretion.

The Residual Shortfall must be issued not later than 3 months after the Closing Date of the Entitlement Offer and the issue price of New Shares comprising the Residual Shortfall must not be less than the price at which New Shares are offered under the Entitlement Offer.

#### **1.8 No Underwriting**

The Entitlement Offer, the Top Up Offer and the placement of any Residual Shortfall Shares will not be underwritten.

#### **1.9 Issue of New Shares**

New Shares under the Entitlement Offer and the Top Up Offer are expected to be issued on or around Monday, 26 September 2022 (subject to change at the discretion of the Company).

The Company reserves the right (in its absolute discretion) to reduce the number of New Shares allocated to Eligible Shareholders, or persons claiming to be Eligible Shareholders, if their claims prove to be overstated or otherwise incorrect or if they fail to provide information to substantiate their claims.

### **1.10 ASX quotation**

The Company has applied for quotation of New Shares issued under this Offer Booklet. If permission for quotation is not granted by ASX, the New Shares will not be issued and Application Money will be refunded (without interest) as soon as practicable.

New Shares will be quoted on a deferred settlement from market open on Tuesday, 20 September 2022 and issued on or around Monday, 26 September 2022. It is the responsibility of Eligible Shareholders to determine their allocation prior to trading in New Shares. The Company recommends that Shareholders should only sell up to the amount of New Shares applied for under their Entitlement and not trade any Additional New Shares applied for under the Top Up Offer as there is no assurance as to the level of allocations under the Top Up Offer. Shareholders who sell New Shares before they receive confirmation of their allotment will do so at their own risk.

### **1.11 Application Money**

Until New Shares are issued under the Entitlement Offer, the Company's Share Registry will hold the Application Money in one or more bank accounts in Australia. The account(s) will be established and kept solely for the purpose of depositing Application Money and retaining those funds for as long as required.

Any interest accrued on Application Money will be retained by the Company and will not be paid to the relevant Eligible Shareholder, including if the Entitlement Offer is cancelled or withdrawn.

### **1.12 Foreign Shareholders**

The New Shares being offered under this Offer Booklet are being offered to Shareholders who:

- (a) have a registered addresses in Australia or New Zealand; or
- (b) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus, disclosure document, or any lodgement, filing, registration or qualification and to whom the Company decides to extend the Entitlement Offer in its sole and absolute discretion.

The Entitlement Offer will not be offered to Non-Eligible Foreign Shareholders. The Company has determined pursuant to Listing Rule 7.7.1 that making the Entitlement Offer Non-Eligible Foreign Shareholders is not reasonable in the circumstances, taking into account:

- (a) the number of Shareholders outside of Australia and New Zealand;
- (b) the number and value of the securities to be offered to Shareholders outside of Australia and New Zealand; and
- (c) the cost of complying with the legal requirements and requirements of regulatory authorities in the overseas jurisdictions.

For further details see the Foreign Jurisdictions section 6 of this Offer Booklet.

### **1.13 Nominees and custodians**

If the Company believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer. Nominees and custodians should consider carefully the contents of that letter.

The Company is not required to determine whether or not any registered holder or investor is acting as a nominee or custodian or the identity or residence of any beneficial owners of existing Shares. Where any person is acting as a nominee or custodian for a foreign person, that person, in dealing with its beneficiary will need to assess whether the distribution of any documents relating to the Entitlement Offer (including this Offer Booklet) or the indirect participation in the Entitlement Offer by the beneficiary complies with applicable foreign laws.

Nominees and custodians may not distribute any part of this Offer Booklet, and may not permit any beneficial shareholder to participate in the Entitlement Offer, in any country outside Australia or New Zealand, without the consent of the Company, taking into consideration applicable securities laws.

Due to legal restrictions, nominees and custodians may not send copies of this Offer Booklet or any material relating to the Entitlement Offer or accept the Entitlement Offer in relation to any person in any other jurisdiction outside Australia and New Zealand, without the consent of the Company.

#### **1.14 Risks**

There are a number of risks associated with an investment in the Company which may affect its financial performance, financial position, cash flows and Share price. The key risk factors are set out in section 5 of this Offer Booklet.

#### **1.15 Regular reporting and disclosure**

The Company is a disclosing entity for the purposes of the Corporations Act and is therefore subject to regular reporting and disclosure obligations under the Corporations Act and ASX Listing Rules. These obligations require the Company to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the market. In particular, the Company has an obligation (subject to certain limited exceptions) to notify ASX once it is, or becomes, aware of information concerning the Company which a reasonable person would expect to have a material effect on the price or value of the Company's securities. All announcements made by the Company are available from the 'Investors' section of the Company's website at [www.argonautresources.com](http://www.argonautresources.com) or ASX's website [www.asx.com.au](http://www.asx.com.au).

Additionally the Company is also required to prepare and lodge with ASIC yearly and half yearly financial statements accompanied by a directors' statement and report and an audit review or report. These reports are released to ASIC and published on the Company and ASX websites.

#### **1.16 Rights and liabilities attaching to New Shares**

New Shares issued under this Offer Booklet will be fully paid ordinary shares in the capital of the Company and will rank equally with all Existing Shares.

The rights and liabilities attaching to Shares are set out in the Company's constitution and are regulated by the Corporations Act, the general law, the ASX Listing Rules and the ASX Settlement Operating Rules. The constitution may only be varied by a special resolution which is a resolution passed by at least 75% of the votes cast by Shareholders present (and entitled to vote).

#### **1.17 Disclaimer**

No person is authorised to give any information or make any representation in connection with the Entitlement Offer described in this Offer Booklet, which is not contained in this Offer Booklet. Any information or representation not contained in this Offer Booklet may not be relied on as being authorised by the Company in connection with the Entitlement Offer.

### **1.18 Financial amounts**

Money as expressed in this Offer Booklet is in Australian dollars (\$) or A\$) unless otherwise indicated. Any discrepancies between totals in tables and sums of components in tables in this Offer Booklet and between those figures and figures referred to in other parts of this document may be due to rounding.

### **1.19 Rounding of Entitlements**

Where fractions arise in the calculation of Entitlements, they will be rounded up to the nearest whole number of New Shares.

### **1.20 Privacy**

Chapter 2C of the Corporations Act requires information about you as a Shareholder (including your name, address and details of your Shares) to be included in the public register of the Company. Information is collected to administer your Shares. Your personal information may be disclosed to the Company. You can obtain access to your personal information by contacting the Share Registry at the address or telephone number listed in the corporate directory.

### **1.21 Governing Law**

This Offer Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement and Acceptance Forms are governed by the laws applicable in South Australia, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of South Australia, Australia.

## **2 REQUIRED ACTIONS**

### **2.1 Eligible Shareholders**

For details in relation to whether or not you are an Eligible Shareholder, see section 1.12 of this Offer Booklet.

If you are an Eligible Shareholder you may either:

- (a) take up all of your Entitlement in accordance with this Offer Booklet;
- (b) unless you are a Listing Rule 10.11 party in relation to the Company, take up all of your Entitlement and also apply for that number of Additional New Shares in excess of your Entitlement;
- (c) take up some of your Entitlement, in which case the balance of your Entitlement will lapse and you will receive no value for your lapsed Entitlement; or
- (d) do nothing, in which case your Entitlement will lapse and you will receive no value for your lapsed Entitlement.

Before you decide whether to accept the Entitlement Offer, the Board recommends that Eligible Shareholders:

- (a) read this Offer Booklet in full; and
- (b) consider the risks associated with the Entitlement Offer, as summarised in the Risk Factors section of this Offer Booklet (section 5), in light of your personal circumstances.

If you decide to participate in the Entitlement Offer, whether by taking up all or some of your Entitlement, you will need apply for New Shares and arrange payment for the New Shares by the methods described immediately below.

## **2.2 Payment**

The Issue Price of A\$0.001 per New Share is payable on exercise of your Entitlement. For all Eligible Shareholders, payments must be received by 5.00pm (Sydney time) on the Closing Date (or such other date as may be determined by the Company).

Payment will only be accepted in Australian currency and must be (other than with the express consent of the Company) through the BPAY® facility, by cheque or by money order according to the instructions set out on the Entitlement and Acceptance Form and in this Offer Booklet.

Cash will not be accepted and receipts for payments made in cash will not be issued by Boardroom. If you provide insufficient funds to meet the Application Money due to take up all or part of your Entitlement, you may be taken by the Company to have applied for such lower number of New Shares as your cleared Application Money will pay or your Application may be rejected.

Any Excess Amount may be treated as an application to apply for Additional New Shares under the Top Up Offer to the value of your Excess Amount. Your application for the Additional New Shares may not be successful (wholly or partially). Any surplus Application Money received for more than your final allocation of any Additional New Shares will be refunded (only where the amount is A\$5.00 or greater). You are not entitled to any interest that accrues on any Application Money received or returned (wholly or partially).

## **2.3 Eligible Shareholders may pay through BPAY®**

Eligible Shareholders with an Australian bank account may pay through BPAY®. Payment by BPAY® should be made in accordance with the instructions set out in the Entitlement and Acceptance Form using the reference number shown on that form and must be received by no later than 5.00pm (Sydney time) on the Closing Date (or such other date as may be determined by the Company). Applicants should be aware that their own financial institution may implement earlier cut off times with regard to electronic payment. Applicants should therefore take this into consideration when making payment. It is the responsibility of the Applicant to ensure that funds submitted through BPAY® are received by this time.

The reference number is used to identify your holding. If you have multiple holdings you will also have multiple reference numbers. You must use the reference number shown on each Entitlement and Acceptance Form to pay for each holding separately. If you pay by BPAY® and do not pay for your full Entitlement, your remaining Entitlements will lapse.

If you make your payment by BPAY® you do not need to return the Entitlement and Acceptance Form to the Share Registry.

Your BPAY® acceptance, once received cannot be withdrawn. No cooling off period applies.

## **2.4 Applying for additional shares under Top Up Offer**

If you have applied for your full Entitlement and you are not a Listing Rule 10.11 party in relation to the Company, you may wish to apply for more New Shares than the number shown on your Entitlement and Acceptance Form under the Top Up Offer. To do this, if you are applying by BPAY®, cheque or money order to take up your Entitlement in full and Additional New Shares, make a payment for more than your Entitlement. The Excess Amount will be taken to be an application for Additional New Shares under the Top Up Offer.



Applications for Additional New Shares under the Top Up Offer will be considered if and to the extent that not all Shareholders take up their full Entitlement. Applications for Additional New Shares under the Top Up Offer will be issued pursuant to the allocation policy described in section 1.5.

## **2.5 Declining all or part of your Entitlement**

If you decide not to take up all or part of your Entitlement, the Entitlements which are unexercised will lapse and may be taken up by other Eligible Shareholders under the Top Up Offer. Your Entitlement to participate in the Entitlement Offer is non-renounceable and cannot be traded on the ASX nor any other financial markets, nor can it be privately transferred. Shareholders who do not take up their Entitlements in full will not receive any payment or value for those Entitlements they do not take up.

If you decide not to participate in the Entitlement Offer, you do not need to fill out or return the accompanying Entitlement and Acceptance Form. Although you will continue to own the same number of Shares as you held prior to the Entitlement Offer, your percentage shareholding in the Company will be diluted by the issue of New Shares under the Entitlement Offer.

## **2.6 Non-Eligible Foreign Shareholders**

The New Shares being offered under this Offer Booklet are being offered to Shareholders with a registered address in Australia and New Zealand.

The Entitlement Offer will not be offered to Non-Eligible Foreign Shareholders. The Company has determined that it is not economically viable and/or practicable for it to make offers to Non-Eligible Foreign Shareholders due to the cost of meeting compliance requirements with securities laws in each applicable jurisdiction in which Non-Eligible Foreign Shareholders reside. The Company reserves the right in its absolute discretion to offer the Entitlement Offer to a Shareholder with an address in the Company's share register outside Australia or New Zealand if the Company is satisfied that it is not precluded from lawfully issuing New Shares to that Shareholder either unconditionally or after compliance with conditions which the Directors in their sole discretion regard as acceptable.

For further details see the Foreign Jurisdictions Section 6 of this Offer Booklet.

## **2.7 Warranties made on acceptance of Entitlement Offer**

By making a payment by BPAY®, cheque or money order, you will be deemed to have acknowledged, represented and warranted that you, and each person on whose account you are acting, are an Eligible Shareholder or otherwise eligible to participate in the Entitlement Offer.

By making a payment by BPAY®, cheque or money order, you will also be deemed to have acknowledged, represented and warranted on your own behalf and on behalf of each person on whose account you are acting that:

- (a) you are (or the person on whose account you are acting is) an Eligible Shareholder and are not otherwise a person to whom it would be illegal to make an offer of or issue of New Shares under the Entitlement Offer and under any applicable laws and regulations;
- (b) you and each person on whose account you are acting have not and will not send any materials, or copies thereof, relating to the Entitlement Offer to any person in any other country outside Australia or New Zealand or are otherwise eligible to participate in the Entitlement Offer;

- (c) you acknowledge that you have read and understand this Offer Booklet and your Entitlement and Acceptance Form in their entirety;
- (d) you agree to be bound by the terms of the Entitlement Offer, the provisions of this Offer Booklet and the Company's constitution;
- (e) you authorise the Company to register you as the holder of New Shares allotted to you;
- (f) you declare that all details and statements in your Entitlement and Acceptance Form are complete and accurate;
- (g) you declare you are over 18 years of age and have full legal capacity and power to perform all of your rights and obligations under your Entitlement and Acceptance Form and as described in this Offer Booklet;
- (h) you acknowledge that after the Company receives your payment of Application Money by BPAY®, you may not withdraw your application or funds provided except as allowed by law;
- (i) you agree to apply for and be issued up to the number of New Shares for which you have submitted payment of any Application Money by BPAY®, cheque or money order at the Issue Price;
- (j) you authorise the Company, the Share Registry and their respective officers or agents to do anything on your behalf necessary for New Shares to be issued to you, including to act on instructions of the Share Registry on using the contact details set out in your Entitlement and Acceptance Form;
- (k) you declare that you were the registered holder at the Record Date of the Shares indicated on your Entitlement and Acceptance Form as being held by you on the Record Date;
- (l) you acknowledge that the information contained in this Offer Booklet and your Entitlement and Acceptance Form is not investment advice nor a recommendation that New Shares are suitable for you given your investment objectives, financial situation or particular needs;
- (m) you acknowledge that this Offer Booklet is not a prospectus, does not contain all of the information that you may require in order to assess an investment in the Company and is given in the context of the Company's past and ongoing continuous disclosure announcements to ASX;
- (n) you acknowledge the statement of risks in the Risk Factors section of this Offer Booklet (section 5) and that investments in the Company are subject to risk;
- (o) you acknowledge that none of the Company, or its Related Bodies Corporate and affiliates and their respective directors, officers, partners, employees, representatives, agents, consultants or advisers, guarantees the performance of the Company, nor do they guarantee the repayment of capital;
- (p) you agree to provide (and direct your nominee or custodian to provide) any requested substantiation of your eligibility to participate in the Entitlement Offer and of your holding of Shares on the Record Date;
- (q) you authorise the Company to correct any errors in your Entitlement and Acceptance Form or other form provided by you;

- (r) if you (or any person for whom you are acquiring the New Shares) are in Hong Kong, you (and any such person) are a "professional investor" as defined under the Securities and Futures Ordinance of Hong Kong, Chapter 571 of the Laws of Hong Kong;
- (s) you represent and warrant that the law of any place does not prohibit you from being given this Offer Booklet and your Entitlement and Acceptance Form, nor does it prohibit you from making an application for New Shares and that you are otherwise eligible to participate in the Entitlement Offer;
- (t) if in the future you decide to sell or otherwise transfer the New Shares, you will only do so in regular transactions on the ASX or otherwise where neither you nor any person acting on your behalf know, or has reason to know, that the sale has been pre-arranged with, or that the purchaser is, a person in the United States or is acting for the account or benefit of a person in the United States; and
- (u) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are accepting the Entitlement Offer is resident in Australia or New Zealand or otherwise eligible to participate in the Entitlement Offer (as applicable), and you have not sent this Offer Booklet, the Entitlement and Acceptance Form or any information relating to the Entitlement Offer to any such person.

## **2.8 Refunds**

Any Application Money received for more than your final allocation of New Shares will be refunded as soon as practicable after the Closing Date (except for where the amount is less than A\$5.00). No interest will be paid to applicants on any Application Money received or refunded.

## **2.9 Withdrawals**

You cannot, in most circumstances, withdraw your application once it has been accepted. Cooling off rights do not apply to an investment in New Shares.

### 3 PRO FORMA FINANCIAL POSITION

The Company's unreviewed statement of financial position as at 30 June 2022 is set out below, together with the scenario assuming the Entitlement Offer is fully subscribed and there is no residual Shortfall prepared on the basis of accounting policies normally adopted by the Company and reflect the changes to its financial position since 30 June 2022.

	Reviewed Balance Sheet as at 31 December 2021	Unaudited Balance Sheet as at 30 June 2022	Offer (Fully Subscribed)	Pro Forma Position post Offer
	(A\$'000)	(A\$'000)		
<b>Current Assets</b>				
Cash and Cash	2,159	512	1,809	2,321
Trade and Other	137	72		72
<b>Total Current Assets</b>	<b>2,296</b>	<b>584</b>	<b>1,809</b>	<b>2,393</b>
<b>Non-Current Assets</b>				
Plant and Equipment	49	28		28
Right-of-use Asset	34	-		-
Exploration and	6,003	6,293		6,293
<b>Total Non-Current</b>	<b>6,086</b>	<b>6,321</b>		<b>6,321</b>
<b>Total Assets</b>	<b>8,382</b>	<b>6,905</b>	<b>1,809</b>	<b>8,714</b>
<b>Liabilities</b>				
<b>Current Liabilities</b>				
Trade and Other	476	578		578
Provisions	104	122		122
<b>Total Current Liabilities</b>	<b>580</b>	<b>700</b>		<b>700</b>
<b>Non-Current Liabilities</b>				
Payables	-	653		653
Provisions NC	250	250		250
<b>Total Non-Current</b>	<b>250</b>	<b>903</b>		<b>903</b>
<b>Total Liabilities</b>	<b>830</b>	<b>1,603</b>		<b>1,603</b>
<b>Net Assets</b>	<b>7,552</b>	<b>5,302</b>		<b>7,111</b>
<b>Equity</b>				
Issued Capital	62,363	62,390	1,809	64,199
Reserves	1,995	2,001		2,001
Accumulated Losses	(57,172)	(59,359)		(59,359)
<b>Non-controlling interest</b>	<b>366</b>	<b>270</b>		<b>270</b>
<b>Total Equity</b>	<b>7,552</b>	<b>5,302</b>	<b>1,809</b>	<b>7,111</b>

The Company notes that the above pro forma adjustments have not been audited or reviewed and are provided for information purposes only.

### 4 EFFECT OF THE ENTITLEMENT OFFER

If fully subscribed, the principal effect of the Entitlement Offer will be to:

- (a) increase the cash reserves and issued capital by up to approximately \$1.8 million immediately after completion of the Entitlement Offer and prior to deducting the estimated expenses of the Entitlement Offer; and
- (b) increase the total number of Shares on issue from 3,619,025,295 by up to 1,809,512,648 Shares, such that there will be approximately 5,428,537,943 Shares on issue following completion of the Entitlement Offer.

#### 4.1 Effect of the Entitlement Offer on capital structure

The capital structure of the Company after the Entitlement Offer, assuming that the maximum number of New Shares are issued under the Entitlement Offer, will be as follows:

Shares	Number
Shares on issue as at date of Offer Document	3,619,025,295
New Shares offered under the Entitlement Offer as per this Offer Booklet (if fully subscribed)	1,809,512,648
Total Shares on issue on close of the Entitlement Offer (if fully subscribed)	5,428,537,943

The Company has the following unlisted options on issue:

Grant Date	Vesting Date	Expiry Date	Exercise Price (A\$)	Number Under Option
03/12/2017	03/12/2017	31/12/2022	0.030	28,000,000
14/08/2020	14/08/2020	11/08/2025	0.020	30,000,000
30/11/2021	30/11/2021	30/11/2026	0.02	10,000,000

#### 4.2 Financial effect of the Entitlement Offer

Please see section 3 of this Offer Booklet for the financial effect of the Entitlement Offer on the Company.

#### 4.3 Details of substantial holders

Based on publicly available information as at the close of trading on 19 August 2022, there are no substantial holders of Argonaut.

#### 4.4 Impact on control

As the acquisition of New Shares under the Entitlement Offer and Top Up Offer does not satisfy the requirements of exception 10 in section 611 of the Corporations Act, no person will be entitled to acquire New Shares pursuant to the Entitlement Offer or Top Up Offer if to do so would result in their, or another person's, Voting Power in the Company increasing from 20% or below to more than 20%, or from a starting point above 20% to below 90%, unless an exception to the restrictions contained in section 606 of the Corporations Act applies.

Accordingly, while there are no applicable exceptions to the restrictions contained in section 606 of the Corporations Act, in light of the size of the Entitlement Offer, the Entitlement Offer is not expected to have any material effect or consequence on the control of the Company.

Details of the control implications are set out below.

The potential effect that the issue of the New Shares under the Entitlement Offer will have on the control of the Company will depend on a number of factors, including Shareholder demand and

the extent to which Eligible Shareholders take up New Shares under the Entitlement Offer. The Entitlement Offer is not expected to have a material impact on the control of the Company.

The Company notes as follows:

- (a) if all Eligible Shareholders take up their Entitlement, the issue of New Shares under the Entitlement Offer will have no effect on the control of the Company and all Shareholders will hold the same percentage interest in the Company, subject only to changes resulting from Non-Eligible Foreign Shareholders being unable to participate in the Entitlement Offer;
- (b) in the more likely event that all Eligible Shareholders do not take up their Entitlement, Eligible Shareholders that do not subscribe for their full Entitlement of New Shares and Non-Eligible Foreign Shareholders unable to participate in the Entitlement Offer may be diluted relative to those Shareholders that subscribe for some or all of their Entitlement;
- (c) in respect of any Shortfall, Eligible Shareholders (other than Listing Rule 10.11 parties) may apply to top up their Shareholding, by subscribing for Additional New Shares to be issued in accordance with the allocation policy described in section 1.6; and
- (d) the Directors reserve the right to place any Residual Shortfall (being the shortfall remaining following the Top Up Offer) within 3 months of the Closing Date in the manner set out in section 1.7. The Residual Shortfall Shares will be issued at a price not less than the Issue Price of New Shares under the Entitlement Offer, although the Directors reserve the right to issue any Residual Shortfall Shares at a higher price than the Issue Price.

#### 4.5 Dilution

Shareholders should note that if they do not participate in the Entitlement Offer their holdings are likely to be diluted as compared to their holdings and number of Shares on issue as at the Record Date. The amount of dilution will depend on the number of New Shares that are issued under the Entitlement Offer and Top Up Offer and the number of Residual Shortfall Shares that are placed by the Company.

#### 4.6 Directors and directors interests

As at 23 August 2022, the Directors have the following interests in the Company's securities. All the Directors intend to participate fully in the Entitlement Offer and reserve the right to participate in the Top Up Offer subject to shareholder approval.

Additional disclosures of key management personnel:

Director	Shares	Unlisted Options
Patrick J Elliott	36,200,733	18,000,000
Lindsay J Owler	1,400,000	26,000,000
Andrew Bursill	3,049,438	18,000,000
Michael Robert Billing	6,000,000	10,000,000

## **5 RISK FACTORS**

### **5.1 Overview**

Investment in the New Shares offered under this Entitlement Offer Booklet should be regarded as speculative due to the inherent risks associated with the Company's activities as the Company is a listed mineral exploration and development company with copper and zinc projects in South Australia, Queensland and Zambia. Shareholders should appreciate that the value of Shares on the ASX may rise or fall depending on a range of factors beyond the control of the Company. Neither the Company nor the Directors warrant the future performance of the Company or any investment made pursuant to this Entitlement Offer Booklet. To that extent the Shares carry no guarantee with respect to the payment of dividends, return on capital or the price at which Shares will trade on ASX.

The Directors recommend that Eligible Shareholders and potential investors examine the contents of this Entitlement Offer Booklet together with previous ASX disclosures and public documents of the Company, including its most recent audited financial statements, and rely on the advice of their professional advisers before deciding whether or not to apply for New Shares pursuant to this Entitlement Offer Booklet.

The following summary, which is not exhaustive, represents some of the material risk factors that may affect the financial position of the Company, the value of an investment in the Company, as well as the Company's operations, which potential investors need to be aware of.

The risks outlined below are specific to the Company's operations and to the resource exploration industry in which the Company operates.

### **5.2 Nature of investment**

Any potential investor should be aware that subscribing for New Shares involves risks. The New Shares to be issued pursuant to this Entitlement Offer carry no guarantee with respect to the payment of dividends, return on capital or the market value of those New Shares. An Applicant may not be able to recoup his or her initial investment. More specifically, the risks are that the:

- (a) price at which the Applicant is able to sell the New Shares is less than the price paid due to changes in market circumstances;
- (b) Applicant is unable to sell the New Shares; and
- (c) Company is placed in receivership or liquidation making it reasonably foreseeable that Shareholders could receive none, or only some of their initial investment.

### **5.3 Lumwana West Project – Restoration of Licence Risk**

The Company became aware that its large-scale exploration licence, 22399-HQ-LEL – Lumwana West, was not renewed by the Zambian Government on 28 December 2021 as expected. This licence area contains the Nyungu deposit.

Argonaut notes that a new licence was subsequently issued over the area and the Company has commenced legal action in relation to the issue of that licence as part of the recovery process (see section 7.7 for further information). A successful appeal requires both the reinstatement of the Company's licence 22399-HQ-LEL and the revocation of the newly issued licence.

On 27 April 2022 the Minister of Mines and Mineral Development wrote to the Company's Zambian lawyers to advise that the Company's appeal of 3 January 2022 was currently under "active consideration". At the time of the purported cancellation, the Company's 90% held

subsidiary, Mwombezhi Resources Ltd, was operating in full compliance with all licence conditions and other regulatory requirements.

The Company is working cooperatively with the relevant Zambian authorities to achieve the reinstatement of exploration licence 22399-HQ-LEL – Lumwana West, however there is a risk that the Company may not be successful with that reinstatement.

#### **5.4 Future Capital Needs and Additional Funding**

The funds raised by the Entitlement Offer will primarily be used to continue the Company's current projects. The proceeds of the Entitlement Offer may not be sufficient to complete all necessary development activities associated with that these projects and further funding may be required.

The future capital needs of the Company to continue development and exploration beyond the currently anticipated expenditure may be greater than the proceeds of the Entitlement Offer and other funds available to the Company.

The Company's ability to raise further capital (equity or debt) within an acceptable time, of a sufficient amount and on terms acceptable to the Company will vary according to a number of factors, including the prospectivity of tenements (existing and future), the results of exploration, further feasibility studies, development and mining, stock market and industry conditions and the price of relevant commodities and exchange rates.

No assurance can be given that future funding will be available to the Company on favourable terms (or at all).

If adequate funds are not available on acceptable terms the Company may not be able to take advantage of opportunities or otherwise respond to competitive pressures.

#### **5.5 Potential for Significant Dilution**

Upon implementation of the Entitlement Offer the Company will issue potentially up to 1,809,512,648 New Shares. The capital structure upon completion of the Entitlement Offer (assuming the Entitlement Offer is fully subscribed) is set out in section 4.1.

The issue of New Shares will dilute the interests of existing Shareholders. There is also a risk that Shareholders will be further diluted as a result of future capital raisings required in order to fund working capital and development requirements of the Company.

Dilution will only occur if and to the extent that existing Shareholders do not accept their Entitlement in full (or partially in proportion to the overall level of acceptance under the Entitlement Offer).

#### **5.6 Related Party Loans**

The Company has not entered into any related party loans.

#### **5.7 Impact of currency fluctuations**

Currency fluctuations may affect the Company's capital costs and the costs that the Company incurs in its operations. The appreciation of the Zambian Kwacha (ZMK) and the US Dollar (USD) against the Australian Dollar (AUD) would increase the costs of production at such mining operations which may materially and adversely affect the Company's earnings and financial condition.



## **5.8 Liquidity risk post Entitlement Offer**

After the completion of the Entitlement Offer, each Shareholder's final Shareholding will depend on the level of participation by Eligible Shareholders in the Entitlement Offer and the extent to which the Directors issue any Residual Shortfall Shares. As a consequence, there is a risk that the liquidity of Shares on ASX will be lower than otherwise may be the case if the Shares in the Company were more widely held. This may cause significant volatility in the market price of the Shares, and impact the value Shareholders are able to realise for their Shares.

## **5.9 Exploration and Development Risks**

The business of mineral exploration, project development and production, by its nature, contains elements of significant risk with no guarantee of success. The tenements of the Company are at various stages of exploration and development.

Ultimate and continuous success of these activities is dependent on, among other things:

- (a) the discovery or acquisition of economically recoverable reserves;
- (b) access to adequate capital for project development;
- (c) design and construction of efficient development and production infrastructure within capital expenditure budgets;
- (d) securing and maintaining title to mineral interests;
- (e) obtaining consents and approvals necessary for the conduct of mineral exploration, development and production; and
- (f) access to competent operational management and prudent financial administration, including the availability and reliability of appropriately skilled and experienced employees, contractors and consultants.

Whether or not income will result from projects undergoing exploration and development programs depends on successful exploration and the establishment of production facilities.

There is no assurance that any exploration on current or future interests will result in the discovery of an economic mineral deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be economically developed.

## **5.10 Mining Approvals**

Prior to commencement of any future mining operations, the Company may be required to ensure it obtains all relevant approvals. Where the Company is required to obtain additional approvals, there can be no assurance that those approvals will be received or that the condition on which those approvals are given are not overly onerous. The effect of these factors cannot be accurately predicted and conditions imposed on approvals may impede the operation or development of a project or even render it uneconomic.

## **5.11 Resource and Reserve Estimates**

Resource and reserve estimates are expressions of judgment based on knowledge, experience and industry practice. Estimates that were valid when made may change when new information or techniques become available. In addition, resource and reserve estimates are necessarily imprecise, prone to variability and depend to some extent on interpretations, which may prove to be inaccurate.

Even if the Company identifies a resource or reserve, actual Ore Reserves and Mineral Resources (including grade and quantity) may differ from those estimated at an earlier time which may result in alterations to development and mining plans which may, in turn, adversely affect the Company's operations.

#### **5.12 Exploration and Mining Risk**

The business of mineral exploration and mining involves risks and hazards. For example, in an exploration context no assurance can be given that ore bodies will be detected with preferred or desirable tonnages or grades. High risk and substantial expense can be incurred without the requisite or expected degree of reward.

Even if commercial quantities are discovered, unforeseen risks can arise in the development and production phase including the development of appropriate metallurgical processes, the receipt of necessary governmental permits, access to permits and the construction of mining and processing facilities, environmental hazards, industrial accidents, labour disruption, the unavailability of materials and equipment, unusual or unexpected geological formation, pit failures, changes in the regulatory environment and weather conditions. Such occurrences could result in damage to, or destruction of, mineral properties or production facilities, personal injury or death, environmental damage, delays in mining, monetary losses and possible legal liability.

#### **5.13 Ability to Exploit Successful Discoveries**

It may not always be possible for the Company to participate in the exploitation of successful discoveries made in areas in which the Company has an interest. Such exploitation will involve the need to obtain the necessary licences or clearances from the relevant authorities, which may require conditions to be satisfied and/or the exercise of discretions by such authorities. It may or may not be possible for such conditions to be satisfied. The infrastructure requirements around a successful discovery may also impact on the exploitation of a discovery.

Further, the decision to proceed to further exploitation may require the participation of other companies whose interests and objectives may not be the same as those of the Company. As described above, such work may require the Company to meet or commit to financing obligations for which it may not have planned.

#### **5.14 Title and Tenure Risk**

The Company holds an interest in various mining tenements. Title to these tenements is subject to the Company, as tenement holder, complying with the terms and conditions of each tenement, including the minimum annual expenditure commitments and otherwise complying the other laws relating to the Company's right to hold those interests in land. There is a risk that if the Company does not comply with the terms and conditions of each tenement, or other legal requirements, it may lose its interest in the relevant tenement.

The Company has implemented appropriate policies and practices to mitigate the risk of not complying with the terms and conditions attaching to each of its tenements.

The Company's tenements, and other tenements in which the Company may acquire an interest, will be subject to renewal, which is usually at the discretion of the relevant authority. If a tenement is not renewed the Company may lose the opportunity to discover mineralisation and develop that tenement.

The Company cannot guarantee that any tenements in which it has an interest will be renewed beyond their current expiry date.

### **5.15 Environmental Risk**

The Company's activities are subject to the environmental risks inherent in the mining industry. All phases of the Company's operations are subject to environmental regulation in Zambia and Australia. These regulations mandate, among other things, water quality standards and land reclamation and regulate the generation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that existing or future environmental regulation will not materially adversely affect the Company's business, financial condition and results of operations.

The current or future operations of the Company, including mineral exploration or development activities and commencement of production, require permits from governmental authorities and such operations are and will be governed by laws and regulations governing prospecting, development, mining, environmental protection, mine safety, land access and other matters. Such laws and regulations may vary in future. There can be no assurance, however, that all permits which the Company may require for mineral exploration or construction of mining facilities and conduct of mining operations will be obtainable on reasonable terms or that such laws and regulations would not have an adverse effect on any mining project which the Company might undertake.

In relation to current activities, the Company is in compliance with governing laws and regulations and manages these risks through its existing operating procedures, Environmental Plans, internal audits and liaison with regulators and stakeholders.

### **5.16 Insurance**

Insurance against all risks associated with mineral exploration is not always available or affordable. The Company will maintain insurance where it is considered appropriate for its needs however it will not be insured against all risks either because appropriate cover is not available or because the Directors consider the required premiums to be excessive having regard to the benefits that would accrue.

The occurrence of an event that is not covered or fully covered by insurance could have a material adverse effect on the business, financial condition and results of the operations of the Company. There is no assurance that the Company will be able to maintain adequate insurance in the future at rates that it considers is reasonable.

### **5.17 Commodity Price Volatility**

If the Company achieves success leading to mineral production, the revenue it will derive through the sale of precious and base metals exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company. Such factors include supply and demand fluctuations for precious and base metals, technological advancements, forward selling activities and other macro-economic factors.

Furthermore, international prices of various commodities are denominated in United States dollars or other currencies, whereas the income and expenditure of the Company are and will be taken into account in Australian currency, exposing the Company to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar as determined in international markets.

## **5.18 Joint Venture Parties, Agents and Contractors**

There is a risk of financial failure or default by a participant in any joint venture to which the Company is or may become a party, or the insolvency or managerial failure by any of the contractors used by the Company in any of its activities or the insolvency or other managerial failure by any of the other service providers used by the Company for any activity.

## **5.19 Competition**

The Company competes with other companies, including major mining companies. Some of these companies have greater financial and other resources than the Company and, as a result, may be in a better position to compete for future business opportunities. There can be no assurance that the Company can compete effectively with these companies.

## **5.20 General investment risks**

The risks outlined below are some of the general risks that may affect an investment in the Company.

### **(a) Securities investments and share market conditions**

There are risks associated with any securities investment. The prices at which the securities trade may fluctuate in response to a number of factors and, as a result, the New Shares may trade on the ASX at higher or lower prices than the Issue Price following listing. Investors who decide to sell their New Shares after listing may not receive the entire amount of their original investment.

Furthermore, the stock market, and in particular the market for exploration and mining companies may experience extreme price and volume fluctuations that may be unrelated or disproportionate to the operating performance of such companies. These factors include movements on international share markets, local interest rates and exchange rates, domestic and international economic conditions, government taxation, market supply and demand and other legal, regulatory or policy changes and they may materially adversely affect the market price of the securities of the Company regardless of the Company's operational performance.

Neither the Company nor the Directors warrant the future performance of the Company, or any return of an investment in the Company.

### **(b) Liquidity risk**

The market for the Company's Shares may be illiquid. As a consequence, investors may be unable to readily exit or realise their investment.

### **(c) Economic risk**

Changes in both Australia and world economic conditions may adversely affect the financial performance of the Company. Factors such as inflation, currency fluctuations, interest rates, industrial disruption and economic growth may impact on future operations and earnings.

### **(d) COVID 19**

There have been a number of recent events associated with the COVID-19 pandemic, and the containment measures implemented in response, which collectively may affect

the company's ability to be able to undertake its exploration activities in accordance with current plans and timetables.

## **6 FOREIGN JURISDICTIONS**

This Entitlement Offer Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the New Shares or otherwise permit the offering of the New Shares in any jurisdiction outside of Australia and New Zealand. This Entitlement Offer Booklet and accompanying Entitlement and Acceptance Form may not be distributed outside Australia and New Zealand except as may be permitted under section 1.12 or this section 6 of this Entitlement Offer Booklet, or as otherwise set out in this Entitlement Offer Booklet.

Making your payment will be taken by the Company to constitute a representation by you that there has been no breach of any such laws.

The distribution of this Entitlement Offer Booklet (including an electronic copy) outside Australia and New Zealand or as otherwise set out in this Entitlement Offer Booklet may be restricted by law. If you come into possession of this Entitlement Offer Booklet, you should observe such restrictions. Any non-compliance with these restrictions may contravene applicable securities laws.

Due to legal restrictions, nominees and custodians may not send copies of this Entitlement Offer Booklet or any material relating to the Entitlement Offer or accept the Entitlement Offer in relation to any person in in any other jurisdiction outside Australia and New Zealand or as otherwise set out in this Entitlement Offer Booklet (except as the Company may otherwise permit in compliance with applicable law).

This Entitlement Offer Booklet may not be distributed to any person, and the New Shares may not be offered or sold, in any country outside Australia and New Zealand except to the extent permitted below.

### **6.1 New Zealand**

The New Shares are not being offered to the public within New Zealand other than to existing Shareholders with registered addresses in New Zealand to whom the offer of New Shares is being made in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

This Entitlement Offer Booklet has been prepared in compliance with Australian law and has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (New Zealand). This Entitlement Offer Booklet is not a product disclosure statement or other disclosure document under New Zealand law and is not required to, and may not, contain all the information that a product disclosure statement or other disclosure document under New Zealand law is required to contain.

The taxation treatment of Australian financial products is not the same as for New Zealand financial products. The offer of New Shares may involve a currency exchange risk as they will be quoted on the ASX in Australian dollars.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

## 6.2 Hong Kong

WARNING: This Entitlement Offer Booklet has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). Accordingly, this Entitlement Offer Booklet may not be distributed, and the New Shares may not be offered or sold, in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Entitlement Offer Booklet have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Entitlement Offer. If you are in doubt about any contents of this Entitlement Offer Booklet, you should obtain independent professional advice.

## 6.3 United States

The New Shares have not been, and will not be, registered under the *US Securities Act* of 1933 and may not be offered or sold in the United States except in transactions exempt from, or not subject to, the registration requirements of the US Securities Act and applicable US state securities laws.

## 7 ADDITIONAL INFORMATION

### 7.1 Continuous disclosure obligations

The Company is listed on the ASX and its Shares are quoted on the ASX under the code: ARE. The Company is a 'disclosing entity' (as defined in section 111AC of the Corporations Act) and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules, including the preparation of annual reports and half yearly reports. The Company is required to disclose to ASX any information of which it is or becomes aware concerning the Company and which a reasonable person would expect to have a material effect on the price or value of the Company's securities.

This Offer Document is issued pursuant to section 708AA of the Corporations Act without disclosure to investors under Part 6D.2 of the Corporations Act.

This Offer Document is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX and does not include all of the information that would be included in a prospectus or other disclosure document that is required to satisfy the Corporations Act. Investors should therefore have regard to the other publicly available information in relation to the Company before making a decision whether or not to invest.

Having taken such precautions and having made such enquiries as are reasonable, the Company believes that it has complied with the general and specific requirements of the ASX Listing Rules as applicable from time to time throughout the three months before the issue of this Offer

Document which required the Company to notify ASX of information about specified events or matters as they arise for the purpose of ASX making that information available to the stock market operated by ASX.

## 7.2 Market price of Shares

The Company is a disclosing entity for the purposes of the Corporations Act and its Shares are enhanced disclosure securities quoted on ASX. The highest, lowest and last market sale prices of the Shares on ASX during the three months immediately preceding the announcement of the Offer on Wednesday, 24 August 2022 and the respective dates of those sales are as follows:

	Share Price	Date
Highest	\$0.0040	3 June 2022
Lowest	\$0.0020	10 August 2022
Last	\$0.0020	24 August 2022

## 7.3 Interests of Directors

The interests of the Directors held either directly or through their controlled entities, in the securities of the Company as at the date of this Offer Document are as follows:

Director	Shares	Options	Entitlement (Offer Shares)
Patrick J Elliott	36,200,733	18,000,000	18,100,367
Lindsay J Owler	1,400,000	26,000,000	700,000
Andrew Bursill	3,049,438	18,000,000	1,524,719
Michael Robert Billing	6,000,000	10,000,000	3,000,000

## 7.4 Financial forecasts

The Directors have considered the matters set out in ASIC Regulatory Guide 170 and believe that they do not have a reasonable basis to forecast future earnings on the basis that the operations of the Company are inherently uncertain. Accordingly, any forecast or projection information would contain such a broad range of potential outcomes and possibilities that it is not possible to prepare a reliable best estimate forecast or projection.

## 7.5 Clearing House Electronic Sub-Register System (CHES) and Issuer Sponsorship

The Company currently operates an electronic issuer-sponsored register and an electronic CHES sub-register. The two sub-registers together will comprise the Company's register of Shares.

The Company will not issue certificates for Shares. Investors who are allotted Shares under this Entitlement Offer Document will be provided with a transaction confirmation statement which sets out the number of Shares allotted to the Investor. Investors who elect to hold Shares on the

issuer-sponsored sub-register will be provided with a holding statement (similar to a bank account statement) which sets out the number of Shares allotted to the Shareholder under this Entitlement Offer Document. For Investors who elect to hold their Shares on the CHESS sub-register, the Company will issue an advice that sets out the number of the Shares allotted to the Investor under this Entitlement Offer Document. At the end of the month of allotment, CHESS, acting on behalf of the Company, will provide those Shareholders with a holding statement that confirms the number of Shares held and any transactions during that month.

A holding statement (whether issued by CHESS or the Company) will also provide details of the applicable Holder Identification Number in case of a holding on the CHESS sub-register or Reference Number in case of a holding on the issuer-sponsored sub-register. Following distribution of these initial holding statements, a holding statement will also be provided to each Shareholder at the end of any subsequent month during which the balance of that holding of securities in the Company changes.

A Shareholder may request a holding statement at any other time from the Share Registry for no additional cost.

## **7.6 Privacy Act**

If you complete an application for Shares, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your Application, service your needs as a holder of equity securities in the Company, facilitate distribution of payments and corporate communications to you as a Shareholder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or the Share Registry if you wish to do so at the relevant contact numbers set out in this Entitlement Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the Application for Shares, the Company may not be able to accept or process your Application.

If you do not provide the information required on the Entitlement and Acceptance Form, the Company may not be able to accept or process the Application.

## **7.7 Litigation**

The Company has put forward an appeal to the Zambian Minister of Mines and Mineral Development regarding the issue of licence 30426-HQ-LEL over the 22399-HQ-LEL, Lumwana West, area of Northwestern Zambia. An investigation into the matter has commenced and a decision is pending.

There has been an application for Judicial Review put forward by Barngarla against the grant of section 23 authorisation for the portion of Murdie project licences that intersect with a recorded site card under the SA Aboriginal Heritage Act. The judgement on this matter is currently pending.



## 7.8 No cooling-off rights

Cooling-off rights do not apply to an investment in Offer Shares. You cannot, in most circumstances, withdraw your Application once it has been accepted.

## 7.9 Alteration of terms

The Company reserves the right, at its discretion, to vary all or part of the Entitlement Offer at any time, subject to the Corporations Act and ASX Listing Rules and any other law or regulation to which the Company is subject.

## 8 TAXATION

The Directors do not consider it appropriate to give Shareholders advice regarding the taxation consequences of the Entitlement Offer under this Entitlement Offer Booklet. Taxation implications will vary depending on the particular circumstances of individual Eligible Shareholders.

The Company, its advisers and its officers do not accept any responsibility or liability for any such taxation consequences to Shareholders. As a result, Eligible Shareholders should consult their professional tax adviser in connection with the Entitlements under this Entitlement Offer Booklet.

## 9 INFORMATION AVAILABILITY

Eligible Shareholders in Australia and New Zealand can obtain a copy of this information during the period of the Entitlement Offer by calling the Share Registry on 1300 737 760 (within Australia) Telephone: +61 2 9290 9600 (outside Australia) between 8.30am and 5.00pm (Sydney time) Monday to Friday. A replacement Entitlement and Acceptance Form can be requested by calling the Share Registry.

## GLOSSARY

Term	Definition
Additional New Share	A New Share offered and issued under the Top Up Offer.
Applicant	An Eligible Shareholder who applies for New Shares (and if applicable, Additional New Shares) under this Entitlement Offer Booklet.
Application	An application for a specified number of New Shares (and if applicable, Additional New Shares) by an Applicant under this Entitlement Offer Booklet.
Application Money	Funds paid by BPAY®, cheque or money order.
ASIC	Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market operated by it, as the context requires.
ASX Listing Rules	The listing rules of ASX.
Board	The Directors acting as a board of the Company.
Business Day	A day on which both the ASX and major trading banks are open for trading in Sydney.
Closing Date	The date on which the Entitlement Offer closes, expected to be 5.00pm (Sydney time) on Monday, 19 September 2022 .
Company or Argonaut	Argonaut Resources NL. ACN 008 084 848
Corporations Act	Corporations Act 2001 (Cth).

Directors	The directors of the Company.
Eligible Shareholder	As defined in section 1.1 of the Entitlement Offer overview section of this Entitlement Offer Booklet.
Entitlement	The number of New Shares each Eligible Shareholder is offered under the Entitlement Offer as specified on their Entitlement and
Entitlement and Acceptance Form	The personalised form attached to or accompanying this Entitlement Offer Booklet.
Entitlement Offer	The non-renounceable entitlement offer to Eligible Shareholders as at the Record Date to subscribe for 1 New Share for every 1 Existing
Entitlement Offer Booklet	This document which was given to ASX on 24 August 2022.
Excess Amount	Any money in excess of the full amount of Application Money for an Eligible Shareholder's whole Entitlement.
Existing Shares	Shares on issue at the Record Date.
Issue Price	The price payable for one New Share under this Offer Booklet, being A\$0.001.
Listing Rule 10.11 party	<ul style="list-style-type: none"> <li>• A related party of the Company.</li> <li>• A person who is, or was at any time in the 6 months before the issue of New Shares under this Offer Booklet, a substantial (30%+) holder in the Company.</li> <li>• A person who is, or was at any time in the 6 months before the issue of New Shares under this Offer Booklet, a substantial (10%+) holder in the Company and who has nominated a director to the board of the Company pursuant to a relevant agreement which gives them a right or expectation to do so.</li> <li>• An associate of any of the above.</li> </ul>
New Share	A Share offered and issued under this Offer Booklet, the terms and conditions of which are set out in this Offer Booklet.
Non-Eligible Foreign Shareholder	A Shareholder of the Company that is not an Eligible Shareholder.
Offer Period	9.00am (Sydney time) on Thursday, 1 September 2022 to 5.00pm (Sydney time) on Monday, 19 September 2022 or any other date as may be determined by the Company.
Opening Date	9.00am (Sydney time) on Thursday, 1 September 2022.
Sydney time	The legal time in Sydney, Australia.
Record Date	7.00pm (Sydney time) on Monday, 29 August 2022.
Related Body Corporate	The meaning given to that term in section 50 of the Corporations Act.
Residual Shortfall	has the meaning given in section 1.7.
Residual Shortfall Shares	has the meaning given in section 1.7.
Share	A fully paid ordinary share in the capital of the Company.
Shareholder	A holder of at least one Share as recorded on the Company's share register.
Share Registry	Boardroom Pty Limited
Shortfall	New Shares offered under the Entitlement Offer for which valid Applications have not been received from Eligible Shareholders under their Entitlement on or before the Closing Date (including pursuant to the Top Up Offer).

Subsidiary	has the meaning given to that term in the Corporations Act.
Top Up Offer	The offer described in section 1.5 of this Offer Booklet.
Timetable	The Entitlement Offer timetable.
US Securities Act	US Securities Act of 1933, as amended.
Voting Power	Has the meaning given to that term in the Corporations Act.

## CORPORATE DIRECTORY

<b>Present Directors</b>	<b>Share Registry</b>
Patrick J Elliott (Chairman) Lindsay J Owler Michael Robert Billing Andrew Bursill	Boardroom Pty Limited Level 12, 225 George Street Sydney NSW 2000 Australia
<b>Administration and Registered Office</b>	<b>Company Secretary</b>
Level 6, 100 Pirie Street Adelaide SA 5000 Australia	Joanna Elizabeth Morbey
<b>Other Information</b>	
Stock Exchange Listing	Argonaut Resources NL shares are listed on the Australian Securities Exchange [ASX:ARE]