

ASX Announcement

24 January 2022

Lumwana West Project: Purported Cancellation of exploration licence 22399-HQ-LEL

Argonaut Resources NL (*Argonaut or the Company*) [ASX:ARE] has become aware that 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.

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. However, Argonaut's Zambian lawyers have discovered that key compliance documents provided by the Company to its Zambian shareholders for filing were not submitted as required and this appears to have led to the cancellation of the licence.

The circumstances in which these documents were withheld appears to constitute a fraud.

Amongst five Zambian entities that hold a collective 10% shareholding in Mwombezhi Resources Ltd are Christopher Mulusa and Stafford Mulusa, MP for Solwezi Central and Government Chief Whip. The Company is aware that Stafford Mulusa was a respondent in two recent court proceedings: 2019/HPC/225 (mortgage proceedings); and 2019/HPC/497 (unpaid arrears on a lease).

Argonaut has also learned that a new licence over the Lumwana West area was hurriedly and potentially corruptly granted to a recently registered company with no apparent financial or technical capacity.

Argonaut had a history of raising and investing significant amounts of money in the rigorous technical investigation of the Lumwana West licence area, particularly the Nyungu deposit. The Company had commenced the fast-tracking of a feasibility study into a commercial mining operation at the site via a team of internationally known experts. It would appear to be against the national interests of Zambia to stop this process.

Recovery Action by Argonaut

Argonaut has lodged an appeal against the grant of the new licence on the grounds of fraud and impropriety. The Company is also preparing a complaint to the Zambian Anti-Corruption Commission, and it is currently settling the legal documents necessary to sue its Zambian partners for breaches of contractual and fiduciary duties.

Argonaut is seeking to have its rights to explore and develop the Lumwana West area restored.

Authorised for release by:

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