Argo Exploration Limited

ABN 38 120 917 535

Half-year Financial Report - 31 December 2013

Argo Exploration Limited
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31 December 2013

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Argo Exploration Limited
Corporate directory
31 December 2013

Directors	Andrew Van Der Zwan (Executive Director) Justin Hondris (Non-Executive Director) Christopher Martin (Non-Executive Director)
Company secretaries	Melanie J Leydin Justin Mouchacca
Registered office	Level 4 100 Albert Road South Melbourne VIC 3205
Principal place of business	Level 4 100 Albert Road South Melbourne VIC 3205
Share register	Advanced Share Registry Ltd 150 Stirling Highway Nedlands WA 6009
Auditor	Grant Thornton Audit Pty Ltd Chartered Accountants The Rialto Level 30, 525 Collins Street MELBOURNE VIC 3000
Solicitors	Holman Fenwick Willan Level 39, Bourke Place 600 Bourke Street MELBOURNE VIC 3000
Stock exchange listing	Argo Exploration Limited shares are listed on the Australian Securities Exchange (ASX code: AXT)
Website	www.argoexploration.com.au

The half-year ended 31 December, 2013 has continued to be challenging for junior natural resource companies including Argo Exploration Ltd ('Argo'). Argo reviewed its strategy in light of prevailing market conditions and the Board of Argo has taken prudent steps to best position the company going forward by reducing costs and avoiding shareholder dilution.

In July, 2013 Argo advised that the exploration licence areas; Intercept Hill EL4164, and Toondulya EL4284 were relinquished by the company. This decision to relinquish the exploration licences was made in the context of the prevailing volatility and the expected uncertainty in equity markets and commodity prices, scarcity and cost of capital, and the diminished appetite for greenfields exploration risk. Additionally, these exploration licences carried minimum capital expenditure requirements, which would have impacted the company in the short to medium term. Continued evaluation and exploration on these exploration licences would have required material additional capital, which would have been dilutive to existing shareholders.

Xstrata's review and analysis of the drilling results from Oak Dam South and the Winjabbie East Prospects determined that these prospects were unlikely to host an economic ore deposit of sufficient size and scale to meet the strategic requirements of a company of their size. Whilst Argo believes that EL4164 had some remaining exploration potential, the depth, geology and other characteristics of the asset would require material additional capital to further exploit. Given the lack of commercial success by both Argo and Xstrata Copper to date, coupled with the lack of available capital, the company determined that it was in the best interests of shareholders not to commit further significant funds to high risk exploration of EL4164. The Board has reviewed the carrying amount of each of the projects and as previously advised, written down the value of Intercept Hill Project. The Toondulya Project was also written down.

The Company's focus has been to preserve the cash reserves and to review its asset portfolio with the objective of determining the optimum strategy to create shareholder value, given the present asset mix and capital position.

As at the end of December 2013 quarter the Company did not hold any interest in exploration licences.

Corporate Strategy

Argo continues to hold a 6.83% interest in Pantheon Resources Plc ("Pantheon"). The value of Argo's investment in Pantheon was $2,821,146 at an exchange rate of 0.5429 as of 31st December 2013. Pantheon has announced that JV discussions with new parties are underway and upon the conclusion of these it is intended that drilling of the prospect should occur soon thereafter.

The Board did consider the option of selling some or all of its shareholding in Pantheon to further fund the cash requirements of the company, but has chosen to conserve cash in the view that selling out of a later stage project with a lower assessed risk profile and potential for near term value growth, to apply those funds to higher risk green fields exploration, and ongoing working capital requirements, was not the most prudent use of shareholder funds at that time.

Should the Pantheon JV commence drilling and enjoy some success, then this could provide the potential for material capital appreciation for Argo shareholders, and provide the company with more options to raise capital to deploy to new opportunities.

The board of Argo believes that the recent strength in the US Natural Gas price (which has seen prices more than double since 2012), has materially increased the potential of the Pantheon investment. Moreover it vindicates the JV's decision to defer drilling until macroeconomic conditions improved.

PANTHEON RESOURCES PLC (Argo 6.83% shareholder)

From 2013 Pantheon Resources Plc AGM Statement

The progress that Pantheon is able to report at this Annual General Meeting is not as substantial as might have been hoped for given last year's comments by the Managing Director of Vision Gas Resources LLC ("Vision" or the "operator"), the operator of the Tyler County Joint Venture ("JV"). At the last AGM, the operator suggested that drilling might commence with a view to production in summer 2013. This recent delay is not the first to affect the Tyler County programme. Shareholders can be assured that Pantheon shares their disappointment at this further hiatus, but has reason to consider that it may not be extended much longer.

Pantheon's, and its operator's, confidence in the geological potential of the acreage is now stronger than at any previous time in its ownership of the acreage. A recent Eagleford/Woodbine discovery in nearby Jasper County has further enhanced the JV's confidence in the play.

The reasons for the delay, as previously reported, include the operator's determination to ensure that the JV is as prepared as possible, both geologically and commercially. The measures included the desire to take on a suitable JV partner. As previously advised, a potential partner has been found, and negotiations are at an advanced stage. The partner has been meticulous in attaining a thorough understanding of the subsurface, regulatory and legal issues. This due diligence process has necessarily taken a long time given that exploration and production in the USA is a new venture for this potential partner. Financial parameters have been agreed and detailed evaluation of the opportunity is advancing. Both parties appear anxious to conclude the transaction, but at this stage a successful outcome cannot be guaranteed.

The conclusion of the restructuring will satisfy one of the two conditions that Vision made prerequisite prior to drilling the Kara Farms #1H ("KF#1H") well. The second condition was the availability of a suitable rig with an experienced crew to manage anticipated well conditions and some further reduction in rig rates. Circumstances have continued to move in the JV's favour with respect to the rig rates, and the operator is in regular contact with drilling contractors.

The Board believes that the investment has the potential to deliver material value to shareholders in the near and long term, particularly given the operator's increased confidence in the liquids-rich Woodbine zone underlying Joint Venture acreage in Tyler County, East Texas

Behind the scenes, the Company has been busy throughout this period. The Company's Chief Executive is in frequent consultation with the operator. Moreover it was Pantheon who identified the potential partner for the JV and the Company is playing a full part in facilitating the negotiations.

CORPORATE

Cash reserves at the end of the December 2013 Quarter stood at $105,795 with no secured debt while the value of the Pantheon Resources Plc investment was $2,821,146 at an exchange rate of 0.5429. This represents a value gain from Purchase of $1,130,283.

Argo continues to preserve cash to avoid shareholder dilution whilst awaiting Pantheon drilling. The Directors of Argo have agreed to continue to defer payment of director fees.

In conclusion, I wish to thank you, the Company's shareholders, for your continued support.

Andrew Van Der Zwan
Executive Director

Argo Exploration Limited
Directors' report
31 December 2013

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Argo Exploration Limited (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled for the half-year ended 31 December 2013.

Directors

The following persons were directors of Argo Exploration Limited during the whole of the financial half-year and up to the date of this report, unless otherwise stated:

Mr Andrew Van Der Zwan (Executive Director)
Mr Justin Hondris (Non-Executive Director)
Mr Christopher Martin (Non-Executive Director)

Principal activities

During the financial half-year the principal continuing activities of the consolidated entity consisted of exploration for mineral resources, and investment activities.

Review of operations

The profit for the consolidated entity after providing for income tax amounted to $440,551 (31 December 2012: loss of $5,546,328).

The net assets of the consolidated entity increased by $544,276 to $2,812,216 as at 31 December 2013 (30 June 2013: $2,267,940). The consolidated entity's working capital, being current assets less current liabilities, increased by $544,543 to $2,811,726 (30 June 2013: $2,267,183). The increase of $702,240 in the fair value of the financial assets held by the consolidated entity contributed significantly to both movements.

Significant changes in the state of affairs

On 3 July 2013, 41,000,000 Unlisted Performance Rights were issued to Directors and consultants of the Company under the condition of share price hurdles in accordance with the Performance rights terms, as approved at the general meeting of shareholders on 13 June 2013.

On 19 July 2013 the Company advised that exploration licence areas; Intercept Hill EL4164, and Toondulya EL4284 have now been relinquished by the Company.

There were no other significant changes in the state of affairs of the consolidated entity during the financial half-year.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 7.

This report is made in accordance with a resolution of directors, pursuant to section 306(3)(a) of the Corporations Act 2001.

On behalf of the directors

A.V.Z

Mr Andrew Van Der Zwan
Executive Director

3 March 2014
Melbourne

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Auditor's Independence Declaration
To The Directors of Argo Exploration Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Argo Exploration Limited for the half-year ended 31 December 2013, I declare that, to the best of my knowledge and belief, there have been:

a No contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the review; and

b No contraventions of any applicable code of professional conduct in relation to the review.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 3 March 2014

Argo Exploration Limited
Statement of profit or loss and other comprehensive income
For the half-year ended 31 December 2013

	Note	Consolidated 31 December 2013 $	Consolidated 31 December 2012 $
Revenue	4	1,569	7,410
Other income	5	702,240	933,573
Expenses			
Corporate Expenses		(32,623)	(51,778)
Administrative Expenses		(5,305)	(20,839)
Employee benefits expense	6	(114,000)	(175,396)
Share based payments expense		(103,725)	-
Depreciation and amortisation expense		(267)	(5,670)
Write off of exploration expenditure		(6,683)	(6,233,399)
Finance costs		(655)	(229)
Profit/(loss) before income tax expense		440,551	(5,546,328)
Income tax expense		-	-
Profit/(loss) after income tax expense for the half-year attributable to the owners of Argo Exploration Limited		440,551	(5,546,328)
Other comprehensive income for the half-year, net of tax		-	-
Total comprehensive income for the half-year attributable to the owners of Argo Exploration Limited		440,551	(5,546,328)
		Cents	**Cents**
Basic earnings per share		0.35	(5.82)
Diluted earnings per share		0.35	(5.82)

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

Argo Exploration Limited
Statement of financial position
As at 31 December 2013

	Note	Consolidated 31 December 2013 $	30 June 2013 $
Assets			
Current assets			
Cash and cash equivalents		105,795	211,766
Trade and other receivables		10,647	29,276
Financial assets at fair value through profit or loss	7	2,821,146	2,118,906
Other		19,483	9,483
Total current assets		2,957,071	2,369,431
Non-current assets			
Property, plant and equipment		490	757
Total non-current assets		490	757
Total assets		2,957,561	2,370,188
Liabilities			
Current liabilities			
Trade and other payables		130,557	96,052
Borrowings		14,788	6,196
Total current liabilities		145,345	102,248
Total liabilities		145,345	102,248
Net assets		2,812,216	2,267,940
Equity			
Issued capital		13,423,483	13,423,483
Reserves	8	103,725	-
Accumulated losses		(10,714,992)	(11,155,543)
Total equity		2,812,216	2,267,940

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

Argo Exploration Limited
Statement of changes in equity
For the half-year ended 31 December 2013

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2012	13,163,356	(3,377,346)	-	9,786,010
Loss after income tax expense for the half-year	-	(5,546,328)	-	(5,546,328)
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	(5,546,328)	-	(5,546,328)
Balance at 31 December 2012	13,163,356	(8,923,674)	-	4,239,682

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2013	13,423,483	(11,155,543)	-	2,267,940
Profit after income tax expense for the half-year	-	440,551	-	440,551
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive income for the half-year	-	440,551	-	440,551
Transactions with owners in their capacity as owners:				
Share-based payments (note 13)	-	-	103,725	103,725
Balance at 31 December 2013	13,423,483	(10,714,992)	103,725	2,812,216

The above statement of changes in equity should be read in conjunction with the accompanying notes

Argo Exploration Limited
Statement of cash flows
For the half-year ended 31 December 2013

	Consolidated	
	31 December 2013	**31 December 2012**
	$	**$**
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of GST)	(100,857)	(331,365)
Interest received	1,569	6,961
Net cash used in operating activities	(99,288)	(324,404)
Cash flows from investing activities		
Payments for exploration and evaluation	(6,683)	(75,084)
Net cash used in investing activities	(6,683)	(75,084)
Cash flows from financing activities		
Repayment of borrowings	-	(5,334)
Net cash used in financing activities	-	(5,334)
Net decrease in cash and cash equivalents	(105,971)	(404,822)
Cash and cash equivalents at the beginning of the financial half-year	211,766	665,727
Cash and cash equivalents at the end of the financial half-year	105,795	260,905

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

Note 1. General information

The financial report covers Argo Exploration Limited as a consolidated entity consisting of Argo Exploration Limited and the entities it controlled. The financial report is presented in Australian dollars, which is Argo Exploration Limited's functional and presentation currency.

The financial report consists of the financial statements, notes to the financial statements and the directors' declaration.

Argo Exploration Limited is a listed public company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Level 4
100 Albert Road
South Melbourne VIC 3205

A description of the nature of the consolidated entity's operations and its principal activities are included in the directors' report, which is not part of the financial report.

The financial report was authorised for issue, in accordance with a resolution of directors, on 3 March 2014. The directors have the power to amend and reissue the financial report.

Note 2. Significant accounting policies

These general purpose financial statements for the interim half-year reporting period ended 31 December 2013 have been prepared in accordance with Australian Accounting Standard AASB 134 'Interim Financial Reporting' and the Corporations Act 2001, as appropriate for for-profit oriented entities. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'.

These general purpose financial statements do not include all the notes of the type normally included in annual financial statements. Accordingly, these financial statements are to be read in conjunction with the annual report for the year ended 30 June 2013 and any public announcements made by the company during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the policies stated below.

New, revised or amending Accounting Standards and Interpretations adopted

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Any significant impact on the accounting policies of the consolidated entity from the adoption of these Accounting Standards and Interpretations are disclosed below. The adoption of these Accounting Standards and Interpretations did not have any significant impact on the financial performance or position of the consolidated entity

Note 2. Significant accounting policies (continued)

The following Accounting Standards and Interpretations are most relevant to the consolidated entity:

The consolidated entity has applied AASB 10 from 1 July 2013, which has a new definition of 'control'. Control exists when the reporting entity is exposed, or has the rights, to variable returns (e.g. dividends, remuneration, returns that are not available to other interest holders including losses) from its involvement with another entity and has the ability to affect those returns through its 'power' over that other entity. A reporting entity has power when it has rights (e.g. voting rights, potential voting rights, rights to appoint key management, decision making rights, kick out rights) that give it the current ability to direct the activities that significantly affect the investee's returns (e.g. operating policies, capital decisions, appointment of key management). The consolidated entity not only has to consider its holdings and rights but also the holdings and rights of other shareholders in order to determine whether it has the necessary power for consolidation purposes.

Management has reviewed its control assessments in accordance with AASB10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

Going concern

The financial report has been prepared on the going concern basis, which contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The going concern of the consolidated entity is dependent upon it maintaining sufficient funds for its operations and commitments. The Directors continue to monitor the ongoing funding requirements of the consolidated entity. The Directors are confident that sufficient funds can be secured if required by a combination of capital raising, sale of assets or joint ventures to enable the consolidated entity to continue as a going concern and as such are of the opinion that the financial report has been appropriately prepared on a going concern basis.

The Company also has the option to liquidate its position in Pantheon Resources Plc if there is insufficient funds being generated through capital raisings. As at 31 December 2013 the Company's investment in Pantheon Resources Plc was carried at the market rate $2,821,146 (30 June 2013: $2,118,906).

During the period ended 31 December 2013 the Company generated net operating cash outflows of $99,288 and had a closing cash balance of $105,795.

Note 3. Operating segments

Identification of reportable operating segments

The Company operated predominately as an explorer for base precious metals, with the emphasis on copper, gold, and uranium mineralisation within Australia.

AASB 8 requires operating segments to be identified on the basis of internal reports about the components of the Group that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segment and to assess its performance. The board reviews the Company as a whole in the business segment of mineral exploration within Australia.

Note 4. Revenue

	Consolidated	
	31 December 2013	**31 December 2012**
	$	**$**
Interest	1,569	7,410

Note 5. Other income

	Consolidated 31 December 2013 $	31 December 2012 $
Gain on financial assets at fair value through profit and loss	702,240	933,573

Note 6. Expenses

	Consolidated 31 December 2013 $	31 December 2012 $
Profit/(loss) before income tax includes the following specific expenses:		
Employee benefits expense		
Directors' fees*	51,000	42,000
Consulting fees	63,000	133,396
Total Employee benefits expense	114,000	175,396

* As at the date of this report, accrued Directors fees yet to be paid amounted to $79,250.

Note 7. Current assets - financial assets at fair value through profit or loss

	Consolidated 31 December 2013 $	30 June 2013 $
Ordinary shares - designated at fair value through profit or loss	2,821,146	2,118,906

Reconciliation
Reconciliation of the fair values at the beginning and end of the current and previous financial half-year are set out below:

	31 December 2013 $	30 June 2013 $
Opening fair value	2,118,906	712,973
Revaluation increments	702,240	1,405,933
Closing fair value	2,821,146	2,118,906

Note 8. Equity - reserves

	Consolidated 31 December 2013 $	30 June 2013 $
Share-based payments reserve	103,725	-

Option reserve
The reserve is used to recognise the value of equity benefits provided to employees and directors as part of their remuneration, and other parties as part of their compensation for services.

Note 8. Equity - reserves (continued)

Movements in reserves
Movements in each class of reserve during the current financial half-year are set out below:

Consolidated	Share based payments $	Total $
Balance at 1 July 2013	-	-
Share based payments	103,725	103,725
Balance at 31 December 2013	103,725	103,725

Note 9. Equity - dividends

There were no dividends paid, recommended or declared during the current or previous financial half-year.

Note 10. Contingent liabilities

The consolidated entity does not have any contingent liabilities at reporting date.

Note 11. Commitments

The consolidated entity had no commitments at the reporting date.

Note 12. Events after the reporting period

No matter or circumstance has arisen since 31 December 2013 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 13. Share-based payments

On 3 July 2013 the Company issued Performance Rights to Directors and consultants in order to provide a cost effective method of remunerating officers of the Company. The performance rights granted contained conditions relating to the significant improvement in the market capitalisation of the Company, aligning the interests of the holders to those of the shareholders. Each of the recipients received 4 classes of Performance Right, each with different market conditions attached.

Class A Rights vest where the Company's share price is equal to or greater than a 5 day VWAP of $0.035 (3.5 cents) per share.
Class B Rights vest where the Company's share price is equal to or greater than a 5 day VWAP of $0.05 (5 cents) per share.
Class C Rights vest where the Company's share price is equal to or greater than a 5 day VWAP of $0.075 (7.5 cents) per share.
Class D Rights vest where the Company's share price is equal to or greater than a 5 day VWAP of $0.10 (10 cents) per share.

Note 13. Share-based payments (continued)

Set out below are summaries of Performance Rights granted under the plan:

31 December 2013

Grant date	Expiry date	Exercise price	Balance at the start of the half-year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the half-year
03/07/2013	03/07/2018	$0.000	-	8,200,000	-	-	8,200,000
03/07/2013	03/07/2018	$0.000	-	8,200,000	-	-	8,200,000
03/07/2013	03/07/2018	$0.000	-	12,300,000	-	-	12,300,000
03/07/2013	03/07/2018	$0.000	-	12,300,000	-	-	12,300,000
			-	41,000,000	-	-	41,000,000

For the Performance Rights granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows:

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
03/07/2013	03/07/2018	$0.016	$0.000	117.79%	-%	3.47%	$0.019
03/07/2013	03/07/2018	$0.016	$0.000	117.79%	-%	3.47%	$0.018
03/07/2013	03/07/2018	$0.016	$0.000	117.79%	-%	3.47%	$0.016
03/07/2013	03/07/2018	$0.016	$0.000	117.79%	-%	3.47%	$0.015

Argo Exploration Limited
Directors' declaration
31 December 2013

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, Australian Accounting Standard AASB 134 'Interim Financial Reporting', the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the financial half-year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 303(5)(a) of the Corporations Act 2001.

On behalf of the directors

A.V. Z

Mr Andrew Van Der Zwan
Executive Director

3 March 2014
Melbourne

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Independent Auditor's Review Report
To the Members of Argo Exploration Limited

We have reviewed the accompanying half-year financial report of Argo Exploration Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2013, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a statement or description of accounting policies, other explanatory information and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of Argo Exploration Limited are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such controls as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including: giving a true and fair view of the Argo Exploration Limited consolidated entity's financial position as at 31 December 2013 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001. As the auditor of Argo Exploration Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

a giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date; and

b complying with Accounting Standard AASB 134 Interim Financial Reporting and Corporations Regulations 2001.

Material uncertainty regarding going concern

Without qualification to the conclusion expressed above, we draw attention to Note 2 to the financial statements, which details a net operating cash outflows of $99,288 for the half-year ended 31 December 2013 and a closing cash balance of $105,795. This condition, along with other matters set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern and therefore, the company may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 3 March 2014