



**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**Financial Report**  
**for the period ended 31 December 2007**

**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**CORPORATE DIRECTORY**

**Board of Directors**

H K Herbert  
J I Stewart  
J G Hondris  
M A Bird

**Company Secretary**

M J Leydin

**Registered Office**

Suite 304, 22 St Kilda Road  
St Kilda Victoria 3182  
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Email: [info@argoexploration.com.au](mailto:info@argoexploration.com.au)  
Web: [www.argoexploration.com.au](http://www.argoexploration.com.au)

**Place of Business**

Suite 304, 22 St Kilda Road  
St Kilda Victoria 3182

**Auditor**

William Buck  
Level 2, 215 Spring Street  
Melbourne Victoria 3000

**Share Registry**

Computershare Investor Services Pty Ltd  
Yarra Falls, 452 Johnston Street  
Abbotsford Victoria 3067  
Telephone: (03) 9415 5000

**Stock Exchange Listing**

Home Exchange is Melbourne  
ASX Code Shares: AXT

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## DIRECTORS' REPORT

The Directors of Argo Exploration Limited submit herewith the financial report for the half-year ended 31 December 2007. In order to comply with the provisions of the *Corporations Act 2001*, the Directors report as follows:

### DIRECTORS

The names of the Company's Directors in office during or since the end of the half-year are:

Name	
Dr Hugh K. Herbert	Chairman and Managing Director
Mr James I. Stewart	Technical Director
Mr Justin G. Hondris	Non-executive Director
Ms Meredith A. Bird	Non-executive Director

### REVIEW OF OPERATIONS

#### Corporate

The consolidated net loss after income tax for the half year was \$84,296 (2006: loss of \$465,878)

#### Operations

##### **EL3156 - Toondulya Project**

###### *Calcrete Geochemical Sampling Program*

A Geochemical sampling program along predefined grid and traverses was initiated in the 2nd half 2007 with the aim of geochemically assessing well-defined geophysical anomalies.

About 1,500 calcrete samples in the program were submitted to laboratory for analysis with results due in the first half 2008.

##### **EL3084 - Intercept Hill Project**

During the 2nd half 2007, exploration was mainly focused on the company's Intercept Hill IOCG Project. Four diamond drill holes IHAD1 to IHAD4 were successfully completed for a total of 4,377.7 meters.

All the holes intersected targeted IOCG-altered basement rocks with associated breccia and/or ironstone systems. Core from the first four hole drill campaign was packaged and transported to the company's storage facilities and for analysis. All drill sites were rehabilitated.

Positive assay results received from holes IHAD1 and IHAD2 during the period were announced with significant copper values returned from IHAD2 over broad zones in basement IOCG-style mineralization hosted by ironstone.

**DIRECTORS' REPORT continued**

**AUDITOR'S INDEPENDENCE DECLARATION**

A copy of the auditor's independence declaration under s.307C of the *Corporation Act 2001* in relation to the review of the half-year is included on page 5.

Signed in accordance with a resolution of the Directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Hugh K. Herbert". The signature is written in a cursive style with a horizontal line underneath.

**Dr. Hugh K. Herbert**  
Chairman

14 March 2008

MELBOURNE

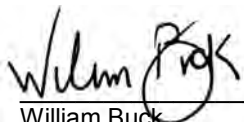
**Auditor's Independence Declaration**

**Under Section 307C of the Corporations Act 2001**

To the Directors of Argo Exploration Ltd:

I declare that, to the best of my knowledge and belief, during the half-year ended 31 December 2007 there have been:

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

  
\_\_\_\_\_  
William Buck  
Chartered Accountants

  
\_\_\_\_\_  
Brad Taylor  
Partner

Dated this 14<sup>th</sup> day of March 2008.

Melbourne, Australia.

Liability limited by a scheme approved under Professional Standards Legislation

Level 2, 215 Spring Street, Melbourne VIC 3000 • GPO Box 4984WW, Melbourne VIC 3001 • DX39320 Port Melbourne  
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## INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Argo Exploration Ltd

### *Report on the Half-Year Financial Report*

We have reviewed the accompanying half-year financial report of Argo Exploration Ltd which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in and condensed cash flow statement for the half-year ended on that date, a summary of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity. The consolidated entity comprises both the company and the entities it controlled during that half-year.

### *Directors' Responsibility for the Half-Year Financial Report*

The directors of the company are responsible for the preparation and fair presentation of the consolidated half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

### *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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 Ltd, 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 have complied with the independence requirements of the *Corporations Act 2001*.

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*Matters Relating to the Electronic Presentation of the Audited Financial Report*

This review report relates to the financial report of Argo Exploration Ltd for the half-year ended 31 December 2007 included on Argo Exploration Ltd's website. The Directors of the consolidated entity are responsible for the integrity of Argo Exploration Ltd's website. We have not been engaged to report on the integrity of Argo Exploration Ltd's website. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to / from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

*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 Ltd is not in accordance with the *Corporations Act 2001* including:

- a) Giving a true and fair view of the company's financial position as at 31 December 2007 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*.



William Buck  
Chartered Accountants



Brad Taylor  
Partner

Melbourne, Australia

Dated this 14<sup>th</sup> day of March 2008.

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**DIRECTORS DECLARATION**

The Directors declare that:

- a) in the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable; and
- b) in the Directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the Directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors

A handwritten signature in black ink, appearing to read "Hugh K. Herbert". The signature is written in a cursive style with a horizontal line underneath.

**Dr. Hugh K. Herbert**  
Chairman

14 March 2008

MELBOURNE

**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**CONDENSED CONSOLIDATED INCOME STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>CONSOLIDATED ENTITY</b>	
	<b>Half year ended 31 December 2007</b>	<b>Period 26 July 2006 to 31 December 2006</b>
	<b>\$</b>	<b>\$</b>
Revenue – Interest Revenue	231,484	34,615
Corporate expenses	(49,645)	(45,224)
Employment expenses	(161,500)	(265,817)
Administration expenses	(104,635)	(189,452)
<b>Profit/(loss) before tax for the period</b>	<b>(84,296)</b>	<b>(465,878)</b>
Income tax expense	-	-
<b>Profit/(loss) for the period</b>	<b>(84,296)</b>	<b>(465,878)</b>
	<b>Cents per share</b>	<b>Cents per share</b>
<b>Earnings/(Loss) per Share</b>		
Basic Earnings per share	(0.11)	(1.46)
Diluted Earnings per share	(0.08)	(1.46)

This statement is to be read in conjunction with the notes to the financial statements.

**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**CONDENSED CONSOLIDATED BALANCE SHEET**  
**AS AT 31 DECEMBER 2007**

	<b>CONSOLIDATED ENTITY</b>	
	<b>31</b>	<b>30</b>
	<b>December</b>	<b>June</b>
	<b>2007</b>	<b>2007</b>
	<b>\$</b>	<b>\$</b>
<b>Current Assets</b>		
Cash and cash equivalents	7,044,009	6,125,919
Trade and other receivables	282,703	68,753
Other current assets	7,861	-
<b>Total Current Assets</b>	<u>7,334,573</u>	<u>6,194,672</u>
<b>Non-Current Assets</b>		
Property, plant and equipment	106,250	111,663
Exploration expenditure	5,349,484	3,780,390
<b>Total Non-Current Assets</b>	<u>5,455,734</u>	<u>3,892,053</u>
<b>Total Assets</b>	<u>12,790,307</u>	<u>10,086,725</u>
<b>Current Liabilities</b>		
Trade and other payables	73,947	335,439
Borrowings	25,900	23,078
<b>Total Current Liabilities</b>	<u>99,847</u>	<u>358,517</u>
<b>Non-Current Liabilities</b>		
Borrowings	52,849	66,869
<b>Total Non-Current Liabilities</b>	<u>52,849</u>	<u>66,869</u>
<b>Total Liabilities</b>	<u>152,696</u>	<u>425,386</u>
<b>Net Assets</b>	<u>12,637,611</u>	<u>9,661,339</u>
<b>Equity</b>		
Issued Capital	12,806,535	9,745,968
Reserves	331,500	331,500
Accumulated losses	(500,424)	(416,129)
<b>Total Equity</b>	<u>12,637,611</u>	<u>9,661,339</u>

This statement is to be read in conjunction with the notes to the financial statements.

**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

<b>CONSOLIDATED</b>				
	Issued Capital	Retained Earnings	Option Reserve	Total
<b>Equity as at 26 July 2006</b>	2	-	-	2
Profit/(loss) for the period (a)	-	(465,878)	-	(465,878)
Issue of Shares	10,086,800	-	-	10,086,800
Costs of Capital Raising	(335,834)	-	-	(335,834)
Granting of Options	-	-	331,500	331,500
<b>Equity as at 31 December 2006</b>	<b>9,750,968</b>	<b>(465,878)</b>	<b>331,500</b>	<b>9,616,590</b>
<b>Equity as at 1 July 2007</b>	9,745,968	(416,128)	331,500	9,661,339
Profit/(loss) for the period (a)	-	(84,296)	-	(84,296)
Issue of Shares	3,240,000	-	-	3,240,000
Costs of Capital Raising	(179,433)	-	-	(179,433)
<b>Equity as at 31 December 2007</b>	<b>12,806,535</b>	<b>(500,424)</b>	<b>331,500</b>	<b>12,637,611</b>

(a) Loss for the period equals total recognised income and expense for the period.

This statement is to be read in conjunction with the notes to the financial statements.

**ARGO EXPLORATION LIMITED**  
**ABN 38 120 917 535**

**CONDENSED CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE HALF YEAR ENDED 31 DECEMBER 2007**

	<b>CONSOLIDATED ENTITY</b>	
	<b>Half year ended 31 December 2007</b>	<b>Period 26 July 2006 to 31 December 2006</b>
	<b>\$</b>	<b>\$</b>
<b>Cash Flows From Operating Activities</b>		
Receipts from customers	-	-
Interest received	67,228	34,615
Payments to suppliers	<u>(615,345)</u>	<u>(394,008)</u>
Net cash used in operating activities	<u>(548,117)</u>	<u>(359,393)</u>
<b>Cash Flows From Investing Activities</b>		
Payments for exploration costs	(1,569,093)	(249,818)
Payments for plant and equipment	<u>(10,568)</u>	<u>(14,575)</u>
Net cash (used in)/provided by investing activities	<u>(1,579,661)</u>	<u>(264,393)</u>
<b>Cash Flows From Financing Activities</b>		
Repayment of borrowings	(14,698)	-
Proceeds from issue of equity securities	3,240,000	7,686,800
Payment for share issue costs	<u>(179,434)</u>	<u>(335,834)</u>
Net cash flows from financing activities	<u>3,045,868</u>	<u>7,350,966</u>
<b>Net Increase (Decrease) in cash and cash equivalents</b>	918,090	6,727,180
Cash and cash equivalents at beginning of the half year	<u>6,125,919</u>	<u>2</u>
<b>Cash and cash equivalents at the end of the half year</b>	<u><u>7,044,009</u></u>	<u><u>6,727,182</u></u>

This statement is to be read in conjunction with the notes to the financial statements.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**1. SUMMARY OF ACCOUNTING POLICIES**

**Statement of compliance**

The half-year financial report is a general purpose financial report prepared in accordance with the Corporations Act 2001 and AASB 134 'Interim Financial Reporting'. Compliance with AASB 134 ensures compliance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. The half-year financial report does not include notes of the type normally included in an annual financial report and shall be read in conjunction with the most recent annual financial report.

**Basis of preparation**

The condensed financial statements have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for assets.

The accounting policies and methods of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2007 annual financial report for the financial year ended 30 June 2007.

**2. SEGMENT INFORMATION**

Argo Exploration Limited operates in the mining exploration industry within Australia.

**3. ISSUE OF EQUITY SECURITIES**

During the reporting period Argo Exploration Limited issued 10,800,000 ordinary shares at an issue price of \$0.30 raising \$3,240,000.

During the prior reporting period, Argo Exploration Limited issued 25,000,000 ordinary shares as seed capital, which raised \$686,800 before costs.

During the prior reporting period the entity issued 12,000,000 ordinary shares to a Director, J. Stewart, at an issue price of \$0.20 in accordance with the Share Purchase Agreement for the acquisition of 100% of the share capital of Athena Mining Pty Ltd.

During the prior reporting period the entity issued 35,000,000 ordinary shares through an initial public offering at an issue price of \$0.20, raising \$7,000,000 before costs.

During the prior reporting period, Argo Exploration Limited issued 5,000,000 unlisted options to a Director, J. Stewart, expiring 10 December 2011 exercisable at \$0.20 in accordance with the Share Purchase Agreement for the acquisition of 100% of the share capital of Athena Mining Pty Ltd. These share options had a fair value at grant date of \$0.0663 per share option.

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**4. BUSINESS COMBINATIONS**

The ownership interest in subsidiaries at the end of the half-year are listed below:

Name of Entity	Country of Incorporation	Ownership Interest	Ownership Interest
		31 December 2007 %	31 December 2006 %
<b>Parent Entity</b>	Australia		
<b>Subsidiaries</b>			
Olympic Resources Limited	Australia	100%	100%
Athena Mines Pty Ltd	Australia	100%	100%

**5. COMMITMENTS**

**CONSOLIDATED  
ENTITY  
31 DECEMBER 2007**

**Exploration Tenements – Commitments for Expenditure**

In order to maintain current rights of tenure to exploration tenements, the Company and economic entity is required to outlay rentals and to meet the minimum expenditure requirements of the State Mines Departments. Minimum expenditure commitments may be subject to renegotiation and with approval may otherwise be avoided by sale, farm out or relinquishment. These obligations are not provided in the accounts and are payable:

Not later than 1 year	424,958
Later than one year but not later than five	126,458
Later than 5 years	-
	551,416

**Finance Lease Expense – Commitments for Expenditure**

Finance leases relate to motor vehicles with a term of 3 years. The Group has the option to purchase the motor vehicle for the residual value at the conclusion of the lease agreement.

Not later than 1 year	35,794
Later than one year but not later than five	47,848
Later than five years	-
	83,642
Minimum future lease payment	83,642
Less future finance charge	4,893
Present value of minimum lease payments	78,749

Included in the financial statements as:

Current borrowings	25,900
Non-current borrowings	52,849
	78,749

**NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS**

**6. EVENTS AFTER THE BALANCE SHEET DATE**

There has been no matter or circumstance has arisen since the date of this report which has significantly affected, or may significantly affect, the operations of the consolidated entity, the results of those operations or the state of affairs of the consolidated entity in future financial years.