Argo Exploration Limited

ABN 38 120 917 535

Annual Report - 30 June 2014

Contents

Directors	Andrew Van Der Zwan (Executive Director) Justin Hondris (Non-Executive Director) Christopher Martin (Non-Executive Director)
Company secretaries	Melanie 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 Telephone: (08) 9389 8033
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 year ending June 2014 has continued to be a challenging year for junior resources companies including Argo Exploration Ltd ('Argo'). Concurrent with the board and management changes that occurred at the end of 2013, Argo reviewed its strategy in light of prevailing market conditions. 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. Of more importance is the current corporate strategy described below. During the June quarter of 2013, it became obvious to the new Board that the appetite for fresh capital expenditure on green field exploration was waning.

This decision to relinquish the exploration licences at that time was made in the context of the continuing volatility in equity markets and commodity prices, scarcity and cost of capital, and the diminished appetite for green-fields exploration risk. The company has continued to review a number of exploration project opportunities, but given the conditions described above, has not had the ability to purchase such projects without causing material dilution to existing shareholders. The Board continues to believe its actions throughout 2014 have been in the best interests of shareholders, minimising dilution while maintaining the significant upside potential of the company.

Argo continues to hold a 6.83% interest in Pantheon Resources Plc ("Pantheon"). The value of Argo's investment in Pantheon is $2,562,828 at an exchange rate of 0.5531 as of 30th June 2014. 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 believes maintaining its investment in Pantheons project, with a lower assessed risk profile, and potential for short to medium term value growth is favourable to seeking new equity funding to apply towards earlier stage green fields exploration projects with higher assessed risk profiles, large capital requirements and longer time horizon to possible production.

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

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Cash reserves at the end of the June 2014 stood at $78,751 with no secured debt while the value of the Pantheon Resources Plc investment was $2,562,828 at an exchange rate of 0.5531. This represents a value gain from Purchase of $871,965.

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

Andrew Van Der Zwan
Executive Director

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 at the end of, or during, the year ended 30 June 2014.

Directors

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

Mr Andrew Van Der Zwan
Mr Justin Hondris
Mr Christopher Martin

Principal activities

During the financial year the principal activities of the consolidated entity consisted of reviewing potential exploration and development of resource acquisitions and management of the Company's investments.

Dividends

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

Review of operations

The loss for the consolidated entity after providing for income tax amounted to $77,674 (30 June 2013: $7,778,197).

The net assets of the consolidated entity increased by $130,120 to $2,400,060 as at 30 June 2014 (2013: $2,267,940). The consolidated entity's working capital, being current assets less current liabilities increased by $132,877 to $2,400,060 (2013: $2,267,183).

Significant changes in the state of affairs

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

Matters subsequent to the end of the financial year

No matter or circumstance has arisen since 30 June 2014 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.

Likely developments and expected results of operations

The consolidated entity will continue to explore mineral resource opportunities and funding opportunities in the future as well as continuing to manage its investment in Pantheon Resources PLC to add value.

Information on likely developments in the operations of the consolidated entity and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the consolidated entity.

Environmental regulation

The consolidated entity hold participating interests in a number of mining and explorations tenements. The various authorities granting such tenements require the tenement holder to comply with the terms of the grant of the tenement and all directions given to it under those terms of the tenement. There have been no known breaches of the tenement conditions, and no such breaches have been notified by any government agency during the year ended 30 June 2014.

Information on directors

Name:	Mr Christopher Martin
Title:	Non-Executive Director
Qualifications:	BBus, Bank & Finance
Experience and expertise:	Mr Martin has a Bachelor of Business (Banking & Finance), and over 15 years experience in the equities markets. He has acted as an independent Consultant to Argo Exploration Ltd since its inception.
Other current directorships:	Nil
Former directorships (last 3 years):	Nil
Special responsibilities:	Member of the Audit Committee
Interests in shares:	11,395,000 ordinary shares
Interests in options:	Nil
Interests in rights:	2,000,000 performance rights (Class A) 2,000,000 performance rights (Class B) 3,000,000 performance rights (Class C) 3,000,000 performance rights (Class D)

Name:	Mr Justin Hondris
Title:	Non-Executive Director
Qualifications:	BBus, ASIA
Experience and expertise:	Justin Hondris brings over 20 years business experience in international capital markets, venture capital investment and analysis, institutional stockbroking and corporate advisory both in Australia and Europe. He is a partner in a Private Equity Fund management company and is a director of Pantheon Resources PLC (AIM listed). He holds a Bachelor of Business and previously qualified as a chartered accountant and an Associate of the Securities Institute of Australia, and is also a past member of Chartered Secretaries Australia.
Other current directorships:	Pantheon Resources Plc, Executive Director
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of Audit Committee
Interests in shares:	3,400,000 ordinary shares
Interests in options:	None
Interests in rights:	2,000,000 performance rights (Class A) 2,000,000 performance rights (Class B) 3,000,000 performance rights (Class C) 3,000,000 performance rights (Class D)

Name:	Mr Andrew Van Der Zwan
Title:	Executive Director
Qualifications:	BA Chemical Engineering (with Honours)
Experience and expertise:	Andrew has 27 years' engineering and commercial experience, both locally and internationally. He was a Non-Executive Director of Gulfx Ltd for 2 years, Managing Director of MRG Metals for 2 years and remains on the Board of MRG today. He was employed in various senior positions within the worldwide operations of Exxon Mobil for 18 years.
Other current directorships:	MRG Metals Limited, Titan Energy Ltd (appointed 2 April 2014)
Former directorships (last 3 years):	Nil
Special responsibilities:	None
Interests in shares:	5,495,773 ordinary shares
Interests in options:	None
Interests in rights:	2,000,000 performance rights (Class A) 2,000,000 performance rights (Class B) 3,000,000 performance rights (Class C) 3,000,000 performance rights (Class D)

'Other current directorships' quoted above are current directorships for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

'Former directorships (in the last 3 years)' quoted above are directorships held in the last 3 years for listed entities only and excludes directorships in all other types of entities, unless otherwise stated.

Company secretaries

Melanie Leydin is joint company secretary and has 23 years' experience in the accounting profession and is a director and company secretary for a number of oil and gas, junior mining and exploration entities listed on the Australian Securities Exchange. She is a Chartered Accountant and a Registered Company Auditor. She graduated from Swinburne University in 1997, became a Chartered Accountant in 1999 and since February 2000 has been the principal of chartered accounting firm, Leydin Freyer specialising in outsourced company secretarial and financial duties for resources and biotechnology sectors.

Justin Mouchacca was appointed joint company secretary on 2 July 2012. Justin graduated from RMIT University Melbourne in 2008 and became a Chartered Accountant in 2011. His is currently a Company Secretary for a number of junior mining, oil and gas and mineral exploration companies listed on the Australian Securities Exchange. Justin is also a Director of Leydin Freyer Corp, which specialises in providing an outsourced company secretarial and financial service for junior resources and biotechnology sectors.

Meetings of directors

The number of meetings of the company's Board of Directors ('the Board') and of each Board committee held during the year ended 30 June 2014, and the number of meetings attended by each director were:

	Full Board		Audit and Risk Committee	
	Attended	Held	Attended	Held
Mr Justin Hondris	6	6	1	1
Mr Andrew Van Der Zwan	6	6	1	1
Mr Christopher Martin	5	6	1	1

Held: represents the number of meetings held during the time the director held office or was a member of the relevant committee.

Remuneration report (audited)

The remuneration report, which has been audited, outlines the director and executive remuneration arrangements for the consolidated entity and the company, in accordance with the requirements of the Corporations Act 2001 and its Regulations.

The remuneration report is set out under the following main headings:
- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements
- Share-based compensation
- Additional information
- Additional disclosures relating to key management personnel

Principles used to determine the nature and amount of remuneration

The objective of the consolidated entity's and company's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and conforms with the market best practice for delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:
- competitiveness and reasonableness
- acceptability to shareholders
- alignment of executive compensation
- transparency

Alignment to shareholders' interests:
- has economic profit as a core component of plan design
- focuses on sustained growth in shareholder wealth, growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value

Alignment to program participants' interests:
- rewards capability and experience
- reflects competitive reward for contribution to growth in shareholder wealth
- provides a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive directors and executive remunerations are separate.

Non-executive directors remuneration
Fees and payments to non-executive directors reflect the demands which are made on, and the responsibilities of, the directors.

ASX listing rules requires that the aggregate non-executive directors remuneration shall be determined periodically by a general meeting. The most recent determination was at the Annual General Meeting held on 16 May 2009, where the shareholders approved an aggregate remuneration of $300,000.

Executive remuneration
The consolidated entity and company aims to reward executives with a level and mix of remuneration based on their position and responsibility, which is both fixed and variable.

The executive remuneration and reward framework has two components:
- base pay and non-monetary benefits
- other remuneration such as superannuation

The combination of these comprises the executive's total remuneration.

Consolidated entity performance and link to remuneration
Remuneration packages do not include performance-based components. An individual member of staff's performance assessment is done by reference to their contribution to the Company's overall operational achievements. All Directors and Executives hold shares and options in the Company to facilitate goal congruence between Executives with that of the business and shareholders.

Voting and comments made at the company's 26 November 2013 Annual General Meeting ('AGM')
The company received 100% of 'for' votes in relation to its remuneration report for the year ended 30 June 2013. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration
Details of the remuneration of the key management personnel of the consolidated entity are set out in the following tables.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2014	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	Termination payments $	Equity-settled $	Total $
Non-Executive Directors:							
Mr J Hondris**	42,000	-	-	-	-	51,169	93,169
Mr C Martin**	42,000	-	-	-	-	51,169	93,169
Executive Directors:							
Mr A Van Der Zwan**	60,000	-	-	-	-	51,169	111,169
Other Key Management Personnel:							
Ms M Leydin *	84,000	-	-	-	-	-	84,000
	228,000	-	-	-	-	153,507	381,507

* This amount consists of fees payable to Leydin Freyer Corporate Pty Ltd in respect of Company Secretarial and accounting services. $77,000 remains outstanding at 30 June 2014

** At 30 June 2014 all fees in the above table due to Justin Hondris and Chris Martin remain outstanding. The amounts due to Andrew Van Der Zwan at 30 June 2014 was $55,000.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2013	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	$	Equity-settled $	Total $
Non-Executive Directors:							
Mr J Hondris*****	42,000	-	-	-	-	-	42,000
Ms M Bird *	31,500	-	-	-	-	-	31,500
Mr C Martin**	54,375	-	-	-	-	-	54,375
Executive Directors:							
Dr H Herbert ***	188,339	-	-	-	74,498	-	262,837
Mr A Van Der Zwan **	15,555	-	-	-	-	-	15,555
Other Key Management Personnel:							
Ms M Leydin ****	84,000	-	-	-	-	-	84,000
	415,769	-	-	-	74,498	-	490,267

* Ms M Bird resigned as a Director on 26 February 2013.

** Mr C Martin was appointed as a Director on 26 February 2013. Part of Mr C Martin's fees comprise $40,000 which was paid to Mr C Martin's consultancy Company for consultancy services prior to joining the Board as a Director. This amount also includes $3,500 of outstanding Director fees owing to Mr C Martin. Mr A Van Der Zwan was appointed as a Director on 19 March 2013.

*** Dr H Herbert resigned as a Director on 19 March 2013. Dr H Herbert's remuneration during the 2013 financial year also consisted of $74,498 in relation to termination payments, the consolidated entity's motor vehicle was also included as part of his termination. The motor vehicle had a carrying value of $10,962 on disposal and is included in the total termination fee of $74,498.

**** This amount consists of fees paid to Leydin Freyer Corporate Pty Ltd in respect of Company Secretarial and accounting services.

***** This amount includes $14,000 of outstanding Director fees owing to Mr J Hondris.

The proportion of remuneration linked to performance and the fixed proportion are as follows:

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2014	2013	2014	2013	2014	2013
Non-Executive Directors:						
Mr J Hondris	45%	100%	-%	-%	55%	-%
Mr C Martin	45%	100%	-%	-%	55%	-%
Executive Directors:						
Mr A Van Der Zwan	54%	100%	-%	-%	46%	-%

Service agreements

Remuneration and other terms of employment for key management personnel are formalised in service agreements. Details of these agreements are as follows:

Name:	Mr C Martin
Title:	Non-Executive Director
Agreement commenced:	26 February 2013
Details:	(i) Mr Martin may resign from his position and thus terminate this contract by giving 6 months' written notice. (ii) The Company may terminate this employment agreement by providing one month's written notice. (iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Martin is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. (iv) On termination of the agreement Mr Martin will be entitled to be paid those outstanding amounts owing to him up until the termination date.

Name:	Ms M Leydin
Title:	Company Secretary and Chief Financial Officer
Agreement commenced:	1 January 2009 (renewed 17 February 2010)
Details:	(i) Ms Leydin may resign from her position and thus terminate this contract by giving 6 months' written notice. (ii) The Company may terminate this employment agreement by providing 6 months' written notice. (iii) The Company may terminate the contract at any time without notice if serious misconduct has occured. Where termination with cause occurs Ms Leydin is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. (iv) On termination of the agreement Ms Leydin will be entitled to be paid those outstanding amounts owing to her up until the termination date.

Name:	Mr A Van Der Zwan
Title:	Executive Director
Agreement commenced:	19 March 2013
Details:	(i) Mr Van Der Zwan may resign from his positions and thus terminate this contract by giving 6 months' written notice. (ii) The Company may terminate this employment agreement by providing one month's written notice. (iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Van Der Zwan is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. (iv) On termination of the agreement Mr Van Der Zwan will be entitled to be paid those outstanding amounts owing to him up until the termination date.

Name:	Mr J Hondris
Title:	Non-Executive Director
Agreement commenced:	renewed 17 April 2013
Details:	(i) Mr Hondris may resign from his position and thus terminate this contract by giving 6 months' written notice. (ii) The Company may terminate this employment agreement by providing one month's written notice. (iii) The Company may terminate the contract at any time without notice if serious misconduct has occurred. Where termination with cause occurs Mr Hondris is only entitled to that portion of remuneration which is fixed, and only up to the date of termination. (iv) On termination of the agreement Mr Hondris will be entitled to be paid those outstanding amounts owing to him up until the termination date.

Key management personnel have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

Issue of shares
There were no shares issued to directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Options
There were no options over ordinary shares issued to directors and other key management personnel as part of compensation that were outstanding as at 30 June 2014.

There were no options over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Performance rights
The terms and conditions of each grant of performance rights over ordinary shares affecting remuneration of directors and other key management personnel in this financial year or future reporting years are as follows:

Grant date	Minimum service period	Expiry date	Share price target for vesting	Fair value per right at grant date
3 July 2013 *	3 months	3 July 2018	$0.035	$0.019
3 July 2013 *	3 months	3 July 2018	$0.050	$0.018
3 July 2013 *	3 months	3 July 2018	$0.075	$0.016
3 July 2013 *	3 months	3 July 2018	$0.100	$0.015

* These performance rights can be exercised when performance conditions are met, subject to 3 continuous months service from the date of grant of the performance rights.

Performance rights granted carry no dividend or voting rights.

There were no performance rights over ordinary shares granted to or vested by directors and other key management personnel as part of compensation during the year ended 30 June 2014.

Additional information

The earnings of the consolidated entity for the five years to 30 June 2014 are summarised below:

	2010 $	2011 $	2012 $	2013 $	2014 $
Revenue	128,595	79,915	40,184	12,759	2,758
Net profit/(loss) before tax	762,753	(1,248,112)	(2,267,095)	(7,778,197)	(77,674)
Net profit/(loss) after tax	762,753	(1,248,112)	(2,267,095)	(7,778,197)	(77,674)

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2010	2011	2012	2013	2014
Share price at financial year start ($)	0.03	0.03	0.09	0.02	0.02
Share price at financial year end ($)	0.03	0.09	0.02	0.02	0.01
Basic earnings per share (cents per share)	0.92	(1.51)	(2.66)	(7.08)	(0.06)

Additional disclosures relating to key management personnel

Shareholding

The number of shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Mr A Van Der Zwan*	5,000,000	-	7,385	-	5,007,385
Mr J Hondris	3,400,000	-	-	-	3,400,000
Mr C Martin*	10,820,000	-	500,000	-	11,320,000
	19,220,000	-	507,385	-	19,727,385

Performance rights holding

The number of performance rights over ordinary shares in the company held during the financial year by each director and other members of key management personnel of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the year
Performance rights over ordinary shares					
Mr A Van der Zwan	-	10,000,000	-	-	10,000,000
Mr J Hondris	-	10,000,000	-	-	10,000,000
Mr C Martin	-	10,000,000	-	-	10,000,000
	-	30,000,000	-	-	30,000,000

This concludes the remuneration report, which has been audited.

Shares under option

There were no unissued ordinary shares of Argo Exploration Limited under option outstanding at the date of this report.

Shares under performance rights
Unissued ordinary shares of Argo Exploration Limited under performance rights at the date of this report are as follows:

Grant date	Expiry date	Exercise price	Number under rights
3 July 2013*	3 July 2018	$0.035	8,200,000
3 July 2013**	3 July 2018	$0.050	8,200,000
3 July 2013***	3 July 2018	$0.075	12,300,000
3 July 2013****	3 July 2018	$0.100	12,300,000
			41,000,000

* Class A Rights will vest where the Company's share price is equal to or greater than a 5 day Volume Weighted Average Price of $0.035 (3 and a half cents) per share.
** Class B Rights will vest where the Company's share price is equal to or greater than a 5 day Volume Weighted Average Price of $0.05 (5 cents) per share.
*** Class C Rights will vest where the Company's share price is equal to or greater than a 5 day Volume Weighted Average Price of $0.075 (7 and a half cents) per share.

**** Class D Rights will vest where the Company's share price is equal to or greater than a 5 day Volume Weighted Average Price of $0.10 (10 cents) per share.

No person entitled to exercise the performance rights had or has any right by virtue of the performance right to participate in any share issue of the company or of any other body corporate.

Shares issued on the exercise of options
There were no ordinary shares of Argo Exploration Limited issued on the exercise of options during the year ended 30 June 2014 and up to the date of this report.

Shares issued on the exercise of performance rights
There were no ordinary shares of Argo Exploration Limited issued on the exercise of performance rights during the year ended 30 June 2014 and up to the date of this report.

Indemnity and insurance of officers
The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of liability and the amount of the premium.

Indemnity and insurance of auditor
The company has not otherwise, during or since the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Proceedings on behalf of the company
No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Non-audit services
There were no non-audit services provided during the financial year by the auditor.

Officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd
There are no officers of the company who are former audit partners of Grant Thornton Audit Pty Ltd.

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

Auditor
Grant Thornton Audit Pty Ltd continues in office in accordance with section 327 of the Corporations Act 2001.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Andrew Van Der Zwan
Executive Director

29 September 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 audit of Argo Exploration Limited for the year ended 30 June 2014, 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 audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 29 September 2014

Argo Exploration Limited
Corporate governance statement
30 June 2014

The Board of Directors ('the Board') of Argo Exploration Limited (the 'company') is responsible for the corporate governance of the consolidated entity. The Board guides and monitors the business and affairs of the company on behalf of the shareholders by whom they are elected and to whom they are accountable.

The table below summarises the company's compliance with the ASX Corporate Governance Council's Revised Principles and Recommendations.

Principles and Recommendations		Compliance	Comply
Principle 1 – Lay solid foundations for management and oversight			
1.1	Establish the functions reserved to the Board and those delegated to manage and disclose those functions.	The Board is responsible for the overall corporate governance of the company. The Board has adopted a Board charter that formalises its roles and responsibilities and defines the matters that are reserved for the Board and specific matters that are delegated to management. The Board has adopted a Delegations of Authority that sets limits of authority for senior executives. On appointment of a director, the company issues a letter of appointment setting out the terms and conditions of appointment to the Board.	Complies.
1.2	Disclose the process for evaluating the performance of senior executives.	The Board meets annually to review the performance of executives. The senior executives' performance is assessed against performance of the Company as a whole.	Complies.
1.3	Provide the information indicated in *Guide to reporting on Principle 1.*	A Board charter has been disclosed on the company's website and is summarised in this Corporate Governance Statement. A performance evaluation process is included in the Board Charter, which has been disclosed on the company's website and is summarised in this Corporate Governance Statement.	Complies. Complies. Complies.
Principle 2 – Structure the Board to add value			
2.1	A majority of the Board should be independent directors.	The majority of the Board's directors are not independent directors of the company. Mr Andrew Van Der Zwan is an Executive Director. Mr Justin Hondris is not an independent Non-Executive Director. Mr Chris Martin is not an independent Non-executive Director.	Whilst the Board recognises that it is desirable for the majority of the Board to be an Independent Directors, the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of further Independent Directors should the Company's size and growth warrant this.
2.2	The chair should be an	The Chairman is appointed at the	Whilst the Board recognises that it is desirable for the

Principles and Recommendations		**Compliance**	**Comply**
	independent director.	commencement of each Directors Meeting.	Chairman to be an Independent Director, the Company's current size dictates that this is the most efficient mode of operation at the current time. The Board will review the appointment of an Independent Chairperson should the Company's size and growth warrant this.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	Whilst the Board recognises that it is desirable for the chair and chief executive officer to not be carried out by the same individual, it is currently not practicable due to the size and composition of the current Board.	For similar reasons expressed in relation to recommendation 2.2, the existing arrangement is the most efficient mode of operation at the current time for the Company's size. The Board will review the appointment of a separate Chairperson should the Company's size and growth warrant this.
2.4	The Board should establish a nomination committee.	The company has not established a Nomination and Remuneration Committee.	It is not a Company policy to have a nomination committee, given the size and scale of Argo Exploration Limited. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new Directors, on an informal basis. The Board's policy for the appointment of new Directors to the Board can be accessed at www.argoexploration.com.au.
2.5	Disclose the process for evaluating the performance of the Board, its committees and individual directors.	The company conducts the process for evaluating the performance of the Board, its committees and individual directors as outlined in the Board Charter which is available on the company's website. The Board's induction program provides incoming directors with information that will enable them to carry out their duties in the best interests of the company. This includes supporting ongoing education of directors for the benefit of the company.	Complies.
2.6	Provide the information indicated in the *Guide to reporting on Principle 2.*	This information has been disclosed (where applicable) in the directors' report attached to this Corporate Governance Statement. A director is considered independent when he substantially satisfies the test for	Complies.

Principles and Recommendations		**Compliance**	**Comply**
		independence as set out in the ASX Corporate Governance Recommendations. Members of the Board are able to take independent professional advice at the expense of the company. Mr Andrew Van Der Zwan, Executive Director, was appointed to the Board in March 2013. Mr Justin Hondris, Non-Executive Director, was appointed to the Board in July 2006. Mr Chis Martin, Non-Executive Director, was appointed to the Board in February 2013. The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction, and has considered diversity in succession planning. The Board considers the current mix of skills and experience of members of the Board and its senior management is sufficient to meet the requirements of the company. In accordance with the information suggested in *Guide to Reporting on Principle 2*, the company has disclosed full details of its directors in the director's report attached to this Corporate Governance Statement. Other disclosure material on the Structure of the Board has been made available on the company's website.	
Principle 3 – Promote ethical and responsible decision making			
3.1	Establish a code of conduct and disclose the code or a summary of the code.	The Board has adopted a code of conduct. The code establishes a clear set of values that emphasise a culture encompassing strong corporate governance, sound business practices and good ethical conduct. The code is available on the company's website.	Complies.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the Board to establish measurable objectives for achieving gender diversity and for the Board to assess annually both the objectives and progress in achieving them.	The Board has undertaken a review of the mix of skills and experience on the Board in light of the company's principal activities and direction. The Board has prepared a Diversity Policy that considers the benefits of diversity, ways to promote a culture of diversity, factors to be taken into account in the selection process of candidates for Board and senior management positions in the company, education programs to develop skills and experience in preparation for Board and senior management positions, processes to include review and appointment of directors, and identify key measurable diversity performance objectives for the Board, CEO and senior management.	Complies

Principles and Recommendations		**Compliance**	**Comply**
3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	The Company adopted a Diversity Policy during the financial year and will report in each annual report the measurable objectives for achieving gender diversity set by the Board.	Complies
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The company will report, where appropriate, the proportion of women employees and their positions held within the company. The current composition of the board is 3 Directors of which none are currently female. The Company has two joint Company Secretaries in which one is female and carries out a senior management role. The proportion of females in the company is 20% being 1 out of a total of 3 Directors and 2 senior management personnel, being 5 in total.	Complies
3.5	Provide the information indicated in *Guide to reporting on Principle 3.*	This information is available on the Company's website.	Complies
Principle 4 – Safeguard integrity in financial reporting			
4.1	The Board should establish an audit committee.	The Board has established an audit and risk committee which operates under an audit and risk committee charter to focus on issues relevant to the integrity of the company's financial reporting.	Complies.
4.2	The audit committee should be structured so that it consists of only non-executive directors, a majority of independent directors, is chaired by an independent chair who is not chair of the Board and have at least 3 members.	Members of the audit and risk committee are Mr Justin Hondris (Chair) and Mr Chris Martin. Mr Chris Martin is a Non-Executive Director and is not chair of the Board. Mr Chris Martin is not an independent non-executive Director. The committee consists of two non-executive directors.	The Committee only has 2 members due to the size of the Board. To maintain independence the Board decided it wasn't appropriate to include an Executive Director on the Audit Committee in order to have the 3 members.
4.3	The audit committee should have a formal charter.	The Board has adopted an audit and risk charter. This charter is available on the company's website.	Complies.

Principles and Recommendations		Compliance	Comply
4.4	Provide the information indicated in *Guide to reporting on Principle 4.*	In accordance with the information suggested in *Guide to Reporting on Principle 4,* this has been disclosed in the directors' report attached to this Corporate Governance Statement and is summarised in this Corporate Governance Statement. The members of the audit and risk committee are appointed by the Board and recommendations from the committee are presented to the Board for further discussion and resolution. The audit and risk committee held two meetings during the period to the date of the directors' report and meets at least twice per annum. The audit and risk charter, and information on procedures for the selection and appointment of the external auditor, and for the rotation of external audit engagement partners (which is determined by the audit committee), is available on the company's website.	Complies.
Principle 5 – Make timely and balanced disclosure			
5.1	Establish written policies designed to ensure compliance with ASX Listing Rules disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.	The company has adopted a continuous disclosure policy, to ensure that it complies with the continuous disclosure regime under the ASX Listing Rules and the Corporations Act 2001. This policy is available on the company's website.	Complies.
5.2	Provide the information indicated in the *Guide to reporting on Principle 5.*	The company's continuous disclosure policy is available on the company's website.	Complies.
Principle 6 – Respect the rights of shareholders			
6.1	Design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose that policy or a summary of that policy.	The company has adopted a shareholder communications policy. The company uses its website (www.argoexploration.com.au), annual report, market announcements, media disclosures and webcasting to communicate with its shareholders, as well as encourages participation at general meetings. This policy is available on the company's website.	Complies.
6.2	Provide the information indicated in the *Guide to*	The company's shareholder communications policy is available on the company's website.	Complies.

Principles and Recommendations		**Compliance**	**Comply**
	reporting on Principle 6.		
Principle 7 – Recognise and manage risk			
7.1	Establish policies for the oversight and management of material business risks and disclose a summary of these policies.	The company has adopted a risk management statement within the audit and risk committee charter. The audit and risk committee is responsible for managing risk; however, ultimate responsibility for risk oversight and risk management rests with the Board. The audit and risk charter is available on the company's website and is summarised in this Corporate Governance Statement.	Complies.
7.2	The Board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The Board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	The Board believes the risk management and internal control systems designed and implemented by the Directors and the Financial Officer are adequate given the size and nature of the Company's activities. The Board informally reviews and requests management internal control.	Management has not formally reported to the Board as to the effectiveness of the Company's management of its material business risks. Given the nature and size of the Company and the Board's ultimate responsibility to manage the risks of the Company this is not considered critical. The Company intends to develop the risk reporting framework into a detailed policy as its operations continue to grow.
7.3	The Board should disclose whether it has received assurance from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	The Board has received a statement from the chief executive officer and chief financial officer that the declaration provided in accordance with section 295A of the Corporations Act 2001 is founded on a sound system of risk management and internal control and that the system is operating efficiently and effectively in all material respects in relation to the financial reporting risks.	Complies.
7.4	Provide the information indicated in *Guide to*	The Board has adopted an audit and risk charter which includes a statement of the	Complies.

Principles and Recommendations		**Compliance**	**Comply**
	reporting on Principle 7.	company's risk policies. This charter is available on the company's website and is summarised in this Corporate Governance Statement. The company has identified key risks within the business and has received a statement of assurance from the chief executive officer and chief financial officer.	
Principle 8 – Remunerate fairly and responsibly			
8.1	The Board should establish a remuneration committee.	The Board has not established a Nomination and Remuneration Committee and has not adopted a remuneration charter.	It is not a Company policy to have a nomination committee, given the size and scale of Argo Exploration Limited. The role of a nomination committee is carried out by the full Board. The full board considers the appointment of new Directors, on an informal basis. The Board's policy for the appointment of new Directors to the Board can be accessed at www.argoexploration.com.au.
8.2	Clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.	The company complies with the guidelines for executive remuneration packages and non-executive director remuneration. No senior executive is involved directly in deciding their own remuneration.	Complies.
8.3	Provide the information indicated in *the Guide to reporting on Principle 8.*	The information has been disclosed in the Annual Report.	Complies.

Argo Exploration Limited's corporate governance practices were in place for the financial year ended 30 June 2014 and to the date of signing the directors' report.

Various corporate governance practices are discussed within this statement. For further information on corporate governance policies adopted by Argo Exploration Limited, refer to our website: www.argoexploration.com.au

Argo Exploration Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Revenue	5	2,758	12,759
Expenses			
Corporate Expenses		(67,375)	(114,093)
Administration Expenses		(10,356)	(38,247)
Employee benefits expense		(228,000)	(397,541)
Depreciation and amortisation expense	6	(757)	(9,540)
Gain/(loss) on fair value through profit and loss investments		443,921	1,405,933
Share based payments		(209,794)	-
Exploration costs written-off		(8,071)	(8,637,468)
Loss before income tax expense		(77,674)	(7,778,197)
Income tax expense	7	-	-
Loss after income tax expense for the year attributable to the owners of Argo Exploration Limited		(77,674)	(7,778,197)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Argo Exploration Limited		(77,674)	(7,778,197)
		Cents	**Cents**
Basic earnings per share	31	(0.06)	(7.08)
Diluted earnings per share	31	(0.06)	(7.08)

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 30 June 2014

	Note	Consolidated 2014 $	Consolidated 2013 $
Assets			
Current assets			
Cash and cash equivalents	8	78,751	211,766
Trade and other receivables	9	14,992	29,276
Financial assets at fair value through profit or loss	10	2,562,828	2,118,906
Other	11	5,571	9,483
Total current assets		2,662,142	2,369,431
Non-current assets			
Property, plant and equipment	12	-	757
Total non-current assets		-	757
Total assets		2,662,142	2,370,188
Liabilities			
Current liabilities			
Trade and other payables	14	256,203	96,052
Borrowings	15	5,879	6,196
Total current liabilities		262,082	102,248
Total liabilities		262,082	102,248
Net assets		2,400,060	2,267,940
Equity			
Issued capital	16	13,423,483	13,423,483
Reserves	17	209,794	-
Accumulated losses		(11,233,217)	(11,155,543)
Total equity		2,400,060	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 year ended 30 June 2014

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 year	-	(7,778,197)	-	(7,778,197)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(7,778,197)	-	(7,778,197)
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 16)	260,127	-	-	260,127
Balance at 30 June 2013	13,423,483	(11,155,543)	-	2,267,940

Consolidated	Contributed equity $	Accumulated losses $	Reserves $	Total equity $
Balance at 1 July 2013	13,423,483	(11,155,543)	-	2,267,940
Loss after income tax expense for the year	-	(77,674)	-	(77,674)
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	(77,674)	-	(77,674)
Transactions with owners in their capacity as owners:				
Share-based payments (note 32)	-	-	209,794	209,794
Balance at 30 June 2014	13,423,483	(11,233,217)	209,794	2,400,060

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 year ended 30 June 2014

	Note	Consolidated 2014 $	2013 $
Cash flows from operating activities			
Payments to suppliers and employees		(127,702)	(592,901)
Interest received		2,758	12,759
Net cash used in operating activities	30	(124,944)	(580,142)
Cash flows from investing activities			
Payments for exploration and evaluation	13	(8,071)	(101,169)
Net cash used in investing activities		(8,071)	(101,169)
Cash flows from financing activities			
Proceeds from issue of shares	16	-	270,000
Capital raising costs		-	(9,873)
Repayment of borrowings		-	(32,777)
Net cash from financing activities		-	227,350
Net decrease in cash and cash equivalents		(133,015)	(453,961)
Cash and cash equivalents at the beginning of the financial year		211,766	665,727
Cash and cash equivalents at the end of the financial year	8	78,751	211,766

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

Note 1. General information

The financial statements cover Argo Exploration Limited as a consolidated entity consisting of Argo Exploration Limited and its subsidiaries. The financial statements are presented in Australian dollars, which is Argo Exploration Limited's functional and presentation currency.

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 statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 29 September 2014. The directors have the power to amend and reissue the financial statements.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

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 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.

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

AASB 10 Consolidated Financial Statements
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 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 that give it the current ability to direct the activities that significantly affect the investee's returns. 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. The application of the standard has not impacted the composition of the consolidated entity.

AASB 11 Joint Arrangements
The consolidated entity has applied AASB 11 from 1 July 2013. The standard defines which entities qualify as joint arrangements and removes the option to account for joint ventures using proportional consolidation. Joint ventures, where the parties to the agreement have the rights to the net assets are accounted for using the equity method. Joint operations, where the parties to the agreements have the rights to the assets and obligations for the liabilities, will account for its share of the assets, liabilities, revenues and expenses separately under the appropriate classifications. The application of the standard has not impacted the financial report of the consolidated entity.

AASB 12 Disclosure of Interests in Other Entities
The consolidated entity has applied AASB 12 from 1 July 2013. The standard contains the entire disclosure requirement associated with other entities, being subsidiaries, associates, joint arrangements (joint operations and joint ventures) and unconsolidated structured entities. The disclosure requirements have been significantly enhanced when compared to the disclosures previously located in AASB 127 'Consolidated and Separate Financial Statements', AASB 128 'Investments in Associates', AASB 131 'Interests in Joint Ventures' and Interpretation 112 'Consolidation - Special Purpose Entities'.

Note 2. Significant accounting policies (continued)

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
The consolidated entity has applied AASB 13 and its consequential amendments from 1 July 2013. The standard provides a single robust measurement framework, with clear measurement objectives, for measuring fair value using the 'exit price' and provides guidance on measuring fair value when a market becomes less active. The 'highest and best use' approach is used to measure non-financial assets whereas liabilities are based on transfer value. The standard requires increased disclosures where fair value is used.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirement
The consolidated entity has applied 2011-4 from 1 July 2013, which amends AASB 124 'Related Party Disclosures' by removing the disclosure requirements for individual key management personnel ('KMP'). Corporations and Related Legislation Amendment Regulations 2013 and Corporations and Australian Securities and Investments Commission Amendment Regulation 2013 (No.1) now specify the KMP disclosure requirements to be included within the directors' report.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities. These financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention
The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, investment properties, certain classes of property, plant and equipment and derivative financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 3.

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 and sale of assets 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 30 June 2014 the Company’s investment in Pantheon Resources Plc was carried at the market rate $2,562,828 (2013: $2,118,906). As at 26 September 2014, the Company's investment in Pantheon Resources Plc has increased significantly due to an increase in the share price and was approximately $2,916,775.

Parent entity information
In accordance with the Corporations Act 2001, these financial statements present the results of the consolidated entity only. Supplementary information about the parent entity is disclosed in note 26.

Principles of consolidation
The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Argo Exploration Limited ('company' or 'parent entity') as at 30 June 2014 and the results of all subsidiaries for the year then ended. Argo Exploration Limited and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'.

Note 2. Significant accounting policies (continued)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity.

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent.

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss.

Operating segments
Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance.

Revenue recognition
Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Interest
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 2. Significant accounting policies (continued)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 60 days overdue) are considered indicators that the trade receivable may be impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

Investments and other financial assets
Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are either: i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit; or ii) designated as such upon initial recognition, where they are managed on a fair value basis or to eliminate or significantly reduce an accounting mismatch. Except for effective hedging instruments, derivatives are also categorised as fair value through profit or loss. Fair value movements are recognised in profit or loss.

Impairment of financial assets
The consolidated entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired. Objective evidence includes significant financial difficulty of the issuer or obligor; a breach of contract such as default or delinquency in payments; the lender granting to a borrower concessions due to economic or legal reasons that the lender would not otherwise do; it becomes probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for the financial asset; or observable data indicating that there is a measurable decrease in estimated future cash flows.

The amount of the impairment allowance for financial assets carried at cost is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the current market rate of return for similar financial assets.

Note 2. Significant accounting policies (continued)

Property, plant and equipment
Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows:

Plant and equipment	2-4 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits.

Exploration and evaluation assets
Exploration and evaluation expenditure in relation to separate areas of interest for which rights of tenure are current is carried forward as an asset in the statement of financial position where it is expected that the expenditure will be recovered through the successful development and exploitation of an area of interest, or by its sale; or exploration activities are continuing in an area and activities have not reached a stage which permits a reasonable estimate of the existence or otherwise of economically recoverable reserves. Where a project or an area of interest has been abandoned, the expenditure incurred thereon is written off in the year in which the decision is made.

Trade and other payables
These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred, including:
- interest on short-term and long-term borrowings

Employee benefits

Share-based payments
Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions.

Note 2. Significant accounting policies (continued)

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods.

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows:
- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability.

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied.

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification.

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited.

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification.

Fair value measurement
When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market.

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interest. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Assets and liabilities measured at fair value are classified, into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed each reporting date and transfers between levels are determined based on a reassessment of the lowest level input that is significant to the fair value measurement.

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data.

Note 2. Significant accounting policies (continued)

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Earnings per share

Basic earnings per share
Basic earnings per share is calculated by dividing the profit attributable to the owners of Argo Exploration Limited, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

New Accounting Standards and Interpretations not yet mandatory or early adopted
Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 30 June 2014. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below.

AASB 9 Financial Instruments and its consequential amendments
This standard and its consequential amendments are applicable to annual reporting periods beginning on or after 1 January 2017 and completes phases I and III of the IASB's project to replace IAS 39 (AASB 139) 'Financial Instruments: Recognition and Measurement'. This standard introduces new classification and measurement models for financial assets, using a single approach to determine whether a financial asset is measured at amortised cost or fair value. The accounting for financial liabilities continues to be classified and measured in accordance with AASB 139, with one exception, being that the portion of a change of fair value relating to the entity's own credit risk is to be presented in other comprehensive income unless it would create an accounting mismatch. Chapter 6 'Hedge Accounting' supersedes the general hedge accounting requirements in AASB 139 and provides a new simpler approach to hedge accounting that is intended to more closely align with risk management activities undertaken by entities when hedging financial and non-financial risks. The consolidated entity will adopt this standard and the amendments from 1 July 2017 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 2012-3 Amendments to Australian Accounting Standards - Offsetting Financial Assets and Financial Liabilities
The amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The amendments add application guidance to address inconsistencies in the application of the offsetting criteria in AASB 132 'Financial Instruments: Presentation', by clarifying the meaning of 'currently has a legally enforceable right of set-off'; and clarifies that some gross settlement systems may be considered to be equivalent to net settlement. The adoption of the amendments from 1 July 2014 will not have a material impact on the consolidated entity.

AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014. The disclosure requirements of AASB 136 'Impairment of Assets' have been enhanced to require additional information about the fair value measurement when the recoverable amount of impaired assets is based on fair value less costs of disposals. Additionally, if measured using a present value technique, the discount rate is required to be disclosed. The adoption of these amendments from 1 July 2014 may increase the disclosures by the consolidated entity.

Note 2. Significant accounting policies (continued)

AASB 2013-4 Amendments to Australian Accounting Standards - Novation of Derivatives and Continuation of Hedge Accounting
These amendments are applicable to annual reporting periods beginning on or after 1 January 2014 and amends AASB 139 'Financial Instruments: Recognition and Measurement' to permit continuation of hedge accounting in circumstances where a derivative (designated as hedging instrument) is novated from one counter party to a central counterparty as a consequence of laws or regulations. The adoption of these amendments from 1 January 2014 will not have a material impact on the consolidated entity.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
These amendments are applicable to annual reporting periods beginning on or after 1 July 2014 and allow entities that meet the definition of an 'investment entity' to account for their investments at fair value through profit or loss. An investment entity is not required to consolidate investments in entities it controls, or apply AASB 3 'Business Combinations' when it obtains control of another entity, nor is it required to equity account or proportionately consolidate associates and joint ventures if it meets the criteria for exemption in the standard. The adoption of these amendments from 1 January 2014 will have no impact on the consolidated entity.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Estimation of useful lives of assets
The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease make good provision
A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Note 4. 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 and managing its investment in Pantheon Resources Plc

Note 5. Revenue

	Consolidated	
	2014 $	2013 $
Interest revenue	2,758	12,759

Note 6. Expenses

	Consolidated	
	2014 $	2013 $
Loss before income tax includes the following specific expenses:		
Depreciation		
Plant and equipment	757	535
Motor vehicles under lease	-	9,005
Total depreciation	757	9,540

Note 7. Income tax expense

	Consolidated	
	2014 $	2013 $
Numerical reconciliation of income tax expense and tax at the statutory rate		
Loss before income tax expense	(77,674)	(7,778,197)
Tax at the statutory tax rate of 30%	(23,302)	(2,333,459)
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	62,938	-
Disposal of leased asset	-	3,289
Fair value adjustments	(133,176)	(421,780)
	(93,540)	(2,751,950)
Current year tax losses not recognised	94,011	200,826
Current year temporary differences not recognised	(471)	2,551,124
Income tax expense	-	-

Note 7. Income tax expense (continued)

	Consolidated	
	2014	**2013**
	$	**$**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	8,059,967	8,373,337
Potential tax benefit @ 30%	2,417,990	2,512,001

The above potential tax benefit for tax losses has not been recognised in the statement of financial position. These tax losses can only be utilised in the future if the continuity of ownership test is passed, or failing that, the same business test is passed.

The benefit of these losses has not been brought to account at 30 June 2014 because the Directors do not believe it is appropriate to regard realisation of the deferred tax asset as being probable at this point in time or that there are sufficient deferred tax liabilities to offset these losses. These tax losses are also subject to final determination by the Taxation authorities when the Group derives taxable income. The benefit will only be realised if:

(i) the consolidated entity derives future assessable income of a nature and of an amount sufficient to enable the benefit from the deductions for the losses to be realised;
(ii) the consolidated entity continues to comply with the conditions for deductibility imposed by law; and
(iii) no change in tax legislation adversely affects the consolidated entity in realising the benefits from deducting the losses.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2014	**2013**
	$	**$**
Cash at bank	78,751	211,766

Note 9. Current assets - trade and other receivables

	Consolidated	
	2014	**2013**
	$	**$**
Trade receivables	-	11,000
Interest receivable	-	406
GST receivable	14,992	17,870
	14,992	29,276

Due to the short term nature of the receivables their carrying value is assumed to approximate their fair value. No collateral or security is held. No interest is charged on the receivables. The consolidated entity has financial risk management policies in place to ensure that all receivables are received within the credit timeframe.

Note 10. Current assets - financial assets at fair value through profit or loss

	Consolidated 2014 $	Consolidated 2013 $
Shares in listed entity	2,562,828	2,118,906

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

	2014 $	2013 $
Opening fair value	2,118,906	712,973
Revaluation increments	443,922	1,405,933
Closing fair value	2,562,828	2,118,906

Refer to note 20 for further information on fair value measurement.

Note 11. Current assets - other

	Consolidated 2014 $	Consolidated 2013 $
Prepayments	5,571	9,483

Note 12. Non-current assets - property, plant and equipment

	Consolidated 2014 $	Consolidated 2013 $
Plant and equipment - at cost	32,529	32,529
Less: Accumulated depreciation	(32,529)	(31,772)
	-	757

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Plant & Equipment $	Leased Assets $	Total $
Balance at 1 July 2012	1,292	19,967	21,259
Disposals	-	(10,962)	(10,962)
Depreciation expense	(535)	(9,005)	(9,540)
Balance at 30 June 2013	757	-	757
Depreciation expense	(757)	-	(757)
Balance at 30 June 2014	-	-	-

Note 13. Non-current assets - exploration and evaluation

Reconciliations
Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Exploration & Evaluation $	Total $
Balance at 1 July 2012	8,536,299	8,536,299
Additions	101,169	101,169
Write off of assets	(8,637,468)	(8,637,468)
Balance at 30 June 2013	-	-
Additions	8,071	8,071
Write off of assets	(8,071)	(8,071)
Balance at 30 June 2014	-	-

During the previous financial year tenement licences, Intercept Hill (EL 4164) and Toondulya (EL 4284) were relinquished. All exploration expenditure capitalised has been written off in relation to these projects as at 30 June 2013.

Note 14. Current liabilities - trade and other payables

	Consolidated	
	2014 **$**	**2013** **$**
Trade payables	186,203	64,274
Sundry payables and accrued expenses	70,000	31,778
	256,203	96,052

Refer to note 19 for further information on financial instruments.

The average credit period on purchases is 30 days. Due to the short term nature of the payables their carrying value is assumed to approximate their fair value. No interest is charged on the trade payables. The consolidated entity has financial risk management policies in place to ensure that all payables are paid within the credit timeframe.

Note 15. Current liabilities - borrowings

	Consolidated	
	2014 **$**	**2013** **$**
Loan - Insurance	5,879	6,196

Refer to note 19 for further information on financial instruments.

Assets pledged as security
The carrying amounts of assets pledged as security for current borrowings are:

Note 16. Equity - issued capital

	Consolidated			
	2014 Shares	**2013 Shares**	**2014 $**	**2013 $**
Ordinary shares - fully paid	125,220,000	125,220,000	13,423,483	13,423,483

Movements in ordinary share capital

Details	**Date**	**Shares**	**Issue price**	**$**
Balance	1 July 2012	95,220,000		13,163,356
Share issue	2 January 2013	30,000,000	$0.010	270,000
Less cost of capital raising		-		(9,873)
Balance	30 June 2013	125,220,000		13,423,483
Balance	30 June 2014	125,220,000		13,423,483

Note 17. Equity - reserves

	Consolidated	
	2014 $	**2013 $**
Share-based payments reserve	209,794	-

Share-based payments 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.

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

Consolidated	Share based payments $	Total $
Balance at 1 July 2012	-	-
Balance at 30 June 2013	-	-
Share based payments	209,794	209,794
Balance at 30 June 2014	209,794	209,794

Note 18. Equity - dividends

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

Note 19. Financial instruments

Financial risk management objectives
The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk
The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

Price risk
The consolidated entity is not exposed to any significant price risk.

	Average price increase			Average price decrease		
Consolidated - 2014	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entity	70%	1,793,980	1,793,980	70%	(1,793,980)	(1,793,980)

	Average price increase			Average price decrease		
Consolidated - 2013	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entity	70%	1,483,234	1,483,234	70%	(1,483,234)	(1,483,234)

Interest rate risk
As at the reporting date, the consolidated entity had the following variable rate borrowings and interest rate swap contracts outstanding:

	2014		2013	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash at bank	2.75%	78,751	2.75%	211,766
Net exposure to cash flow interest rate risk		78,751		211,766

Note 19. Financial instruments (continued)

An decrease in interest rates of 20% or 0.55 percentage points would have a favourable/adverse effect on profit before tax of $1,165 per annum. The percentage is based on the expected volatility of interest rates using market data and analysis forecasts.

Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral.

Liquidity risk
Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable.

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Remaining contractual maturities
The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2014	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		256,203	-	-	-	256,203
Total non-derivatives		256,203	-	-	-	256,203

Consolidated - 2013	Weighted average interest rate %	1 year or less $	Between 1 and 2 years $	Between 2 and 5 years $	Over 5 years $	Remaining contractual maturities $
Non-derivatives						
Non-interest bearing						
Trade payables		96,052	-	-	-	96,052
Total non-derivatives		96,052	-	-	-	96,052

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

Fair value of financial instruments
Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

Note 20. Fair value measurement

Fair value hierarchy
The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:
Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

Consolidated - 2014	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed entities	2,562,828	-	-	2,562,828
Total assets	2,562,828	-	-	2,562,828

Consolidated - 2013	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed entities	2,118,906	-	-	2,118,906
Total assets	2,118,906	-	-	2,118,906

There were no transfers between levels during the financial year.

Note 21. Key management personnel disclosures

Directors
The following persons were directors of Argo Exploration Limited during the financial year:

Mr J Hondris (Non-Executive Director)
Mr A Van Der Zwan (Executive Director)
Mr C Martin (Non-Executive Director)

Other key management personnel
The following persons also had the authority and responsibility for planning, directing and controlling the major activities of the consolidated entity, directly or indirectly, during the financial year:

Ms M Leydin (Joint Company Secretary)
Mr J Mouchacca (Joint Company Secretary)

Compensation
The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated	
	2014 **$**	**2013** **$**
Short-term employee benefits	228,000	415,769
Termination benefits	-	74,498
Share-based payments	153,507	-
	381,507	490,267

Note 22. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by Grant Thornton Audit Pty Ltd, the auditor of the company:

	Consolidated	
	2014	2013
	$	$
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	20,000	31,000

Note 23. Contingent liabilities

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

Note 24. Commitments

Exploration Tenements - Commitments for expenditure

In order to maintain current rights of tenure to exploration tenements, the Company and consolidated entity are required to outlay rentals and to meet the minimum expenditure requirements of the Mineral Resources Authority. 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 recorded in the financial statements.

Note 25. Related party transactions

Parent entity
Argo Exploration Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 27.

Key management personnel
Disclosures relating to key management personnel are set out in note 21 and the remuneration report in the directors' report.

Transactions with related parties
Transactions with Director Related Entities

There were no transactions with Director related entities during the financial year, other than:

A Director of the Company, Mr Justin Hondris, is also an Executive Director of AIM-listed Pantheon Resources PLC (“Pantheon” AIM Code: PANR). The Company acquired a strategic shareholding in Pantheon and became the largest shareholder during the prior reporting period ended 30 June 2012. Mr Hondris has been excluded from all decisions, analysis and voting on the acquisition of the investment in Pantheon and will continue to be excluded from decisions in the future. The investment comprised 7 million shares at £0.1325 per share for a total of £927,500.

Mr Justin Hondris currently holds 760,000 ordinary shares in Pantheon Resources Plc, representing a 0.7% holding of the Company’s issued capital.

Note 25. Related party transactions (continued)

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	Consolidated 2014 $	Consolidated 2013 $
Current payables:		
Directors fees payable - Mr J Hondris (payable to Cornwall Development Corporation)	56,000	14,000
Directors fees payable - Mr A Van Der Zwan	55,000	15,555
Directors fees payable - Mr C Martin (payable to Millwest Investments Pty Ltd)	42,350	3,850

Loans to/from related parties
There were no loans to or from related parties at the current and previous reporting date.

Terms and conditions
All transactions were made on normal commercial terms and conditions and at market rates.

Note 26. Parent entity information

Set out below is the supplementary information about the parent entity.

Statement of profit or loss and other comprehensive income

	Parent 2014 $	Parent 2013 $
Loss after income tax	(77,674)	(7,907,760)
Total comprehensive income	(77,674)	(7,907,760)

Statement of financial position

	Parent 2014 $	Parent 2013 $
Total current assets	2,662,139	2,369,428
Total assets	3,183,940	2,891,986
Total current liabilities	654,317	624,046
Total liabilities	654,317	624,046
Equity		
Issued capital	13,423,483	13,423,483
Share-based payments reserve	209,794	-
Accumulated losses	(11,233,217)	(11,155,543)
Total equity	2,400,060	2,267,940

Guarantees entered into by the parent entity in relation to the debts of its subsidiaries
The parent entity had no guarantees in relation to the debts of its subsidiaries as at 2014 and 2013.

Contingent liabilities
The parent entity had no contingent liabilities as at 2014 and 2013.

Note 26. Parent entity information (continued)

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 2014 and 2013.

Significant accounting policies
The accounting policies of the parent entity are consistent with those of the consolidated entity, as disclosed in note 2, except for the following:
- Investments in subsidiaries are accounted for at cost, less any impairment, in the parent entity.
- Investments in associates are accounted for at cost, less any impairment, in the parent entity.

Note 27. Interests in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2:

		Ownership interest	
Name	**Principal place of business / Country of incorporation**	**2014 %**	**2013 %**
Olympic Resources Limited *	Australia	100.00%	100.00%
Athena Mines Pty Ltd	Australia	100.00%	100.00%

* The wholly-owned subsidiary has entered into a deed of cross guarantee with Argo Exploration Limited pursuant to ASIC Class Order 98/1418 and is relieved from the requirements to prepare and lodge an audited financial report. The deed of cross guarantee was signed on 1 June 2009.

Note 28. Deed of cross guarantee

The following entities are party to a deed of cross guarantee under which each company guarantees the debts of the others:

Argo Exploration Limited
Olympic Resources Limited

By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare financial statements and directors' report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission ('ASIC').

The above companies represent a 'Closed Group' for the purposes of the Class Order, and as there are no other parties to the Deed of Cross Guarantee that are controlled by Argo Exploration Limited, they also represent the 'Extended Closed Group'.

The statement of profit or loss and other comprehensive income and statement of financial position are substantially the same as the consolidated entity and therefore have not been separately disclosed.

Note 29. Events after the reporting period

No matter or circumstance has arisen since 30 June 2014 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 30. Reconciliation of loss after income tax to net cash used in operating activities

	Consolidated 2014 $	Consolidated 2013 $
Loss after income tax expense for the year	(77,674)	(7,778,197)
Adjustments for:		
Depreciation and amortisation	757	9,540
Share-based payments	209,794	-
Disposal of asset	-	10,962
Fair value adjustment for fair value investments through profit and loss	(443,921)	(1,405,934)
Exploration costs written-off	8,071	8,637,468
Change in operating assets and liabilities:		
Decrease in trade and other receivables	14,284	1,350
Decrease/(increase) in prepayments	3,912	(466)
Increase/(decrease) in trade and other payables	159,833	(54,865)
Net cash used in operating activities	(124,944)	(580,142)

Note 31. Earnings per share

	Consolidated 2014 $	Consolidated 2013 $
Loss after income tax attributable to the owners of Argo Exploration Limited	(77,674)	(7,778,197)
	Number	**Number**
Weighted average number of ordinary shares used in calculating basic earnings per share	125,220,000	109,892,131
Weighted average number of ordinary shares used in calculating diluted earnings per share	125,220,000	109,892,131
	Cents	**Cents**
Basic earnings per share	(0.06)	(7.08)
Diluted earnings per share	(0.06)	(7.08)

Note 32. 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 32. Share-based payments (continued)

Set out below are summaries of performance rights granted under the plan:

2014

Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Vested	Expired/ forfeited/ other	Balance at the end of the 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
30 June 2014

In the directors' opinion:

- the attached financial statements and notes thereto comply with the Corporations Act 2001, the Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes thereto comply with International Financial Reporting Standards as issued by the International Accounting Standards Board as described in note 2 to the financial statements;

- the attached financial statements and notes thereto give a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the financial year ended on that date;

- 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

- at the date of this declaration, there are reasonable grounds to believe that the members of the Extended Closed Group will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 28 to the financial statements.

The directors have been given the declarations required by section 295A of the Corporations Act 2001.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

Mr Andrew Van Der Zwan
Executive Director

29 September 2014
Melbourne

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

Report on the financial report

We have audited the accompanying financial report of Argo Exploration Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2014, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

a the financial report of Argo Exploration Limited is in accordance with the Corporations Act 2001, including:

  i giving a true and fair view of the consolidated entity's financial position as at 30 June 2014 and of its performance for the year ended on that date; and

  ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and

b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding going concern

Without modification to the audit opinion expressed above, attention is drawn to the following matter. As a result of matters described in Note 2 in the annual financial report the Company has incurred a net loss of $77,674 and net operating cash outflows of $124,944 during the year ended 30 June 2014. This condition, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty which may cast significant doubt about the Entity's ability to continue as a going concern and whether it will realise its assets and extinguish its liabilities in the normal course of business and at the amounts stated in the financial statements.

Report on the remuneration report

We have audited the remuneration report included in pages 7 to 12 of the directors' report for the year ended 30 June 2014. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Argo Exploration Limited for the year ended 30 June 2014, complies with section 300A of the Corporations Act 2001.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B.A. Mackenzie
Partner - Audit & Assurance

Melbourne, 29 September 2014

Argo Exploration Limited
Shareholder information
30 June 2014

The shareholder information set out below was applicable as at 18 September 2014.

Distribution of equitable securities
Analysis of number of equitable security holders by size of holding:

	Number of holders of ordinary shares
1 to 1,000	15
1,001 to 5,000	89
5,001 to 10,000	118
10,001 to 100,000	316
100,001 and over	114
	652
Holding less than a marketable parcel	409

Equity security holders

Twenty largest quoted equity security holders
The names of the twenty largest security holders of quoted equity securities are listed below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	13,915,765	11.11
Citicorp Nominees Pty Limited	9,559,343	7.63
Hawthorn Grove Investments Pty Ltd	9,109,885	7.28
Mr Hugh Herbert	7,000,000	5.59
Octopi Enterprises Pty Ltd	6,233,700	4.98
Mrs Kathryn Valerie Van Der Zwan (Harleston Family A/C)	5,495,773	4.39
Mr Brendan William Jesser + Ms Edwina Kate Aikman (Jesser Super Fund A/C)	5,000,000	3.99
Ausepen Pty Ltd	3,800,000	3.04
Cornwall Development Corporation	3,400,000	2.72
Mr Steven Brent Hutton + Mrs Giuliana Hutton (Hutton Retirement Fund A/C)	3,000,000	2.40
Bushline Pty Ltd (Hutton Family A/C)	3,000,000	2.40
Yarra Management Pty Ltd (The Yarra A/C)	2,500,000	2.00
Allua Holdings Pty Ltd (The Drg A/C)	2,000,000	1.60
Edna Securities Pty Ltd (Warren Gelfand Psf A/C)	1,700,000	1.36
Eiroz Investment Corporation Pty Ltd	1,634,426	1.31
Rojul Nominees Pty Ltd (R R Martin Super Fund A/C)	1,500,000	1.20
Mr Francesco Cusmano	1,350,000	1.08
Robert Julian Hafner Pty Ltd (Hafner Super Fund A/C)	1,300,000	1.04
Mr Sang Nguyen	1,000,000	0.80
Bell Potter Nominees Ltd (BB Nominees A/C)	1,000,000	0.80
	83,498,892	66.68

Unquoted equity securities
There are no unquoted equity securities.

Argo Exploration Limited
Shareholder information
30 June 2014

Substantial holders
Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
HSBC Custody Nominees (Australia) Limited	13,915,765	11.11
Citicorp Nominees Pty Limited	9,559,343	7.63
Hawthorn Grove Investments Pty Ltd	9,109,885	7.28
Mr Hugh Herbert	7,000,000	5.59

Voting rights
The voting rights attached to ordinary shares are set out below:

Ordinary shares
On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

There are no other classes of equity securities.