Argo Exploration Limited

ABN 38 120 917 535

Annual Report - 30 June 2016

Argo Exploration Limited
Contents
30 June 2016

Argo Exploration Limited
Corporate directory
30 June 2016

Directors	Andrew Van Der Zwan (Non-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 The Rialto Level 30, 525 Collins 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 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 2016.

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 (Non-Executive Director)
Mr Justin Hondris (Non-Executive Director)
Mr Christopher Martin (Non-Executive Director)

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 profit for the consolidated entity after providing for income tax amounted to $12,689,459 (30 June 2015: $225,562).

The net assets of the consolidated entity increased by $13,785,376 to $16,683,283 as at 30 June 2016 (2015: $2,897,907). The consolidated entity's working capital, being current assets less current liabilities increased by $15,656,054 to $18,553,961 (2015: $2,897,907).

The year ended 30 June 2016 was a rewarding one for Argo shareholders. Its strategic shareholding of 7,000,000 shares in AIM listed Oil & Gas Explorer Pantheon Resources plc (“Pantheon”) delivered significant value growth during the year, achieving a market value of approximately AUD$18.4 million as at 30 June 2016. This is an outstanding result for Argo shareholders, particularly against the backdrop of a severe bear market in the oil and gas sector.

The significant appreciation in the value of the Pantheon investment was achieved as a result of the early success achieved in Pantheon’s first two wells, in Tyler and Polk Counties, East Texas. Pantheon has since contracted a rig for a three well, back to back drilling programme building upon its earlier success, and drilling of the first of those wells, the VOBM#2H, is currently underway and nearing final results.

The forthcoming 12 months should provide opportunity for regular operational activity and related news flow from Pantheon, and if successful, the potential for further value growth for Argo. Pantheon’s prospects are conventional in nature, located in an area of abundant infrastructure, with excellent geophysical and geological characteristics exhibited in the target zone in both analogous wells and the wells drilled to date. As a result, modelled P50 wells are expected to be extremely robust, with operating costs potentially as low as $10 per boe; a highly attractive quality in any oil price environment.

Importantly, the board is of the view that the Pantheon investment has been significantly de-risked during the course of the year under review. The successful drilling of the first two discovery wells in 2016, in two different counties, in two different structures, on two different seismic packages, gives the board great confidence in the operator’s ability to target the optimum locations following the extensive geological study undertaken over the 3 year period prior to drilling.

Three other significant events have occurred in relation to the Pantheon investment, both during and subsequent to year end. Firstly, in March 2016, Pantheon announced a successful fundraising of c.US$30m in equity which leaves the company fully funded for drilling activities. Secondly, the Pantheon announced in July 2016, the acquisition of an additional 8% Working Interest in the “West Double A” and “West West Double A” prospects in Polk Country, which includes an 8% interest in the already discovered VOBM#1 well and finally, the recent BREXIT decision in the UK has resulted in a depreciation of the GBP relative to AUD and has resulted in a circa 15% depreciation in the value of the Pantheon shareholding to Argo.

The board of Argo continues to seek and review further opportunities in the natural resources sector. In reviewing such acquisitions the Board needs to evaluate the potential upside of any acquisition, against the relative potential of its existing Pantheon shareholding. This evaluation requires the Board to recognise that any acquisition of a new project may require some form of dilution, most likely by way of an equity issue in some form, or the divestment of some of its Pantheon shareholding. Whilst the board of Argo gives no guarantee of continued success from Pantheon, it has yet to review a new project with comparable relative risk/reward, and remains committed to its Pantheon investment.

Significant changes in the state of affairs
On 17 November 2015 the consolidated entity issued 16,400,000 fully paid ordinary shares at a deemed issue price of $0.06 (6 cents) per share upon satisfaction of Class A and Class B Performance Rights vesting conditions.

On 17 December 2015 the consolidated entity issued 10,750,000 fully paid ordinary shares at $0.08 (8 cents) each raising $860,000 (before costs) to sophisticated investors. The funds from the placement will be used for working capital purposes.

On 17 December 2015 the consolidated entity issued 12,300,000 fully paid ordinary shares at a deemed issue price of $0.09 (9 cents) per share upon satisfaction of Class C Performance Rights vesting conditions.

On 6 January 2016 the consolidated entity issued 12,300,000 fully paid ordinary shares at a deemed issue price of $0.10 (10 cents) per share upon satisfaction of Class D Performance Rights vesting conditions.

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

Matters subsequent to the end of the financial year
Since 30 June 2016, the fair value of the investment in Pantheon Resources Plc has increased to approximately $18,759,571 as at 9 August 2016. This is an increase of $405,012 since 30 June 2016.

No other matter or circumstance has arisen since 30 June 2016 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.

Environmental regulation
The consolidated entity holds 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 2016.

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 20 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:	23,820,000 ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

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 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, although he is no longer an active member of these organisations.
Other current directorships:	Pantheon Resources Plc, Executive Director
Former directorships (last 3 years):	Nil
Special responsibilities:	Chair of Audit Committee
Interests in shares:	13,400,000 ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

Name:	Mr Andrew Van Der Zwan
Title:	Non-Executive Director
Qualifications:	BA Chemical Engineering (with Honours)
Experience and expertise:	Andrew has 28 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
Interests in shares:	15,495,773 ordinary shares
Interests in options:	Nil
Interests in rights:	Nil

'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 holds a Bachelor of Business majoring in Accounting and Corporate Law. She is a member of the Institute of Chartered Accountants and is 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.

The practice provides outsourced company secretarial and accounting services to public and private companies specialising in the Resources, technology, bioscience and biotechnology sector.

Melanie has over 23 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Justin Mouchacca holds a Bachelor of Business majoring in Accounting. He graduated from RMIT University in 2008, became a Chartered Accountant in 2011 and since July 2013 has been the principal of chartered accounting firm, Leydin Freyer Corp Pty Ltd.

The practice provides outsourced company secretarial and accounting services to public and private companies specialising in the Resources, technology, bioscience and biotechnology sectors.

Justin has over 8 years' experience in the accounting profession and has extensive experience in relation to public company responsibilities, including ASX and ASIC compliance, control and implementation of corporate governance, statutory financial reporting, reorganisation of Companies and shareholder relations.

Meetings of directors
The number of meetings of the company's Board of Directors ('the Board') held during the year ended 30 June 2016, and the number of meetings attended by each director were:

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

Held: represents the number of meetings held during the time the director held office.

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.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including all directors.

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

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:
- having 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

Additionally, the reward framework should seek to enhance executives' interests by:
- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is 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 27 November 2015 Annual General Meeting ('AGM')
The company received 95.82% of 'for' votes in relation to its remuneration report for the year ended 30 June 2015. 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 key management personnel of the consolidated entity are set out in the following tables.

Rounding of amounts
Argo Exploration Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2016	Cash salary and fees $	Bonus $	Non - monetary $	Super-annuation $	Termination payments $	Equity-settled options and rights $	Total $
Non-Executive Directors:							
Mr J Hondris**	36,000	-	-	-	-	64,061	100,061
Mr C Martin**	36,000	-	-	-	-	64,061	100,061
Executive Directors:							
Mr A Van Der Zwan**	36,000	-	-	-	-	64,061	100,061
Other Key Management Personnel:							
Ms M Leydin & Mr J Mouchacca *	54,000	-	-	-	-	6,406	60,406
	162,000	-	-	-	-	198,589	360,589

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

** At 30 June 2016 all fees due to Justin Hondris remain outstanding which amounted to $130,500. The amounts due to Chris Martin and Andrew Van Der Zwan as at 30 June 2016 amount to $18,000 and $18,000 respectively.

	Short-term benefits			Post-employment benefits	Long-term benefits	Share-based payments	
2015	Cash salary and fees $	Bonus $	Non-monetary $	Super-annuation $	$	Equity-settled options and rights $	Total $
Non-Executive Directors:							
Mr J Hondris**	38,500	-	-	-	-	52,170	90,670
Mr C Martin**	38,500	-	-	-	-	52,170	90,670
Executive Directors:							
Mr A Van Der Zwan**	46,000	-	-	-	-	52,170	98,170
Other Key Management Personnel:							
Ms M Leydin & Mr J Mouchacca *	66,545	-	-	-	-	5,217	71,762
	189,545	-	-	-	-	161,727	351,272

* This amount consists of fees payable to Leydin Freyer Corp Pty Ltd in respect of Company Secretarial and accounting services. $146,965 remains outstanding at 30 June 2015.

** As at 30 June 2015 all fees due to Justin Hondris and Chris Martin remain outstanding which amounted to $94,500 and $77,000 respectively. The amounts due to Andrew Van Der Zwan as at 30 June 2015 amounted to $101,000.

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

	Fixed remuneration		At risk - STI		At risk - LTI	
Name	2016	2015	2016	2015	2016	2015
Non-Executive Directors:						
Mr J Hondris	36%	42%	-	-	64%	58%
Mr C Martin	36%	42%	-	-	64%	58%
Executive Directors:						
Mr A Van Der Zwan	36%	47%	-	-	64%	53%
Other Key Management Personnel:						
Ms M Leydin & Mr J Mouchacca	89%	93%	-	-	11%	7%

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 & Mr J Mouchacca
Title:	Joint Company Secretaries and Chief Financial Officer's
Agreement commenced:	1 January 2009 (renewed 17 February 2010)
Details:	(i) Ms Leydin & Mr Mouchacca may resign from their 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 occurred. Where termination with cause occurs Ms Leydin & Mr Mouchacca are 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 & Mr Mouchacca will be entitled to be paid those outstanding amounts owing to them up until the termination date.

Name:	Mr A Van Der Zwan
Title:	Non-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 2016.

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 2016.

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 2016.

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. The performance conditions of all rights were met during the financial year.

Performance rights granted carry no dividend or voting rights.

The number of performance rights over ordinary shares granted to and vested by directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Number of rights granted during the year 2016	Number of rights granted during the year 2015	Number of rights vested during the year 2016	Number of rights vested during the year 2015
Mr A Van Der Zwan	-	-	10,000,000	-
Mr C Martin	-	-	10,000,000	-
Mr J Hondris	-	-	10,000,000	-
Ms M Leydin and Mr J Mouchacca	-	-	1,000,000	-

Values of performance rights over ordinary shares granted, vested and lapsed for directors and other key management personnel as part of compensation during the year ended 30 June 2016 are set out below:

Name	Value of rights granted during the year $	Value of rights vested during the year $	Value of rights lapsed during the year $	Remuneration consisting of rights for the year %
Mr A Van Der Zwan	-	64,061	-	64%
Mr C Martin	-	64,061	-	64%
Mr J Hondris	-	64,061	-	64%
Ms M Leydin and Mr J Mouchacca	-	6,406	-	11%

Additional information

The earnings of the consolidated entity for the five years to 30 June 2016 are summarised below:

	2016 $	2015 $	2014 $	2013 $	2012 $
Revenue	5,781	1,091	2,758	12,759	40,184
Net profit/(loss) before tax	14,560,137	225,562	(77,674)	(7,778,197)	(2,267,095)
Net profit/(loss) after tax	12,689,459	225,562	(77,674)	(7,778,197)	(2,267,095)

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

	2016	2015	2014	2013	2012
Share price at financial year start ($)	0.01	0.01	0.02	0.02	0.09
Share price at financial year end ($)	0.08	0.01	0.01	0.02	0.02
Basic earnings per share (cents per share)	7.95	0.18	(0.06)	(7.08)	(2.66)

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*	5,495,773	10,000,000	-	-	15,495,773
Mr J Hondris*	3,400,000	10,000,000	-	-	13,400,000
Mr C Martin*	13,820,000	10,000,000	-	-	23,820,000
Ms M Leydin & Mr J Mouchacca*	1,000,000	1,000,000	-	-	2,000,000
	23,715,773	31,000,000	-	-	54,715,773

* All fully paid ordinary shares received as part of remuneration was due to performance rights meeting their respective vesting conditions and were therefore converted into fully paid ordinary shares.

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)	-	-
Ms M Leydin & Mr J Mouchacca	1,000,000	-	(1,000,000)	-	-
	31,000,000	-	(31,000,000)	-	-

This concludes the remuneration report, which has been audited.

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

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 2016 and up to the date of this report.

Shares issued on the exercise of performance rights
The following ordinary shares of Argo Exploration Limited were issued during the year ended 30 June 2016 and up to the date of this report on the exercise of performance rights granted:

Date performance rights granted	Exercise price	Number of shares issued
3 July 2013	$0.035	8,200,000
3 July 2013	$0.050	8,200,000
3 July 2013	$0.075	12,300,000
3 July 2013	$0.100	12,300,000
		41,000,000

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 14.

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
Non-Executive Director

10 August 2016
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 2016, 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 AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 10 August 2016

Argo Exploration Limited
Statement of profit or loss and other comprehensive income
For the year ended 30 June 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Revenue	5	5,781	1,091
Other income	10	15,094,679	697,152
Expenses			
Corporate Expenses		(74,997)	(61,197)
Administration Expenses		(41,578)	(8,040)
Employee benefits expense		(161,100)	(189,545)
Share based payments		(262,648)	(213,899)
Profit before income tax expense		14,560,137	225,562
Income tax expense	7	(1,870,678)	-
Profit after income tax expense for the year attributable to the owners of Argo Exploration Limited		12,689,459	225,562
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Argo Exploration Limited		12,689,459	225,562
		Cents	**Cents**
Basic earnings per share	30	7.95	0.18
Diluted earnings per share	30	7.95	0.18

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 2016

	Note	Consolidated 2016 $	2015 $
Assets			
Current assets			
Cash and cash equivalents	8	386,596	54,202
Trade and other receivables	9	9,518	25,508
Financial assets at fair value through profit or loss	10	18,354,559	3,259,980
Other	11	5,318	5,318
Total current assets		18,755,991	3,345,008
Non-current assets			
Deferred tax	12	3,129,159	-
Total non-current assets		3,129,159	-
Total assets		21,885,150	3,345,008
Liabilities			
Current liabilities			
Trade and other payables	13	202,030	443,697
Borrowings		-	3,404
Total current liabilities		202,030	447,101
Non-current liabilities			
Deferred tax	14	4,999,837	-
Total non-current liabilities		4,999,837	-
Total liabilities		5,201,867	447,101
Net assets		16,683,283	2,897,907
Equity			
Issued capital	15	15,001,479	13,481,869
Reserves	16	-	423,693
Retained profits/(accumulated losses)		1,681,804	(11,007,655)
Total equity		16,683,283	2,897,907

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 2016

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2014	13,423,483	(11,233,217)	209,794	2,400,060
Profit after income tax expense for the year	-	225,562	-	225,562
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	225,562	-	225,562
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	58,386	-	-	58,386
Share-based payments	-	-	213,899	213,899
Balance at 30 June 2015	13,481,869	(11,007,655)	423,693	2,897,907

Consolidated	**Contributed equity $**	**Accumulated losses $**	**Reserves $**	**Total equity $**
Balance at 1 July 2015	13,481,869	(11,007,655)	423,693	2,897,907
Profit after income tax expense for the year	-	12,689,459	-	12,689,459
Other comprehensive income for the year, net of tax	-	-	-	-
Total comprehensive income for the year	-	12,689,459	-	12,689,459
Transactions with owners in their capacity as owners:				
Contributions of equity, net of transaction costs (note 15)	833,269	-	-	833,269
Share-based payments	262,648	-	-	262,648
Conversion of performance rights	423,693	-	(423,693)	-
Balance at 30 June 2016	15,001,479	1,681,804	-	16,683,283

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 2016

	Note	Consolidated 2016 $	Consolidated 2015 $
Cash flows from operating activities			
Payments to suppliers and employees		(506,656)	(84,026)
Interest received		5,781	1,091
Net cash used in operating activities	29	(500,875)	(82,935)
Cash flows from investing activities			
Net cash from investing activities		-	-
Cash flows from financing activities			
Proceeds from issue of shares	15	860,000	60,000
Capital raising costs		(26,731)	(1,614)
Net cash from financing activities		833,269	58,386
Net increase/(decrease) in cash and cash equivalents		332,394	(24,549)
Cash and cash equivalents at the beginning of the financial year		54,202	78,751
Cash and cash equivalents at the end of the financial year	8	386,596	54,202

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 the entities it controlled at the end of, or during, the year. 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 10 August 2016. 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.

The new, revised or amending Accounting Standards and Interpretations adopted do not have a material effect on the consolidated entity.

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.

Note 2. Significant accounting policies (continued)

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 2016 the Company's investment in Pantheon Resources Plc was carried at the market rate $18,354,559 (2015: $3,259,980). Since 30 June 2016, the fair value of the investment in Pantheon Resources Plc has increased to approximately $18,759,571 as at 9 August 2016. This is an increase of $405,012 since 30 June 2016.

During the financial year, the Company raised $860,000 through the issue of 10,750,000 fully paid ordinary shares - at an issue price of $0.08 (8 cents) per share.

During the year ended 30 June 2016 the Company generated net operating cash outflows of ($500,875) and had a closing cash balance of $386,596.

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 25.

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 2016 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'.

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.

Note 2. Significant accounting policies (continued)

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 the 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 be applied 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.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at 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
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.

Note 2. Significant accounting policies (continued)

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.

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.

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.

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.

Note 2. Significant accounting policies (continued)

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 interests. 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 at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of 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.

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.

Note 2. Significant accounting policies (continued)

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 2016. 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
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard replaces all previous versions of AASB 9 and completes the project to replace AASB 139 'Financial Instruments: Recognition and Measurement'. AASB 9 introduces new classification and measurement models for financial assets. A financial asset shall be measured at amortised cost, if it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, which arise on specified dates and solely principal and interest. All other financial instrument assets are to be classified and measured at fair value through profit or loss unless the entity makes an irrevocable election on initial recognition to present gains and losses on equity instruments (that are not held-for-trading) in other comprehensive income ('OCI'). For financial liabilities, the standard requires the portion of the change in fair value that relates to the entity's own credit risk to be presented in OCI (unless it would create an accounting mismatch). New simpler hedge accounting requirements are intended to more closely align the accounting treatment with the risk management activities of the entity. New impairment requirements will use an 'expected credit loss' ('ECL') model to recognise an allowance. Impairment will be measured under a 12-month ECL method unless the credit risk on a financial instrument has increased significantly since initial recognition in which case the lifetime ECL method is adopted. The standard introduces additional new disclosures. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

AASB 15 Revenue from Contracts with Customers
This standard is applicable to annual reporting periods beginning on or after 1 January 2018. The standard provides a single standard for revenue recognition. The core principle of the standard is that an entity will recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard will require: contracts (either written, verbal or implied) to be identified, together with the separate performance obligations within the contract; determine the transaction price, adjusted for the time value of money excluding credit risk; allocation of the transaction price to the separate performance obligations on a basis of relative stand-alone selling price of each distinct good or service, or estimation approach if no distinct observable prices exist; and recognition of revenue when each performance obligation is satisfied. Credit risk will be presented separately as an expense rather than adjusted to revenue. For goods, the performance obligation would be satisfied when the customer obtains control of the goods. For services, the performance obligation is satisfied when the service has been provided, typically for promises to transfer services to customers. For performance obligations satisfied over time, an entity would select an appropriate measure of progress to determine how much revenue should be recognised as the performance obligation is satisfied. Contracts with customers will be presented in an entity's statement of financial position as a contract liability, a contract asset, or a receivable, depending on the relationship between the entity's performance and the customer's payment. Sufficient quantitative and qualitative disclosure is required to enable users to understand the contracts with customers; the significant judgements made in applying the guidance to those contracts; and any assets recognised from the costs to obtain or fulfil a contract with a customer. The consolidated entity will adopt this standard from 1 January 2018 but the impact of its adoption is yet to be assessed by the consolidated entity.

Note 2. Significant accounting policies (continued)

Rounding of amounts
Argo Exploration Limited is a type of Company that is referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest dollar.

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.

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.

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 2016 $	2015 $
Interest revenue	5,781	1,091

Note 6. Other income

	Consolidated 2016 $	2015 $
Net fair value gain on other financial assets	15,094,679	697,152

Please refer to note 10 for further information.

Note 7. Income tax expense

	Consolidated	
	2016	**2015**
	$	**$**
Income tax expense		
Deferred income tax expense	4,446,834	-
Initial recognition of deferred tax balances including carried forward losses	(2,576,156)	-
Aggregate income tax expense	1,870,678	-
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	14,560,137	225,562
Tax at the statutory tax rate of 30%	4,368,041	67,669
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Share-based payments	78,793	64,169
Fair value adjustments	-	(209,145)
	4,446,834	(77,307)
Current year tax losses not recognised	-	66,296
Current year temporary differences not recognised	-	11,011
Initial recognition of deferred tax balances including carried forward losses	(2,576,156)	-
Income tax expense	1,870,678	-

	Consolidated	
	2016	**2015**
	$	**$**
Tax losses not recognised		
Unused tax losses for which no deferred tax asset has been recognised	-	10,176,223
Potential tax benefit @ 30%	-	3,052,867

Deferred tax balances have been recognised for the first time in the year ended 30 June 2016. This has been done due to the likely capital gains tax payable in relation to the consolidated entity's investment in Pantheon Resources Plc.

For reasons outlined above, the deferred tax asset has been recognised in full in the current year. Refer to note 12 for further detail.

Note 8. Current assets - cash and cash equivalents

	Consolidated	
	2016	**2015**
	$	**$**
Cash at bank	123,273	54,202
Cash on deposit	263,323	-
	386,596	54,202

Note 9. Current assets - trade and other receivables

	Consolidated	
	2016 $	2015 $
Other receivables	2,329	-
GST receivable	7,189	25,508
	9,518	25,508

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	
	2016 $	2015 $
Shares in listed entity	18,354,559	3,259,980

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

	2016 $	2015 $
Opening fair value	3,259,980	2,562,828
Revaluation increments	15,094,579	697,152
Closing fair value	18,354,559	3,259,980

Refer to note 19 for further information on fair value measurement.

Note 11. Current assets - other

	Consolidated	
	2016 $	2015 $
Prepayments	5,318	5,318

Note 12. Non-current assets - deferred tax

	Consolidated	
	2016	**2015**
	$	**$**
Deferred tax asset	3,129,159	-

Deferred tax balances have been recognised for the first time in the financial year ended 30 June 2016 due to the likely capital gains tax payable in relation to the consolidated entity's investment in Pantheon Resources Plc.

During the financial year a gain of $15,094,579 has been recognised through the Fair value through profit and loss (FVTPL) following an increase in the share price of Pantheon.

The potential capital gains payable on this amounted to $4,999,837 and a deferred tax liability has been recognised (refer to Note 14). A deferred tax asset of $3,129,159 has also been recognised.

The tax effect of the revaluation increment has been taken through FVTPL. For this reason an income tax expense of $1,870,678 has been recognised in the financial year to 30 June 2016.

Note 13. Current liabilities - trade and other payables

	Consolidated	
	2016	**2015**
	$	**$**
Trade payables	169,167	328,824
Sundry payables and accrued expenses	32,863	114,873
	202,030	443,697

Refer to note 18 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 14. Non-current liabilities - deferred tax

	Consolidated	
	2016	**2015**
	$	**$**
Deferred tax liability	4,999,837	-

Note 15. Equity - issued capital

	Consolidated			
	2016	**2015**	**2016**	**2015**
	Shares	**Shares**	**$**	**$**
Ordinary shares - fully paid	182,970,000	131,220,000	15,001,479	13,481,869

Note 15. Equity - issued capital (continued)

Movements in ordinary share capital

Details	Date	Shares	Issue price	$
Balance	1 July 2014	125,220,000		13,423,483
Placement	24 April 2015	6,000,000	$0.010	60,000
Costs of capital raising				(1,614)
Balance	30 June 2015	131,220,000		13,481,869
Conversion of Class A and B Performance Rights	17 November 2015	16,400,000	$0.060	305,040
Placement	17 November 2015	10,750,000	$0.080	860,000
Conversion of Class C Performance Rights	17 November 2015	12,300,000	$0.090	194,340
Conversion of Class D Performance Rights	6 January 2016	12,300,000	$0.015	186,961
Cost of Capital Raising				(26,731)
Balance	30 June 2016	182,970,000		15,001,479

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

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.

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.

Note 16. Equity - reserves

	Consolidated	
	2016	**2015**
	$	**$**
Share-based payments reserve	-	423,693

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 2014	209,794	209,794
Share based payments	213,899	213,899
Balance at 30 June 2015	423,693	423,693
Share based payments	262,648	262,648
Conversion of performance rights	(686,341)	(686,341)
Balance at 30 June 2016	-	-

Note 17. Equity - dividends

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

Note 18. 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 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.

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows:

	Assets		Liabilities	
Consolidated	**2016 $**	**2015 $**	**2016 $**	**2015 $**
Pound Sterling	10,185,000	1,592,500	-	-

* The financial assets noted in the table above relate to the investment in Pantheon Resources Plc in Pound Sterling, prior to conversion into Australian dollars.

The sensitivity to a reasonable possible change in the foreign exchange rate, with all other variables held constant, of the consolidated entity's profit before tax due to changes in the carrying value of monetary assets and liabilities at reporting date if the foreign exchange rate was to increase/(decrease) would be as follows: +5% $917,102 -5% ($917,102).

Price risk

The consolidated entity is exposed to significant price risk in relation to its investment in Pantheon Resources Plc.

	Average price increase			Average price decrease		
Consolidated - 2016	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entity	50%	9,177,280	9,177,280	50%	(9,177,280)	(9,177,280)

Note 18. Financial instruments (continued)

	Average price increase			Average price decrease		
Consolidated - 2015	**% change**	**Effect on profit before tax**	**Effect on equity**	**% change**	**Effect on profit before tax**	**Effect on equity**
Shares in listed entity	50%	1,629,990	1,629,990	50%	(1,629,990)	(1,629,990)

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

	2016		2015	
Consolidated	**Weighted average interest rate %**	**Balance $**	**Weighted average interest rate %**	**Balance $**
Cash at bank	1.75%	386,596	1.50%	54,202
Net exposure to cash flow interest rate risk		386,596		54,202

An decrease in interest rates of 20% or 0.55 percentage points would have a favourable/adverse effect on profit before tax of $2,126 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 - 2016	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	-	202,030	-	-	-	202,030
Total non-derivatives		202,030	-	-	-	202,030

Note 18. Financial instruments (continued)

Consolidated - 2015	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 and other payables	-	443,697	-	-	-	443,697
Total non-derivatives		443,697	-	-	-	443,697

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 19. 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 - 2016	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed entities	18,354,559	-	-	18,354,559
Total assets	18,354,559	-	-	18,354,559

Consolidated - 2015	Level 1 $	Level 2 $	Level 3 $	Total $
Assets				
Shares in listed entities	3,259,980	-	-	3,259,980
Total assets	3,259,980	-	-	3,259,980

There were no transfers between levels during the financial year.

Note 20. 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 (Non-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)

Note 20. Key management personnel disclosures (continued)

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

	Consolidated	
	2016	**2015**
	$	**$**
Short-term employee benefits	162,000	189,545
Share-based payments	198,589	161,727
	360,589	351,272

Note 21. 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	
	2016	**2015**
	$	**$**
Audit services - Grant Thornton Audit Pty Ltd		
Audit or review of the financial statements	19,540	20,500

Note 22. Contingent liabilities

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

Note 23. Commitments

As at 30 June 2016 the Company does not have any commitments for expenditure on Exploration tenements.

Note 24. Related party transactions

Parent entity
Argo Exploration Limited is the parent entity.

Subsidiaries
Interests in subsidiaries are set out in note 26.

Key management personnel
Disclosures relating to key management personnel are set out in note 20 and the remuneration report included in the directors' report.

Transactions with related parties
Transactions with Director Related Entities

Note 24. Related party transactions (continued)

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 1,135,000 ordinary shares in Pantheon Resources Plc, representing a 0.6% holding of the Company's issued capital.

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

	Consolidated	
	2016	**2015**
	$	**$**
Current payables:		
Directors fees payable - Mr J Hondris (payable to Cornwall Development Corporation)	130,500	94,500
Directors fees payable - Mr A Van Der Zwan	18,000	101,000
Directors fees payable - Mr C Martin (payable to Millwest Investments Pty Ltd)	18,000	77,000

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 25. Parent entity information

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

Statement of profit or loss and other comprehensive income

	Parent	
	2016	**2015**
	$	**$**
Profit after income tax	12,689,459	225,562
Total comprehensive income	12,689,459	225,562

Note 25. Parent entity information (continued)

Statement of financial position

	Parent 2016 $	Parent 2015 $
Total current assets	19,277,790	3,345,005
Total assets	22,406,950	3,866,806
Total current liabilities	594,270	839,336
Total liabilities	5,594,107	839,336
Equity		
Issued capital	15,001,479	13,481,869
Share-based payments reserve	-	423,693
Retained profits/(accumulated losses)	1,811,364	(10,878,092)
Total equity	16,812,843	3,027,470

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 2016 and 2015.

Contingent liabilities
The parent entity had no contingent liabilities as at 2016 and 2015.

Capital commitments - Property, plant and equipment
The parent entity had no capital commitments for property, plant and equipment at as 2016 and 2015.

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 26. 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:

Name	Principal place of business / Country of incorporation	Ownership interest 2016 %	Ownership interest 2015 %
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 27. 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 28. Events after the reporting period

Since 30 June 2016, the fair value of the investment in Pantheon Resources Plc has increased to approximately $18,759,571 as at 9 August 2016. This is an increase of $405,012 since 30 June 2016.

No other matter or circumstance has arisen since 30 June 2016 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 29. Reconciliation of profit after income tax to net cash used in operating activities

	Consolidated	
	2016	**2015**
	$	**$**
Profit after income tax expense for the year	12,689,459	225,562
Adjustments for:		
Share-based payments	262,648	213,899
Fair value adjustment for fair value investments through profit and loss	(15,094,679)	(697,152)
Change in operating assets and liabilities:		
Decrease/(increase) in trade and other receivables	15,990	(10,516)
Increase in deferred tax assets	(3,129,159)	-
Decrease in prepayments	-	253
Increase/(decrease) in trade and other payables	(244,971)	185,019
Increase in deferred tax liabilities	4,999,837	-
Net cash used in operating activities	(500,875)	(82,935)

Note 30. Earnings per share

	Consolidated 2016 $	Consolidated 2015 $
Profit after income tax attributable to the owners of Argo Exploration Limited	12,689,459	225,562

	Number	Number
Weighted average number of ordinary shares used in calculating basic earnings per share	159,605,246	126,321,370
Weighted average number of ordinary shares used in calculating diluted earnings per share	159,605,246	126,321,370

	Cents	Cents
Basic earnings per share	7.95	0.18
Diluted earnings per share	7.95	0.18

Note 31. 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.

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

2016

Grant date	Expiry date	Vesting 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	$0.035	8,200,000	-	(8,200,000)	-	-
03/07/2013	03/07/2018	$0.050	8,200,000	-	(8,200,000)	-	-
03/07/2013	03/07/2018	$0.075	12,300,000	-	(12,300,000)	-	-
03/07/2013	03/07/2018	$0.100	12,300,000	-	(12,300,000)	-	-
			41,000,000	-	(41,000,000)	-	-

2015

Grant date	Expiry date	Vesting 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	$0.035	8,200,000	-	-	-	8,200,000
03/07/2013	03/07/2018	$0.050	8,200,000	-	-	-	8,200,000
03/07/2013	03/07/2018	$0.075	12,300,000	-	-	-	12,300,000
03/07/2013	03/07/2018	$0.100	12,300,000	-	-	-	12,300,000
			41,000,000	-	-	-	41,000,000

Note 31. Share-based payments (continued)

For the performance rights granted during the prior 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 2016

In the directors' opinion:

- the attached financial statements and notes 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 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 give a true and fair view of the consolidated entity's financial position as at 30 June 2016 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 27 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
Non-Executive Director

10 August 2016
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 2016, 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 2016 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.

Report on the remuneration report

We have audited the remuneration report included in pages 6 to 12 of the directors' report for the year ended 30 June 2016. 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 2016, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

B. A. Mackenzie
Partner - Audit & Assurance

Melbourne, 10 August 2016

Argo Exploration Limited
Shareholder information
30 June 2016

The shareholder information set out below was applicable as at 2 August 2016.

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	19
1,001 to 5,000	81
5,001 to 10,000	113
10,001 to 100,000	300
100,001 and over	165
	678
Holding less than a marketable parcel	119

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
Millwest Investments Pty Ltd (Millwest A/C)	20,320,000	11.11
Hawthorn Grove Investments Pty Ltd	19,000,000	10.38
Mrs Kathryn Van Der Zwan (Harleston Family A/C)	15,495,773	8.47
Mr Justin George Hondris	10,000,000	5.47
HSBC Custody Nominees (Australia) Limited-GSCO ECA	9,320,000	5.09
Octopi Enterprises Pty Ltd	5,300,000	2.90
Bushline Pty Ltd (Hutton Family A/C)	5,000,000	2.73
Mr Hugh Herbert	4,585,851	2.51
Cornwall Development Corporation	3,400,000	1.86
Mejulie Pty Ltd (Hutton Retirement A/C)	3,000,000	1.64
Mr John Stergiou and Mrs Kathy Stergiou (Argyri Family A/C)	2,500,000	1.37
Citicorp Nominees Pty Limited	2,025,535	1.11
Allua Holdings Pty Ltd (The DRG A/C)	2,000,000	1.09
Mrs June Maureen Hondris	2,000,000	1.09
Rojul Nominees Pty Ltd (RR Martin Super Fund A/C)	2,000,000	1.09
Tmena Pty Ltd (Combivan Pty Ltd Account)	2,000,000	1.09
M&J Casey Super Pty Ltd (Mark Casey Super Fund A/C)	1,650,000	0.90
Dr Henry Martin Stenning	1,500,000	0.82
Rojul Nominees Pty Ltd (R R Martin Super Fund A/C)	1,500,000	0.82
Mr Peter Stuart Behrendorff and Mrs Emma Frances Behrendorff (Clarke Behrendorff A/C)	1,425,750	0.78
	114,022,909	62.32

Unquoted equity securities
There are no unquoted equity securities.

Substantial holders

Substantial holders in the company are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Millwest Investments Pty Ltd (Millwest A/C)	20,320,000	11.11
Hawthorn Grove Investments Pty Ltd	19,000,000	10.38
Mrs Kathryn Van Der Zwan (Harleston Family A/C)	15,495,773	8.47
Mr Justin George Hondris	10,000,000	5.47
HSBC Custody Nominees (Australia) Limited-GSCO ECA	9,320,000	5.09

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.