



**ARGOSY MINERALS**  
**LIMITED**

ACN | 073 391 189

## **INTERIM FINANCIAL REPORT**

**FOR THE HALF-YEAR ENDED 30 JUNE 2011**

	Page
Corporate directory	1
Directors' report	2
Auditors' independence declaration	4
Independent review report	5
Directors' declarations	7
Consolidated statement of comprehensive income	8
Consolidated statement of financial position	9
Consolidated statement of changes in equity	10
Consolidated statement of cash flows	11
Notes to the financial statements	12

---

## CORPORATE DIRECTORY

### **Directors**

Mr. Philip Thick –Chairman  
Mr. Peter Lloyd – Chief Executive Director  
Mr. Cecil Bond– Non-Executive Director  
Mr. Danie van den Bergh – Non-Executive Director

### **Company Secretary**

Mr. Peter Lloyd

### **Registered and Principal Office**

Level 1, Suite 9  
154 Hampden Road  
Nedlands WA 6000 Australia  
Telephone: (61 8) 9389 5803  
Facsimile: (61 8) 9389 5879

### **Share Registers**

Computershare Investor Services Pty Ltd  
Level 2, 45 St Georges Terrace  
Perth WA 6000  
Telephone: (+61) 8 9323 2000

### **Solicitors**

Allion Legal Pty Ltd  
Level 2, 50 Kings Park Road  
West Perth WA 6005  
Australia

### **Auditor**

BDO Audit (WA) Pty Ltd  
38 Station Street  
Subiaco WA 6008

### **Bankers**

Australia and New Zealand Banking  
Group Limited

### **Stock Exchange Listings**

Argosy Minerals Limited shares  
are listed on the Australian Securities  
Exchange (Symbol: AGY)

### **Website and Email**

[www.argosyminerals.com.au](http://www.argosyminerals.com.au)  
[admin@argosyminerals.com.au](mailto:admin@argosyminerals.com.au)

## DIRECTORS' REPORT

The Directors of Argosy Minerals Limited present their report on the consolidated entity consisting of Argosy Minerals Limited ("Company" or "Argosy") and the entities it controlled ("Consolidated Entity" or "Group") at the end of, or during, the half-year ended 30 June 2011.

### Directors

The names of directors in office at any time during the financial period or since the end of the financial period are:

Mr. Philip Thick  
Mr. Peter Lloyd  
Mr. Cecil Bond  
Mr. Danie van den Bergh (appointed 31 May 2011)  
Mr. John Maloney (resigned 31 May 2011)

Unless otherwise stated each director held their office from 1 January 2011 until the date of this report.

### Principal activities

The principal activity of the Group during the period was the acquisition of exploration projects for base and precious metals. No significant change in the nature of this activity occurred during the financial period.

### Dividends

No dividends have been declared, provided for or paid in respect of the half-year (30 June 2010: Nil).

### Consolidated results

	<b>Half-Year Ended 30 June 2011</b>	Half-Year Ended 30 June 2010
	\$	\$
Consolidated (loss) before income tax expense	<b>(689,846)</b>	(464,588)
Income tax benefit / (expense)	-	-
Net (loss)	<b>(689,846)</b>	(464,588)

### Post balance date events

No event has occurred since 30 June 2011 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.

### Summary review of operations

The first half of 2011 saw Argosy's application for one iron ore exploration licence and three chromite exploration licences in Sierra Leone granted. Argosy also raised approximately 2 million dollars through a capital raising and exercise of options.

On 14 January 2011, Argosy Minerals Limited ('formerly Argosy Minerals Inc') announced the Company's redomicile from Canada to Australia. The redomicile was approved by shareholders on 27 May 2010. The Company has received notice from Australian Securities and Investment Commission ('ASIC') that it has been registered as an Australian company effective from 24 December 2010.

The Group raised \$1.49 million through private placement of 14.9 million ordinary shares at 10 cents per share. This placement was subject to the grant of an exploration licence over Argosy 93 Prospect ('Bembeye Iron Ore Project') In addition, Directors exercised 4.75million options at 10 cents per option and staff exercised 350,000 options at 10 cents per option to raise a further \$510,000. The funds raised will be used to fund the development of the project and for working capital purposes.

## DIRECTORS' REPORT

In addition to the Bembeye Iron Ore Project, the Group was also granted three exploration licences over chromite prospects in Sierra Leone. These projects are Gorahun Vaama Chromite Project located in south-eastern Sierra Leone, Bunumbu Chromite Project located in eastern Sierra Leone, and Mayepema Chromite Project located in south-eastern Sierra Leone.

After the grant of these licences, Argosy immediately began work on the Bembeye Iron Ore Project. Through consultation with our Sierra Leone based geologists, an exploration plan was developed. Initially, an airborne magnetic survey will be flown and quotes from relevant operators were requested during this period. A team also performed an initial site visit and a preliminary assessment of the area.

### Significant changes in the state of affairs

Apart from the above or as noted elsewhere in this report no significant changes in the state of affairs of the Group occurred during the financial period.

### Auditor's Independence Declaration

The Auditor's independence declaration as required by section 307C of the *Corporations Act 2001* is included on page 4 of the half-year financial report.

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

On behalf of the Directors



**Peter Lloyd**  
**Chief Executive Officer**  
Perth, Western Australia

8 September 2011

---

## AUDITOR'S INDEPENDENCE DECLARATION



Tel: +8 6382 4600  
Fax: +8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

8 September 2011

The Directors  
Argosy Minerals Limited  
9/154 Hampden Road  
NEDLANDS WA 6009

Dear Sirs,

### DECLARATION OF INDEPENDENCE BY GLYN O'BRIEN TO THE DIRECTORS OF ARGOSY MINERALS LIMITED

As lead auditor for the review of Argosy Minerals Limited for the half-year ended 30 June 2011, I declare that to the best of my knowledge and belief, there have been:

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

This declaration is in respect of Argosy Minerals Limited and the entities it controlled during the period.



**Glyn O'Brien**  
Director



**BDO Audit (WA) Pty Ltd**  
Perth, Western Australia

---

## INDEPENDENT REVIEW REPORT



Tel: +8 6382 4600  
Fax: +8 6382 4601  
www.bdo.com.au

38 Station Street  
Subiaco, WA 6008  
PO Box 700 West Perth WA 6872  
Australia

### INDEPENDENT AUDITOR'S REVIEW REPORT TO THE MEMBERS OF ARGOSY MINERALS LIMITED

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

We have reviewed the accompanying half-year financial report of Argosy Minerals Limited, which comprises the statement of financial position as at 30 June 2011, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, notes comprising a summary of significant accounting policies and other explanatory information, and the directors' declaration of the consolidated entity comprising the disclosing entity and the entities it controlled at the half-year's end or from time to time during the half-year.

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

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

#### Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argosy Minerals Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

#### Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Argosy Minerals Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

BDO Audit (WA) Pty Ltd ABN 79 112 284 787 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (WA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation (other than for the acts or omissions of financial services licensees) in each State or Territory other than Tasmania.

---

## INDEPENDENT REVIEW REPORT



### Conclusion

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.

BDO Audit (WA) Pty Ltd



**Glyn O'Brien**  
Director

Perth, Western Australia  
Dated this 8<sup>th</sup> day of September 2011

## DIRECTORS' DECLARATION

In the Directors' opinion:

- (a) the financial statements and accompanying notes set out on pages 8 to 14, are in accordance with the *Corporations Act 2001*, including:
  - (i) complying with Accounting Standards and the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
  - (ii) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the half-year ended on that date.
- (b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



**Peter Lloyd**  
**Chief Executive Officer**  
Perth, Western Australia

8 September 2011

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2011

	Note	Consolidated	
		30 June 2011	30 June 2010
		\$	\$
Revenue from continuing operations	(4)	11,936	19,267
Other income		-	4,148
		<b>11,936</b>	23,415
General and administrative expenses		<b>(316,890)</b>	(298,685)
Directors fees		<b>(41,667)</b>	(35,000)
Foreign exchange loss	(5)	<b>(2,076)</b>	-
Depreciation expense	(5)	<b>(4,997)</b>	(2,447)
Exploration and evaluation expense	(5)	<b>(336,152)</b>	(151,871)
<b>(Loss) from continuing operations before income tax expense</b>		<b>(689,846)</b>	(464,588)
Income tax benefit		-	-
<b>Net (loss) attributable to members of the Company</b>		<b>(689,846)</b>	(464,588)
Other comprehensive income		-	-
<b>Total comprehensive income for the period attributable to members of the Company</b>		<b>(689,846)</b>	(464,588)
<b>(Loss) per share attributable to members of the Company</b>			
Basic and diluted (loss) per share (cents per share)		<b>(0.61)</b>	(0.46)

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

### AS AT 30 JUNE 2011

	Note	Consolidated	
		30 June 2011	31 December 2010
		\$	\$
<b>Current assets</b>			
Cash and cash equivalents		1,854,915	571,781
Trade and other receivables		30,852	15,648
<b>Total current assets</b>		<b>1,885,767</b>	<b>587,429</b>
<b>Non-current assets</b>			
Property, plant and equipment		11,307	7,016
<b>Total non-current assets</b>		<b>11,307</b>	<b>7,016</b>
<b>Total assets</b>		<b>1,897,074</b>	<b>594,445</b>
<b>Current liabilities</b>			
Trade and other payables		79,594	85,619
<b>Total liabilities</b>		<b>79,594</b>	<b>85,619</b>
<b>Net assets</b>		<b>1,817,480</b>	<b>508,826</b>
<b>Equity</b>			
Contributed equity	(6)	52,332,111	50,333,611
Reserve		3,187,406	3,187,406
Accumulated losses		(53,702,037)	(53,012,191)
<b>Total equity</b>		<b>1,817,480</b>	<b>508,826</b>

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2011

	Consolidated			
	Contributed Equity	Option Issue Reserve	Accumulated Losses	Total
	\$	\$	\$	\$
<b>Balance as at 1 January 2010</b>	<b>50,333,611</b>	<b>3,187,406</b>	<b>(51,947,599)</b>	<b>1,573,418</b>
(Loss) for the period	-	-	(464,588)	(464,588)
<b>Total comprehensive income for the period</b>	-	-	(464,588)	(464,588)
<b>Transactions with owners, in their capacity as owners</b>				
Contributed equity net of transaction costs	-	-	-	-
	-	-	-	-
<b>Balance as at 30 June 2010</b>	<b>50,333,611</b>	<b>3,187,406</b>	<b>(52,412,187)</b>	<b>1,108,830</b>
<b>Balance at 1 January 2011</b>	<b>50,333,611</b>	<b>3,187,406</b>	<b>(53,012,191)</b>	<b>508,826</b>
(Loss) for the period	-	-	(689,846)	(689,846)
<b>Total comprehensive income for the period</b>	-	-	(689,846)	(689,846)
<b>Transactions with owners, in their capacity as owners</b>				
Contributed equity net of transaction costs	1,998,500	-	-	1,998,500
	1,998,500	-	-	1,998,500
<b>Balance as at 30 June 2011</b>	<b>52,332,111</b>	<b>3,187,406</b>	<b>(53,702,037)</b>	<b>1,817,480</b>

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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2011

	Consolidated	
	30 June 2011	30 June 2010
	\$	\$
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(715,938)	(469,806)
<b>Net cash (outflow) from operating activities</b>	<b>(715,938)</b>	<b>(469,806)</b>
<b>Cash flows from investing activities</b>		
Payment for property, plant & equipment	(9,288)	(5,050)
Interest received	11,936	19,267
<b>Net cash inflow from investing activities</b>	<b>2,648</b>	<b>14,217</b>
<b>Cash flows from financing activities</b>		
Proceeds from issues of shares	2,000,000	-
Share issue costs	(1,500)	-
<b>Net cash inflow from financing activities</b>	<b>1,998,500</b>	<b>-</b>
<b>Net increase / decrease in cash and cash equivalents</b>	<b>1,285,210</b>	<b>(455,589)</b>
Cash and cash equivalents at the beginning of the financial period	571,781	1,597,589
Effect of exchange rates on cash holdings in foreign currencies	(2,076)	4,148
<b>Cash and cash equivalents at the end of the financial period</b>	<b>1,854,915</b>	<b>1,146,148</b>

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

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 30 JUNE 2011

#### 1. Basis of Preparation

The financial report consists of consolidated financial statements for Argosy Minerals Limited and its subsidiaries ("Group" or "Consolidated Entity").

These general purpose financial statements for the period ended 30 June 2011 have been prepared in accordance with Australian Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

The half year financial report does not include all the notes of the type normally included in annual financial statements. Accordingly, this financial report should be read in conjunction with the most recent annual financial report for the year ended 31 December 2010 and any public announcements made by the Company during the half year in accordance with the disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year.

#### 2. Segment information

Management has determined the operating segments based on the reports reviewed by the board of directors that are used to make strategic decisions. The entity does not have any operating segments with discrete financial information. The group does not have any customers, and all the group's assets and liabilities are located within Australia.

The Board of Directors review internal management reports on a monthly basis that is consistent with the information provided in the statement of comprehensive income, statement of financial position and statement of cash flows. As a result no reconciliation is required because the information as presented is what is used by the Board to make strategic decisions.

#### 3. Dividends

No dividend has been paid or is proposed in respect of the half year ended 30 June 2011 (2010: None).

#### 4. Revenue

Revenue for the half year includes the following items, which are significant because of their nature, size or incidence:

	<b>Consolidated</b>	
<i>Note</i>	<b>30 June 2011</b>	30 June 2010
	\$	\$
<b>Income</b>		
<i>Revenue from continuing operations</i>		
Interest	<b>11,936</b>	19,267

#### 5. Expenses

Expense for the half year includes the following items, which are significant because of their nature, size or incidence:

Depreciation of property, plant and equipment	<i>(i)</i>	<b>(4,997)</b>	(2,447)
Foreign exchange loss	<i>(ii)</i>	<b>(2,076)</b>	-
Exploration and evaluation expense	<i>(iii)</i>	<b>(336,152)</b>	(151,871)

## NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2011

### 5. Expenses (continued)

- (i) Depreciation is calculated using the straight-line method to allocate the cost of property, plant and equipment over their useful lives.
- (ii) During the half year ended 30 June 2011 the Group recognised an unrealised foreign exchange loss in relation to the translation of Canadian dollar denominated cash and cash equivalents.
- (iii) The Group incurred exploration and evaluation expenses during the half year ended 30 June 2011 in respect of the application for and grant of, one iron ore exploration licence and three chromite exploration licences in Sierra Leone, and preliminary exploration assessment of these areas.

### 6. Contributed capital

Movements in contributed equity during the current and prior financial period are as follows:

	Date	Number of Securities	Issue Price	\$
<b>Balance at 30 June 2010</b>		99,919,105		50,333,611
<b>Balance at 31 December 2010</b>		<b>99,919,105</b>		<b>50,333,611</b>
Placement	4-Mar-11	<b>14,900,000</b>	A\$0.10	<b>1,490,000</b>
Options exercise	4-Mar-11	<b>4,750,000</b>	A\$0.10	<b>475,000</b>
Options exercise	25-May-11	<b>350,000</b>	A\$0.10	<b>35,000</b>
Share issue costs				<b>(1,500)</b>
<b>Balance at 30 June 2011</b>		<b>119,919,105</b>		<b>52,332,111</b>

### 7. Commitments

Capital expenditure contracted for at the reporting date but not recognised as a liability is as follows:

	Consolidated	
	30 June 2011	31 December 2010
	\$	\$
<b>Rent</b>		
Payable:		
Within one year	<b>27,978</b>	46,000
Later than one year but not later than five years	-	4,910
	<b>27,978</b>	50,910

#### Exploration:

All of the group's tenements are situated in Sierra Leone. In order to maintain an interest in the mining and exploration tenements in which the group is involved, the group is committed to meet the conditions under which the tenements are granted. The timing and amount of exploration expenditure commitments and obligations of the group are subject to the minimum expenditure commitments required as per the Mining Act, as amended, and may vary significantly from the forecast based upon the results of the work performed which will determine the prospectivity of the relevant area of interest.

As at 30 June 2011, the group has no outstanding exploration commitments for expenditure not reflected in the financial statements (2010: nil).

## **NOTES TO THE FINANCIAL STATEMENTS**

### **FOR THE HALF-YEAR ENDED 30 JUNE 2011**

#### **8. Contingencies**

The Consolidated Entity has no material contingent assets or liabilities as at balance date.

#### **9. Subsequent events**

No event has occurred since 30 June 2011 that would materially affect the operations of the Group, the results of the Group or the state of affairs of the Group not otherwise disclosed in the Group's financial statements.