



ARGOSY MINERALS
LIMITED

ACN | 073 391 189

INTERIM FINANCIAL REPORT

FOR THE HALF-YEAR ENDED 30 JUNE 2012

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CORPORATE DIRECTORY

Directors

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

Group Secretary

Mr Alan Thomas

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Share Registry

Computershare Investor Services
Level 2, 45 St Georges Terrace
Perth WA 6000

Telephone: 1300 577 010
Email: web.queries@computershare.com.au

Solicitors

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

Auditors

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

Bankers

Australia and New Zealand Banking Group Limited
Nedlands Branch
31 Broadway
Nedlands WA 6009
Australia

Home Exchange

Australian Securities Exchange Limited
Home Branch: Perth
ASX Code: AGY
ABN: 27 073 391 189

DIRECTORS' REPORT

The Directors of Argosy Minerals Limited present their report on the consolidated entity (the "Group") consisting of Argosy Minerals Limited and the entities it controlled at the end of, or during, the half-year ended 30 June 2012.

Directors

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

Peter Lloyd
Philip Thick
Danie van den Bergh

Unless otherwise stated each director held their office from 1 January 2012 until the date of this report.

Principal activities

The principal activity of the Group during the period was the acquisition of exploration projects for coal and base 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 2011: Nil).

Consolidated results

	Half-Year Ended 30 June 2012	Half-Year Ended 30 June 2011
	\$	\$
Consolidated loss before income tax expense	(468,046)	(689,846)
Income tax benefit / (expense)	-	-
Net loss	(468,046)	(689,846)

Post reporting date events

No event has occurred since 30 June 2012 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

During the last 6 months the Group has continued to investigate opportunities in various countries in Africa in a number of minerals and in particular coal and base metals.

The Group has investigated opportunities in coal both thermal and metallurgical/coking coal in at least 3 separate countries.

At the same time the Group has had under continuous review the iron ore project in Sierra Leone. The Group took the view some months ago that it would be very cautious in its approach to a green fields magnetite project that required large capital expenditure if the project, in due course warranted being brought into production. In view of the more recent developments that have occurred in the iron ore market and the subsequent reduction in price, the Group considers its approach of one of caution to be totally justified.

The Group hopes to be in a position to make an announcement in the very near future in regard to continuing with its existing projects. At the present time the Group has under review a number of opportunities.

DIRECTORS' REPORT

Significant changes in the state of affairs

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, and on behalf of the Board by



Peter Lloyd
Chief Executive Officer
Perth, Western Australia

12 September 2012

12 September 2012

Argosy Minerals Limited
The Board of Directors
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 of Argosy Minerals Limited for the half-year ended 30 June 2012, 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
- 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 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 consolidated statement of financial position as at 30 June 2012, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated 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 internal 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 half-year 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 2012 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 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 2012 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*.

Emphasis of Matter

Without modifying our conclusion, we draw attention to Note 1 in the financial report which indicates that Argosy Minerals Limited incurred a net loss of \$468,046 during the half-year ended 30 June 2012 and will need to seek additional funding in the next twelve months in order to progress its exploration activities. These conditions along with matters as set forth in Note 1 of the financial report indicate the existence of a material uncertainty which may cast significant doubt on the consolidated entity's ability to continue as a going concern and therefore whether it will realise its assets and extinguish its liabilities in the normal course of business at the values stated in the financial report.

BDO Audit (WA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'Glyn O'Brien', with the letters 'BDO' written above it.

Glyn O'Brien
Director

Perth, Western Australia
Dated this 12th day of September 2012

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 2012 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

12 September 2012

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Note	Consolidated	
		30 June 2012	30 June 2011
		\$	\$
Revenue from continuing operations	(4)	18,868	11,936
Compliance costs		(19,486)	(53,392)
Bank charges		(1,032)	(1,430)
Rental expenses		(34,539)	(36,046)
Directors fees		(20,000)	(41,667)
Office expenses		(19,066)	(10,358)
Depreciation		(2,856)	(4,997)
Exploration and project assessment expenses		(93,682)	(236,291)
Professional fees		(44,067)	(2,872)
Management fees		(224,585)	(284,423)
Travel expenses		-	(13,126)
Other expenses		(27,601)	(17,180)
Loss before income tax		(468,046)	(689,846)
Income tax benefit / (expense)		-	-
Loss attributable to Owners of Argosy Minerals Limited		(468,046)	(689,846)
Other comprehensive loss		-	-
Total comprehensive loss for the period attributable to owners of Argosy Minerals Limited		(468,046)	(689,846)
Loss per share for loss attributable to ordinary equity holders of the group:			
Basic and diluted loss per share (cents per share)		(0.39)	(0.61)

The above consolidated Statement of Comprehensive Income should be read in conjunction with the Notes of the Financial Statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2012

	Note	Consolidated	
		30 June 2012	31 December 2011
		\$	\$
Current assets			
Cash and cash equivalents		840,800	1,308,754
Trade and other receivables		1,648	7,803
Total current assets		842,448	1,316,557
Non-current assets			
Property, plant and equipment		12,451	15,308
Total non-current assets		12,451	15,308
Total assets		854,899	1,331,865
Current liabilities			
Trade and other payables		56,777	65,697
Total liabilities		56,777	65,697
Net assets		798,122	1,266,168
Equity			
Contributed equity	(5)	52,332,700	52,332,700
Reserve		3,187,406	3,187,406
Accumulated losses		(54,721,984)	(54,253,938)
Total equity		798,122	1,266,168

The above consolidated Statement of Financial Position should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Consolidated			Total \$
	Contributed Equity \$	Option Issue Reserve \$	Accumulated Losses \$	
Balance as at 1 January 2011	50,333,611	3,187,406	(53,012,191)	508,826
Loss for the period	-	-	(689,846)	(689,846)
Total comprehensive loss for the period	-	-	(689,846)	(689,846)
Transactions with owners in their capacity as owners				
Contributed equity net of transaction costs	1,998,500	-	-	1,998,500
	1,998,500	-	-	1,998,500
Balance as at 30 June 2011	52,332,111	3,187,406	(53,702,037)	1,817,480
Balance at 1 January 2012	52,332,700	3,187,406	(54,253,938)	1,266,168
Loss for the period	-	-	(468,046)	(468,046)
Total comprehensive loss for the period	-	-	(468,046)	(468,046)
Transactions with owners in their capacity as owners				
Contributed equity net of transaction costs	-	-	-	-
	-	-	-	-
Balance as at 30 June 2012	52,332,700	3,187,406	(54,721,984)	798,122

The above consolidated Statement of Changes in Equity should be read in conjunction with the Notes to the Financial Statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF-YEAR ENDED 30 JUNE 2012

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Cash flows from operating activities		
Payments to suppliers and employees	(486,822)	(715,938)
Interest received	18,868	11,936
Net cash (outflow) from operating activities	(467,954)	(704,002)
Cash flows from investing activities		
Payment for property, plant & equipment	-	(9,288)
Net cash (outflow) from investing activities	-	(9,288)
Cash flows from financing activities		
Proceeds from issues of shares	-	2,000,000
Share issue costs	-	(1,500)
Net cash inflow from financing activities	-	1,998,500
Net increase / (decrease) in cash and cash equivalents	(467,954)	1,285,210
Cash and cash equivalents at the beginning of the financial period	1,308,754	571,781
Effect of foreign exchange rate movements	-	(2,076)
Cash and cash equivalents at the end of the financial period	840,800	1,854,915

The above consolidated Statement of Cash Flows should be read in conjunction with the Notes to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

1. Basis of Preparation

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

a) Basis of Preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Boards, Australian Accounting Interpretations 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 2011 and any public announcements made by the Group 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.

b) Going concern basis

The financial statements have been prepared on the going concern basis, which contemplates the continuity of normal business activity and the realisation of assets and the settlement of liabilities in the normal course of business. During the half-year ended 30 June 2012 the Group incurred a net loss of \$468,046.

The Group's ability to continue as a going concern and pay its debts as and when they fall due, given the Group's intended operational plans, assumes the following:

- (i) Further capital raising in the next twelve months; and
- (ii) Active management of current level of discretionary expenditure in line with the fund available to the Group.

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 in the face of the financial statements 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 2012 (2011: None).

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2012

4. Revenue

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

	Consolidated	
	30 June 2012	30 June 2011
	\$	\$
Income		
<i>Revenue from continuing operations</i>		
Interest	18,868	11,936

5. Contributed capital

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

	Date	Number of Securities	Issue Price	\$
Balance at 30 June 2011		119,919,105		52,332,111
Balance at 31 December 2011		119,919,105		52,332,700
No shares issued during the period				
Balance at 30 June 2012		119,919,105		52,332,700

6. Commitments

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

	Consolidated	
	30 June 2012	31 December 2011
	\$	\$
Rent		
Payable:		
Within one year	41,067	10,267
Later than one year but not later than five years	-	-
	-	10,267

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 2012, the group has no outstanding exploration commitments for expenditure not reflected in the financial statements (2011: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE HALF-YEAR ENDED 30 JUNE 2012

7. Contingencies

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

8. Subsequent events

No event has occurred since 30 June 2012 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.