



ABN 41 141 940 230

ANNUAL REPORT

Year ended 30 June 2012

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Corporate Directory

Directors

Steve Shedden	Executive Chairman
Eduardo Videla	Managing Director
Douglas Bright	Non-Executive Director
Tim Kennedy	Non-Executive Director

Company Secretary

John Arbuckle

Registered Office

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Osborne Park WA 6017
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Facsimile: +61 8 9244 7273
Email: info@argentinamining.com.au
Website: www.argentinamining.com.au

Auditors

Deloitte Touche Tohmatsu
Level 14, Woodside Plaza
240 St Georges Terrace
Perth WA 6000

Bankers

National Australia Bank
1232 Hay Street
West Perth WA 6005

Share Registry

Security Transfer Registrars Pty Limited
770 Canning Highway
Applecross WA 6153
Telephone: +61 8 9315 2333
Facsimile: +61 8 9315 2233

Securities Exchange Listing

The Company is listed on the Australian Securities Exchange Limited ("ASX")
Home Exchange: Perth, Western Australia

ASX Code: **AVK**
AVKO

Chairman's Letter

Dear Shareholder

On behalf of your Directors, I am pleased to present Argentina Mining Limited's Annual Report and Financial Statements for the period 1 July 2011 to 30 June 2012.

Argentina Mining is focussed solely on mineral exploration for porphyry copper and epithermal gold deposits in the great Andean Cordillera mineral province within San Juan Province, Argentina.

In late June 2011, the Company announced the results of its maiden diamond drilling at the Copper Hill Prospect in the Cerro Blanco Project. These results were very encouraging, with long intercepts of copper-gold-mineralisation conclusively proving that Copper Hill has the potential to yield a major porphyry copper deposit. Encouraged by this success, the Company set about geological mapping, geochemical sampling and geophysical (ground magnetics and Induced Polarisation) surveys in preparation for further drilling.

In September 2011 the second phase of drilling commenced and continued to mid-December 2011. Further encouragement was received from this work, with pervasive copper-gold-molybdenum mineralisation reporting in all drill holes.

These pioneering diamond drill holes at Copper Hill have partially delineated a large porphyry deposit which exhibits all elements typical of such deposits including gold enrichment in the leached zone, supergene copper enrichment, pervasive structurally-controlled primary zone mineralisation and achieving very encouraging intercepts, eg:

- MC-1: 102.5m @0.18% Cu, 0.6g/t Au, 65 ppm Mo
- MC-3: 108m @0.20% Cu, 0.11g/t Au, 225ppm Mo
- MC-4: 20m @ 0.47% Cu, 0.21g/t Au, 224ppm Mo

Work on other projects was directed toward generating new drill targets. At Tres Amigos, an Induced Polarisation geophysical survey and geological mapping identified targets which have attracted a joint venture interest from another company, now under negotiation. Initial exploration in the San Francisco Project delineated an epithermal quartz vein system in the Las Leñas Valley which is exposed over 3.7 kilometres and has yielded highly anomalous gold in rock chip samples of up to 2.38g/t gold. La Leñas is located only about 50 kilometres from Troy Resources Limited's operating Casposo gold mine. Recent exploration by Argentina Mining continues to yield new target areas in this highly prospective part of the Andes.

An exploration alliance agreement between the Company and major shareholder Independence Group NL commenced systematic joint project generation, guided by one of Independence's most successful geologists. This work is initially focussed on regional work in San Juan Province.

In its first full year of operation Argentina Mining has established itself as an integral part of Argentina's vibrant mining industry. Your Company is working to build the base of mineral resources and reserves fundamental to increasing shareholder value.

We look forward to your continued support, for which we thank you.

Yours sincerely



Steve Shedden
Chairman

Directors' Report

The directors present their report on Argentina Mining Limited for the year ended 30 June 2012.

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows. Directors were in office for the entire period unless otherwise stated.

Stephen Shedden, BSc (Honours)(Geology) - Executive Chairman

Mr Shedden is a geologist with over 36 years' experience in the mining and exploration industry in a variety of commodities, particularly in Western Australia, eastern Australia and Papua New Guinea.

During extensive field experience in Papua New Guinea with CRA Exploration, and as a consultant, he was involved in many projects including the discovery of the Wafi Gold Project and drill evaluation of the Laloki Massive Sulphide deposit. In 1987, during a consulting assignment in the Bolivian Andes, his due diligence review resulted in his client acquiring what is now a major Bolivian operating gold mine, Kori Chaco.

Mr Shedden was the founding managing director of ASX-listed companies Gindalbie Metals Limited and Oroya Mining Limited. Mr Shedden is a Member of the Australasian Institute of Mining & Metallurgy and the Australian Institute of Geoscientists and was appointed as a director of Argentina Mining on 9 February 2010.

Other current directorships: None

Former directorships in last 3 years: Oroya Mining Limited (resigned 2009)

Eduardo Videla, BSc (Honours)(Geology) - Managing Director

Mr Videla serves as Managing Director and Director of Argentina Mining Limited since February 9, 2010. He is a geologist with over 22 years of mining industry experience. Mr Videla graduated in geology from the University of Cordoba, Argentina, where he graduated with the Gold Medal and Honours Diploma distinctions. He later undertook postgraduate studies at the Institute of Metallogenesis, State University of Campinas, Sao Paulo, Brazil, specialising in remote sensing techniques and application of computers to geology and metallogenesis.

Mr Videla started his career working for the Argentinean Atomic Energy Commission as a uranium exploration geologist. He later worked as Consultant Geologist for Canadian junior explorer Argentina Gold S.A., exploring for precious metals in San Juan where he participated in the discovery of the Veladero gold deposit.

He moved to Perth, Australia in late 1995 to continue post graduate studies in Geology at UWA. He joined Gemcom Australia in 1997, where he worked for 10 years until 2007. During this period he was Principal Business Analyst and Managing Director of Gemcom Australia. In 2007, he co-founded Entropy Resources SA (ERSA) in Argentina in association with Jorge Bastias. In February 2010, he co-founded Argentina Mining Limited, introducing ERSA's gold and base metal projects to the Company.

Mr Videla is a Member of the Australasian Institute of Mining & Metallurgy and is a Qualified Person as defined in National Instrument 43-101 (Canada) and JORC having authored and participated in numerous compliant resource estimates reports worldwide.

Other current directorships: None

Former directorships in last 3 years: U3O8 Holdings plc (resigned 31 May 2011)

Directors' Report

Douglas Bright, BSc (Geology)(Zoology) - Non-Executive Director

Mr Bright is a geologist and geochemist with 36 years of mining and exploration experience in Australia and overseas. His career includes geological exploration and operations management in Australia, Kyrgyzstan, Malaysia, Sardinia and Antarctica.

Through his consultancy Geochemex Australia and work in various roles with Oroya Mining Limited and Forsayth NL Mr Bright has considerable specific experience in many aspects of mining, exploration, with a special interest in geochemical exploration, and operations management.

Mr Bright is a Member of the Australasian Institute of Mining & Metallurgy and the Association of Exploration Geochemists and qualifies as a Competent Person for the reporting of Exploration Results under the JORC Code. Mr Bright was appointed a director on 9 February 2010.

Other current directorships: None

Former directorships in last 3 years: Oroya Mining Limited (Resigned 2009)

Timothy Kennedy, BAppSc(Geology), G.Dip(Bus), MBA - Non Executive Director

Mr Kennedy is a geologist with 28 years' experience in the exploration, feasibility and development of gold, nickel, PGE, base metal and uranium projects. He is currently Exploration Manager for Independence Group NL and is Independence's representative on the board.

Before joining Independence Mr Kennedy spent a total of seven years with global mining giants Minorco and Anglo American, including two years as Exploration Manger, Australia. During this time, he had exposure to Anglo's projects in Canada, India and the Philippines. In the late 1980s and 1990s, he worked with two of Australia's most successful exploration teams, Resolute Limited and Hunter Resources Limited.

Mr Kennedy is a Member of the Australasian Institute of Mining and Metallurgy and holds a Graduate Diploma in Business and a MBA from Latrobe University. Mr Kennedy was appointed a director of Argentina Mining on 18 May 2011.

Other current directorships: None

Former directorships in last 3 years: None

Company Secretary

John Arbuckle, B.Bus CPA

Mr Arbuckle is an experienced company secretary with extensive experience in the resources industry in Australia and overseas. Currently he operates a corporate advisory business that provides company secretarial, corporate and capital financing advice to resource industry companies. He has acted as the company secretary and director for several ASX listed companies and formerly held senior financial management roles with Mt Gibson Iron Limited, Perilya Limited, Rio Tinto Limited, North Limited and Anaconda Nickel Limited. He has considerable experience in developing financial and risk management strategies for mining companies and the implementation of accounting controls and systems.

Directors' Report

Directors' Interests in the Shares and Options of the Company

As at the date of this report, the interests of each director in the shares and options of Argentina Mining Limited is:

Director	Direct		Indirect	
	Shares	Options	Shares	Options
S Shedden	1	-	4,095,000	2,000,000
E Videla	6,500,001	-	4,095,000	2,000,000
D Bright	810,001	450,000	-	-
T Kennedy	-	-	11,905,300	5,952,650

Directors' Meetings

The number of meetings of the Company's board of directors and of each board committee held during the year ended 30 June 2012, and the numbers of meetings attended by each director were as follows:

Director	Directors' Meetings	
	A	B
S Shedden	4	4
E Videla	4	4
D Bright	4	4
T Kennedy	4	4

A = Number of meetings attended

B = Number of meetings held during the time the director held office

There were no audit, remuneration or nomination committee meetings during the period. The functions of the audit, remuneration and nomination committees were performed by the full board.

Principal Activities

The principal activities of the Company during the financial period were the identification of suitable copper, gold and base metals exploration and production opportunities and raising capital to fund those opportunities.

Review and Results of Operations

Argentina Mining Limited through its wholly owned subsidiary, Entropy Resources SA, holds a suite of highly prospective gold and base metal exploration projects in the Andean Cordillera of San Juan Province, Argentina. These projects range from previously established gold-copper porphyry targets at Cerro Blanco; vein gold and copper mineralisation at Amiches, San Francisco, Tres Amigos; and three regional exploration projects near Barrick Gold Corporation's major Veladero (Reserves 12Moz gold) and Pascua-Lama (Reserves 17.8Moz gold) gold operations.

Exploration conducted during the financial year ended 30 June 2012 includes:

Cerro Blanco Cu-Au-Mo Project

Argentina Mining optioned the Cerro Blanco Project in March 2011 and has conducted a major exploration program at the Copper Hill Prospect including geological reconnaissance, detailed geological and alteration mapping, rock chip geochemical sampling, ground magnetometry and surface induced polarization-resistivity geophysical surveys and diamond drilling.

Directors' Report

Review and Results of Operations (continued)

Diamond Drilling

The diamond drilling was undertaken in two phases, with an initial "proof-of-concept" program of two diamond drill holes to depths of 400 metres, followed by a further three diamond drill holes targeting depths of 700-750 metres, all on the western flanks of the Copper Hill Prospect. The drill program successfully defined pervasive disseminated copper-molybdenum mineralization, with gold in places in both primary core material and in a surface leached cap.

The drill-holes intersected broad zones of sulphide mineralisation and hydrothermal alteration, characteristic of many large Andean porphyry copper deposits. The mineralisation included both disseminated and veined chalcopyrite and pyrite and other copper sulphide minerals hosted by intensely-altered diorite porphyry and dacitic breccia over approximately 75% of the depths of both drill-holes. Both drill-holes terminated in copper mineralisation.

The Company's exploration concept that a significant porphyry copper mineralised system is present at Cerro Blanco is confirmed, clearly justifying continued exploration of the porphyry Cu-Au-Mo deposit with the objective of delineating a Mineral Resource at the earliest opportunity.

Prior to Argentina Mining's drilling, the project had not been tested for gold. Assaying of drill-holes MC-1 and MC-3 showed significant gold to a maximum grade of 0.38 g/t Au in MC-1. This is a level comparable to similar deposit styles and importantly here, is in direct association with copper.

The configuration of the drill-holes and the similarity of their lithological and mineralisation styles suggest that both holes, as well as 1968 drill-hole, CB-3, intersect the same mineralised body (refer examples, Figures 1a & 1b).

Argentina Mining interpret the drilled environment as the transitional zone of a hydrothermally-altered, copper-molybdenum-gold porphyry system with positive indications for potentially economic copper-gold-molybdenum mineralization.

Higher grade intersections from the drill program include:

- DDH MC-1: 102.5 metres @ 0.18% copper, 0.06 g/tonne gold, 65 ppm molybdenum (Cu%Eq 0.37% Cu) from 249 metres;
- DDH MC-2: 8.0 metres @ 0.38% copper, 0.11 g/tonne gold, 225 ppm molybdenum (Cu%Eq 0.58% Cu) from 158 metres;
- DDH MC-3: 108 metres @ 0.20% copper, 0.08 g/tonne gold, 95 ppm molybdenum (Cu%Eq 0.58% Cu) from 233 metres;
- DDH MC-4: 20 metres @ 0.47% copper, 0.21 g/tonne gold, 244 ppm molybdenum (Cu% Eq 0.81% Cu) from 357 metres; and,
- DDH MC-5: 24 metres @ 0.16% copper, 0.20 g/tonne gold, 36 ppm molybdenum (Cu%Eq 0.33% Cu) from 5.0 metres.

The highest copper grades reported were 1% Cu in drill-hole MC-4, 0.84% Cu in MC-1, 0.71% Cu in MC-2, 0.48% Cu in MC-3 and 0.32% in MC-5. The highest gold grades reported were 0.42 ppm Au in drill-hole MC-4, 0.38 ppm Au in MC-1, 0.31 ppm Au MC-3, 0.29 ppm Au in MC-5 and 0.26 ppm Au in MC-2.

Geophysics

Ground Magnetism Surveying

Encouraged by the visual presence of copper sulphide mineralisation in drill-holes MC-1 and MC-3, the Company brought forward a planned high resolution ground magnetism survey targeting the Copper Hill drilling target and adjacent areas.

Directors' Report

Review and Results of Operations (continued)

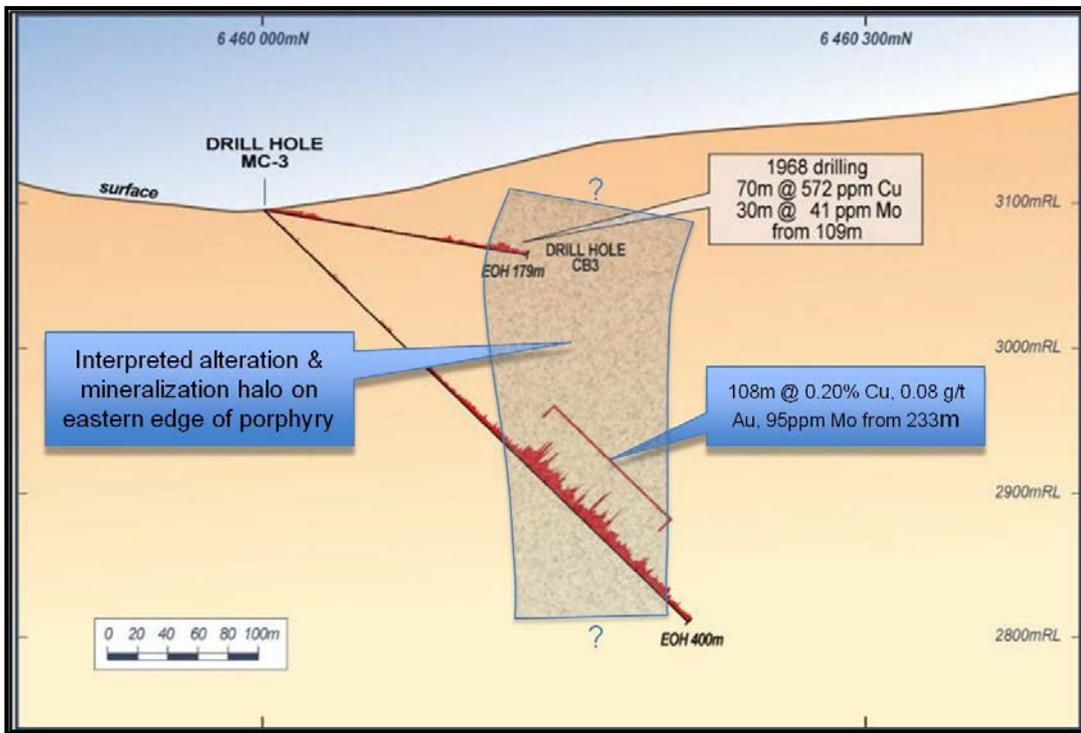


Figure 1a - Section showing drillhole MC-3 & 1968 drill-hole CB-3 with inferred alteration & mineralization envelope

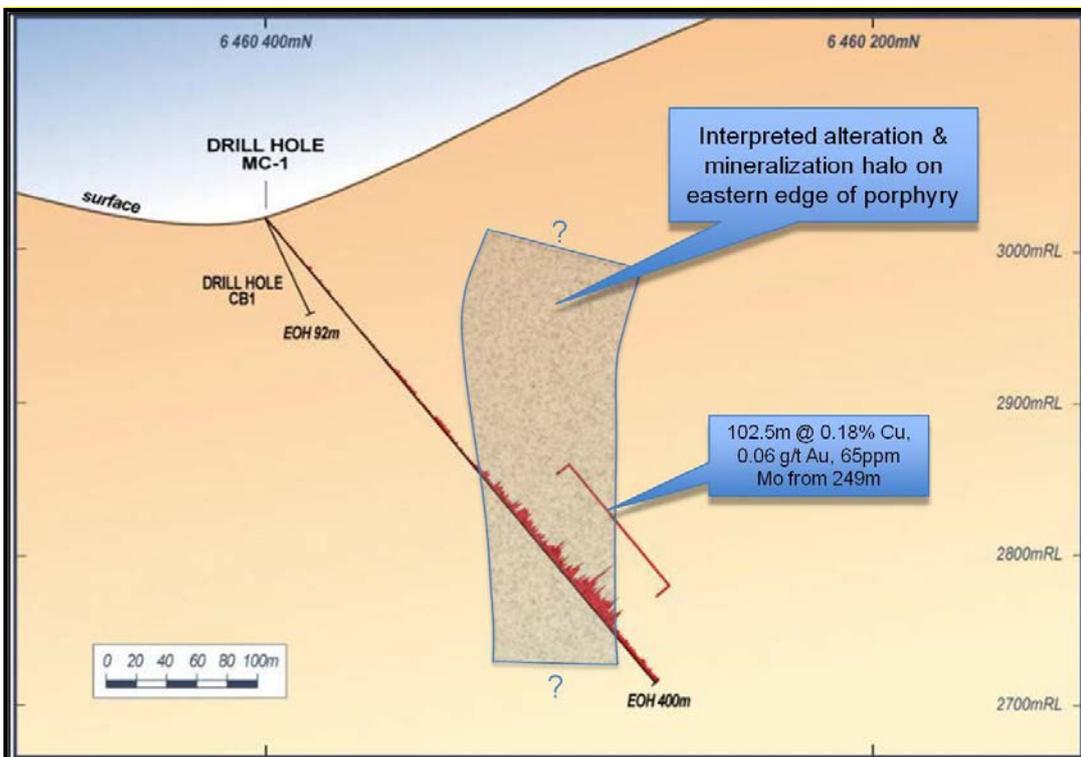


Figure 1b - Section showing drillhole MC-1 & 1968 drill-hole CB-1 with inferred alteration & mineralization envelope

Directors' Report

Review and Results of Operations (continued)

The survey was undertaken over 3km by 3km grid on a line spacing of 100 metres.

The results of the survey show a well-defined magnetic anomaly associated with the sulphide mineralisation intersected in the Company's diamond drill-holes. The anomaly has a broadly annular shape, typical of zoned porphyry copper deposits. The overall length of the north-south trending long axis of the anomaly is approximately 2 kilometres. 3-D magnetic susceptibility confirms the classic alteration and mineralization halo surrounding the porphyry intrusive, refer Figures 2 & 3.

The survey was successful in highlighting targets for further drilling. These targets have been integrated with geological mapping and the results of Induced Polarisation-resistivity ('IP-Resistivity') surveying.

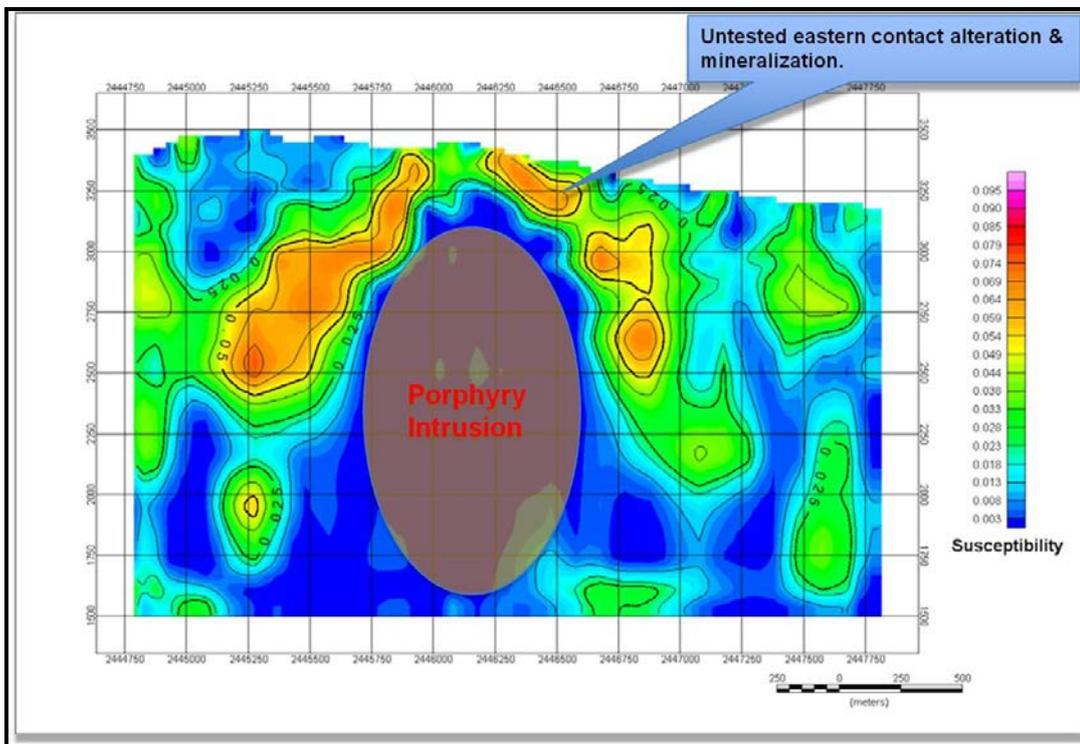


Figure 2 - 3-D Ground magnetics section showing interpreted alteration & mineralization halo around intrusive porphyry core

IP-Resistivity Surveying

Following encouraging results from the first phase diamond drilling in 2011 and the high resolution ground magnetic survey conducted in the June 2011 Quarter at the Copper Hill Prospect, an Induced Polarisation and Resistivity (IP) survey was undertaken. The results of this survey were released to ASX on 15 September 2011.

The IP survey defined a High Chargeability Zone ("HCZ") modelled from three dimensional, grid-based IP data collected over a 6 square kilometre area, centred on Copper Hill.

The HCZ is a discrete, ovoid, flat-lying feature measuring approximately 900 metres east-west and 1500 metres north-south and is apparently open to south. The HCZ, the upper surface of which is approximately 250 to 300 metres below natural surface level under Copper Hill, is interpreted to represent a sulphide-rich zone comparable with those found in known porphyry copper deposits. The HCZ is surrounded by a high-resistivity zone which may result from pervasive silicification or quartz veining associated with copper sulphide mineralisation.

Directors' Report

Review and Results of Operations (continued)

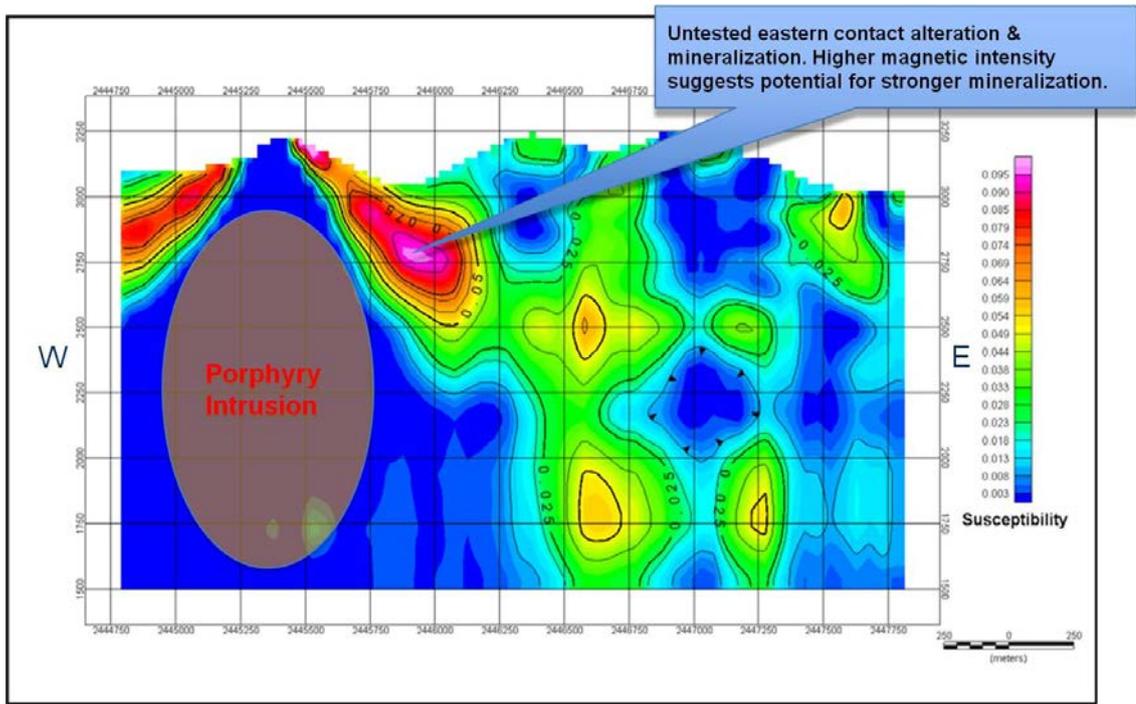


Figure 3 - 3-D Ground magnetic section showing interpreted alteration & mineralization halo around intrusive porphyry core

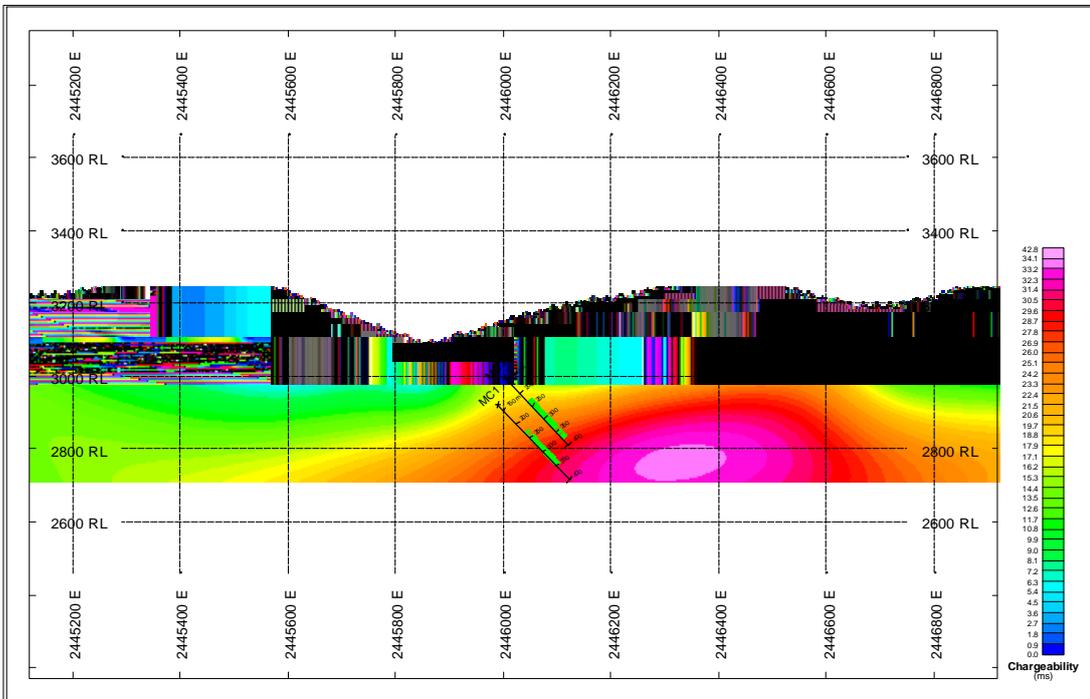


Figure 4 - Section 6460200N - Argentina Mining's first two "Proof-of-Concept" diamond drill-holes MC-1 & MC-3 at Copper Hill with >0.2% copper histogram, projected onto an IP chargeability section

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Directors' Report

Review and Results of Operations (continued)

Three dimensional modelling also indicates that Argentina Mining's previous drilling, which intersected wide zones of porphyry Cu-Au-Mo mineralisation, intersected the margins of the HCZ, within a pyrite-rich halo surrounding a potentially copper-rich internal zone, consistent with the Company's Exploration Model for Copper Hill.

Geological Mapping

Geological traversing and interpretation of satellite images during the June 2011 Quarter mapped the broad surface disposition of intrusive phases, contact alteration and brecciation marginal to the intrusive rocks. Argentina Mining has completed comprehensive alteration and geological mapping at Copper Hill, including detailed studies of the alteration observed in the five core holes.

This has greatly assisted understanding of the likely location of mineralization, as well as the sequence of multiple intrusive events, the overall structural evolution of the edifice and of major cross-faulting and resultant displacement of potential ore zones.

Deposit Modelling

Although only limited drilling has been completed at Copper Hill relative to the size of the altered and mineralised system evident at surface, the Company is sufficiently confident to invoke a generic preliminary Deposit Model (Figures 5a & 5b) to assist with exploration planning.

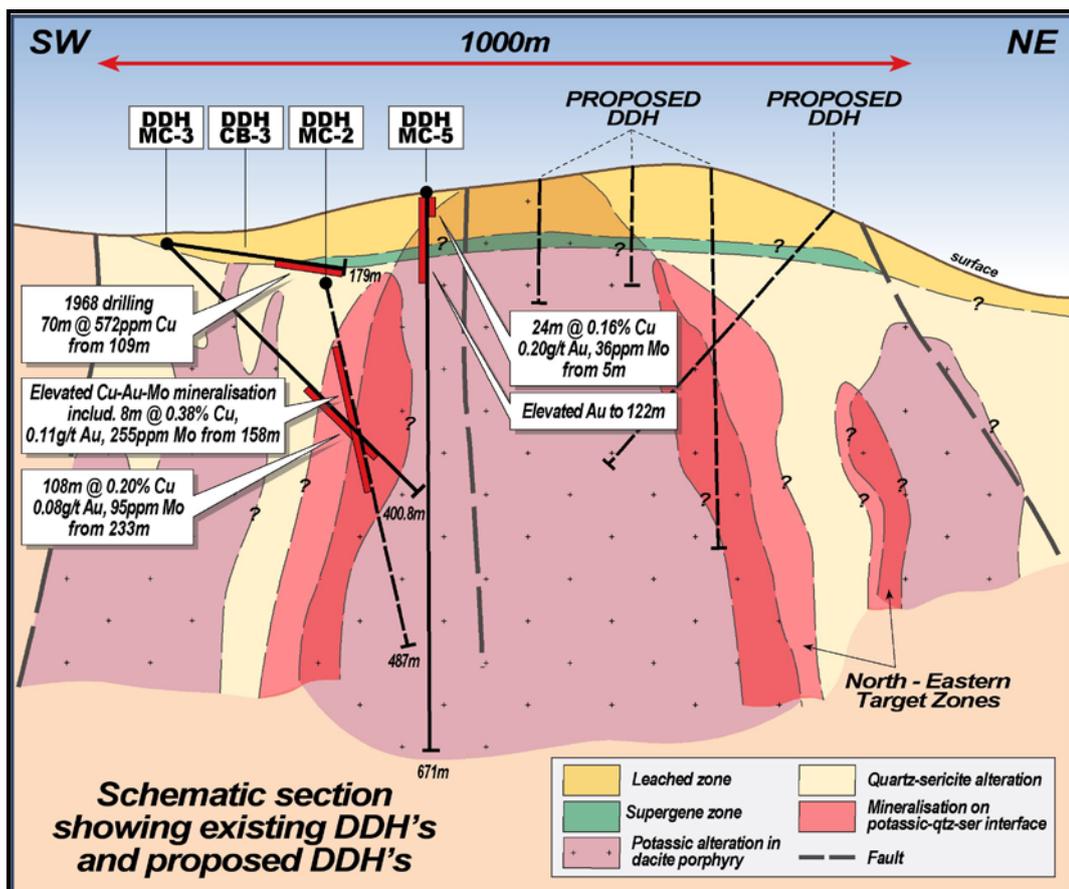


Figure 5a - Preliminary interpretation conforms to the classic Lowell & Guilbert porphyry model

Directors' Report

Review and Results of Operations (continued)

Numerous variations are possible in the Deposit Model. However, features of a typical porphyry copper system which may reasonably be anticipated at Copper Hill include:

- Structural control of mineralisation emplacement.
- Broadly annular disposition of hydrothermal alteration, primary sulphide intensity and mineralisation styles, e.g. disseminated versus veined stockwork mineralisation.
- Metal grade enhancements in structurally permissive zones, particularly brecciated and stockwork veined zones.
- Development of a supergene enrichment zone.

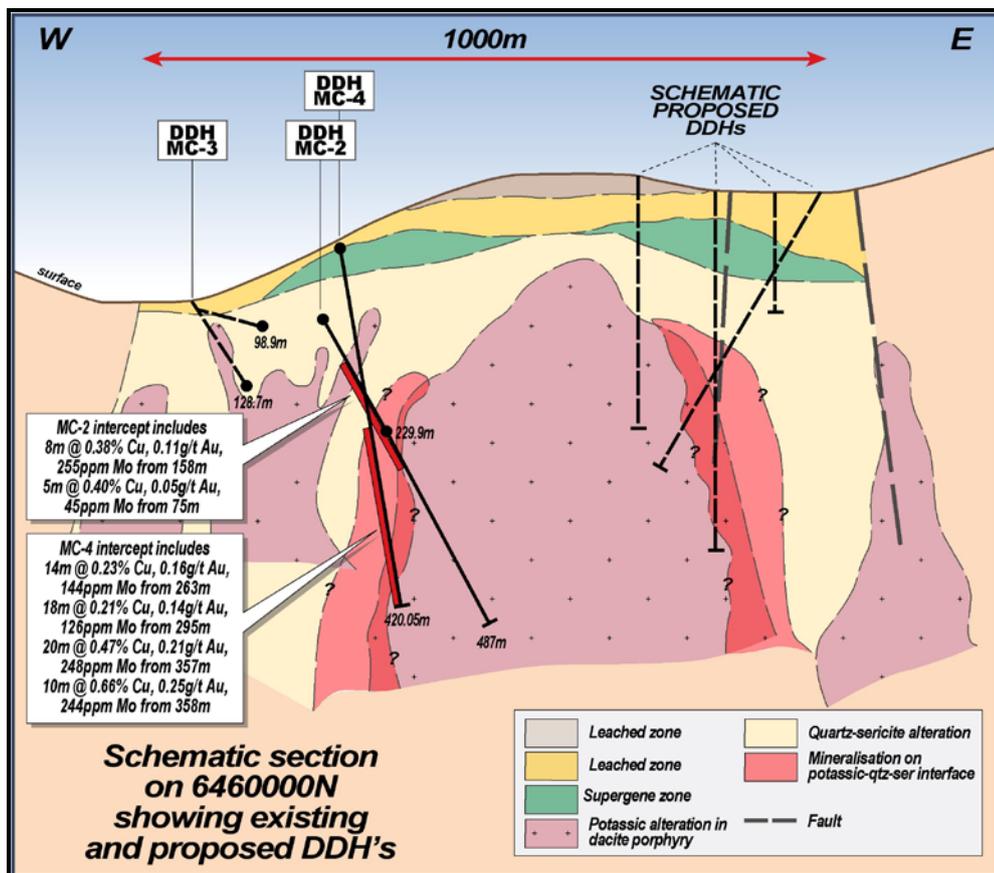


Figure 5b - Preliminary interpretation conforms to the classic Lowell & Guilbert porphyry model

Infrastructure and Logistics

Extensive access construction and drill pad development was undertaken at Cerro Blanco to support the drilling program (Figure 6) and other works on the project. These include field accommodation and office for greater efficiency of drilling and geological operations and improvements to water storage onsite. A core farm was established in the local township of Barreal, approximately 25km north of Copper Hill.

Other Exploration Targets within Cerro Blanco Project

The Company is currently undertaking preliminary geochemical stream sediment exploration in the large Despoblados Prospect area between 6 and 9 kilometres south of the Copper Hill Prospect. The Despoblados Prospect contains a number of areas of lithologies similar to those at Copper Hill. Some limited geochemistry undertaken by other parties has identified a number of single point gold anomalies in the area. As this remote area was inaccessible until 2011, little historical exploration has been conducted.

Directors' Report

Review and Results of Operations (continued)

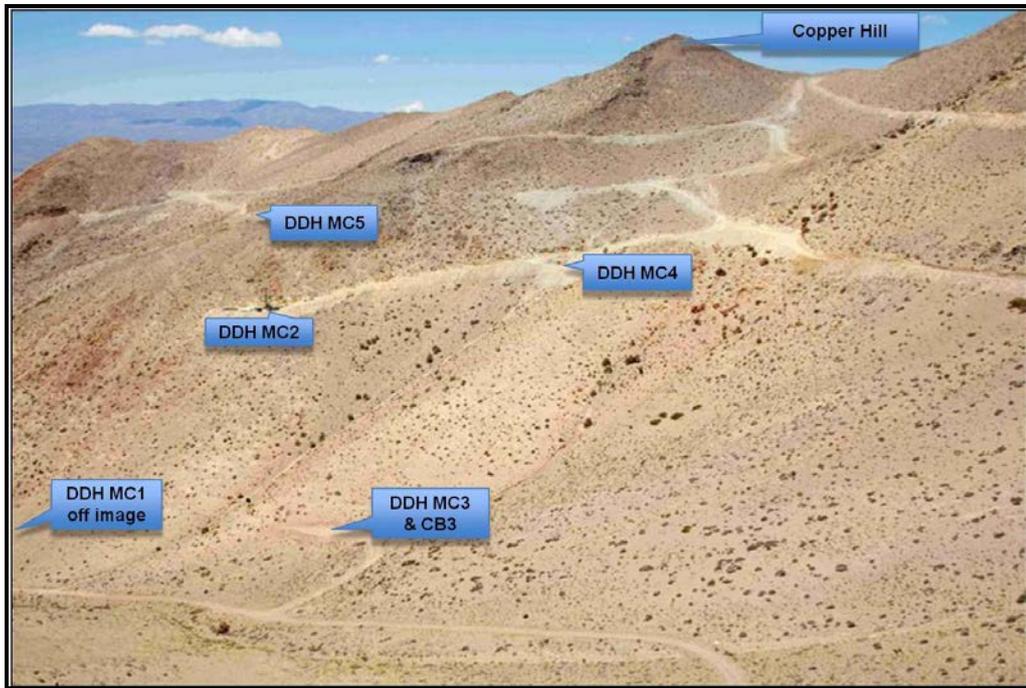


Figure 6 - Drill pads and access tracks at Copper Hill

Argentina Mining's regional geological interpretation indicates that its Despoblados and La Fortuna Prospects may lie within a major volcanic centre. They are associated with large zones of hydrothermal alteration which extend south into the recently-optioned Divisoria area and at least as far south as the provincial border, as appears to be confirmed by alteration anomalism interpreted from ASTER hyperspectral scanning data. The Company's geochemistry program will be extended south into this area in the coming spring field season (Figure 7).

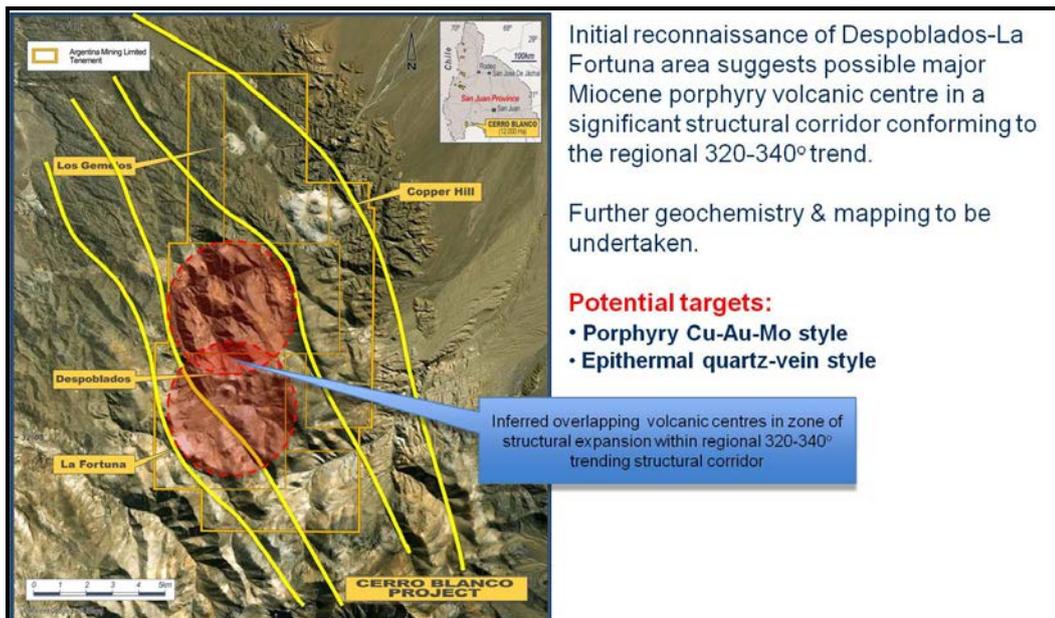


Figure 7 - Google earth plan showing Cerro Blanco Project, major structural controls & interpreted major volcanic centre at Despoblados

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Directors' Report

Review and Results of Operations (continued)

Regional Context and Developments

Cerro Blanco lies within a 200 kilometre long regional north-west trending structural corridor defined by a major crustal-scale fault, which is marked by the Rio Blanco valley, and conjugate east-west and north-east trending crustal-scale faults (Figure 8). This corridor, termed the Rio Blanco Corridor, is host to the major operating Los Pelambres Porphyry Cu-Au-Mo mine (Antofagasta PLC) and the El Pachon (Xstrata), Los Azules (McEwan Mining Limited), Altar (Stillwater Mining Co.), San Jorge (Coro Mining Corp) resource development projects and several other significant mineral deposits and prospects.

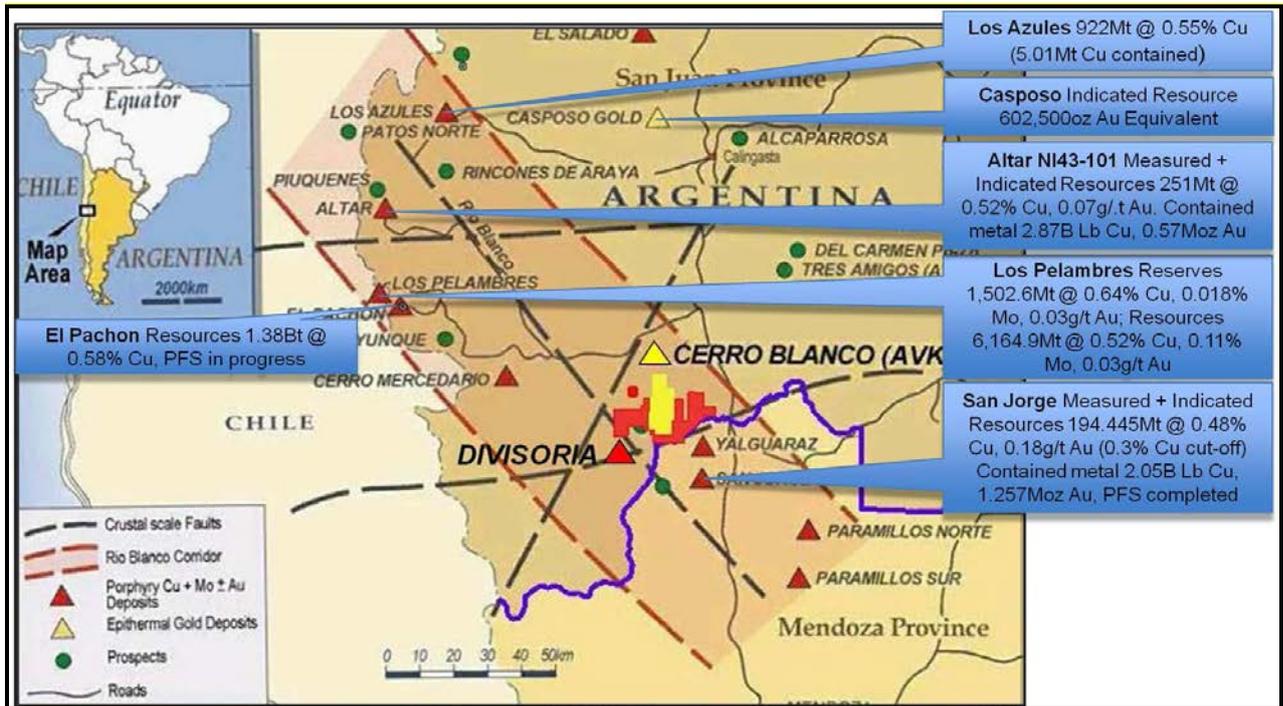


Figure 8 -Regional Project Location & Major Structural Context of Cerro Blanco

Recent developments associated with some of these projects are likely to impact positively on Argentina Mining's Cerro Blanco Project by virtue of major regional infrastructure enhancements.

Tres Amigos Au-Ag-Cu Project

The 500 hectare Tres Amigos is located in the historic Carmen Alto Mining District in the Andean Precordillera, only 52km north-east of the Cerro Blanco Project with which it shares logistical facilities in the town of Barreal. Altitudes range from 1,500 to 3,900 metres. Access is by unsealed roads that are usually open year-round.

An IP/RES geophysical survey commenced at Tres Amigos in September 2011. The results of the geophysical survey coupled with additional geological data from the field will assist with the generation of drill targets at Tres Amigos in the short term. The principal targets at Tres Amigos are:

- High grade sulphide and gold-rich quartz-ironstone epithermal style veins in radial or circumferential shears and faults developed around the core porphyry intrusive.
- Porphyry copper-gold mineralisation within the core porphyry intrusive and its surrounding contact metamorphic aureole.

Directors' Report

Review and Results of Operations (continued)

Geology

The main geological feature at the Tres Amigos project is a prominent intrusion of quartz diorite into a folded and regionally-metamorphosed Precambrian to Palaeozoic fine-grained phyllitic sedimentary suite of rocks. This intrusion underlies the south-western sector of the project area and has caused fracturing, brecciation and contact metamorphism of the intruded country rocks and is also associated with propylitic (quartz-sericite-pyrite) and local potassic alteration.

Small-scale historical mining has been undertaken on vein deposits hosted by radial shear zones around the margins of the intrusive body. These veins are characterized by high proportions of sulphides and low quartz with gold and copper content being enhanced by oxidation. Reported grades recovered ranged from 8.0 to 12.0 g/tonne gold. A recently completed interpretation of modelled 3D geophysical data from a 33 line kilometre induced polarization survey on the property defined several targets for supergene-enriched porphyry copper.

Although located within the historic Carmen Alto Mining District, previous exploration at Tres Amigos has been confined to small-scale prospector activity. Several veins have been mined on an artisanal scale, reporting approximate production of 386 ounces of gold from 1,200 tons mined at an average grade of 10.0 g/tonne. Argentina Mining has commenced mapping and sampling these veins and the adjacent mineralized dacitic porphyry intrusive.

The Company has undertaken an IP-Res geophysical survey on 6 x 2750 metre-long lines spaced at 300 metres (Figure 9) which has identified two shallow-depth high-chargeability structures, shown in plan and section (Figures 10 & 11). Preliminary drill site selection has been undertaken.

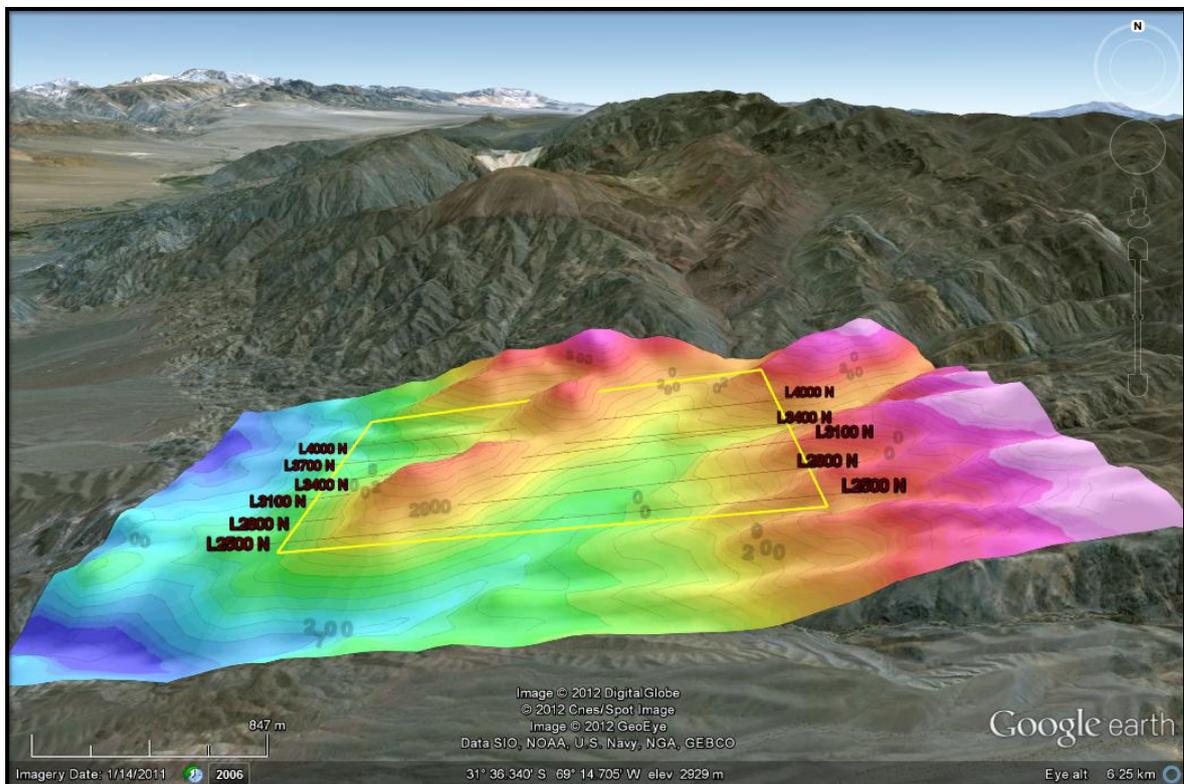


Figure 9 - Tres Amigos - Oblique Google earth 3-D view to north showing terrain contours and IP Geophysics grid

Directors' Report

Review and Results of Operations (continued)

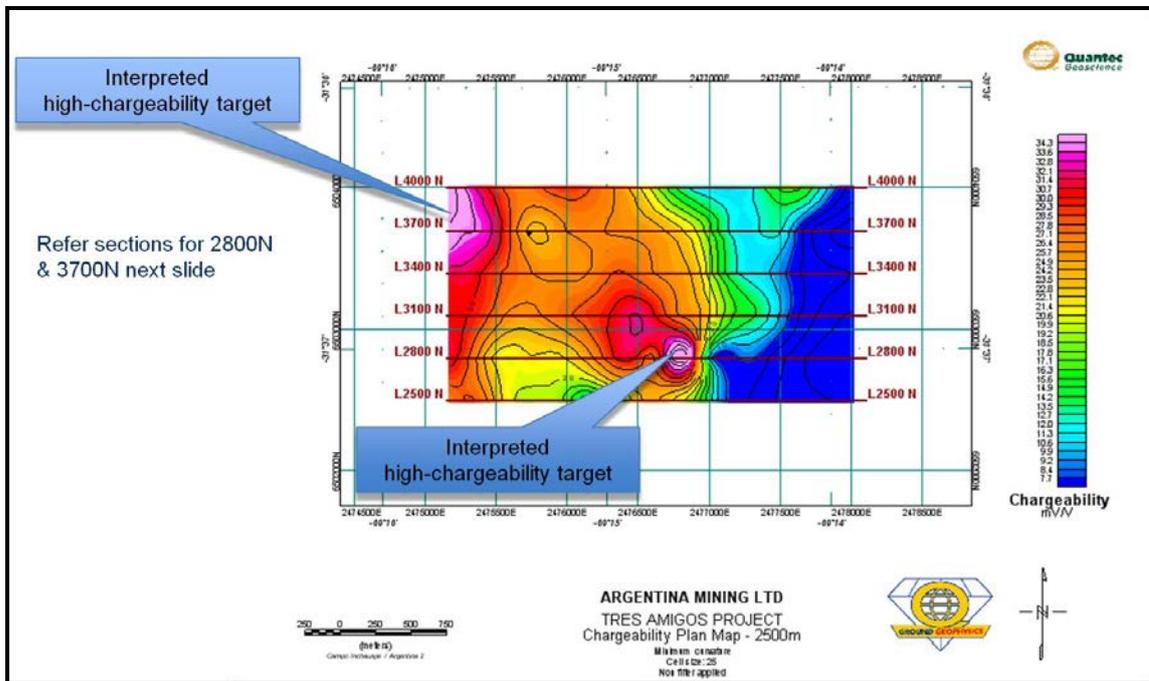


Figure 10 - Tres Amigos - Plan of IP geophysics contours showing high chargeability targets

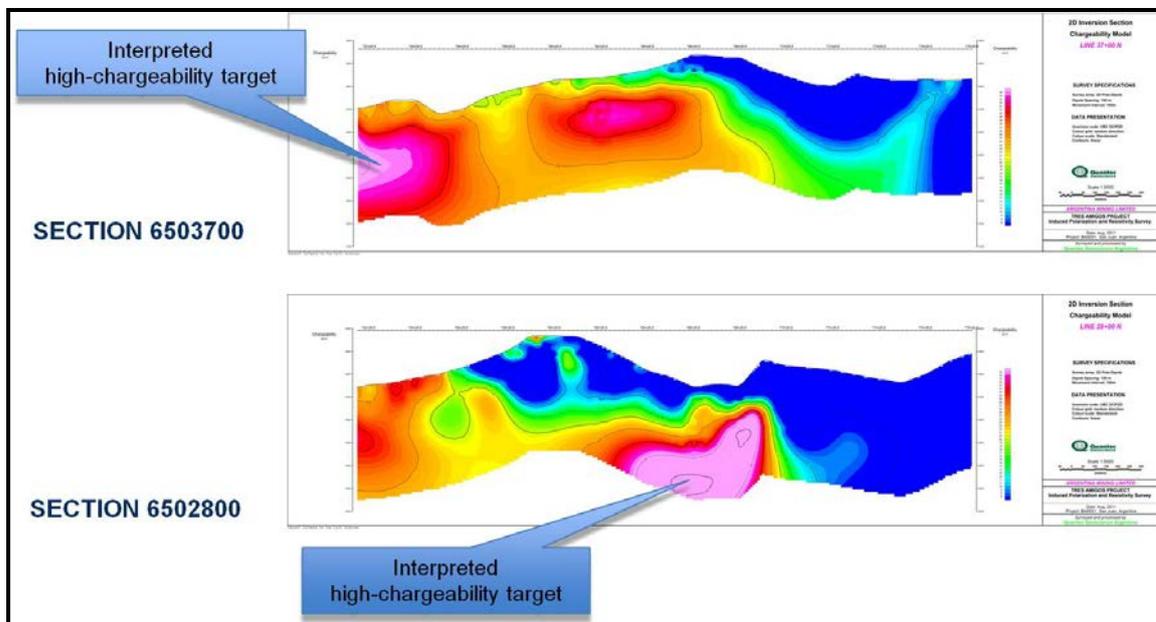


Figure 11 - Tres Amigos - Example sections at 3700N & 2800N of IP geophysics contours showing two high chargeability target centres

Amiches Au-Ag-Cu Project

The 13,122 hectare Amiches Project is located in the Andean Cordillera between 3,300m and 5,600m above sea level and about 190km north of the Cerro Blanco Project. Due to its altitude, Amiches is subject to seasonal conditions and no exploration was conducted during the recent southern winter.

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Directors' Report

Review and Results of Operations (continued)

The Project is located in central San Juan Province near the Filo Amarillo (Terreno Resource Corp.), Brecha de Vacas (Minera Sud Argentina-Benetton Group) and Del Carmen (Malbex Resources) epithermal gold-copper projects, within the extension of the prospective El Indio Belt. This belt contains the El Indio, Tambo and Pascua-Lama gold deposits.

A new 11 kilometre long international tunnel is currently being put through the Andes to connect Argentina and Chile on a good sealed highway, National Highway 50, which passes just south of the Amiches Project.

Geology

The project contains a 4.0 by 2.0 kilometre area enclosing a low and high-sulphidation epithermal system and porphyry intrusive bodies. The alteration assemblages, dickite-alunite-jarosite and illite-kaolinite-halloysite-silica, indicate an advanced argillic alteration that typically occurs in structural zones or as replacement of permeable lithologies. This extreme form of leaching takes place mostly at the higher parts of epithermal high sulphidation deposits. Gold mineralization is typically disseminated and breccia-veinlet controlled and associated with pyrite in these settings.

Recent exploration has defined a large, highly-altered epithermal and porphyry system with high-grade gold and silver and anomalous copper values in rock chip samples. Reconnaissance rock chip sampling of surface veins returned gold values from 0.2 to 12.4 g/tonne and silver values from 1.0 to 60.0 g/tonne.

On the periphery of the altered zone, prospectors have tested base metal veins, which are a typically distal feature of porphyry mineral systems. Preliminary drill targets have been established.

Argentina Mining plans regional geochemistry and mapping to define additional targets, selective sampling of vein systems and high resolution geophysical surveying.

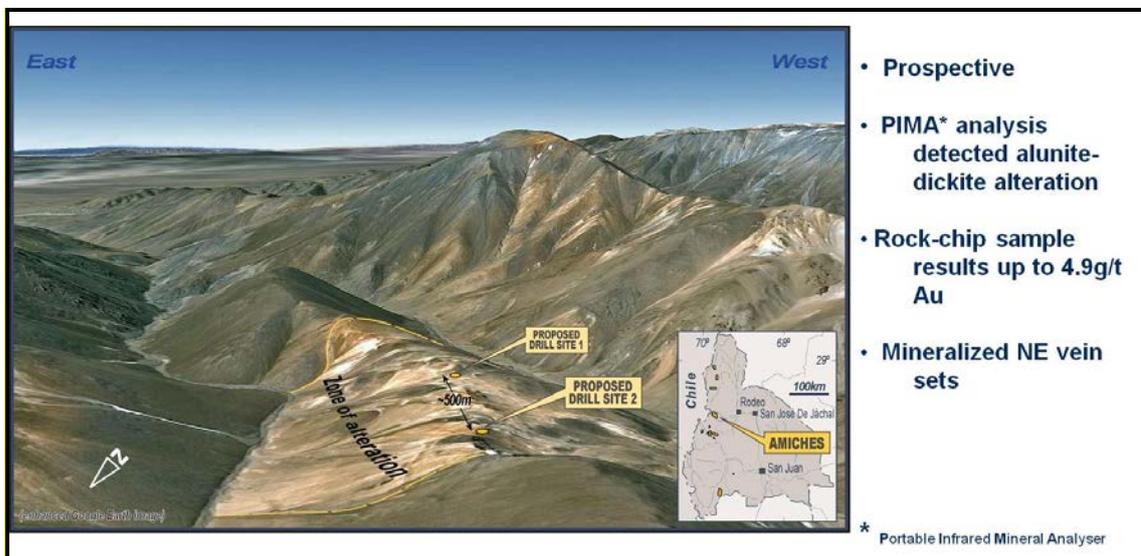


Figure 12 - Amiches - Google Earth oblique view to SE of the Pirquen Ridge Prospect & proposed drill sites in an alteration anomaly

San Francisco Cu-Au-Ag Project

The 24,015 hectare San Francisco Project is located 140 kilometres north of the Cerro Blanco Project in the El Castaño gold district within the highly prospective El Indio Belt adjacent to the Coipita, Altar and Filo Amarillo porphyry copper-gold projects. Altitudes average approximately 3,500 metres. Access is predominantly by paved road with 30 kilometres of unsealed road near the project.

Directors' Report

Review and Results of Operations (continued)

Previous exploration defined a number of prospective alteration zones and geochemical anomalies. Work planned for the upcoming summer will focus on reconnaissance geological mapping and geochemical sampling to evaluate a complex of epithermal quartz veins which are anomalous in gold.

Geology and Mineralization

The San Francisco project is located within an eroded volcanic sequence over a basement of both Carboniferous sandstone-quartzite-shale metasediments and Permo-Triassic magmatic rocks, overlapped by Miocene volcanic andesites, tuffaceous materials and underlying contemporaneous andesitic-dacitic sub-volcanic porphyries. The central zone exhibits a circular hydrothermal alteration zone interpreted as a volcanic caldera with a diameter of three kilometres, including dominant high sulphidation (cryptocrystalline-vuggy quartz, alunite, pyrophyllite), minor potassic (recrystallised biotite and retrograde chlorite) and sericitic-illite intermediate argillic assemblages. This alteration varies according to the different hydrothermal systems observed.

The porphyritic rocks present have been subjected to phyllic and propylitic alteration (quartz-sericite). Those affected by intense silicification show evidence of low-sulphidation systems, with quartz, chalcedony, opal and barite, and of high-sulphidation systems with silica, alunite, hematite and jarosite.

Previous exploration established a number of porphyry copper-gold and epithermal gold-silver targets on the San Francisco project. Sampling by Western Mining Limited in 1996 reported gold grades in rock chip samples up to 2.38 g/tonne gold.

Current exploration is focused on the Las Leñas prospect where the Company has undertaken the construction and improvement of six kilometres of access road, the excavation of 10.7 kilometres of sampling trenches, two preliminary reconnaissance expeditions to map and sample the most promising epithermal veins and preliminary geological mapping of lithology with major silicified areas, quartz dikes and associated structures.

Initial rock chip samples (112) were taken to test the broad geochemistry around the Las Leñas prospect. Five samples yielded greater than 100 ppb (0.1g/tonne) gold, up to a maximum of 1,120 ppb (1.12g/tonne) gold from samples over a distance of 2.0 to 3.0 metres across veins.

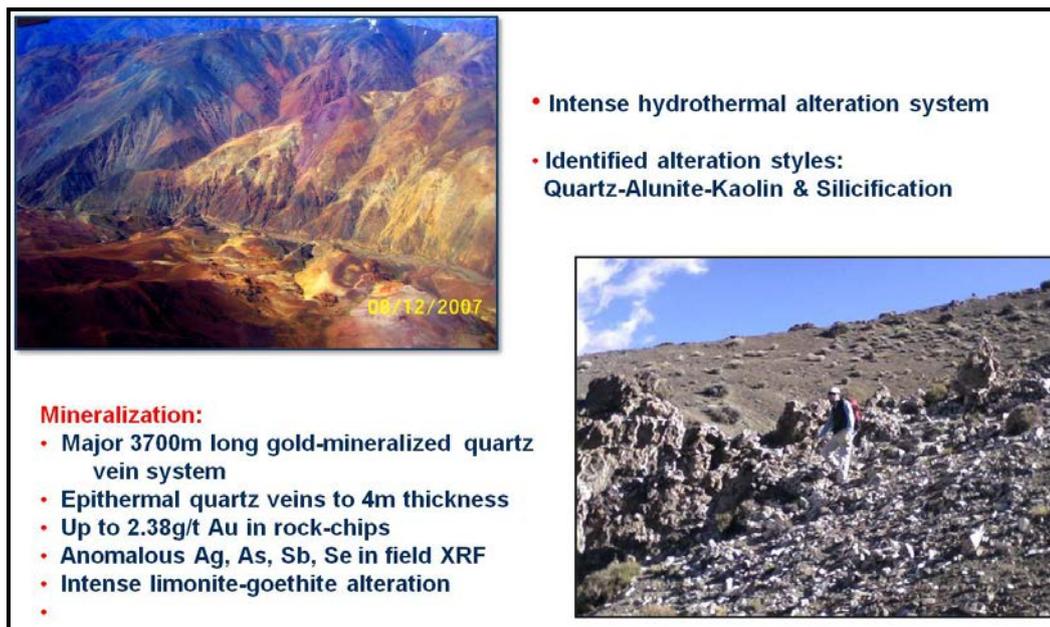


Figure 13 - San Francisco - The Las Leñas Valley with extensive alteration & a 3700m long x 4m thick gold-anomalous epithermal quartz reef

Directors' Report

Review and Results of Operations (continued)

An additional 34 rock chip samples were taken on and near a large prominent north-northwest trending epithermal quartz vein. Eight samples yielded greater than 100 ppb (0.1g/tonne) gold, and up to a maximum of 332 ppb (0.332g/tonne) gold from samples over a distance of 0.40 metres across the vein.

To date, approximately 60% of the Las Leñas prospect has been examined. A number of areas of intense oxidation and widespread silicification have been identified with two particular zones of oxidation being differentiated.

The most significant of these is a zone associated with the large, visually prominent, north-northwest trending siliceous-haematitic epithermal quartz reef approximately 3,700 metres in length at Las Leñas with an average thickness of 4.0 metres.

This reef has been found to be highly anomalous in gold, coincident with the alignment of the main quartz vein structure. Argentina Mining plans to carry out further evaluation of this main mineralized structure, as well as progressively extending evaluation of the remainder of the project with regional geochemistry initially, followed up by mapping and rock-chip sampling of selected structures.

Regional Exploration Cu-Au-Ag Projects.

The Regional Projects consists of three separate but closely-spaced properties totalling 16,620 hectares: San Crispin, East Sancarron and La Ortiga. These properties are located within a 50 kilometre radius of Barrick's operating Veladero gold mine (which produced 1.12 million ounces of gold in 2010) and on an extension of the legendary El Indio-Pascua Metallogenic Belt. The project areas lie at altitudes ranging from 3,300 to 4,500 metres with access via established roads and tracks.

Although these project areas are associated with regional structures prospective for the discovery of gold-copper mineralisation, there is little evidence of recent modern exploration. Argentina Mining has undertaken reconnaissance-level exploration during 2011-12, mainly to investigate access and consider logistics for future work, and some geochemical sampling.

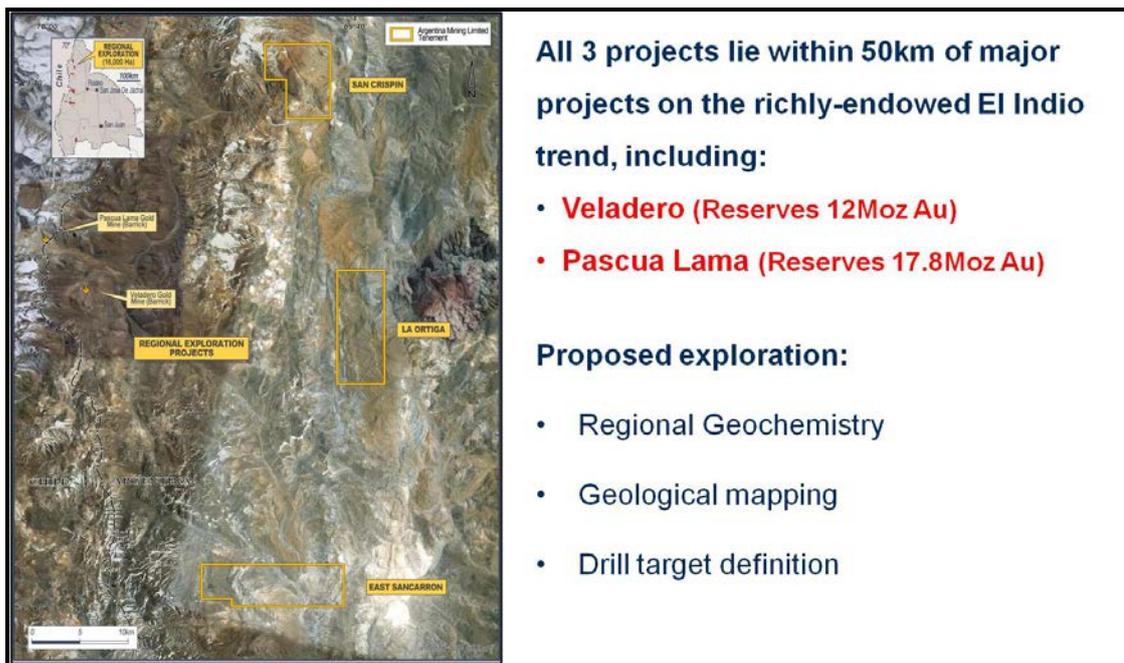


Figure 14 - Regional Projects - Google earth plan depicting projects with respect to major Veladero and Pascua Lama gold Projects

Directors' Report

Review and Results of Operations (continued)

San Crispin Property

Initial reconnaissance and sampling was carried out at the San Crispin property to identify the main lithologies and areas with potential to host mineralization. Stream sediment (17) and rock chip (16) samples were taken in the main drainages of the property and from outcrops and float in lithologies thought to have potential for precious or base metal mineralization.

An altered rhyo-dacitic porphyry forming a prominent hill ("Cerro Alterado") was identified with a north-south elongated zone of yellow hydrothermal alteration measuring approximately 1,500 by 700 metres where plagioclase and feldspar phenocrysts are replaced by kaolin, illite and other white clays.

While rock and talus samples from Cerro Alterado returned relatively low values in metals or indicator elements, the close proximity of this intensely-altered porphyritic rhyo-dacite to the El Toro project in the immediate southeast indicates that it may have good mineralization potential.



Figure 15 – Sampling at San Crispin

East Sancarron Property

The East Sancarron property is located within the main Cordillera Frontal geological province. Outcropping Tertiary volcanic units are displaced by thrust faults and are known for their mineral potential. The area also features landslide sediments and Quaternary glacio-fluvial material. Stream sediment and rock chip samples were collected in the main channels of the property and in loose boulders from outcrops. Best gold value reported was 10 ppb gold from rock chip samples.

Locally, in the central part of the property, multi-coloured tuffs of the Valle del Cura Formation show slightly-propylitized andesitic outcrops alternating with tuffaceous-ignimbrite packages dipping to the southeast. To the south of the unit near the contact with the Bañitos Formation, scarce andesitic volcanic agglomerate sub-crops with ferruginous matrix and silicification of the clasts exhibit argillic alteration.

In the eastern property section the Valle del Cura Formation was exposed in the lower part while in the upper part, conglomeratic and tuffaceous outcrops of whitish red and green colours exhibit white chalcedony veinlets filled with small druses with quartz crystals.

Directors' Report

Review and Results of Operations (continued)

In the western sector of the property the Doña Ana Formation is locally represented by black aphanitic andesites, fine-grained andesite with slightly argillized plagioclase crystals and greenish andesitic volcanic agglomerates and silicified lithic tuffs with argillized feldspars. In places, these rocks are cut by veinlets of silica, calcite and iron oxides.

A reconnaissance survey of the East Sancarron property revealed lithological units with known mineralization potential. The results from samples taken in the area are being evaluated to define areas with further exploration potential.

La Ortiga

The La Ortiga property has not been fully evaluated at this time. Three stream samples taken in the extreme southwest corner of the property area yielded a maximum value of 3 ppb gold and 104 ppm arsenic.

Operating Results

The operating loss of the Consolidated Entity after providing for income tax was \$1,259,765 (2011: \$1,150,655).

Significant Changes in the State of Affairs

In the opinion of the directors there were no significant changes in the state of affairs of the Company other than those referred to in this financial report.

During the year Company signed a Strategic Alliance Agreement with Independence Group NL to jointly search for mining and exploration opportunities in Argentina and Chile. Under the terms of the agreement the parties incorporated a joint venture company on 50:50 basis.

Significant Events After Balance Date

On 4 July 2012 the Company announced the signing of option agreement to acquire 100% interest in highly prospective and strategically significant exploration tenure contiguous with the Company's Cerro Blanco Project area in San Juan Province, Argentina.

On 18 September 2012 the Company despatched a Share Purchase Plan to all shareholders to raise approximately \$1,077,000 by the issue of 17,964,147 at \$0.06 per share. RBS Morgans have been appointed to place any unsubscribed shares.

Otherwise there has been no matter or event that has occurred subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future years.

Likely Developments and Expected Results

The Company will continue to pursue and further the exploration of its projects in Argentina. Further comments on likely developments in the operations of the Company are included in this report under "Review and Results of Operations". Disclosure of any further information regarding likely developments in the operations of the Company in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Company. Accordingly, this information has not been disclosed in this report.

Directors' Report

Environmental Regulation and Performance

The Company's environmental obligations are regulated under Argentine legislation. Performance with respect to environmental obligations is monitored by the board of directors and may be subject to government agency audits and site inspections. No environmental breaches have been notified by any government agency during the year ended 30 June 2012.

Dividends

No dividends have been paid or declared since the start of the financial year. No recommendation for the payment of a dividend has been made.

Proceedings on Behalf of the Consolidated Entity

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.

Options over Unissued Capital

At the date of this report, the following options were on issue:

Expiry Date	Exercise Price	Number
9 March 2015	\$0.20	24,850,003

Indemnification and Insurance of Directors and Officers

During the year ended 30 June 2012, the Company paid a premium to insure the directors and officers of the Company against any liability incurred as a director or officer to the extent permitted by the Corporations Act 2001.

The liabilities insured include the costs that may be incurred in defending proceedings that may be brought against the directors and officers but does not include liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position, or of information, to gain advantage for themselves or someone else or to cause detriment to the company.

The Company has not entered into any agreement with its current auditors indemnifying them against claims by a third party arising from their position as auditor.

Non-Audit Services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Company and/or group are important.

Details of the amounts paid or payable to the auditor (Deloitte Touche Tohmatsu) for the audit and non-audit services provided during the year are set out in note 17.

The board of directors has considered the position and, in accordance with the advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001.

Directors' Report

Non-Audit Services (continued)

The directors are satisfied that the provision of non-audit services by the auditor did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services have been reviewed by the audit committee to ensure they do not impact the independence and objectivity of the auditor; and
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*.

Auditor's Independence Declaration

The copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 25.

Remuneration Report (Audited)

This remuneration report, which forms part of the directors' report, sets out remuneration information for Argentina Mining Limited's non-executive directors, executive directors and key management personnel for the year ended 30 June 2012. The information in the remuneration report has been audited as required by Section 308(3C) of the Corporations Act.

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the Company, including directors of the Company and other executives. Key management personnel comprise the directors of the Company and senior executives for the group who have the ability to influence the financial and operating decisions.

The key management personnel of the Company for 2012 were:

Steve Shedden	Executive Chairman
Eduardo Videla	Managing Director
Douglas Bright	Non-executive Director
Tim Kennedy	Non-executive Director
Jorge Bastias	Country Manager - Argentina

Compensation levels for directors and key management personnel of the Company are competitively set to attract and retain appropriately qualified and experienced directors and executives. The board is responsible for compensation policies and practices. The board, where appropriate, seeks independent advice on remuneration policies and practices, including compensation packages and terms of employment.

There is no direct link between remuneration paid to any non-executive and executive directors and corporate performance. There are no termination or retirement benefits for non-executive directors (other than statutory superannuation).

Non-Executive Directors

The non-executive directors receive a fixed fee for their services of \$40,000 per annum (plus statutory superannuation).

All directors are entitled to have premiums on indemnity insurance paid by the Company

Directors' Report

Remuneration Report (continued)

Fixed Compensation for Executives

Fixed compensation consists of base salary plus 12% superannuation. Compensation levels are reviewed annually by the board where applicable.

Remuneration levels for directors, secretaries, senior managers of the Company are competitively set to attract and retain appropriately qualified and experienced directors and senior executives.

The compensation structures explained below are designed to attract suitably qualified candidates, reward the achievement of strategic objectives, and achieve the broader outcome of creation of value for shareholders. The remuneration structures take into account:

- the capability and experience of the directors and senior executives;
- the directors and senior executives ability to control the relevant segment's performance;
- the group's performance including:
 - the group's operational and financial performance
 - the scale and complexity of operations
 - the growth in share price and returns on shareholder wealth; and
 - the amount of incentives within each directors and senior executives remuneration

Remuneration packages may include a mix of fixed and variable remuneration, short and long-term performance-based incentives and are reviewed on an annual basis.

Service Contracts

Remuneration and other terms of employment for the Managing Director and other key management personnel are formalised in service agreements.

E Videla, Managing Director

- base salary, \$300,000 per annum (exclusive of superannuation entitlements);
- initial three year employment contract commencing 9 March 2011;
- during initial three years notice period of twelve month's written notice;
- after initial three year period, employment will continue until either the Company or Mr Videla providing 12 month's notice

S Shedden, Executive Chairman

- base salary, \$200,000 per annum (exclusive of superannuation entitlements);
- initial three year employment contract commencing 9 March 2011;
- during initial three years notice period of twelve month's written notice;
- after initial three year period, employment will continue until either the Company or Mr Shedden providing 12 month's notice

J Bastias, Country Manager - Argentina

- base salary, US\$80,000 per annum (exclusive of superannuation entitlements);
- initial one year consulting contract commencing 9 March 2011;
- after initial one year period, employment will continue until either the Company or Mr Bastias providing 6 month's notice

Directors' Report

Remuneration Report (continued)

Remuneration of Key Management Personnel

2012	Short-term Benefits			Post-employment benefits	Share-based Payment	% of Remuneration to total from		
	Salary and Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Options	Total	Options %	Bonus %
Name	\$	\$	\$	\$	\$	\$	%	%
<i>Directors</i>								
S Shedden	174,000	-	-	50,000	-	224,000	-	-
E Videla	300,000	-	-	36,000	-	336,000	-	-
D Bright (a)	86,973	-	-	9,027	-	96,000	-	-
T Kennedy	43,600	-	-	-	-	43,600	-	-
<i>Executives</i>								
J Bastias	77,430	-	-	-	-	77,430	-	-
Totals	682,003	-	-	95,027	-	777,030		

(a) Mr Bright received \$43,600 for directors' fees and \$52,400 for services rendered outside of his duties as a director.

2011	Short-term Benefits			Post-employment benefits	Share-based Payment	% of Remuneration to total from		
	Salary and Fees	Cash Bonus	Non-Monetary Benefit	Super-annuation	Options	Total	Options %	Bonus %
Name	\$	\$	\$	\$	\$	\$	%	%
<i>Directors</i>								
S Shedden	102,366	-	-	7,484	-	109,850	-	-
E Videla	108,602	-	-	8,232	-	116,834	-	-
D Bright (a)	59,120	-	-	2,815	-	61,935	-	-
T Kennedy	5,256	-	-	-	-	5,256	-	-
<i>Executives</i>								
J Bastias	43,000	-	-	-	-	43,000	-	-
Totals	318,344	-	-	18,531	-	336,875		

(a) Mr Bright received \$12,473 for directors' fees and \$46,647 for services rendered outside of his duties as a director.

Share-based payment option plan

There were no share-based payment arrangements for key management personnel in existence during the year ended 30 June 2012.

Signed in accordance with a resolution of the Directors



Steve Shedden
Chairman

Perth, 28 September 2012

The Board of Directors
Argentina Mining Limited
Suite 6
25 Walters Drive
Osborne Park, WA 6017

28 September 2012

Dear Directors

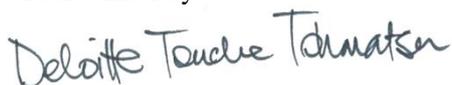
Argentina Mining Limited

In accordance with section 307C of the *Corporations Act 2001*, I am pleased to provide the following declaration of independence to the directors of Argentina Mining Limited.

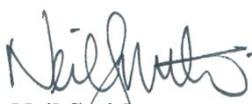
As lead audit partner for the audit of the financial statements of Argentina Mining Limited for the financial year ended 30 June 2012, I declare that to the best of my knowledge and belief, there have been no contraventions of:

- (i) the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- (ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants

For personal use only

Corporate Governance Statement

Argentina Mining Limited has made it a priority to adopt systems of control and accountability as the basis for the administration of corporate governance. Some of these policies and procedures are summarised in this statement. Commensurate with the spirit of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations ("Principles & Recommendations"), the Company has followed each recommendation where the board has considered the recommendation to be an appropriate benchmark for its corporate governance practices. Where the Company's corporate governance practices follow a recommendation, the Board has made appropriate statements reporting on the adoption of the recommendation. Where, after due consideration, the Company's corporate governance practices depart from a recommendation, the board has offered full disclosure and reason for the adoption of its own practice, in compliance with the "if not, why not" regime.

Website Disclosures

Further information about the Company's charters, policies and procedures may be found at the Company's website (www.argentinamining.com.au) under the section marked Corporate Governance. A list of the charters, policies and procedures which are referred to in this Corporate Governance Statement, together with the Recommendations to which they relate, are set out below.

Charters	Recommendation(s)
Board	1.3
Audit Committee	4.4
Nomination Committee	2.6
Remuneration Committee	8.1
Policies and Procedures	
Policy and Procedure for Selection and (Re)Appointment of Directors	2.6
Process for Performance Evaluation	1.2, 2.5
Policy on Assessing the Independence of Directors	2.6
Code of Conduct	3.1, 3.5
Policy on Continuous Disclosure	5.1, 5.2
Procedure for the Selection, Appointment and Rotation of External Auditor	4.4
Shareholder Communication Policy	6.1, 6.2
Risk Management Policy (Summary)	7.1, 7.4
Diversity Policy	3.2, 3.5

Disclosure - Principles & Recommendations

The Company reports below on how it has followed (or otherwise departed from) each of the Principles & Recommendations during the year ended 30 June 2012.

Principle 1 - Lay solid foundations for management and oversight

Recommendation 1.1:

Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.

Disclosure:

The Company has established the functions reserved to the board and has set out these functions in its Board Charter. The board is collectively responsible for promoting the success of the Company through its key functions of overseeing the management of the Company, providing overall corporate governance of the Company, monitoring the financial performance of the Company, engaging appropriate management commensurate with the Company's structure and objectives, involvement in the development of corporate

Corporate Governance Statement

strategy and performance objectives and reviewing, ratifying and monitoring systems of risk management and internal control, codes of conduct and legal compliance.

The Company has established the functions delegated to senior executives and has set out these functions in its Board Charter. Senior executives are responsible for supporting the managing director and assisting the managing director in implementing the running of the general operations and financial business of the Company, in accordance with the delegated authority of the board.

Senior executives are responsible for reporting all matters which fall within the Company's materiality thresholds at first instance to the managing director or, if the matter concerns the managing director, then directly to the Chair or the lead independent director, as appropriate.

Recommendation 1.2:

Companies should disclose the process for evaluating the performance of senior executives.

Disclosure:

The Nomination Committee is charged with the periodic review of the managing director according to agreed performance parameters. The managing director is responsible for evaluating the performance of senior executives. This is based on a formal process which has been established by the Company and comprises an interview between the managing director and each senior executive. During the interview the senior executive's performance is reviewed having regard to the written statement of responsibilities and key performance indicators for each senior executive.

Recommendation 1.3:

Companies should provide the information indicated in the *Guide to reporting on Principle 1*.

Disclosure:

No senior executives have been evaluated, this will occur within the next 12 months.

Principle 2 - Structure the board to add value

Recommendation 2.1:

A majority of the board should be independent directors.

Notification of Departure:

The Board does not have a majority of independent directors. The independent director is Douglas Bright. The non-independent directors are Steve Shedden, Eduardo Videla and Tim Kennedy.

Explanation for Departure:

The board believes that the current composition of the board is most appropriate for the Company having regard to its size, its current level of operations, its strategy of minimising operating costs and includes an appropriate mix of relevant skills and expertise. The board recognises the importance of a majority of independent directors and as the Company grows and/or its circumstances change, the board may make further appointments of independent directors if considered appropriate.

Corporate Governance Statement

Recommendation 2.2:

The chair should be an independent director.

Notification of Departure:

The Board has a Chair who is not an independent director, Steve Shedden.

Explanation for Departure:

The Board considers that Steve Shedden is the most appropriate person to Chair the Company relevant to the Company's current size and operations.

Recommendation 2.3:

The roles of the chair and chief executive officer should not be exercised by the same individual.

Disclosure:

The managing director is Eduardo Videla who is not chair of the board.

Recommendation 2.4:

The board should establish a nomination committee.

Disclosure:

The Board has established a nomination committee. No meetings were held during the year. The functions of the nomination committee were performed by the full board.

Recommendation 2.5:

Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.

Disclosure:

The Chair is responsible for evaluation of the Board and, when deemed appropriate, Board committees and individual directors. The Chair is also responsible for evaluating the Managing Director. The method of review will include formal discussion of performance of the board as a whole as an annual agenda item at board meetings, as well as an annual one on one meeting between the Chair and each director.

Recommendation 2.6:

Companies should provide the information indicated in the *Guide to reporting on Principle 2*.

Disclosure:

Skills, Experience, Expertise and term of office of each Director

A profile of each director containing their skills, experience, expertise and term of office is set out in the Directors' Report.

Corporate Governance Statement

Identification of Independent Directors

The independent director of the Company is Douglas Bright. This director is independent as he is a non-executive director who is not a member of management and is free of any business or other relationship that could materially interfere with, or could reasonably be perceived to materially interfere with, the independent exercise of his judgment.

Independence is measured having regard to the relationships listed in Box 2.1 of the ASX's Corporate Governance Principles & Recommendations and the Company's materiality thresholds. The materiality thresholds are set out below.

Statement concerning availability of Independent Professional Advice

To assist directors with independent judgement, it is the board's policy that if a director considers it necessary to obtain independent professional advice to properly discharge the responsibility of their office as a director then, provided the director first obtains approval for incurring such expense from the chair, the Company will pay the reasonable expenses associated with obtaining such advice.

Nomination Matters

The Nomination Committee held no meetings during the reporting period.

Performance Evaluation

During the reporting period an evaluation of the Board, its committees, and individual directors took place in accordance with the process disclosed at Recommendation 2.5.

Selection and (Re) Appointment of Directors

In determining candidates for the board, the nomination committee (or equivalent) follows a prescribed procedure whereby it considers the balance of independent directors on the board as well as the particular skills and qualifications of potential candidates that will best enhance the board's effectiveness.

The board recognises that board renewal is critical to performance and the impact of board tenure on succession planning. Subject to Clause 13.39 of the Company's Constitution, at the Annual General Meeting in every year one-third of the directors for the time being, or, if their number is not 3 nor a multiple of 3, then the number nearest one-third, and any other director not in such one-third who has held office for 3 years or more (except the managing director), must retire from office. Re-appointment of directors is not automatic.

Principle 3 - Promote ethical and responsible decision-making

Recommendation 3.1:

Companies should establish a code of conduct and disclose the code or a summary of the code as to:

- the practices necessary to maintain confidence in the company's integrity;
- the practices necessary to take into account their legal obligations and the reasonable expectations of their stakeholders; and
- the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Corporate Governance Statement

Disclosure:

The Company has established a code of conduct as to the practices necessary to maintain confidence in the Company's integrity, practices necessary to take into account their legal obligations and the expectations of their stakeholders and the responsibility and accountability of individuals for reporting and investigating reports of unethical practices.

Recommendation 3.2:

Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess annually both the objectives and progress in achieving them.

Disclosure:

The Company will establish a policy concerning diversity before 30 June 2012.

Recommendation 3.3:

Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.

Explanation for Departure:

The board has in place policies for the recruitment of the most suitable person for roles within the Company providing diversity of employment opportunities for, but not limited to, gender, age, ethnicity and cultural background. In respect of gender diversity, the Company has not yet determined a target proportion of appointments but relies on the requirement of "the most suitable person for the role" as the overarching selection criteria for personnel.

Recommendation 3.4:

Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.

Disclosure:

As at the reporting date, 25% of employees of the Company were women. As at the reporting date no women were in senior executive positions or were on the Company's board.

Recommendation 3.5:

Companies should provide the information indicated in the *Guide to reporting on Principle 3*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 4 - Safeguard integrity in financial reporting

Recommendation 4.1:

The Board should establish an audit committee.

Corporate Governance Statement

Disclosure:

The Company has established an audit committee.

Recommendation 4.2:

The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not chair of the board; and
- has at least three members.

Notification of Departure:

The audit committee does not meet the structural requirements of Recommendation 4.2.

The Audit Committee comprises two directors, Doug Bright and Steve Shedden. Only Doug Bright is independent.

Explanation for Departure:

The Company considers that the members of the Audit Committee are the most appropriate, given their experience and qualifications, for the Company's current needs. The Board has adopted an Audit Committee Charter, which the Audit Committee applies when convening. The Board expects to be able to satisfy the composition requirements of recommendation 4.2 once new board members are appointed.

Recommendation 4.3

The audit committee should have a formal charter.

Disclosure:

The Company has adopted an Audit Committee Charter.

Recommendation 4.4:

Companies should provide the information indicated in the Guide to reporting on Principle 4.

Disclosure:

The following table identifies those directors who are members of the Audit Committee and shows their attendance at Committee meetings:

Name	No. of meetings attended
Doug Bright	nil
Steve Shedden	nil

No meeting was convened as audit items were dealt with by the full board.

Details of each of the director's qualifications are set out in the Corporate Directory on the Company's website.

Corporate Governance Statement

Principle 5 - Make timely and balanced disclosure

Recommendation 5.1:

Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

Disclosure:

The Company has established written policies designed to ensure compliance with ASX Listing Rule disclosure and accountability at a senior executive level for that compliance.

Recommendation 5.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 5*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 6 - Respect the rights of shareholders

Recommendation 6.1:

Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Disclosure:

The Company has designed a communications policy for promoting effective communication with shareholders and encouraging shareholder participation at general meetings.

Recommendation 6.2:

Companies should provide the information indicated in the *Guide to reporting on Principle 6*.

Disclosure:

Please refer to the section above marked Website Disclosures.

Principle 7 - Recognise and manage risk

Recommendation 7.1:

Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Disclosure:

The Board has adopted a risk management policy, which sets out the Company's risk profile. Under the policy, the Board is responsible for approving the Company's policies on risk oversight and management and satisfying itself that management has developed and implemented a sound system of risk management and internal control.

Corporate Governance Statement

Under the policy, the Board delegates day-to-day management of risk to the managing director (with the assistance of senior executives), who is responsible for identifying, assessing, monitoring and managing risks. The managing director (with the assistance of senior executives) is also responsible for updating the Company's material business risks to reflect any material changes, with the approval of the board.

In fulfilling the duties of risk management, the managing director may have unrestricted access to Company employees, contractors and records and may obtain independent expert advice on any matter we believe appropriate, with the prior approval of the board.

The audit committee also monitors and reviews the integrity of financial reporting and the Company's internal financial control systems and risk management systems and reports to the board.

In addition, the following risk management measures have been adopted by the board to manage the Company's material business risks:

- the board has established authority limits for management which, if exceeded, will require prior board approval;
- the board has adopted a compliance procedure for the purpose of ensuring compliance with the Company's continuous disclosure obligations; and
- the Board has adopted a corporate governance manual which contains other policies to assist the Company to establish and maintain its governance practices.

The Company is currently finalising the establishment of systems to identify, categorise and manage the Company's material business risks. The Company will use a risk matrix to identify the Company's material business risks, assess the severity and likelihood of each risk and promote a risk management strategy. The risk matrix will be regularly reviewed by the board to identify any changes that need to be made.

Recommendation 7.2:

The board should require management to design and implement the risk management and internal control system to manage the Company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the Company's management of its material business risks.

Disclosure:

The Board requires management to design, implement and maintain risk management and internal control systems to manage the Company's material business risks. The Board also requires management to report to it confirming that those risks are being managed effectively. Further, the Board intends to receive a report from management as to the effectiveness of the Company's management of its material business risks.

Recommendation 7.3:

The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

Corporate Governance Statement

Disclosure:

The Managing Director and the Chief Financial Officer (or equivalent) have provided a declaration to the board in accordance with section 295A of the Corporations Act and have assured the board that such declaration is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial risk.

Recommendation 7.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 7*.

Disclosure:

The Board has received the report from management under Recommendation 7.2.

The Board has received the assurance from the Managing Director and the Chief Financial Officer (or equivalent) under Recommendation 7.3.

Please refer to the section above marked Website Disclosures.

Principle 8 - Remunerate fairly and responsibly

Recommendation 8.1:

The Board should establish a remuneration committee.

Disclosure:

The Company has established a Remuneration Committee, which comprises all directors of the Company.

Recommendation 8.2:

The remuneration committee should be structured so that it:

- consists of a majority of independent directors;
- is chaired by an independent chair; and
- has at least three members.

Disclosure:

The remuneration committee comprises all directors of the company. The independent chair of the remuneration committee is Douglas Bright.

Recommendation 8.3:

Companies should clearly distinguish the structure of non-executive directors' remuneration from that of executive directors and senior executives.

Disclosure:

Non-executive directors are remunerated at a market rates (for comparable companies) for time, commitment and responsibilities. Remuneration for non-executive directors is not linked to performance of the Company.

Corporate Governance Statement

Pay and rewards for executive directors and senior executives consists of a base salary and performance incentives. Long term performance incentives may include options granted at the discretion of the board and subject to obtaining the relevant approvals. Executives are offered a competitive level of base pay at market rates and this is reviewed annually to ensure market competitiveness.

Recommendation 8.4:

Companies should provide the information indicated in the *Guide to reporting on Principle 8*.

Disclosure:

Details of remuneration, including the Company's policy on remuneration, are contained in the "Remuneration Report" which forms of part of the Directors' Report.

To assist the board to fulfil its function as the remuneration committee, it has adopted a Remuneration Committee Charter.

There are no termination or retirement benefits for non-executive directors (other than superannuation).

The Company's Remuneration Committee Charter includes a statement of the Company's policy on prohibiting transactions in associated products which limit the risk of participating in unvested entitlements under any equity based remuneration schemes.

Consolidated Statement of Comprehensive Income

For the year ended 30 June 2012

	Notes	Consolidated 2012 \$	Consolidated 2011 \$
Finance income		104,321	86,875
Foreign currency exchange gains		77,855	-
Corporate expense		(222,162)	(269,588)
Exploration expense		-	(286,492)
Employee expense		(750,513)	(312,502)
Administration expense		(469,266)	(318,750)
Foreign currency exchange losses		-	(50,198)
Loss before income tax	3	(1,259,765)	(1,150,655)
Income tax expense	5	-	-
Loss for the year		(1,259,765)	(1,150,655)
Other comprehensive income		-	-
Movement in currency translation of foreign operations		(7,370)	(26,534)
Other comprehensive income for the year, net of tax		(7,370)	(26,534)
Total comprehensive loss for the year		(1,267,135)	(1,177,189)
		Cents per share	Cents per share
Earnings per share			
- basic loss per share	16	(2.12)	(4.62)
- diluted loss per share	16	(2.12)	(4.62)

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

Consolidated Statement of Financial Position

At 30 June 2012

	Notes	Consolidated 2012 \$	Consolidated 2011 \$
ASSETS			
Current Assets			
Cash and cash equivalents	6	954,093	4,309,446
Trade and other receivables	7	359,740	155,178
Total Current Assets		1,313,833	4,464,624
Non-Current Assets			
Exploration and evaluation	8	5,137,960	3,025,130
Property, plant and equipment	9	127,627	147,590
Total Non-Current Assets		5,265,587	3,172,720
TOTAL ASSETS		6,579,420	7,637,344
LIABILITIES			
Current Liabilities			
Trade and other payables	11	320,302	155,945
Provisions	12	28,659	10,587
Total Current Liabilities		348,961	166,532
TOTAL LIABILITIES		348,961	166,532
NET ASSETS		6,230,459	7,470,812
EQUITY			
Contributed equity	13	8,572,783	8,546,001
Reserves	14	68,096	75,466
Accumulated losses	15	(2,410,420)	(1,150,655)
TOTAL EQUITY		6,230,459	7,470,812

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

Consolidated Statement of Changes in Equity

For the year ended 30 June 2012

Attributable to equity holders of the parent entity

	Issued Capital \$	Share based payment reserve \$	Foreign currency translation reserve \$	Accumulated losses \$	Total equity \$
At incorporation, 9 February 2010	-	-	-	-	-
Loss for the period	-	-	-	(1,150,655)	(1,150,655)
Other comprehensive loss for the period	-	-	(26,534)	-	(26,534)
Total comprehensive loss for the period	-	-	(26,534)	(1,150,655)	(1,177,189)
Issue of shares	9,380,815	-	-	-	9,380,815
Transaction costs of share issue	(834,814)	-	-	-	(834,814)
Share based payments	-	102,000	-	-	102,000
Total transaction with equity holders	8,546,001	102,000	-	-	8,648,001
At 30 June 2011	8,546,001	102,000	(26,534)	(1,150,655)	7,470,812
Loss for the year	-	-	-	(1,259,765)	(1,259,765)
Other comprehensive loss for the year	-	-	(7,370)	-	(7,370)
Total comprehensive loss for the year	-	-	(7,370)	(1,259,765)	(1,267,135)
Issue of shares	26,782	-	-	-	26,782
Total transaction with equity holders	26,782	-	-	-	26,782
At 30 June 2012	8,572,783	102,000	(33,904)	(2,410,420)	6,230,459

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2012

	Notes	Consolidated 2012 \$	Consolidated 2011 \$
Cash flows from operating activities			
Payments to suppliers and employees		(1,306,656)	(1,265,971)
Interest income		104,321	85,904
Net cash flows used in operating activities		(1,202,335)	(1,180,067)
Cash flows from investing activities			
Payment for acquisition of subsidiary	25	-	(171,013)
Purchase of property, plant & equipment		(32,818)	(155,972)
Payment for exploration assets		(2,086,048)	(231,530)
Net cash flows used in investing activities		(2,118,866)	(558,515)
Cash flows from financing activities			
Proceeds from issue of shares		-	6,780,815
Payments for capital raising		-	(732,814)
Net cash flows from financing activities		-	6,048,001
Net increase / (decrease) in cash and cash equivalents		(3,324,924)	4,309,419
Cash and cash equivalents at beginning of year		4,309,446	-
Effect of foreign currency translation		(30,429)	27
Cash and cash equivalents at end of year	6	954,093	4,309,446

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

Notes to the Financial Statements

For the year ended 30 June 2012

1. Corporate Information

The financial report of Argentina Mining Limited for the year ended 30 June 2012 was authorised for issue in accordance with a resolution of the directors on 28 September 2012.

Argentina Mining Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange. The principal activities of the Group during the financial period were the identification of suitable copper, gold and base metals exploration and production opportunities in Argentina.

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below and have been applied consistently to all periods presented in the consolidated financial statements and by all entities in the consolidated entity.

As the Company was incorporated on 9 February 2010 and the Financial Report for the period to 30 June 2011 was the consolidated entity's first Financial Report, the comparative figures represent this period.

2. Statement of Compliance

These are for-profit general purpose financial statements that have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act 2001.

Compliance with IFRS

The consolidated financial statements of Argentina Mining Limited also comply with International Financial Reporting Standards (IFRS) (including Interpretations) issued by the International Accounting Standards Board (IASB).

New accounting standards and interpretations

The following new accounting standards and interpretations have been published but are not mandatory for the financial period beginning 9 February 2010. The group's assessment of the impact of these new standards and interpretations is set out below:

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>AASB 9: <i>Financial Instruments</i>, AASB 2009-11: <i>Amendments to Australian Accounting Standards arising from AASB 9</i> and AASB 2010-7: <i>Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)</i>.</p> <p>AASB 9: <i>Financial Instruments</i> addresses the classification, measurement and de-recognition of financial assets and financial liabilities. This will be adopted for the year ending 30 June 2014.</p>	1 January 2013.	Management does not anticipate any impact on adoption.
<p>Revised AASB 124: <i>Related Party Disclosures</i> and AASB 2009-12: <i>Amendments to Australian Accounting Standards</i>.</p> <p>In December 2009 the AASB issued a revised AASB 124: <i>Related Party Disclosures</i>. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment clarifies and</p>	1 January 2011.	Management does not anticipate any impact on adoption.

Notes to the Financial Statements

For the year ended 30 June 2012

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>simplifies the definition of a related party and removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities. When the amendments are applied, the group will need to disclose any transactions between its subsidiaries and its associates. However, there will be no impact on any of the amounts recognised in the financial statements. This will be adopted for the year ending 30 June 2012.</p>		
<p>AASB 2009-14: <i>Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement.</i></p> <p>In December 2009, the AASB made an amendment to Interpretation 14 <i>The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction.</i> The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The group does not make any such prepayments. The amendment is therefore not expected to have any impact on the group's financial statements. This will be adopted for the year ending 30 June 2012.</p>	1 January 2011.	Management does not anticipate any impact on adoption.
<p>AASB 1053: <i>Application of Tiers of Australian Accounting Standards</i> and AASB 2010-2: <i>Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.</i></p> <p>On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. Argentina Mining Limited is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements.</p> <p>The two standards will therefore have no impact on the financial statements of the entity.</p>	1 July 2013	Management does not anticipate any impact on adoption.
<p>AASB 2010-6: <i>Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets.</i></p> <p>Amendments made to AASB 7: <i>Financial Instruments: Disclosures</i> in November 2010 introduce additional disclosures in respect of risk exposures arising from</p>	1 July 2011	Management does not anticipate any impact on adoption.

Notes to the Financial Statements

For the year ended 30 June 2012

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the group's disclosures. This will be adopted for the year ending 30 June 2012.</p>		
<p>AASB 2010-8 <i>Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets.</i></p> <p>In December 2010, the AASB amended AASB 112: <i>Income Taxes</i> to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale. This amendment is not expected to have any significant impact on the group's disclosures. This will be adopted for the year ending 30 June 2013.</p>	1 July 2012	Management does not anticipate any impact on adoption.
<p>AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project</p> <p>Amends a number of pronouncements as a result of the IASB's 2008-2010 cycle of annual improvements.</p>	1 January 2011.	Management does not anticipate any impact on adoption.
<p>AASB 10 <i>Consolidated Financial Statements</i></p> <p>Requires a parent to present consolidated financial statements as those of a single economic entity, replacing the requirements previously contained in AASB 127 <i>Consolidated and Separate Financial Statements</i> and INT-112 <i>Consolidation - Special Purpose Entities.</i></p> <p>The Standard identifies the principles of control, determines how to identify whether an investor controls an investee and therefore must consolidate the investee, and sets out the principles for the preparation of consolidated financial statements.</p> <p>The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities'). Under AASB 10, control is based on whether an investor has:</p>	1 January 2013.	Management does not anticipate any impact on adoption.

Notes to the Financial Statements

For the year ended 30 June 2012

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<ul style="list-style-type: none"> • Power over the investee • Exposure, or rights, to variable returns from its involvement with the investee, and • The ability to use its power over the investee to affect the amount of the returns. 		
<p>AASB 11 <i>Joint Arrangements</i></p> <p>Replaces AASB 131 <i>Interests in Joint Ventures</i>. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.</p> <p>Joint arrangements are either joint operations or joint ventures:</p> <ul style="list-style-type: none"> • A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint operators recognise their assets, liabilities, revenue and expenses in relation to its interest in a joint operation (including their share of any such items arising jointly) • A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (joint venturers) have rights to the net assets of the arrangement. A joint venturer applies the equity method of accounting for its investment in a joint venture in accordance with AASB 128 <i>Investments in Associates and Joint Ventures</i> (2011). Unlike AASB 131, the use of 'proportionate consolidation' to account for joint ventures is not permitted 	1 January 2013.	Management does not anticipate any impact on adoption.
<p>AASB 12 <i>Disclosure of Interests in Other Entities</i></p> <p>Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.</p> <p>In high-level terms, the required disclosures are grouped into the following broad categories:</p> <ul style="list-style-type: none"> • Significant judgements and assumptions - such as how control, joint control, significant influence has 	1 January 2013.	Management does not anticipate any impact on adoption.

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Notes to the Financial Statements

For the year ended 30 June 2012

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
<p>been determined</p> <ul style="list-style-type: none"> • Interests in subsidiaries - including details of the structure of the group, risks associated with structured entities, changes in control, and so on • Interests in joint arrangements and associates - the nature, extent and financial effects of interests in joint arrangements and associates (including names, details and summarised financial information) • Interests in unconsolidated structured entities - information to allow an understanding of the nature and extent of interests in unconsolidated structured entities and to evaluate the nature of, and changes in, the risks associated with its interests in unconsolidated structured entities. <p>AASB 12 lists specific examples and additional disclosures which further expand upon each of these disclosure objectives, and includes other guidance on the extensive disclosures required.</p>		
<p>AASB 13 <i>Fair Value Measurement</i> and related AASB 2011-8 <i>Amendments to Australian Accounting Standards arising from AASB 13</i></p> <p>Replaces the guidance on fair value measurement in existing AASB accounting literature with a single standard.</p> <p>The AASB defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, AASB 13 does not change the requirements regarding which items should be measured or disclosed at fair value.</p> <p>AASB 13 applies when another AASB requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements). With some exceptions, the standard requires entities to classify these measurements into a 'fair value hierarchy' based on the nature of the inputs:</p> <ul style="list-style-type: none"> • Level 1 - quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date • Level 2 - inputs other than quoted market 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. 	<p>1 January 2013.</p>	<p>Management does not anticipate any impact on adoption.</p>

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Notes to the Financial Statements

For the year ended 30 June 2012

New or revised requirement	Effective for annual reporting periods beginning on or after	Impact on Group
Entities are required to make various disclosures depending upon the nature of the fair value measurement (e.g. whether it is recognised in the financial statements or merely disclosed) and the level in which it is classified.		
<p>AASB 2009-12: <i>Amendments to Australian Accounting Standards [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052].</i></p> <p>AASB 2009-12 makes amendments to a number of Standards and Interpretations. In particular, it amends AASB 8 Operating Segments to require an entity to exercise judgement in assessing whether a government and entities known to be under the control of that government are considered a single customer for the purposes of certain operating segment disclosures.</p> <p>It also makes numerous editorial amendments to a range of Australian Accounting Standards and Interpretations, including amendments to reflect changes made to the text of IFRSs by the IASB.</p>	1 January 2011.	Management does not anticipate any impact on adoption.

The directors are in the process of assessing the impact of these revised / new standards on the group's financial reporting.

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Notes to the Financial Statements

For the year ended 30 June 2012

(a) Basis of preparation

Historical Cost Convention

These consolidated financial statements have been prepared under the historical cost convention, except where stated.

Going Concern basis

The financial report has been prepared on the going concern basis, which assumes continuity of normal business activities and the realisation of assets and the settlement of liabilities in the ordinary course of business.

The consolidated entity has incurred net losses after tax of \$1,259,765 (2011: \$1,150,655) and experienced net cash outflows from operating and investing activities of \$3,321,201 (2011: \$1,738,582) for the year ended 30 June 2012. As at 30 June 2012 the consolidated entity had cash assets of \$954,093 and net current assets of \$964,872.

These conditions indicate a material uncertainty that may cast significant doubt about the company's and the consolidated entity's ability to continue as going concerns.

The directors have prepared a cash flow forecast for the period ending 30 September 2013 which indicates that the current cash resources will not be sufficient to fund exploration expenditure, other principal activities and working capital without the raising of additional capital. The consolidated entity will require at least \$1,000,000 (net of costs) to be raised no later than November 2012 to fund its current operations through to September 2013. On 13 September 2012 the company announced a non-renounceable Share Purchase Plan to raise \$1,077,000 (before issue costs). The Share Purchase Plan was despatched to eligible shareholders on 18 September 2012 with a close date of 2 October 2012.

Based on that cash flow forecasts and achieving the above funding, the directors are satisfied that the going concern basis of preparation is appropriate.

Should the consolidated entity and the company be unable to raise the funding referred to above, there is a material uncertainty whether the consolidated entity and the company will be able to continue as going concerns and therefore, whether they will be able to realise their assets and extinguish their liabilities in the normal course of business.

The financial report does not include adjustments relating to the recoverability and classification of recorded asset amounts or the amounts and classification of liabilities that might be necessary should the consolidated entity and the company not continue as going concerns.

Critical Accounting Judgements and Estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the group'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:

Notes to the Financial Statements

For the year ended 30 June 2012

Financial statement area	Judgements and estimates made
Carrying amount of exploration and evaluation asset	The group assesses impairment at each reporting date by evaluating conditions specific to each area of interest. Where these assessments indicate existence of an impairment trigger, an impairment testing is performed on each such area of interest. The management considers various factors in assessing existing of impairment indicators including currency of exploration rights, historical results of exploration and evaluation activities, technical estimates and commercial feasibility. No impairment losses have been recognised during the financial period.
Share based payments	The values of amounts recognised in respect of share based payments have been estimated based on the fair value of the options. To estimate this fair value an option pricing model has been used. There are many variables and assumptions used as inputs into the model (which have been detailed in Notes to accounts). If any of these assumptions or estimates were to change this could have an effect on the amounts recognised.
Deferred tax asset	An estimate of the probability of Group's ability to recoup deferred tax asset from future taxable profits are made as at each reporting date. Deferred tax asset (in excess of deferred tax liability) on tax losses and temporary deductible differences are recognised to the extent that sufficient future taxable profits are probable in the same tax jurisdiction in which those tax losses and deductible temporary differences arise.

(b) Principles of consolidation

Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Company as at 30 June 2012 and the results of all subsidiaries for the period then ended. The Company and its subsidiaries together are referred to in this financial report as the group or the consolidated entity.

Subsidiaries are all entities (including special purpose entities) over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies 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 group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and statement of financial position respectively.

Notes to the Financial Statements

For the year ended 30 June 2012

(c) Functional and presentation of currency

The consolidated financial statements are presented in Australian dollars, which is the Company's functional and presentation currency. The functional currency of the subsidiary is Argentine Peso.

The assets and liabilities of the Company's foreign operations are expressed in Australian dollars using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation, all of the accumulated exchange differences in respect of that operation attributable to the Company are reclassified to profit or loss. Any exchange differences that have previously been attributed to non-controlling interests are derecognised, but they are not reclassified to profit or loss.

(d) Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the income statement, within finance costs. All other foreign exchange gains and losses are presented in the income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

(e) Revenue recognition

Revenue is measured at fair value of the consideration received or receivable.

Interest income is recognised as it accrues applying the effective interest rate.

(f) Income tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income taxes are recognised on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements, except where it arises from initial recognition of an asset or liability in a transaction other than a business combination that at

Notes to the Financial Statements

For the year ended 30 June 2012

the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(g) Leases

Leases of property, plant and equipment where the group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables.

Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the group will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the group as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

(h) Impairment of assets

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

(i) 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

Notes to the Financial Statements

For the year ended 30 June 2012

convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(j) Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. A provision for doubtful receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the provision is recognised in the profit or loss.

(k) Exploration and evaluation expenditure

Exploration and evaluation expenditure, including the costs of acquiring licences and permits are capitalised as exploration and evaluation assets on an area of interest basis. Costs incurred before the group has obtained the legal rights to explore an area are recognised in profit or loss.

Exploration and evaluation assets are only recognised if the rights of the area of interest are current and either:

- (i) the expenditures are expected to be recouped through successful development and exploitation or from sale of the area of interest; or
- (ii) activities in the area of interest have not at the reporting date, reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the area of interest are continuing.

Exploration and evaluation assets are assessed for impairment if (i) sufficient data exists to determine technical feasibility and commercial viability, and (ii) facts and circumstances suggest that the carrying amount exceeds the recoverable amount. For the purposes of impairment testing, exploration and evaluation assets are allocated to cash-generating units to which the exploration activity relates. The cash generating unit shall not be larger than the area of interest.

Once the technical feasibility and commercial viability of the extraction of minerals in an area of interest are demonstrable, exploration and evaluation assets attributable to that area of interest are first tested for impairment and then reclassified to mineral property and development assets within property, plant and equipment.

When an area of interest is abandoned or the directors decide that it is not commercial, any accumulated costs in respect of that area are written off in the financial period the decision is made.

(l) Property, plant and equipment

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

Notes to the Financial Statements

For the year ended 30 June 2012

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives, or in the case of certain leased plant and equipment, the shorter lease term as follows:

- Motor vehicles 5 - 7 years
- Office and computer equipment 3 - 5 years
- Furniture, fittings and equipment 3 - 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

(m) Trade and other payables

These amounts represent liabilities for goods and services provided to the group prior to the end of the financial year and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date.

(n) Employee benefits

Short-term Obligations

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in the provision for employee benefits. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable. All other short-term employee benefit obligations are presented as payables.

Other Long-term Obligations

The liability for long service leave and annual leave which is not expected to be settled within 12 months after the end of the period in which the employees render the related service is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Notes to the Financial Statements

For the year ended 30 June 2012

(o) Equity

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.

(p) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, 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 year and excluding treasury shares.

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 additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

(q) Goods and Services Tax (GST) / Value Added Tax (VAT)

Revenues, expenses and assets are recognised net of the amount of associated GST/VAT, unless the GST/VAT incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST/VAT receivable or payable. The net amount of GST/VAT recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST/VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(r) Financial instruments

The financial instruments of the group comprise of (i) cash and cash equivalents; (ii) trade and other receivables; and (iii) trade and other payables. The Company's financial instruments also include its investment in subsidiaries.

Investments in subsidiaries are accounted applying the "cost" method under AASB 127. An assessment of the impairment in investments is performed at each reporting date. Where objective evidence exists, the investments are written down through an allowance account.

(s) Share based payments

The cost of equity-settled transactions with employees / consultants / suppliers is measured by reference to the fair value at the date at which they are granted. The fair value is determined using the Binomial Tree and Black -Scholes models, taking into account the terms and conditions upon which options were granted.

Notes to the Financial Statements

For the year ended 30 June 2012

In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company ('market conditions').

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance conditions are fulfilled, ending on the date on which the relevant employees / consultants / suppliers become fully entitled to the equity instrument ('vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects the extent to which the vesting period has expired and the number of equity instrument that, in the opinion of the directors of the group, will ultimately vest. This opinion is formed based on the best available information at reporting date. No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date.

No expense is recognised for equity instrument that do not ultimately vest, except for awards where vesting is conditional upon a market condition.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any increase in the value of the transaction as a result of the modification, as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the equity instrument is recognised immediately. However, if a new equity instrument is substituted for the cancelled equity instrument and designated as a replacement equity instrument on the date that it is granted, the cancelled and new equity instrument are treated as if they were a modification of the original equity instrument, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share.

(t) **Business combinations**

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value which is calculated as the sum of the acquisition-date fair values of assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquire and the equity instruments issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date.

Notes to the Financial Statements

For the year ended 30 June 2012

	Consolidated 2012 \$	Consolidated 2011 \$
3. Revenue and Expenses		
Included in the loss for the period are:		
Depreciation expense	52,781	8,382
Occupancy costs	98,178	59,594
Company secretary fees	120,000	82,419

4. Segment information

The consolidated entity has identified its operating segments based on the internal reports that are reviewed and used by the board of directors (chief operating decision makers) in assessing the performance and determining the allocation of resources.

The consolidated entity operates as a single segment which is mineral exploration. The group has no revenue generation activity; and all assets relate to exploration activity of the group.

	Consolidated 2012 \$	Consolidated 2011 \$
5. Income Tax Expense		
Major components of income tax expense are as follows:		
Income statement		
<i>Current income tax</i>		
- Current income tax charge	-	-
- Adjustments in respect of current income tax of previous years	-	-
<i>Deferred income tax</i>		
- Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in income statement	-	-

Notes to the Financial Statements

For the year ended 30 June 2012

5. Income Tax Expense (continued)

	Consolidated 2012 \$	Consolidated 2011 \$
A reconciliation of income tax expense applicable to accounting profit before income tax at the statutory income tax rate to income tax expense at the Company's effective income tax rate for the year ended 30 June 2012 and the period 9 February 2010 to 30 June 2011 is as follows:		
Accounting loss from continuing operations before income tax	(1,259,765)	(1,150,655)
At the statutory income tax rate of 30%	(377,930)	(345,197)
<i>Add</i>		
- Non-deductible expenses	10,867	112,844
- Tax loss not brought to account as a deferred tax asset	384,120	152,554
- Temporary differences not recognised		67,789
- Adjustments in respect of previous deferred income tax	(6,680)	-
- Non assessable non exempt (NANE) related difference in international tax rate	(10,377)	12,010
Income tax benefit reported in income statement	-	-

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items:

- Other payables	26,389	16,931
- Provision for employee benefit	-	3,155
- Capital raising costs and business expenditure	-	33,706
- Tax losses	560,436	152,554
Potential unrecognised tax benefit at 30%	586,825	206,346

The tax losses do not expire under current legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilise benefits.

Notes to the Financial Statements

For the year ended 30 June 2012

	Consolidated 2012 \$	Consolidated 2011 \$
6. Cash and cash equivalents		
Cash at bank and on hand	887,283	4,259,446
Deposits at call	66,810	50,000
	954,093	4,309,446

The weighted average interest rate for the period was 4.41%

The company has provided a bank guarantee for \$16,810 (2011: nil) as security for its property lease. These guarantees are secured in turn by an equivalent value of term deposits placed with the relevant financial institution. The term deposit is held in the company's name and is restricted from use whilst the bank guarantees are on issue.

	Consolidated 2012 \$	Consolidated 2011 \$
7. Trade and other receivables		
Current		
GST receivable (Australia)	13,386	53,108
VAT receivable (Argentina)	253,614	34,964
Advances	47,840	47,290
Withholding credits	1,538	1,538
Interest accrual	1,130	970
Rent deposit	-	11,953
Other	42,232	5,355
	359,740	155,178

8. Exploration and evaluation		
Opening balance	3,025,129	-
Acquired in a business combination (note 25)	-	2,820,160
Expenditure incurred during the period	2,269,670	231,529
Effect of exchange rate movements	(116,839)	(26,560)
	5,137,960	3,025,129

The recoverability of the carrying amount of deferred exploration and evaluation expenditure is dependent on the successful development and commercial exploitation, or alternatively the sale, of the respective areas of interest.

Notes to the Financial Statements

For the year ended 30 June 2012

	Consolidated 2012 \$	Consolidated 2011 \$
9. Property, plant and equipment		
Motor vehicle		
- At cost	97,641	71,666
- Accumulated depreciation	(29,292)	(3,581)
Total motor vehicle	68,349	68,085
Office equipment		
- At cost	9,888	7,021
- Accumulated depreciation	(1,479)	(139)
Total office equipment	8,409	6,882
Computer equipment		
- At cost	29,208	25,232
- Accumulated depreciation	(10,001)	(1,667)
Total computer equipment	19,207	23,565
Field equipment		
- At cost	52,053	52,053
- Accumulated depreciation	(20,391)	(2,995)
Total field equipment	31,662	49,058
Total property, plant and equipment	127,627	147,590

Movement in carrying amounts

Movements in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current period:

	Motor Vehicles	Office Equipment	Computer Equipment	Field Equipment	Total
Consolidated:					
Balance at 9 February 2010	-	-	-	-	-
Acquisitions	71,666	7,021	25,232	52,053	155,972
Depreciation expense	(3,581)	(139)	(1,667)	(2,995)	(8,382)
Carrying amount at 30 June 2011	68,085	6,882	23,565	49,058	147,590
Acquisitions	25,975	2,867	3,976	-	32,818
Depreciation expense	(25,711)	(1,340)	(8,334)	(17,396)	(52,781)
Carrying amount at 30 June 2012	68,352	8,409	19,207	31,662	127,627

Notes to the Financial Statements

For the year ended 30 June 2012

10. Subsidiaries

Details of the Company's subsidiaries are as follows:

Subsidiaries	Principle Activity	Country of Incorporation	Proportion of Ownership	
			2012	2011
Entropy Resources SA	Exploration	Argentina	100%	100%
		Consolidated	Consolidated	
		2012	2011	
		\$	\$	

11. Trade and other payables

Trade creditors and accruals	320,302	143,495
Expense reimbursement to key management personnel	-	12,450
	320,302	155,945

Trade creditors are non-interest bearing and are normally settled on 30 day terms

12. Provisions

Current

Employee benefits	28,659	10,587
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Non-Current

Employee benefits	-	-
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Notes to the Financial Statements

For the year ended 30 June 2012

	Consolidated 2012 \$	Consolidated 2011 \$
13. Issued capital		
a) Share capital		
Ordinary shares fully paid	8,572,783	8,546,001
	Consolidated	
	Number	\$
b) Movements in ordinary shares on issue		
Issued 9 February 2010	3	3
Issued 14 June 2010	15,000,000	1,500
Issued 14 June 2010	5,769,269	576,927
Issued 21 June 2010	172,050	17,205
Issued 29 June 2010	1,000,000	100,000
Issued 7 July 2010	220,000	22,000
Issued 7 October 2010	538,681	53,868
Selective share buyback 30 November 2010	(6,000,000)	(4)
Issued 23 February 2011 to acquire Entropy Resources SA	13,000,000	2,600,000
Issued 28 February 2011 – IPO shares	30,000,000	6,000,000
Issued 9 March 2011 – shares issued to J Bastias (i)	46,580	9,316
Costs incurred in capital raising	-	(834,814)
Balance at 30 June 2011	59,746,583	8,546,001
Issued 17 May 2012 – shares issued to J Bastias (i)	133,910	26,782
Balance at 30 June 2012	59,880,493	8,572,783

(i) Relates to the shares issued to Mr J Bastias to reimburse him for costs incurred on the tenements prior to the acquisition of Entropy Resources SA, as disclosed in the prospectus dated 25 October 2010.

Ordinary shares have the right to receive dividends as declared, and in the event of winding up the Company, to participate in the proceeds from the sale of all surplus assets in proportion to the number of and amounts paid upon on shares held.

Ordinary shares entitle their holder to one vote, either in person or by proxy, at a meeting of the Company.

	20 cents options expiring 9 March 2015 2012 Number	20 cents options expiring 9 March 2015 2011 Number
c) Movements in options on issue		
Balance at beginning of period	24,850,003	-
Options granted	-	24,850,003
Options converted	-	-
Options cancelled	-	-
Options expired	-	-

Notes to the Financial Statements

For the year ended 30 June 2012

Balance at end of the period	24,850,003	24,850,003
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13. Issued capital (continued)

d) Listed and escrowed instruments at 30 June 2012

	Listed Numbers	Escrowed Numbers	Total Numbers
Ordinary shares	37,425,003	22,455,490	59,880,493
20 cents options expiring 9 March 2015	18,712,503	6,137,500	24,850,003

The shares and options have been escrowed for a period of 24 months from the date of issue, and these would be fully released for trading on the ASX by 9 March 2013.

	Consolidated 2012 \$	Consolidated 2011 \$
14. Reserves		
<i>Foreign Currency Translation Reserve</i>		
Opening balance	(26,534)	-
Movement during the period	(7,370)	(26,534)
Balance at 30 June 2012	(33,904)	(26,534)
<i>Share Based Payment Reserve</i>		
Opening balance	102,000	-
Options issued	-	102,000
Options cancelled	-	-
Non-vested options amortisation raising	-	-
Options converted	-	-
Balance at 30 June 2012	102,000	102,000
Total Reserves at 30 June 2012	68,096	75,466

15. Accumulated losses

Balance at the beginning of the financial period	(1,150,655)	-
Net loss attributable to members	(1,259,765)	(1,150,655)
Balance at the end of the financial period	(2,410,420)	(1,150,655)

16. Earnings per share

- basic earnings per share (in cents)	(2.12)	(4.62)
- diluted earnings per share (in cents)	(2.12)	(4.62)

The following reflects the income and share data used in the calculations of basic and diluted earnings per share:

Losses used in calculating basic and diluted earnings per	(1,259,765)	(1,150,655)
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Notes to the Financial Statements

For the year ended 30 June 2012

share			
16. Earnings per share (continued)		Consolidated 2012 Number	Consolidated 2011 Number
Weighted average number of ordinary shares used in calculating basic and diluted earnings per shares		59,762,681	24,910,259
The following potential ordinary shares are anti-dilutive and are therefore excluded from the weighted average number of ordinary shares for the purposes of diluted earnings per share:			
- Options		24,850,003	24,850,003
17. Auditor's remuneration		Consolidated 2012 \$	Consolidated 2011 \$
Audit services			
Deloitte Touche Tohmatsu Audit and review of the financial reports		35,122	20,000
Other services			
Deloitte Touche Tohmatsu related practices			
Other services - review of Entropy Resources SA's financial statements in Argentina		-	31,630
Other services - Investigating Accountant's Report for IPO		-	22,280
Total remuneration		35,122	73,910
18. Contingent assets and liabilities			
There are no other material contingent assets or liabilities as at 30 June 2012.			
19. Subsequent Events			
On 4 July 2012 the company announced the signing of an option agreement to acquire 100% interest in highly prospective and strategically significant exploration tenure contiguous with the Company's Cerro Blanco Project area in San Juan Province, Argentina.			
On 18 September 2012 the Company despatched a Share Purchase Plan to all shareholders to raise approximately \$1,077,000 by the issue of 17,964,147 at \$0.06 per share. RBS Morgans Limited have been appointed to place any unsubscribed shares.			
There have been no events subsequent to balance date which are sufficiently material to warrant disclosure.			

Notes to the Financial Statements

For the year ended 30 June 2012

20. Commitments

In order to maintain an interest in the exploration tenements in which the Company is involved, the Company is committed to meet the conditions under which the tenements were granted. Upon the acquisition of Entropy Resources SA, the Company has certain contractual commitments that arise from the contracts with the underlying owners of the mining properties, in order to complete the acquisition of the rights to explore and exploit those properties.

The Company can withdraw from these agreements at any time without penalty, thus terminating those obligations. The commitments as of 30 June 2012 are as follows:

	Cerro Blanco US\$	Amiches US\$	San Francisco US\$	Tres Amigos US\$	Regional Exploration US\$	Total Commitments US\$
Mining Rights:						
December 2012	50,000	50,000	30,000	67,500 ⁽⁴⁾	25,000	222,500
December 2013	50,000	50,000	30,000	75,000 ⁽⁴⁾	25,000	230,000
December 2014	50,000	40,000	50,000	37,500 ⁽⁴⁾	25,000	202,500
December 2015	-	-	-	-	25,000	25,000
Purchase Options:						
Option to purchase 100% ⁽¹⁾	1,000,000	-	-	-	-	1,000,000
Payment upon completion of feasibility study and decision to mine ⁽²⁾	200,000	1,295,000	225,000	-	400,000	2,120,000
Option to purchase net profit royalty ⁽³⁾	-	-	-	1,500,000	-	1,500,000
Total US\$	1,350,000	1,435,000	335,000	1,680,000	500,000	5,300,000
FX Rate - 30 June 2012	1.0191	1.0191	1.0191	1.0191	1.0191	1.0191
Total A\$	1,324,698	1,408,105	328,721	1,648,513	490,629	5200,666

(1) ERSA has the first right of refusal to acquire the remaining 8.75% of the tenement upon completion of option payments.

(2) Amounts payable upon completion of bankable feasibility studies and decision to mine.

(3) ERSA has the exclusive right to acquire 100% interest in the Tenements by purchasing the net profit royalty (NPR). The NPR is 10% of metal sold (after all costs are deducted) capped at US\$2,000,000, subject to the decision to mine.

(4) Such amounts are considered payments to allow ERSA the option of purchasing the NPR for US\$1,500,000.

Notes to the Financial Statements

For the year ended 30 June 2012

20. Commitments (continued)

At 30 June 2012, the Company's lease commitment for its office premises at Unit 9, 44 Belmont Avenue are being renegotiated by the property owner and the company does not have any commitment to pay the lease payments at 30 June 2012.

Commitments in relation to the lease of premises are payable as follows:

	Consolidated 2012 \$	Consolidated 2011 \$
Within 1 year	-	62,347
Later than one year but not later than five years	-	97,897
Later than five years	-	-
	-	160,244

21. Financial risk management objectives and policies

Financial Risk Management

Overview

The group has exposure to the following risks from their use of financial instruments:

- Interest rate risk
- Credit risk
- Foreign currency risk
- Liquidity risk
- Commodity risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital.

The board of directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The group's principal financial instruments are cash, short-term deposits, receivables and payables.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument and cash flows associated with the instrument will fluctuate due to changes in market interest rates.

Interest bearing assets comprise cash and cash equivalents which are considered to be short-term liquid assets. It is the group's policy to settle trade payables within the credit terms allowed and therefore not incur interest on overdue balances.

Notes to the Financial Statements

For the year ended 30 June 2012

21. Financial risk management objectives and policies (continued)

The following table set out the carrying amount, by maturity, of the financial instruments that are exposed to interest rate risk:

Consolidated - 2012	Floating interest rate	Fixed interest rate maturing in			Non interest bearing	Total
		1 Year or less	Over 1 to 5 years	More than 5 years		
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	887,283	66,810	-	-	-	954,093
Trade and other receivables	-	-	-	-	359,740	359,740
	887,283	66,810	-	-	359,740	1,313,833
Weighted average interest rate	4.41%	5.50%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	320,302	320,302
	-	-	-	-	320,302	320,302

Consolidated - 2011	Floating interest rate	Fixed interest rate maturing in			Non interest bearing	Total
		1 Year or less	Over 1 to 5 years	More than 5 years		
	\$	\$	\$	\$	\$	\$
Financial assets						
Cash and cash equivalents	4,259,446	50,000	-	-	-	4,309,446
Trade and other receivables	-	-	-	-	155,178	155,178
	4,259,446	50,000	-	-	155,178	4,464,624
Weighted average interest rate	5.05%	6.00%	-	-	-	-
Financial liabilities						
Trade and other payables	-	-	-	-	155,945	155,945
	-	-	-	-	155,945	155,945

Fair value sensitivity analysis for fixed rate instruments

The group does not account for any fixed rate financial assets or liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below:

Notes to the Financial Statements

For the year ended 30 June 2012

21. Financial risk management objectives and policies (continued)

Consolidated - 2012	Carrying value at period end \$	Profit or loss		Equity	
		100 bp increase \$	100 bp decrease \$	100 bp increase \$	100 bp decrease \$
Financial assets					
Cash and cash equivalents	954,093	9,541	(9,541)	9,541	(9,541)
Cash flow sensitivity (net)		9,541	(9,541)	9,541	(9,541)

Credit risk

The group has very limited credit risk exposure on account of receivables as these comprise primarily of GST / VAT receivable from taxation authorities.

With respect to credit risk arising from the other financial assets of the group, which comprise cash and cash equivalents, the group's exposure to credit risk arises from default of the counter party, with a maximum exposure equal to the carrying amount of these instruments.

Exposure to credit risk

The carrying amount of the group's financial assets represents the maximum credit exposure. The group's maximum exposure to credit risk at the reporting date was:

	Consolidated 2012 \$	Consolidated 2011 \$
Cash and cash equivalents	954,093	4,309,446
Trade & other receivables	359,740	155,178
	1,313,833	4,464,624

Foreign currency risk

The group's exposure to foreign currency risk is significant due to the majority of its exploration related expenditure being in US dollars or Argentine pesos.

The group's exposure to foreign currency at reporting date were:

	Cash \$	Receivables \$	Payables \$	Net exposure \$
Argentina Peso	45,591	327,796	(99,447)	273,740
US Dollars	-	-	-	-
	45,591	327,796	(99,447)	273,740

Sensitivity of financial instruments to 10% movement in exchange rates against Australian Dollar:

	Strengthening \$		Weakening \$	
	Profit \$	Equity \$	Profit \$	Equity \$
Argentina Peso	(24,885)	(24,885)	30,416	30,416
US Dollars	-	-	-	-

Notes to the Financial Statements

For the year ended 30 June 2012

21. Financial risk management objectives and policies (continued)

Commodity price risk

The group's exposure to commodity price risk is minimal at this stage of its operations.

Liquidity risk

Liquidity risk is the risk that the group will not be able to meet its financial obligations as they fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the group's reputation.

The group's objective is to maintain a balance between continuity of funding and flexibility. The following are the contractual maturities of financial liabilities:

Consolidated - 2012	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	320,302	320,302	320,302
	320,302	320,302	320,302

Consolidated - 2011	Carrying amount \$	Contractual cash flows \$	6 months or less \$
Trade and other payables	155,945	155,945	155,945
	155,945	155,945	155,945

Fair value of financial assets and liabilities

The fair value of cash and cash equivalents and non-interest bearing financial assets and financial liabilities of the group is equal to their carrying value.

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The management of the group's capital is performed by the Board.

The capital structure of the group consists of net debt (trade payables and provisions offset by cash and bank balances) and equity of the group (comprising issued capital, reserves, offset by accumulated losses).

The group is not subject to any externally imposed capital requirements. The management of the group's capital is performed by the Board. To date the Board has ensured that sufficient funds are available to meet its projected 18 months commitments. None of the group's entities are subject to externally imposed capital requirements.

Notes to the Financial Statements

For the year ended 30 June 2012

22. Key management personnel disclosures

- (a) The following were key management personnel of the Company at any time during the reporting period and unless otherwise indicated were key management personnel for the entire period:

Directors

Steve Shedden
Eduardo Videla
Douglas Bright
Tim Kennedy

Executives

Jorge Bastias (Country Manager - Argentina)

- (b) **Key management personnel compensation**

Key management personnel compensation and disclosures are provided in the Remuneration Report on pages 22 to 24 which forms part of the Directors Report and has been audited.

- (c) **Individual directors and executives compensation disclosures**

Apart from details disclosed in this note, no director has entered into a material contract with the group since 1 July 2012 and there were no material contracts involving directors' interests existing at year end.

- (d) **Other key management personnel transactions with the Company**

A number of key management persons, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial or operating policies of those entities.

A number of these entities transacted with the group in the reporting period. The terms and conditions of the transactions with management persons and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions on an arms-length basis.

The company acquired its subsidiary Entropy Resources SA ("ERSA"), Argentina on 23 February 2011 for consideration of 13,000,000 ordinary shares and cash payment of USD150,000 (\$171,013). ERSA was a company jointly controlled by Mr. E Videla and Mr. J Bastias at the date of acquisition.

- (e) **Other balances and transactions**

Balances payable to Directors and Key Management Personnel (including their related parties) for fees and remuneration at 30 June 2012 amount to \$112,234. Subsequent to the year-end the directors resolved to forego these entitlements as below:

	\$
S. Shedden	37,334
E. Videla	56,000
D Bright	8,000
T. Kennedy	10,900
	<hr/>
	112,234

Notes to the Financial Statements

For the year ended 30 June 2012

22. Key management personnel disclosures (continued)

(f) Options holdings 2012

	Balance 1 July 2011	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2012	Vested but not exercisable	Vested and exercisable	Vested during the year
<i>Direct Interest</i>								
Directors								
S Shedden	-	-	-	-	-	-	-	-
E Videla	-	-	-	-	-	-	-	-
D Bright	450,000	-	-	-	450,000	-	450,000	-
T Kennedy	-	-	-	-	-	-	-	-
Executives								
J Bastias	500,000	-	-	-	500,000	-	500,000	-
	950,000	-	-	-	950,000	-	950,000	-
<i>Indirect Interest</i>								
Directors								
S Shedden	2,000,000	-	-	-	2,000,000	-	2,000,000	-
E Videla	2,000,000	-	-	-	2,000,000	-	2,000,000	-
D Bright	-	-	-	-	-	-	-	-
T Kennedy	5,592,650	-	-	-	5,952,650	-	5,592,650	-
	9,952,650	-	-	-	9,952,650	-	9,952,650	-

Notes to the Financial Statements

For the year ended 30 June 2012

22. Key management personnel disclosures (continued)

(f) Options holdings 2011

	Balance 9 February 2010	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2011	Vested but not exercisable	Vested and exercisable	Vested during the year
<i>Direct Interest</i>								
Directors								
S Shedden	-	-	-	-	-	-	-	-
E Videla	-	-	-	-	-	-	-	-
D Bright	-	-	-	450,000	450,000	-	450,000	450,000
T Kennedy	-	-	-	-	-	-	-	-
Executives								
J Bastias	-	-	-	500,000	500,000	-	500,000	500,000
	-	-	-	950,000	950,000	-	950,000	950,000
<i>Indirect Interest</i>								
Directors								
S Shedden	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
E Videla	-	-	-	2,000,000	2,000,000	-	2,000,000	2,000,000
D Bright	-	-	-	-	-	-	-	-
T Kennedy	-	-	-	5,952,650	5,952,650	-	5,592,650	5,592,650
	-	-	-	9,952,650	9,952,650	-	9,952,650	9,952,650

Notes to the Financial Statements

For the year ended 30 June 2012

22. Key management personnel disclosures (continued)

(g) Shareholdings

2012	Balance 1 July 2012	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2012
<i>Direct Interest</i>					
Directors					
S Shedden	1	-	-	-	1
E Videla	6,500,001	-	-	-	6,500,001
D Bright	810,001	-	-	-	810,001
Executives					
J Bastias	6,546,580	-	-	133,910	6,680,490
	13,856,583	-	-	133,910	13,990,493
<i>Indirect Interest</i>					
Directors					
S Shedden	4,095,000	-	-	-	4,095,000
E Videla	4,095,000	-	-	-	4,095,000
T Kennedy	11,905,300	-	-	-	11,905,300
	20,095,300	-	-	-	20,095,300
2011	Balance 9 February 2010	Granted as remuneration	Options exercised	Net change other	Balance 30 June 2011
<i>Direct Interest</i>					
Directors					
S Shedden	-	-	-	1	1
E Videla	-	-	-	6,500,001	6,500,001
D Bright	-	-	-	810,001	810,001
Executives					
J Bastias	-	-	-	6,546,580	6,546,580
	-	-	-	13,856,583	13,856,583
<i>Indirect Interest</i>					
Directors					
S Shedden	-	-	-	4,095,000	4,095,000
E Videla	-	-	-	4,095,000	4,095,000
T Kennedy	-	-	-	11,905,300	11,905,300
	-	-	-	20,095,300	20,095,300

Notes to the Financial Statements

For the year ended 30 June 2012

23. Share based payments

Share option plan

No share based remuneration was granted to the Directors and Executives by the Company during the financial year. Shares issued during the year to Mr.J Bastias are in exchange for the option payments made by him for the tenements.

Fair value of share options granted in 2011

RBS Morgan Corporate Limited received 1,000,000 options exercisable at \$0.20 on or before 9 March 2015 in accordance with the Lead Manager Agreement of the IPO.

Using the Black Scholes option valuation methodology the fair value of the options were calculated. The following inputs were used:

Input	Broker Options @ \$0.20
Share price	\$0.20
Exercise price	\$0.20
Expected volatility	60%
Expiry date (assumed)	9 March 2015
Expected dividends	Nil
Risk free interest rate	6.00%
Value per option	\$0.102
Number of options	1,000,000
Value of options	\$102,000

The value of the options (\$102,000) is included as a transaction cost of the issue in issued capital in the consolidated statement of financial position.

Share options exercised during the period

No share options were exercised during the year ended 30 June 2012.

Notes to the Financial Statements

For the year ended 30 June 2012

	Consolidated 2012 \$	Consolidated 2011 \$
24. Cash and unused credit facilities		
Reconciliation of operating cashflows to loss for the period		
Loss for the period	(1,259,765)	(1,150,655)
Non-cash flows in profit/(loss):		
- Depreciation	52,781	5,382
- Shares issued to J Bastias	26,782	-
Changes in assets and liabilities		
- Decrease/(increase) in trade receivables	(204,562)	(155,055)
- Increase/(decrease) in trade creditors and accrual	164,357	106,674
- Increase/(decrease) in provisions	18,072	10,587
	(1,202,335)	(1,180,067)
Unused credit facility		
Corporate credit card limit	50,000	50,000
Balance used	-	(2,120)
	50,000	47,880
Material non-cash transaction		
Acquisition of a subsidiary (note 25)	-	2,600,000
Share based equity transaction costs (note 23)	-	102,000
	-	2,702,000

Notes to the Financial Statements

For the year ended 30 June 2012

25. Business Combinations

On 23 February 2011 Argentina Mining Limited acquired 100% of the issued shares in Entropy Resources SA an Argentine company specialising in mineral exploration. The total cost for the combination was \$2,771,013 and comprised equity instruments and cash. The Company issued 13,000,000 ordinary fully paid shares with a fair value of \$0.20 each, based on the quoted price of the shares of Argentina Mining at the date of the exchange. The Company also agreed to pay creditors up to the value of US\$150,000.

The fair value of the identifiable assets and liabilities of Entropy Resources SA as at the date of acquisition are:

	Recognised on acquisition 2011 \$	Consolidated Carrying value 2011 \$
Receivables	123	123
Exploration and Evaluation	358,080	358,080
Cash and cash equivalents	-	-
	<u>358,203</u>	<u>358,203</u>
Trade payables	49,270	49,270
	<u>49,270</u>	<u>49,270</u>
Fair value of identifiable net assets	308,933	308,933
Tenement acquisition costs	2,462,080	
	<u>2,771,013</u>	
Cost of the combination:		
Shares and options issued, at fair value	2,600,000	
Cash consideration (US\$150,000)	171,013	
Total cost of the combination	<u>2,771,013</u>	
The cash outflow on acquisition is as follows:		
Net cash acquired with the subsidiary	-	
Cash paid	(171,013)	
Net cash outflow	<u>(171,013)</u>	

26. Related party disclosure

The consolidated entity has the following investments in subsidiaries:

	Country of incorporation	Investment at cost 2012 \$	Investment at cost 2011 \$
Parent Entity			
Argentina Mining Limited	Australia	-	-
Controlled Entity			
Entropy Resources SA	Argentina	2,771,013	2,771,013

Notes to the Financial Statements

For the period 9 February 2010 to 30 June 2010

27. Parent entity disclosure

Financial Position	2012	2011
	\$	\$
ASSETS		
Current Assets		
Cash and cash equivalents	908,502	4,248,773
Trade and other receivables	137,376	85,340
Total Current Assets	1,045,878	4,334,113
Non-Current Assets		
Financial assets	3,104,157	3,135,901
Exploration and evaluation	-	137,370
Property, plant and equipment	49,163	71,484
Total Non-Current Assets	3,153,320	3,344,755
TOTAL ASSETS	4,199,198	7,678,868
LIABILITIES		
Current Liabilities		
Trade and other payables	207,773	130,901
Provisions	28,659	10,587
Total Current Liabilities	236,432	141,488
TOTAL LIABILITIES	236,432	141,488
NET ASSETS	3,962,766	7,537,380
EQUITY		
Issued capital	8,572,783	8,546,001
Reserves	102,000	102,000
Accumulated losses	(4,712,017)	(1,110,621)
TOTAL EQUITY	3,962,766	7,537,380
Financial Performance		
Profit / (loss) for the period	(3,601,396)	(1,110,621)
Other comprehensive income	-	-
Total comprehensive profit / (loss)	(3,601,396)	(1,110,621)

Contingent liability of parent entity

The parent entity does not have any contingent liabilities at reporting date

Directors' Declaration

The directors of Argentina Mining Limited declare that:

- (a) in the directors' opinion the financial statements and notes and the Remuneration Report in the Directors Report set out on pages 14 to 16, are 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 2012 and of their performance, for the financial period ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations).
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2; and
- (c) there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

The directors have been given the declarations required by Section 295A of the Corporations Act 2001 by the chief executive and chief financial officer for the year 1 July 2011 to 30 June 2012.

Signed in accordance with a resolution of the directors.



Steve Shedden
Chairman

Perth, Western Australia
28 September 2012

Independent Auditor's Report to the members of Argentina Mining Limited

Report on the Financial Report

We have audited the accompanying financial report of Argentina Mining Limited, which comprises the statement of financial position as at 30 June 2012, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the 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 company and the entities it controlled at the year's end or from time to time during the financial year as set out on pages 36 to 75.

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* and for 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. In Note 2, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the consolidated 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 that we 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 entity'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 entity'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.

Auditor's Independence Declaration

In conducting our audit, 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 Argentina Mining Limited, would be in the same terms if given to the directors as at the time of this auditor's report.

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Opinion

In our opinion:

- (a) the financial report of Argentina Mining 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 2012 and 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 statements also comply with International Financial Reporting Standards as disclosed in Note 2.

Material Uncertainty Regarding Continuation as a Going Concern

Without modifying our opinion, we draw attention to Note 2(a) in the financial report which indicates that the Consolidated Entity has incurred a net loss of \$1,259,765 and experienced net cash outflows from operating and investing activities of \$3,321,201 for the year ended 30 June 2012. These conditions, along with other matters set forth in Note 2(a), indicate the existence of a material uncertainty which may cast significant doubt about the Company and Consolidated Entity's ability to continue as going concern and therefore, the Company and Consolidated Entity may be unable to realise their assets and extinguish their liabilities in the normal course of business.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 22 to 24 of the directors' report for the year ended 30 June 2012. 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.

Opinion

In our opinion the Remuneration Report of Argentina Mining Limited for the year ended 30 June 2012, complies with section 300A of the *Corporations Act 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Smith
Partner
Chartered Accountants
Perth, 28 September

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Shareholders Information

As at 21 September 2012

Additional information required by the Australian Securities Exchange Limited and not shown elsewhere in this report is as follows. The information is current as at 21 September 2012.

1. Distribution of Equity Securities

Analysis of number of equity security holders by size of holding:

	Share Holders	Option Holders
1 - 1,000	9	3
1,001 - 5,000	36	59
5,001 - 10,000	76	63
10,001 - 100,000	225	171
100,001 and over	56	34
Total	402	330

The number of holders of less than a marketable parcel of ordinary fully paid shares is 67.

2. Substantial Shareholders

Substantial shareholders (ie. shareholders who hold 5% or more of the issued capital):

	Number of Shares	Percentage Held
Independence Group NL	11,880,300	19.88
Mr Jorge Bastias	6,546,580	10.96
Mr Eduardo Videla	6,500,000	10.88
Shedden Associates Pty Limited	4,095,001	6.85
Mrs Sandra Videla	4,095,000	6.85

3. Voting Rights

(a) Ordinary Shares

Each shareholder is entitled to receive notice of and attend and vote at general meetings of the Company. At a general meeting, every shareholder present in person or by proxy, representative of attorney will have one vote on a show of hands and on a poll, one vote for each share held.

(b) Options

No voting rights

4. Quoted Securities on Issue

The Company has 37,425,003 quoted shares on issue and 18,712,503 quoted options on issue.

5. On-Market Buy Back

There is no current on-market buy back.

6. Unquoted Equity Securities

	Number on issue	Number of holders
Ordinary fully paid shares	22,455,490	7
Options exercisable at \$0.20 on or before 9 March 2015	6,137,500	6

Shareholders Information

As at 21 September 2012

7. Top 20 Quoted Shareholders

	Number of shares	Percentage held
Independence Group NL	11,880,300	19.84
Mr Jorge Bastias	6,680,490	11.16
Mr Eduardo Videla	6,500,001	10.85
Shedden Associates Pty Limited	4,095,001	6.84
Mrs Sandra Videla	4,095,000	6.84
Mrs Ethel Velasco	1,977,057	3.30
Locantro Speculative Investments Limited	1,378,258	2.30
Bill Brooks Pty Limited	1,000,000	1.67
Kimbriki Nominees Pty Limited	1,000,000	1.67
Mr Douglas Bright	810,001	1.35
JP Morgan Nominees Australia Limited	582,000	0.97
Mrs Claire Arbuckle	570,182	0.95
Yelrif Investments Pty Limited	550,000	0.92
Mr John Rees	500,000	0.83
Associated Metal Craft Pty Limited	500,000	0.83
Mr Kainthaje Prashanth	447,378	0.75
Yelrif Investments Pty Limited	400,000	0.67
AI McLean Investments Pty Limited	375,000	0.63
Mr Andres Meglioli	367,804	0.61
Mr Gabriel Meglioli	367,803	0.61
	<hr/>	
	44,076,275	73.59

8. Top 20 Quoted Optionholders

	Number of options	Percentage held
Independence Group NL	5,940,150	23.90
Shedden Associates Pty Limited	2,000,000	8.05
Mrs Sandra Videla	2,000,000	8.05
RBS Morgans Corp Limited	1,000,000	4.02
Mr John Rigg, Mrs Alison Rigg & Ms Fiona Rigg	568,000	2.29
Harbour Foundation	500,000	2.01
Mr Rex Harbour	500,000	2.01
Bill Brooks Pty Limited	500,000	2.01
Mr Jorge Bastias	500,000	2.01
Mr Douglas Bright	450,000	1.81
Clontelle Pty Limited	400,000	1.61
Yelrif Investments Pty Limited	350,000	1.41
Mrs Claire Arbuckle	325,000	1.31
AI McLean Investments Pty Limited	325,000	1.31
Mr Bruce Dann & Mrs Ann Campbell	255,000	1.03
Mr John Rees	250,000	1.01
Yelrif Investments Pty Limited	250,000	1.01
Fenice Investments Pty Limited	250,000	1.01
Mr Justin Birchmore & Mrs Suzanne Birchmore	250,000	1.01
Mr Andrew Hossen and Mrs Carolyn Hossen	220,000	0.89
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	16,833,150	67.76

Shareholders Information

As at 21 September 2012

9. Tenements

Project	Underlying Owner & Grantor(s)	Tenement Type	Area (ha)	Current Status	Tenement File No
CERRO BLANCO	Jorge Alfredo Bastias & Hugo Enrique Bastias & Elsa Graciela Bastias	MD	980	Granted	LEON I - 546-700-B-94
		MD	2,409	Granted	LEON II - 546-701-B-94
		MD	2,925	In due process for granting	LEON III - 546-702-B-94
		MD	514	In due process for granting	LEON IV - 546-703-B-94
		MD	1,468	Granted	LEON V - 546-704-B-94
		MD	2,900	In due process for granting	SERAFINA II - 1413-F18-95
		Cateo	1,759	Pending resolution	CATEO 1124030-B-08
AMICHES	E.R. Videla & J.A. Bastias Victor Hugo Ronchietto Victor Hugo Ronchietto Victor Hugo Ronchietto Victor Hugo Ronchietto Victor Hugo Ronchietto Victor Hugo Ronchietto Victor Hugo Ronchietto Hugo A. Bastias Juan Carlos Riquelme Juan Carlos Riquelme Nestór Guido Arturo Nestór Guido Arturo Bocca Family	Mina	1,000	Granted	ORO 1 - 305-575-B-88
		MD	1,500	In due process for granting	BOCHA 1 - 546-633-R-94
		MD	1,782	In due process for granting	AMICHES 2 - 546-636-R-94
		MD	1,608	In due process for granting	AMICHES 3 - 546-637-R-94
		MD	968	Pending resolution	AMICHES 11 - 0240-F18-95
		MD	1,608	Pending resolution	ORO 3 - 305-577-R-88
		MD	798	Pending resolution	ORO 4 - 305-578-R-88
		Mina	6	Granted	LITA - 242-119-B-87
		MD	1,448	Pending resolution	AGUA BLANCA I - 0760-F28-96
		MD	1,196	Pending resolution	AGUA BLANCA II - 0761-F28-96
		MD	350	In due process for granting	AMARILLA - 338-783-B-92
		MD	851	Pending resolution	AMARILLA II - 0961-A-96
		Mina	6	Granted	DON CARLOS - 27-B-49
SAN FRANCISCO	Luis Abelardo Bastias Luis Abelardo Bastias Carolina Yacante Jorge A. Bastias Jorge A. Bastias Hugo E. Bastias Jorge A. Bastias Jorge A. Bastias Hugo A. Bastias Hugo E. Bastias Jorge A. Bastias Hugo E. Bastias	Cateo	3,164	Granted	Las Leñas - 54618-b-94
		Cateo	1,942	Granted	Niñas Muertas - 545-690-B-94
		MD	1,000	In due process for granting	San Francisco - 339-183-B-92
		MD	1,097	In due process for granting	San Francisco 7 - 0716-F28-B-96
		MD	2,674	In due process for granting	San Francisco 5 - 1783-F18-B-95
		Cateo	2,820	In due process for granting	Mal Paso - 338-897-B-93
		MD	748	In due process for granting	San Francisco 8 - 1001-F28-B-96
		MD	2,489	In due process for granting	San Francisco 10 - 520-0269-B-97
		Cateo	3,315	In due process for granting	San Francisquito - 0462-F18-95
		MD	2,983	In due process for granting	San Francisco 3 - 0460-F18-95
		MD	1,025	Pending resolution	San Francisco 9 - 0717-F28-B-96
		MD	758	Pending resolution	San Francisco 4 - 0461-F18-B-95

Shareholders Information

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9. Tenements (continued)

Project	Underlying Owner & Grantor(s)	Tenement Type	Area (ha)	Current Status	Tenement File No
TRES AMIGOS	Esteban Quinteros	Mina	500	Granted	Tres Amigos 414-469-Q-04
REGIONAL EXPLORATION	Víctor Hugo Ronchietto Víctor Hugo Ronchietto Víctor Hugo Ronchietto	Mina Cateo Cateo	4,360 5,978 6,283	In due process for granting Granted Granted	San Crispin 0462-R-99 La Ortiga 546-580-R-94 East Sancarron 546-581-R-94
DIVISORIA	Néstor Rolando Gramage	MD MD MD MD Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo Cateo	5,368 171 1,715 100 500 500 2,435 998 1,000 497 455 498 490 494 500 5,465	In due process for granting In due process for granting	Divisoria 520.480-G-1997 Divisoria 414.359-A-2004 Divisoria 414.416-A-2004 Divisoria 1124.543-G-2011 Divisoria 414.1202-G-2005 Divisoria 1124.648-G-2010 Divisoria 1124.410-G-2008 Divisoria 1124.167-G-2010 Divisoria 1124.371-G-2011 Divisoria 1124.356-G-2011 Divisoria 1124.221-G-2011 Divisoria 1124.213-G-2011 Divisoria 1124.01-G-2012 Divisoria 1124.02-G-2012 Divisoria 1124.87-G-2012 Divisoria 1124.88-G-2012

Definition of Tenement Types

- Cateo** Concesion de exploracion y Cateo allows for the exploration of the area granted for a three year period. If a mine is developed during the exploration period, then the holder of the exploration right is entitled to an exclusive right to apply for an exploitation concession.
- MD** Manifestacion de descubrimiento is the status of a tenement in respect of which a mineral discovery has been reported to the relevant provincial authority during the exploration stage.
- Mina** Grants the holder the exclusive right to extract and dispose of specified minerals from the land covered by the tenement, subject to an approved working plan and royalties payable to the provincial government.

Shareholders Information

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10. Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled by Mr Douglas Bright, a Member of the Australasian Institute of Mining and Metallurgy and a director of and consultant to Argentina Mining Limited. Mr Bright has sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves.' Mr Bright consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

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