



ABN 45 141 940 230

## INTERIM REPORT

FOR THE HALF-YEAR ENDED 31 DECEMBER 2011

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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)

### AUDITORS

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

### COMPANY SECRETARY

John Arbuckle

### SHARE REGISTRY

Security Transfer Registrars  
770 Canning Hwy  
Applecross WA 6153

### REGISTERED OFFICE & PRINCIPAL PLACE OF BUSINESS

Unit 9, 44 Belmont Avenue  
Belmont, Western Australia 6104

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Telephone: +618 6140 2567  
Facsimile: +618 6316 3311  
Email: info@argentnamining.com.au  
Website: www.argentnamining.com.au

### STOCK EXCHANGE LISTING

The Company is listed on the Australian Securities Exchange  
Home Exchange: Perth  
ASX Code: AVK  
AVKO

## DIRECTORS' REPORT

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The Directors present their report on Argentina Mining Limited and its subsidiaries for the half-year ended 31 December 2011.

### BOARD OF DIRECTORS

#### DIRECTORS

The names and details of Argentina Mining Limited ("Company") directors in office during the half-year and up to the date of this report are as follows:

Stephen Shedden  
Eduardo Videla  
Douglas Bright  
Timothy Kennedy

Directors were in office for the entire period unless otherwise stated.

### REVIEW OF OPERATIONS

During the six months ending 31st December 2011, Argentina Mining continued to advance the Company's exploration program, principally at the Copper Hill Prospect and access route construction to the southern Despoblados and La Fortuna Prospects at Cerro Blanco where geological mapping and stream geochemistry is proposed.

The most significant component of the Copper Hill program was the completion of three additional deep diamond drill-holes on the western flanks to test high chargeability zones defined by IP geophysics, namely holes designated MC-2, MC-4 and MC-5, the work being completed in November 2011, for a total of 1,579m drilled.

In addition to drilling, a comprehensive program of geological and alteration mapping was completed at Copper Hill, including chip and channel geochemical sampling along access routes and purpose cut costeans, mainly around the western and northern margins of the hill.

Chilean consulting geologist Orlando Alvarez from GeoScanEx, who has extensive porphyry Cu experience, was contracted by the Company to review all available historical and Company exploration data pertaining to Copper Hill, to undertake additional field studies and to provide a written opinion on its mineralisation and resource potential. His work was in progress at year end.

A limited amount of exploration was undertaken at Tres Amigos, the principal component of this being completion of an IP geophysics survey and its interpretation, along with the production by an independent geologist of a brief report with a simple litho-structural interpretation and recommendations for the location of a maximum of two initial reconnaissance drill-holes based on that interpretation. That report is being reviewed.

Preparations were made for the commencement of exploration at San Francisco, with the cutting or renewal of existing access tracks, amounting to approximately 55km of overall refurbishment.

Reconnaissance exploration was commenced at East Sancarron in the "Regional Projects" area, with the opportunity being taken while the team was in the area to assess the condition of access into the nearby La Ortega and San Crispin tenements, in time for commencement of work at San Crispin in January 2012.

### RESULTS OF OPERATIONS

The operating loss after income tax of the Company for the half-year ended 31 December 2011 was \$801,728 (2010: \$247,995).

The Company's basic loss per share for the period was 1.34 cents (2010: 1.16 cents).

No dividend has been paid during or is recommended for the financial period ended 31 December 2011.

## DIRECTORS' REPORT

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### AUDITOR'S INDEPENDENCE DECLARATION

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 immediately follows the Directors' Report.

This report has been made in accordance with a resolution of the Board of Directors.



**Steve Shedden**  
**Executive Chairman**

Perth, 15 March 2012

### Competent Person Statement

The information in this report relating to Exploration Results is based on information compiled by Mr Doug Bright, a Member of the Australasian Institute of Mining and Metallurgy and a Director of and geological consultant to Argentina Mining Limited. Mr Bright has sufficient experience relevant to the style of mineralisation and type of deposits 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 this report of the matters based on his information in the form and context in which it appears.

The Board of Directors  
Argentina Mining Limited  
Unit 9, 44 Belmont Avenue  
Belmont, WA 6104

15 March 2012

Dear Board Members

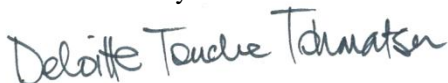
### **Argentina Mining Limited**

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 review of the financial statements of Argentina Mining Limited for the half year ended 31 December 2011, 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 review; and
- (ii) any applicable code of professional conduct in relation to the review.

Yours sincerely



DELOITTE TOUCHE TOHMATSU



Neil Smith  
Partner  
Chartered Accountants

**CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**For the Half-Year Ended 31 December 2011**

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	31 December 2011	31 December 2010
	\$	\$
Finance income	74,729	1,831
Corporate expense	(100,777)	(62,360)
Employee expense	(382,329)	(81,832)
Administration expense	(292,880)	(101,141)
Foreign currency exchange losses	(100,239)	(4,493)
<b>Loss before income tax expense</b>	<b>(801,496)</b>	<b>(247,995)</b>
Income tax expense	-	-
<b>Loss for the half year</b>	<b>(801,496)</b>	<b>(247,995)</b>
	-	-
Other comprehensive income		
Movement in currency translation of foreign operations	(232)	-
<b>Other comprehensive income for the period, net of tax</b>	<b>(801,728)</b>	<b>(247,995)</b>
<b>Total comprehensive loss for the period</b>	<b>(801,728)</b>	<b>(247,995)</b>
Basic loss per share (cents per share)	1.34	1.16
Diluted loss per share (cents per share)	1.34	1.16

*The above income statement should be read in conjunction with the accompanying notes.*

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at 31 December 2011**

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	Note	31 December 2011 \$	30 June 2011 \$
<b>Current Assets</b>			
Cash and cash equivalents		2,433,519	4,309,446
Trade and other receivables		164,547	155,178
Total Current Assets		<u>2,598,066</u>	<u>4,464,624</u>
<b>Non-Current Assets</b>			
Property, plant and equipment		152,062	147,590
Exploration and evaluation expenditure		4,310,248	3,025,130
Total Non-Current Assets		<u>4,462,310</u>	<u>3,172,720</u>
<b>TOTAL ASSETS</b>		<u>7,060,376</u>	<u>7,637,344</u>
<b>Current Liabilities</b>			
Trade and other payables		364,878	155,945
Provisions		26,646	10,587
Total Current Liabilities		<u>391,524</u>	<u>166,532</u>
<b>TOTAL LIABILITIES</b>		<u>391,524</u>	<u>166,532</u>
<b>NET ASSETS</b>		<u>6,668,852</u>	<u>7,470,812</u>
<b>Equity</b>			
Contributed equity	7	8,546,001	8,546,001
Reserves		75,234	75,466
Accumulated losses		(1,952,383)	(1,150,655)
<b>TOTAL EQUITY</b>		<u>6,668,852</u>	<u>7,470,812</u>

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



**CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the Half-Year Ended 31 December 2011**

	Issued Capital	Accumulated losses	Foreign currency translation reserve	Share base payment reserve	Total equity
	\$	\$	\$	\$	\$
<b>Balance at 1 July 2010</b>	<b>625,885</b>	<b>(80,659)</b>	-	-	<b>545,226</b>
Loss for the period	-	(247,995)	-	-	(247,995)
Other comprehensive loss for the period	-	-	-	-	-
<b>Total comprehensive loss for the period</b>	-	<b>(247,995)</b>	-	-	<b>(247,995)</b>
Transactions with owners in their capacity as owners: Issue of shares	75,864	-	-	-	75,864
<b>Balance at 31 December 2010</b>	<b>701,749</b>	<b>(328,654)</b>	-	-	<b>373,095</b>
<b>Balance at 1 July 2011</b>	<b>8,546,001</b>	<b>(1,150,655)</b>	<b>(26,534)</b>	<b>102,000</b>	<b>7,470,812</b>
Loss for the period	-	(801,728)	-	-	(801,728)
Other comprehensive loss for the period	-	-	(232)	-	(232)
<b>Total comprehensive loss for the period</b>	-	<b>(801,728)</b>	<b>(26,766)</b>	-	<b>(801,960)</b>
Transactions with owners in their capacity as owners: Issue of shares	-	-	-	-	-
<b>Balance at 31 December 2011</b>	<b>8,546,001</b>	<b>(1,952,383)</b>	<b>(26,766)</b>	<b>102,000</b>	<b>6,668,852</b>

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

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW**  
**For the Half-Year Ended 31 December 2011**

	31 December 2011 \$	31 December 2010 \$
<b>Cash Flows from Operating Activities</b>		
Payments to suppliers, contractors and employees	(630,369)	(289,197)
Interest received	74,871	1,831
	<hr/>	<hr/>
Net cash flows used in operating activities	(555,498)	(287,366)
<b>Cash Flows from Investing Activities</b>		
Payments for purchase of property, plant and equipment	(35,311)	(327)
Payments for exploration and evaluation expenditure	(1,285,118)	-
	<hr/>	<hr/>
Net cash used in investing activities	(1,320,429)	(327)
<b>Cash Flows from Financing Activities</b>		
Proceeds from issue of shares	-	75,868
Payment for share buy-back	-	(4)
Share issue expenses	-	(203,648)
Payment of amount payable under Sale and Purchase Agreement	-	(117,330)
Shareholder loans for IPO monies received	-	814,795
	<hr/>	<hr/>
Net cash flows from financing activities	-	569,681
Net increase/(decrease) cash and cash equivalents	(1,875,927)	281,988
Cash and cash equivalents at the beginning of the half-year	4,309,446	600,106
	<hr/>	<hr/>
<b>Cash and cash equivalents at the end of the half-year</b>	<b>2,433,519</b>	<b>882,094</b>

*The above condensed consolidated cash flow statement should be read in conjunction with the accompanying notes.*

# NOTES TO THE FINANCIAL STATEMENTS

## For The Half-Year Ended 31 December 2011

### 1. CORPORATE INFORMATION

The financial report of Argentina Mining Limited for the half-year ended 31 December 2011 was authorised for issue in accordance with a resolution of the directors on 15 March 2012. Argentina Mining Limited is a company incorporated in Australia and limited by shares which are publicly traded on the Australian Securities Exchange.

The nature of the operations and principal activities of the Company are described in note 4.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The half-year financial report does not include all of the notes of the type normally included within the annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

The half-year financial report should be read in conjunction with the annual Financial Report of Argentina Mining Limited for the period 9 February 2010 to 30 June 2011.

It is also recommended that the half-year financial report be considered together with any public announcements made by Argentina Mining Limited and its controlled entities during the half-year ended 31 December 2011 in accordance with the continuous disclosure obligations arising under the Corporations Act 2001 and the Australian Securities Exchange Listing Rules.

#### (a) Statement of Compliance

The half-year financial report is a general purpose financial report, which has been prepared in accordance with the requirement of the Corporations Act 2001, applicable Accounting Standards, including AASB 134 "Interim Financial Reporting", and other mandatory professional reporting requirements.

#### (b) Basis of Preparation

The half-year financial report has been prepared on a historical cost basis, except where stated. The accounting policies and method of computation adopted in the preparation of the half-year financial report are consistent with those adopted and disclosed in the company's 2011 annual financial report for the period 9 February 2010 to 30 June 2011, except for the impact of the Standard and Interpretation described below. These accounting policies are consistent with Australian Accounting Standards and with International Financial Reporting Standards.

For the purpose of preparing the half-year financial report, the half-year has been treated as a discrete reporting period.

#### (c) Changes in Accounting Policies and Disclosures

The consolidated entity has adopted all of the new and revised standards and interpretations issued by the Australian Accounting Standards Board that are relevant to their operations and are effective for the current financial reporting period.

The consolidated entity has adopted all of the new and revised standards and interpretations effective for the current financial reporting period that are relevant to the consolidated entity are:

- AASB 124: Related Party Disclosures (2009), AASB 2009-12 Amendments to Australian Accounting Standards
- AASB 2010-4 Further amendments to Australian Accounting Standards arising from the Annual Improvements Project
- AASB 2010-5 Amendments to Australian Accounting Standards

The adoption of these standards and interpretations has not had an impact on the company.

## **NOTES TO THE FINANCIAL STATEMENTS**

### **For The Half-Year Ended 31 December 2011**

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **(c) Changes in Accounting Policies and Disclosures (continued)**

The revised AASB 101 separates owner and non-owner changes in equity. As a consequence the statement of comprehensive income has been presented by the consolidated entity and related disclosures have been made in the half year financial report.

##### **(d) Significant accounting policies**

The half-year consolidated financial statements have been prepared using the same accounting policies as used in the annual financial statements for the period 9 February 2010 to 30 June 2011, except for the adoption of amending standards mandatory for annual periods beginning on or after 1 July 2011, as described in Note 2(b).

##### **(e) Basis of consolidation**

The half-year consolidated financial statements comprise the financial statements of Argentina Mining Limited and its controlled subsidiary ('the Group').

##### **(f) New Standards and Interpretations Issued but not yet effective.**

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet effective have not been adopted by the consolidated entity for the half year ending 31 December 2011. Management are in the process of assessing the impact of the adoption of these standards and interpretations on the consolidated entity.

#### **3. FINANCIAL RISK MANAGEMENT**

The Group's financial risk management objectives and policies are consistent with that disclosed in the consolidated financial statements for the period 9 February 2010 to 30 June 2011.

#### **4. SEGMENT INFORMATION**

The Company operates in one business segment being mineral exploration in Argentina.

#### **5. EVENTS AFTER THE STATEMENT OF FINANCIAL POSITION DATE**

Since 31 December 2011, no event has arisen that would be likely to materially affect the operations of the Group, or the state of affairs of the Group not otherwise disclosed in the Group's financial report.

#### **6. CONTINGENCIES**

The Company does not have any contingent assets or contingent liabilities as at 31 December 2011.

**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Half-Year Ended 31 December 2011**

	31 December 2011		30 June 2011	
	Number	\$	Number	\$
<b>7. CONTRIBUTED EQUITY</b>				
<b>(a) Share capital</b>				
<b>Ordinary shares</b>				
Fully paid	59,746,583	8,546,001	59,746,583	8,546,001
<b>(b) Other equity securities</b>				
Options - Unlisted	24,850,003	-	24,850,003	-
<b>Total contributed equity</b>		<u>8,546,001</u>		<u>8,546,001</u>

**8. 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. The Company has the following 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 31 December 2011 are as follows:

	Cerro Blanco US\$	Amiches US\$	San Francisco US\$	Tres Amigos US\$	Regional Exploration US\$	Total Commitments US\$
<b>Mining Rights:</b>						
December 2012	50,000	50,000	30,000	67,500 <sup>(4)</sup>	25,000	222,500
December 2013	50,000	50,000	30,000	75,000 <sup>(4)</sup>	25,000	230,000
December 2014	50,000	40,000	50,000	37,500 <sup>(4)</sup>	25,000	202,500
December 2015	-	-	-	-	25,000	25,000
<b>Purchase Options:</b>						
Option to purchase 100% <sup>(1)</sup>	1,000,000	-	-	-	-	1,000,000
Payment upon completion of feasibility study and decision to mine <sup>(2)</sup>	200,000	1,295,000	225,000	-	400,000	2,120,000
Option to purchase net profit royalty <sup>(3)</sup>	-	-	-	1,500,000	-	1,500,000
<b>Total US\$</b>	<u>1,350,000</u>	<u>1,435,000</u>	<u>335,000</u>	<u>1,680,000</u>	<u>500,000</u>	<u>5,300,000</u>
<b>FX Rate – 31 December 2011</b>	1.0156	1.0156	1.0156	1.0156	1.0156	1.0156
<b>Total A\$</b>	<u>1,329,263</u>	<u>1,412,958</u>	<u>329,854</u>	<u>1,654,195</u>	<u>492,320</u>	<u>5,218,590</u>

(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.

## DIRECTORS' DECLARATION

The Directors of the company declare that:

- (a) in the directors' opinion, there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable; and
- (b) in the directors' opinion, the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including compliance with accounting standards and giving a true and fair view of the financial position and performance of the consolidated entity.

Signed in accordance with a resolution of the directors made pursuant to s.303(5) of the *Corporations Act 2001*.

On behalf of the Directors



**Steve Shedden**  
**Executive Chairman**

Perth, 15 March 2012

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

We have reviewed the accompanying half-year financial report of Argentina Mining Limited, which comprises the condensed statement of financial position as at 31 December 2011, condensed statement of comprehensive income, the condensed statement of changes in equity and condensed statement of cash flows for the half-year ended on that date, selected explanatory notes and, the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year as set out on pages 7 to 14.

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

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

## *Auditor's Responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Argentina Mining Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

## *Auditor's Independence Declaration*

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

## *Conclusion*

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

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



DELOITTE TOUCHE TOHMATSU



Neil Smith  
Partner  
Chartered Accountants  
Perth, 15 March 2012