

QUARTERLY REPORT SEPTEMBER 2014

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KEY POINTS

Investment in Pantheon Resources Plc ("Pantheon") Argo 6.83%

- Pantheon has advised that discussions between the operator and interested parties in respect of the restructuring of the Tyler County Joint Venture ("JV") are at an advanced stage. A further announcement will be made when the restructuring has been successfully concluded, following which the operator intends to commit to a suitable rig and then drill the Kara Farms #1H well.
- The value of Argo's investment in Pantheon is now valued at \$2,600,297 at an exchange rate of 0.5384 at the end of the September Quarter.

Argo continues to preserve cash to avoid shareholder dilution while awaiting Pantheon drilling, which is now planned for end 2014, early 2015.

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SUMMARY OF ACTIVITY

The Board of Argo continues to review a number of new projects to augment its investment in Pantheon, but has yet to find a project that has the potential similar to the upcoming drilling program of Pantheon.

As at the end of the September 2014 quarter the Company did not hold any interest in exploration licences.

ACTIVITIES SUBSEQUENT TO END OF SEPTEMBER 30, 2014

As at September 30th 2014, Argo held a 6.83% interest in Pantheon.

As announced by Argo on the ASX on 1st October 2014, Pantheon has successfully completed a placing of shares transaction and Revised Joint Venture raising gross proceeds of US\$30million.

Argo did not participate in the placement and subsequently now holds a 3.56% interest in Pantheon.

Highlights of the Pantheon transaction;

- Increase Pantheon's Working Interest ("WI") from 25% to 50% in the current Kara Farms Prospect Acreage;
- Pantheon to purchase a 50% WI in oil and gas leases in four new project areas in Tyler and Polk Counties which Vision has acquired;
- Pantheon now funded to drill two obligation wells to test the Woodbine/Eagleford sandstone on Pantheon's current Kara Farms acreage and on a new Prospect A in Polk county;
- The estimated Prospective P50 Resource (recoverable) net to Pantheon's working interest upon completion of the proposed land acquisitions (inclusive of the additional 25% interest in its existing acreage) is 150.5 million barrels of oil equivalent;
- The successful acquisition of these leases is the culmination of a long and complex process for Pantheon and its JV Partner. It is considered a transformational event in Pantheon's history;
- The first well is proposed to be spudded late 4Q 2014 or 1Q 2015.

More detail can be found on the Pantheon website www.pantheonresources.com

Should the Pantheon JV drilling enjoy some success, then this should provide material capital appreciation for Argo shareholders, and provide the company with more options to deploy to new opportunities.

CORPORATE

Cash reserves at the end of the September 2014 Quarter stood at \$58,152 with no secured debt while the value of the Pantheon Resources Plc investment was \$2,600,297 at an exchange rate of 0.5384. This represents a value gain from Purchase of \$909,435.

The Board continues to review and evaluate potential corporate opportunities in the natural resource sector and is of the view that present market conditions will provide increased opportunities going forward at more sensible valuations than seen in recent years. This has become increasingly evident in the junior resource sector, where many companies are trading well below tenement valuations.

CORPORATE DIRECTORY

Board of Directors

Andrew Van Der Zwan
Christopher Martin
Justin Hondris

Joint Company Secretaries

Melanie Leydin
Justin Mouchacca

Issued Share Capital

Argo Exploration Ltd has 125,220,000 ordinary shares currently on issue.

Registered Office

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Share Registry

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Please direct shareholding enquiries to the share registry