ASX/Media Release
8th May 2015

Pantheon Resources Plc

Melbourne, 8th May 2015 - Argo Exploration Ltd ("Argo"; ASX Code 'AXT') would like to refer to the announcement by Pantheon Resources Plc ("Pantheon") to the London Stock Exchange (AIM – Quoted) in relation to a Drilling Rig Contracted.

Argo continues to hold 7,000,000 fully paid ordinary shares in Pantheon. The value of Argo's investment in Pantheon is $A2.5m as at the date of this announcement.

The Board of Argo firmly believe that should this drilling enjoy some success, then this should provide material capital appreciation for Argo shareholders.

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Pantheon Resources - Drilling Rig Contracted

DRILLING RIG CONTRACTED

Pantheon Resources plc ("Pantheon or "the Company"), the AIM-quoted oil and gas company with a 50% working interest in several projects within Tyler and Polk Counties, East Texas, is pleased to announce the contracting of a suitable rig for the upcoming two well drilling programme and an update on the timeline to the start of drilling operations.

Drilling Rig Contracted

The Directors are pleased to announce that the JV has formally contracted the Nabors Rig F-12 for the drilling of the two wells in its upcoming drilling programme. As previously reported, the JV had already agreed commercial heads of terms for this rig, but until now had delayed the signing of the rig contract until ground conditions had improved sufficiently to enable road access and the building of the drilling pad(1).

Expedition of drilling programme

As a result of severe unseasonal rainfall and localised flooding in East Texas over the past 6-8 weeks, ground conditions in the region have remained substandard for longer than forecast. However, conditions are now improving. The JV has in the meantime taken a number of significant steps in order to expedite the drilling of its prospects:

· The JV has partnered with an independent company (2) on a rig sharing agreement. This company will use the same rig for a single well in the neighbouring county for an approximate three week drilling period. This company is ready to commence drilling its well in the short term and the rig is ready for immediate deployment. Following the completion of that well, weather permitting, the JV plans to immediately move the rig to the first well location. It is anticipated that during this period surface conditions should improve at the JV well locations.

· The JV has been successful in renegotiating terms with Nabors, to allow for a significant reduction in the standby charges that would normally be incurred should weather or surface conditions cause delays to the commencement of the first JV well.

· Under its original drilling programme, the JV planned to drill its first well at a location in Tyler County that offsets the existing LP2 producing well, with the second well planned for its Polk County acreage, offsetting the prolific Double A Wells field. Both locations have been affected by the prolonged adverse weather. The Polk County location is presently in better condition. Accordingly, depending on the weather, the JV may choose to drill the Polk County well first and then move the rig immediately to the Tyler County location, leaving an additional six to seven weeks for surface conditions there to improve.

The Polk County location is west and adjacent to the prolific Double A Wells field which has produced circa 20 million barrels of oil and 415 billion cubic feet of natural gas to date. Following the completion of an extensive three year geological study undertaken with the Bureau of Economic Geology at the University of Texas, Austin, it is believed that this target is geologically analogous to the Double A Wells field for the Eagleford/Woodbine sandstone.

The Tyler County location offers two separate and independent targets: (i) Eagleford/Woodbine sandstone, and (ii) Austin Chalk. The Austin Chalk is considered by the JV Operator Vision Resources LLC to be a development play, de-risked by neighbouring analogous wells, which have enjoyed a 93% commercial success rate (3).

Despite lower oil and gas prices, both wells are conventional and, if successful, are forecast to be commercial below current commodity prices. Additionally, both wells are located on-shore East Texas in an area of abundant infrastructure, low transportation charges and low sovereign risk.

Jay Cheatham, CEO, said:

"Despite the impact of continued rainfall in East Texas, I am delighted that we have been able to take action to enable the earliest possible drilling for the benefit of shareholders. Our fully-funded drilling programme targets two locations with outstanding potential, selected after the most extensive geological study I have witnessed. In my opinion the Department of Economic Geology at The University of Texas, Austin, has some of the finest independent geologists and geophysicists in North America. I remind shareholders that this is one of the most exciting plays I have been involved with in my long career. If successful, we are targeting a 50% share of a gross P50 prospective resource estimate (recoverable) of 301 million barrels of oil equivalent. That has the potential to generate enormous value for shareholders, given that we are in an area where hydrocarbons can be produced and monetised very rapidly."

(1) Typically, once a rig contract is signed it begins to incur material standby charges and the JV deemed it imprudent to sign the contract until ground conditions improved. Given that up to 65 truckloads of equipment and peripherals weighing up to 50 tonnes each are required to prepare for the spudding of each well, it is imperative that access roads and tracks can withstand these loads.

(2) Pantheon and its partners share no direct or indirect interest in this company or its proposed well.

(3) Operator estimate.