

QUARTERLY REPORT JUNE 2011

ABOUT ARGO EXPLORATION LTD

Argo Exploration Limited ('Argo') (ASX Code 'AXT') is a junior exploration company searching for iron oxide copper-gold, gold, uranium and base metal deposits in prospective locations of the Gawler Craton, South Australia. Argo is a focused explorer searching for world-class ore deposits currently within two key project areas, namely Intercept Hill and Toondulya.

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KEY POINTS

Intercept Hill (EL4164)

Argo – Xstrata Copper Joint Venture

- Drilling at Oak Dam South Prospect commenced 11th May. Drill hole, ODSDH001, completed to a depth of 993.8 meters in unaltered granite/granite gneiss on 13th June. No significant alteration was encountered.
- Drilling at Winjabbie East Prospect commenced 16th June with second hole of 2011 program, WJEDH001, passing into iron oxide-altered basement, overprinted by massive chlorite-magnetite-garnet-pyroxene ± sulfide skarn, at 708.8 meters depth. Hole completed at 1053.0 meters in weakly chlorite-altered, locally crackle-fractured meta-siltstone on 18th July.
- Drill core being prepared for shipment to Xstrata Copper's Mt Isa facilities for sampling. Sample analyses to be undertaken by ALS in Townsville and Brisbane.
- Drilling in progress at Emmie Bluff Prospect immediately south of EL4164 tenement boundary under Gunson Resources Ltd-Noranda Pacific Pty Ltd (Xstrata Copper) Joint Venture.
- 3-D geophysical modeling by Xstrata Copper of EL4164 (Argo-Xstrata Copper JV) and adjoining EL4187 (Gunson Resources-Xstrata Copper JV) completed. Results are being evaluated.

Toondulya (EL4284)

Argo 100%

- Reprocessing and 3-D modeling of gravity feature completed by Xstrata Copper.
- Search Exploration Services Pty Ltd of Adelaide commissioned to undertake orientation Induced Polarization (IP) surveys of selected traverse lines over 3-D modeled residual gravity elements. Survey data is to be modeled by Xstrata Copper. Survey in progress.
- Two soil and two sub-crop samples collected to the east of the open-ended Hiltaba gold-in-calcrete anomaly. These samples returned values of up to 37ppb, 200ppb and 1400ppb respectively of gold, silver and arsenic in sub-crop and 25ppb for gold in downslope soils.
- Application for renewal of term of EL4284 lodged.

Pantheon Plc

Argo 6.83%

- The operator of the Tyler County, East Texas JV has advised that it is presently sourcing an appropriate rig with a view to commencing the Kara Farms #1 well shortly thereafter. Recent industry activity (most recently evidenced by BHP-Billiton's acquisition of Petrohawk) demonstrates the potential unrealized value of Argo's equity stake in Pantheon.

SUMMARY OF ACTIVITY

INTERCEPT HILL EL4164 (Argo-Xstrata Copper Joint Venture)

Drilling Program

Oak Dam South Prospect

The 2011 deep diamond drilling program, principally funded by Xstrata Copper, commenced 11th May 2011 with the drilling of vertical diamond drill hole ODSDH001 at Oak Dam South Prospect. ODSDH001 targeted a high priority 3-D modeled residual gravity feature and was drilled with \$60K funding support awarded to Argo under the PACE* Drilling Collaboration – Round 6.

[* The Plan for Accelerating Exploration (PACE) program is an initiative of the South Australian Government administered by Primary Industries and Resources SA (PIRSA).]

Applications for PACE funding support are competitive and internally and externally peer reviewed with only the highest quality exploration proposals, based on sound technical, scientific and commercial criteria, being supported.

ODSDH001 was completed to a depth of 993.8 meters on 13th June 2011. The hole, with collar coordinates 711716E, 6563248N (GDA94, Zone 53), was planned and budgeted for 800 meters total depth. The hole passed from Pandurra Formation into basement at 808.0 meters (Fig. 1).

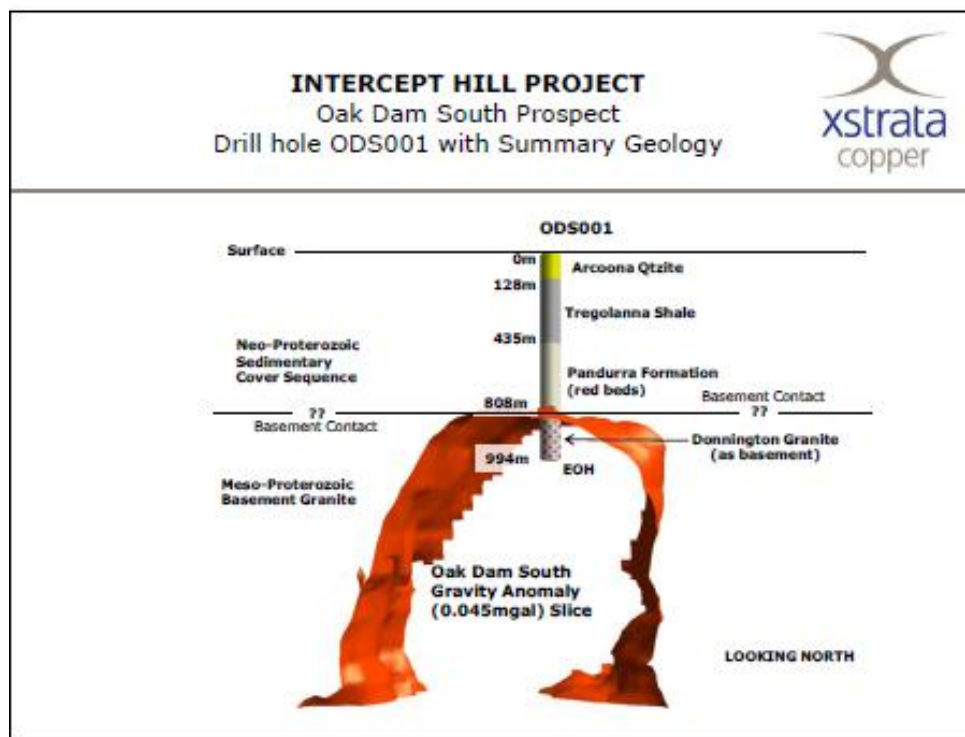


Figure 1: Summary geology for ODSDH001, Oak Dam South Prospect.

The basement lithologies comprise generally unaltered foliated granite and granitic gneiss with associated granite pegmatite (Fig. 2 and 3).

The basement lithologies are generally unaltered and unmineralised. There is minimal evidence in the core to suggest proximity to any significant alteration system. Accordingly, pending a comprehensive assessment of the drill results, there are currently no immediate plans to conduct further drill testing of the Oak Dam South location.

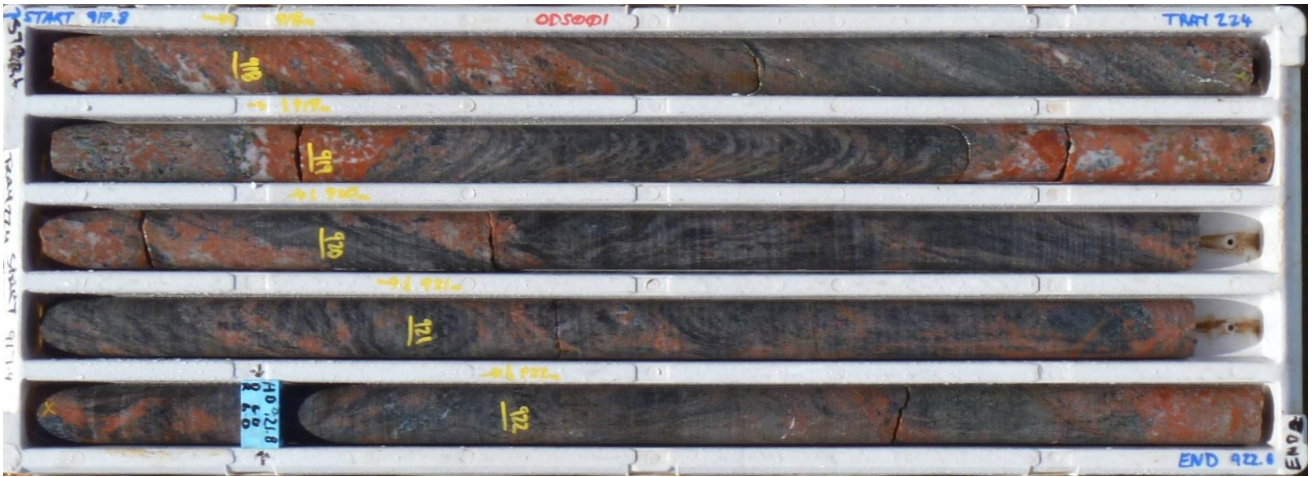


Figure 2: NQ2 drill core illustrating typical granite/granite gneiss comprising basement in vertical diamond drill hole ODSDH001.



Figure 3: NQ2 core illustrating typical granite pegmatite development in basement intervals of hole ODSDH001.

Winjabbie East Prospect

Drilling at Winjabbie East Prospect commenced 16th June with the second hole of the 2011 program, WJEDH001, which passed into iron oxide-altered basement at 708.8 meters depth (Fig. 2), overprinted by massive chlorite-magnetite-garnet-pyroxene ± sulfide skarn. Intervals of granitic ‘conglomerate’, coarse to fine sandstone and siltstone (Fig. 3) are suggestive of a granite talus slope debris-derivation and close proximity to a granite intrusive. The hole was completed on 18th July at 1053.0 meters in weakly chlorite-altered, locally crackle-fractured meta-siltstone. A more detailed analysis of this hole will be provided in the September Quarterly Report.

Drill core is being prepared for shipment to Xstrata Copper's Mt Isa facilities for sampling. Samples will be analyzed by ALS in Townsville (gold) and Brisbane (all other analytes).



Figure 3: Iron oxide altered basement with localized sulfide commencing two meters below unconformity with cover sequence rocks, WJEDH001.

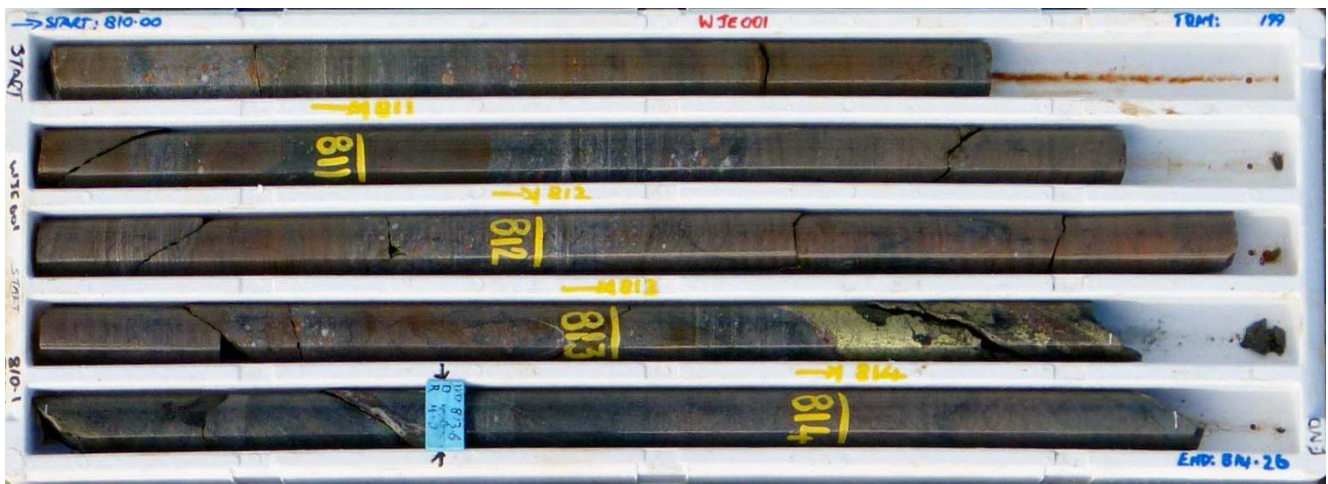


Figure 4: Granitic conglomerate and sandstones traversed by massive chalcopyrite vein, WJEDH001.

The Winjabbie East residual gravity target appears, in part, to be related to massive, 'dense' skarn. Such rocks host world-class ore bodies which commonly illustrate sharp transition from economically mineralized to 'unmineralised' skarn. Hence, the target is believed to merit further drill testing. However, prior to any further drilling, a comprehensive study of core from drill holes WJEDH001 and IHAD8 will be undertaken in coming months in an attempt to establish geochemical and mineralogical vectors which may better indicate preferred sites for future drill assessment.

Xstrata Copper has relocated the drill rig to complete a planned two hole program at Emmie Bluff during the September Quarter. The planned drill holes are to the immediate south of the boundary of EL4164, and form part of the ongoing Gunson Resources Ltd-Noranda Pacific Pty Ltd (Xstrata Copper) joint venture program within adjoining EL4187.

This nearby drilling is a positive outcome for Argo in that it further tests selected areas of the Emmie Bluff-Intercept Hill magneto-gravity complex (Fig. 5) at Emmie Bluff. The iron oxide copper-gold (IOCG) system at Emmie Bluff is believed to be contiguous with the copper-gold mineralized IOCG system comprising Argo's Emmie North Prospect (Fig. 5). Details of this drilling may be found in an ASX release of 20th July 2011 under ASX code 'GUN'.

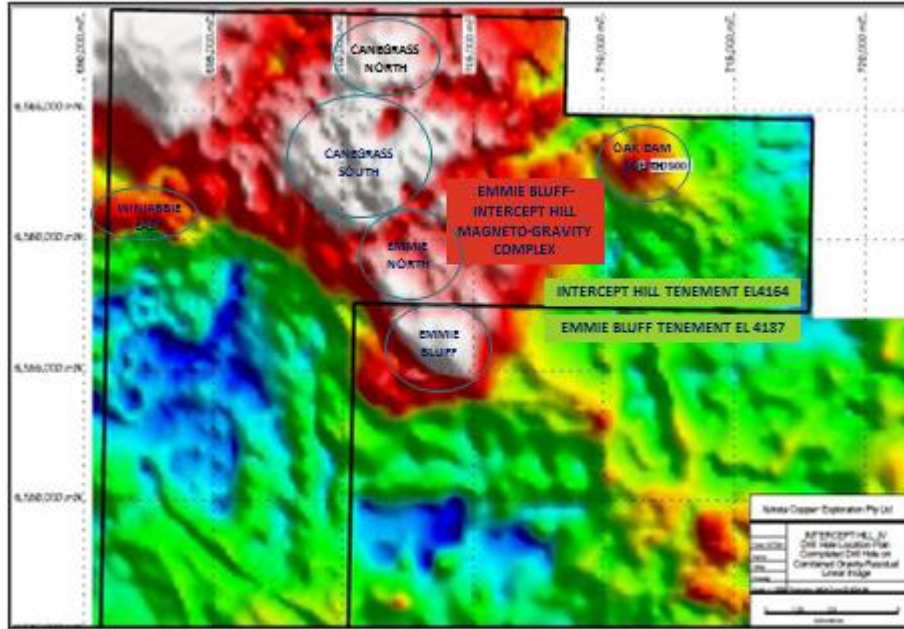


Figure 5: Regional gravity image illustrating the distribution of the Emmie Bluff-Intercept Hill magneto-gravity complex and showing the principal prospect areas. 5,000 meter grid.

Drill Site Rehabilitation

ODSDH001 and WJEDH001 drill sites will be fully rehabilitated in the September Quarter and will be progressively monitored to ensure full environmental compliance.

Drill Site Clearance, Canegrass South Prospect

Discussions are ongoing seeking a meeting with key Native Title claimant members to further discuss drill access to Canegrass South Prospect.

3-D Modeling of Geophysical Data

Xstrata Copper's systematic modeling of Argo's geophysical data sets, to identify and refine further potential drill targets within EL4164, has largely been completed as has the construction of a 'regional' 3-D model of detailed geophysical data covering EL4164 (Argo-Xstrata Copper Joint Venture) and adjoining EL4187 (Gunson Resources-Noranda Pacific [Xstrata Copper] Joint Venture). The coherent 'regional' model, based on uniform parameters, provides a basis on which various defined targets may be comparatively ranked in size and intensity.

Expenditure

Total expenditure by Xstrata Copper, for the 15 months from 15 March 2010 to 30th June 2011 in exploration of EL4164, stands at \$944,020. Work is ongoing.

TOONDULYA EL4284 (Argo 100%)

In an early phase of exploration of the tenement, Argo commissioned a 400 x 400 meter centered ground-based gravity survey. The derivative Bouguer gravity image at 2.5g/cm^3 comprises Figure 6 while Figure 7 is a first vertical derivative of the Bouguer gravity.

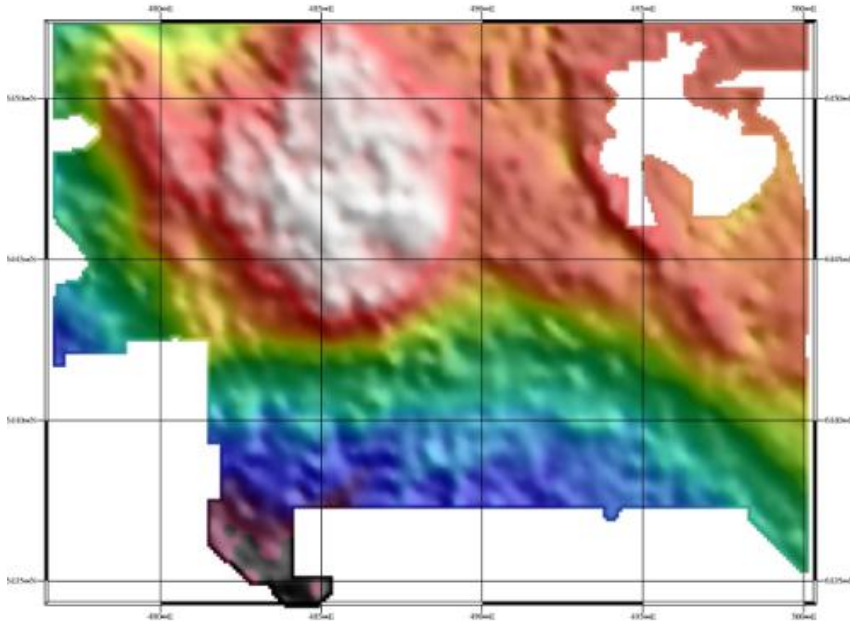


Figure 6: Bouguer gravity image (Datum GDA94; Grid MGA Zone 53) at 2.5g/cm^3 shaded with 50% north east gradient. Note the gravity contrast between the defined positive gravity feature and the Hiltaba Suite granite pluton comprising the southern sector.

Argo gravity data processed and imaged by Southern Geoscience Consultants, Perth.

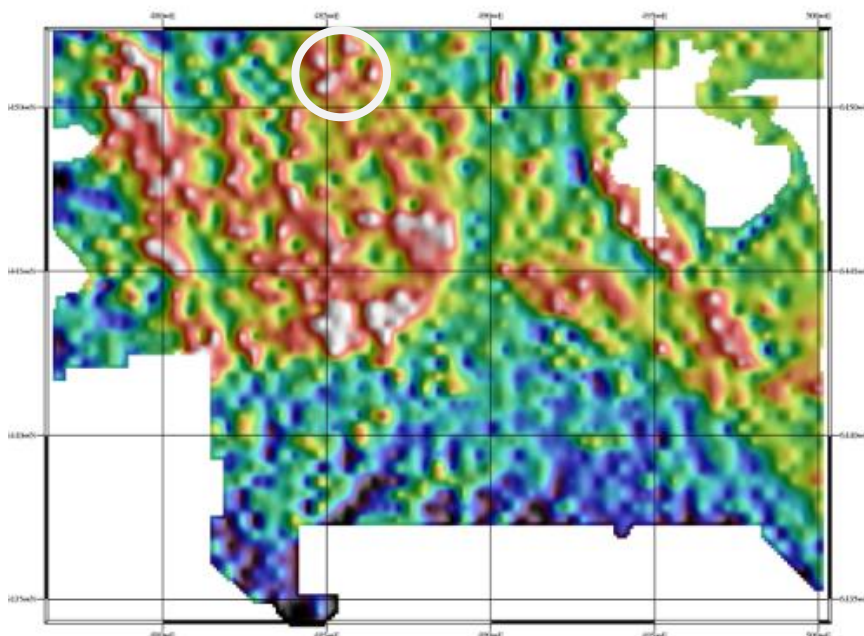


Figure 7: First vertical derivative (Lin) of 2.5g/cm^3 Bouguer gravity shaded with 50% north east gradient. The image illustrates a subdued, pimplly residual gravity distribution with mild north west striping consistent with the interpreted structural fabric and distribution of variably magnetized, interpreted skarn, granite and granitic gneiss lithologies (Fig. 4). Circled area extracted in Figure 9.

Argo gravity data processed and imaged by Southern Geoscience Consultants, Perth.

The generally circular gravity feature has previously been cast as a mafic-intermediate intrusive. However, the positive Bouguer gravity feature is generally coincident with a strong magnetic low (Fig. 11) which would appear to preclude an intrusion of mafic-intermediate composition. Likewise, uncommon plagioclase-rich intrusives such as anorthosites, which carry appreciable magnetite and/or ilmenite, are unlikely candidates. Based on magnetic characteristics, a granitic intrusion is more likely but this would require the excess density to be contributed to the rock mass by a small percentage of dense, non-magnetic minerals such as sulfides.

Given the subdued nature of the residual gravity expression, and the overall ‘pimply’ texture of higher residual gravity, it would appear that distribution of the inferred dense minerals is not uniform and potentially may occur as patchy disseminations and as concentration along northwest-trending fractures within the body of the intrusion. In addition, there are discontinuous marginal areas of enhanced gravity which correlate with higher, fringing magnetics which may reasonably be postulated as areas of potential skarn development.

The coincidence of a positive gravity feature with a magnetic low, coupled with closely associated gold-arsenic calccrete geochemistry and evidence of strong late-stage structural perturbations renders the inferred intrusion and marginal regions particularly attractive to mineral occurrence and exploration. To better define areas of high potential for drill assessment, 3-D modeling of the gravity feature was commissioned to understand the geometrical relationships of structural, geochemical and lithological elements.

3-D Gravity Modeling by Xstrata Copper Ltd

Xstrata Copper expressed a desire to review the gravity data and undertook to reprocess the data and prepare a 3-D model. It is noted that Xstrata Copper has no interest in EL4284 nor does it seek, at this stage, to acquire one having concluded that the gravity feature is unlikely to represent IOCG-style alteration. Xstrata Copper is not responsible for any aspect of the discussions and conclusions contained herein.

Figure 8 is an example of the modeled gravity feature, looking west, with a model depth of 5 km. The modeled gravity feature is sharply constrained and illustrates four opposing apophyses reaching up to the sub-surface.

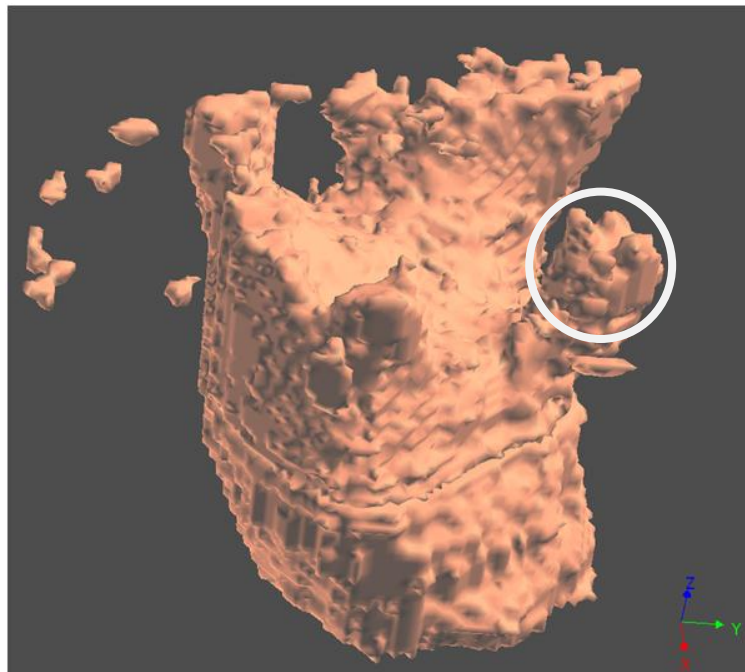


Figure 8: 3-D model of Toondulya gravity feature illustrating 0.05 g/cm³ density difference shell, looking West. Note the four opposed apophyses reaching upwards to shallow levels. Note also the excellent correspondence of the apophyses and their upper surface pimples with the 2-D residual gravity image (Fig. 7). The 3-D model diameter at depth in the current view is about 9 kilometres. Circled area extracted in Figure 9.

The margins of the main 'pluton' and apophyses are sharply defined, as illustrated in Figures 8 even though modeling suggests a density contrast of 0.1 g/cm^3 at best. The modeled density contrast between the 'pluton' and surrounds of 0.1 g/cm^3 does not suggest anything particularly mafic (unless of course the pluton is already sitting in a very dense host). There is a sharp fall-off in regional gravity adjacent to the southern margin, which may reasonably be attributed to the interpreted felsic Hiltaba Suite pluton. There appears to be a good correlation between the partial magnetic 'rim' and the annular gravity-indicated apophyses where a small magnetite content could be contributing to the apophysis density contrast.

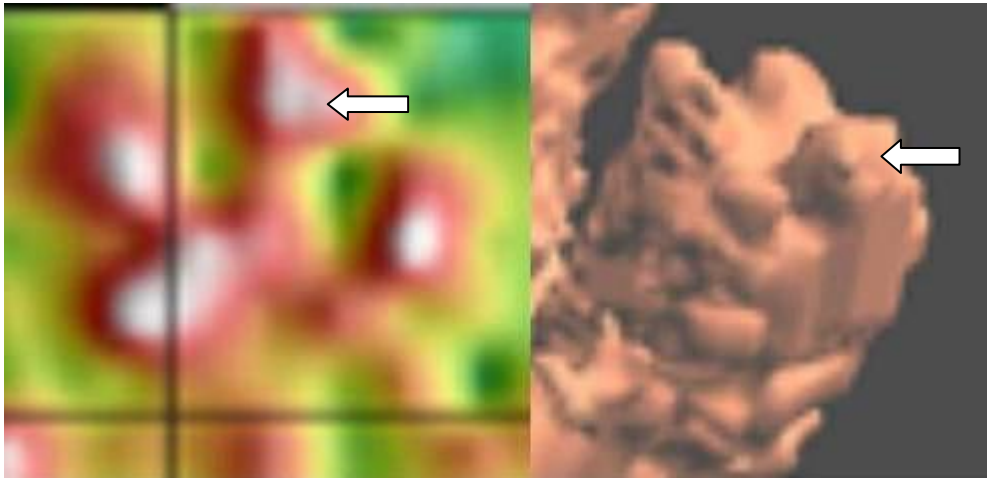


Figure 9: Comparison of 2-D and 3-D images of a selected area of residual gravity. In the case of the 3-D image of the north-eastern apophysis, the model has been rotated clockwise through 90° , that is, looking west. Restoring the model orientation anticlockwise through 90° brings into sharp correspondence the four surface pimples on the 3-D model with the high residual gravity pimples of the left hand 2-D image. An orientation IP survey line has been completed over the northeastern pimple (arrows) along Line 6,452,000mN and between 484,800mE and 486,900mE.

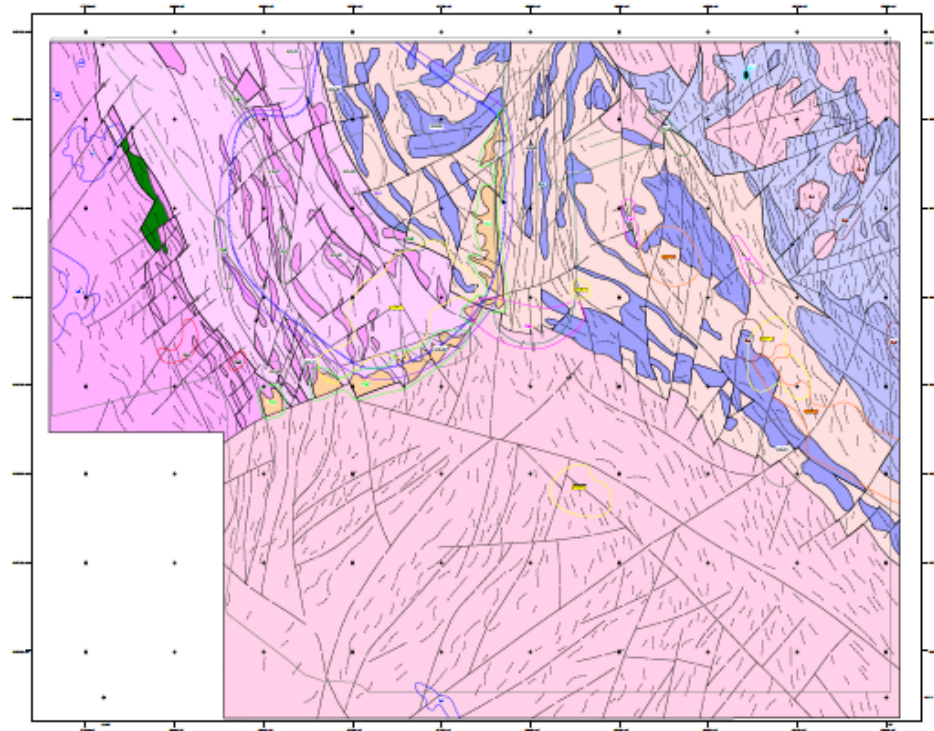
As well, the pimples on the planar, potentially eroded apophyses surfaces (Fig. 8), appear to correlate exceptionally well with pimples of higher residual gravity in the 2-D residual gravity image (Fig. 7). See for example the corresponding circled areas of Figures 7 and 8, extracted as Figure 9.

The correspondence between the two images, processed some four years apart by different specialist geophysicists, is very pleasing and demonstrates that part of the pimple texture in 2-D is related to specific gravity contrast between shallow versus deeper inferred intrusive material overlain by variable thicknesses of less dense material. This conclusion is consistent with the geophysically-based geological interpretation (Fig. 10) which maps out north west-trending, variably magnetic units of the Gawler Ranges Volcanics and Lincoln Complex-St Peter Suite granitic gneisses. These rocks form a cup-shaped carapace to the intrusive and, as modeled, are up to 3 kilometers thick in the central region of the modeled intrusive.

The density contrast of the apophyses at 0.1 g/cm^3 is very subdued and it is appealing to suggest that the excess density may be due to perhaps 1 to 3% dispersed sulfide content. The close correlation of gold and arsenic calcrite geochemical anomalies with the modeled intrusive permits the suggestion that, if the subdued excess density is indeed attributable to sulfide, a component may be arsenical and gold-bearing.


Orientation Induced Polarization (IP) Survey

Given that portions of the apophyses appear to reach almost to surface (at the resolution of the model), a decision was taken to evaluate the efficacy of surface-based electrical geophysical assessment of the upper portions to establish whether electrical geophysical protocols such as IP could be utilized to better refine potential drilling targets. The clear caveat in the use of IP, and other electrical techniques, is that the regolith underlying the sand dunes does not couple to the basement.




LEGEND


HILTABA SUITE


 Weakly magnetic granite, granodiorite and adamellite.


GAWLER RANGER VOLCANICS

UPPER


 Eucarro Dacite / Yarlea Dacite. Weakly magnetic phase.


 Massive porphyritic dacite to rhyodacite.

 Eucarro Dacite / Yarlea Dacite. Moderately magnetic phase.


 Massive porphyritic dacite to rhyodacite.


LOWER


 Bittali Rhyolite. Weakly magnetic rhyolite to rhyodacite.


 Waganny Dacite. Moderately to strongly magnetic dacite to rhyodacite.

LINCOLN COMPLEX - ST PETER SUITE

 Granite, granodiorite, adamellite and granite gneiss. Non-magnetic phase.

 Granite, granodiorite, adamellite and granite gneiss. Weakly magnetic phase.

 Granite, granodiorite, adamellite and granite gneiss. Weakly to moderately magnetic phase.

 Possible mafic unit. Moderately to strongly magnetic and reversely magnetised.


 Strongly magnetic unit. Possible contact metamorphism or mafic intrusive.

Figure 10: Geological interpretation of tenement area derived from the aeromagnetic data. The southern sector is interpreted as part of a large Hiltaba Suite granite pluton while the north eastern sector comprises about 70% exposed and interpreted Gawler Range Volcanics (GRV). The north eastern and north western sectors are separated by a north-trending imbricate zone, also interpreted as GRV. The north western sector is interpreted to comprise about 25% GRV in the east abutting, to the west, about 75% Lincoln Complex – St Peter Suite dominantly composed of variable, but weakly magnetized granitic rocks and granite gneiss. The north western sector is partly bordered by a fringe of magnetized material against the north eastern and southern sectors. This fringe is interpreted as a contact metamorphic effect.

Geological interpretation prepared by Southern Geoscience Consultants, Perth. . Lithological classification based on Streaky Bay Sheet SI 53-2, 1:250 000 published geology. Geological Survey of

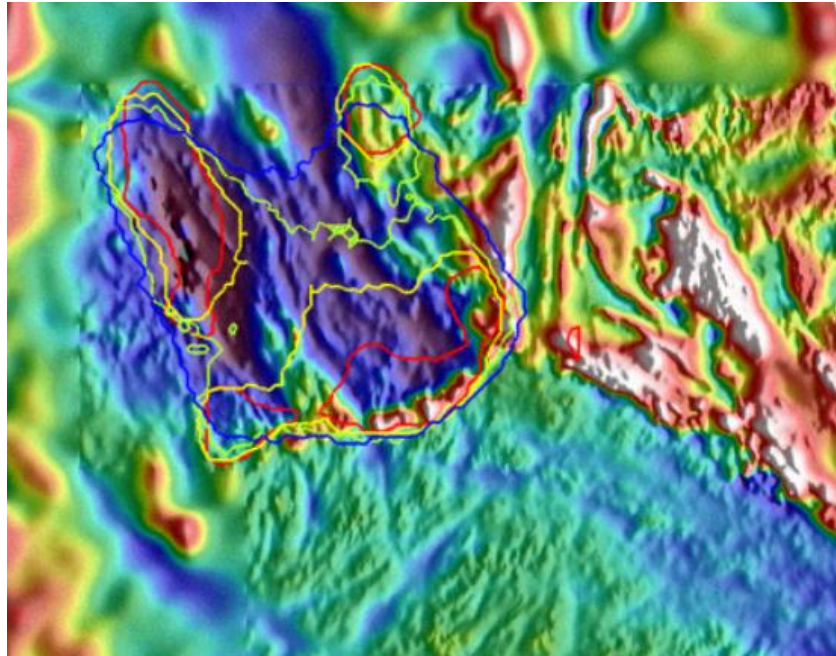


Figure 11: Gravity body at various 1000 meter depth slices (Red -1000 m; Yellow -2000 m; Green -3000 m; Blue -4000 m) overlain on a Reduced to Pole Total Magnetic Intensity image. It is clear that the magnetic signature is elevated on the southern margin (possible skarn alteration) with the north western apophysis corresponding reasonably well with a region of low magnetics.

On the premise that the regolith is not sufficiently electrically conductive to couple to basement, and with the current definition of clearly constrained apophysis areas to test, a ground-based orientation induced polarization (IP) survey was commissioned in June. Several geophysically defined features, within the large survey areas, presented as obvious targets for assessment. A total of 30 line kilometers, over 11 lines, of IP surveying was planned (Fig. 12). Two of these lines have since been surveyed and results are presented in Figures 13 to 16.

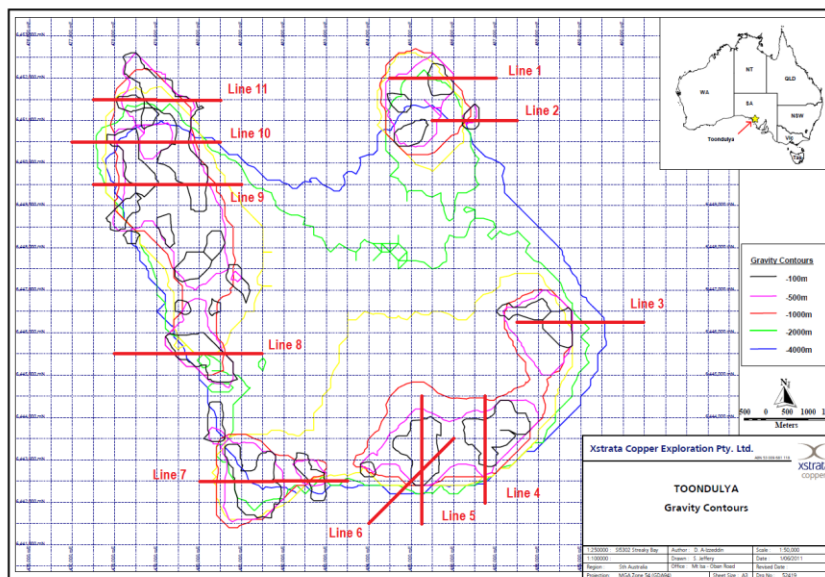


Figure 12: Distribution plan of modeled depth slices through the 3-D gravity feature overlaid by orientation survey lines numbered 1 to 11. Lines 1 (6,452,000mN) and Line 10 (6,450,500mN) have been surveyed.

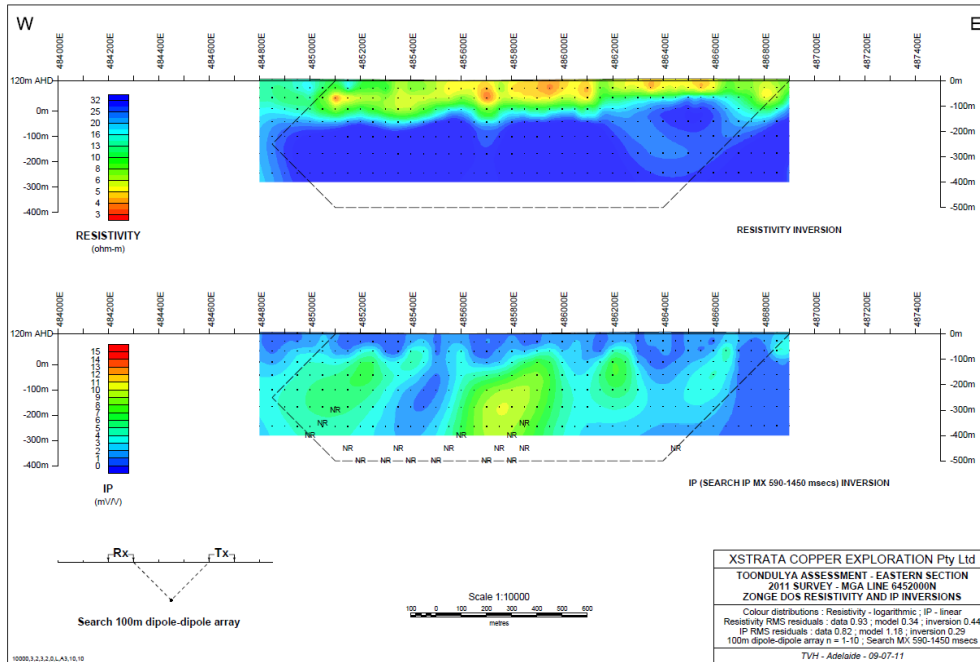


Figure 13: Resistivity and corresponding IP inversions for Line 1 (6,452,000mN). Note the mildly conductive surficial profile overlying generally resistive basement. Note also the gentle westward thickening of the conductive surface material which appears to range in thickness from about 50 to 150 meters. The IP inversion shows a broad low intensity anomaly that correlates precisely with the higher residual gravity response, and shallow pimple, illustrated in Figures 7, 8, 9 and 12. The response is reasonably interpreted as reflection low level concentrations of dispersed sulfides.

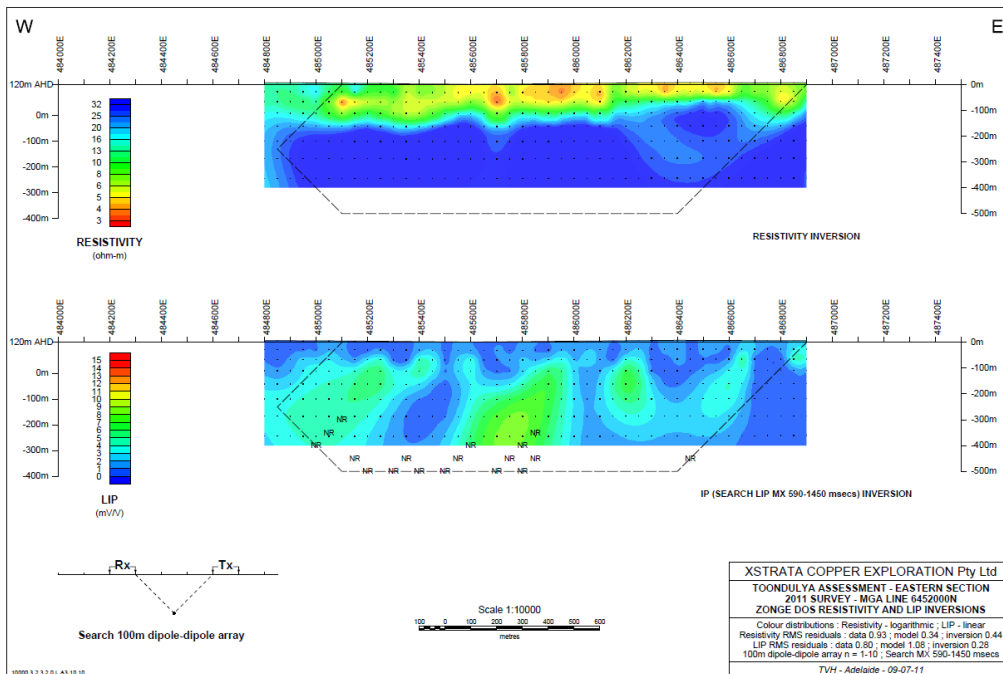


Figure 14: Resistivity and corresponding LIP inversions for Line 1. The filtered LIP inversion provides a much clearer definition of the 'IP' anomaly which possibly represents about 1% to 2% disseminated sulfide.

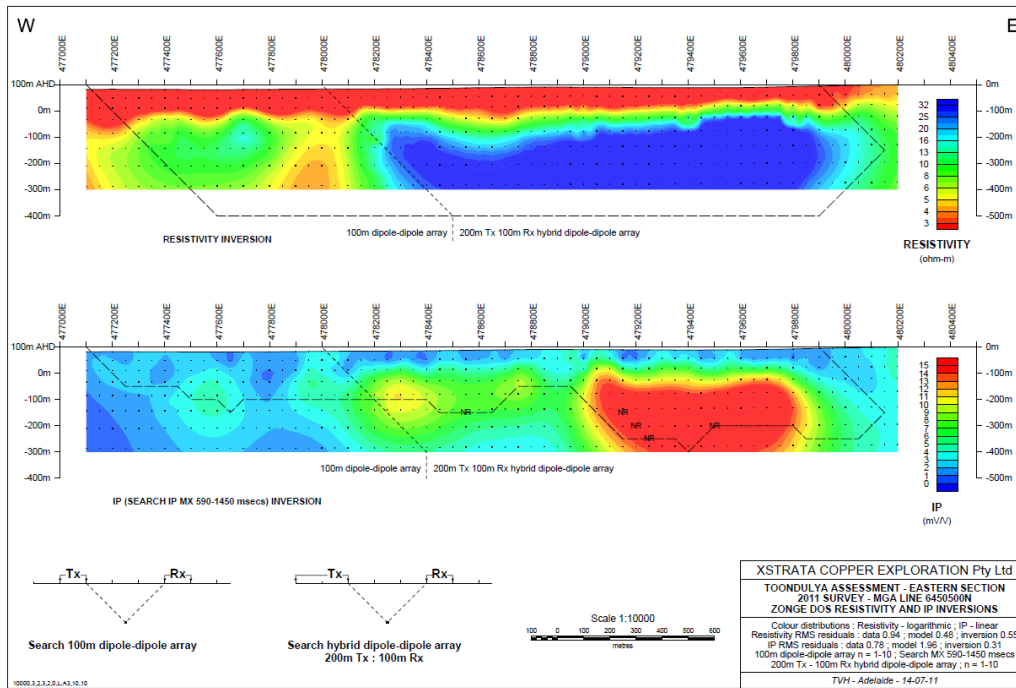


Figure 15: Resistivity and corresponding IP inversions for Line 10 (6,450,500mN). Note the eastwards thinning surficial conductive profile, ranging from about 50 to 100 meters thick, is far more conductive than in Line 1. There is a strong resistivity contrast in basement along the line. Note also the low resistivity structure at ~478000mE, which probably represents an unmineralised fault, and the much higher IP anomaly between ~479000E and 479800E. The survey appears to have established the efficacy of the protocol in the region.

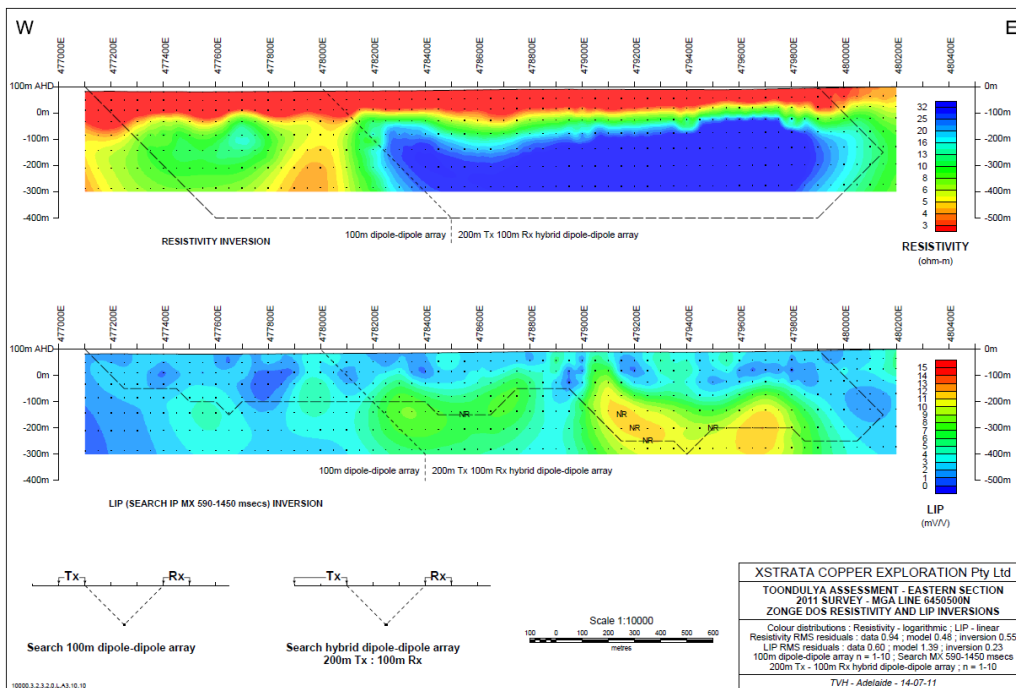


Figure 16: Resistivity and corresponding LIP inversions for Line 10. Note the low resistivity structure at ~478000mE probably representing an unmineralised fault. Note also the well-defined LIP anomaly between ~479000E and 479800E which does not appear to be structurally controlled but dispersed. The survey appears to have established the efficacy of the protocol in the region.

The IP anomaly in the eastern section of Line 10 looks quite good (at the colour stretch used) on the IP inversion, but is more faithfully rendered (at the same colour stretch) on the LIP section. The LIP processing Xstrata use is designed to minimize the artificial enhancement of IP anomalies in the presence of locally higher resistivities, which appears to have happened here.

The key outcomes of the two completed orientation IP survey lines are:

- there is excellent correlation between the defined IP/LIP diffuse anomalies and the targeted -100m depth slices, that is, near surface, upward projections of denser rock material;
- the intensity and distribution of the IP/LIP anomalies is consistent with dispersed sulfides possibly in the range of 1% to 3%;
- the LIP inversion provides the most realistic anomaly definition; and
- the efficacy of the IP survey protocol in the area has been established.

Renewal of term of EL4284

Application has been made for renewal of the term of the tenement for a further period from 15th July 2011.

PANTHEON RESOURCES PLC (*Argo principal shareholder*)

The operator of the Tyler County Joint Venture, Vision Gas Resources LLC ("Vision"), informed Pantheon in Q1 of further progress at the planned Kara Farms #1H well ("KF#1H").

The Texas Department of Transportation has granted the Joint Venture two permits essential for the final stages, both for the completion of the site works for KF#1H and, separately, for a natural gas export pipeline.

Rig availability has continued to be tight but there are now signs of this easing to some extent. Vision continues actively to pursue a drilling slot with the intention of spudding the KF#1H well at the earliest opportunity. Once Pantheon is informed by Vision of further developments at KF#1H, it will inform the market. There has been no up-date to the market forthcoming since 31 March, 2011.

Despite the lack of activity by the Vision JV, Argo believes that the value of its investment in Pantheon has, indirectly, been markedly improved in recent days through the \$US15.1 billion takeover of Petrohawk Energy by BHP Billiton which, with its \$US4.75 billion purchase of Chesapeake Energy Corp's interest in the Fayetteville Shale field in Arkansas, would lift BHP to the 7th biggest independent oil and gas company just behind Anadarko Petroleum. Anadarko Petroleum has high tier production wells offsetting Vision's acreage in the Brookeland field of East Texas.

The acquisition of on-shore US domestic gas assets by BHP is acknowledgement of the move towards cleaner energy in a gas hungry domestic market. This is expected to have positive spin-offs for smaller players with a footprint on onshore domestic US oil and gas assets, particularly lower cost, conventional plays.

The deal with Petrohawk Energy provides BHP with entry into the prized Eagle Ford Shale in Texas where Petrohawk's Black Hawk project is recognized for delivering the best returns in the onshore oil and gas sector in the United States. Importantly, within Vision's acreage, the primary and secondary target oil/gas reservoirs of the Austin Chalk and Woodbine Sandstone are separated by Eagle Ford Shale. For the time being, Vision is focused on development of its primary and secondary target reservoirs.

CORPORATE

Cash reserves at the end of the December Half stood at \$1,141,841 with no secured debt. The value of the Pantheon Resources Plc investment stood at \$2,204,890 at an exchange rate of 0.6667.

The Board continues to examine quality commercial opportunities to expand its exploration/development portfolio.

CORPORATE DIRECTORY

Board of Directors

Hugh Herbert Chairman & MD
 Meredith Bird Non-Executive Director
 Justin Hondris Non-Executive Director

Company Secretary

Melanie Leydin

The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Dr HK Herbert, who is a Member of the Australasian Institute of Mining and Metallurgy. Dr Herbert has sufficient experience which is relevant to the styles of mineralization and types 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' Dr Herbert consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

Issued Share Capital

Argo Exploration Ltd has 82,800,000 ordinary shares currently on issue.

Quarterly Share Price Activity

	High	Low	Last
Sept 2010	\$0.080	\$0.034	\$0.065
Dec 2010	\$0.135	\$0.064	\$0.125
Mar 2011	\$0.150	\$0.080	\$0.100
Jun 2011	\$0.160	\$0.073	\$0.090

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Please direct shareholding enquiries to the share registry.