

ARGO EXPLORATION LTD

QUARTERLY REPORT SEPTEMBER 2007

Argo Exploration Ltd (Company; ASX code AXT) is pleased to present its Quarterly Report for the period July-September 2007.

Highlights

- First drilling campaign of four diamond holes, IHAD1 to IHAD4, to >1,000 meters successfully completed for a total 4,377.7 meters at Intercept Hill.
- All holes intersected targeted IOCG-altered basement rocks with associated breccia and/or ironstone systems.
- Drill holes IHAD1 and IHAD4, while illustrating strong “iron oxide copper-gold” (IOCG) alteration and/or brecciation of Gawler-age basement rocks, only contain sparse accompanying copper sulphide mineralization.
- Drill hole IHAD2 intersected significant copper sulphide mineralization in hematite/magnetite ironstone and breccia at depths of about 1,000 meters.
- Drill holes IHAD2 and IHAD3 intersected stratabound base-metal sulphide accumulations in Tapley Hill Formation at depths of approximately 390 meters.
- \$3.24m raised via the issue of 10.8 million shares at 30 cents per share to expand the Intercept Hill drilling program.

Exploration Activities

During Quarter 3, exploration was focused almost exclusively on the Company’s Intercept Hill IOCG Project where drilling had commenced during Quarter 2, 2007. The second hole, IHAD2, commenced during the June Quarter was completed this Quarter together with holes IHAD3 and IHAD4. Core logging, splitting and sample dispatch for analysis has yet to be finalized; early assay results are pending.

While drilling to date has been focused in a relatively small area of the Exploration Licence (Fig. 1), the Company has defined many additional quality IOCG geophysical targets for drill testing within EL3084 and is confident of delineating further mineralized systems. These targets will be assessed as Native Title clearances are progressively obtained. In addition, the potential to delineate a “shallow” stratabound base-metal resource in dolomitic black shale of the Tapley Hill Formation is considered to be good.

Drill core logging to date is particularly encouraging – the core validates geophysical signatures as being directly correlated with modeled areas of strong brecciation, accompanying IOCG alteration and mineralization. As well, the current program of four holes has provided significant observational evidence strongly suggestive of a major “centre of IOCG mineralization”.

All holes have intersected ironstones that fit quite readily into the IOCG model. Ironstone emplacement appears to have been preceded by alteration plumes of chlorite associated with abundant sub-vertical structures and overprinted by later alteration and mineralization. The footwall rocks so far encountered can be interpreted as being proximate to a diatreme margin and/or explosive breccia pipe.

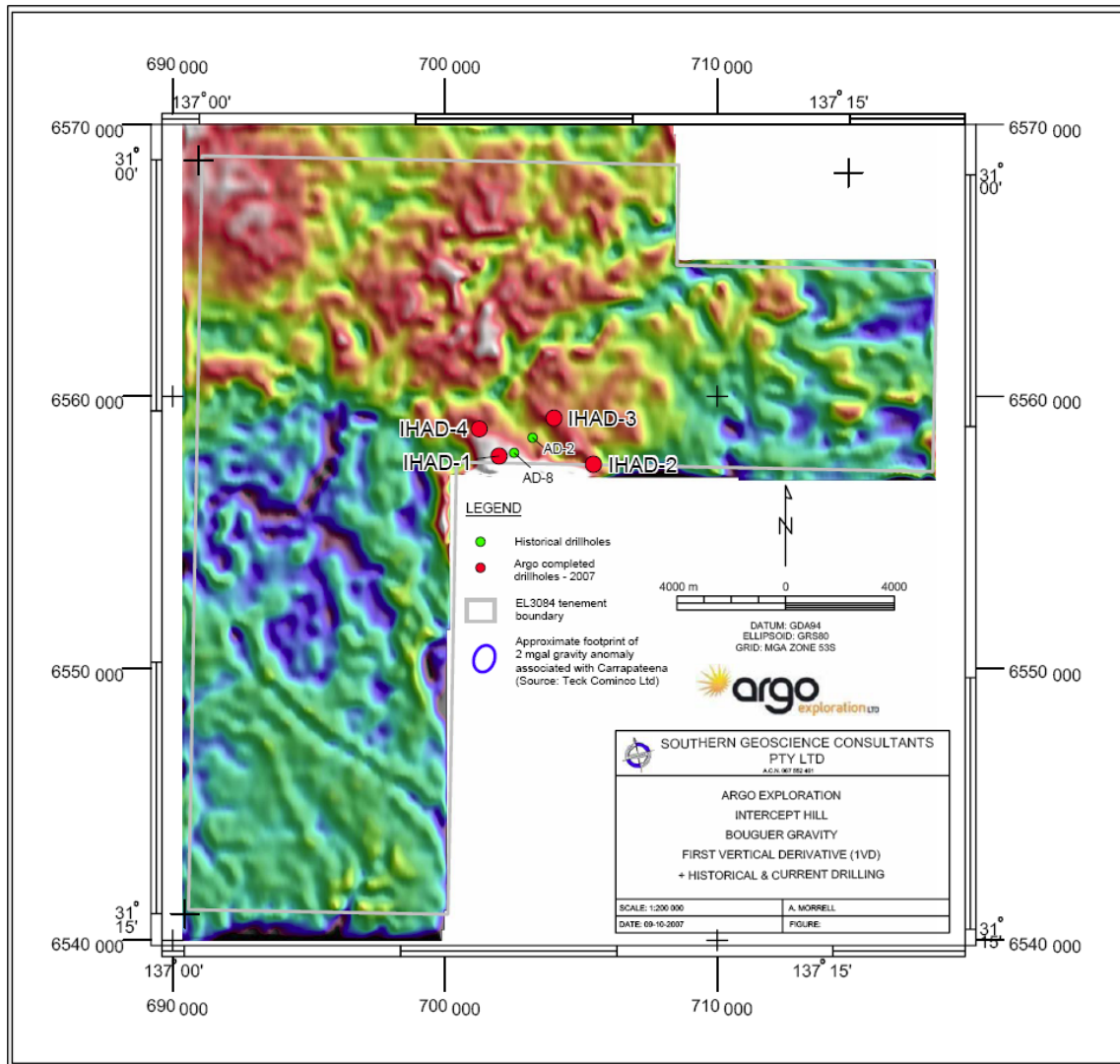


Figure 1: First vertical derivative of Bouguer gravity, north-east shading, showing positions of drill holes comprising first drill campaign.

In addition, drill holes IHAD2 and IHAD3 both intersected base metal sulphide-mineralized dolomitic black shale of the Tapley Hill Formation at ~390 meters depth. These intersections are particularly significant, opening up the possibility of delineating a “Kupferschiefer-style” copper-silver deposit analogous to that mined at Lubin, Poland. The intersected mineralization is considered to be a continuation of mineralization comprising the ~25 million tonne Emmie Bluff inferred mineral resource immediately to

the south and, if so, it extends into the Company's Exploration License for a distance of at least 2.5 km from IHAD2 to IHAD3 (Fig. 1).

Capital Raising

The Directors believe that the geological evidence so far to hand augurs well for the possible nearby presence of a major mineralized IOCG system within the Exploration Licence which may require a more extensive drilling campaign than was originally budgeted. Accordingly, the Directors elected to raise an additional \$3.24m via the issue of 10.8 million shares at 30 cents per share to sophisticated and institutional investors. The raising was completed oversubscribed.

Subject to progressive review, it is intended that the further capital raised will be applied to an expanded drilling program targeting specific basement IOCG positions and cover sequence base-metal targets at the Company's Intercept Hill Project. The proceeds of the placement increased Argo's available cash to ~A\$8m providing a strong platform to move forward.