

DECEMBER 2009 QUARTERLY REPORT

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 within two key project areas, namely Intercept Hill and Toondulya.

Argo Exploration Limited
ACN: 120 917 535
Suite 304, 22 St Kilda Road
St Kilda Victoria 3182
Australia

Phone (61 3) 9692 7222
Fax (61 3) 9529 8057

www.argoexploration.com.au

**Dr Hugh K Herbert, Chairman
& Managing Director**

Phone (61 7) 4636 2788 (Direct)
Fax (61 7) 4635 6867 (Direct)

Email
hugh.herbert@argoexploration.com.au

SUMMARY OF ACTIVITY

With improvement in the global economic outlook, the Company re-engaged with exploration of its South Australia assets during the Quarter. In addition, the Company concluded a £925K (~\$1.691 million) investment mid-December in AIM listed Pantheon Resources Plc generating an unrealised gain on investment, as at 31 December 2009, of ~\$1.131 million.

Intercept Hill (EL4164)

- Contracted down-hole time domain transient electromagnetic (TEM) surveying of selected drill holes was commenced, but abandoned due to loss of probe and cable down hole at commencement of program;
- Hence, the TEM surveying was switched to surface soundings using 400 and 500 meter moving loops at Emmie North, Canegrass and Winjabbie East Prospects;
- TEM data reduction, analysis and modeling are in progress. Preliminary assessment indicates the presence of a north-west trending, off-hole, conductive zone at Emmie North Prospect, open ended to the north-west. The 'conductor' may be mapping out enhanced alteration and, potentially, mineralization within an inferred basement feeder zone. An apparent strong gradient at Canegrass Prospect requires additional surveying to close out; and
- Semi-quantitative mineral analysis of iron oxide-altered basement intersections at Emmie North and Winjabbie East Prospects is in progress at the Glenside Core Library, PIRSA. The analysis, expected to be completed early next Quarter, is designed to provide potential mineralogical vectors to ore.

Toondulya (EL4284)

- A previously defined ~5ppm silver-in-calcrete anomaly has been followed up and found to be spurious.

New Opportunities

- Following extensive due diligence, the Company identified a quality investment opportunity with the potential to add material value to the Company without shareholder dilution. Argo secured 7 million shares at 13.25 pence in a placement by AIM listed Pantheon Resources Plc, becoming the largest single shareholder with a 6.86% stake in the company. Pantheon has a 25% working interest in a ~30,000 acre, high quality onshore oil/gas development play in the Brookeland Field of East Texas. Drilling is expected to commence in Q1, 2010; and
- The Board continues to seek a Joint Venture partner for its Intercept Hill project while examining quality farm-in, M&A and other commercial opportunities to expand its exploration/development portfolio.

CORPORATE

Cash reserves at the end of the September Quarter stood at \$2,184,692 with no secured debt. The value of the Pantheon Resources Plc investment stood at \$2,822,074.

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.

In addition, there are 30 million options issued to cornerstone investors, directors and employees with an expiry date of 10 December 2010. The options are exercisable at \$0.20.

Quarterly Share Price Activity

	High	Low	Last
Dec 2008	\$0.075	\$0.025	\$0.030
Mar 2009	\$0.060	\$0.027	\$0.035
Jun 2009	\$0.050	\$0.031	\$0.032
Sept 2009	\$0.053	\$0.030	\$0.053
Dec 2009	\$0.080	\$0.045	\$0.052

Registered Office

Argo Exploration Limited
 Suite 304, 22 St Kilda Road
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 Australia

Phone (61 3) 9692 7222
 Fax (61 3) 9529 8057
www.argoexploration.com.au

Share Registry

Advanced Share Registry Ltd
 150 Sterling Highway
 Nedlands Western Australia 6009
 Australia

Phone (61 8) 9389 8033
 Fax (61 8) 9389 7871
www.advancedshare.com.au

Please direct shareholding enquiries to the share registry.