

ASX/Media Release
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Argo secures PACE* funding drilling support

Melbourne, 19 May 2010 - Argo Exploration Ltd ('Argo; ASX Code 'AXT') announced today that application for Round 6 PACE* support for its Oak Dam South project was successful. A grant of \$60,000 has been awarded towards the cost of a diamond drilling program, expected to commence this quarter, under the Argo - Xstrata Copper Joint Venture. The quantum is additional to agreed expenditure under the JV.

The Oak Dam South geophysical target is considered to be a high priority target within the Intercept Hill tenement with the potential to host a significant IOCG mineralized system.

The target presents as a prospective, structurally associated, magnetic-gravity response in close proximity to BHP's Oak Dam resource (560Mt of iron oxide-copper-gold-uranium). It is centred on a residual gravity feature located 5 kilometres south of Oak Dam and 3.5 kilometres north of Jenner Hill (Fig. 1).

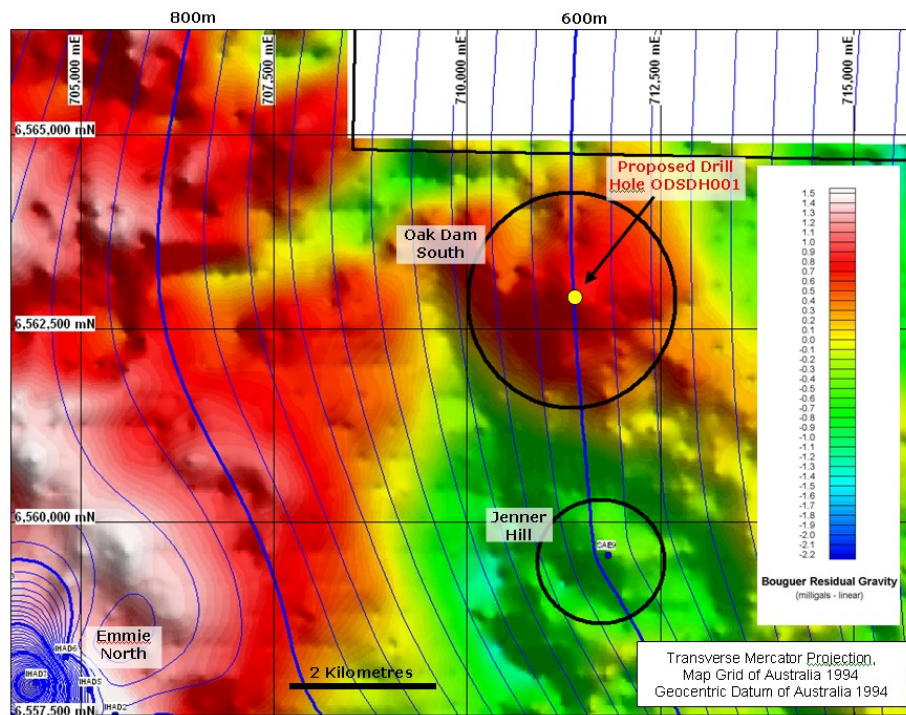


Figure 1: Residual gravity image highlighting the untested Oak Dam South gravity anomaly. The modelled depth of basement is presented as contours.

A large, moderate-magnitude residual gravity feature occurs on the margin of a moderate-strength magnetic feature at the intersection of a magnetically-enhanced NE-trending structure and a series of northwest trending gravity features (Figs 1 and 2). This residual gravity anomaly is suggestive of a hematite IOCG alteration system. The Oak Dam South

prospect occurs in the eastern part of Argo's EL 4164 where modelling of the basement suggests that the cover is ~600m deep.

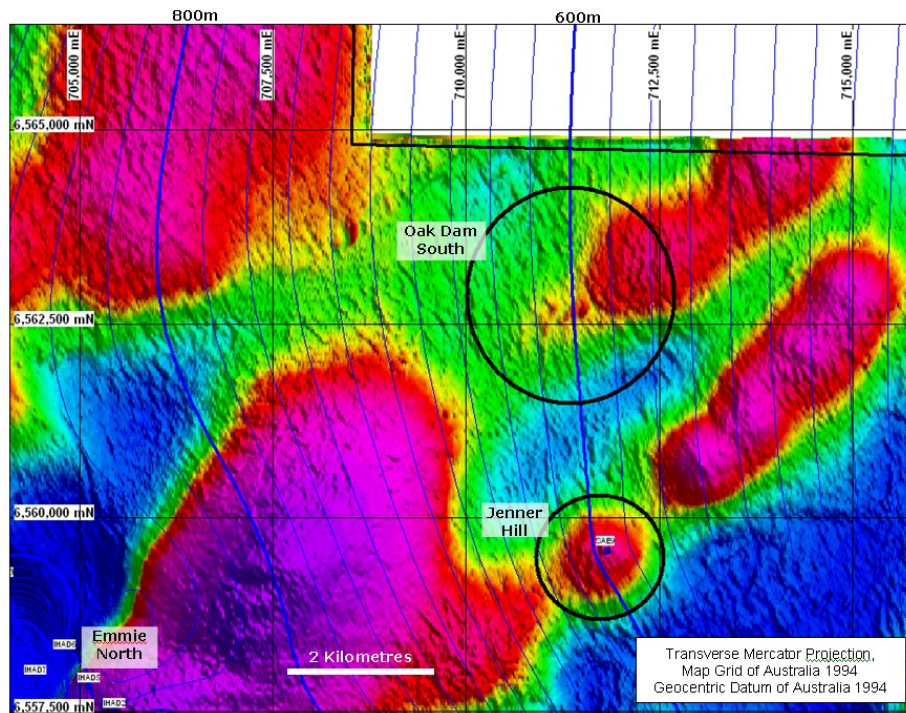


Figure 2: First vertical derivative magnetic image of the Oak Dam South area highlighting the location of the untested Oak Dam South gravity target (See Figure 1) immediately adjacent to a northeast trending magnetic corridor. The modelled depth of basement is presented as contours.

The basement geology of the Oak Dam South area is poorly understood due to the lack of drilling in the area. Magnetic and gravity data has been employed in interpreting the basement geology. It is postulated that the Oak Dam South target is hosted in metasediments of the Wallaroo Group that have been intruded by Hiltaba Granite equivalents.

A number of major structures are apparent in the gravity and magnetic data with the Oak Dam South gravity feature interpreted to be located at the intersection of a major northwest-trending and a northeast-trending structures.

Re-modelling of Argo's detailed magnetic and gravity data is in progress to assist in developing and better refining drill targets in the area. Follow-up EM soundings may also be warranted to test for conductors in the local area.

* **PACE** – The PACE (Plan for Accelerating Exploration) program is an initiative of the South Australian Government administered by Primary Industries and Resources SA (PIRSA). Applications for funding support are internally and externally peer reviewed with only the highest quality exploration proposals, based on sound technical, scientific and commercial criteria, being supported.

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ABOUT ARGO EXPLORATION

Argo Exploration Limited ('Argo') (ASX Code 'AXT') is a junior exploration company searching for IOCG, 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.

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Compliance Statement

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.