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ASX Announcement

19 July 2013

RELINQUISHMENT OF EXPLORATION LICENCES

Argo Exploration Ltd ('Argo') advises that the following exploration licence areas; Intercept Hill EL4164, and Toondulya EL4284 have now been relinquished by the company.

As noted in the March 2013 Quarterly report, Mount Isa Mines ('Xstrata Copper') has given notice of their withdrawal from the Exploration Farm In and Joint Venture Agreement on EL4164.

Analysis of the drilling results from Oak Dam South and the Winjabbie East Prospects has determined that these prospects are unlikely to host an economic ore deposit of sufficient size and scale to meet the strategic requirements of a company of their size. Argo subsequently impaired the full value of the project in its balance sheet.

Whilst Argo believes that EL4164 has some remaining exploration potential, the depth, geology and other characteristics of the asset would require material additional capital to further exploit. Given the lack of commercial success by both Argo and Xstrata Copper to date, coupled with the lack of available capital, the company has determined that it is in the best interests of shareholders not to commit further significant funds to high risk exploration of EL4164.

Corporate Strategy

Concurrent with the recent board and management changes, Argo has reviewed its strategy in light of the prevailing market conditions. Over the past 6 months, the Company's focus has been to preserve the cash reserves and to review its asset portfolio with the objective of determining the optimum strategy to create shareholder value, given the present asset mix and capital position.

This decision to relinquish the exploration licences has been made in the context of the present volatility in equity markets and commodity prices, scarcity and cost of capital, and the diminished appetite for greenfields exploration risk. Additionally, these exploration licences carried minimum capital expenditure requirements, which would have impacted the company in the short to medium term. Continued evaluation and exploration on these exploration licences would have required material additional capital, which in the present environment could be highly dilutionary to existing shareholders.

Argo continues to hold a 6.83% interest in Pantheon Resources Plc ("Pantheon"). The value of Argo's investment in Pantheon is \$2,120,000 at an exchange rate of 0.6026 as of 18th July 2013. Pantheon has announced that JV discussions with new parties are underway and upon the conclusion of these it is intended that drilling of the prospect should occur soon thereafter. It is not unreasonable to expect this to occur in 2013. As previously announced, the Pantheon JV has conducted an extensive geological study on the acreage, greatly enhancing the understanding of the play and resulting in a reduced risk profile and an increase in the potential for reserves. Argo has carefully assessed the public information and believes there to be potential for material value accretion in the short to medium term. The board did consider the option of selling some or all of its shareholding in Pantheon

to further fund EL4164 and EL4284, however took the view that selling out of a later stage project with a lower assessed risk profile and potential for near term value growth, to apply those funds to higher risk greenfields exploration was not the most prudent use of shareholder funds at the present time. Should the Pantheon JV commence drilling and enjoy some success, then this should provide material capital appreciation for Argo shareholders, and provide the company with more capital to deploy to new opportunities.

The Board continue to review and evaluate potential corporate opportunities in the natural resource sector and is of the view that present market conditions will provide increased opportunities going forward at more sensible valuations than seen in recent years.

The recent board changes bring a new and exciting vision for the Company's future.

For and on behalf of
ARGO EXPLORATION LIMITED

Andrew Van Der Zwan
Executive Director