

QUARTERLY REPORT DECEMBER 2014

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KEY POINTS

Investment in Pantheon Resources Plc ("Pantheon")

- *Pantheon the AIM-quoted oil and gas exploration company, was pleased to announce that it had conditionally raised gross proceeds of up to US\$30.2 million by way of a Firm Placing of 92.6m new ordinary Shares at a price of 20 pence per share.*
- *The net proceeds of the Placing will be used by Pantheon to increase its working interest in its Kara Farms joint venture from 25% to 50%, through a revised joint venture with Vision. Through the joint venture, Pantheon purchased a 50% working interest in oil and gas leases which Vision has acquired in three new project areas in Tyler and Polk Counties and in certain other leases. The new oil and gas leases are in three project areas currently named Prospect A, Prospects B+C and Prospect D. Pantheon now holds a total net acreage position (including its existing acreage) of approximately 24,729.*
- *Pantheon paid US\$15.5 million for its share of the acreage and certain associated back-costs including seismic surveys, geological and geophysical interpretation and land work in Tyler and Polk counties.*
- *The Joint Venture ("JV") has commenced the process of identifying and tendering for a suitable rig for the drilling of the first well (the "LP Offset well") on its Tyler County project, East Texas. Drilling is expected first quarter 2015.*
- *The estimated Prospective P50 Resource (recoverable) net to Pantheon's working interest upon completion of the proposed land acquisitions (inclusive of the additional 25% interest in its existing acreage) is 150.5 million barrels of oil equivalent*
- *The successful acquisition of these leases is the culmination of a long and complex process. It is considered a transformational event in the Company's history.*
- *Argo continues to hold 7,000,000 Fully Paid shares in Pantheon. The value of Argo's investment in Pantheon was valued at ~\$2.2m at the end of the December Quarter.*
- ***Argo continues to preserve cash to avoid shareholder dilution while awaiting Pantheon drilling.***

SUMMARY OF ACTIVITY

The Board of Argo continues to review a number of new projects to augment its investment in Pantheon, but has yet to find a project that has the potential similar to the upcoming drilling program of Pantheon.

As at the end of the December 2014 quarter Argo did not hold any interest in exploration licences.

More details on Pantheon can be found on the Pantheon website www.pantheonresources.com

Should the Pantheon JV drilling enjoy some success, then this should provide material capital appreciation for Argo shareholders, and provide the company with more options to raise capital to deploy to new opportunities.

CORPORATE

Cash reserves at the end of the December 2014 Quarter stood at \$32,038 with no secured debt while the value of the Pantheon Resources Plc investment was ~\$2,200,000.

The Board continues 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. This has become increasingly evident in the junior resource sector, where many companies are trading well below tenement valuations.

CORPORATE DIRECTORY

Board of Directors

Andrew Van Der Zwan
Christopher Martin
Justin Hondris

Joint Company Secretaries

Melanie Leydin
Justin Mouchacca

Issued Share Capital

Argo Exploration Ltd has 125,220,000 ordinary shares currently on issue.

Registered Office

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Share Registry

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Please direct shareholding enquiries to the share registry