

## QUARTERLY REPORT MARCH 2015

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### KEY POINTS

#### ***Investment in Pantheon Resources Plc ("Pantheon")***

- *Pantheon was pleased to announce that the JV has agreed heads of terms for the contracting of a suitable rig for the drilling of two wells in its upcoming drilling programme. Severe weather conditions over recent months, which have included torrential rainfall and localised flooding in certain areas of East Texas where drilling is planned, has resulted in what is expected to be a modest delay to the start of operations at the drilling site. Standing water has made access roads impassable for heavy equipment. Once the standing water subsides and conditions are suitable, a rig will be formally contracted and site preparation and drilling can start. Once the rig contract is signed Pantheon begins to incur standby charges so it is imprudent to sign the contract until ground conditions improve.*
- *The first well in the programme is proposed to be located on the JV's original Tyler County acreage and will offset the LP2 production well located on the JV acreage.*
- *Importantly, this location offers two separate and independent targets:*
  - (1) *The Woodbine/Eagleford Sandstone (the primary target; and*
  - (2) *The Austin Chalk (the secondary target). The Austin Chalk is considered by the Operator (Vision Resources LLC) to be a development play, de-risked by neighbouring, analogous wells having enjoyed a 93% commercial success rate.*
- *The second well location is planned to be drilled immediately following the first well and is located on the JV's Polk County acreage, both west and adjacent to the prolific Double A Wells field. The Double A Wells field has produced 20 million barrels of oil and 415 Billion Cubic feet of gas to date. The second well location appears geologically analogous to the Double A wells field for the target Woodbine/Eagleford sandstone reservoir.*
- *Both targets have been selected following the completion of an extensive geological study completed in conjunction with the Bureau of Economic Geology at the University of Texas, Austin over a period of three years. This study identified the key ingredients for the successful identification and exploitation of the Woodbine/Eagleford sandstone in the area.*

- Jay Cheatham, CEO, said, "It is frustrating that unseasonably heavy rainfall has delayed the start of our drilling programme but that is unfortunately outside our control. The JV has been meticulous in selecting the optimum rig, crew and site location for this pivotal event in the company's history at sensible commercial terms. As I have said before, this is one of the most exciting plays that I have been associated with in my 30 years in the oil and gas business, one backed by substantial science and geological analysis. We are keenly looking forward to finally implementing this great opportunity."**

## 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 March 2015 quarter Argo did not hold any interest in exploration licences.

More details on Pantheon can be found on the Pantheon website [www.pantheonresources.com](http://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 March 2015 Quarter stood at \$23,483 with no secured debt while the value of the Pantheon Resources Plc investment was ~\$2,300,000.

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 131,220,000 ordinary shares currently on issue.

### Registered Office

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Please direct shareholding enquiries to the share registry