

QUARTERLY REPORT JUNE 2015

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KEY POINTS

Investment in Pantheon Resources Plc ("Pantheon")

- Pantheon was pleased to announce the contracting of a suitable rig for the upcoming two well drilling programme and an update on the timeline to the start of drilling operations.
- Pantheon formally contracted the Nabors Rig F-12 for the drilling of the two wells. As previously reported, the JV had already agreed commercial heads of terms for this rig, but had delayed the signing of the rig contract until ground conditions had improved sufficiently to enable road access and the building of the drilling pad.
- The JV has been successful in renegotiating terms with Nabors, to allow for a significant reduction in the standby charges that would normally be incurred should weather or surface conditions cause delays to the commencement of the first JV well
- Under its original drilling programme, the JV had planned to drill its first well at a location in Tyler County that offsets the existing LP2 producing well, with the second well planned for its Polk County acreage, offsetting the prolific Double A Wells field. Both locations had been affected by the prolonged adverse weather. The Polk County location was in better condition. Accordingly the JV has chosen to drill the Polk County well first and then move the rig immediately to the Tyler County.
- The Polk County location is west and adjacent to the prolific Double A Wells field which has produced circa 20 million barrels of oil and 415 billion cubic feet of natural gas to date. Following the completion of an extensive three year geological study undertaken with the Bureau of Economic Geology at the University of Texas, Austin, it is believed that this target is geologically analogous to the Double A Wells field for the Eagleford/Woodbine sandstone.
- The Tyler County location offers two separate and independent targets: (i) Eagleford/Woodbine sandstone, and (ii) Austin Chalk. The Austin Chalk is considered by the JV Operator Vision Resources LLC to be a development play, de-risked by neighbouring analogous wells, which have enjoyed a 93% commercial success rate (3).

Jay Cheatham, CEO of Pantheon, said:

"Despite the impact of continued rainfall in East Texas, I am delighted that we have been able to take action to enable the earliest possible drilling for the benefit of shareholders. Our fully-funded drilling programme targets two locations with outstanding potential, selected after the most extensive geological study I have witnessed. In my opinion the Department of Economic Geology at The University of Texas, Austin, has some of the finest independent geologists and geophysicists in North America. I remind shareholders that this is one of the most exciting plays I have been involved with in my long career. If successful, we are targeting a 50% share of a gross P50 prospective resource estimate (recoverable) of 301 million barrels of oil equivalent. That has the potential to generate enormous value for shareholders, given that we are in an area where hydrocarbons can be produced and monetised very rapidly."

EVENTS SUBSEQUENT TO THE END OF QUARTER

Drilling Update

Pantheon has announced the recent spudding of the Vision Operating Co.-Blackstone Minerals #1 ("VOBM#1") well and the commencement of its current two well drilling programme.

The VOBM#1 well is located on the joint venture's Polk County acreage and will target the Eagleford/Woodbine sandstone at a depth of approximately 15,000 feet. Pantheon has a 50% working interest in the well, which is estimated to take approximately 45-50 days to drill on a trouble free basis.

Results from the well will be announced when drilling operations are complete.

The prospect targeted by the VOBM#1 well has been identified following analysis of 3D seismic and other technical data. The JV believes that the prospect appears geologically analogous to the prolific Double A Wells Field located nearby.

Following the completion of drilling operations on this well, it is intended that the rig will be immediately mobilised to the JV's second drilling site, the LP2 Offset well, located in Tyler County, East Texas.

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 June 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

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 June 2015 Quarter stood at \$54,200 with no secured debt while the value of the Pantheon Resources Plc investment was ~\$3,200,000.

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

Christopher Martin
Justin Hondris
Andrew Van Der Zwan

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