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QUARTERLY REPORT DECEMBER 2007

Argo Exploration Ltd (Company; ASX code AXT) is pleased to present its Quarterly Report for the period October-December 2007.

ANNUAL GENERAL MEETING

The first Annual General Meeting of the Company was held on 27 November 2007 at the Institute of Chartered Accountants, Level 3, Bourke Place, 600 Bourke Street, Melbourne, Victoria at 11.00 am on Tuesday, 27 November 2007. (AEDST).

The AGM adopted the Remuneration Report and ratified the Placement of 10.8 million shares at 30 cents. The directors, having presented themselves for re-election, were all duly elected for the ensuing year.

EXPLORATION ACTIVITIES

EL3084 - Intercept Hill Project

During the quarter, diamond drill core from the first drill campaign of 4 holes was packaged and transported to the storage premises of Challenger Exploration in Adelaide. All drill sites, sumps and tracks were rehabilitated through subcontract by the landowner. Drill hole positions were GPS recorded (and crosschecked against earlier readings and planned locations) and cores photographed along with the drill sites.

Several periods of rain occurred in the area during the Quarter which, when combined with local windy conditions, appear to have facilitated an orderly rehabilitation processes. Subsequent enquiries with the landowner confirm that all disturbances have been rectified. Field checking and documentation will be undertaken early Q1, 2008 to ensure satisfactory rehabilitation prior to an inspection by PIRSA.

Field and drill crews de-mobilized during the period. Rental equipment was cleaned and dispatched to respective owners in good order. Accommodation at Arcoona's shearing quarters and in the Villa at Woomera, were temporarily vacated.

Data reviews, based on the results obtained in the 4 hole drilling campaign, historical data and newly transformed gravity and magnetics (including but not limited to theoretical density changes, upward continuations, and regional contextual analysis) were conducted with the Company's geophysical consultants. Consultants delivered updated bin files imported into the 3D WINDISP program. Argo geologists reviewed the drill hole geology in the light of the up-date geophysics and constructed a number of interpretative drill cross sections at a scale of 1:500 (Figs 1 to 3). However, alternative interpretations are possible.

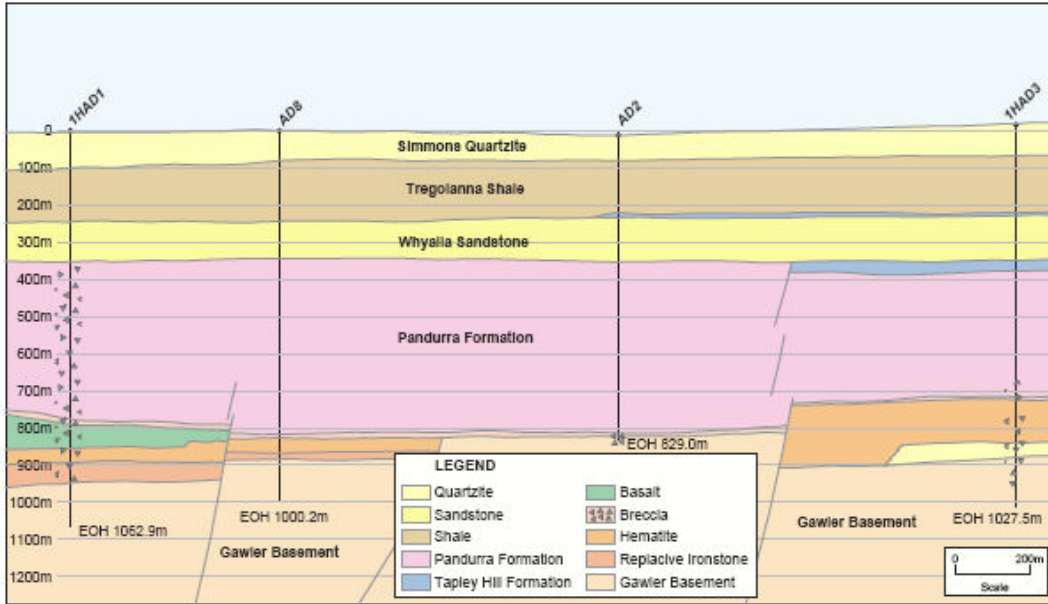


Figure 1: Interpreted drill cross section IHAD1 – IHAD3, looking north.

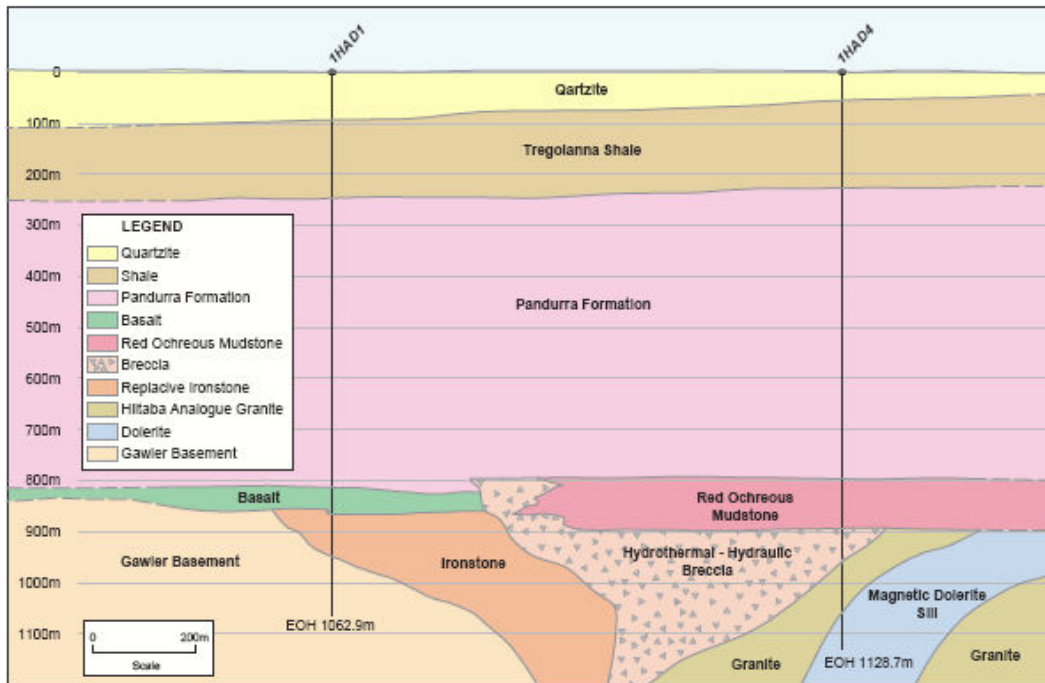


Figure 2: Interpreted drill cross section IHAD1 – IHAD4, looking west.

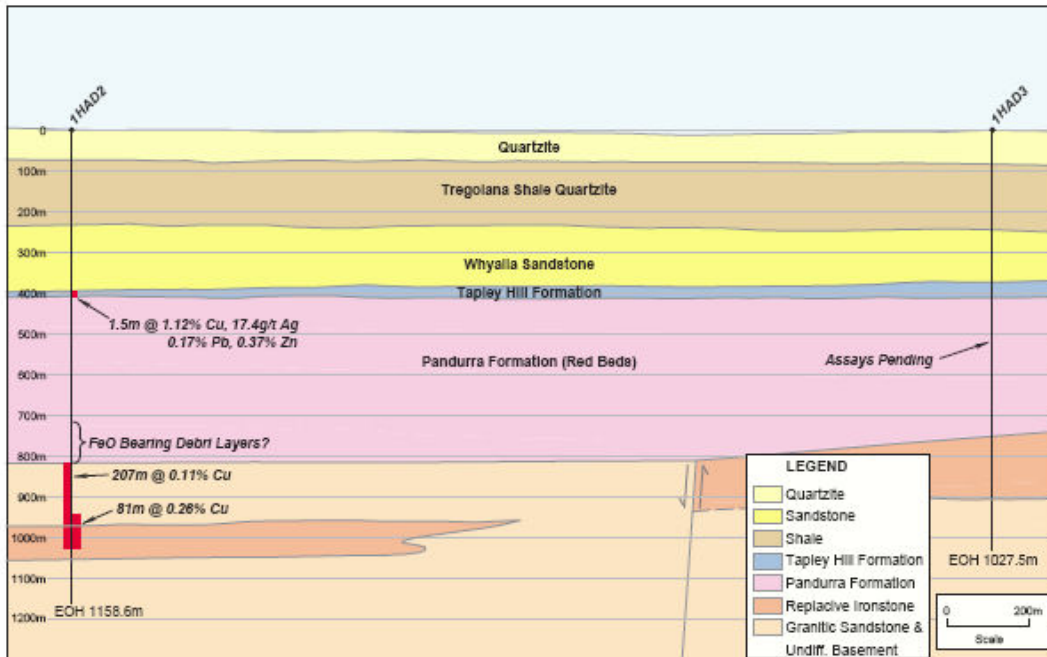


Figure 3: Interpreted drill cross section IHAD2 – IHAD 3, looking west.

Discussion of Drill Results

Evidence from holes IHAD1 to 3 reveal classic replacement and localized colloform textures in ironstones with magnetite veins overprinted by hematite. Wall rocks below ironstone in each hole have sustained silicification and chlorite alteration. In IHAD1 there appears to be a relationship between chlorite development and introduction of hematite, either syn- or post-major sub-vertical shearing. If this is the case, it would appear that the hole was drilled proximate to a large-scale shear zone in basement; perhaps a member of the large north-north-west-trending influential structures.

In hole IHAD2, collared some 1.2km east of IHAD1, silicification and chloritization in ironstone appear to have been overprinted by predominantly chalcopyrite with some associated hematite. This paragenetic sequence is considered to be compatible with both the Tennant Creek and IOCG models of mineralization.

The dominance of chalcopyrite over pyrite in IHAD2 ironstone, despite the lack of bornite, provides encouragement that a larger copper sulphide-bearing body might be positioned nearby.

A feature that has largely been overlooked in IHAD2 is the presence of a 150 meter thick interval above the productive ironstone of cockscomb-textured and oxidized hematite/magnetite-quartz veins – an interpreted stockwork array. The orientation of the component veins in the stockwork suggest that this “system” is steeply dipping and in total represents a hydrothermal column some 250 meters high crosscutting older granite and pegmatite.

The component veins are mostly linear edged (not irregular), and are neither crack-seal nor laminated in texture; they lack a central seam and have simple mineralogy, are silver-lead-zinc poor and occur about 1 or 2 per meter (moderately dense). They cross-cut granite, sediment, pegmatite, and ironstone and are generally quartz-poor, neither buck white or colored, and are millimetric to centimetric in thickness.

The stockwork column appears to be uncomplicated and post granite, Pandurra Formation, and ironstone in timing. It is reasonable to conclude that the stockwork column and ironstone may be part of a moderately strong brittle shear or fault zone with attendant metasomatic replacement of associated rather benign lithologies (i.e. “redbeds” ,granite ,pegmatite etc).

The precursor alteration appears to have been chlorite,(dusty hematite) and silica which rendered the host rocks both chemically reactive and brittle.

IHAD3 intersected a massive ironstone that has been totally oxidized. The footwall displays intense silica- and chlorite-alteration of "inert" rock types. However it remains difficult to reconcile whether the massive quartz-veined ironstone body in IHAD3 is an *in situ* hydrothermal/metasomatic ironstone or a large rafted exotic block. Little evidence of footwall or hangingwall shearing or thrusting is apparent. The ironstone gives rise to localized, weak radiogenic responses when assed using a scintillometer.

The ironstone bodies in IHAD2 and IHAD3 have been interpreted as having a generally horizontal disposition in Figure 3 reflective of sub-horizontally disposed replacement masses. As such, they may be similar to the nearby Oak Dam deposit and TAG-type deposits that form in the roof zones of granite batholiths through mixing of magmatic and meteoric fluids.

The technical success in IHAD2 suggests that the chalcopyrite-pyrite-hematite phase of the IOCG-type hydrothermal paragenesis is present in the region. The presence of possible diatreme-related breccias in IHAD4, juxtaposing a large "wall" of granite and magnetic dolerite with moderate brittle vein fill, including common but minor chalcopyrite, again suggests proximity to significant, perhaps proximal and influential, syn-hydrothermal structures.

Based on the total data set, it is reasonable to interpret a large proximal IOCG-, TAG-, or Tennant Creek-style mineralized "system". Further drilling in Q1, 2008 will be aimed towards the delineation of economic mineralization.

In addition, attention will be focused on further assessment of stratabound base metal mineralization confirmed to be present over a strike length of >2.6 kilometers between holes IHAD2 and IHAD3.

Positive assay results received for holes IHAD1 and IHAD2 during the reporting Quarter have previously been announced to the Stock Exchange. Significant copper values were returned from IHAD2 over broad zones in basement IOCG-style mineralization hosted by ironstone. Localized 2 and 3 meter wide zones of 1.2% copper are present in an "unweathered" interval of 81 meters at 0.26% Cu.

The Tapley Hill Formation returned a mineralized interval of 1.5 meters averaging 1.12% Cu, 17.4 g/t Ag, 0.17% Pb and 0.37% Zn – about 2.0% copper equivalent. The results have been synthesized and presented on Figure 3. Assay results for drill holes IHAD3 and IHAD4 are pending.

EL3156 – Toondulya Project

Calcrete Geochemical Sampling Program

A calcrete geochemical sampling program along pre-defined grids and traverses was initiated in December with the aim of geochemically assessing well-defined geophysical anomalies. These include:

- magnetic destruction zones along late brittle –ductile shear zones;
- discrete magnetic bulls-eyes that may represent blind syenitic and/or pyrrhotitic/ magnetic bodies; and
- uranium first and second order anomalies that may represent leakage from another source such as calcrete channel, alluvial or colluvial redox fronts entering the edge of salinas and clay pans, and leakage above structures and other uraniumiferous bodies.

Approximately 2,120 calcrete samples are expected to be collected while relevant scintillometer measurements will be made. About 1,500 samples have been submitted to the laboratory for analysis with the program expected to complete during January 2008.