

QUARTERLY REPORT MARCH 2007

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

HIGHLIGHTS DURING THE QUARTER

EL3156 Toondulya

- Airborne magnetic and radiometric survey data, collected by UTS Geophysics over the entire EL3156 in late December 2006, processed by Southern Geoscience Consultants; survey comprised ~9,200 line kilometers flown at 50 meter line spacing and 50 meter sensor height.

EL3084 Intercept Hill

- Airborne magnetic and radiometric survey completed by UTS Geophysics over the entire EL3084. Survey comprised ~10,000 line kilometers flown at 50 meter line spacing and 50 meter sensor height; survey data passed to Southern Geoscience Consultants for processing.
- Data from ground based gravity survey, collected by Haines Surveys on a 400 x 200 meter grid over the entire EL3084 pre-IPO, processed; survey involved ~7,000 stations.
- Gravity atlas received and assessed.
- Draft drilling contract received and reviewed; field inspection of potential drilling areas conducted with representative of Boart Longyear drillers.
- Geological consultant engaged to assist with drilling program.

COMPANY'S EXPLORATION ACTIVITIES

EL3156 Toondulya (100%)

Processing of aeromagnetic and radiometric survey data during the Quarter generated high-quality imagery which supports the Company's conceptual models.

The radiometric survey defined a number of 'secondary' uranium-potassium-thorium anomalies believed to be correlated with topographically low regions characterized by internal drainage together with further anomalies that may be 'primary' in character (Fig. 1). These radiometric anomalies will be fully investigated once Mapping Survey clearances have been obtained in accordance with the provisions of the Gawler Ranges Mineral Exploration Indigenous Land Use Agreement (ILUA) to which the Company is a signatory.

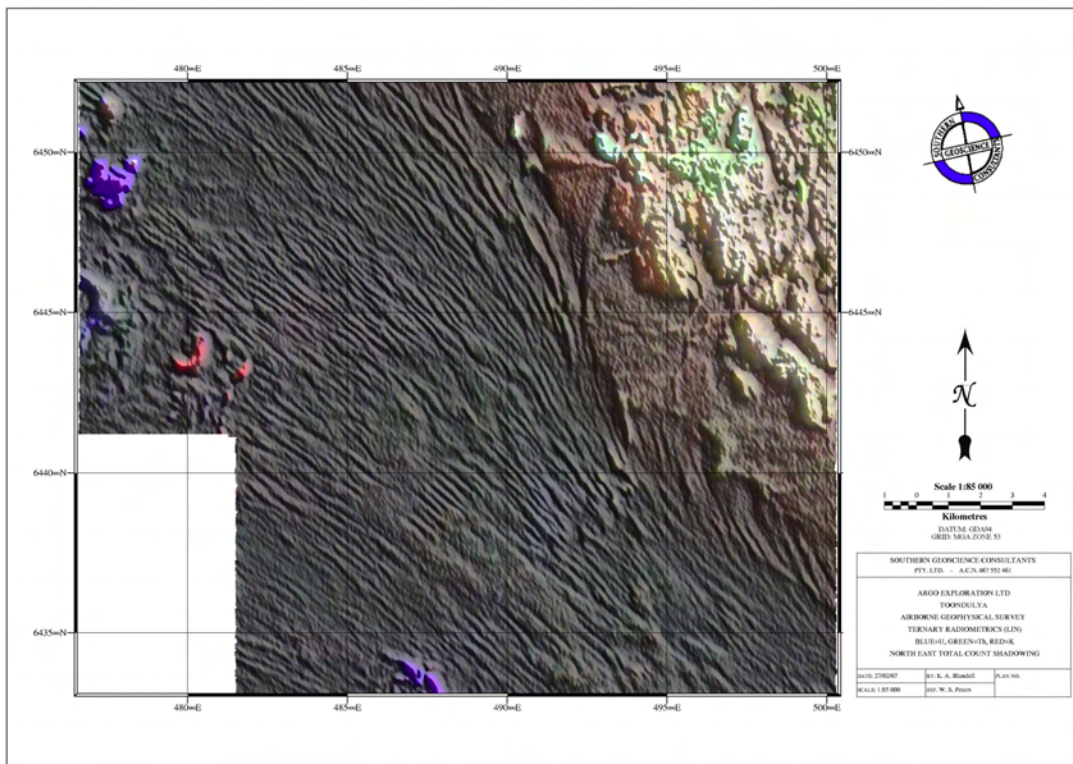


Figure 1: Ternary Radiometrics (Lin) EL3156 Toondulya illustrating newly discovered secondary uranium and potassium anomalies. Thorium- and potassium-rich areas in the north east are related to Gawler Range Volcanics and Hiltaba Suite granitoids. Blue = uranium, Green = thorium, Red = potassium; North East total count shadowing.

The new magnetic imagery delineated several significant, structurally-controlled demagnetized zones, possibly related to alteration (Fig. 2), which are believed to be significant in focusing mineralization.

The previously defined 5 x 2 km 'Toondulya' gold-in-calcrete anomaly is now shown to be spatially associated with prominent north west-trending demagnetized zones where they interact with a fault-offset triple junction boundary. The zones are believed to reflect splays to the Yarlbirinda Shear Zone which hosts the Nuckulla Hill and Tunkillia gold deposits to the north. Given that the Nuckulla Hill and Tunkillia deposits occur within demagnetized zones along the Yarlbirinda Shear Zone, comparable demagnetized splay fault zones at Toondulya represent priority exploration targets, particularly where proximal to geochemical anomalies.

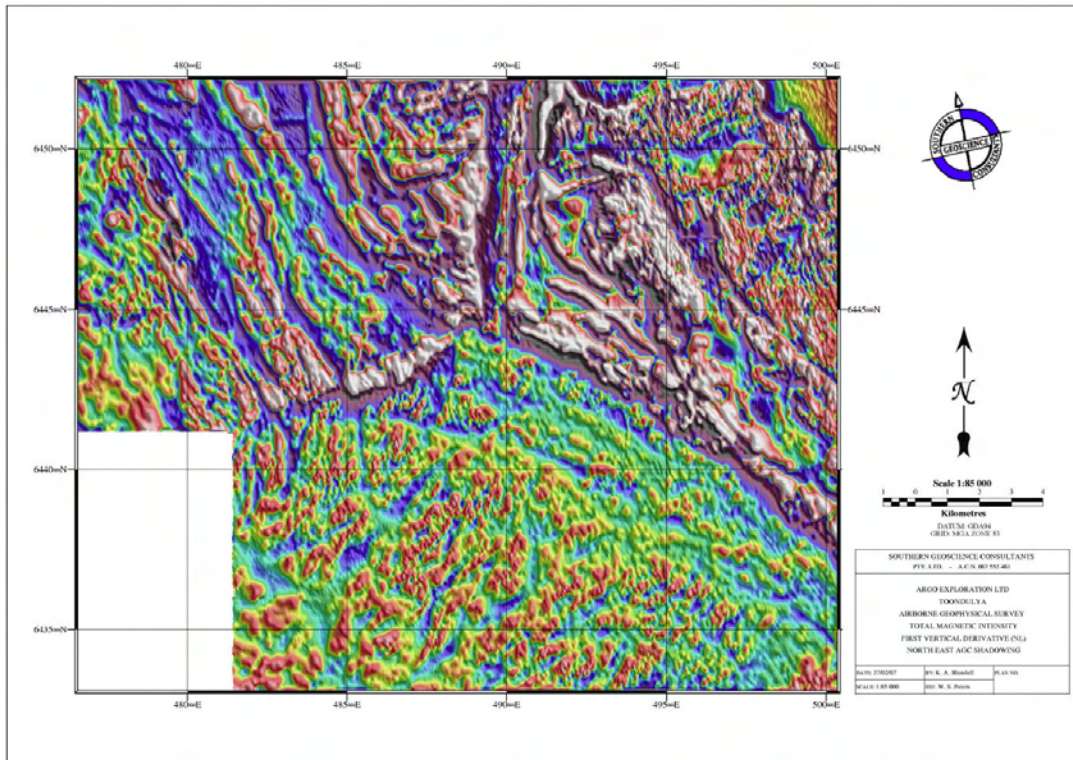


Figure 2: Total Magnetic Intensity First Vertical Derivative (NL) EL3156 Toondulya, North East AGC Shadowing. The image illustrates an intensely demagnetized triple junction boundary and prominent demagnetized structural discontinuities potentially associated with alteration and mineralization.

A planned 400 x 400 meter ground-based gravity survey, scheduled for February, was deferred pending mapping access approvals; the gravity survey is now expected to commence mid-June.

EL3084 Intercept Hill

The Company's geophysical consultants completed preliminary processing of a detailed 7,000 station ground-based gravity survey and received and commenced processing of the airborne magnetic and radiometric survey data for EL3084 Intercept Hill.

Preliminary processing of the gravity data confirmed a textured terrain illustrating prominent northwest- and northeast-trending structural discontinuities disrupting residual gravity anomalies (Fig. 3).

Located aeromagnetic data was provided to Southern Geoscience Consultants by UTS Geophysics for appropriate processing. When fully processed, the magnetic data will be integrated with the gravity and available petrophysical data as a prelude to 3-D inversion modeling and drill target selection. This work is expected to be completed early next Quarter. In the meantime, a Gravity Atlas was provided and the various layers manually assessed. This assessment defined a number of areas of potential interest.

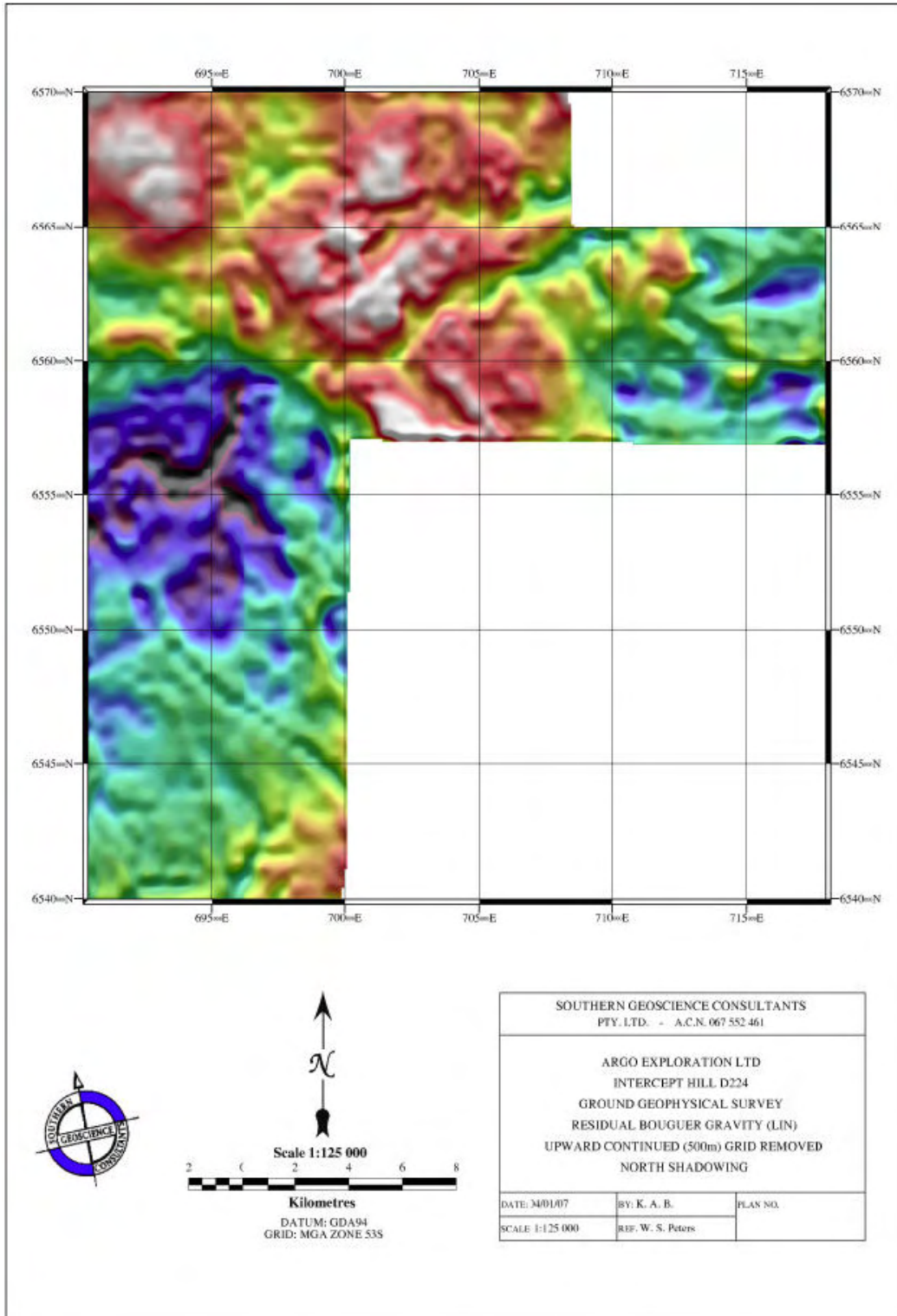


Figure 3: Residual Bouguer Gravity (Lin) EL3084 Intercept Hill, Upward Continued (500m); Grid Removed, North Shadowing. The image illustrates the prominent NW and NE structural elements disrupting the residual gravity anomaly.

Subject to drill availability, and Mapping Access clearances from the Native Title claimants, it is anticipated that drilling will commence on selected targets at Intercept Hill during the next Quarter.

NATIVE TITLE

Gawler Ranges Mineral Exploration ILUA (Toondulya)

A thorough review of the terms of the ILUA indicated that it was incumbent upon the Company to obtain necessary Mapping Clearance Approvals prior to commencing low-impact, early-stage exploration within EL3156 Toondulya. As a consequence, the planned gravity survey over EL3156 Toondulya, scheduled for commencement late February, was deferred until clearances are obtained. It is expected that relevant access approvals will be at hand to permit gravity and biogeochemical/geochemical surveying to commence in the coming Quarter.

Barngarla and Kokatha Access Agreements (Intercept Hill)

Mapping Clearance surveys, similar to those specified in the Gawler Ranges Mineral Exploration ILUA, are called for under the provisions of these Access Agreements in respect of EL3084. However, unlike the Gawler Ranges Mineral Exploration ILUA, provision is made for the Barngarla and Kokatha Native Title Claimants to waive Mapping Clearance Surveys.

With respect to drilling access to EL3084 Intercept Hill, a waiver of Mapping Clearance surveys from the respective claimant groups, in accordance with Clause 3.2(b) of the respective Agreements, has been sought and the Company is awaiting responses.

DRILL CONTRACT – BOART LONGYEAR

A draft drilling contract was received and reviewed. Boart Longyear is to revert with agreed modifications as a prelude to concluding the contract. Company representatives accompanied a senior representative from Boart Longyear to site for a preliminary access, infrastructure and safety inspection. The Company was advised that a URD1000 rig, capable of drilling to 1,500 meters, was expected to become available for the Company's drilling program at EL3084 Intercept Hill during May.