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**For Immediate Release**  
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## **FIRST DRILL HOLE IHAD1 INTERSECTS STRONG IRON OXIDE ALTERATION IN DISCRETE BRECCIA ZONES**

Argo Exploration Ltd (ASX Code 'AXT') advises that its first diamond drill hole, IHAD1, at Intercept Hill has been completed to a depth of 1062.9 meters; the second hole, IHAD2, is in progress and currently is >500 meters deep (see Figure 1 for locations).

### **IHAD1**

3-D inversion modeling of the Company's detailed gravity and magnetic data indicated a bulbous "gravity plume" penetrating cover strata to relative shallow depths modeled at about 400 meters below surface. The gravity plume was generally coincident with a strong magnetic anomaly. The rationale for drilling this site first was that should the "gravity plume" be associated with mineralization, it may be possible to identify a "shallow" mineral resource which would have significant economic benefits.

Drill hole IHAD1 intersected three morphologically distinct breccia zones, respectively referred to as Series I to Series III down hole.

**Series I** embodies strongly hematite-altered, intercalated breccias and stratabound infiltration zones within Pandurra Formation red bed sandstone sequence between 327.8 to 579.5 meters (total 251.7 meters); the affected breccia/infiltrated package assumes a dark black coloration which, towards the base, resolves into specular hematite and dark green chlorite. Hematite infiltrated units within the package are cross-cut by a later stage earthy hematite and/or "bleaching" fracture fill and veining event. The breccia clasts are generally angular, monolithic and exhibit a wide size range (Plate 1).

Intersection of the Series I package validates the 3-D modeled "gravity plume" at ~400 meters.

The Pandurra Formation red bed sandstones between Series I and II breccia intervals are commonly strongly infiltrated by earthy hematite with zones illustrating irregular diffuse bleaching away from cross cutting fractures (Plate 2).

**Series II** breccias comprise enigmatic, strongly strata-controlled, rotated hematite and black shale clast breccia “beds” in a commonly bleached white matrix with remnant quartz sand particles associated with possible albite and clay. The package, within Pandurra Formation sandstone red beds, extends from 767.7 to 797.4 meters (total 29.7 meters) down hole and is commonly traversed by rouge-red earthy hematite veinlets.

An 11.4 meter interval within the Series II package, from 785.7 to 797.4 meters, is characterized by bleached horizons and cross-cutting elements indicative of a strong post consolidation fluid flux (Plate 3). Occasional pyrite occurs at the interface of bleached material and host red-bed sandstones.

**Series III** breccias, from 815.7 meters, involve a thick package of monolithic to heterolithic breccia within Pandurra Formation and a mafic volcanic unit (from 849.8 to 857.3 meters), possibly Ropena Basalt, which pass down hole towards the base into a massive and/or crackle brecciated, often colloform banded magnetite/chlorite sequence of possible skarn affinity.

From 815.7 to 849.8 meters, the package comprises mostly “jig-saw” or crackle breccia (Plate 4). All clasts are angular, exhibiting a wide size range from millimeter to several centimeters. They are heterogeneous in composition and include reddish, hematite-altered fine sandstone, basalt with metasomatized rims and occasional hematite clasts up to four centimeters in size. The whole package is traversed by later veinlets of steely hematite. The unit has many fabric characteristics compatible with diatreme- or large-scale fault/shear bordering facies.

The above “jig-saw” breccia passes down hole to a pseudo-foliated hematite breccia composed of mafic volcanic, hematite and/or magnetite clast zones (Plate 5). Within this package, pseudo-foliated hematite clasts are commonly rimmed by earthy hematite.

From 909.5 to 947.9 meters, the sequence comprises partly foliated and partly massive and/or crackle brecciated, often colloform magnetite/chlorite rock having possible skarn affinities (Plate 6).

The above magnetite-rich package is underlain, from 947.9 to 958.5 meters by heterolithic breccia with large patches of quartz up to seven centimeters, magnetite/chlorite and red hematite mottling.

The footwall sequence from 958.5 meters to end of hole consists of a white medium- to coarse-grained, well-graded, sometimes siliceous arkose/quartzite containing feldspar, quartz-feldspar pegmatoid and granitoid clasts interbedded with well-graded granolithic sandstone and beds of heavily hematitic, laminated fine sandstone exhibiting medium cross bedding.

The Series III package from 815.7 to 947.9 meters is traversed by occasional carbonate/chalcopryrite/pyrite veins, patchy red-rock alteration and earthy hematite veinlets; localized disseminated chalcopryrite and occasional bornite is present.

Relevant core intersections have been split and dispatched to the Adelaide laboratory of Genalysis for geochemical assaying.

Visual results from IHAD1 suggest lateral proximity to a major zone of fluid flux propagated to relatively shallow levels into Pandurra Formation red bed sandstones. The fluid movement responsible for the development of the modeled “gravity plume” was accompanied by strong infiltration iron metasomatism and is interpreted to have been focused by significant breccia zones which have themselves been strongly iron oxide altered.

Common and often extensive zones of bleaching within the metasomatized red beds are frequently associated with minor pyrite suggesting marked redox contrasts between late-stage fluids responsible for bleaching and the host iron-metasomatized sandstones. These features have important ramifications for the localization of high-grade unconformity and/or structurally controlled secondary uranium accumulations of Athabasca Basin style.

### **IHAD2 (in progress) and IHAD3 (proposed)**

IHAD2 is sited close to the boundary of Argo’s EL3084. This position was chosen as the second drill site because it lies above a prominent north-west trending residual gravity ridge (Figure 2) running off the flank of a magnetic high (Figure 3) and interpreted to be coincident with a major north-west trending basement-piercing structure along a line joining positions IHAD2 and IHAD3 (Figure 3). The location is interpreted to lie on the north-west continuation of Emmie Bluff basement mineralization immediately to the south.

The targeted gravity ridge has the capacity to host Carrapateena-size deposits.

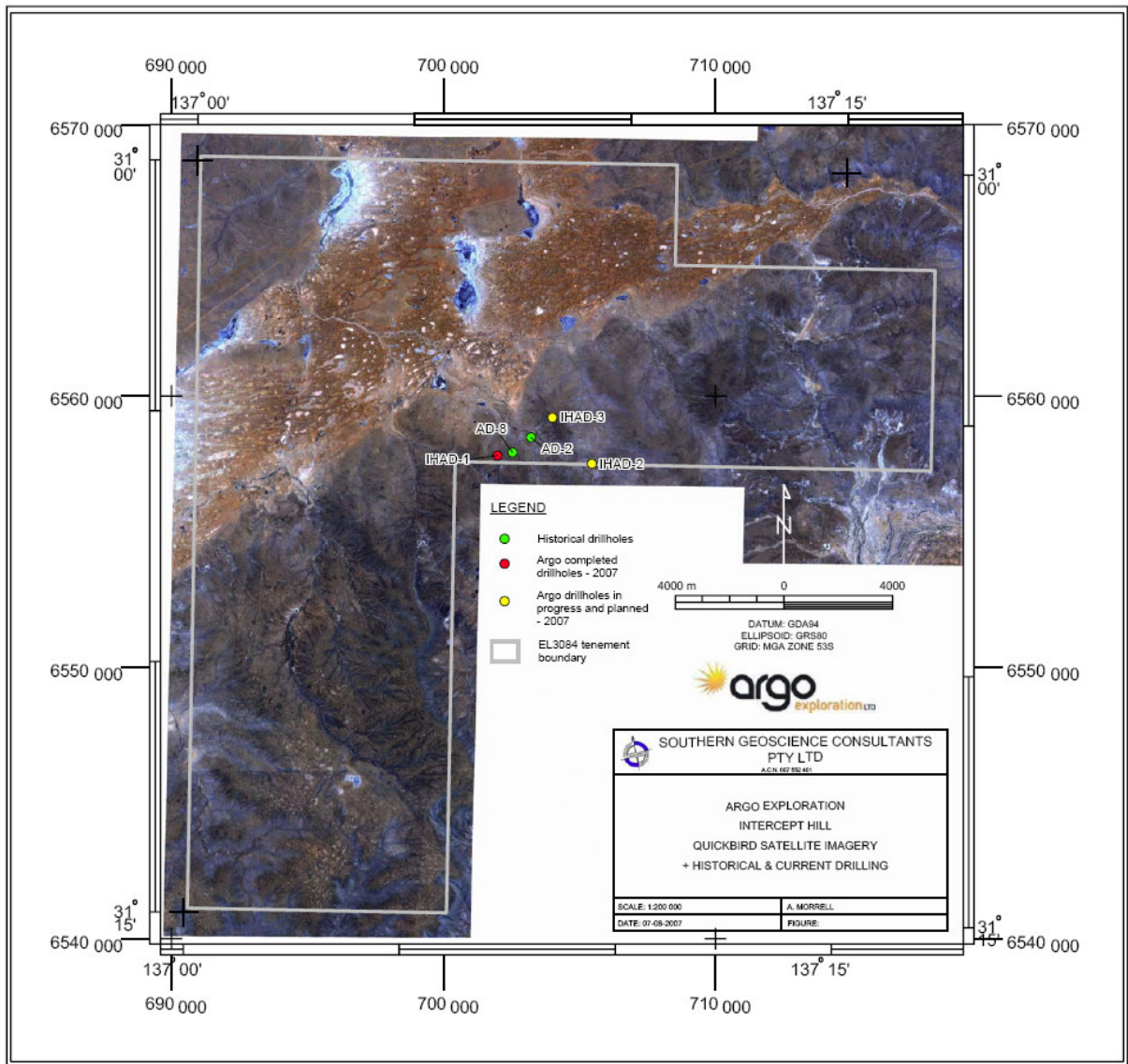
At the time of preparation, IHAD2 was progressing smoothly at >500 meters.

The next hole proposed, IHAD3, is positioned on the same north-west trending gravity ridge as IHAD2 but with coincident magnetic low directly above an interpreted regional-scale north-west trending basement fault (Figure 3).

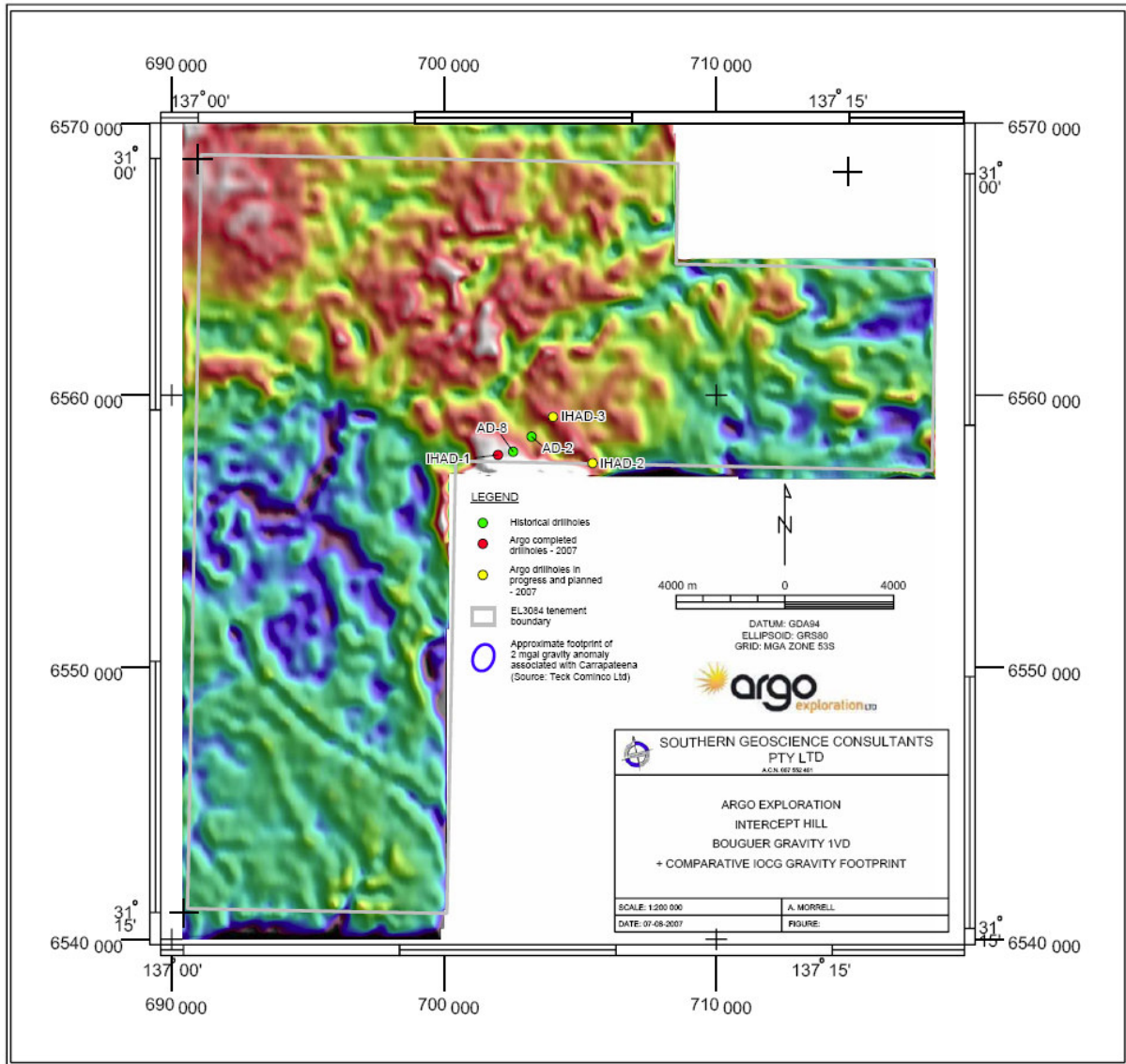
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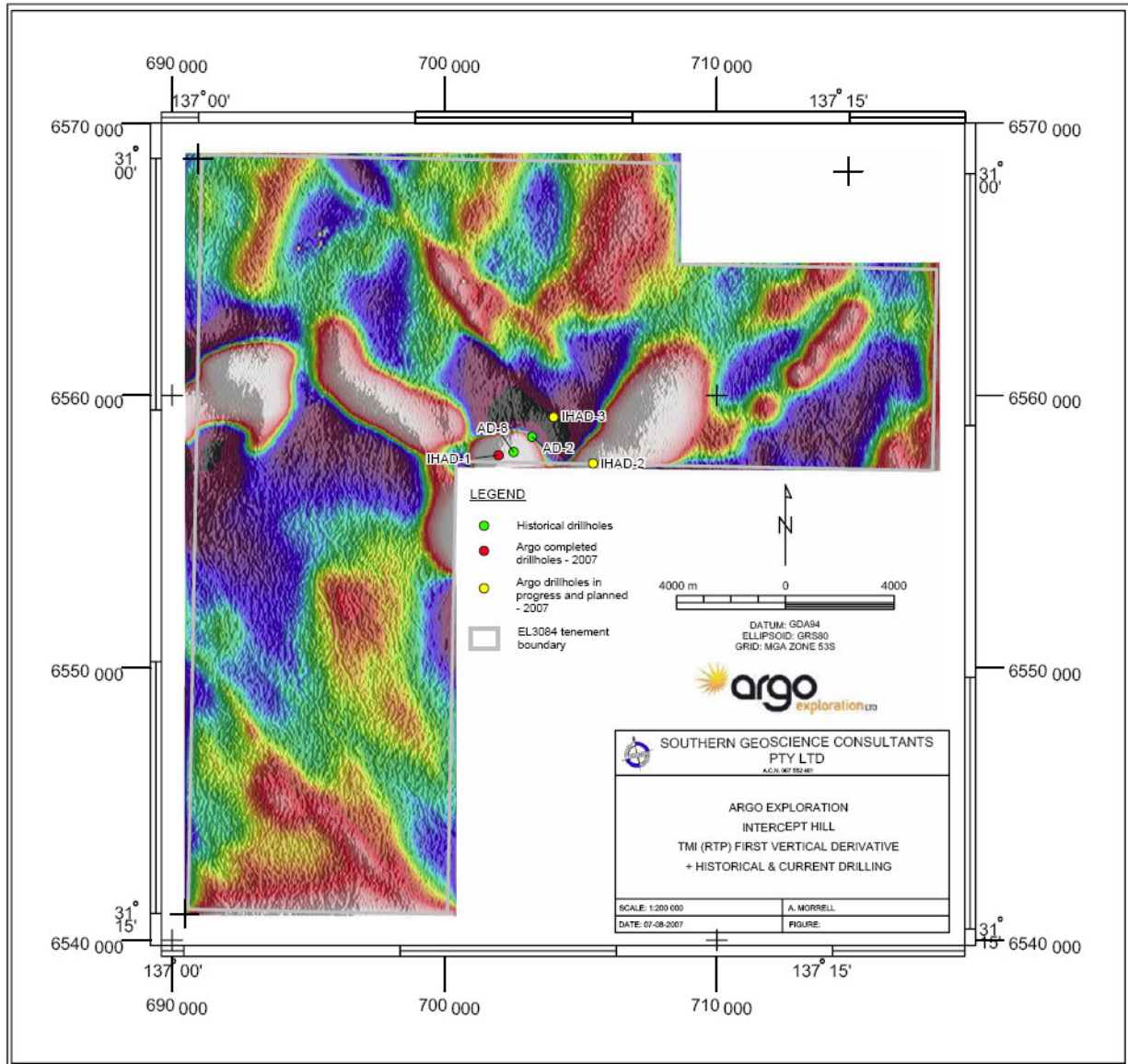
The information in this report that relates to exploration results, mineral resources and ore reserves is based on information compiled by Mr J I Stewart, who is a Member of the Australasian Institute of Mining and Metallurgy. Mr Stewart has sufficient experience which is relevant to the styles of mineralization and types of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Stewart consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.



**Figure 1:** Quick Bird satellite imagery of the EL 3084 area showing drill hole locations and the disposition of a swath of sand dunes (brown) with associated lakes and clay pans traversing the Exploration Licence in a north westerly direction.



**Figure 2:** Bouguer gravity image, First Vertical Derivative, North-East shadowing showing position of drill holes in relation to residual gravity elements.



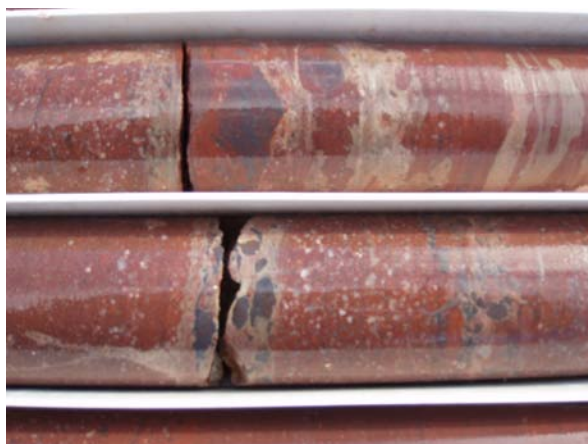
**Figure 3:** Total Magnetic Intensity, Reduced to Pole, First Vertical Derivative, North-East shadowing showing position of drill holes in relation to magnetic elements.



**Plate 1: IHAD1 ~333 meters.** Intensely brecciated red beds high in the Pandurra sequence passing downward to a long zone of blackened red bed (black seems to represent chlorite and specular hematite in a large plume of alteration)



**Plate 2: IHAD1 ~720 meters.** Post lithification bleaching of earthy infiltration hematite.



**Plate 3: IHAD1 ~790 meters.** Hematite clasts in earthy hematite altered red bed sandstone. Note white hydrothermal bleaching.



**Plate 4: IHAD1 ~841 meters.** Jigsaw-brecciated Pandurra Formation sandstone and basalt.



**Plate 5: IHAD1 ~872 meters.** Foliated chloritic "skarnoid"? showing prominent and stretched hematite clasts rimmed by earthy hematite.



**Plate 6: IHAD1 ~915 meters.** Brecciated and veined massive magnetite having possible skarn affinities.